



Cumbria Constabulary

Police and Crime Panel: 18 July 2017

TITLE OF REPORT: Constabulary Revenue Budget Monitoring 2016/17 Quarter 4 and Provisional Outturn 2016/17 and Financial Statements Narrative Report 2016/17

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PART 1 or PART 2 PAPER: PART 1 (OPEN)

Executive Summary:

The attached report provides details of the provisional outturn on the Constabulary's revenue budget for 2016/17. The figures quoted at this stage are reported as provisional as the final accounts are still subject to audit but it is not envisaged that there will be any significant changes.

The figures show net revenue expenditure on Constabulary controlled and managed budgets amounting to £108.100m which represents an overspend of £1,129k (1.06%) against the approved adjusted budget of £106.971m.

The overspend is made up of an under achievement of income of £361k (6.18%) plus an overspend on expenditure budgets of £768k (0.68%). The overspend is made up of £775k in respect of a one off contribution to a balance sheet provision in respect of a number of ongoing legal claims against the Constabulary (which are affecting all police forces) and £354k in respect of core Constabulary budgets.

The final overspend of £1,129k represents an increase of £50k compared to that reported at the end of Quarter 3 at 31 December of £1,079k but includes the one off contribution to a provision of £775k less a reduction in forecast spend on core Constabulary budgets of £725k.

Recommendation:

The Police and Crime Panel are asked to note the Quarter 4 Provisional Outturn position of the revenue budget for 2016/17.

MAIN SECTION

1. Introduction and Background

- 1.1 The purpose of this report is to provide information on the provisional revenue outturn for 2016/17. Total net expenditure amounts to £108.100m which is £1,129k over the approved budget. This represents an increase in the overspend of £50k when compared to the forecast reported at the end of Quarter 3 of £1,079k. The overspend figure now reported includes a one off contribution to a balance sheet provision in respect of legal claims of £775k (not previously identified) less a reduction in core expenditure of £725k.
- 1.2 The total budget is based on the funding arrangement between the Commissioner and the Chief Constable. This was approved and signed off by both the Chief Constable and Police & Crime Commissioner on 29 March 2016.
- 1.3 The approved funding amounted to £111.844m, which is made up of a net revenue budget of £106.605m plus a plant and equipment capital budget of £5.239m. This report deals solely with the revenue funding. The original approved funding has subsequently been amended by a number of budget adjustments. The revised net revenue budget stands at £106.971m.

2. Revenue Expenditure

- 2.1 The provisional outturn of net revenue expenditure for 2016/17 is £108.100m, which is £1,129k (1.06%) above the approved adjusted budget of £106.971m, which represents an increase in the overspend of £50k compared to that forecast as at 31 December 2016 (£1,079k). The provisional outturn is made up of an under achievement in income of £361k (6.18%) plus an overspend on expenditure of £768k (0.68%).
- 2.2 The principal variances at the end of the financial year, together with comparatives as reported at December, are outlined in the table below:

Description	Revised	Provisional	Provisional	Provisional	Explanation Paragraph	Forecast	Change
	Budget	Outturn	(Under)/	(Under)/		(Under)/	from
	2016/17	2016/17	2016/17	2016/17		Overspend	DEC-16
	£'000s	£'000s	£'000s	%		@ DEC-16	to ADJ-17
						£'000s	£'000s
Constabulary Funding							
Police Officers	75,150	76,143	993	1.32%	2.4	1,084	(91)
Police Community Support Officers	2,814	2,668	(146)	-5.19%	2.5	(154)	8
Police Staff	18,981	18,307	(674)	-3.55%	2.6	(569)	(105)
Other Employee Budgets	2,019	3,025	1,006	49.83%	2.7	231	775
Transport Related Expenditure	2,097	1,998	(99)	-4.72%	2.8	(65)	(34)
Supplies & Services	9,789	9,444	(345)	-3.52%	2.9	(56)	(289)
Third Party Related Expenses	1,967	2,000	33	1.68%	2.10	46	(13)
Total Constabulary Funding	112,817	113,585	768	0.68%		517	251
Income	(5,846)	(5,485)	361	-6.18%	2.11	562	(201)
Total Constabulary Funding Net of Income	106,971	108,100	1,129	1.06%		1,079	50

A more detailed analysis of the figures in the above table is provided at **Appendix A**. Commentary on specific variances is provided in the paragraphs below.

- 2.3 The provisional outturn variance reported for 2016/17 is £50k different to the variance forecast as at the end of December (Qtr 3). The main reasons for this difference will be explained in the remainder of Section 2 heading by heading.

The quarterly reported variances for 2016/17 together with the comparators for 2015/16 are summarised in the table below:

Constabulary Reported Variance	(Under)/Overspend	
	2015/16	2016/17
	£000s	£000s
Quarter 1 to 30 June	(51)	1,110
Quarter 2 to 30 September	(188)	881
Quarter 3 to 31 December	(354)	1,079
Quarter 4 to 31 March	(325)	1,129

- 2.4 Police Officer Pay, Allowances and Overtime came in over budget by £993k (£1,084k as at December).

Of the total overspend £244k (£241k as at December) arises from the cumulative effect of changes in the workforce plan (WFP), £623k (£721k as at December) is as a result of in year pressure on police

overtime budgets and £125k (£122k as at December) is a result of higher than expected Injury Allowance payments, one off backdated payments following appeal and as a result of more than expected ill health retirements during the year.

During 2016/17 the Constabulary was on average 21.39 FTE below establishment and, on average 6.06 FTE below the original workforce plan created at the time the 2016/17 budget was set.

