



The Police and Crime Commissioner for Cumbria
STATEMENT OF ACCOUNTS
2022/23



Peter McCall

www.cumbria-pcc.gov.uk



Police and Crime Commissioner
for Cumbria

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Statement of Accounts 2022/23

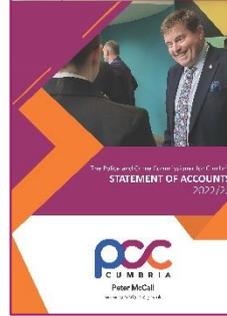
About this Publication

This publication contains both the single entity financial statements for the Police and Crime Commissioner for Cumbria (the Commissioner) and the financial statements for the group position which incorporates those of the Chief Constable for Cumbria Constabulary.



The Statement of Accounts for 2022/23 is available on the Commissioner's website at www.cumbria-pcc.gov.uk.

The corresponding accounts for the Chief Constable can be found on the Constabulary website at: www.cumbria.police.uk



The Statement of Accounts is also available in printed format from the office of the Police and Crime Commissioner for a nominal fee of £15 per copy.

Alternative Formats



You can get a copy of this document in different formats such as large print, Braille, audio, or in a different language by calling 01768 217734

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Police and Crime Commissioner for Cumbria

Statement of Accounts 2022/23

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The Joint CFO Narrative Report. For a quick, highly summarised version of this Statement of Accounts please read the next 22 pages. **The full story starts on page 25**, please read that too.

Please see page 42 for a full list of the notes to the accounts and cross references to page numbers.

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

Introduction

I am pleased to introduce the financial Statement of Accounts for the 2022/23 financial year. This financial statement sets out 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 accounts are published in accordance with the Accounts and Audit Regulations 2015.

This section of the statements is the Narrative Report. The purpose of the report 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 (PRSR 2011). The PRSR 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 PRSR 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 King'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 PRSR 2011 sets out the statutory financial framework for the Commissioner and Chief Constable. The legislation provides for the Secretary of State to issue a financial code of practice in relation to the proper administration of financial affairs. The Home Office under the legislation issues a Financial Management Code of Practice for the Police Forces of England and Wales.

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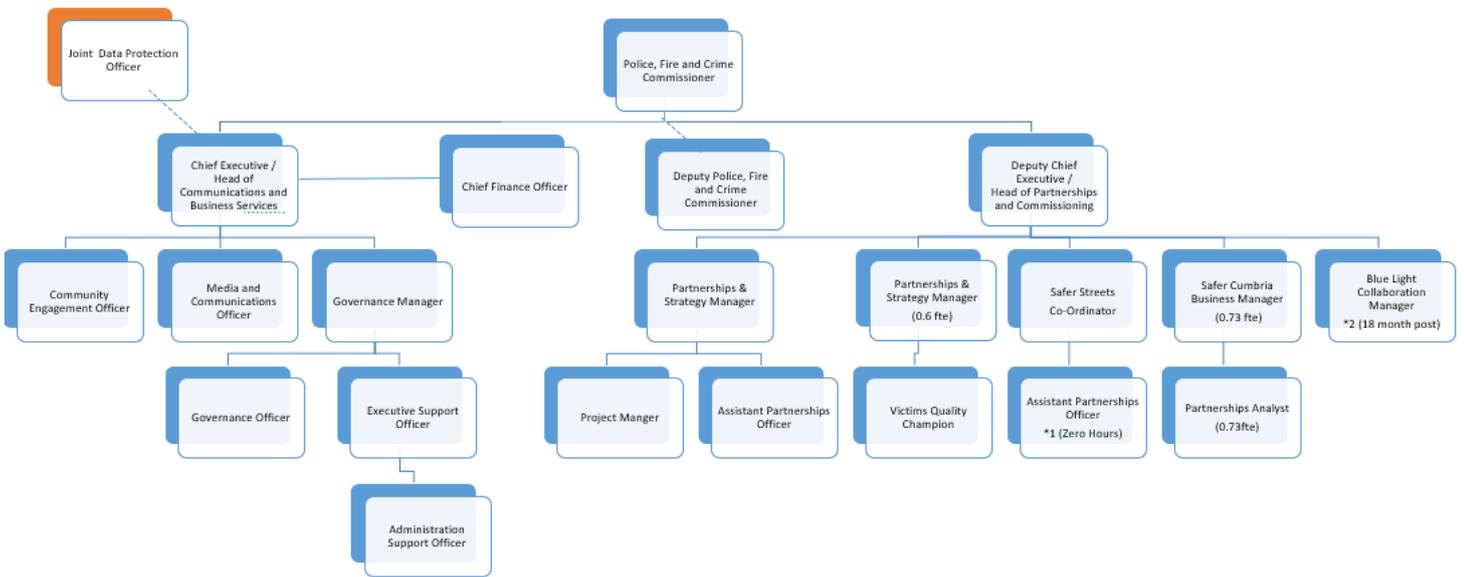
The Code supports the statutory framework further setting out the financial relationships and requirements for the Commissioner and Chief Constable.

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

Cumbria Office of the Police, Fire and Crime Commissioner Organisation Chart – April 2023



Key:
 All staff are full time unless otherwise stated
 *1 Zero Hour Contract
 *2 Temporary post funded for 18 months

Services Provided by Cumbria Constabulary
 ICT Finance
 Legal Procurement
 Estates Joint Data Protection Officer

Chief Finance Officer Narrative Report

The Police and Crime Commissioner is supported by an office of 15.6 FTE 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 2022/23 were: Barrow 10, Kendal 9, 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 a focus on victims, reducing anti-social driving, preventing rural crime, reducing drug use and drug-related crimes, reducing reoffending and preventing cyber-crime.

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 the Police and Crime Plan 'Keeping Cumbria Safe' in November 2021 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 2023	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	1.0	12.1	13.1
Total PCC Employees	1.5	14.1	15.6
Group			
Chief Officers	9.0	4.0	13.0
Senior Management	10.0	6.0	16.0
All Other Employees	1,028.4	1,022.6	2,051.0
Total Group Employees	1,047.4	1,032.6	2,080.0

Chief Executive Report

The Commissioner has nearly finished his seventh year in Office.

During the year the Commissioner has been able to further embed the 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 keep Cumbria safe'. Objectives are monitored through Public Accountability Conferences; a public meeting where the Commissioner holds the Chief Constable to account. This structure has been in place for several 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 2022/23, the Commissioner has also managed additional funding to help local charities supporting victims of domestic abuse and sexual violence to deal with increased demand for services.

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

continuous development to ensure the office continues to meet the highest standards.

Public consultation and engagement are paramount to the Commissioner as he is the 'voice' for the people of Cumbria for policing. A wide range of diverse opportunities are available for the public to speak directly to the Commissioner, when the Commissioner is out in the community or by speaking to groups directly. This is further supported by the public contacting the Commissioner by email and letter, with more than 599 people contacting the Commissioner in this way during 2022/23. The main themes raised in this year were in relation to, police service dissatisfaction, anti-social behaviour, anti-social driving and firearms licencing.

The Commissioner undertook a successful public consultation for the increase in the council tax precept for 2023/24, with 411 respondents and 50% 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 £11.62 for a Band B 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; His Majesty's Inspectorate of Constabulary and Fire & Rescue Services (HMICFRS), external and internal auditors to assist in the 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 that we are expecting in 2023/24 and in the future as the role of the Commissioner continues to develop with additional responsibilities.

Particular attention is being directed to the successful integration of Cumbria Fire and Rescue Service into the Commissioners portfolio following local government reform in Cumbria from April 2023. From 1 April 2023, the Commissioner becomes the Cumbria Commissioner Fire and Rescue Authority to oversee the governance of Cumbria Fire and Rescue Service. The integration work will see opportunities for collaboration between blue light services developed with a view to increasing efficiencies for both policing and fire services.

Finance Review

2022/23 Grant Settlement and Budget

The Commissioner set a combined net revenue budget of £121.699m for 2022/23 on 16 February 2022. Funding of this amount came from the Police Grant settlement (£72.604m) and income from Council Tax (£49.095m). Government grant income increased by 6.0% from 2021/22 as a result of funding to recruit an additional 69 officers as the third and final 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 3.67%, taking the Commissioner's proportion of the band D equivalent tax to £282.15 per annum. The effect of the increase is to support the medium term financial forecast and maintaining existing policing services through a period of higher inflationary pressures. The budget provided funding for the Chief Constable of £139.109m comprising a £144.227m expenditure budget to support policing and an income budget of (£5.118m). The Commissioner's budget provided £2.351m for Commissioned Services, to provide funding for partnership working across the Commissioner's wider community safety, crime reduction and victim support responsibilities and £0.894m for the Office of the Police and Crime Commissioner.

The capital budget was set at £7.219m including schemes approved in the year and the effect of the 2021/22 capital outturn position. Capital expenditure is made up broadly of expenditure on assets that have a useful life of beyond one year. Approximately 62% of the programme related to investment in ICT, with the

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remainder being made up estates works, the cyclical replacement of fleet vehicles and operational equipment. The budget was funded from a combination of capital grants (£2.2m) and direct contributions from revenue (£4.4m) and reserves (£0.6m).

The table below shows the summary revenue budget for 2022/23 as set on 16 February 2022, 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 10. 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
	2022/23	2022/23	2022/23	2022/23
	£000s	£000s	£000s	£000s
Constabulary Budget	139,109	137,739	136,929	(810)
Office of the PCC	883	802	773	(29)
Other PCC Budgets	14,536	12,335	12,484	149
Grants/Contributions	(31,143)	(32,582)	(32,728)	(146)
Net Expenditure before reserves movements	123,385	118,294	117,458	(836)
To/(From) Reserves	(1,686)	3,405	4,241	836
Net Expenditure	121,699	121,699	121,699	0
Government Grants	(72,604)	(72,604)	(72,604)	0
Council Tax	(49,095)	(49,095)	(49,095)	0
Total External Funding	(121,699)	(121,699)	(121,699)	0

The Constabulary gross expenditure budget is made up of funding for employee costs £128.335m (of which Police Officers comprise £96.6m), transport costs of £2.4m and supplies/other costs of £13.5m. The Commissioner's budgets comprise the costs of running his office £0.9m and the net position on a range of other costs. These include estates costs £4.9m for premises used by the Constabulary and Commissioner, Commissioned Services and Sexual Assault support £2.4m 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 2022/23 is an underspend of (£836k). The overall underspend is made up of an underspend of (£26k) on the budgets managed by the Commissioner and underspend of (£810k) on those held by the Constabulary. The core underspend equates to 0.71% of the revised net budget of £118.294m, which is within the target for the revenue expenditure to be within 1% of the budget at out-turn.

In overall terms budgets managed by the Commissioner were (£26k) under budget. This was largely attributable to a combination of a small saving in the costs of the Office of the Police and Crime Commissioner (£29k), increases in investment income (£425k) and grants and contributions (£146k) offset by increases in premises costs £69k, council tax support for care leavers £7k, support for the capital programme £5k, increased costs of insurance £121k, increased

contributions to provisions for insurance and legal claims £372k.

In 2022/23 the Constabulary was (£810k) under-budget. The officer pay budget was overspent (£0.4m) because pressure on overtime budgets offset by changes to the workforce plan. The transport budget was overspent (£0.3m) largely as a result of the increase in inflation vehicle fuel and repairs and maintenance.

However, this was more than offset by savings on police staff (£0.2m), non-staff costs (£0.2m), supplies and services (£0.2m) and additional income (£1.0m).

It is intended that of the group underspend (£836k), part (£353k) will be allocated specific earmarked reserves and used to fund commitments for particular pieces of work that were planned in 2022/23 but not delivered until 2023/24, part (£225k) will be used to establish an ill health pensions reserves and the remainder (£300k) will be used to establish a management of change 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 2022/23 awards totaling £45k were made. As at 31 March 2023 the Police Property Act fund balance stood at £94k.

The 2022/23 Capital Expenditure Outturn amounted to £4.1m against a revised budget of £8.2m. Whilst the variance of 50% against planned expenditure was significantly above the target of 8%, there were continuing extenuating circumstances in 2022/23, as the knock on effects of the pandemic has continued to impact on global supply chains particularly for vehicles. There have also been delays in delivering projects some of which are attributable to strategic options appraisal. Nevertheless, progress was made in capital investment during 2022/22 including up-grading the digital infrastructure and provision of mobile devices, digitisation of firearms licensing, development of a records management system, upgrade of county wide CCTV, alterations to the learning and development centre and cyclical replacement of the vehicle.

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

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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 35 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 54.

The table below sets out a summary CIES statement.

Summary CI&ES	Gross Expenditure 2022/23 £000s	Gross Income 2022/23 £000s	Net Expenditure 2022/23 £000s
Cost of Police Services	138,843	(15,993)	122,850
Cost of Services	138,843	(15,993)	122,850
Other Operating Expenditure	19,347	(19,893)	(546)
Financing Costs and Investment Income	46,178	(5,866)	40,312
Council Tax and Grant Income	0	(127,303)	(127,303)
(Surplus)/Deficit on the Provision of Services	204,368	(169,055)	35,313
Other Comprehensive Income and Expenditure			(498,416)
Total Comprehensive Income and Expenditure			(463,103)

The statement shows that the net cost of providing services in the year amounted to £122.850m, which is predominantly the costs of policing.

In addition to showing the cost of services, the CIES also sets out net financing costs of £40.312m. The most significant element of financing costs comprise pension charges £40.236m. These charges are calculated in accordance with generally accepted accounting practices and do not all need to be funded in the 2022/23 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, although it is recognised that this may change given the recent increases to interest rates. At the end of the financial year £21.468m (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 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 £35.313m. A further accounting adjustment of (£498.416m) income through the ‘other comprehensive income and expenditure’ line results in an overall position on the statement of a surplus of (£463.103m). This is an accounting surplus that is taken to Unusable Reserves. Page 8 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

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management accounts show an underspend of (£836k) against the 2022/23 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 page 37 in the full statement of accounts. The table below sets out a summary movement in reserves statement.

Summary Movement in Reserves	Balance 31/03/2022 £000s	Movements 2022/23 £000s	Balance 31/03/2023 £000s
Police Fund	3,600	400	4,000
Earmarked Revenue Reserves	15,178	4,503	19,681
Earmarked Capital Reserves	4,294	(662)	3,632
Capital Receipts	2,349	10	2,359
Capital Grants Unapplied	4,876	(3,148)	1,728
Total Usable Reserves	30,297	1,103	31,400
Unusable Reserves	(1,475,445)	462,000	(1,013,445)
Total Reserves	(1,445,148)	463,103	(982,045)

Movements in usable reserves for 2022/23 show a net balance of £1.103m. 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.

At the end of the year, the Police Fund at 31 March 2023 stands at £4.0m and provides for unplanned financial risks. Earmarked revenue reserves are £19.681m. 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 2023 was £3.632m, capital reserves are those set aside to fund the capital programme. Further detail on earmarked reserves is provided within note 8 to the statement of accounts on pages 59-60.

At the 31st March 2023 we have negative unusable reserves of (£1,013m). 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.

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The cumulative position for unusable reserves includes reserves of:

- £56.956m in respect of the revaluation reserve and capital adjustment account, recording accounting transactions for our capital assets.
- (£1,066m) 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 2022/23 is positive and is as a result of changes in actuarial assumptions that have decreased scheme liabilities.

The Balance Sheet

The balance sheet shows the value as at the balance sheet date (31 March 2023) of the Commissioner's assets and liabilities. The balance sheet is shown on page 39 in the full statement of accounts. The table below sets out a summary balance sheet.

Summary Balance Sheet	Balance 31/03/2022 £000s	Balance 31/03/2023 £000s
Property, Plant & Equipment	69,660	76,567
Long Term Assets	1,600	1,857
Current Assets	29,473	29,503
Current Liabilities	(19,801)	(18,884)
Long Term Liabilities	(1,526,080)	(1,071,088)
Net Liabilities	(1,445,148)	(982,045)
Usable Reserves	30,297	31,400
Unusable Reserves	(1,475,445)	(1,013,445)
Total Reserves	(1,445,148)	(982,045)

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 £76.567m. Of this, land and buildings comprise £67.472m. Long terms assets are

comprised of intangible assets (predominantly computer software) £1.857m. Current assets are principally made up of debtors £15.884m, inventories £0.522m and cash/cash equivalents £13.097m and have a total value of £29.503m. 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 2022/23 one debtor invoice totaling £50 was authorised to be written off as not collectable. The provision for impaired or doubtful debts stands at £13,430 against the future risk that not all outstanding invoices will prove to be 100% collectable, this figure is increased from the previous year of £10,118. The Commissioner's debtors include a share of the debtors recorded by the former 6 Cumbrian District Council's in respect of council tax. This debt amounts to £3.943m and is reduced by the Commissioner's share of their respective bad debt provisions of £1.872m. See note 14 to the statement of accounts (Page 74).

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 (£18.620m).

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The combined short and long term liability on the PFI scheme amount to (£3.965m) at 31st March 2023. Long term liabilities are the most significant figure on the balance sheet, showing a balance of (£1,071m) ((£1,526m) in 2021/22). The main element of this amount is a pension's deficit of (£1,066m) ((£1,521m) in 2021/22) 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 40-41 of the full statement of accounts. The table below sets out a summary cash flow statement.

Summary Cash Flow Statement	Cash flows 2021/22 £000s	Cash flows 2022/23 £000s
Cash & Cash Equivalents 1 April	(5,482)	(5,370)
Net Cash Flow from:		
Operating Activity	(2,865)	(9,020)
Investing Activity	8,771	(4,940)
Financing Activity	(5,794)	6,233
Cash & Cash Equivalents 31 March, made up of:	(5,370)	(13,097)
Bank Accounts	(719)	(636)
Money Market Funds	(4,651)	(12,461)

The table shows a cash inflow of (£9.020m) 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 inflow of £4.940m 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 capital assets (e.g. property). Cash flows arising from financing activities show a net cash outflow of (£6.233m), this being amount of cash repaid 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 £233k was paid to reduce those debts during the year.

The Commissioner's cash flow statement shows an overall balance of (£13.097m), compared to (£5.370m) in 2021/22, reflecting an increase in cash and cash equivalents of £7.727m over the year. At the end of

Chief Finance Officer Narrative Report

the year (£12.461m) of the Commissioner's cash deposits was held in money market funds and (£0.636m) 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 2021/22 £000s	Pension Fund A/C 2022/23 £000s
Contributions - Employer	(14,043)	(14,714)
Contributions - Officers	(6,049)	(6,348)
Contributions - Other	(186)	(376)
Benefits Payable	41,279	40,622
Other Payments	359	163
Net Amount Payable	21,360	19,347
Contribution from Home Office	(21,360)	(19,347)
Net Amount Payable	0	0

The statement identifies contributions into the fund of (£14.714m) from the Constabulary (employer) and (£6.348m) from police officers. Employer contribution rates in 2022/23 were at 31%. In total £40.622m of pensions have been paid out of the fund. The balance between contributions and those pensions' benefits of £19.347m has been funded by Home Office. The full police officer pension fund account is shown on pages 99 to 100 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 2022/23, the Commissioner has continued with several programmes and initiatives working with the Constabulary and wider partners to deliver the key priorities within the Police & Crime Plan.

Alongside the core emotional, practical and advocacy support services commissioned for victims of crime and abuse, the Commissioner has worked with Victim Support to introduce new Independent Domestic and Sexual Violence Advisor posts, through Ministry of Justice funding managed by the Commissioner's office. One is based within Carlisle Infirmary and has been developed in partnership with North Cumbria Integrated Care NHS Foundation Trust, to provide support to survivors of abuse who are accessing health services, particularly those who might not otherwise come into contact with support services. Another post is enhancing the support available to male victims of crime, particularly domestic and sexual abuse, through the introduction of a Male Independent Domestic and Sexual Violence Advisor based with Victim Support, which has enabled male victims to choose the gender of the person providing support. This post, has also supported a review of the information available for male victims and has focused on increased promotion of services to men through engaging with places which men they tend to go, including gyms and barbers' shops.

A service for children and young people who have witnessed domestic abuse has been embedded during 2022/23. 286 children and young people have been supported through this service during 2022/23. 100% of young people who completed their support between October and December 2022 reported that

they had seen an improvement in their coping strategies and understanding of what makes a healthy relationship at the end of their support through this service.

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 is a process which brings those harmed by a crime (a victim or victims) and those responsible for the harm (an offender or perpetrator), into some form of communication, enabling everyone affected by a particular incident to play a part in repairing the harm and finding a positive way forward.

Another key group of services which the Commissioner has helped to fund and manage is the Bridgeway Sexual Assault Support Services. 85 people received therapeutic services, 119 victims were supported to have a forensic-medical examination following rape or sexual assault and 63 people sought telephone advice through the Bridgeway Sexual Assault Support Services during the year ending March 2023. For the therapeutic service, 82% of service users with a planned closure to their support reported an improvement in health and well-being, 83% felt better able to cope with everyday life and 82% felt safer (data for the 12 months to March 2023).

During 2022/23 together with the Constabulary has helped to reduce reoffending via the Cumbria Adult Out of Courts Disposal Framework. The integrated Offender Management programme known as 'Pathways', is delivered by commissioned service provider Remedi. In the first year of delivery, Pathways has received 312 referrals with equal spread of

referrals across the county and 400 onward referrals for specialist support.

The Commissioner continued to fund Keep Safe to deliver consistent crime prevention advice with a target hardening service (improving security measures) available for all victims of crime. This service aims to reduce the likelihood of recidivism and helps victims to cope and recover from crime and/or anti-social behaviour by increasing the feeling of safety within their own homes. The number of victims supported by Keep Safe rises each year with 583 cases recorded from 1st April 2022 to 24th March 2023.

The Commissioner continued to provide a contribution towards the Crimestoppers regional manager contract to deliver campaigns and appeals at a local, regional and national level. These campaigns encourage people to report anonymously, taking away the fear of reprisals but still bringing criminals to the attention of the police and helping to safeguard victims of crime.

The Commissioner continued to provide a contribution towards Brake National Road Victim Service to support those who have suffered a bereavement or serious life changing injury due to a road collision. The service includes specific materials and support for children to help them to understand and to cope with a sudden bereavement.

In July 2022 the Commissioner secured £354,639 for Carlisle and £405,470 for Barrow from the Home Office Safer Streets Fund Round 4 to help reduce anti-social behaviour and the impact anti-social behaviour has on communities. With the funding, the Commissioner has paid for the upgrading of lighting in streets, backstreets and areas identified as ASB hotspot or areas of concern in Carlisle and Barrow, this will make identification of

offenders easier therefore deter unwanted behaviours. Lighting was also installed in Keenan Park, and in the skate park at Bitts Park, both in Carlisle to encourage legitimate and safe use of community assets.

Three ANPR cameras have been installed on known routes to help police intercept travelling criminals bringing drugs into the areas. The chaotic and high-risk lifestyle linked to drug misuse is detrimental for the individuals concerned and has a profoundly negative impact on the safety and feelings of safety in the communities.

Carlisle City Council and Barrow Borough Council both had teams who are tasked with tackling anti-social behaviour as well as enviro-crimes and parking issues. The funding paid for conflict resolution training for 16 council officers, body armor to help protect them from physical harm, radios so they can contact the police more easily to share information, and the Barrow officers have also received bodyworn video cameras enabling them to capture evidence when necessary.

The funding has paid for the delivery of the multi-agency workshops “Your Life, You Choose” to school years 7 and years 8 raising awareness around crime, violence and ASB. By the end of the project in September 2023, 18 schools will have received this input to encourage young people to make healthy, positive life choices.

The funding has paid for delivery of the multi-agency symposium “Be Safe Stay Safe” to colleges which includes marketplace stalls provided by partner agencies to share relevant information to students. Topics have been selected by the college with input from the Child Centred Policing Teams and include

anti-social behaviour, bullying, women's safety and drugs. By the end of the project in September 2023, 4 colleges will have benefitted from this delivery.

EDGE NE have provided three teams of youth outreach workers (two funded by Safer Streets, one funded by the Commissioner) to engage with and divert young people from ASB and vulnerability to criminality. The teams take a targeted approach directed by the Constabulary's Neighborhood Policing Teams and Local Focus Hubs which include the Child Centred Policing Teams. As anti-social behaviour is fluid and frequently moving, the teams' approach is equally flexible to meet need & demand targeting time, place and/or individual(s).

The funding has paid for two restorative caseworkers employed by Remedi to work with those affected by youth-related anti-social behaviour. The work they do with victims is designed to help victims put strategies in place so they can cope and recover from ASB, and so they know how to handle any ongoing issues. The work they do with offenders is designed to help them recognise the impact their behaviour is having, and how to modify their behaviour. Remedi can also offer mediation between the parties if appropriate.

The funding has paid for crime prevention training for PCSOs and officers to enable the constabulary to provide a professional approach to crime prevention and give out consistent information and guidance to victims of crime on what they can do to help keep themselves and their property safe from criminal or anti-social behaviours.

The Commissioner, in partnership with North West Probation Service funded & developed Women's

Outreach Services for female victims and offenders residing in the Kendal & surrounding areas & Carlisle and surrounding areas. The outreach services provide practical and emotional support to women experiencing crisis which include victims of domestic abuse, sexual violence and ex-offenders at risk of reoffending due to vulnerability.