Appendix B provides a graphical representation of the actual WFP compared with the original WFP budget and budgeted establishment. Where the actual WFP (red line) falls below the original WFP budget (green line) an underspend will result, where the workforce plan rises above the adjusted budget line an overspend will result. Actual officer numbers correlated very closely to expected numbers for much of the year. The reduced officer numbers in the last quarter principally reflects the decision to delay an intake of transferees until April as part of measures to contain expenditure pressures in 2016/17.

- 2.5 PCSO Pay, Allowances and Overtime came in under budget by £146k (£154k as at December). The underspend is largely as a result of changes in the workforce plan, in particular, changes in hours, reduced levels of maternity leave and higher than planned vacancies in the year.
- 2.6 Police Staff Pay & Allowances came in under budget by £674k (£569k as at December). The underspend has arisen through a combination of circumstances including starting the year with fewer staff than budgeted, increased levels of vacancy, reduced levels of maternity leave and change programme savings.
- 2.7 Other Employee Expenditure came in over budget by £1,006k (£231k as at December). The primary reasons for the overspend are a contribution to Employee Related provision of £775k (£0 as at December) in respect of a one off contribution to a balance sheet provision that has been made in respect of a number of ongoing legal claims against the Constabulary (which are affecting all police forces). In addition, redundancy and actuarial strain costs of £262k (£82k as at December) have been incurred, these relate to termination costs as a result of Constabulary decisions for which there is no budget provision.
- 2.8 Transport related expenditure came in under budget by £99k (£65k as at December). The underspend arises largely as a result of lower fuel prices in the early part of the year and reduced spend on vehicle

maintenance and tyres. These underspends are offset somewhat by overspends on car hire, car allowances and travel due to increased activity.

2.9 Supplies & Services related expenditure came in under budget by £345k (£56k as at December). The primary reasons for the underspend are a reduction in spend on consultants fees and communications and computing. These underspends are offset by smaller overspends on confiscated animals, operational equipment, subscriptions and forensic costs.

2.10 Third Party related expenditure came in over budget by £33k (£46k as at December). The primary reason for the overspend is increased collaboration and increased payments for outsourced services.

2.11 Income has fallen short of the budget by £361k (£562k as at December). This has arisen in the main as a result of a number of special policing services events being delayed beyond 2016/17. This under recovery of income is offset somewhat by areas of over recovery of income for example, proceeds of crime, court costs and fees and charges.

2.12 The overall provisional outturn position for the Constabulary and Commissioner was for a combined overspend of £1,086k. The overspend will be met by a drawdown from the Budget Support Reserve £480k, the Chief Constable's Contingency £500k and the Chief Constable's Operational Reserve £106k. As part of the budget setting process for 2017/18, provision has been made to reinstate the contingency and operational reserve.

3. Summary Financial Statements

3.1 The full financial position as at 31 March 2017 is presented for police and crime panel members at Appendix C, within the summary financial statements.

4. Supplementary Information

4.1 Appendices to this report are provided as follows:

- Appendix A – Constabulary Revenue Budget monitoring as at the end of 2016/17.
- Appendix B – Graph showing current WFP assumptions compared to original/budget for 2016/17.
- Appendix C – Summary Financial Statements 2016/17.

Appendix A

The Chief Constable for Cumbria Constabulary

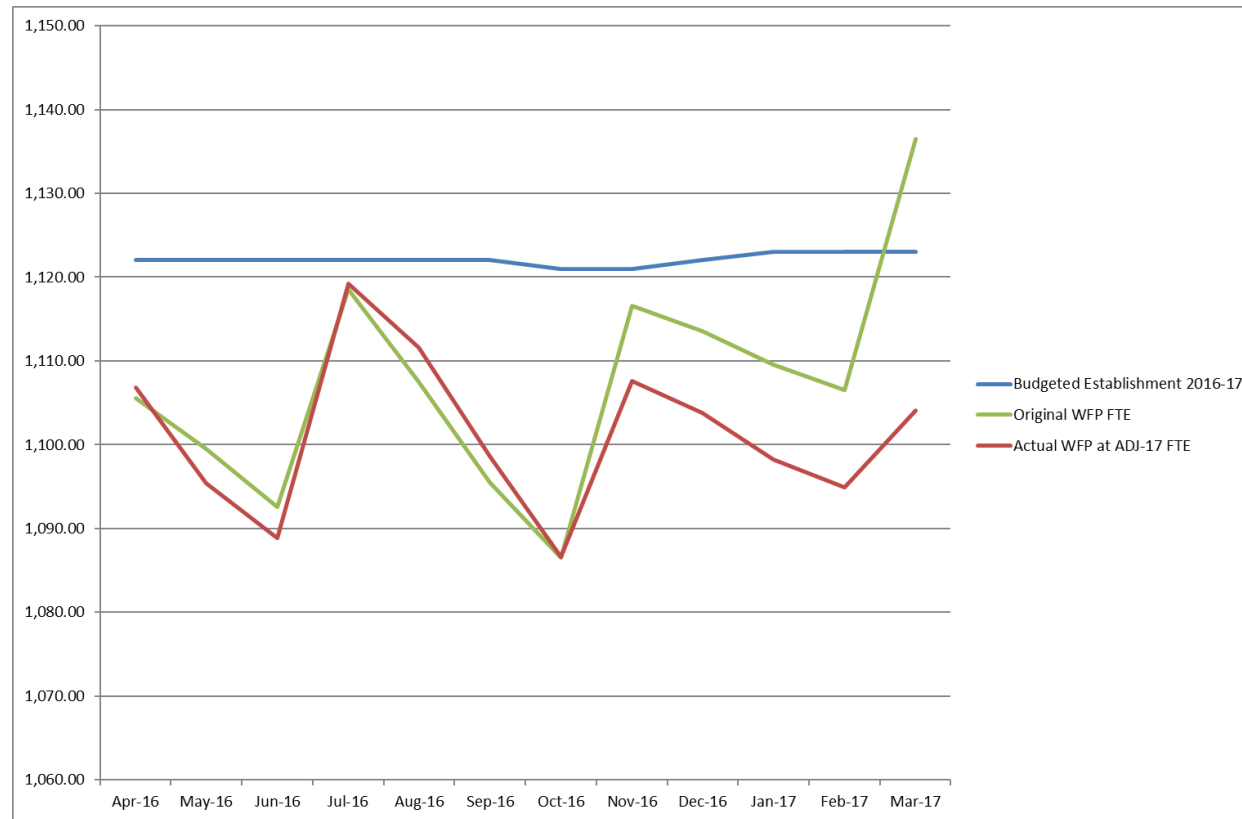
Revenue Budget Monitoring Full Year 2016/17