The key deliverables of the outreach projects are to support women to address the risk of harm, reduce the risk of reoffending, provide early intervention aimed at reducing demand on the police, criminal justice and partner services. They provide support to women leaving prison with the aim of reintegration into the community.

Younger women are supported against the risk of child sexual exploitation. The outreach can provide an alternative to custody with the option of attendance as a bail condition, conditional discharge or voluntary option.

Women are provided with information, advocacy and signposting to specialist support services based on risk and need. The support & guidance is in relation to housing, finance, employment, relationships, criminal justice and physical/mental health, the list is not exhaustive.

The outreach workers are non-judgmental, non-directive in their approach to empower survivors along with the ability to understand the individual needs of a woman. They support victim / survivors of domestic abuse &/or sexual violence to cope and recover & provide women with access to support services by removing the barriers to access.

The Commissioner introduced a new Victims' Quality Champion role during 2022/23. This role is enabling the Commissioner to further develop the focus on victims in his assurance work with the Constabulary and commissioned services. As well as conducting assurance visits to service providers, the Victims' Quality Champion has supported the new independent Violence Against Women and Girls Scrutiny Panel, whose role is to review a dip sample of police cases from the perspective of the victim. This has given the Commissioner assurance about how police officers are communicating with victims and providing their rights under the Victims' Code of Practice. Where learning has been identified, this has been fed back within the Constabulary to ensure a continual improvement in how victims are dealt with.

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. The Commissioner's Victim's Quality Champion conducted review of compliance of a dip sample of cases against the Code and the team has also shared its good practice with other counties.

The Commissioner has continued to fund the county-wide Domestic Abuse Perpetrator Programme "Turning the Spotlight", which received 279 referrals between April and December 2022 and 202 participants completed the programme. Positive outcomes included 100% of clients reporting improved understanding of healthy relationships.

In addition, the Commissioner has provided funding to the "Step Up: Restore Families" programme for families experiencing child-on-parent or child-on-carer

violence, working with Cumbria County Council. 43 families have completed the programme during the period July 2023 to March 2023 and 94% of participants reported an improvement in behaviour and family relationships.

The Commissioner, working with partners, continually raises awareness around anti-social driving in response to what residents said is one of their main local concerns. The engagement focuses on raising awareness of the Fatal Four (no seatbelts; speeding; distracted driving and drug/drink driving) as well as any other trends that arise throughout the year e.g. pedestrian safety, motorbike/cyclist safety. 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.

Funding has been provided to continue of a pilot programme working with young people who have taken or shared nude or semi-nude images of themselves. This has been working with 68 young people and 33 parents/ carers over the course of the pilot.

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 2022/23, the Police and Crime Panel has continued to facilitate effective scrutiny of delivery of the plan's objectives through quarterly meetings. Thematic reports are presented to the Panel and follow terms of reference agreed in advance with the Panel Chair.

Within the Office of the Police & Crime Commissioner (OPCC) Strength Based Conversation Performance Reviews have been replaced by Personal Development Reviews and continue to be carried out with all staff. To support this, the OPCC Training Plan sets out the overall training plan for the office and cascades into individual responsibilities. In 2022/23, specific training has been provided for staff in the areas of OPCC Business Continuity, Victim Awareness, Youth Mentoring Scheme, Contract Management, Social Media procedures, Risk Management, Data Protection and staff wellbeing. 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.

- His Majesty's Inspectorate of Constabulary and Fire and 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. The latest HMICFRS Inspection was published in April 2022. His Majesty's Chief

Inspector of Constabulary, Andy Cooke, said: "I congratulate Cumbria Constabulary on its performance in keeping people safe and reducing crime, although it needs to improve in some areas to provide a consistently good service." HMICFRS graded Cumbria Constabulary's performance across eight areas of policing and found the force was 'outstanding' in one area, 'good' in three areas and 'adequate' in four areas. The force's management of registered sex offenders was rated as excellent, but how the force handles calls from the public and its neighbourhood policing resourcing required improvement.

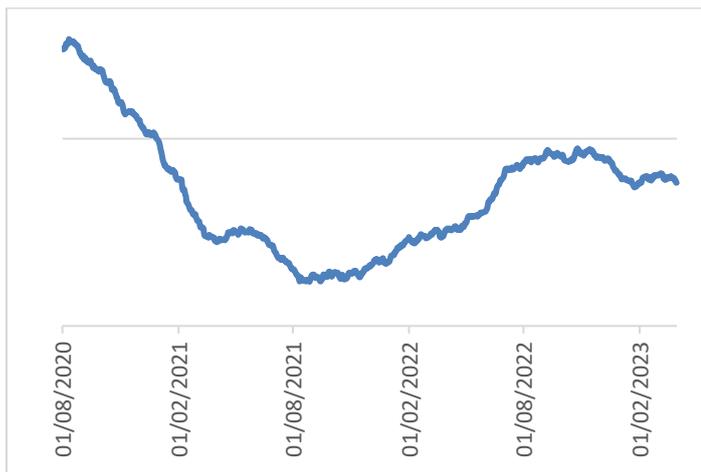
The following data has been recorded by Cumbria Constabulary:

- For 2022/23 overall crime increased by 5%, which equates to an increase of 1728 crimes over the 12-month period to 31st March 2023, compared with the previous 12 months.
- The crime type which experienced the greatest increase was theft offences, which increased by 740 (+16%) crimes. Vehicle Offences also rose by 222 offences (+29.3%). Cumbria has a low rate of neighbourhood crime compared to other areas of the country. Small increases in numbers of offences therefore show as large percentage increases. Some of this increase is due to a small rise in certain types of theft, such as fuel and certain types of vehicles. The previous 12-month period had lower-than-usual levels of crime including thefts due to covid-19 related restrictions where criminals were less able to steal from homes and take vehicles.

Chief Finance Officer Narrative Report

- Burglary offences have increased by 129 (8.9%) compared with the previous 12 months but are still below the level seen at the start of the Covid-19 pandemic:

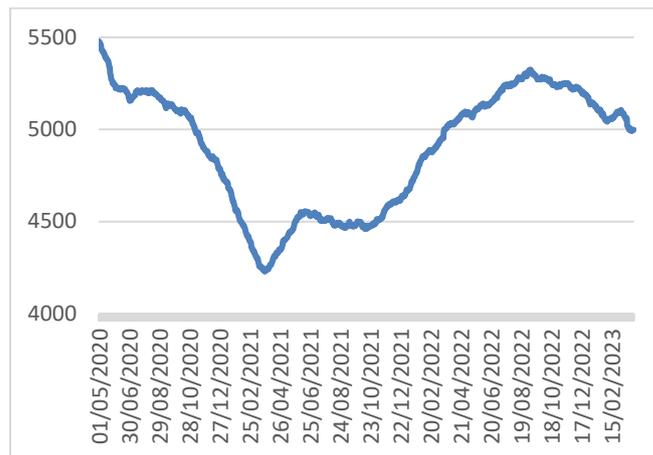
Burglary Offences Recorded by Cumbria Constabulary August 2020- March 2023



- Reports of sexual offences increased by 16 (0.9%).
- Possession of weapons offences increased by 206 cases in 22/23 (+80.5%) and Miscellaneous Crimes Against Society also saw an increase by 138 cases in 22/23 (+20.2%). Changes in the way in which weapons possession offences are recorded are believed to have contributed to this increase.

Arson and Criminal Damage Offences Recorded by Cumbria Constabulary May 2020- March 2023

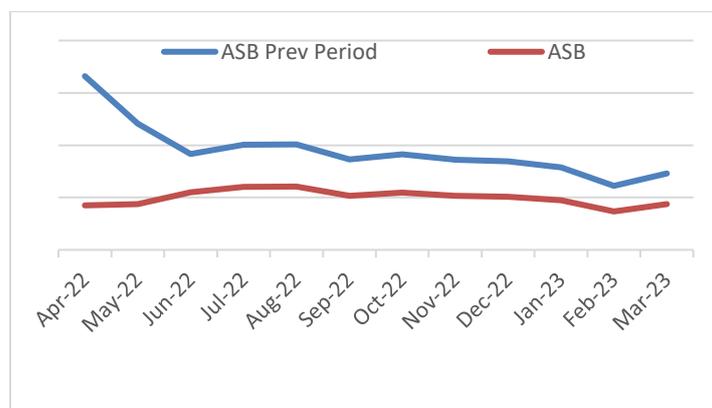
- Arson and Criminal damage saw a decrease in 2022/23, with 26 fewer cases (a -0.5% decrease):



Community Safety

- Antisocial behaviour (ASB) decreased during 2022/23. There were 4958 incidents in 2022/23, with a total decrease of 1884 cases (-28%).

Antisocial Behaviour Recorded in 2022-23 Compared with Previous Period 2021-22



- Hate crimes and incidents continue to be closely monitored. During 2022/23, the number of crimes with a hate marker increased from 902 to 917 which equated to a rise of 1.7%. The Constabulary and partners continue to work to encourage reporting hate crime.
- Domestic Abuse incidents have seen a decrease during 2022/23. There were 8220 incidents recorded in 2022/23, with a total decrease of 248 (-2.9%)

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 rate for 2022/23 was 14.8% (2021/22: 14%).

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.
- 76.1% of victims interviewed reported that they were satisfied with their whole experience with Cumbria Constabulary for interviews during 2022/23.
- When allegations are made against the police, cases that are resolved locally compare well against national comparative indices.

Finance & Value for Money

- We measure our performance against targets for achieving financial outturn within a percentage of the net budget. For 2022/23 this was set at 1% for the revenue budget and 8% for the capital budget.
- Actual performance for the Group revenue was 0.6%, which was within the target.

- The capital outturn was 50% below budget, falling outside the target. Whilst this was a disappointing result, the slippage was to a large degree attributable to a combination of delays in vehicle deliveries, which were beyond our control, and of taking additional time to ensure that investment in fast moving digital technologies is spent wisely to provide long term benefits. 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 HMICFRS Value for Money profiles. Following the inclusion of fire and rescue services under the remit of HMICFRS, 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 2022/23.
- His Majesty's Inspectorate of Constabulary and Fire & Rescue Services (HMICFRS) latest PEEL inspection in 2021 assessed the Constabulary adequate in respect of use of resources.
- 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.
- External audit of arrangements for Value for Money in their annual report.

- Collectively, these indicators provide assurance of Value for Money in respect of the 2022/23 financial year.

The Future Outlook

Following his re-election in 2021, Peter McCall the Police and Crime Commissioner for Cumbria launched his Police and Crime Plan covering the period to 2025. The Plan's key theme is 'Keeping Cumbria Safe' and sets the strategic direction for policing and wider aims for enhancing community safety, criminal justice and supporting victims.

The overall balance sheet at the 31st March 2023 remains healthy, which is reflected in the Medium Term Financial Forecast, which sets out the revenue budget position until 2027/28 and a capital programme, which is fully funded until 2032/33, which 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 real terms reductions in 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 2022/23 budget was approved in the context of the Government continuing to provide additional funding for Operation Uplift and affording Commissioners' flexibility to raise council tax above inflation. However, this is accompanied by increasing cost pressures particularly in light of the emergence of continued inflationary pressures throughout 2022/23.

Against this background the 2023/24 budget provides £144.0m funding for the Chief Constable to deliver policing for Cumbria. Resources include maintaining an establishment of 1,334 Police Officers. The longer term 10 year capital programme envisages a total investment of £58m 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 2024/25 to balance the budget. The cumulative budget gap by 2027/28 is forecast as £13.6m. The uncertain impact of inflation on future budget prospects compounds existing financial risks in relation to the adequacy and sustainability of funding beyond Operation Uplift, the cost of national policing programmes, particularly the Emergency Services Network, pensions issues and the review of the police funding formula. The required savings are considered to be challenging, and will need diligence to ensure they are achievable and manageable.

Financial scenario modelling continues to take place on a frequent on-going basis, together with development of a savings and efficiency plan involving both the OPCC and Constabulary.

Following the announcement of Local Government Reform in Cumbria to be enacted from 2023/24, the Commissioner submitted a business case to the Home Secretary proposing to take on governance of Cumbria Fire and Rescue Service, which was approved in August 2022. In November 2022, a Statutory Instrument (the

'Order') was laid in Parliament, creating a shadow Fire & Rescue Authority from 1st January 2023, enabling the Commissioner to set the percept and budget for the Fire & Rescue Service in 2023/2024. The overall budget position is tight and will require close management to deliver the balanced position. It is recognised by the Commissioner and the Chief Fire Officer that, inevitably in the first year of a new relatively small organisation, there is a degree of risk and it will take time to fully understand all the operational and service delivery pressures and costs.

Local Government reorganization in Cumbria also saw the abolishing of the County Council and six district Council's on 31 March 2023 and replaced them with two Unitary authorities: Cumberland Council (Copeland, Allerdale and Carlisle Districts) and Westmorland and Furness Council (covering Eden, Barrow and South Lakeland Districts).

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. In the most recent self-assessment undertaken in May 2023, the Constabulary largely meets the requirements of the code with full compliance in thirteen out of seventeen statements and partial compliance in the remaining four.

Developments have been progressed in relation to the Savings and Efficiency Plan, balance sheet reporting, financial business partnering and contract management in 2022/23, however, there are some areas where further work is required to ensure full compliance, most notably in relation to:

- Demonstrating Value for Money and identifying savings to ensure financial sustainability.
- Developing a financial resilience index.
- Application of formal options appraisal techniques.

Acknowledgements

The financial statements were originally authorised for issue by me as PFCC Chief Finance Officer on 15 June 2023. Following completion of the audit, they were re-authorised by me on 17 January 2024 and were formally approved by the Commissioner on the same day.

In closing, it is appropriate to acknowledge the dedication and professionalism of Michelle Bellis the Constabulary 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.

Steven Tickner

PFCC 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 2023 and its income and expenditure for the year there ended.

Signatures removed for the purpose of publication on the website

Steven Tickner CPFA

Peter McCall

PFCC Chief Finance Officer

The Police, Fire and Crime Commissioner for Cumbria

Date: 17 January 2024

Date: 17 January 2024

Responsibilities for the Statement of Accounts

1 The Commissioner's Responsibilities

The Police and Crime Commissioner (The Commissioner/PCC) is the recipient of funding relating to policing and crime reduction and has statutory responsibility for the Police Fund. The Commissioner is required to:

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

2 The Chief Constable's Responsibilities

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

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

3 The PCC Chief Finance Officer's Responsibilities

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

In preparing this Statement of Account, the CFO has:

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

Responsibilities for the Statement of Accounts

The CFO has also:

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

The CFO should sign and date the Statement of Accounts, stating that it presents a true and fair view of the financial position of the organisation at the reporting date and its income and expenditure for the year ended 31 March 2023.

Independent Auditor's Report

Independent auditor's report to the Police and Crime Commissioner for Cumbria

Report on the audit of the financial statements

Opinion on financial statements

We have audited the financial statements of the Police and Crime Commissioner for Cumbria (the 'Police and Crime Commissioner') and its subsidiary the Chief Constable (the 'group') for the year ended 31 March 2023, which comprise the Comprehensive Income and Expenditure Statement, the Movement in Reserves Statement, the Balance Sheet and the Cash Flow Statement and notes to the financial statements, including a summary of significant accounting policies, and include the police pension fund financial statements comprising the Police Officer Pension Fund Account and Net Assets Statement and notes to the financial statements. The notes to the financial statements include the Notes to the Accounts, Annex A – Statement of Accounting Policies, Annex B Technical Annex – Financial Instrument Disclosures and Annex C – Pension Disclosures. The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2022/23.

In our opinion, the financial statements:

- give a true and fair view of the financial position of the group and of the Police and Crime Commissioner as at 31 March 2023 and of the group's expenditure and income and the Police and Crime Commissioner's expenditure and income for the year then ended;
- have been properly prepared in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2022/23; and
- have been prepared in accordance with the requirements of the Local Audit and Accountability Act 2014.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law, as required by the Code of Audit Practice (2020) ("the Code of Audit Practice") approved by the Comptroller and Auditor General. Our responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the financial statements' section of our report. We are independent of the Police and Crime Commissioner and the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We are responsible for concluding on the appropriateness of the Chief Finance Officer's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Police and Crime Commissioner and group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the auditor's opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the Police and Crime Commissioner and the group to cease to continue as a going concern.

Independent Auditor's Report

In our evaluation of the Chief Finance Officer's conclusions, and in accordance with the expectation set out within the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2022/23 that the Police and Crime Commissioner and group's financial statements shall be prepared on a going concern basis, we considered the inherent risks associated with the continuation of services provided by the Police and Crime Commissioner and the group. In doing so we had regard to the guidance provided in Practice Note 10 Audit of financial statements and regularity of public sector bodies in the United Kingdom (Revised 2022) on the application of ISA (UK) 570 Going Concern to public sector entities. We assessed the reasonableness of the basis of preparation used by the Police and Crime Commissioner and group and the Police and Crime Commissioner and group's disclosures over the going concern period.

In auditing the financial statements, we have concluded that the Chief Finance Officer's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Police and Crime Commissioner and the group's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Chief Finance Officer with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the Statement of Accounts, other than the financial statements and our auditor's report thereon. The Chief Finance Officer is responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Other information we are required to report on by exception under the Code of Audit Practice

Under the Code of Audit Practice published by the National Audit Office in April 2020 on behalf of the Comptroller and Auditor General (the Code of Audit Practice) we are required to consider whether the Annual Governance Statement does not comply with 'Delivering Good Governance in Local Government Framework 2016 Edition' published by CIPFA and SOLACE or is misleading or inconsistent with the information of which we are aware from our audit. We are not required to consider whether the Annual Governance Statement addresses all risks and controls or that risks are satisfactorily addressed by internal controls.

We have nothing to report in this regard.

Opinion on other matters required by the Code of Audit Practice

In our opinion, based on the work undertaken in the course of the audit of the financial statements, the other information published together with the financial statements in the Statement of Accounts for the financial year for which the financial statements are prepared is consistent with the financial statements.

Independent Auditor's Report

Matters on which we are required to report by exception

Under the Code of Audit Practice, we are required to report to you if:

- we issue a report in the public interest under section 24 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or
- we make a written recommendation to the Police and Crime Commissioner under section 24 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or
- we make an application to the court for a declaration that an item of account is contrary to law under Section 28 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or
- we issue an advisory notice under Section 29 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or
- we make an application for judicial review under Section 31 of the Local Audit and Accountability Act 2014, in the course of, or at the conclusion of the audit.

We have nothing to report in respect of the above matters.

Responsibilities of the Police and Crime Commissioner and the Chief Finance Officer

As explained more fully in the Statement of Responsibilities set out on pages 25-26, the Police and Crime Commissioner is required to make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. That officer is the Chief Finance Officer. The Chief Finance Officer is responsible for the preparation of the Statement of Accounts, which includes the financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2022/23, for being satisfied that they give a true and fair view, and for such internal control as the Chief Finance Officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Chief Finance Officer is responsible for assessing the Police and Crime Commissioner's and the group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they have been informed by the relevant national body of the intention to dissolve the Police and Crime Commissioner and the group without the transfer of its services to another public sector entity.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. Irregularities, including fraud, are instances of non-compliance with laws and regulations.

The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

We obtained an understanding of the legal and regulatory frameworks that are applicable to the Police and Crime Commissioner and the group and determined that the most significant which are directly relevant to specific assertions in the financial statements are those related to the reporting frameworks (the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2022/23, the Local Audit and Accountability Act 2014, the Accounts and Audit Regulations 2015 and the Local Government Act 2003).

Independent Auditor's Report

We enquired of management and the Police and Crime Commissioner concerning the Police and Crime Commissioner and group's policies and procedures relating to:

- the identification, evaluation and compliance with laws and regulations;
- the detection and response to the risks of fraud; and
- the establishment of internal controls to mitigate risks related to fraud or non-compliance with laws and regulations.

We enquired of management, internal audit and the Police and Crime Commissioner whether they were aware of any instances of non-compliance with laws and regulations or whether they had any knowledge of actual, suspected or alleged fraud.

We assessed the susceptibility of the Police and Crime Commissioner and group's financial statements to material misstatement, including how fraud might occur, by evaluating management's incentives and opportunities for manipulation of the financial statements. This included the evaluation of the risk of management override of controls. We determined that the principal risks were in relation to:

- journal entries that could be used to manipulate the Authority's financial performance for the year, along with potential management bias in determining accounting estimates for the valuation of land and buildings and the net pension liability.

Our audit procedures involved:

- evaluation of the design effectiveness of controls that management has in place to prevent and detect fraud,
- journal entry testing, with a focus on non-routine transactions and journals falling within identified risk criteria including, journals posted by senior management, material journals, large year-end journals, post year-end journals and off ledger adjustments,
- challenging assumptions and judgements made by management in its significant accounting estimates in respect of the valuation of land and buildings and the pension liability; and
- assessing the extent of compliance with the relevant laws and regulations as part of our procedures on the related financial statement item.

These audit procedures were designed to provide reasonable assurance that the financial statements were free from fraud or error. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error and detecting irregularities that result from fraud is inherently more difficult than detecting those that result from error, as fraud may involve collusion, deliberate concealment, forgery or intentional misrepresentations. Also, the further removed non-compliance with laws and regulations is from events and transactions reflected in the financial statements, the less likely we would become aware of it.

We communicated relevant laws and regulations and potential fraud risks to all engagement team members, including the potential for fraud in revenue and expenditure recognition. We remained alert to any indications of non-compliance with laws and regulations, including fraud, throughout the audit.

Our assessment of the appropriateness of the collective competence and capabilities of the engagement team included consideration of the engagement team's.

- understanding of, and practical experience with audit engagements of a similar nature and complexity through appropriate training and participation
- knowledge of the police sector
- understanding of the legal and regulatory requirements specific to the Police and Crime Commissioner and group including:
 - the provisions of the applicable legislation
 - guidance issued by CIPFA/LASAAC and SOLACE
 - the applicable statutory provisions.

Independent Auditor's Report

In assessing the potential risks of material misstatement, we obtained an understanding of:

- the Police and Crime Commissioner and group's operations, including the nature of its income and expenditure and its services and of its objectives and strategies to understand the classes of transactions, account balances, expected financial statement disclosures and business risks that may result in risks of material misstatement.
- the Police and Crime Commissioner and group's control environment, including the policies and procedures implemented by the Police and Crime Commissioner and group to ensure compliance with the requirements of the financial reporting framework.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Report on other legal and regulatory requirements – the Police and Crime Commissioner's arrangements for securing economy, efficiency and effectiveness in its use of resources

Matter on which we are required to report by exception – the Police and Crime Commissioner's arrangements for securing economy, efficiency and effectiveness in its use of resources

Under the Code of Audit Practice, we are required to report to you if, in our opinion, we have not been able to satisfy ourselves that the Police and Crime Commissioner has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2023.

Our work on the Police and Crime Commissioner's arrangements for securing economy, efficiency and effectiveness in its use of resources is not yet complete. The outcome of our work will be reported in our commentary on the Police and Crime Commissioner's arrangements in our Auditor's Annual Report. If we identify any significant weaknesses in these arrangements, these will be reported by exception in a further auditor's report. We are satisfied that this work does not have a material effect on our opinion on the financial statements for the year ended 31 March 2023.

Responsibilities of the Police and Crime Commissioner

The Police and Crime Commissioner is responsible for putting in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources.

Auditor's responsibilities for the review of the Police and Crime Commissioner's arrangements for securing economy, efficiency and effectiveness in its use of resources

We are required under Section 20(1)(c) of the Local Audit and Accountability Act 2014 to be satisfied that the Police and Crime Commissioner has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. We are not required to consider, nor have we considered, whether all aspects of the Police and Crime Commissioner's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

We undertake our review in accordance with the Code of Audit Practice, having regard to the guidance issued by the Comptroller and Auditor General in January 2023. This guidance sets out the arrangements that fall within the scope of 'proper arrangements'. When reporting on these arrangements, the Code of Audit Practice requires auditors to structure their commentary on arrangements under three specified reporting criteria:

Independent Auditor's Report

- Financial sustainability: how the Police and Crime Commissioner plans and manages its resources to ensure it can continue to deliver its services;
- Governance: how the Police and Crime Commissioner ensures that it makes informed decisions and properly manages its risks; and
- Improving economy, efficiency and effectiveness: how the Police and Crime Commissioner uses information about its costs and performance to improve the way it manages and delivers its services.

We document our understanding of the arrangements the Police and Crime Commissioner has in place for each of these three specified reporting criteria, gathering sufficient evidence to support our risk assessment and commentary in our Auditor's Annual Report. In undertaking our work, we consider whether there is evidence to suggest that there are significant weaknesses in arrangements.

Report on other legal and regulatory requirements – Delay in certification of completion of the audit

We cannot formally conclude the audit and issue an audit certificate for the Police and Crime Commissioner for Cumbria for the year ended 31 March 2023 in accordance with the requirements of the Local Audit and Accountability Act 2014 and the Code of Audit Practice until we have completed:

- our work on the Police and Crime Commissioner's arrangements for securing economy, efficiency and effectiveness in its use of resources.