Description	Detailed Schedule	Revised Budget	Provisional Outturn	Provisional (Under)/Overspend	Provisional (Under)/Overspend	Forecast (Under) / Overspend	Change	Change
		2016/17 £	2016/17 £	2016/17 £	2016/17 %	@ DEC-16 £	DEC-16 to ADJ-17 £	DEC-16 to ADJ-17 %
Constabulary Funding								
Police Officers	Schedule 1	75,150,249	76,142,607	992,358	1.32%	1,084,396	(92,038)	-8.49%
Police Community Support Officers	Schedule 2	2,814,191	2,668,489	(145,702)	-5.18%	(154,148)	8,446	-5.48%
Police Staff	Schedule 3	18,981,145	18,307,367	(673,778)	-3.55%	(569,235)	(104,542)	18.37%
Other Employee Budgets	Schedule 4	2,018,610	3,024,602	1,005,992	49.84%	231,140	774,852	335.23%
Transport Related Expenditure	Schedule 5	2,097,189	1,998,320	(98,869)	-4.71%	(65,640)	(33,228)	50.62%
Supplies & Services	Schedule 6	9,788,337	9,443,798	(344,539)	-3.52%	(56,114)	(288,425)	514.00%
Third Party Related Expenses	Schedule 7	1,967,072	1,999,743	32,671	1.66%	45,772	(13,101)	-28.62%
Total Constabulary Funding		112,816,793	113,584,926	768,133	0.68%	516,170	251,963	48.8%
Income	Schedule 8	(5,845,553)	(5,485,221)	360,333	-6.16%	561,509	(201,177)	-35.83%
Total Constabulary Funding Net of Income		106,971,240	108,099,706	1,128,466	1.05%	1,077,680	50,786	4.7%

Appendix B

The Chief Constable for Cumbria Constabulary

Current Workforce Plan (WFP) Assumptions Compared to Budget & Original WFP Budget (Police Officers)



Introduction

I am pleased to introduce the financial Statement of Accounts for the 2016/17 financial year. This financial statement sets out the single entity statements of the Chief Constable for Cumbria Constabulary. The Police and Crime Commissioner for Cumbria (the Commissioner) has also produced group accounts which consolidate the single entity statements of the Chief Constable and the Commissioner. The accounts are published in accordance with the Accounts and Audit Regulations 2015.

The statement provides a breakdown of net spending during the year and shows the overall financial position of the Chief Constable as at 31 March 2017. 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. This is the second year that the statement has incorporated a narrative statement, which has replaced the Chief Finance Officer introduction. 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. For 2016/17 the presentation of the financial statements has been updated to reflect the new

formats and reporting requirements for the Comprehensive Income and Expenditure Statement (CIES) and the introduction of the Expenditure and Funding Analysis note, as a result of the "Telling the Story" review of the presentation of local authority financial statements. The Commissioner's consolidated financial statements 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 Management Code of Practice for the Police Forces of England and Wales. The Code supports the statutory framework further setting out the financial relationships and requirements for the Commissioner and Chief Constable.

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

Organisational Structure

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

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

issue a financial code of practice in relation to the proper administration of financial affairs. The Home Office, under the legislation, issues a Financial policing, response, management of calls for service and criminal justice. Territorial policing is structured in three geographic areas, which are supported by shared specialist policing resources such as roads policing, dogs and firearms.

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

There are also two support directorates both of which report to the Deputy Chief Constable. The Corporate Support Directorate includes finance, estates, fleet, learning & development, ICT and central services. In 2016/17 a new people department has been created which brings together all aspects of workforce management within Corporate Support including human resources and professional standards. In overall terms, the Corporate Support directorate aims to provide cohesive and integrated support for operational policing.