We are satisfied that this work does not have a material effect on the financial statements for the year ended 31 March 2023.

Use of our report

This report is made solely to the Police and Crime Commissioner, as a body, in accordance with Part 5 of the Local Audit and Accountability Act 2014 and as set out in paragraph 44 of the Statement of Responsibilities of Auditors and Audited Bodies published by Public Sector Audit Appointments Limited. Our audit work has been undertaken so that we might state to the Police and Crime Commissioner those matters we are required to state to the Police and Crime Commissioner in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Police and Crime Commissioner as a body, for our audit work, for this report, or for the opinions we have formed.

Michael Green

Michael Green, Key Audit Partner

for and on behalf of Grant Thornton UK LLP, Local Auditor

Manchester

17 January 2024

The Statement of Accounts includes four primary or core financial statements:

- **Comprehensive Income and Expenditure Statement** - This statement summarises the resources that have been generated and consumed in providing policing and crime reduction services during the year. It includes all day to day expenses and related income on an accruals basis, as well as transactions measuring the value of fixed assets actually consumed and the real projected value of retirement benefits earned by employees in the year.

The expenditure in the 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. Authorities raise taxation to cover expenditure in accordance with regulations; this may be different from the accounting cost. The taxation position is shown in the movement in reserves statement.

Due to the size of the statements, the positions for the Group and the PCC are shown in separate tables.

- **Movement in Reserves Statement** - This statement shows the movement in the year on the different reserves held by the Commissioner, analysed into 'Usable Reserves' (i.e. those that can be applied to fund expenditure or reduce taxation) and other 'Unusable Reserves'. The Surplus (or Deficit) on the Provision of Services line shows the true economic cost of providing the Commissioner's services, more details of which are shown in the Comprehensive Income and Expenditure Statement. These are different from the statutory amounts required to be charged to the Police Fund Balance for Council Tax setting purposes. The Net Increase/Decrease before Transfers to Earmarked Reserves line shows the statutory Police Fund Balance before any discretionary transfers to or from earmarked reserves undertaken by the Commissioner.

Due to the size of the statements, the positions for the Group and the PCC are shown in separate tables, the figures for 2022/23 and the comparators for 2021/22 are also shown in separate tables.

- **Balance Sheet** – This statement shows the value as at the balance sheet date of the assets and liabilities recognised by the Commissioner. The net assets (assets less liabilities) are matched by the reserves held by the Commissioner. Reserves are reported in two categories.

The first category of reserves are **usable reserves**, i.e. those reserves that the Commissioner may use to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use (for example the capital receipts reserve that may only be used to fund capital expenditure or repay debt).

The second category of reserves are **unusable reserves** and relate to those that the Commissioner is not able to use to provide services. This category of reserves includes reserves that hold unrealised gains and losses (for example the revaluation reserve), where amounts would only become available to provide services if the assets are sold; and reserves that hold timing differences shown in the Movement in Reserves Statement line 'Adjustments between accounting basis and funding basis under regulations'.

The balance sheet for the Group and PCC are shown side by side and include both 2022/23 figures and 2021/22 comparators.

- **Cash Flow Statement** - This statement shows the changes in cash and cash equivalents of the Commissioner during the reporting period. The statement shows how the Commissioner generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities. The amount of net cash flows arising from operating activities is a key indicator of the extent to which the operations of the Commissioner are funded by way of taxation and grant income or from the recipients of services. Investing activities represent the extent to which cash outflows have been generated from resources which are intended to contribute to the Commissioner's future service delivery. Cash flows arising from financing activities are useful in predicting claims on future cash flows by providers of capital (i.e. borrowing).

The cash flow statement for the Group and PCC are shown side by side and include both 2022/23 figures and 2021/22 comparators.

Police Property Act – At the 31 March 2023, the Commissioner held £94k (£49k in 2021/22) under the Police Property Act 1997. The Act applies to property that is in the possession of police where the owner of the property cannot be identified and where no order of a competent court has been made. The proceeds, after defraying the costs of handling the property, are available for distribution each year to local charities as directed by the Office of the Police and Crime Commissioner.

Proceeds of Crime and Misuse of Drugs Acts – At the 31 March 2023, the Commissioner held £1.95m (£0.99m in 2021/22) under the Proceeds of Crime Act 2002 and the Misuse of Drugs Act. This is money seized in connection with possible criminal activity and held pending a decision, by the courts, on the lawful owner, or distribution if no legal owner is identified.

These funds are not under the ownership of the Constabulary who acts as steward on behalf of various parties, and as such, does not form part of the Commissioner's accounts.

Comprehensive Income and Expenditure Statement – Group

Comprehensive Income and Expenditure Statement (Group)	Notes	Group	Group	Group	Group	Group	Group
		2021/22	2021/22	2021/22	2022/23	2022/23	2022/23
		Gross Expenditure	Gross Income	Net Expenditure	Gross Expenditure	Gross Income	Net Expenditure
		£000s	£000s	£000s	£000s	£000s	£000s
Cost of Policing and Crime Services	#	135,328	(14,529)	120,799	138,843	(15,993)	122,850
Cost of Policing and Crime Services		135,328	(14,529)	120,799	138,843	(15,993)	122,850
Other Operating Expenditure							
(Gain)/loss on disposal of non current assets	9e	0	(70)	(70)	0	(546)	(546)
Transfer to Pension Fund/Pension Top Up Grant		21,360	(21,360)	0	19,347	(19,347)	0
		21,360	(21,430)	(70)	19,347	(19,893)	(546)
Financing and Investment Income and Expenditure							
Interest payable on PFI unitary payments		538	0	538	512	0	512
Net Interest on the net defined benefit liability (asset)	Annex C (Pg 116)	34,367	(3,855)	30,512	45,666	(5,430)	40,236
Investment interest income		0	(9)	(9)	0	(436)	(436)
		34,905	(3,864)	31,041	46,178	(5,866)	40,312
Taxation and Non-Specific Grant Income							
Recognised capital grants and contributions	27	0	(97)	(97)	0	0	0
Income from Council Tax	28	0	(47,297)	(47,297)	0	(49,162)	(49,162)
Council Tax Grant (Freeze & Support)	27	0	(4,850)	(4,850)	0	(4,850)	(4,850)
Formula Funding	27	0	(35,146)	(35,146)	0	(37,230)	(37,230)
Home Office Police Grant	27	0	(33,344)	(33,344)	0	(35,373)	(35,373)
PFI Grant	27	0	(688)	(688)	0	(688)	(688)
		0	(121,422)	(121,422)	0	(127,303)	(127,303)
(Surplus) or Deficit on Provision of Services		191,593	(161,245)	30,348	204,368	(169,055)	35,313
Surplus or Deficit on revaluation of Property, Plant and Equipment Assets							
Revaluation (Gains)	20a			(7,285)			(5,943)
Revaluation losses (chargeable to revaluation reserve)	20a			2,118			13
Actuarial (gains) / losses on pension assets / liabilities							
- Matching the entry to the pensions reserve	Annex C (Pg 116)			(33,415)			(492,486)
Other Comprehensive Income and Expenditure				(38,582)			(498,416)
Total Comprehensive Income and Expenditure				(8,234)			(463,103)

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

Comprehensive Income and Expenditure Statement – PCC

Comprehensive Income and Expenditure Statement (PCC)	Notes	PCC	PCC	PCC	PCC	PCC	PCC
		2021/22 Gross Expenditure	2021/22 Gross Income	2021/22 Net Expenditure	2022/23 Gross Expenditure	2022/23 Gross Income	2022/23 Net Expenditure
		£000s	£000s	£000s	£000s	£000s	£000s
Cost of Policing and Crime Services	#	15,018	(22,987)	(7,969)	15,271	(25,466)	(10,195)
Funding Provided by PCC to CC		128,522	0	128,522	135,452	0	135,452
Cost of Policing and Crime Services		143,540	(22,987)	120,553	150,723	(25,466)	125,257
Other Operating Expenditure							
(Gain)/loss on disposal of non current assets	9e	0	(70)	(70)	0	(546)	(546)
Transfer to Pension Fund/Pension Top Up Grant		21,360	(21,360)	0	19,347	(19,347)	0
		21,360	(21,430)	(70)	19,347	(19,893)	(546)
Financing and Investment Income and Expenditure							
Interest payable on PFI unitary payments		538	0	538	512	0	512
Net Interest on the net defined benefit liability (asset)	Annex C (Pg 117)	118	(88)	30	155	(125)	30
Investment interest income		0	(9)	(9)	0	(436)	(436)
		656	(97)	559	667	(561)	106
Taxation and Non-Specific Grant Income							
Recognised capital grants and contributions	27	0	(97)	(97)	0	0	0
Income from Council Tax	28	0	(47,297)	(47,297)	0	(49,162)	(49,162)
Council Tax Grant (Freeze & Support)	27	0	(4,850)	(4,850)	0	(4,850)	(4,850)
Formula Funding	27	0	(35,146)	(35,146)	0	(37,230)	(37,230)
Home Office Police Grant	27	0	(33,344)	(33,344)	0	(35,373)	(35,373)
PFI Grant	27	0	(688)	(688)	0	(688)	(688)
		0	(121,422)	(121,422)	0	(127,303)	(127,303)
(Surplus) or Deficit on Provision of Services		165,556	(165,936)	(380)	170,737	(173,223)	(2,486)
Surplus or Deficit on revaluation of Property, Plant and Equipment Assets							
Revaluation gains	20a			(7,285)			(5,943)
Revaluation losses (chargeable to revaluation reserve)	20a			2,118			13
Actuarial (gains) / losses on pension assets / liabilities							
Remeasurement of the net defined pension benefit liability/asset	Annex C (Pg 117)			(441)			(1,256)
Other Comprehensive Income and Expenditure				(5,608)			(7,186)
Total Comprehensive Income and Expenditure				(5,988)			(9,672)

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

Movement in Reserves Statement - Group

The figures for the group in 2022/23 are provided in the table below:

Movement in Reserves Statement (Group) Figures for 2022/23		Note	Balance at 1 April 2022	Surplus/ (deficit) on the provision of services	Other comprehensive income and expenditure	Total comprehensive income and expenditure	Adjustment between accounting basis and funding basis under regulations (Note 7)	Net increase / (decrease) before transfers to/from earmarked reserves	Transfers to/(from) earmarked reserves	Increase/ (decrease) in 2022/23	Balance at 31 March 2023
			£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s
Usable Reserves											
Police Fund Account	-		3,600	(35,313)	0	(35,313)	39,554	4,241	(3,841)	400	4,000
Earmarked Revenue Reserves	8		15,178	0	0	0	0	0	4,503	4,503	19,681
Earmarked Capital Reserves	8		4,294	0	0	0	0	0	(662)	(662)	3,632
Capital Receipts Reserve	19		2,349	0	0	0	10	10	0	10	2,359
Capital Grants Unapplied	19		4,876	0	0	0	(3,148)	(3,148)	0	(3,148)	1,728
Total Usable Reserves			30,297	(35,313)	0	(35,313)	36,416	1,103	0	1,103	31,400
Unusable Reserves											
Revaluation Reserve	20a		19,948	0	5,930	5,930	0	5,930	0	5,930	25,878
Capital Adjustment Account	20b		29,614	0	0	0	1,464	1,464	0	1,464	31,078
Police Pensions Reserve	20e		(1,459,590)	0	425,510	425,510	(31,600)	393,910	0	393,910	(1,065,680)
LGPS Pensions Reserve	20e		(60,929)	0	66,976	66,976	(6,047)	60,929	0	60,929	0
Collection Fund Adjustment Account	20c		18	0	0	0	66	66	0	66	84
Accumulated Absences Account	20d		(4,506)	0	0	0	(299)	(299)	0	(299)	(4,805)
Total Unusable Reserves			(1,475,445)	0	498,416	498,416	(36,416)	462,000	0	462,000	(1,013,445)
Total Reserves			(1,445,148)	(35,313)	498,416	463,103	0	463,103	0	463,103	(982,045)

The comparative figures for the group in 2021/22 are provided in the table below:

Movement in Reserves Statement (Group) Figures for 2021/22		Note	Balance at 1 April 2021	Surplus/ (deficit) on the provision of services	Other comprehensive income and expenditure	Total comprehensive income and expenditure	Adjustment between accounting basis and funding basis under regulations (Note 7)	Net increase / (decrease) before transfers to/from earmarked reserves	Transfers to/(from) earmarked reserves	Increase/ (decrease) in 2021/22	Balance at 31 March 2022
			£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s
Usable Reserves											
Police Fund Account	-		3,600	(30,348)	0	(30,348)	31,867	1,519	(1,519)	0	3,600
Earmarked Revenue Reserves	8		13,659	0	0	0	0	0	1,519	1,519	15,178
Earmarked Capital Reserves	8		4,294	0	0	0	0	0	0	0	4,294
Capital Receipts Reserve	19		2,181	0	0	0	168	168	0	168	2,349
Capital Grants Unapplied	19		5,792	0	0	0	(916)	(916)	0	(916)	4,876
Total Usable Reserves			29,526	(30,348)	0	(30,348)	31,119	771	0	771	30,297
Unusable Reserves											
Revaluation Reserve	20a		14,871	0	5,167	5,167	(90)	5,077	0	5,077	19,948
Capital Adjustment Account	20b		30,451	0	0	0	(837)	(837)	0	(837)	29,614
Police Pensions Reserve	20e		(1,447,160)	0	13,450	13,450	(25,880)	(12,430)	0	(12,430)	(1,459,590)
LGPS Pensions Reserve	20e		(74,805)	0	19,965	19,965	(6,089)	13,876	0	13,876	(60,929)
Collection Fund Adjustment Account	20c		(658)	0	0	0	676	676	0	676	18
Accumulated Absences Account	20d		(5,607)	0	0	0	1,101	1,101	0	1,101	(4,506)
Total Unusable Reserves			(1,482,908)	0	38,582	38,582	(31,119)	7,463	0	7,463	(1,475,445)
Total Reserves			(1,453,382)	(30,348)	38,582	8,234	0	8,234	0	8,234	(1,445,148)

Movement in Reserves Statement – PCC

The figures for the PCC Single Entity in 2022/23 are provided in the table below:

Movement in reserves Statement (PCC) Figures for 2022/23										
	Note	Balance at 1 April 2022	Surplus/ (deficit) on the provision of services	Other comprehensive income and expenditure	Total comprehensive income and expenditure	Adjustment between accounting basis and funding basis under regulations (Note 7)	Net increase / (decrease) before transfers to/from earmarked reserves	Transfers to/(from) earmarked reserves	Increase/ (decrease) in 2022/23	Balance at 31 March 2023
		£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s
Usable Reserves										
Police Fund Account	-	3,600	2,486	0	2,486	1,755	4,241	(3,841)	400	4,000
Earmarked Revenue Reserves	8	15,178	0	0	0	0	0	4,503	4,503	19,681
Earmarked Capital Reserves	8	4,294	0	0	0	0	0	(662)	(662)	3,632
Capital Receipts Reserve	19	2,349	0	0	0	10	10	0	10	2,359
Capital Grants Unapplied	19	4,876	0	0	0	(3,148)	(3,148)	0	(3,148)	1,728
Total Usable Reserves		30,297	2,486	0	2,486	(1,383)	1,103	0	1,103	31,400
Unusable Reserves										
Revaluation Reserve	20a	19,948	0	5,930	5,930	0	5,930	0	5,930	25,878
Capital Adjustment Account	20b	29,614	0	0	0	1,464	1,464	0	1,464	31,078
LGPS Pensions Reserve	20e	(1,104)	0	1,256	1,256	(152)	1,104	0	1,104	0
Collection Fund Adjustment Account	20c	18	0	0	0	66	66	0	66	84
Accumulated Absences Account	20d	(49)	0	0	0	5	5	0	5	(44)
Total Unusable Reserves		48,427	0	7,186	7,186	1,383	8,569	0	8,569	56,996
Total Reserves		78,724	2,486	7,186	9,672	0	9,672	0	9,672	88,396

The comparative figures for 2021/22 are provided in the table below:

Movement in Reserves Statement (PCC) Figures for 2021/22										
	Note	Balance at 1 April 2021	Surplus/ (deficit) on the provision of services	Other comprehensive income and expenditure	Total comprehensive income and expenditure	Adjustment between accounting basis and funding basis under regulations (Note 7)	Net increase / (decrease) before transfers to/from earmarked reserves	Transfers to/(from) earmarked reserves	Increase/ (decrease) in 2021/22	Balance at 31 March 2022
		£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s
Usable Reserves										
Police Fund Account	-	3,600	380	0	380	1,139	1,519	(1,519)	0	3,600
Earmarked Revenue Reserves	8	13,659	0	0	0	0	0	1,519	1,519	15,178
Earmarked Capital Reserves	8	4,294	0	0	0	0	0	0	0	4,294
Capital Receipts Reserve	19	2,181	0	0	0	168	168	0	168	2,349
Capital Grants Unapplied	19	5,792	0	0	0	(916)	(916)	0	(916)	4,876
Total Usable Reserves		29,526	380	0	380	391	771	0	771	30,297
Unusable Reserves										
Revaluation Reserve	20a	14,871	0	5,167	5,167	(90)	5,077	0	5,077	19,948
Capital Adjustment Account	20b	30,451	0	0	0	(837)	(837)	0	(837)	29,614
LGPS Pensions Reserve	20e	(1,385)	0	441	441	(160)	281	0	281	(1,104)
Collection Fund Adjustment Account	20c	(658)	0	0	0	676	676	0	676	18
Accumulated Absences Account	20d	(69)	0	0	0	20	20	0	20	(49)
Total Unusable Reserves		43,210	0	5,608	5,608	(391)	5,217	0	5,217	48,427
Total Reserves		72,736	380	5,608	5,988	0	5,988	0	5,988	78,724

Balance Sheet – PCC & Group

Balance Sheet	Notes	PCC	PCC	Group	Group
		31 March 2022	31 March 2023	31 March 2022	31 March 2023
		£000s	£000s	£000s	£000s
Property, Plant & Equipment					
Land and Buildings	9	59,619	66,325	59,619	66,325
Vehicles	9	4,276	3,796	4,276	3,796
Information Technology Equipment	9	4,146	4,888	4,146	4,888
Furniture, Equipment & Plant	9	486	411	486	411
Assets Under Construction (Land & Buildings)	9	1,133	1,147	1,133	1,147
		69,660	76,567	69,660	76,567
Investment Properties		10	20	10	20
Intangible Assets - Software	11	1,590	1,837	1,590	1,837
Long Term Assets		71,260	78,424	71,260	78,424
Short Term Investments	17	8,003	0	8,003	0
Assets held for sale (within 1yr)	10	410	0	410	0
Inventories		0	0	470	522
Short Term Debtors (external)	14	15,220	15,884	15,220	15,884
Short Term Debtors (amounts owed to PCC by CC re CC share of external Creditors)	14	9,986	14,512	0	0
Short Term Debtors (funding balance owed to PCC by CC)	14	5,936	6,296	0	0
Cash and Cash Equivalents	CF6	5,370	13,097	5,370	13,097
Current Assets		44,925	49,789	29,473	29,503
Short Term Creditors (external)	15	(13,521)	(18,620)	(13,521)	(18,620)
Short Term Creditors (amounts owed by PCC to CC re CC share of external debtors)	15	(5,682)	(5,990)	0	0
Short Term Creditors (funding balance due from PCC to CC)	15	(6,909)	(11,242)	0	0
PFI Finance Lease Liability Due within 1 Year	12	(233)	(264)	(233)	(264)
Donated Inventories Account		(47)	0	(47)	0
Loans Due in 1 year	17	(6,000)	0	(6,000)	0
Current Liabilities		(32,392)	(36,116)	(19,801)	(18,884)
Provisions	16	0	0	(1,596)	(1,707)
Other Long Term Liabilities					
Pensions liability - Police	18	0	0	(1,459,590)	(1,065,680)
Pensions liability - LGPS	18	(1,104)	0	(60,929)	0
PFI Finance Lease Liability	12	(3,965)	(3,701)	(3,965)	(3,701)
Long Term Liabilities		(5,069)	(3,701)	(1,526,080)	(1,071,088)
Net Assets / Net (Liabilities)		78,724	88,396	(1,445,148)	(982,045)
Usable reserves	19				
Police Fund		3,600	4,000	3,600	4,000
Earmarked reserves (revenue)	8	15,178	19,681	15,178	19,681
Earmarked reserves (capital)	8	4,294	3,632	4,294	3,632
Capital Receipts Reserve	7	2,349	2,359	2,349	2,359
Capital Grants Unapplied	7	4,876	1,728	4,876	1,728
		30,297	31,400	30,297	31,400
Unusable Reserves	20				
Revaluation Reserve	20a	19,948	25,878	19,948	25,878
Capital Adjustment Account	20b	29,614	31,078	29,614	31,078
Pensions Reserve - Police	20e	0	0	(1,459,590)	(1,065,680)
Pensions Reserve - LGPS	20e	(1,104)	0	(60,929)	0
Collection Fund Adjustment Account	20c	18	84	18	84
Accumulated Absences Account	20d	(49)	(44)	(4,506)	(4,805)
		48,427	56,996	(1,475,445)	(1,013,445)
Total Reserves		78,724	88,396	(1,445,148)	(982,045)

The unaudited accounts were issued on 15 June 2023 and the audited accounts were authorized for issue on 17 January 2024.

Signature removed for the purpose of publication on the website

Signed: _____
Steven Tickner, PFCC Chief Finance Officer.

In 2022/23 the Cash and Cash Equivalents (investments in money market funds) include £2m received on behalf of the Cumbria Commissioner Fire and Rescue Authority (CCFRA) which does not belong in the accounts of the Police and Crime Commissioner/Constabulary Group position. There is a corresponding entry in external creditors to reflect the fact that the funds are owed to the CCFRA. The funds were transferred to the new CCFRA bank account on the 05th of April 2024.

Cash Flow Statement – PCC & Group

Cash Flow Statement (PCC and Group)	See Note Below	PCC 2021/22 £000s	PCC 2022/23 £000s	Group 2021/22 £000s	Group 2022/23 £000s
Net (Surplus) or Deficit on the provision of services		(380)	(2,486)	30,348	35,313
Adjustment to net surplus or deficit on the provision of services for non-cash movements	CF1	(2,744)	(6,969)	(33,472)	(44,768)
Adjustment for items included in the net surplus or deficit on the provision of services that are investing and financing activities	CF2	259	435	259	435
Net cash (inflow)/ outflow from Operating Activities	CF3	(2,865)	(9,020)	(2,865)	(9,020)
Investing Activities	CF4	8,771	(4,940)	8,771	(4,940)
Financing Activities	CF5	(5,794)	6,233	(5,794)	6,233
Net (increase) or decrease in cash and cash equivalents		112	(7,727)	112	(7,727)
Cash and cash equivalents at the beginning of the reporting period		(5,482)	(5,370)	(5,482)	(5,370)
Cash and cash equivalents at the end of the reporting period	CF6	(5,370)	(13,097)	(5,370)	(13,097)
Notes to the Cash Flow Statement					
CF1 - The Adjustment to net surplus or deficit on the provision of services for non-cash movements are made up as follows:					
Depreciation & Amortisation		(4,593)	(4,735)	(4,593)	(4,735)
Impairment & Downward Valuations		(943)	1,469	(943)	1,469
Carrying amount of non current assets - sold		(259)	0	(259)	0
Grants applied to the financing of capital expenditure		97	0	97	0
Pension Liability (Contributions to/from Pensions Reserve)		(160)	(152)	(31,969)	(37,647)
Creditors - Change in Balance Sheet		4,373	(5,099)	4,373	(5,099)
Creditors - Change in Balance Sheet (Adjustment for Purchase of Fixed Assets)		(55)	606	(55)	606
Creditors - Adjustment re CC Share of Debtors		(365)	(308)	0	0
Creditors - Adjustment re Balance of Funding due from PCC to CC		2,361	(4,333)	0	0
Debtors - Change in Balance Sheet		(10)	663	(10)	663
Debtors - Change in Balance Sheet (Adjustment for Purchase of Fixed Assets)		0	(10)	0	(10)
Debtors - Change in Balance Sheet (Adjustment for Investment Interest)		3	(3)	3	(3)
Debtors - Adjustment re CC Share of Creditors		(3,507)	4,525	0	0
Debtors - Adjustment re Balance of Funding due from CC to PCC		331	361	0	0
Stock - Change in Balance Sheet		0	0	103	52
Donated Inventory - Change in Balance Sheet		(17)	47	(17)	47
Provisions - Change in Balance Sheet		0	0	(202)	(111)
Adjustment to net surplus or deficit on the provision of services for non-cash movements		(2,744)	(6,969)	(33,472)	(44,768)

Note to CF4

In 2022/23 the purchase of short term and long-term investments include £2m received on behalf of the Cumbria Commissioner Fire and Rescue Authority (CCFRA) which does not belong in the accounts of the Police and Crime Commissioner/Constabulary Group position. There is a corresponding entry in creditors to reflect the fact that the funds are owed to the CCFRA. The funds were transferred to the new CCFRA bank account on the 05th of April 2024.