The Corporate Improvement Directorate includes a number of corporate functions including strategic development, marketing and communications and responsibility for coordinating the Constabulary's change programme. During 2016/17 a business improvement unit has been established within the corporate improvement directorate which aims to provide assurance that corporate priorities and recommendations from inspection agencies are being

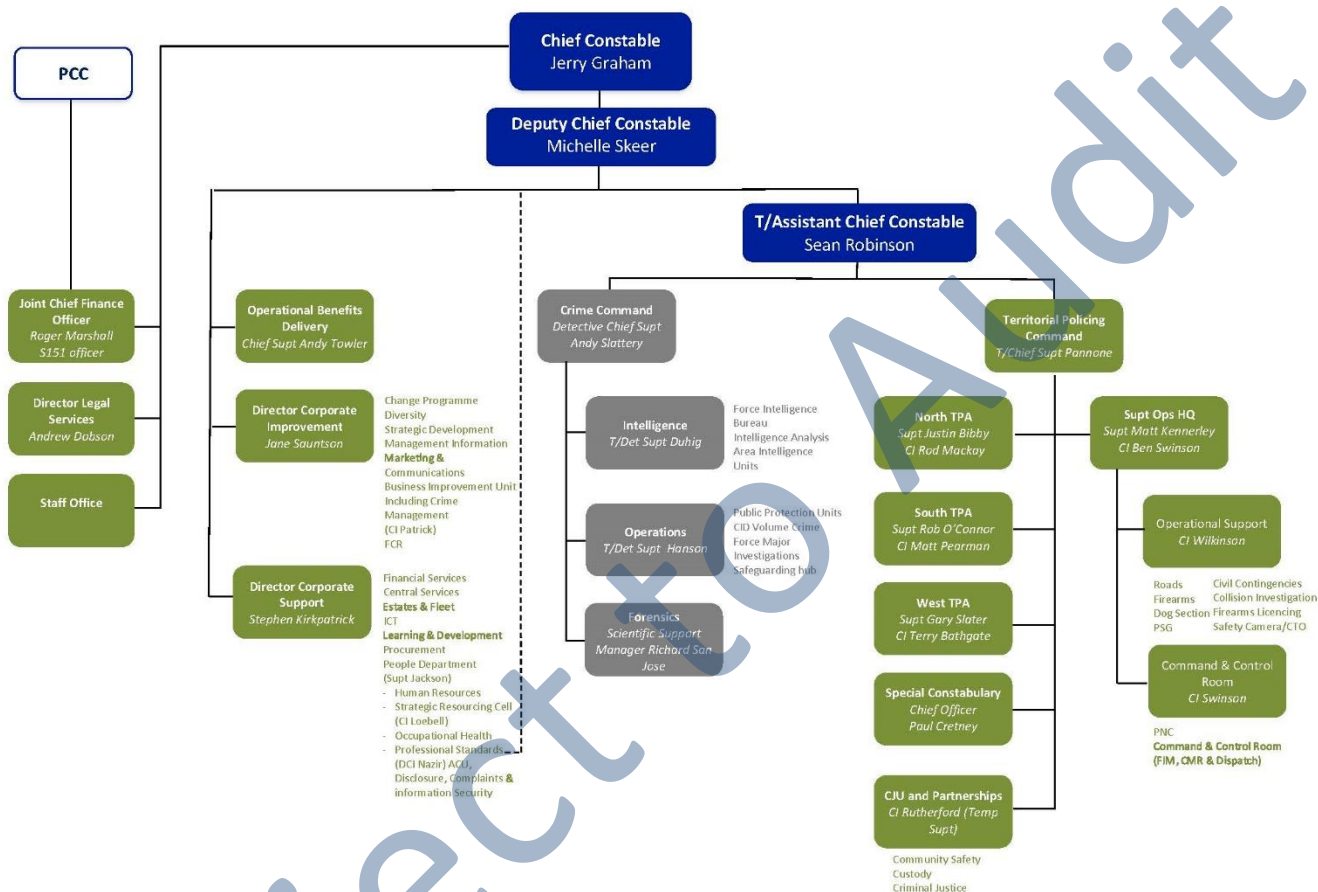
Chief Constable for Cumbria Constabulary

Summary Statement of Accounts 2016/17

implemented on the ground. Legal Services is a small specialist function, which operates independently from the main directorate structure and provides legal

advice to the Chief Constable and Commissioner.

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



Strategic Objectives

For 2016/17 the Chief Constable determined the strategic direction for the Constabulary, which is 'Keeping Cumbria Safe'. Following consultation with a range of stakeholders, the annual review of the Constabulary's Strategic Assessment (based on operational intelligence), performance results, recommendations from independent inspections and audits and a review of the organisation's strategic risks, the Chief Constable developed his 'BIG 6' priorities for reducing 'threat, risk and harm' and tackling our communities' concerns as follows:

- Engaging with communities and engaging with partners.
- Preventing crime, road casualties and anti-social behaviour.
- Managing offenders.
- Managing calls for service.
- Protecting vulnerable people and communities.
- Investigating crime, caring for victims and bringing offenders to justice.

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

Chief Constable's Report

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

Nevertheless, there are no grounds for complacency. Over the past couple of years there has been a noticeable shift in the profile of offences being recorded by police, with an increase in the complexity of crime, which in turn requires more resources to investigate. To ensure that we understand and can respond effectively in an ever changing world we continually review our demand.

The rapid advances in digital technology is a double edged sword allowing policing systems and processes to be developed and made more effective, but it also a facilitator of crime and requires new skillsets from policing if it is to be countered effectively. In relation to digital innovation in policing Cumbria is recognised nationally as being at the leading edge in rolling out mobile technology to its officers and staff with the objective of improving their productivity.

Each year the Constabulary is inspected and graded as part of a regime known as PEEL (Police Efficiency, Effectiveness and Legitimacy). In 2016/17 the Constabulary were graded good in respect of all three elements. I was particularly pleased with the grading of good for effectiveness which recognised the work undertaken within the Constabulary over the last year

to improve the operational services we deliver. We will continue to work with HMIC to address the small number of areas which were identified as areas for improvement.

The financial position remains uncertain. Although policing was added to those public services protected from the worst effects of austerity it does not exempt the Constabulary from the need to make on-going savings and efficiencies. Cumbria is also particularly vulnerable to the impact of a new police funding formula planned to be introduced from 2018/19, which has the potential to have a detrimental effect on the resources available to police the county.

In order to plan for an uncertain future I have established a Cumbria 2025 Plan, which seeks to bring together business and change planning into a single cohesive plan which is aligned to the national policing vision. This will be developed during 2017/18 under the leadership of the Deputy Chief Constable.

In summary, despite the challenges, I have established an effective working relationship with the Commissioner in his first year in office and look forward to continuing to work with partners across the county to deliver on our core mission of Keeping Cumbria Safe.

2016/17 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 2016/17 grant settlement, the Commissioner's overall budget and the level of Council Tax levied are provided in the Commissioner's combined financial statements.

Of critical importance was the Chancellor's decision in the Comprehensive Spending Review of 2015 to add policing to those services which are protected from worst effects of funding reductions, as the Government continues to address the national budget deficit. As a consequence of this decision Cumbria received a relatively favourable grant settlement in 2016/17 with an allocation of formula grant of £59.543m which represented a reduction of £0.342m. When consolidated with a 1.91% increase in council tax precept agreed by the Commissioner this represented a welcome respite in the context of five previous years of successive funding reductions.

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 2016/17 the following changes have been made to enhance services:

- Delivered a saving of £2.5 million from the revenue budget that was planned for 2016/17.
- Delivered extensive demand analysis as part of the evaluation of the previous year's changes to neighbourhood policing, response, community safety and criminal justice arrangements. This included activity and data analysis to provide

evidence of what worked and what needed to be changed.

- Undertook a comprehensive process review of administrative and transactional processes across the back office functions, identified improvements and developed the implementation plan that is being delivered during 2017/18 by the business.
- Undertook a detailed demand review of crime investigations for volume crime and public protection, resulting in proposals to change the structure and a significant number of process improvements to support improved productivity.
- Supported the business in development of an action plan for the Command and Control Room.
- Developed its plans for the next four year period to 2021 to achieve the government savings required.
- Deployed 750 laptops to the Crime Command, uniformed roles and police staff who work at multiple locations, facilitating mobile working with full office functionality and straight-forward access to police systems.
- Completed the convergence of the ICT infrastructure to reduce costs.
- Successfully worked with partners to reduce risk of violence, sexual assault, child sexual exploitation, domestic abuse and persistent offenders.

Performance

Summary Budget and Outturn

The Chief Constable's budget amounting to £106.6m is based upon the funding agreement with the Commissioner.

The table below shows the summary budget for 2016/17 as set on 24 February 2016, the revised

Chief Constable for Cumbria Constabulary

Summary Statement of Accounts 2016/17

budget (taking into account budget changes made during the year) and the provisional outturn position (subject to audit).

Summary Budget & Provisional Outturn	Base Budget 2016/17 £000s	Revised Budget 2016/17 £000s	Provisional Outturn 2016/17 £000s	(Under)/Overspend 2016/17 £000s
Police Officers	75,326	75,150	76,143	993
PCSOs	2,814	2,814	2,668	(146)
Police Staff	18,993	18,981	18,307	(674)
Other Employee	672	2,019	3,025	1,006
Transport	2,134	2,097	1,998	(99)
Supplies & Services	9,675	9,789	9,444	(345)
Third party Related	1,630	1,967	2,000	33
Total Expenditure	111,244	112,817	113,585	768
Income	(4,639)	(5,846)	(5,485)	361
Total Constabulary	106,605	106,971	108,100	1,129

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 £97.80m, which is broken down into Police Officers £75.33m, PCSO's £2.81m, Police Staff £18.99m and other employee costs of £0.67m. The remainder of the budget relates to non-staff costs including, transport costs of £2.13m and supplies/other costs of £11.30m. Income of £4.64m, which is generated through policing activities, is also shown within the Chief Constable's budget.

In-Year Financial Performance

Revenue Expenditure : The Chief Constable's outturn position for 2016/17, compared to the revised budget is an overspend of £1.129m. This overall figure is broken down into a net overspend on the Constabulary's core budgets, which were managed pro-actively during the year, of £0.354m. The other employee costs line includes a one off provision of £0.775m for historic employee legal claims, which all forces are being required to meet.

During the year the Constabulary budget experienced pressure in a number of areas, through a combination of:

- Police Officer pay – as a result of changes to the workforce plan including an intake of transferees from other forces and temporary increases in higher ranked posts in response to service needs.
- Police Officer overtime – which was higher than budgeted, principally due to covering shortages in specialist skills.
- Other employee costs – as a result of agency staff in ICT and investigations and management of change costs.
- Income – due to delays in special policing activities.

These have been offset by savings on police staff costs, arising from higher than expected levels of vacancies, and ICT services.

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 £3.0m in

Chief Constable for Cumbria Constabulary

Summary Statement of Accounts 2016/17

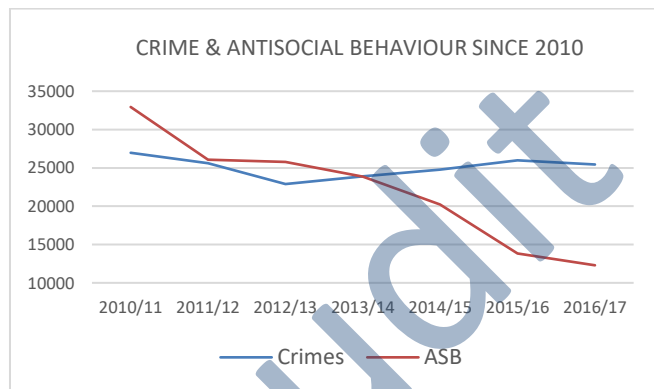
2016/17 are shown in the financial statements of the Commissioner. The principal component of this expenditure was £1.65m on ICT related schemes including the roll out of laptops to facilitate mobile working. A further £0.8m was expended on improvements to the estate including enhancement of the electrical infrastructure at the HQ site. The remaining capital expenditure largely related to cyclical replacement of the vehicle fleet.