Cash Flow Statement – PCC & Group

Cash Flow Statement (PCC and Group)		PCC 2021/22 £000s	PCC 2022/23 £000s	Group 2021/22 £000s	Group 2022/23 £000s
CF2 - The Adjustment for items included in the net surplus or deficit on the provision of services that are investing and financing activities are made up as follows:					
Proceeds from the Sale of Property, Plant & Equipment and Intangibles		259	435	259	435
Adjustment for items included in the net surplus or deficit on the provision of services that are investing and financing activities		259	435	259	435
CF3 - The cash flows from <i>Operating Activities</i> include the following items:					
Interest received		(6)	(440)	(6)	(440)
Interest Paid		534	421	534	421
		528	(19)	528	(19)
CF4 - The cash flows from <i>Investing Activities</i> are made up as follows:					
Purchase of property, plant and equipment and intangible assets		5,427	3,495	5,427	3,495
Purchase of short-term and long-term investments		56,700	53,449	56,700	53,449
Proceeds from the sale of property, plant and equipment and intangible assets		(259)	(435)	(259)	(435)
Proceeds from short-term and long-term investments		(53,000)	(61,449)	(53,000)	(61,449)
Other receipts from investing activities		(97)	0	(97)	0
Net cash flows from investing activities		8,771	(4,940)	8,771	(4,940)
CF5 - The cash flows from <i>Financing Activities</i> are made up as follows:					
Cash receipts of short and long term borrowing		(6,000)	0	(6,000)	0
Repayments of short and long term borrowing		0	6,000	0	6,000
Cash payments for the reduction of the outstanding liabilities relating to finance leases and on-balance sheet PFI contracts		206	233	206	233
Net cash flows from financing activities		(5,794)	6,233	(5,794)	6,233
CF6 - The balance of <i>Cash and Cash Equivalents</i> is made up as follows:					
Bank current accounts		(195)	(122)	(195)	(122)
Short-term deposit with bank (overnight)		(524)	(514)	(524)	(514)
Investments in Money Market Funds (available on demand)		(4,651)	(12,461)	(4,651)	(12,461)
Total Cash and Cash Equivalents		(5,370)	(13,097)	(5,370)	(13,097)

Accounting Policy - Cash and Cash Equivalents

Cash is represented by cash in hand, petty cash and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. [Cash and cash equivalents](#) may also include overdrawn balances at the bank where they are an integral part of cash management. Generally, cash and cash equivalents will comprise, cash in hand, bank account balances, overnight deposits and deposits with Money Market Funds which are repayable on demand without penalty or loss of interest.

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

In the Cash Flow Statement, [cash and cash equivalents](#) are shown net of bank overdrafts that are repayable on demand or form an integral part of cash management.

Index of Notes to the Accounts

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The notes to the accounts are provided to aid the understanding of material items within the core financial statements. Where the figures provided are different for the Group and PCC Single Entity either separate notes will be provided or a single note will show the respective figures in different columns, these will be headed Group or PCC. Where the figures are the same for the group and single entity a single note is provided, this is headed up PCC/Group. As a general rule, the column showing the figures for 2022/23 will be highlighted, whilst the comparatives for 2021/22 (where provided) will not.

The notes sometimes include terms that may require further explanation. Where possible, explanations are provided within the note, otherwise explanations are provided within the “glossary of terms” in pages 101-103. Terms for which an explanation is provided will be depicted by text that is shown in teal coloured text and underlined.

1 Accounting Policies

There are a number of accounting policies that determine how items within the accounts are treated. Where these accounting policies relate to a particular note to the accounts, the accounting policy will now be shown alongside that note in a grey text box. Where an accounting policy is more generic and applicable across the statement accounts it will continue to be shown in a separate technical annex, **Annex A** (see pages 104-106).

2 Critical Judgements in Applying Accounting Policies

In applying the accounting policies as set out alongside the relevant note or in Annex A (pages 104 to 106), the Commissioner has had to make certain judgements about complex transactions or those involving uncertainty about future events. The critical judgements made in the Statement of Accounts are:

- There is a high degree of uncertainty about future levels of funding for policing. However, the Commissioner has determined that this uncertainty is not yet sufficient to provide an indication that the assets of the Commissioner might be impaired as a result of a need to close facilities and reduce levels of service provision.
- The Commissioner is deemed to control the services provided under the PFI agreement in relation to the West Cumbria TPA HQ at Workington. The accounting policies for PFI schemes and similar contracts have been applied to the arrangement. The Commissioner has a number of options regarding ownership of the PFI building beyond the initial 25 year contract period including the right to purchase the asset for half of its market value at that time. In December 2015, the PFI building at Hall Brow Workington experienced flooding for the second time in six years. The impact of the flooding on the building highlighted resilience issues for the longer term in respect of both custody and deployment. As a result, options for the future provision of the police estate in West Cumbria are under review and the capital programme for 2022/23 and beyond included an indicative scheme which seeks to address those resilience issues and provide a longer term solution to the PFI arrangement. In accounting for the PFI contract it is assumed that there is reasonable certainty that the Commissioner will exercise the right to purchase the building. Accordingly the PFI land and building are recognised as property, plant and equipment in the Commissioner's balance sheet at full value of £8.2m. In addition, a liability for outstanding obligations to pay for the building, which includes the cost of purchasing the asset for half its market value at the end of the PFI period are also shown on the balance sheet. As the PFI contract approaches its end it may be necessary to reflect an additional liability to recognise that the market value of the asset may exceed the construction cost.

3 Events after the Balance Sheet Date

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

The Statement of Accounts was authorised for issue by the PCC Chief Finance Officer on 17 January 2024. Events taking place after this date are not reflected in the financial statements or notes. Where events taking place before this date provided information about conditions existing at 31 March 2023, the figures in the financial statements and notes have been adjusted in all material respects to reflect the impact of this information.

Accounting Policy - Events after the Balance Sheet Date

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

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

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

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

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

The items in the Commissioner’s group balance sheet as at 31 March 2023 for which there is significant risk of material adjustment in the forthcoming financial year are as follows:

Item	Uncertainties	Effect if Actual Results Differ from Assumptions
Property, Plant and Equipment	<p>Land and buildings assets are revalued on a two year rolling basis. Therefore the value of the assets that have not been subject to valuation in the financial year may not reflect the true value of that asset.</p> <p>Each year the valuer conducts an impairment review, whilst the valuer has concluded that there are no impairments of land and building valuations as at 31/03/23.</p> <p>At the balance sheet date 31 March 2023 the value of property, plant and equipment was £77m.</p>	<p>Revaluation gains and losses or disposal proceeds in future years may be significantly different than anticipated. However, as all land and building assets are subject to an annual impairment review, and biennial revaluations, the impact of this is thought to be immaterial. The ongoing impact of the covid-19 pandemic on property values is being monitored.</p> <p>If the useful lives of assets are reduced, depreciation will increase and the carrying amount of the asset falls. It is estimated that the annual depreciation charge for buildings, vehicles and plant would increase by approx. £611k for every year that useful lives had to be reduced. A 10% change in those assets subject to revaluation (£66m) would change the value of those assets on the Balance Sheet by £7m and the depreciation charge to the CIES by £140k.</p>
Pensions Liability	<p>Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. Two firms of consulting actuaries are engaged to provide the Commissioner with expert advice about the assumptions to be applied for both the Police Pension Scheme (Government Actuaries Department) and the Local Government Pension Scheme (Mercer Ltd).</p> <p>At the balance sheet date, the liability in respect of the police pension scheme was £1,066m.</p> <p>In relation to LGPS, the actuary calculated that the valuation resulted in a net asset of £21m, however under IAS 19 Employee Benefits requires that, where a pension plan asset exists, it is measured at the lower of:</p> <ul style="list-style-type: none"> • The surplus in the defined benefit plan; and • The asset ceiling. <p>The calculation has been completed by the actuary, and an adjustment has been made to reflect the asset ceiling which is nil.</p>	<p>The effects on the net pension liability of changes in individual assumptions can be measured. Examples of the impact of changes in individual assumptions is included in the sensitivity analysis provided in the technical annex to the accounts (Annex C) Pension Disclosures (pages 113-124).</p>

Notes to the Accounts

5 Expenditure and Funding Analysis

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

Due to the size of the statements, the positions for the Group and the PCC are shown in separate tables.

The figures for the group in 2022/23 are provided in the table below:

Expenditure and Funding Analysis (Group)	Group 2022/23				
	As reported for resource management	Adjustment to arrive at the net amount chargeable to the Police Fund balance (Note 5)	Net Expenditure Chargeable to the Police Fund balance	Adjustments between Funding and Accounting Basis (Note 7)	Net Expenditure in the Comprehensive Income and Expenditure Statement
	£000s	£000s	£000s	£000s	£000s
Cost of Policing & Crime Services					
Police Officer Pay & Allowances	96,029	0	96,029	(6,990)	89,039
PCSO Pay & Allowances	2,204	0	2,204	277	2,481
Police Staff Pay & Allowances	27,751	0	27,751	4,030	31,781
Other Employee Budgets	4,466	0	4,466	0	4,466
Premises Related Expenditure	5,454	0	5,454	0	5,454
Transport Related Expenditure	3,009	0	3,009	0	3,009
Supplies & Services Expenditure	11,975	0	11,975	0	11,975
Third Party Related Expenditure	6,459	0	6,459	0	6,459
Technical Accounting Adjustments	6,097	(4,736)	1,361	1,907	3,268
Income from Fees & Charges	(7,174)	0	(7,174)	0	(7,174)
Grants & Contributions	(28,167)	0	(28,167)	0	(28,167)
Non distributed costs	0	0	0	94	94
Termination Payments	165	0	165	0	165
Net Cost of Services	128,268	(4,736)	123,532	(682)	122,850
Other Income and Expenditure	(127,773)	0	(127,773)	40,236	(87,537)
(Surplus)/Deficit on the Provision of Services	495	(4,736)	(4,241)	39,554	35,313
	Police Fund	Earmarked Revenue Reserves	Earmarked Capital Reserves	Total	
Opening Police Fund Balance 1 April 2022	(3,600)	(15,178)	(4,294)	(23,072)	
Less Deficit on Police Fund Balance in Year	(400)	(4,503)	662	(4,241)	
Closing Police Fund Balance at 31 March 2023	(4,000)	(19,681)	(3,632)	(27,313)	

Notes to the Accounts

The figures for the PCC in 2022/23 are provided in the table below:

Expenditure and Funding Analysis (PCC)	PCC 2022/23				
	As reported for resource management	Adjustment to arrive at the net amount chargeable to the Police Fund balance (Note 5)	Net Expenditure Chargeable to the Police Fund balance	Adjustments between Funding and Accounting Basis (Note 7)	Net Expenditure in the Comprehensive Income and Expenditure Statement
	£000s	£000s	£000s	£000s	£000s
Cost of Policing & Crime Services					
Police Officer Pay & Allowances	19,347	0	19,347	0	19,347
Police Staff Pay & Allowances	1,234	0	1,234	122	1,356
Other Employee Budgets	304	0	304	0	304
Premises Related Expenditure	(1,181)	0	(1,181)	0	(1,181)
Transport Related Expenditure	(1,213)	0	(1,213)	0	(1,213)
Supplies & Services Expenditure	(1,050)	0	(1,050)	0	(1,050)
Third Party Related Expenditure	4,316	0	4,316	0	4,316
Technical Accounting Adjustments	6,400	(4,736)	1,664	1,603	3,267
Income from Fees & Charges	(7,174)	0	(7,174)	0	(7,174)
Grants & Contributions	(28,167)	0	(28,167)	0	(28,167)
Funding Provided by PCC to CC	135,452	0	135,452	0	135,452
Net Cost of Services	128,268	(4,736)	123,532	1,725	125,257
Other Income and Expenditure	(127,773)	0	(127,773)	30	(127,743)
(Surplus)/Deficit on the Provision of Services	495	(4,736)	(4,241)	1,755	(2,486)
	Police Fund	Earmarked Revenue Reserves	Earmarked Capital Reserves	Total	
Opening Police Fund Balance 1 April 2022	(3,600)	(15,178)	(4,294)	(23,072)	
Less Deficit on Police Fund Balance in Year	(400)	(4,503)	662	(4,241)	
Closing Police Fund Balance at 31 March 2023	(4,000)	(19,681)	(3,632)	(27,313)	

Notes to the Accounts

The comparative figures for the PCC in 2021/22 are provided in the table below:

Expenditure and Funding Analysis (PCC)	As reported for resource management	Adjustment to arrive at the net amount chargeable to the Police Fund balance (Note 5)	PCC 2021/22 Net Expenditure Chargeable to the Police Fund balance	Adjustments between Funding and Accounting Basis (Note 7)	Net Expenditure in the Comprehensive Income and Expenditure Statement
	£000s	£000s	£000s	£000s	£000s
Cost of Policing & Crime Services					
Police Officer Pay & Allowances	21,360	0	21,360	0	21,360
Police Staff Pay & Allowances	1,208	0	1,208	130	1,338
Other Employee Budgets	72	0	72	0	72
Premises Related Expenditure	(1,185)	0	(1,185)	0	(1,185)
Transport Related Expenditure	(1,037)	0	(1,037)	0	(1,037)
Supplies & Services Expenditure	(884)	0	(884)	0	(884)
Third Party Related Expenditure	2,816	0	2,816	0	2,816
Technical Accounting Adjustments	9,154	(4,592)	4,562	973	5,535
Income from Fees & Charges	(6,793)	0	(6,793)	0	(6,793)
Grants & Contributions	(29,097)	0	(29,097)	0	(29,097)
Non distributed costs	(94)	0	(94)	0	(94)
Funding Provided by PCC to CC	128,522	0	128,522	0	128,522
Net Cost of Services	124,036	(4,592)	119,444	1,109	120,553
Other Income and Expenditure	(120,963)	0	(120,963)	30	(120,933)
(Surplus)/Deficit on the Provision of Services	3,073	(4,592)	(1,519)	1,139	(380)
	Police Fund	Earmarked Revenue Reserves	Earmarked Capital Reserves	Total	
Opening Police Fund Balance 1 April 2021	(3,600)	(13,659)	(4,294)	(21,553)	
Less Deficit on Police Fund Balance in Year	0	(1,519)	0	(1,519)	
Closing Police Fund Balance at 31 March 2022	(3,600)	(15,178)	(4,294)	(23,072)	

Notes to the Accounts

5.a Note to the Expenditure Funding Analysis

This note provides a reconciliation of the main adjustments to net expenditure chargeable to the Police Fund to arrive at the amounts in the Comprehensive Income and Expenditure Statement (pages 35-36). The relevant transfers between reserves are explained in the Movement in Reserves Statement (pages 37-38).

The figures for the Group for 2022/23 are set out in the table below:

Note to the Expenditure and Funding Analysis (Group)	Group 2022/23						
	Depreciation	Rental Income	Total to arrive at amount charged to the Police Fund	Adjustment for capital purposes (See below)	Net change for the Pensions Adjustment (See below)	Other Differences (See below)	Total Adjustment Between funding and accounting basis
	£000s	£000s	£000s	£000s	£000s	£000s	£000s
Cost of Policing & Crime Services							
Police Officer Pay & Allowances	0	0	0	0	(6,990)	0	(6,990)
PCSO Pay & Allowances	0	0	0	0	277	0	277
Police Staff Pay & Allowances	0	0	0	0	4,030	0	4,030
Technical Accounting Adjustments	(4,736)	0	(4,736)	1,674	0	233	1,907
Use of Capital Receipts	0	0	0	0	0	0	0
Non distributed costs	0	0	0	0	94	0	94
Net Cost of Services	(4,736)	0	(4,736)	1,674	(2,589)	233	(682)
Other Income and Expenditure	0	0	0	0	40,236	0	40,236
(Surplus)/Deficit on the Provision of Services	(4,736)	0	(4,736)	1,674	37,647	233	39,554
Further Analysis of Adjustments							
Depreciation/Amortisation				4,736	0	0	4,736
Minimum Revenue Provision (MRP)				(653)	0	0	(653)
Revaluations				(1,469)	0	0	(1,469)
Direct Revenue Contribution				(505)	0	0	(505)
Profit & Loss on Sale of FA				(435)	0	0	(435)
Police Pensions - Interest on Liabilities				0	38,590	0	38,590
Police Pensions - Reverse Employer Contributions				0	(35,380)	0	(35,380)
Police Pensions - Current Service Cost				0	28,390	0	28,390
LGPS - Interest on Liabilities				0	7,076	0	7,076
LGPS - Return on Plan Assets				0	(5,430)	0	(5,430)
LGPS - Reverse Employer Contributions				0	(4,279)	0	(4,279)
LGPS - Current Service Cost				0	8,586	0	8,586
LGPS - Non Distributed Costs				0	94	0	94
Use of Capital Receipts				0	0	0	0
Collection Fund Adjustment				0	0	(66)	(66)
Accumulated Absences Account Adj				0	0	299	299
Total Adjustments				1,674	37,647	233	39,554

The comparative figures for the Group for 2021/22 are set out in the table below:

Note to the Expenditure and Funding Analysis (Group)	Group 2021/22						
	Depreciation	Rental Income	Total to arrive at amount charged to the Police Fund	Adjustment for capital purposes (See below)	Net change for the Pensions Adjustment (See below)	Other Differences (See below)	Total Adjustment Between funding and accounting basis
	£000s	£000s	£000s	£000s	£000s	£000s	£000s
Cost of Policing & Crime Services							
Police Officer Pay & Allowances	0	0	0	0	(3,030)	0	(3,030)
PCSO Pay & Allowances	0	0	0	0	304	0	304
Police Staff Pay & Allowances	0	0	0	0	4,089	0	4,089
Technical Accounting Adjustments	(4,592)	0	(4,592)	1,669	0	(1,777)	(108)
Use of Capital Receipts	0	0	0	0	0	6	6
Non distributed costs	0	0	0	0	94	0	94
Net Cost of Services	(4,592)	0	(4,592)	1,669	1,457	(1,771)	1,355
Other Income and Expenditure	0	0	0	0	30,512	0	30,512
(Surplus)/Deficit on the Provision of Services	(4,592)	0	(4,592)	1,669	31,969	(1,771)	31,867
Further Analysis of Adjustments							
Depreciation/Amortisation				4,592	0	0	4,592
Minimum Revenue Provision (MRP)				(629)	0	0	(629)
Revaluations				943	0	0	943
Direct Revenue Contribution				(3,140)	0	0	(3,140)
Capital Grant Reversal				(97)	0	0	(97)
Police Pensions - Interest on Liabilities				0	28,910	0	28,910
Police Pensions - Reverse Employer Contributions				0	(37,040)	0	(37,040)
Police Pensions - Current Service Cost				0	34,010	0	34,010
LGPS - Interest on Liabilities				0	5,457	0	5,457
LGPS - Return on Plan Assets				0	(3,855)	0	(3,855)
LGPS - Reverse Employer Contributions				0	(3,990)	0	(3,990)
LGPS - Current Service Cost				0	8,383	0	8,383
LGPS - Non Distributed Costs				0	94	0	94
Collection Fund Adjustment				0	0	(676)	(676)
Accumulated Absences Account Adj				0	0	(1,101)	(1,101)
Total Adjustments				1,669	31,969	(1,771)	31,867

Notes to the Accounts

The figures for the PCC for 2022/23 are set out in the table below:

Note to the Expenditure and Funding Analysis (PCC)	PCC 2022/23						
	Depreciation	Rental Income	Total to arrive at amount charged to the Police Fund	Adjustment for capital purposes (See below)	Net change for the Pensions Adjustment (See below)	Other Differences (See below)	Total Adjustment Between funding and accounting basis
	£000s	£000s	£000s	£000s	£000s	£000s	£000s
Cost of Policing & Crime Services							
Police Staff Pay & Allowances	0	0	0	0	122	0	122
Technical Accounting Adjustments	(4,736)	0	(4,736)	1,674	0	(71)	1,603
Use of Capital Receipts	0	0	0	0	0	0	0
Net Cost of Services	(4,736)	0	(4,736)	1,674	122	(71)	1,725
Other Income and Expenditure	0	0	0	0	30	0	30
(Surplus)/Deficit on the Provision of Services	(4,736)	0	(4,736)	1,674	152	(71)	1,755
Further Analysis of Adjustments							
Depreciation/Amortisation				4,736	0	0	4,736
Minimum Revenue Provision (MRP)				(653)	0	0	(653)
Revaluations				(1,469)	0	0	(1,469)
Direct Revenue Contribution				(505)	0	0	(505)
Profit & Loss on Sale of FA				(435)	0	0	(435)
LGPS - Interest on Liabilities				0	155	0	155
LGPS - Return on Plan Assets				0	(125)	0	(125)
LGPS - Reverse Employer Contributions				0	(127)	0	(127)
LGPS - Current Service Cost				0	249	0	249
Use of Capital Receipts				0	0	0	0
Collection Fund Adjustment				0	0	(66)	(66)
Accumulated Absences Account Adj				0	0	(5)	(5)
Total Adjustments				1,674	152	(71)	1,755

Notes to the Accounts

The comparative figures for the PCC for 2021/22 are set out in the table below:

Note to the Expenditure and Funding Analysis (PCC)	PCC 2021/22						
	Depreciation	Rental Income	Total to arrive at amount charged to the Police Fund	Adjustment for capital purposes (See below)	Net change for the Pensions Adjustment (See below)	Other Differences (See below)	Total Adjustment Between funding and accounting basis
	£000s	£000s	£000s	£000s	£000s	£000s	£000s
Cost of Policing & Crime Services							
Police Staff Pay & Allowances	0	0	0	0	130		130
Technical Accounting Adjustments	(4,592)	0	(4,592)	1,669	0	(696)	973
Use of Capital Receipts	0	0	0	0	0	6	6
Net Cost of Services	(4,592)	0	(4,592)	1,669	130	(690)	1,109
Other Income and Expenditure	0	0	0	0	30	0	30
(Surplus)/Deficit on the Provision of Services	(4,592)	0	(4,592)	1,669	160	(690)	1,139
Further Analysis of Adjustments							
Depreciation/Amortisation				4,592	0	0	4,592
Minimum Revenue Provision (MRP)				(629)	0	0	(629)
Revaluations				943	0	0	943
Direct Revenue Contribution				(3,140)	0	0	(3,140)
Capital Grant Reversal				(97)	0	0	(97)
LGPS - Interest on Liabilities				0	118	0	118
LGPS - Return on Plan Assets				0	(88)	0	(88)
LGPS - Reverse Employer Contributions				0	(105)	0	(105)
LGPS - Current Service Cost				0	235	0	235
Use of Capital Receipts				0	0	6	6
Collection Fund Adjustment				0	0	(676)	(676)
Accumulated Absences Account Adj				0	0	(20)	(20)
Total Adjustments				1,669	160	(690)	1,139

6 Expenditure and Income Analysed by Nature

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

Expenditure and Income	PCC	PCC	Group	Group
	2021/22	2022/23	2021/22	2022/23
	£000s	£000s	£000s	£000s
Expenditure				
Police Pay & Allowances	21,360	19,347	93,985	96,029
PCSO Pay & Allowances	0	0	2,218	2,204
Police Staff Pay & Allowances	1,114	1,234	25,512	27,657
Other Employee Costs	72	304	4,155	4,466
Premises Related Costs	(1,185)	(1,181)	4,652	5,454
Transport Related Costs	(1,037)	(1,213)	2,552	3,009
Supplies & Services	(884)	(1,050)	11,453	11,975
Third Party Payments	2,816	4,316	4,959	6,459
External Interest	538	512	538	512
Loss on the Disposal of Assets	(70)	(546)	(70)	(546)
Technical Accounting Adjustments	3,886	1,598	4,967	1,295
Non Distributed Costs	0	0	94	94
Termination Payments	0	0	117	165
Funding Between PCC & CC	128,522	135,452	0	0
Total Expenditure	155,132	158,773	155,132	158,773
Income				
Income from Fees & Charges	(6,793)	(7,174)	(6,793)	(7,174)
Income from Grant & Contributions	(7,737)	(8,820)	(7,737)	(8,820)
Interest & Investment Income	(9)	(436)	(9)	(436)
PFI Grant	(688)	(688)	(688)	(688)
Pensions Top Up grant (Home Office)	(21,360)	(19,347)	(21,360)	(19,347)
Total Income	(36,587)	(36,465)	(36,587)	(36,465)
Use of Reserves				
Transfer to Earmarked Reserves (Revenue)	1,519	4,503	1,519	4,503
Transfer from Earmarked Reserves (Capital)	0	(662)	0	(662)
Transfer to General Reserves	0	400	0	400
	1,519	4,241	1,519	4,241
External Financing				
Income from Council Tax	(47,297)	(49,162)	(47,297)	(49,162)
Collection Fund Adjustment	676	66	676	66
General Government Grants				
- Home Office Police Grant	(33,344)	(35,373)	(33,344)	(35,373)
- Home Office Capital Grant & Other Capital Grants	(97)	0	(97)	0
- Council Tax Grants (Freeze & Support)	(4,850)	(4,850)	(4,850)	(4,850)
Formula Funding	(35,146)	(37,230)	(35,146)	(37,230)
Total	(120,058)	(126,549)	(120,058)	(126,549)
Deficit on the Provision of Services	6	0	6	0

7 Adjustments between Accounting Basis and Funding Basis under Regulations

This note details the adjustments that are made to the total comprehensive income and expenditure recognised by the Commissioner in the year in accordance with proper accounting practice to the resources that are specified by statutory provisions as being available to the Commissioner to meet future capital and revenue expenditure.