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 2016/17

- Crime decreased by 551 offences or 2%.
- We set out to increase reporting of rape and sex offences and this increased by 20% (173 offences).
- 148 (49%) of our rape cases are historic of which 109 involved victims who were children at the time the offence took place.
- Overall theft offences have fallen by 2.1% (190 offences) although within the category, there have been increases in theft from a person (+54 offences), shoplifting (+300 offences) and theft of a motor vehicle (+64 offences).
- Violent crime has reduced by 1.4% (102 offences) although assault causing serious harm has increased by 26 offences (38%).
- We perform better than our Most Similar Forces Group average and have the 3rd lowest volume of crime nationally.

- We have delivered an 11% reduction in Anti-Social Behaviour, which has reduced to 12,291 incidents over the year – one of the best performers in the country.



- Domestic abuse incidents fell by 1%.
- Cumbria performed significantly better than north west region and national averages for guilty pleas at first hearing and effective trials – and we exceed the targets set for us.
- We perform well for user satisfaction with 88% of people using our services being satisfied with the experience.
- 83% of people in Cumbria say they have confidence in their police service, which is 5% better than the national average.

Chief Constable for Cumbria Constabulary

Summary Statement of Accounts 2016/17

The table below summarises the Constabulary's performance indicators.

	Number of crimes 2016/17	% change from previous year
All crime	25,428	-2%
Violence against the person	7,274	-1%
Homicide	4	-20%
Violence with injury	3,333	-3%
Assault causing serious harm	95	38%
Assault with injury	3,224	-4%
Other violence with injury	14	56%
Violence without injury	3,937	0%
Assault without injury	2,781	4%
Assault without injury on a constable	153	-7%
Harrassment	816	-6%
Other violence without injury	187	-22%
Rape and sexual offences	1,018	20%
Robbery	73	0
Theft	9,045	-2%
Burglary	2,003	-10%
Vehicle offences	1,170	-8%
Criminal damage and arson	5,106	-2%
Drugs offences	881	-18%
Public order offences	1,454	-10%

During 2016/17 all forces were subject to a PEEL (Police Effectiveness Efficiency and Legitimacy) inspection by Her Majesty's Inspector of Constabulary (HMIC). Cumbria was rated as good for the efficiency, effectiveness and legitimacy, recognising:

- Sound financial management, a well-managed change programme and investment in technology, estate and fleet to ensure a flexible workforce.
- Effective approach to preventing crime and antisocial behaviour, and tackling serious and organised crime.
- Good arrangements to protect victims and investigate crime.

Areas for improvement where weaknesses were identified include:

- Understanding our demand better and improving scenario planning for potential future budget reductions.
- Supporting vulnerable people and,
- Improving the arrangements to proactively identify corruption when it has not been reported.

A comprehensive action plan to address the issues raised by HMIC has been developed.

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 2016/17 the Constabulary developed and agreed a People Strategy 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

A comprehensive review of the human resources function was undertaken in 2016/17, which culminated in the formation of a People Department, which brings together HR, professional standards, occupational health, safety and workforce planning under a single lead.

Chief Constable for Cumbria Constabulary

Summary Statement of Accounts 2016/17

At the 31st March 2017 the Constabulary employed

- 1104 Officers
- 89 PCSOs
- 557 Police staff

(all expressed in full time equivalents)

During 2016/17 numbers of all employee groups were maintained close to the budgeted establishment, although, in the case of police staff, this included the recruitment of agency staff with specialist skills to respond to organisational needs, particularly in relation to ICT and crime investigation. It is intended that Officer and PCSO numbers will be broadly maintained during 2017/18 although some flexibility has been built into workforce planning assumptions towards the end of the year to respond to the outcome of the funding formula review.

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

Actual Employees as at 31 March 2017	CC		Total FTE
	Male FTE	Female FTE	
Directors/Chief Officers	8	2	10
Senior Managers	10	3	13
All Other Employees	927	800	1,727
Total CC Employees	945	805	1,750

During 2016/17 the percentage of contracted hours lost due to sickness was 3.94% for officers and 3.07% for staff, both of which exceed the Constabulary's target of 3%, but have reduced from 2015/16. An attendance action plan is in place with a wide range of actions to pro-actively manage sickness.

A Wellbeing Strategy has been put in place, with the aim of promoting and encouraging health and wellbeing at work. Work on promoting and improving well-being during 2016/17 included the:

- development of a multi-functional working group chaired by the Deputy Chief Constable.
- a commitment to develop a well-being at work charter standard in collaboration with Lancashire Police.
- tactical initiatives in relation to mental health first aid, stress awareness, well being ambassadors and health & safety.

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

- 1) To provide an equitable, responsive and appropriate service to all communities in Cumbria, encouraging and supporting the reporting of crime, appropriate use of services and promotion of health and well-being.
- 2) To engage with communities and stakeholders internally and externally, improving communication and building confidence and trust in the public sector in Cumbria, to ensure that all communities have a voice. Embedding equality into every day 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.