The figures for the Group for 2022/23 are set out in the table below:

Adjustments between Accounting Basis and Funding Basis Under Regulations	Note	Group Police Fund Balance £000s	Group Capital Receipts Reserve £000s	Group Capital Grants Unapplied £000s	Group Total Usable Reserves £000s
Adjustments to the Revenue Resources					
Amounts by which income and expenditure included in the Comprehensive Income and Expenditure Statement are different from revenue for the year calculated in accordance with statutory requirements:					
- Pensions costs (transferred to (or from) the Pensions Reserve)	20e/ Annex C	37,647	0	0	37,647
- Council tax (transfers to or from Collection Fund)	20c/28	(66)	0	0	(66)
- Holiday Pay (transfers to or from Accumulated Absences Account)	20d	299	0	0	299
- Reversal of entries included in the Surplus or Deficit on the Provision of Services in relation to capital expenditure (these items are charged to the Capital Adjustment Account)	20b	3,267	0	0	3,267
Total Adjustments to the Revenue Resources		41,147	0	0	41,147
Adjustments between Revenue and Capital Resources					
- Transfer of non-current asset sale proceeds from revenue to the Capital Receipts Reserve	9e	(435)	435	0	0
- Administrative costs of non-current asset disposals (funded by a contribution from the Capital receipts Reserve)	9e	0	0	0	0
- Statutory provision for the repayment of debt (MRP) (transfer from the Capital Adjustment Account)	31	(653)	0	0	(653)
- Capital expenditure financed from revenue balances (transfer to the Capital Adjustment Account)	29a	(505)	0	0	(505)
Total Adjustments between Revenue and Capital Resources		(1,593)	435	0	(1,158)
Adjustments to Capital Resources					
- Use of the Capital Receipts Reserve to finance capital expenditure	29a	0	(425)	0	(425)
- Application of capital grants to finance capital expenditure	20b	0	0	(3,148)	(3,148)
Total Adjustments to Capital Resources		0	(425)	(3,148)	(3,573)
Total Adjustments		39,554	10	(3,148)	36,416

The comparative figures for the Group for 2021/22 are set out in the table below:

Adjustments between Accounting Basis and Funding Basis Under Regulations	Note	Group Police Fund Balance £000s	Group Capital Receipts Reserve £000s	Group Capital Grants Unapplied £000s	Group Total Usable Reserves £000s
Adjustments to the Revenue Resources					
Amounts by which income and expenditure included in the Comprehensive Income and Expenditure Statement are different from revenue for the year calculated in accordance with statutory requirements:					
- Pensions costs (transferred to (or from) the Pensions Reserve)	20e/ Annex C	31,969	0	0	31,969
- Council tax (transfers to or from Collection Fund)	20c/28	(676)	0	0	(676)
- Holiday Pay (transfers to or from Accumulated Absences Account)	20d	(1,101)	0	0	(1,101)
- Reversal of entries included in the Surplus or Deficit on the Provision of Services in relation to capital expenditure (these items are charged to the Capital Adjustment Account)	20b	5,697	0	97	5,794
Total Adjustments to the Revenue Resources		35,889	0	97	35,986
Adjustments between Revenue and Capital Resources					
- Transfer of non-current asset sale proceeds from revenue to the Capital Receipts Reserve	9e	(259)	259	0	0
- Administrative costs of non-current asset disposals (funded by a contribution from the Capital receipts Reserve)	9e	6	(6)	0	0
- Statutory provision for the repayment of debt (MRP) (transfer from the Capital Adjustment Account)	31	(629)	0	0	(629)
- Capital expenditure financed from revenue balances (transfer to the Capital Adjustment Account)	29a	(3,140)	0	0	(3,140)
Total Adjustments between Revenue and Capital Resources		(4,022)	253	0	(3,769)
Adjustments to Capital Resources					
- Use of the Capital Receipts Reserve to finance capital expenditure	29a	0	(85)	0	(85)
- Application of capital grants to finance capital expenditure	20b	0	0	(1,013)	(1,013)
Total Adjustments to Capital Resources		0	(85)	(1,013)	(1,098)
Total Adjustments		31,867	168	(916)	31,119

Notes to the Accounts

The figures for the PCC for 2022/23 are set out in the table below:

Adjustments between Accounting Basis and Funding Basis Under Regulations	Note	PCC Police Fund Balance £000s	PCC Capital Receipts Reserve £000s	PCC Capital Grants Unapplied £000s	PCC Total Usable Reserves £000s
Adjustments to the Revenue Resources					
Amounts by which income and expenditure included in the Comprehensive Income and Expenditure Statement are different from revenue for the year calculated in accordance with statutory requirements:					
- Pensions costs (transferred to (or from) the Pensions Reserve)	20e/ Annex C	152	0	0	152
- Council tax (transfers to or from Collection Fund)	20c/28	(66)	0	0	(66)
- Holiday Pay (transfers to or from Accumulated Absences Account)	20d	(5)	0	0	(5)
- Reversal of entries included in the Surplus or Deficit on the Provision of Services in relation to capital expenditure (these items are charged to the Capital Adjustment Account)	20b	3,267	0	0	3,267
Total Adjustments to the Revenue Resources		3,348	0	0	3,348
Adjustments between Revenue and Capital Resources					
- Transfer of non-current asset sale proceeds from revenue to the Capital Receipts Reserve	9e	(435)	435	0	0
- Administrative costs of non-current asset disposals (funded by a contribution from the Capital receipts Reserve)	9e	0	0	0	0
- Statutory provision for the repayment of debt (MRP) (transfer from the Capital Adjustment Account)	31	(653)	0	0	(653)
- Capital expenditure financed from revenue balances (transfer to the Capital Adjustment Account)	29a	(505)	0	0	(505)
Total Adjustments between Revenue and Capital Resources		(1,593)	435	0	(1,158)
Adjustments to Capital Resources					
- Use of the Capital Receipts Reserve to finance capital expenditure	29a	0	(425)	0	(425)
- Application of capital grants to finance capital expenditure	20b	0	0	(3,148)	(3,148)
Total Adjustments to Capital Resources		0	(425)	(3,148)	(3,573)
Total Adjustments		1,755	10	(3,148)	(1,383)

The comparative figures for the PCC for 2021/22 are set out in the table below:

Adjustments between Accounting Basis and Funding Basis Under Regulations	Note	PCC Police Fund Balance £000s	PCC Capital Receipts Reserve £000s	PCC Capital Grants Unapplied £000s	PCC Total Usable Reserves £000s
Adjustments to the Revenue Resources					
Amounts by which income and expenditure included in the Comprehensive Income and Expenditure Statement are different from revenue for the year calculated in accordance with statutory requirements:					
- Pensions costs (transferred to (or from) the Pensions Reserve)	20e/ Annex C	160	0	0	160
- Council tax (transfers to or from Collection Fund)	20c/28	(676)	0	0	(676)
- Holiday Pay (transfers to or from Accumulated Absences Account)	20d	(20)	0	0	(20)
- Reversal of entries included in the Surplus or Deficit on the Provision of Services in relation to capital expenditure (these items are charged to the Capital Adjustment Account)	20b	5,697	0	97	5,794
Total Adjustments to the Revenue Resources		5,161	0	97	5,258
Adjustments between Revenue and Capital Resources					
- Transfer of non-current asset sale proceeds from revenue to the Capital Receipts Reserve	9e	(259)	259	0	0
- Administrative costs of non-current asset disposals (funded by a contribution from the Capital receipts Reserve)	9e	6	(6)	0	0
- Statutory provision for the repayment of debt (MRP) (transfer from the Capital Adjustment Account)	31	(629)	0	0	(629)
- Capital expenditure financed from revenue balances (transfer to the Capital Adjustment Account)	29a	(3,140)	0	0	(3,140)
Total Adjustments between Revenue and Capital Resources		(4,022)	253	0	(3,769)
Adjustments to Capital Resources					
- Use of the Capital Receipts Reserve to finance capital expenditure	29a	0	(85)	0	(85)
- Application of capital grants to finance capital expenditure	20b	0	0	(1,013)	(1,013)
Total Adjustments to Capital Resources		0	(85)	(1,013)	(1,098)
Total Adjustments		1,139	168	(916)	391

8 Transfers to/from Earmarked Reserves

This note sets out the amounts set aside from the Police Fund balances in earmarked reserves to provide financing for future expenditure plans and the movement on earmarked reserves during 2022/23 (and comparatives for 2021/22).

Earmarked Reserves	Note	PCC/Group	PCC/Group	PCC/Group	PCC/Group	PCC/Group
		Balance	Movement	Balance	Movement	Balance
		01 April	in 2021/22	31 March	in 2022/23	31 March
		2021		2022		2023
		£000s	£000s	£000s	£000s	£000s
Revenue Reserves						
Future Liability Reserves						
Insurance Reserve	1	1,278	(369)	909	(42)	867
PFI - Lifecycle Replacements	2	265	(18)	247	(112)	135
Commissioned Services Reserve	3	1,708	746	2,454	43	2,497
Management of Change Reserve		0	0	0	300	300
Ill Health Retirements		0	0	0	225	225
PCC Re-branding		0	0	0	27	27
		3,251	359	3,610	441	4,051
Budget Stabilisation Reserves						
Chief Constable's Contingency	4	500	0	500	0	500
Chief Constable's Operational Reserve	5	250	0	250	0	250
PCC Operational Reserve	6	250	0	250	0	250
Budget Support Reserve	7	6,360	(3)	6,357	1,692	8,049
Body Armour (Future Roll Out)	8	287	50	337	50	387
75% Tax Income Guarantee Scheme	9	383	537	920	(750)	170
22/23 Budget Support & Covid Recovery Reserve	10	0	1,010	1,010	(1,010)	0
Specialist Services Accommodation Dilapidation Reserve	11	0	0	0	40	40
		8,030	1,594	9,624	22	9,646
Short Term Project Reserves	12					
Cumbria Road Safety Initiatives		25	(25)	0	0	0
The Bridgeway (SASS)		753	(38)	715	(37)	678
Safer Cumbria Delivery Board		22	(15)	7	0	7
HQ Security		180	0	180	0	180
Records Management System		108	(105)	3	3,688	3,691
Business Intelligence		28	0	28	0	28
Business Transformation		519	(301)	218	(12)	206
Covid 19 Recovery		693	0	693	(693)	0
CO - Demand Risk Resourcing		50	50	100	0	100
Firearms Digitisation		0	0	0	155	155
ESN Grant Funding C/Fwd		0	0	0	238	238
CCTV Reserve		0	0	0	701	701
		2,378	(434)	1,944	4,040	5,984
Total Earmarked Revenue Reserves		13,659	1,519	15,178	4,503	19,681
Capital Reserves	13					
Estates West Flood Management		4,000	0	4,000	(698)	3,302
HQ adaptations		294	0	294	0	294
CCTV Capital Reserve		0	0	0	36	36
Total Earmarked Capital Reserves		4,294	0	4,294	(662)	3,632

The purpose of the groups or individual reserves are as follows:

1. Insurance Reserve – to offset any insurance claims not specifically detailed in the insurance provision.
2. PFI Lifecycle Replacements – to equalise the impact on the comprehensive income and expenditure statement of changing levels of grant income and charges over the period of the PFI contract.
3. Commissioned Services Reserve – to provide resources for future expenditure on existing commitments under PCC commissioned services.
4. Chief Constables Contingency – reserve held to meet an increase in budget pressure arising in year as a result of budgeting risks taken during the budget process. The establishment of this reserve supported a reduction in the ongoing revenue budget requirement.
5. Chief Constables Operational Reserve – to provide resources to assist in funding unexpected major events, if necessary. The Home Office Financial Management Code recommends that there should be an operational contingency.
6. PCC Operational Reserve – to provide resources both to back up the annual operational contingency and, in addition, to assist in funding unexpected expenditure/budget pressures in line with the Commissioner's responsibilities. The Home Office Financial Management Code recommends that there should be an operational contingency.
7. Budget Support Reserve – to meet the medium term risks associated with balancing the budget in the context of current funding and uncertainties and inflationary pressures.
8. Body Armour Future Roll Out – to equalise the impact on the comprehensive income and expenditure statement of changing levels of expenditure due to the cyclical nature of body armour replacement.
9. 75% Council Tax Income Guarantee Scheme – as part of the Spending Review the Government confirmed that it would compensate local authorities for 75% of irrecoverable losses in council tax and business rates income in respect of 2020/21. This grant was recognised in 2020/21 and has been transferred to reserve to be drawn down over to smooth the effects of the increase in council tax deficit which is being recovered from precepting bodies by district councils over a 3 year period.
10. 2022/23 Budget Support & Covid Recovery Reserve – This reserve was established from the revenue budget underspend in 2021/22. The reserve has been utilised to support the revenue budget in 2022/23.
11. Specialist Services Accommodation Reserve- This reserve is to maintain the fabric of the specialist offsite accommodation.
12. Short Term Project Reserves – To support a variety of locally managed initiatives granted under the scheme of devolved resource management. These are primarily multi-year technology based projects or resources to provide funding for unbudgeted revenue costs within the 2022/23 or 2023/24 financial year.
13. Capital Reserves – the capital reserve holds direct contributions from the revenue budget to fund capital schemes within the capital programme.

9 Property, Plant and Equipment

The table below summarises the movements in Property, Plant and Equipment during the year:

Property, Plant and Equipment	Land and Buildings £000s	Vehicles £000s	PCC/Group IT and Technology £000s	Furniture Equipment & Plant £000s	Assets Under Construction £000s	Total Property, Plant & Equipment £000s	PFI Assets Included in P.P.E. £000s
Cost or Valuation							
At 1 April 2022	60,670	10,018	18,662	4,356	1,133	94,839	7,818
Additions	0	803	1,938	39	14	2,794	0
Enhancements	241	0	0	0	0	241	13
Revaluation increases/(decreases) recognised in the Revaluation Reserve	4,714	0	0	0	0	4,714	950
Revaluation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services	1,328	0	0	0	0	1,328	10
Derecognition - Disposals	0	(2,610)	(12,169)	(2,399)	0	(17,178)	(176)
Assets reclassified (to)/from Held for Sale	410	0	0	0	0	410	0
At 31 March 2023	67,363	8,211	8,431	1,996	1,147	87,148	8,615
Accumulated Depreciation & Impairment							
At 1 April 2022	(1,051)	(5,742)	(14,516)	(3,870)	0	(25,179)	(708)
Adjustment to Opening Balance (#)	0	0	43	0	0	43	0
Depreciation Charge	(1,333)	(1,283)	(1,239)	(114)	0	(3,969)	(159)
Derecognition - Disposals	0	2,610	12,169	2,399	0	17,178	176
Depreciation written out to the Revaluation Reserve	1,215	0	0	0	0	1,215	318
Depreciation written out to the Surplus/Deficit on the Provision of Services	143	0	0	0	0	143	0
Impairment written out to the Surplus/Deficit on the Provision of Services	(12)	0	0	0	0	(12)	(12)
Depreciation as at 31 March 2023	(1,038)	(4,415)	(3,543)	(1,585)	0	(10,581)	(385)
Net Book Value							
At 31 March 2023	66,325	3,796	4,888	411	1,147	76,567	8,230
At 31 March 2022	59,619	4,276	4,146	486	1,133	69,660	7,110



The Constabulary now has 7 electric vehicles on the fleet. Five of which are liveried and 2 are currently used as unmarked pool vehicles. These vehicles are supported by a network of 15 electric vehicle charging points at HQ and the main deployment centres.

Notes to the Accounts

The comparative figures for 2021/22 are set out in the table below:

Property, Plant and Equipment	Land and Buildings	Vehicles	PCC/Group IT and Technology	Furniture Equipment & Plant	Assets Under Construction	Total Property, Plant & Equipment	PFI Assets Included in P.P.E.
	£000s	£000s	£000s	£000s	£000s	£000s	£000s
Cost or Valuation							
At 1 April 2021	58,023	8,982	16,979	4,243	0	88,227	7,820
Additions	0	2,123	1,855	113	1,133	5,224	0
Enhancements	29	0	0	0	0	29	(2)
Revaluation increases/(decreases) recognised in the Revaluation Reserve	4,631	0	0	0	0	4,631	0
Revaluation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services	(1,603)	0	0	0	0	(1,603)	0
Derecognition - Disposals	0	(1,087)	(172)	0	0	(1,259)	0
Assets reclassified (to)/from Held for Sale	(410)	0	0	0	0	(410)	0
At 31 March 2022	60,670	10,018	18,662	4,356	1,133	94,839	7,818
Accumulated Depreciation & Impairment							
At 1 April 2021	(966)	(5,735)	(13,443)	(3,734)	0	(23,878)	(540)
Depreciation Charge	(1,281)	(1,094)	(1,246)	(136)	0	(3,757)	(168)
Derecognition - Disposals	0	1,087	173	0	0	1,260	0
Depreciation written out to the Revaluation Reserve	536	0	0	0	0	536	0
Depreciation written out to the Surplus/Deficit on the Provision of Services	660	0	0	0	0	660	0
Depreciation as at 31 March 2022	(1,051)	(5,742)	(14,516)	(3,870)	0	(25,179)	(708)
Net Book Value							
At 31 March 2022	59,619	4,276	4,146	486	1,133	69,660	7,110
At 31 March 2021	57,057	3,247	3,536	509	0	64,349	7,280



Learning and Development Centre , Penrith

Accounting Policy - Property, Plant and Equipment

Assets that have physical substance and are held for use in the production or supply of goods and services, for rental to others, or for administrative purposes and that are expected to be used during more than one financial year are classified as Property, Plant and Equipment.

The cost of services are debited with the following amounts to record the cost of holding [non-current assets](#) during the year:

- [Depreciation](#) attributable to the assets used by the relevant services.
- Revaluation and [impairment](#) losses on assets used by the services where there are no accumulated gains in the [Revaluation Reserve](#) against which the losses can be written off.
- [Amortisation](#) of non-current assets attributable to the services.

Council Tax is not required to be raised to fund depreciation, revaluation and impairment losses or amortisations. However, an annual contribution from revenue is required towards the reduction in the overall borrowing requirement equal to an amount calculated on a prudent basis and determined in accordance with statutory guidance. This contribution is known as MRP ([Minimum Revenue Provision](#)). Depreciation, revaluation and impairment losses and amortisations are therefore replaced by the contribution in the Police Fund Balance, by way of an adjusting transaction with the [Capital Adjustment Account](#) in the Movement in Reserves Statement for the difference between the two.

In accordance with the Commissioner’s funding arrangement with the Chief Constable, the Commissioner holds all non-current assets. Accordingly, all depreciation, revaluations and impairments are recorded in the Commissioner’s single entity financial statements. However, the Commissioner makes a charge to the Chief Constable for the use of non-current assets, which is equivalent to his share of depreciation.

Recognition

Expenditure on the acquisition, creation or enhancement of Property, Plant and Equipment is capitalised on an [accruals](#) basis, provided that it is probable that the future economic benefits or service potential associated with the item will flow and the cost of the item can be measured reliably. Expenditure that maintains but does not add to an asset’s potential to deliver future economic benefits (i.e. repairs and maintenance) is charged to revenue as an expense through the Comprehensive Income and Expenditure Statement when it is incurred.

[De-minimis](#) levels have been set for capital projects at £25,000. No de-minimis level is set for individual items within capital projects.

Measurement

Assets are initially measured at cost, comprising:

- The purchase price
- Any costs attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management

Borrowing costs incurred are not capitalised whilst assets are under construction.

Assets are then carried in the Balance Sheet using the following measurement basis:

Category	Basis of Valuation
Land and Buildings (Specialised)	Depreciated Replacement Cost
Land and Buildings (Non Specialised)	Existing Use Value
Vehicles, Plant, Furniture and Equipment	Depreciated Historic Cost (as a proxy for current value)
Assets Under Construction	Historic Cost

Assets included in the Balance Sheet at [current value](#) (i.e. not valued at historic cost) are revalued sufficiently regularly to ensure that their carrying amount is not materially different from their current value at the year-end, but as a minimum every five years.

Measurement (continued)

Increases in valuations are matched by credits to the [Revaluation Reserve](#) to recognise unrealised gains. Gains are to be credited to the relevant function line(s) in the Comprehensive Income and Expenditure Statement where they arise from the reversal of a loss previously charged to a function up to the amount of the original loss, adjusted for [depreciation](#) (if material) that would have been charged if the loss had not been recognised.

Depreciation

[Depreciation](#) is provided for on all Property, Plant and Equipment assets by the systematic allocation of their depreciable amounts over their useful lives. An exception is made for assets without a determinable finite useful life (i.e. freehold land) and assets that are not yet available for use (i.e. assets under construction).

Depreciation is calculated on the following bases:

- Property - straight-line allocation over the useful life of the property as estimated by the valuer up to a maximum of 50 years
- Vehicles – straight line allocation over the estimated useful life (3 to 10 years)
- IT Equipment – straight line allocation over the estimated useful life (5 to 8 years)

No depreciation charge is made however in the year of acquisition but a full year charge is made in the year of disposal. A full year's depreciation charge is made in the year of revaluation of any asset.

Depreciation also has to be calculated on revaluation gains and is represented by the difference between depreciation calculated at current cost and depreciation calculated at historic cost. The difference between the two values is transferred each year from the [Revaluation Reserve](#) to the [Capital Adjustment Account](#).

Where an item of Property, Plant and Equipment asset has major components whose cost is significant in relation to the total cost of the item, the components are depreciated separately (see component accounting section below).

Once ICT equipment assets have been fully depreciated, at the end of their useful lives, the gross book value and accumulated depreciation for those assets will be written out of the asset register. There will be no impact on the core financial statements (balance sheet) as a result of this as the net book value will already be nil.

Component Accounting

Under the IFRS based code, separate recognition, [depreciation](#) and de-recognition of parts of assets is required. This is often referred to as [componentisation](#). Componentisation is a change that has to be applied prospectively which means that it only needs to be considered for any [non-current assets](#), acquired, improved or revalued after 1 April 2010. A componentisation policy has been established whereby all land and building assets with a value in excess of £1m will be assessed to see if they contain a significant component. A significant component is defined in the policy as one which exceeds £200k in value and has a different life to the remainder of the asset. Where a component of a non-current asset is replaced or restored, the carrying amount of the old component shall be derecognised and the new component reflected in the carrying amount. Each significant component of an item of property, plant or equipment is depreciated separately. Depreciation is calculated on the balance brought forward at the start of each year. Depreciation on the componentised assets will therefore only become effective in the year following revaluation and subsequent split for componentisation.

Under the terms of the Commissioner's funding arrangement to the Chief Constable all property, plant and equipment is held by the Commissioner. Accordingly, all accounting entries in relation to the acquisition, enhancement, revaluation, [impairment](#), depreciation and sale of such assets are recorded in the single entity accounts of the Commissioner. The Commissioner makes a charge to the Chief Constable for the use of such assets which is equivalent to the Chief Constable's share of depreciation.

9.a Valuations Rolling Programme

The Commissioner carries out a rolling programme that ensures that all Property, Plant and Equipment required to be measured at current value is revalued every two years. Valuations of land and buildings are carried out on behalf of the Commissioner by Mr. J. Lauder BSc (Hons) MRICS, Carigiet Cowen, Telford House, Riverside, Warwick Road, Carlisle CA1 2BT and were carried out in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institute of Chartered Surveyors (RICS). Valuations of vehicles, plant, furniture and equipment are based on historic cost as a proxy for fair value. The basis of the valuations is set out in the accounting policies. The table below sets out details of the land and buildings valuations undertaken over the two year rolling programme.

Valuations Rolling Programme	Land and Buildings	Vehicles	PCC/Group IT and Technology	Furniture Equipment & Plant	Assets Under Construction	Total Property, Plant & Equipment
	£000s	£000s	£000s	£000s	£000s	£000s
Carried at Historical Cost	0	8,211	8,431	1,996	1,147	19,785
Valued at Current Value as at:						
- 31 March 2023	34,472	0	0	0	0	34,472
- 31 March 2022	32,891	0	0	0	0	32,891
Total Cost or Valuation	67,363	8,211	8,431	1,996	1,147	87,148

Accounting Policy - Valuations

Where decreases in value are identified, they are accounted for as follows:

- Where there is a balance of revaluation gains for the asset in the [Revaluation Reserve](#), the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains).
- Where there is no balance in the Revaluation Reserve or an insufficient balance, the carrying amount of the asset is written down against the relevant function lines(s) in the Comprehensive Income and Expenditure Statement.

The Revaluation Reserve contains revaluation gains recognised since 1 April 2007 only, the date of its formal inception. Gains arising before that date have been consolidated into the [Capital Adjustment Account](#). Revaluation gains and losses are not permitted to have an impact on the Police Fund. The gains and losses are therefore reversed out of the Police Fund in the Movement in Reserves Statement and posted to the Capital Adjustment Account.