Whilst Cumbria generally has a low level of hate crime compared to other forces, the Home Office release for 2015/16 data (October 2016) shows an increase in the number of hate crimes of 14%. To put this in context thirty seven out of forty three forces in England and Wales reported an increase, with Cumbria having the 27th highest. This indicates that the public have increased confidence in reporting such crimes.

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 2016/17 particular training resource was directed to:

- vulnerability (child sexual exploitation & domestic abuse).
- stop search.
- management of serious crime investigations.
- Development of a leadership and skills programme.

The training plan was delivered through a strategic training collaboration with Lancashire Police, which has delivered benefits through increased capacity to deliver training and cost reductions. The collaboration arrangement has been extended for a further five years.

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.

A cultural survey of all officers and staff, undertaken in partnership with academia, has identified areas that the Constabulary can focus on to build the resilience of its workforce and will be developed through the People Strategy.

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

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

Other measures to improve energy efficiency include:

- Regular monitoring of consumption.

- A forcewide building management system which is used to monitor and control mechanical building services.
- A programme of introducing low energy technology, including LED lighting and low emission air conditioning across the estate.
- Use of video conferencing to reduce travel between sites.

For many years the Constabulary has operated a recycling policy.

The Constabulary operates a diesel fleet with this strategy being continually reviewed as technology advances. The use of electric vehicles has been trialed and will continue to be monitored as this technology develops. The fleet includes vehicles of many different types, which are required to perform a number of roles. Each role has specific targets for omissions and the purchasing criteria for new vehicles dictates that they must be within these limits. Vehicles are purchased on a national framework, which includes sustainability and environmental criteria. The maintenance of vehicles is carried out at garages located strategically throughout the county, reducing downtime and transportation. Parts are bought locally and make use of the wider local supply chain where possible.

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

The Financial Statements

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

The key financial statements are:

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

Comprehensive Income and Expenditure Statement

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

Chief Constable for Cumbria Constabulary

Summary Statement of Accounts 2016/17

The table below sets out a summary CIES statement.

Summary CI&ES	Gross Expenditure 2016/17 £000s	Gross Income 2016/17 £000s	Net Expenditure 2016/17 £000s
Cost of Police Services	92,676	(364)	92,312
Funding Provided by PCC to CC	0	(105,327)	(105,327)
Cost of Services	92,676	(105,691)	(13,015)
Financing Costs and Investment Income	40,430	(3,843)	36,587
(surplus)/deficit on the provision of services	133,106	(109,534)	23,572
Other comprehensive income and expenditure			227,431
Total Comprehensive income and expenditure			251,003

The statement shows that the gross cost of providing policing services amounted to £92.676m in 2016/17. 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' £36.6m and 'other comprehensive income & expenditure' net expenditure of £227.4m. 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 £251.0m for the year, which largely impacts on unusable pensions reserves. The analysis on page 6 of this summary, based on the management accounts, shows an overspend of £1.129m.

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

Movement in Reserves Statement

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

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

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

Summary Movement in Reserves	Balance 31/03/2016 £000s	Movements 2016/17 £000s	Balance 31/03/2017 £000s
Police Pensions Reserve	(1,012,460)	(230,660)	(1,243,120)
LGPS Pensions Reserve	(25,536)	(20,342)	(45,878)
Accumulated Absences Reserve	(2,848)	(1)	(2,849)
Total Reserves	(1,040,844)	(251,003)	(1,291,847)

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

The Chief Constable's movements in reserves statement principally records the Chief Constable's negative reserves in relation to the Police and Local Government Pension Schemes, reflecting the requirement to record pension assets and liabilities as they are earned rather than when they become due for payment. During

Chief Constable for Cumbria Constabulary

Summary Statement of Accounts 2016/17

2016/17, the overall negative balance on both the police and local government pensions schemes have increased, largely as a result of changes to actuarial assumptions.

All usable reserves are controlled by the Commissioner and are recorded in the balance sheet of the Commissioner, who formally recognises the need to provide contingencies to meet unplanned and planned expenditure in the future. The Commissioner's usable reserves include a general reserve of £3.0m to meet unplanned risks and earmarked reserves of £21.2m for specific revenue and capital purposes. During 2016/17 a total of £0.3m has been added to the Commissioner's earmarked reserves to fund future revenue and planned capital expenditure.

The Balance Sheet

The Balance Sheet shows the value as at the balance sheet date (31 March 2017) 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
	31/03/2016	31/03/2017
	£000s	£000s
Current assets	10,915	11,338
Current Liabilities	(13,203)	(12,852)
Long Term Liabilities	(1,038,556)	(1,290,333)
Net Assets	(1,040,844)	(1,291,847)
Unusable Reserves	(1,040,844)	(1,291,847)
Total reserves	(1,040,844)	(1,291,847)

The Chief Constable's current assets (£11.3m) are comprised of the Chief Constable's share of short term debtors and the balance of funding between the Commissioner and the Chief Constable. Current liabilities (£12.9m) 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 (£1,290m) represent the Chief Constable's share of the pensions deficit together with a small number of provisions to meet future liabilities. The net assets (assets less liabilities) are matched on the balance sheet by the Chief Constable's reserves. The balance sheet reserves reflect the position at year end and therefore match the final position shown in the movement in reserves statement. The balance sheet is shown on page 27 in the full statement of accounts.