Accounting Policy – Valuations Material Estimation Techniques

IAS 1 Presentation of Financial Statements requires disclosure of any estimation techniques applied, such that if a different methodology had been used a material variance in the amounts disclosed would have been arrived at. For property valuations the only material estimation techniques used is as follows:

All operational buildings are revalued on a rolling two-year programme and the estimation techniques used are based on the “open market value in existing use” or in the case of specialised operational police properties “depreciated replacement cost” which is consistent with proper accounting practice. The professional valuer, Mr. J. Lauder of Carigiet Cowen, applied these valuation methods.

9.b Impairment Review

The Commissioner's professional valuer, Mr. J. Lauder BSc (Hons) MRICS, Carigiet Cowen, Telford House, Riverside, Warwick Road, Carlisle CA1 2BT, has made an assessment of the possible effects of material [impairment](#) to land and buildings during the financial year. His assessment was based on a number of specific criteria, which, in his opinion, could affect the valuation of assets. The outcome of the assessment process is the valuer has concluded that there are no impairments.

Accounting Policy - Impairment

Assets are assessed at each year-end as to whether there is any indication that an asset may be impaired. Where indications exist and any possible differences are estimated to be material, the recoverable amount of the asset is estimated and, where this is less than the carrying amount of the asset, an [impairment](#) loss is recognised for the shortfall.

Where impairment losses are identified, they are accounted for as follows:

- Where there is a balance of revaluation gains for the asset in the [Revaluation Reserve](#), the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains).
- Where there is no balance in the Revaluation Reserve or an insufficient balance, the carrying amount of the asset is written down against the relevant function line(s) in the Comprehensive Income and Expenditure Statement.

Where an impairment loss is reversed subsequently by a revaluation gain, the reversal is credited to the relevant function line(s) in the Comprehensive Income and Expenditure Statement, up to the amount of the original loss, adjusted for [depreciation](#) (if material) that would have been charged if the loss had not been recognised.

Impairment losses are not a charge against Council Tax. The balance on the Comprehensive Income and Expenditure Statement arising from an impairment loss is appropriated to the [Capital Adjustment Account](#) through the Movement in Reserves Statement.

9.c Property, Plant and Equipment in the Ownership of the Police and Crime Commissioner

A brief analysis of the Commissioner's principal assets as at 31 March 2023 is set out below:

PCC	PCC/Group As at 31 March	
	2022 Number	2023 Number
HQ, TPA HQ & Larger Police Stations	9	9
Other Police Stations	9	10
Police Houses and other Properties	0	0
Surplus Properties/ Held for Sale/ Investment Properties	2	1
Vehicles	329	316

9.d Effects of Changes in Estimates

There have been no material changes in estimates in the 2022/23 accounts.

9.e Gain / Loss on Sale of Property, Plant and Equipment

The table below analyses the (gain)/loss on sale of property, plant and equipment for the year ended 31 March 2023.

Gain/Loss on Sale of Property, Plant and Equipment	Net Book Value £000s	PCC/Group		(Gain) / Loss 2022/23 £000s
		Costs of Sale £000s	Proceeds of Sale £000s	
Vehicles	0	3	(124)	(121)
ICT Equipment	0	0	(425)	(425)
Total	0	3	(549)	(546)

The comparative figures for 2021/22 are set out in the table below:

Gain/Loss on Sale of Property, Plant and Equipment	Net Book Value £000s	PCC/Group		(Gain) / Loss 2021/22 £000s
		Costs of Sale £000s	Proceeds of Sale £000s	
Land and Buildings	259	6	(259)	6
Vehicles	0	7	(83)	(76)
Total	259	13	(342)	(70)

Note in 2022/23 £114k (£83k in 2021/22) of receipts from proceeds of sale included in the above table were individually below the £10k threshold for recognition as [capital receipts](#) and have therefore been treated as revenue income. This explains why the capital receipts recorded in note 7 show £435k (£259k in 2021/22) rather than £549k (£342k in 2021/22) as above.

Accounting Policy - Capital Receipts

Amounts received for a disposal in excess of £10,000 are categorised as [Capital Receipts](#). The balance of receipts is required to be credited to the Capital Receipts Reserve, and can then only be used for new capital investment or set aside to reduce the underlying need to borrow (the [capital financing requirement](#)). Receipts are appropriated to the reserve from the Police Fund Balance in the Movement in Reserves Statement.

10 Assets Held for Sale

Assets held for sale relate to land and buildings assets that are available for immediate sale in their present condition subject to terms that are usual and customary for sales of such assets. The assets are being actively marketed for a sale at a price that is reasonable in relation to its current [fair value](#). The sale is expected to qualify for recognition as a completed sale within one year from the date of classification. The table below shows the movement on Assets Held for Sale in 2022/23 with comparative information for 2021/22.

Assets Held for Sale	PCC/Group As at 31 March	
	2022 £000s	2023 £000s
Balance outstanding at start of year	259	410
Newly classified as held for sale	410	0
Assets sold	(259)	0
De-classified as held for sale	0	(410)
Balance outstanding at end of year	410	0

During 2021/22 a former police house in Kendal that was held for sale (HFS) as at 31 March 2021 was sold and Hunter Lane police station & Garages were actively marketed and so re-classified to HFS. During 2022/23 Hunter Lane was declassified as HFS, following the decision to retain the building as a deployment base.

Accounting Policy - Disposal and Non-Current Assets Held for Sale

When it becomes probable that the carrying amount of an asset will be recovered principally through a sale transaction rather than through its continuing use, it is reclassified as an Asset Held for Sale. The asset is revalued immediately before reclassification and then carried at the lower of this amount and [fair value](#) less costs to sell. Where there is a subsequent decrease to fair value less cost to sell, the loss is posted to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement. Gains in fair value are recognised only up to the amount of any losses previously recognised in the Surplus or Deficit on Provision of Services. [Depreciation](#) is not charged on Assets held for Sale.

If assets no longer meet the criteria to be classified as Assets Held for Sale, they are reclassified back to [non-current assets](#) and valued at the lower of:

- their carrying amount before they were classified as held for sale. In this case the carrying amount is adjusted for depreciation, amortisation or revaluations that would have been recognised had they not been classified as Held for Sale.
- their recoverable amount at the date of the decision not to sell.

Assets that are to be abandoned or scrapped are not reclassified as Assets Held for Sale.

When an asset is disposed of or decommissioned, the carrying amount of the asset in the Balance Sheet (whether Property, Plant and Equipment or Assets Held for Sale) is written off to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. Disposal costs are shown in other operating expenditure in the Comprehensive Income and Expenditure Statement. Receipts from disposals (if any) are credited to the same line in the Comprehensive Income and Expenditure Statement also as part of the gain or loss on disposal (i.e. netted off against the carrying value of the asset at the time of disposal). In line with Statutory Instrument 2010 No 454, disposal costs of up to 4% of the sale proceeds are financed from capital receipts. Any revaluation gains accumulated for the asset in the [Revaluation Reserve](#) are transferred to the [Capital Adjustment Account](#). The written-off value of disposals is not a charge against Council Tax, as the cost of [non-current assets](#) is fully provided for under separate arrangements for capital financing. Amounts are appropriated to the Capital Adjustment Account from the Police Fund Balance in the Movement in Reserves Statement.

11 Intangible Assets

The Commissioner accounts for his computer software as intangible assets, to the extent that the software is not an integral part of a particular IT system and accounted for as part of the hardware item within Property, Plant and Equipment. The intangible assets include computer software development and acquisitions. All software is given a finite useful life (5 years), based on assessments of the period that the software is expected to be of use to the Commissioner. The carrying amount of intangible assets is amortised on a straight line basis and is charged to the Comprehensive Income and Expenditure Statement.

A summary of the movements in intangible assets during the year and the position as at 31 March 2023 (with comparatives for 2021/22) is set out in the table below:

Intangible Assets	PCC/Group	
	2021/22 £000s	2022/23 £000s
Balance at start of year		
- Gross carrying amount	4,351	4,399
- Accumulated amortisation	(2,044)	(2,809)
Net carrying amount at start of year	2,307	1,590
Additions	118	1,057
Disposals	(70)	(332)
Amortisations for the period	(835)	(810)
Adjustment to Opening Balance	0	0
Amortisation adjustment re disposals	70	332
Net carrying amount at end of year	1,590	1,837
Comprising		
- Gross carrying amount	4,399	5,124
- Accumulated amortisation	(2,809)	(3,287)
	1,590	1,837

Intangible Assets are those which do not have physical substance but are controlled as a result of past events (e.g. software licences) where expenditure is capitalised when it is expected that future economic benefits or service potential will flow from the asset.

***Amortisation** is the practice of reducing the value of assets to reflect their reduced worth over time. The term means the same as depreciation.*

Accounting Policy - Intangible Assets

Intangible assets are initially measured at cost amounts and are only revalued where the fair value of the asset can be determined by an active market. The depreciable amount of an intangible asset is amortised over its useful life (usually 5 years) to the relevant function(s) in the Comprehensive Income and Expenditure Statement. Once intangible assets have been fully amortised, at the end of their useful lives, the gross book value and accumulated amortisation for those assets will be written out of the asset register. There will be no impact on the core financial statements (balance sheet) as a result of this as the net book value will already be nil.

Where expenditure on intangible assets qualifies as capital expenditure for statutory purposes, amortisation, impairment losses and disposal gains (and losses) are not permitted to have an impact on the Police Fund Balance. The amortisation, impairment and gains and losses on disposal are therefore reversed out of the Police Fund in the Movement in Reserves Statement and posted to the Capital Adjustment Account and (for any sale proceeds over £10,000) the Capital Receipts Reserve. An asset is tested for impairment, whenever there is an indication that the asset might be impaired – any losses recognised are posted to the relevant service line(s) in the Comprehensive Income and Expenditure Statement.

In accordance with the terms of the Commissioner's funding arrangement with the Chief Constable, all intangible assets are held by the Commissioner.

12 Private Finance Initiative (PFI)

Private Finance Initiatives (PFI) are arrangements to receive services where the responsibility for making available the property, plant and equipment needed to provide the services passes to the PFI contractor.

There is currently one PFI scheme recognised on the Balance Sheet and this relates to the Cumberland Basic Command Unit (BCU) deployment centre in Workington. Under the terms of the Commissioner's funding arrangement to the Chief Constable the Commissioner controls all property and, accordingly, the PFI building is recorded on the Balance Sheet of the Commissioner. A charge is made by the Commissioner to the Chief Constable in the Comprehensive Income and Expenditure Statement for the Chief Constable's use of the building and the services provided.

The former Police Authority entered an agreement for the construction and subsequent servicing of the building in September 2001 under a PFI arrangement. Under the agreement the PFI provider constructed the facility, and undertakes to make the building available to the Commissioner in a specified condition for a 25 year period in return for a monthly unitary charge payment made by the Commissioner. In addition the provider delivers a range of services in relation to the building which are specified in the PFI contract. At the end of the contract period the Commissioner has the right to acquire the building at 50% of its market value.

The PFI asset is recognised on the Commissioner's balance sheet along with a corresponding PFI finance lease liability which recognises the Commissioner's outstanding liability to pay for the asset. The PFI asset is depreciated and revalued in the same way as any other asset in accordance with accounting policies.

The amount paid to the PFI operator each year (known as the unitary charge payment) is now split into four elements in the accounts as follows:

- Service Charges – the fair value of the services received during the year which are debited to the relevant function in the Comprehensive Income and Expenditure Statement.
- Finance cost – an interest charge on the outstanding Balance Sheet liability, debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.
- Payment towards liability – applied to write down the Balance Sheet liability towards the PFI operator (the profile of write downs is calculated using the same principles as for a finance lease). However, a corresponding increase in the [minimum revenue provision](#) is made in accordance with the Commissioner's minimum revenue provision policy.
- Lifecycle replacement costs – a proportion of the amounts payable is posted to the Balance sheet as a prepayment and then recognised as additions to Property, Plant and Equipment when the relevant works are eventually carried out.

The following information is disclosed in relation to the PFI asset.

12.a Movement on Fixed Assets

The value and movement in value of the asset held under the PFI agreement is analysed in note 9 above.

12.b PFI Finance Lease Liability

The value of Liabilities resulting from the PFI Agreement are shown in the table below:

PFI Lease Liability	PCC/Group As at 31 March	
	2022 £000s	2023 £000s
Balance at the start of the year	(4,403)	(4,197)
Repayments made during year	206	233
Balance at the end of the year	(4,197)	(3,964)
Split of liability		
Current Liability	(233)	(263)
Long Term Liability	(3,964)	(3,701)
	(4,197)	(3,964)

12.c Payments Due to be made under PFI Contract

An estimate of the future payments to be made under the PFI contract are shown in the table below. Where applicable an estimated inflation index of 2% (linked to the GDP deflator) per annum has been applied to the payments.

Payments Due under PFI Contract	PCC/Group			
	Repayment of Liability £000s	Interest Payments £000s	Service Costs £000s	Total £000s
Repayable within one year	263	480	581	1,324
Between two and five years	3,701	1,008	1,502	6,211
	3,964	1,488	2,083	7,535

The repayment of liability figures include a sum of £2,910k between 2 and 5 years which recognises that there is reasonable certainty that the Commissioner will exercise his right to purchase the PFI building at the end of the PFI contract period. See critical judgement note 2 (page 43) for further explanation.

Accounting Policy - Private Finance Initiative (PFI) and Similar Contracts

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

The original recognition of these assets at [fair value](#) (based on the cost to purchase the property, plant and equipment) was balanced by the recognition of a liability for amounts due to the scheme operator to pay for the capital investment.

[Non-current assets](#) recognised on the Balance Sheet are re-valued and depreciated in the same way as property, plant and equipment.

In accordance with accounting practice, lifecycle replacement costs are now recognised when they are actually incurred. The Commissioner receives specific government funding from [DLUHC](#) as a contribution to the costs of financing the scheme.

13 Leases

13.a Finance Leases

The Commissioner has no material finance leases to be disclosed.

13.b Operating leases

The Commissioner utilises land and buildings and equipment assets under operating leases. The land and buildings are typically short to medium term rentals of buildings. The figures do however include the lease of land at Durranhill from Cumberland Council upon which the Cumberland BCU HQ and custody suite was constructed. This lease runs for a period of 125 years until March 2132 and the annual lease payments are currently £35k p.a. The equipment includes livescan fingerprint machines and photocopiers.

The future minimum lease payments due under non-cancellable leases in future years are:

Future Minimum Lease Payments	PCC/Group As at 31 March	
	2022	2023
	£000s	£000s
Not later than one year	217	292
Later than one year and not later than five years	140	140
Later than five years.	3,666	3,631
	4,023	4,063

The expenditure charged to the Net Cost of Police Services in relation to these leases was:

Lease Expenditure Charged to Net Cost of Police Services	PCC/Group	PCC/Group
	2021/22 £000s	2022/23 £000s
Minimum Lease Payments		
- Land and Buildings	131	126
- Equipment	105	129
	236	255



Cumberland BCU HQ – Carlisle

There are two categories of leases:
Operating leases are where the risks and rewards of ownership stay with the lessor and the annual rental charges are charged through the CI&ES
Finance leases are where the risks and rewards of ownership are transferred to the lessee and where the assets are recognised on the balance sheet of the lessee.

Accounting Policy - Leases

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

Where a lease covers both land and buildings, the land and building elements are considered separately for classification. Agreements that do not have the legal status of a lease but convey a right to use an asset in return for payment are accounted for under this policy where fulfillment of the arrangement is dependent on the use of specific assets.

Finance leases (as Lessee)

Property, plant and equipment held under finance leases is recognised on the Balance Sheet at the commencement of the lease at its [fair value](#) measured at the lease's inception (or the present value of the minimum lease payments, if lower). The asset recognised is matched by a liability for the obligation to pay the lessor. Initial direct costs are added to the carrying amount of the asset. Premiums paid on entry into a lease are applied to writing down the lease liability. Contingent rents are charged as expenses in the periods in which they are incurred.

Lease payments are apportioned between:

- A charge for the acquisition of the interest in the property, plant or equipment – applied to write down the lease liability, and
- A finance charge (debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement).

Property, plant and equipment recognised under finance leases is accounted for using the policies applied generally to such assets, subject to [depreciation](#) being charged over the lease term if this is shorter than the asset's estimated useful life (where ownership of the asset does not transfer at the end of the lease period).

Council tax is not required to be raised to cover depreciation or revaluation and [impairment](#) losses arising on leased assets. Instead, a prudent annual contribution is made from revenue funds towards the deemed capital investment in accordance with statutory requirements. Depreciation and revaluation and impairment losses are therefore substituted by a revenue contribution in the Police Fund balance, by way of an adjusting transaction within the [Capital Adjustment Account](#) in the Movement in Reserves Statement for the difference between the two.

Operating Leases (as Lessee)

- Rentals paid under operating leases are charged to the Comprehensive Income and Expenditure Statement as an expense of the functions benefitting from use of the leased property, plant or equipment. Charges are made on a straight line basis over the life of the lease.

Finance Leases (as Lessor)

- There are currently no finance leases as a lessor.

Operating Leases (as Lessor)

- Rental income received under operating leases are credited to the other operating expenditure line within the Comprehensive Income and Expenditure Statement, except where the property has been classified as an investment property, in which case the income is shown in the financing and investment income and expenditure line.

14 Short-term Debtors

Debtors reflect amounts owing to the Police and Crime Commissioner but not yet received at the end of the financial year.

A breakdown of the amounts owing to the Commissioner as at 31 March 2023 is set out in the table below:

Short-term Debtors	PCC		Group	
	As at 31 March		As at 31 March	
	2022	2023	2022	2023
	£000s	£000s	£000s	£000s
Trade Receivables	6,281	5,818	6,281	5,818
Prepayments/Payments in Advance	2,921	3,417	2,921	3,417
Other Receivable Amounts				
- Police Pensioners Prepayment	2,888	2,881	2,888	2,881
- Employees (accumulated compensating absences)	216	216	216	216
- Council Tax - Local Taxpayers (#)	3,902	3,943	3,902	3,943
- Council Tax - District Councils (#)	0	215	0	215
- VAT Reimbursement	874	1,279	874	1,279
Less Impairment Allowance for Doubtful Debts:		0		
- Trade Receivables	(10)	(13)	(10)	(13)
- Local Taxpayers (#)	(1,852)	(1,872)	(1,852)	(1,872)
	15,220	15,884	15,220	15,884
Balances Owed From Chief Constable:				
- Re CC Share of External Creditors	9,986	14,512	0	0
- Re balance of Funding	5,936	6,296	0	0
Total Debtors	31,142	36,692	15,220	15,884

The debtors in respect of Local Taxpayers represent the Commissioner's share of the debtors recorded by the six Cumbrian District Councils in respect of Council Tax. This figure is reduced by the Commissioner's share of their respective impairment allowance for doubtful debts. In a requirement from 2018/19 the Commissioner must show the age profile of debtors in respect of local taxation. The table on the next page provides this analysis.

Debtors for Local Taxation

The past due but not impaired amount for local taxation (council tax) can be analysed by age as follows:

Council Tax Debtors	PCC/Group	
	31 March 2022	31 March 2023
	£000s	£000s
Less than Three Months	70	71
Three to Six Months	20	22
Six Months to One Year	360	383
less than One year	1,027	961
More than One Year	2,425	2,506
	3,902	3,943

Please note, in the above table some district councils have provided the split of debtors over the wider categories of: less than 3 months, 3 to 6 months, 6 to 12 months and over 1 year whilst others have simply provided figures for under and over 1 year.

15 Short-term Creditors

Creditors reflect amounts owed by the Police and Crime Commissioner for goods and services received which had not been paid for at the end of the financial year.

An analysis of the amounts owed by the Commissioner as at 31 March 2023 is set out in the table below:

Short-term Creditors	PCC		Group	
	As at 31 March		As at 31 March	
	2022	2023	2022	2023
	£000s	£000s	£000s	£000s
Trade Payables	(3,391)	(8,191)	(3,391)	(8,191)
Receipts in Advance	(662)	(605)	(662)	(605)
Employees (accumulated compensating absences)	(4,722)	(5,020)	(4,722)	(5,020)
Council Tax - Local Taxpayers	(1,041)	(1,157)	(1,041)	(1,157)
Council Tax - District Councils	(1,189)	(1,045)	(1,189)	(1,045)
HMRC PAYE Amounts Due	(2,516)	(2,602)	(2,516)	(2,602)
	(13,521)	(18,620)	(13,521)	(18,620)
Balances Owed to Chief Constable:				
- Re CC Share of External & Employee Debtors	(5,682)	(5,990)	0	0
- Re balance of Funding	(6,909)	(11,242)	0	0
Total Creditors	(26,112)	(35,852)	(13,521)	(18,620)

In 2022/23 the Trade Payables include £2m received on behalf of the Cumbria Commissioner Fire and Rescue Authority (CCFRA) which does not belong in the accounts of the Police and Crime Commissioner/Constabulary Group position. The funds were transferred to the new CCFRA bank account on the 05th of April 2024.

16 Provisions

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

A brief description of the purpose of the individual provisions as at 31 March 2023 is provided below:

- Insurance liabilities – this provision has been established to meet a number of eventualities from ongoing claims which are not covered by external insurers. In particular, liability risks up to £250k per event (this figure was £25k until 1 November 2014 when the policy excess was increased to £100k, and increased again to £250k from 1 November 2021) are retained by the Commissioner and met internally. The provision for insurance liabilities is subject to an actuarial review on a biennial basis to determine the most appropriate level for the provision based on the circumstances at the time of the review.
- Legal Claims – this provision has been established to cover the potential costs relating to a number of legal claims that are currently ongoing.

The table below shows the movements during the year on each of the group provisions and the position as at 31 March 2023.

Provisions	Balance as at 01/04/22	Additional Provisions Made 2022/23	Amounts Used in 2022/23	Unused Amounts Reversed in 2022/23	Balance as at 31/03/23
	£000s	£000s	£000s	£000s	£000s
Insurance Liabilities	(682)	(70)	70	0	(682)
Legal Claims	(914)	(516)	261	144	(1,025)
Total Provisions	(1,596)	(586)	331	144	(1,707)

The comparative information for year ended 31 March 2022 is as follows:

Provisions	Balance as at 01/04/21	Additional Provisions Made 2021/22	Amounts Used in 2021/22	Unused Amounts Reversed in 2021/22	Balance as at 31/03/22
	£000s	£000s	£000s	£000s	£000s
Insurance Liabilities	(362)	(513)	193	0	(682)
Legal Claims	(1,033)	(200)	159	160	(914)
Total Provisions	(1,395)	(713)	352	160	(1,596)

Accounting Policy – Provisions

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

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

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

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

17 Financial Instruments

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

Under International Financial reporting Standards a full set of disclosure notes are required in respect of financial instruments. These notes for the PCC/Group are included in Section A of a separate technical appendix at Annex B on pages 107 to 112.

The disclosures include:

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

18 Pensions

The PCC/Group participates in the Local Government Pension Scheme (LGPS) for Police Staff and three pensions schemes in respect of Police Officers. Under International Financial reporting Standards a full set of disclosure notes are required in respect of Pensions. These notes for the PCC/Group are included in a separate technical appendix at Annex C on pages 113 to 124.

The disclosures include:

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

19 Usable Reserves

Usable reserves result from the Commissioner's activities and are available to be spent in future years.

In addition to the Commissioner's Police Fund, which the Commissioner aims to maintain at 3% of budgeted expenditure, the following reserves are maintained and accounted for in line with the Code of practice.

- [Capital Receipts](#) Reserve – this reserve is used to hold capital receipts until they are utilised to finance capital expenditure or reduce borrowing.
- Capital Grants Unapplied Account – this reserve is used to hold capital grants until they are utilised to finance capital expenditure.
- Capital Reserve – this reserve is a revenue backed earmarked reserve that has been set aside to fund capital expenditure.
- [Earmarked Reserves](#) - The Commissioner has a number of earmarked reserves that exist both to provide a [contingency](#) to cushion the effect of unexpected events and to provide a mechanism to build up funds to meet expected liabilities. The Commissioner's earmarked reserves have been formulated in conjunction with the [CIPFA](#) guidance on Reserves and [Provisions](#). Details of the earmarked reserves in existence and a brief description as to their purpose is included in note 8 to the accounts (see pages 59-60).

The movement in the Commissioner's Group and Single Entity Usable Reserves is detailed in the Movement in Reserves Statement (see pages 37 to 38), and the disclosure notes relating to Adjustments between the Accounting Basis and Funding Basis under regulations (Note 7) and Transfer to/from Earmarked reserves (Note 8).

Accounting Policy - Reserves

Specific amounts are set aside as [reserves](#) for future policy purposes or to cover contingencies. Reserves are created by appropriating amounts out of the Police Fund Balance in the Movement in Reserves Statement. When expenditure to be financed from a reserve is incurred, it is charged to the appropriate function in that year to score against the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement. The reserve is then appropriated back into the Police Fund balance in the Movement in Reserves Statement so that there is no net charge against Council Tax for the expenditure.