The Chief Constable's 2016/17 balance sheet shows a combined pensions deficit of £1,289m (£1,038m in 2015/16) for the LGPS and the Police Pension Scheme to which its employees and former employees belong. However, statutory arrangements for funding the deficit, through increased contributions over a period designed to balance the pensions account and central government funding mean that the financial position of the Chief Constable remains healthy.

The Cash Flow Statement

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

Chief Constable for Cumbria Constabulary

Summary Statement of Accounts 2016/17

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

Summary Cash Flow Statement	Cash flows 2015/16 £000s	Cash flows 2016/17 £000s
Cash & Cash Equivalents 1 April	0	0
Net (Surplus)/Deficit on the provision of services	34,005	23,572
Adjustments for non-cash movements	(34,005)	(23,572)
Net cash flows from operating activities	0	0
Cash & Cash Equivalents 31 March	0	0

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 2015/16 £000s	Pension Fund A/C 2016/17 000s
Contributions - Employer	(8,286)	(8,133)
Contributions - Officers	(5,305)	(5,179)
Contributions - Other	(454)	(419)
Benefits Payable	33,498	32,390
Other Payments	46	27
Net Amount Payable	19,499	18,686
Contribution from Home Office	(18,371)	(17,590)
Additional Funding Payable by the Constabulary (2.9%)	(1,128)	(1,096)
Net Amount Payable	0	0

The statement identifies contributions made in 2016/17 totaling £14.83m. The pension benefits that are payable from the fund, together with other payments amounted to £32.42m. The balance between contributions and pensions' benefits paid of £17.59m has been funded by the Home Office. The full pensions fund accounts and note can be found on pages 50-51 of the full statement of accounts.

Supporting Information to the Financial Statements

The key financial statements are supplemented by an explanation of the accounting policies used in preparing the statements which are shown alongside the relevant note in the accounts or in Annex A where they are generic to the accounts as a whole. They also contain a comprehensive set of notes that explain in more detail a number of entries in the primary financial statements. A glossary of terms provides an explanation of the various technical accounting terms

and abbreviations. The statements are published alongside the Annual Governance Statement for the Chief Constable in accordance with the 2015 Accounts and Audit (England) Regulations.

The Annual Governance Statement of the Chief Constable can be found in (Annex D) of this Statement of Accounts on pages 71-106 or on the Constabulary website at: 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 2017. This has primarily arisen as a result of positive action on behalf of the Constabulary to reduce costs in the context of potential future reductions in government funding. This has enabled reserves to be maintained at a level that provides some financial resilience.

Looking forward, whilst the Government decision to add policing to those public services, which are protected from spending reductions in its 2015 Comprehensive Spending Review was welcome, external funding is only protected in cash terms meaning that further savings and efficiencies will still need to be delivered over the coming years to cover inflation.

However, the most significant uncertainty in relation to the Constabulary's future financial prospects is the potential impact of a new police funding formula,

which may be introduced from as early as 2018/19. Although the results of the current process of constructing the new funding formula are as yet unknown, in the previous proposal to change the funding formula in 2015 Cumbria was the worst affected of all forces.

In addition, the financial impact of the implementation of new technology including the new Emergency Services Network, proposed police training requirements and pension costs are likely to put pressure on force budgets over the coming years.

The budget approved on 22 February 2017 for the 2017/18 financial year was set in the context of a four year medium term financial forecast to 2020/21. Given the level of uncertainty the effect of changes to the funding formula are excluded from the core assumptions in the forecast. On this basis further savings of £1.9m will be required by 2020/21. However, scenario planning for a savings requirement of up to £18m are being considered, which are in the context of having already delivered £22m of savings since 2010.

The Commissioner and Chief Constable continue to work towards developing and implementing organisational changes that will seek to address the future gap between expenditure and income.

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 risk relates to the potential reduction in service delivery, safety and ultimately public confidence which could result from a significant loss of funding through the new police funding formula.

The other highest scoring risk recognises the threat to performance and additional cost implications of implementing the Emergency Services Network, which is a national system to replace radio communications.

Other strategic risks recognise the increasing difficulty in delivering savings without impacting adversely on frontline service delivery and the the potential impact of constant change on performance across the organisation.

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

Change Programme

In response to the current financial uncertainty presented by the possible introduction of a new police funding formula, the Constabulary has developed a strategy to deal with the outcome, which includes:

- Understanding the impact of sparsity, rurality and geographical isolation on the cost of delivering policing services, supported by academic research.
- Responding to consultation.
- Engagement with the public of Cumbria and key partners.
- Continuing to develop detailed savings proposals and contingency measures, which would seek to bridge a resulting funding gap.

The Constabulary's change programme remains pivotal in identifying and delivering potential savings and will now be incorporated within the Cumbria 2025 vision project to ensure that an holistic approach to service delivery linked to changing service demand is adopted.

Planned workstreams to generate savings include:

- Using digital technology to improve the efficiency of both operational and business systems and processes.
- Improving the efficiency of support service systems and processes.
- Extending the concept of consolidation of operational resources into hubs, including locality based multi-agency working, with the aim of improving productivity and capacity.
- Realising workforce efficiencies.
- Exploiting opportunities for collaboration with other partners.

Chief Constable for Cumbria Constabulary

Summary Statement of Accounts 2016/17

Acknowledgements

The financial statements were authorised for issue by me as Joint Chief Finance Officer, on 31 May 2017.

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

Roger Marshall

Joint Chief Finance Officer

The accounts present a true and fair view of the position of the Chief Constable for Cumbria Constabulary as at 31 March 2017 and its income and expenditure for the year there ended.

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Roger Marshall CPFA

Joint Chief Finance Officer

Date: 31 May 2017