Reserves are classified in the Balance Sheet and the Movement in Reserves Statement as either 'usable' (those that can be applied to fund expenditure or reduce local taxation) and 'unusable' (those held for technical accounting purposes). Under the Commissioner's funding arrangement to the Chief Constable all usable reserves are controlled by the Commissioner and recorded in the balance sheet of the Commissioner.

20 Unusable Reserves

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

Certain reserves are kept to manage the accounting processes for [non-current assets](#), financial instruments, retirement and employee benefits and do not represent usable resources for the Commissioner.

20.a Revaluation Reserve

The [Revaluation Reserve](#) contains the overall gains made by the Commissioner arising from increases in the value of Property, Plant and Equipment and Intangible assets. The balance is reduced when assets with accumulated gains are:

- revalued downwards or impaired and the gains are lost,
- used in the provision of services and the gains are consumed through [depreciation](#), or
- disposed of and the gains are realised.

The Reserve records the unrealised net gain from the revaluation of non-current assets accumulated since 1 April 2007, the date that the reserve was created. Accumulated gains arising before that date are consolidated into the balance on the [Capital Adjustment Account](#). The balance is made up of individual credit balances associated with specific assets and will be equal to the difference between the current value net book value (NBV) and the historic cost NBV for all assets.

The movements on the reserve during 2022/23 and the previous year are set out in the table below:

Revaluation Reserve	PCC/Group 2021/22 £000s	PCC/Group 2022/23 £000s
Balance at Start of Year	14,871	19,948
Upward revaluation of assets	7,285	5,943
Downward revaluation of assets and impairment losses not charged to the Surplus/Deficit on the Provision of Services	(2,118)	(13)
Surplus or deficit on revaluation of non-current assets not posted to the Surplus/Deficit on the Provision of Services	5,167	5,930
Difference between fair value depreciation and historical cost depreciation	(90)	0
Amount written off to Capital Adjustment Account	(90)	0
Balance at End of Year	19,948	25,878

20.b Capital Adjustment Account

The [Capital Adjustment Account](#) (CAA) absorbs the timing differences arising from the different arrangements for accounting for the consumption of [non-current assets](#) and for financing the acquisition, construction or enhancement of those assets under statutory provisions. The Account is debited with the cost of acquisition, construction or enhancement as [depreciation](#), [impairment](#) losses and [amortisations](#) are charged to the Comprehensive Income and Expenditure Statement (with reconciling postings from the [Revaluation Reserve](#) to convert [fair value](#) figures to a historical cost basis). The account is credited with the amounts set aside by the Commissioner as finance for the costs of acquisition, construction and enhancement. The account contains revaluation gains accumulated on Property, Plant and Equipment before 1 April 2007, the date that the Revaluation reserve was created to hold such gains. Note 7 provides details of the source of all the transactions posted to the account apart from those involving the revaluation reserve.

The movements on the account during 2022/23 and the previous year are set out in the table below:

Capital Adjustment Account	PCC/Group 2021/22 £000s	PCC/Group 2022/23 £000s
Balance at Start of Year	30,451	29,614
Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement		
Charges for depreciation and impairment of non-current assets	(3,757)	(3,926)
Revaluation gains/(losses) on Property, Plant and Equipment	(943)	1,469
Amortisation of Intangible assets	(835)	(810)
Amounts of non-current assets written off on disposal or sale as part of the gain or loss on disposal to the Comprehensive Income and Expenditure Statement	(259)	0
	(5,794)	(3,267)
Adjusting amounts written out of the Revaluation Reserve	90	0
Net written out amount of the cost of non-current assets consumed in the year	(5,704)	(3,267)
Capital financing applied in the year:		
Use of the Capital Receipts Reserve to finance new capital expenditure	85	425
Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing	1,013	3,148
Statutory provision for the financing of capital investment charged against the General Fund (MRP)	629	653
Capital expenditure charged against the Police Fund	3,140	505
	4,867	4,731
Balance at End of Year	29,614	31,078

20.c Collection Fund Adjustment Account

The Collection Fund Adjustment Account manages the differences arising from the recognition of Council Tax income in the Comprehensive Income and Expenditure Statement as it falls due from Council Tax payers compared with the statutory arrangements.

The end of year balance on the account reflects the Commissioner's aggregate share of the Surplus/(Deficit) on the Collection fund operated by each of the 6 district councils (or billing authorities) that has yet to be distributed. The movements on the account during 2022/23 and the previous year are set out in the table below:

Collection Fund Adjustment Account	PCC/Group 2021/22 £000s	PCC/Group 2022/23 £000s
Balance at Start of Year	(658)	18
Amount by which council tax income credited to the Comprehensive Income and Expenditure Statement is different from council tax income calculated for the year in accordance with statutory requirements	676	66
Balance at End of Year	18	84

A further breakdown of the movement in year by district council, is provided in note 28 on page 94.

Accounting Policy – Collection Fund

Council Tax is collected from local taxpayers by the billing authorities (district councils). The billing authorities in England are required by statute to maintain a separate fund, known as the **Collection Fund**, for the collection and distribution of amounts due in respect of Council Tax. The fund's key features relevant to accounting for Council Tax in the core financial statements of the billing authorities are:

- In its capacity as a billing authority the council acts as agent; it collects and distributes Council Tax income on behalf of the major preceptors (County Council and the Police and Crime Commissioner for Cumbria) and itself.
- While the Council Tax income for the year credited to the collection fund is accrued income for the year, regulations determine when it should be released from the collection fund and transferred to the general fund of the billing authority or paid out of the collection fund to major preceptors.
- Up to 2008/09 the SORP required the Council Tax income included in the Comprehensive Income and Expenditure Statement to be that which under regulation was required to be transferred from the collection Fund to the general fund of the billing authority. The Major precepting bodies were simply required to show the [precept](#) received from the billing authority during the year.

From the year commencing 1 April 2009, the Council Tax income included in the Comprehensive Income and Expenditure Statement for the year shall be the accrued income for the year. The difference between the income included in the Comprehensive Income and Expenditure Statement and the amount required by regulation to be credited to the collection fund shall be taken to the Collection Fund Adjustment Account and included as a reconciling item in the Movement in Reserves Statement.

Since the collection of Council Tax is, in substance, an agency arrangement, cash collected by the billing authority from Council Tax [debtors](#) belongs proportionately to the billing authority and the major preceptors. There will be therefore a debtor/creditor position between the billing authorities and each major preceptor to be recognised since the net cash paid to each major preceptor in the year will not be its share of cash collected from Council Taxpayers.

The Comprehensive Income and Expenditure Statement shows the share of cash collected in relation to Council Tax for the year. A transfer has been made to the collection fund adjustment account to record the amount due to/from the six districts (billing authorities) as at the year end. The debtors and [creditors](#) contained within the balance sheet now shows the share of Council Tax debtors (less an adjustment for bad and doubtful debts), Council Tax creditors, prepayments and a recognition of the amounts owed to or from the billing authorities.

20.d Accumulated Absences Account

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

Accumulated Absences Account	PCC 2021/22 £000s	PCC 2022/23 £000s	Group 2021/22 £000s	Group 2022/23 £000s
Balance at Start of Year	(69)	(49)	(5,607)	(4,506)
Settlement or cancellation of accrual made at the end of the preceding year	69	49	5,607	4,506
Amounts accrued at the end of the current year	(49)	(44)	(4,506)	(4,805)
Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	20	5	1,101	(299)
Balance at End of Year	(49)	(44)	(4,506)	(4,805)

Accounting Policy - Employee Benefits payable during Employment

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

20.e Pensions Reserve

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

Pensions Reserve	PCC		Group		Group	
	LGPS Pensions		LGPS Pensions		Police Pensions	
	2021/22	2022/23	2021/22	2022/23	2021/22	2022/23
	£000s	£000s	£000s	£000s	£000s	£000s
Balance at Start of Year	(1,385)	(1,104)	(74,805)	(60,929)	(1,447,160)	(1,459,590)
Remeasurement of the net defined pension benefit liability/asset	441	1,675	19,965	87,675	13,450	425,510
Reversal of items relating to retirement benefits debited or credited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement	(265)	(279)	(10,079)	(10,326)	(62,920)	(66,980)
Employer's pension contributions and direct payments to pensioners payable in the year.	105	127	3,990	4,279	37,040	35,380
Impact of Asset Ceiling	0	(419)	0	(20,699)	0	0
Balance at End of Year	(1,104)	0	(60,929)	0	(1,459,590)	(1,065,680)

21 Related Party Transactions

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

21.a Chief Constable for Cumbria Constabulary

The Police and Crime Commissioner has direct control over the Chief Constable's finances, providing funding for all running costs and taking responsibility for funding of all pensions' liabilities. The Commissioner is responsible for setting the Police and Crime Plan. The Chief Constable retains operational independence and operates within the funding arrangement set by the Commissioner, to deliver the aims and objectives set out in the Police and Crime Plan.

21.b Central Government

Central government has effective control over the general operations of the Commissioner – it is responsible for providing the statutory framework within which the Commissioner operates and provides the majority of its funding in the form of grants. Grants received from government departments are set out in the Comprehensive Income and Expenditure Statement (pages 35-36). Government Grants included within the Net Cost of Services are detailed in note 27 below, the extent to which these grants are outstanding at the end of the year is recorded in short-term [debtors](#) note 14.

21.c Members

The Commissioner has nine appointed Members, five who serve on the Joint Audit Committee and four who serve on the Ethics and Integrity Panel. These members are required to declare any direct financial relationship through outside bodies or companies with the Commissioner. No material transactions have been reported in respect of the 2022/23 financial year. The total members allowances paid in 2022/23 are shown in note 22.

21.d Officers and Employees

Employees of the Commissioner and senior officers and staff of the Constabulary were asked to declare any direct financial relationship through outside bodies or companies with the Commissioner. No material transactions have been reported in respect of the 2022/23 financial year.

21.e Other Public Bodies

The Commissioner's transactions with the Cumbria Local Government Pension Scheme (administered by the former County Council) are shown in the pension related disclosure notes included within the Technical Annex (Annex C) pages 113-124.

The amounts received in respect of council tax income from the former six Cumbrian District Councils are detailed in note 28.

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

- The PCC for Cheshire – North West Underwater Search Unit, Northwest Armed Policing Collaboration, Northwest Strategic Automatic Number Plate Recognition (ANPR) and Regional Emergency Services Network (ESN).
- The PCC for Merseyside – Regional Crime Unit, Regional Intelligence Unit, Prison Intelligence Unit, Technical Support Unit, Government Agency Intelligence Network (GAIN), Confiscation Unit, Regional Assets Recovery Team, Operational Security (OPSEY), Cyber Crime, Regional Fraud Team, Regional Insourced Forensic Science Services.
- The PCC for Lancashire – Regional Insourced Forensic Science Services.

22 Members Allowances and Expenses

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

Members Allowances	PCC/Group 2021/22 £000s	PCC/Group 2022/23 £000s
Basic Allowance	22	21
Travel and Subsistence	2	6
	24	27
Analysis by Type:		
Joint Audit Committee	9	10
Ethics and Integrity Panel	8	9
Independent Custody Visitors	1	4
Misconduct Panel	6	4
	24	27

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

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

23 Disclosure of Remuneration for Senior Employees

The following tables set out the remuneration disclosures for Senior Officers and Relevant Police Officers whose salary is more than £50,000 per year. The first table provides the information for 2022/23 and the second provides comparatives for 2021/22.

The table below gives the PCC and Group information for 2022/23 in £000s.

Postholder Information Post Title	Note	Salary (including Fees & Allowances)	Expense Allowances	Salary Sacrifice	Benefits in Kind	Other Payments (Police Officers Only)	Total Remuneration Excluding pension Contributions	Pension Contributions	Total Remuneration Including pension Contributions
Shown in Single Entity Statements of Police & Crime Commissioner									
Police & Crime Commissioner		68	0	0	0	0	68	13	81
PCC Chief Executive (a)	11	90	0	0	0	0	90	17	107
PCC Chief Executive (b)	11	90	0	(3)	0	0	87	17	104
Total PCC		248	0	(3)	0	0	245	47	292
Shown in Single Entity Statements of Chief Constable									
Chief Constable - Michelle Skeer		164	9	0	0	3	176	0	176
Deputy Chief Constable (a)	1	1	0	0	0	0	1	0	1
Deputy Chief Constable (b)	2	137	0	0	0	4	141	0	141
Deputy Chief Constable (c)	3	91	(1)	0	0	9	99	28	127
Assistant Chief Officer	4	93	8	5	0	0	106	17	123
Temporary Assistant Chief Constable		113	9	0	0	0	122	29	151
Joint Chief Finance Officer		90	0	0	0	0	90	17	107
Director of Corporate Support		90	0	0	0	0	90	17	107
Chief Superintendent (Cumberland)	5	93	2	2	0	0	97	28	125
Chief Superintendent - Crime & Intel Command	6	87	3	1	0	0	91	27	118
Temporary Chief Superintendant - Crime Command	7	8	0	0	0	0	8	0	8
Chief Superintendent (Operations)	8	88	1	1	0	0	90	27	117
Temporary Chief Superintendent (Standard Insight & Performance Command)	9	90	1	2	0	0	93	27	120
Chief Superintendant (Westmorland & Furness)	10	93	2	0	0	0	95	28	123
Director of Legal Services		90	1	(1)	1	0	91	17	108
Total CC		1,328	35	(1)	12	16	1,390	262	1,652
Total Group		1,576	35	(4)	12	16	1,635	309	1,944

Notes

- Deputy Chief Constable (a) resigned on 04/04/2022.
- Deputy Chief Constable (b) is seconded to the Police Officer Uplift Programme and associated costs are reimbursed by other forces.
- Deputy Chief Constable (c) joined the Constabulary on 08/07/2022.
- The Assistant Chief Officer joined the Constabulary on 25/06/2022.
- The Chief Superintendent (Cumberland) took up the post on 05/09/2022, prior to that she was the Chief Superintendent (Insight & Performance).
- The Chief Superintendent (Crime & Intel Command) was promoted to Chief Superintendent w.e.f. 23/05/2022.
- The Temporary Chief Superintendent (Crime Command) retired on 29/04/2022.
- The Chief Superintendent (Operations) was promoted to Chief Superintendent on 05/09/2022.
- The temporary Chief Superintendent (Insight and Performance) was promoted to Chief Superintendent 05/09/2022.
- The Chief Superintendent (Westmorland and Furness) was promoted to Chief Superintendent on 05/09/2022.
- The role of Chief Executive to the Commissioner is shared between two individuals each taking responsibility for six months of the year. For the other six month period each will act as Deputy Chief Executive.

Notes to the Accounts

The comparative PCC and Group figures for 2021/22 in £000s, are set out in the table below:

Postholder Information Post Title	Note	Salary (including Fees & Allowances)	Expense Allowances	Benefits in Kind	Other Payments (Police Officers Only)	Total Remuneration Excluding pension Contributions	Pension Contributions	Total Remuneration Including pension Contributions
Shown in Single Entity Statements of Police & Crime Commissioner								
Police & Crime Commissioner		67	0	0	0	67	12	79
PCC Chief Executive (a)	9	87	0	0	0	87	16	103
PCC Chief Executive (b)	9	87	0	0	0	87	16	103
Total PCC		241	0	0	0	241	44	285
Shown in Single Entity Statements of Chief Constable								
Chief Constable - Michelle Skeer		162	7	0	3	172	0	172
Deputy Chief Constable (a)		123	7	0	11	141	38	179
Deputy Chief Constable (b)	1	126	0	0	3	129	0	129
Assistant Chief Constable	2	55	3	0	1	59	17	76
Temporary Assistant Chief Constable	3	95	6	0	0	101	26	127
Joint Chief Finance Officer		89	0	0	0	89	16	105
Director of Corporate Support		89	0	0	0	89	16	105
Chief Superintendent (Insight & performance)	4	89	1	1	0	91	27	118
Temporary Chief Superintendent - Crime Command		93	2	1	3	99	5	104
Temporary Chief Superintendent (Operations & Neighbourhood) (a)	5	8	0	0	1	9	2	11
Chief Superintendent (Operations & Neighbourhood) (b)	6	80	1	1	0	82	24	106
Temporary Chief Superintendent (Operations & Neighbourhood) (c)	7	87	2	1	0	90	26	116
Superintendent - D Stalker (Head of People)	8	74	2	1	0	77	23	100
Director of Legal Services		89	1	1	0	91	16	107
Total CC		1,259	32	6	22	1,319	236	1,555
Total Group		1,500	32	6	22	1,560	280	1,840

Notes

- Deputy Chief Constable (b) is seconded to the Police Officer Uplift Programme and associated costs are reimbursed by other forces.
- The Assistant Chief Constable retired on 15/09/2021.
- The Temporary Assistant Chief Constable was temporarily promoted to ACC from 28/06/2021.
- The Chief Superintendent Insight & Performance was promoted to Chief Superintendent w.e.f. 01/04/21.
- The Temporary Chief Superintendent (Operations & Neighbourhood)(a) retired on 03/05/2021.
- The Chief Superintendent (Operations and Neighbourhood)(b) held the role between 01/04/21 and 05/09/2021.
- The temporary Chief Superintendent (Operations and Neighbourhood policing) (c) was appointed to the role from 06/09/21.
- The Superintendent (Head of People) was appointed to the role on 01/04/21.
- The role of Chief Executive to the Commissioner is shared between two individuals each taking responsibility for six months of the year. For the other six month period each will act as Deputy Chief Executive.

24 Employee Remuneration

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

Remuneration Band	2021/22				2022/23			
	PCC	CC	CC	Group	PCC	CC	CC	Group
	Police Staff	Police Staff	Snr Police Officers	Total	Police Staff	Police Staff	Snr Police Officers	Total
£50,000 to £54,999	0	12	0	12	0	7	0	7
£55,000 to £59,999	0	4	1	5	0	5	0	5
£60,000 to £64,999	0	3	0	3	0	1	0	1
£65,000 to £69,999	1	7	0	8	1	7	0	8
£70,000 to £74,999	0	0	0	0	0	1	0	1
£75,000 to £79,999	0	0	0	0	0	1	0	1
£80,000 to £84,999	0	0	1	1	0	0	0	0
£85,000 to £89,999	2	3	3	8	1	0	2	3
£90,000 to £94,999	0	0	0	0	1	3	3	7
£95,000 to £99,999	0	0	2	2	0	1	1	2
£100,000 to £104,999	0	0	0	0	0	0	0	0
£105,000 to £109,999	0	0	0	0	0	0	0	0
£110,000 to £114,999	0	0	0	0	0	0	1	1
£115,000 to £119,999	0	0	0	0	0	0	0	0
£120,000 to £124,999	0	0	0	0	0	0	0	0
£125,000 to £129,999	0	0	1	1	0	0	0	0
£130,000 to £134,999	0	0	1	1	0	0	0	0
£135,000 to £139,999	0	0	0	0	0	0	0	0
£140,000 to £144,999	0	0	0	0	0	0	1	1
£145,000 to £149,999	0	0	0	0	0	0	0	0
£150,000 to £154,999	0	0	0	0	0	0	0	0
£155,000 to £159,999	0	0	0	0	0	0	0	0
£160,000 to £164,999	0	0	0	0	0	0	0	0
£165,000 to £169,999	0	0	1	1	0	0	1	1
£170,000 to £174,999	0	0	0	0	0	0	0	0
£175,000 to £179,999	0	0	0	0	0	0	0	0
Total	3	29	10	42	3	26	9	38

In 2022/23 the remuneration for 282 Police Officers (252 in 2021/22) superintendent rank and below (who are not required to be disclosed in the above note under regulations) exceeded £50,000.

The table above includes those employees and senior police officers that are also required to be disclosed on a more detailed individual basis. Please see note 23 for more information.

25 Exit Packages/Termination Payments

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

Exit package cost band (including special payments)	PCC/Group		PCC/Group		PCC/Group		PCC/Group	
	Number of Compulsory Redundancies		Number of other Departures Agreed		Total Number of Exit Packages by cost band		Total cost of exit packages in each band	
	2021/22 Headcount	2022/23 Headcount	2021/22 Headcount	2022/23 Headcount	2021/22 Headcount	2022/23 Headcount	2021/22 £000's	2022/23 £000's
£0-£20,000	0	0	0	1	0	1	0	18
£20,001 - £40,000	0	0	1	2	1	2	30	65
£40,001 - £60,000	0	0	0	0	0	0	0	0
£60,001 - £80,000	0	0	0	0	0	0	0	0
£80,001 - £100,000	0	0	1	1	1	1	87	82
£100,001 - £150,000	0	0	0	0	0	0	0	0
Total	0	0	2	4	2	4	117	165

During 2022/23 the contracts of a small number of employees were terminated incurring termination payments amounting to £165k (£117k in 2021/22). This amount is made up of exit packages paid in 2022/23.

The exit packages paid in 2022/23 relate to two voluntary redundancies and two other agreed terminations and amount to £165k (£117k in 2021/22). The exit packages can be further split into compensation for loss of employment £101k (£28k in 2021/22) and enhanced pension benefits £64k (£89k in 2021/22). The redundancies are as a result of the Constabulary's change programme. The Exit Packages table above provides details of the number and total cost of exit packages per band and include those exit packages paid in 2022/23.

Accounting Policy - Termination Benefits

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

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

26 Audit Fees

In 2022/23 the Commissioner and Chief Constable incurred the following fees relating to external audit services provided by Grant Thornton UK LLP.

External Audit Fees	Group 2021/22 £000s	Group 2022/23 £000s
Amounts Relating to The Police and Crime Commissioner		
Fees payable to Grant Thornton UK LLP with regard to external audit services carried out by the appointed auditor:		
- In relation to 2021/22 Audit	44	0
- Additional Fee in relation to 2020/21 Audit	10	0
- In relation to 2022/23 Audit	0	49
- Additional Fee in relation to 2021/22 Audit	0	2
	54	51
Amounts Relating to The Chief Constable		
Fees payable to Grant Thornton UK LLP with regard to external audit services carried out by the appointed auditor:		
- In relation to 2021/22 Audit	18	0
- Additional Fee in relation to 2020/21 Audit	2	0
- In relation to 2022/23 Audit	0	22
- Additional Fee in relation to 2021/22 Audit	0	3
	20	25
Other Services		
Rebate from Public Sector Audit Appointments in year.	(7)	0
Total External Audit Fees for Year	67	76

The above table shows the gross fees payable to the external auditor during the year. In 2021/22 rebates of audit fees of £5k for the PCC and £2k for the Chief Constable were received from Public Sector Audit Appointments.

The amounts in the table agree to the amounts recorded in the comprehensive income and expenditure statement. Subsequent to the closure of the accounts for 2021/22, the external auditors advised in June that their intended audit fee in relation to the 2021/22 audit was to increase to £46k for the PCC and £20k for the Constabulary, the combined difference of £4k has been reflected in the accounts for 2022/23.

27 Grant Income

The Commissioner credited the following grants and contributions to the Comprehensive Income and Expenditure Statement in 2022/23.

Grant Income	PCC/Group	
	2021/22 £000s	2022/23 £000s
Credited to Taxation and Non Specific Grant Income		
Capital grants and contributions - General	97	0
Formula Funding (Home Office)	35,146	37,230
Council Tax Freeze & Local Council Tax Support Support (Home Office)	4,850	4,850
Home Office Police Grant	33,344	35,373
PFI Grant (Home Office)	688	688
TOTAL	74,125	78,141
Credited to other Operating Expenditure		
Police Pension Grant (Home Office)	21,360	19,347
	21,360	19,347
Credited to Services		
<i>Grants and Contributions - Central Government</i>		
Apprenticeship Levy (Home Office)	564	814
Apprenticeship Grant (ESFA)	58	65
Criminal Records Bureau (Home Office)	410	514
Police Pension Contribution (Home Office)	1,174	1,175
Operation Uplift (Home Office)	912	1,138
COVID-19 Surge Funding & Loss of Income (Home Office)	509	0
ATOM Programme (Home Office)	1	990
Safer Streets Fund (Home Office)	639	548
Police STAR Board Grant (Home Office)	338	955
Victims Services (Ministry of Justice)	1,118	1,396
Local Tax Income Guarantee Compensation (DLUHC)	853	19
Domestic Abuse Perpetrator Funding (HO)	0	200
Serious Violence Duty (HO)	0	30
Collaborations (Various)	140	137
	6,716	7,981
<i>Grants and Contributions - Other</i>		
NHS Funding (SASS)	353	78
Local Partnership	368	446
Youth Offending Team (Cumbria CC)	101	97
Safer Cumbria Delivery Board (PCC for Cumbria)	199	218
	1,021	839
TOTAL	7,737	8,820

Accounting Policy - Government Grants and Contributions

Whether paid on account, by installments or in arrears, government grants and third party contributions and donations are recognised as due when there is reasonable assurance of:

- compliance with the conditions attached to the payments, and
- the grants or contributions will be received.

Amounts recognised as due are not credited to the Comprehensive Income and Expenditure Statement until conditions attached to the grant or contribution have been satisfied. Conditions are stipulations that specify that the future economic benefits or service potential embodied in the asset acquired using the grant or contribution are required to be consumed by the recipient as specified, or future economic benefits or service potential must be returned to the body making the grant or contribution.

Monies advanced as grants or contributions for which conditions have not been satisfied are carried on the balance sheet as [creditors](#). When conditions are satisfied, the grant or contribution is credited to the relevant function line (attributable revenue grants and contributions) or Taxation and Non-Specific Grants Income (non-ringfenced revenue grants and all capital grants) in the Comprehensive Income and Expenditure Statement.

Where capital grants are credited to the Comprehensive Income and Expenditure Statement, they are reversed out of the Police Fund Balance in the Movement in Reserves Statement. Where the grant has yet to be used to finance [capital expenditure](#), it is posted to the Capital Grants Unapplied reserve. Where it has been applied, it is posted to the [Capital Adjustment Account](#). Amounts in the Capital Grants Unapplied reserve are transferred to the Capital Adjustment Account once they have been applied to fund capital expenditure.

In accordance with the statutory responsibility of the Commissioner to maintain the Police Fund contained within the Police Reform and Social Responsibility Act 2011, all grants are recognised in the accounts of the Commissioner.

28 Income from Council Tax

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

The income from Council Tax for 2022/23 is received as precept from the six district councils as set out below:

Council Tax Income	Precept Paid 2022/23 £000s	PCC/Group Adjustment Re Debtors/ (Creditors) £000s	Income from Council Tax £000s
Allerdale District Council	8,780	66	8,846
Barrow Borough Council	5,526	106	5,632
Carlisle City Council	10,054	(100)	9,954
Copeland Borough Council	5,985	(15)	5,970
Eden District Council	5,824	48	5,872
South Lakeland District Council	12,926	(38)	12,888
	49,095	67	49,162

The comparative information for 2021/22 is as follows:

Council Tax Income	Precept Paid 2021/22 £000s	PCC/Group Adjustment Re Debtors/ (Creditors) £000s	Income from Council Tax £000s
Allerdale District Council	8,411	(6)	8,405
Barrow Borough Council	5,300	59	5,359
Carlisle City Council	9,363	83	9,446
Copeland Borough Council	5,655	38	5,693
Eden District Council	5,619	(11)	5,608
South Lakeland District Council	12,273	513	12,786
	46,621	676	47,297

29 Capital Expenditure and Capital Financing

Capital expenditure can be defined as expenditure on the acquisition, construction or enhancement of non-current assets which adds to and not merely maintains the value of a non-current asset.

The commissioner approves on an annual basis a capital programme for the Constabulary. The capital programme is fully funded for a four year period to tie in with the medium term financial forecast. The capital programme covers the routine cyclical replacement of ICT equipment and vehicles and also includes specific one off projects. Due to the cyclical nature of the majority of the capital programme, the programme is also modelled at a high level over a 10 year longer term horizon. The capital programme for 2022/23 was approved by the Commissioner at his Public Accountability Conference on 19 February 2022, papers for which can be found on the Commissioner’s website.

The capital outturn report for 2022/23 was approved by the Commissioner on 6 June 2023 and can also be found on the Commissioner’s website.

The total amount of [capital expenditure](#) incurred in the year is shown in the table below.

Capital Expenditure	PCC/Group	
	2021/22 £000s	2022/23 £000s
Technology Schemes		
Computer Hardware & Infrastructure	1,433	1,195
Control Room Futures	82	11
Emergency Services Network (ESN)	210	132
Records Management System	0	35
Firearms Licensing Digitisation	0	48
CCTV Replacement and Analytics	0	372
ANPR	0	91
PSD Auditing Software	0	50
Other Technology Schemes	130	4
	1,855	1,938
Vehicles Replacement Scheme	2,123	803
Building Schemes		
Dog Kennels	1,133	14
Heating, Ventilation & Colling Plant @ Durrnahil	0	15
Learning & Development Centre	13	204
HQ UPS	18	0
Other Building Schemes	(2)	22
	1,162	255
Equipment Schemes		
Automatic Number Plate Recognition (ANPR)	45	0
Taser Expansion	68	0
CCTV Replacement	0	0
Glock Pistol Replacement	0	39
	113	39
Intangible Assets	118	1,057
Total Capital Expenditure	5,371	4,092

29.a Capital Financing

The table below illustrates the resources used to finance [capital expenditure](#). Where capital expenditure is to be financed in future years by charges to revenue as assets are used by the Commissioner, the expenditure results in an increase in the [Capital Financing Requirement](#) (CFR), a measure of the capital expenditure incurred historically by the Commissioner that has yet to be financed. The CFR is analysed below:

Capital Financing Requirement	PCC/Group	
	2021/22 £000s	2022/23 £000s
Opening Capital Financing Requirement	21,603	22,107
<i>Capital investment</i>		
Property, Plant and Equipment	5,253	3,035
Intangible Assets	118	1,057
<i>Sources of Finance</i>		
Capital receipts	(85)	(425)
Government grants and other contributions	(1,013)	(3,148)
Sums set aside from revenue:		
- Direct revenue contributions	(3,140)	(505)
- Minimum revenue provision	(629)	(653)
Closing Capital Financing Requirement	22,107	21,468
<i>Explanation of Movements in Year</i>		
Increase in underlying need to borrow (unsupported by government financial assistance)	(629)	(653)
Notional/Internal Borrowing	1,133	14
Increase/(Decrease) in Capital Financing Requirement	504	(639)

30 Capital Commitments

The Commissioner has outstanding contractual commitments amounting to £2,986k in respect of a number of schemes from the 2022/23 capital programme (£1,835k in 2021/22).

Outstanding Capital Commitments	PCC/Group As at 31 March	
	2022 £000s	2023 £000s
ICT Core Hardware	194	13
ICT Core Hardware - Radio Replacements	0	37
Control Room Futures	0	293
Police Works / Silverlite	237	0
Audit Software	50	0
Records Management System	831	626
Firearms Digitalisation	0	22
CCTV	0	186
Vehicle Replacement	377	1,684
Learning and Development Centre	92	87
Dog Section: Wreay	3	0
West Estates	12	0
Carlisle M&E	0	38
Glock Replacements	39	0
Total	1,835	2,986

31 Minimum Revenue Provision

Regulations 27 and 28 of the Capital Financing and Accounting Regulations 2003 require the Commissioner to make a provision from revenue for the repayment of any undischarged credit liabilities. This is referred to as the [Minimum Revenue Provision](#) (MRP). Additional voluntary contributions are permitted, which have the effect of reducing the Commissioner's [Capital Financing Requirement](#).

In line with the Capital Finance and Accounting regulations a Statement of MRP Policy was approved in February 2017 as part of the Treasury Management Strategy Statement. The policy states that MRP will be calculated using the regulatory method for debt incurred prior to 1 April 2008 and on the asset life basis for debt incurred after this date. In respect of PFI assets brought onto the balance sheet under the 2009 SORP, the MRP provision will match the annual principal repayment for the associated deferred liability.

The Minimum Revenue Provision charged for the year 2022/23 (and comparatives for 2021/22) is made up as follows:

Minimum Revenue Provision	PCC/Group	PCC/Group
	2021/22	2022/23
	£000s	£000s
Minimum Revenue Provisions (MRP)		
Core MRP	423	420
PFI MRP	206	233
Total MRP for Year	629	653

32 Accounting Standards that have been Issued but have not yet been Adopted

For 2022/23 the following accounting policy changes that need to be reported relate to:

- IFRS 16 Leases (but only for those local authorities that have decided to voluntarily implement IFRS16 in the 2023/24 year). Note the OPCC/Constabulary have chosen to delay the adoption until 2024/25.
- Where an authority adopted IFRS 16 in 2022/23 but chose to defer implementation of IFRS 16 to PFI/PPP arrangements until 2023/24 information on that more specific accounting change will be required in its 2022/23 statements of accounts.
- Definition of Accounting Estimates (Amendments to IAS 8) issued in February 2021.
- Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2) issued in February 2021.
- Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12) issued in May 2021.
- Updating a Reference to the Conceptual Framework (Amendments to IFRS 3) issued in May 2020.

Note that a) will only be applicable to local authorities that intend to voluntarily implement IFRS 16 in 2023/24, and item b) will only be applicable to local authorities that have voluntarily implemented IFRS 16 in 2022/23 but chose to defer implementation for PFI/PPP arrangements until 2023/24. It is likely that though they lead to improved reporting that items c) and d) will not have a significant impact on the amounts anticipated to be reported in the financial statements. Item e) will only be applicable to local authorities with group accounts and it is likely that there will be limited application of item f).

In the Financial Statements for 2023/24, the effect of the changes will be assessed and where necessary, the comparative figures restated.

33 Pension Challenge

The Chief Constable of Cumbria along with other Chief Constables and the Home Office currently has a number of claims in respect of unlawful discrimination arising from transitional provisions in the Police Pension Regulations 2015.

Legal Claims

Claimants have lodged claims for compensation under two active sets of litigation, Aarons and Penningtons.

Aarons & Ors

Government Legal Department settled the injury to feelings claims for Aarons on behalf of Chief Officers without seeking any financial contributions. Pecuniary loss claims have been stayed until the remedy is brought into force from 1 October 2023. The settlement of the injury to feelings claims for Aarons sets a helpful precedent.

Therefore no liability in respect of compensation claims is recognised in these accounts.

Penningtons

As at 31 March 2022, it is not possible to reliably estimate the extent or likelihood of these claims being successful, and therefore no liability in respect of compensation claims is recognised in these accounts.

Remedy

The Public Service Pensions and Judicial Offices Act 2022 (PSPJOA 2022) legislates for how the government will remove the discrimination identified by the courts in the way that the 2015 reforms were introduced for some members.

The main elements of the Act are:

- Changes implemented across all the main public service pension schemes in response to the Court of Appeal judgment in the McCloud and Sargeant cases:
- Eligible members of the main unfunded pension schemes have a choice of the benefits they wish to take for the “remedy period” of April 2015 to 31 March 2022.
- From 1 April 2022, when the remedy period ends, all those in service in main unfunded schemes will be members of the reformed pension schemes, ensuring equal treatment from that point on.
- Ensures there are no reductions to member benefits as a result of the 2016 cost control valuations.

Impact on pension liability

Allowing for all eligible members to accrue benefits from their legacy scheme during the remedy period would lead to an increase in the Police Pension Scheme liabilities. Scheme actuaries originally estimated the increase in scheme liabilities for Cumbria Constabulary to be 5% or £50m of pension scheme liabilities

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

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

Police Officer Pension Fund Account

Police Officer Pension Fund Account

This statement provides information on transactions on the Police Pension Fund Account for the 2022/23 financial year together with comparative information for 2021/22.

Police Officer Pension Fund Account	Group 2021/22 £000s	Group 2022/23 £000s
Contributions Receivable		
Employer		
- Contributions (31.0% of Pensionable Pay)	(14,043)	(14,714)
Officers' Contributions		
- 1987 Scheme Member Contributions (see narrative for rates)	(466)	(2)
- 2006 Scheme Member Contributions (see narrative for rates)	(28)	0
- 2015 Scheme Member Contributions (see narrative for rates)	(5,555)	(6,346)
	(20,092)	(21,062)
Transferees in from Other Schemes	(12)	(121)
Capital Equivalent charge for ill-health schemes	(174)	(255)
	(186)	(376)
Benefits Payable		
Recurrent Pensions	32,009	33,656
Commutations and Lump Sums	8,937	6,882
Other (Scheme Pays)	333	84
	41,279	40,622
Payments to and on Account of Leavers		
Refund of Contributions	52	57
Transfer out to other schemes	307	106
	359	163
Net Amount Payable for the Year	21,360	19,347
Additional Contribution from the Police & Crime Commissioner	(21,360)	(19,347)
Net Amount Payable (Receivable) for the Year	0	0

Net Assets Statement

This statement shows the net assets and liabilities of the scheme as at 31 March 2023.

Pension Fund Net Assets & liabilities	Group 2021/22 £000s	Group 2022/23 £000s
Current Assets		
Pensions Benefits paid in advance	2,735	2,810
Current Liabilities		
Amount due to the Police & Crime Commissioner	(2,735)	(2,810)
	0	0

Accounting Policies

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

Operation of Police Pensions Schemes

Since 1 April 2015 the Chief Constable has operated three Pensions Schemes for Police Officers. These are unfunded schemes, meaning that there are no investment assets built up to meet the pensions liabilities, and cash has to be generated to meet actual pension payments as they fall due. The original Police Officer Pension scheme is known as the 1987 scheme. The second scheme was introduced in April 2006 with the intention that joint contributions of employers and employees would finance the full costs of pension liabilities. All Police Officers recruited from April 2006 onwards automatically become members of the 2006 scheme and the previous 1987 scheme was closed to new members. Officers who were members of the 1987 scheme were allowed by regulation to become members of the 2006 scheme if they wished. Members' contribution rates for 2022/23 and 2021/22 were between 11% and 12.75% for the 2006 scheme and between 14.25% and 15.05% for the 1987 scheme.

From 1 April 2015, a new pension scheme was introduced for Police Officers, known as the 2015 Scheme. The 2015 scheme is based on career average revalued earnings (CARE). All Police Officers recruited from 1 April 2015 automatically become members of the new scheme and the two previous schemes (1987 and 2006) have been closed to new members from that date. Members of the two older police pension schemes received full protection to 31 March 2022, transferred to the new 2015 scheme on 1 April 2015, or transferred on different tapering dates in the future subject to individual circumstances around age and length of service remaining. All members will transfer to the 2015 Scheme on 1 April 2022 when the legacy schemes 1987 and 2006 close. The members' contribution rates for the new scheme ranged between 12.44% and 13.78% in 2022/23 and 2021/22.

The financial statements for the Police Officer pension fund account do not take account of liabilities to pay pensions and other benefits after the period end. Details of the Chief Constable's long term pensions obligations can be found in the main accounting statements (see Balance Sheet page 39). Detailed disclosure notes regarding the Police Pension schemes can be found in the Technical Annex to the Statement of Accounts (Annex C Pensions on pages 113-124).

Funding of Police Pension Schemes

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

Glossary of Terms

Accruals

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

Actuarial Valuation

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

Agency Costs

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

Amortisation/Amortised Cost

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

BCU

Basic Command Unit.

Budget

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

Capital Adjustment Account

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

Capital Expenditure

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

Capital Financing Requirement (CFR)

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

Capital Receipt

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

Cash and Cash Equivalents

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

CC or Chief Constable

The Chief Constable for Cumbria Constabulary.

CFO

The PCC Chief Finance Officer.

CIPFA

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

Commissioner

The Police and Crime Commissioner for Cumbria.

Componentisation

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

Contingency

A sum set aside to meet unforeseen expenditure.

Creditors

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

Glossary of Terms

Debtors

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

Depreciation

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

De-minimis

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

Direct Revenue Contributions (DRC)

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

DLUHC

Department for Levelling Up, Housing and Communities (formerly MHCLG and DCLG).

Earmarked Reserves

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

Fair Value

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

Hedge Funds

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

Heritage Assets

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

HMICFRS

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

Impairment/Impaired

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

Investment Property

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

Leasing

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

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

Minimum Revenue Provision (MRP)

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

Non-current Assets

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

NPCC

The National Police Chiefs Council.

PCC

The Police and Crime Commissioner for Cumbria.

Pension actuarial gains and losses

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

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

Glossary of Terms

Pension – current service costs

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

Pension – defined benefit scheme

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

Pension assets – expected rate of return

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

Pension – interest costs

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

Pension - past service costs

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

Police Objective Analysis (POA)

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

Precept

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

Private Equity Funds

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

Provision

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

Public Works Loan Board (PWLB)

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

Reserves

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

Revaluation Reserve

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

SERCOP

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

The Commissioner

The Police and Crime Commissioner for Cumbria.

Annex A - Statement of Accounting Policies

1 General Principles

The Statement of Accounts summarises the financial transactions for the 2022/23 financial year and the financial position at the 31 March 2023. The Police and Crime Commissioner and [Chief Constable](#) are each required to prepare an annual Statement of Accounts (single entity) in accordance with the Accounts and Audit Regulations 2015 which stipulate that the statements be prepared in accordance with proper accounting practices. Those practices primarily comprise the [CIPFA/LAASAC Code of Practice on Local Authority Accounting in the United Kingdom 2022/23](#) (the Code) and the Service Reporting Code of Practice 2022/23 [SERCOP](#)), supported by International Financial Reporting Standards (IFRS) and statutory guidance issued under section 12 of the Local Government Act 2003. The [Commissioner](#) is responsible for combining the single entity statements to form a set of consolidated group accounts.

Where accounting policies relate to a particular note to the accounts, the accounting policy is shown alongside that note in a [grey text box](#), in the notes to the accounts section (see pages 42 to 98). Where an accounting policy is more generic and applicable across the statement accounts it is shown in this **Annex A**.

The accounting convention adopted in the Statement of Accounts is principally historical cost, modified by the revaluation of certain categories of [non-current assets](#).

Historic Cost – the amount the organisation originally paid for an item.

2 Accruals of Income and Expenditure

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

- Revenue from contracts with service recipients, whether for services or the provision of goods, is recognised when (or as) the goods or services are transferred to the service recipient in accordance with the performance obligations in the contract.
- Supplies are recorded as expenditure when they are consumed – where there is a gap between the date supplies are received and their consumption, they are carried as inventories (stock) on the Balance Sheet.
- Expenses in relation to services received (including services provided by employees) are recorded as expenditure when the services are received rather than when payments are made.
- Interest receivable on investments and payable on borrowings is accounted for respectively as income and expenditure on the basis of the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract.
- Where income and expenditure have been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet. Where debts may not be settled, the balance of [debtors](#) is written down and a charge made to revenue for the income that might not be collected.
- An [accrual](#) is made in respect of employee benefits payable during employment.

Accrual Example 1

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

Accrual Example 2

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

Annex A - Statement of Accounting Policies

3 Exceptional Items

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

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

4 Inventories

Inventories (stocks) are included in the balance sheet at historic cost. This is a departure from IAS2 which requires inventories to be valued at the lower of cost or net realisable value. However, for many stock items, particularly uniforms, net realisable value would be minimal and would not accurately reflect the value of holding these assets. As inventories predominantly relate to operational stocks (uniform and consumables) these are reported in the single entity statements of the Chief Constable and as such are consolidated into the Commissioner's group accounts.

5 Treatment of Overheads

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

Under the Commissioner's funding arrangement to the Chief Constable premises costs (except where they are directly attributable to the Chief Constable) are initially recorded in the accounts of the Commissioner and a recharge is made to the Chief Constable in the single entity Comprehensive Income and Expenditure Statements on an appropriate basis. Transport and supplies and services costs (except where they are directly attributable to the Commissioner) are initially recorded in the accounts of the Chief Constable and a recharge is made to the Commissioner in the single entity Comprehensive Income and Expenditure Statements on an appropriate basis.

6 Investment Property

Investment properties are those that are used solely to earn rentals and/or for capital appreciation. The definition is not met if the property is used in any way to facilitate the delivery of services or production of goods or is held for sale.

Investment properties are measured initially at cost and subsequently at [fair value](#), based on the amount at which the asset could be exchanged between knowledgeable parties at arm's length. As a non-financial asset, investment properties are measured at highest and best use. Properties are not depreciated but are revalued annually according to market conditions at the year-end. Gains and losses on revaluation are posted to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. The same treatment is applied to gains and losses on disposal.

Rentals received in relation to investment properties are credited to the Financing and Investment Income line and result in a gain for the Police Fund Balance. However, revaluation and disposal gains and losses are not permitted by statutory arrangements to have an impact on the Police Fund balance. The gains and losses are

Annex A - Statement of Accounting Policies

therefore reversed out of the police fund balance in the Movement in Reserves Statement and posted to the [Capital Adjustment Account](#) and (for any sale proceeds greater than £10,000) the [Capital Receipts](#) Reserve.

Investment assets are not generally held, however, in some circumstances where a surplus property no longer meets the strict criteria to be classified as “held for sale”, it must be classified as an investment property.

7 **Contingent Assets**

A contingent asset arises where an event has taken place that gives rise to a possible asset which will only be confirmed by the occurrence or otherwise of uncertain future events which cannot wholly be controlled. Contingent assets are not recognised in the Balance Sheet but disclosed in a note to the accounts where it is probable that there will be an inflow of economic benefits or service potential.

8 **Value Added Tax (VAT)**

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

Annex B – Technical Annex – Financial Instrument Disclosures

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

Accounting Policy - Financial Instruments

Financial Liabilities

Financial Liabilities are initially measured at [fair value](#) and carried at their [amortised cost](#). Annual charges to the Comprehensive Income and Expenditure Statement for interest payable are based on the carrying amount of the liability, multiplied by the effective rate of interest for the instrument. For borrowings this means that the amount presented on the Balance Sheet is the outstanding amount of principal repayable and interest charged to the Comprehensive Income and Expenditure Statement is the amount payable for the year in the loan agreement. Borrowing is undertaken and accounted for in accordance with the Treasury Management Strategy. Where a payable (i.e. creditor) has a maturity of less than 12 months the [fair value](#) is taken to be the principal outstanding, or the billed/invoiced amount. In accordance with the funding arrangement between the Commissioner and the Chief Constable, all financial instrument liabilities, including borrowing and trade creditors are held by the Commissioner.

Financial Assets

Financial assets are classified based on a classification and measurement approach that reflects the business model for holding the financial assets and their cash flow characteristics. The Commissioner holds financial assets measured at amortised costs (investments, cash and cash equivalent and debtors).

Financial Assets are initially measured at [fair value](#) and carried at their [amortised cost](#). Annual credits to the Comprehensive Income and Expenditure Statement for interest receivable are based on the carrying amount of the asset multiplied by the effective rate of interest for the instrument. Where a debtor has a maturity of less than 12 months, the fair value is taken to be the principal outstanding or the billed/invoiced amount. Investments are shown in the balance sheet at cost. Where investments are fixed term deposits, accrued interest owing at the balance sheet date is included in the Comprehensive Income and Expenditure Statement.

Where assets are identified as [impaired](#) because of a likelihood arising from a past event that payments due under the contract will not be made, the asset is written down and a charge made to the Comprehensive Income and Expenditure Statement. An example of such a charge would be the adjustment made to the [debtors](#) balance as an impairment allowance for doubtful debts (see note 14, page 74).

Investments are undertaken and accounted for in accordance with the Treasury Management Strategy.

Treasury Management is defined as “the management of the organisation’s investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks.’

The **Treasury Management Strategy** is produced on an annual basis and is approved by the Commissioner in February each year. The strategy contains and investment strategy which provides details of approved counterparties with whom investments can be placed and approved limits and durations for investment. The strategy also includes a borrowing strategy should this be needed and approved practices and procedures to be adopted by staff carrying out investment and borrowing activities.

In accordance with the Commissioner’s funding arrangement with the Chief Constable all financial instrument assets including investments and trade debtors are held by the Commissioner.

Annex B – Technical Annex – Financial Instrument Disclosures

B1 Categories of Financial Instrument

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

Categories of Financial Instruments	PCC Long Term		PCC Current		Group Long Term		Group Current	
	31 March 2022	31 March 2023	31 March 2022	31 March 2023	31 March 2022	31 March 2023	31 March 2022	31 March 2023
	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s
Financial Assets								
Investments								
Investments held at Amortised Cost	0	0	8,003	0	0	0	8,003	0
Total investments	0	0	8,003	0	0	0	8,003	0
Cash and Cash Equivalents								
Imprest and cash	0	0	5,370	13,097	0	0	5,370	13,097
Total cash and cash equivalents	0	0	5,370	13,097	0	0	5,370	13,097
Debtors								
Debtors held at Amortised Cost	0	0	6,189	5,722	0	0	6,271	5,802
Items not classified as Financial Instruments	0	0	24,952	30,970	0	0	8,949	10,082
Total Debtors	0	0	31,141	36,692	0	0	15,220	15,884
Total Financial Assets	0	0	44,514	49,789	0	0	28,593	28,981
Financial Liabilities								
Investments								
Loans held at Amortised Cost	0	0	(6,000)	0	0	0	(6,000)	0
Total Loans	0	0	(6,000)	0	0	0	(6,000)	0
Creditors								
Creditors held at Amortised Cost	0	0	(575)	(1,237)	0	0	(3,391)	(8,191)
Items not classified as Financial Instruments	0	0	(25,536)	(34,615)	0	0	(10,130)	(10,429)
Total Creditors	0	0	(26,111)	(35,852)	0	0	(13,521)	(18,620)
Other Long-term Liability (PFI/Finance Lease)								
PFI & Finance Lease Liabilities	(3,965)	(3,701)	(233)	(264)	(3,965)	(3,701)	(233)	(264)
Total other long term liabilities	(3,965)	(3,701)	(233)	(264)	(3,965)	(3,701)	(233)	(264)
Total Financial Liabilities	(3,965)	(3,701)	(32,344)	(36,116)	(3,965)	(3,701)	(19,754)	(18,884)

B2 Gains and Losses on Financial Instruments

The gains and losses recognised in the Comprehensive Income and Expenditure Statement in 2022/23 relating to financial instruments are made up as follows:

Gains and Losses on Financial Instruments	PCC/Group 2021/22				PCC/Group 2022/23			
	Financial Liabilities Held at amortised cost	Financial Liabilities PFI/Finance Lease	Financial Assets Loans & Receivables	Total	Financial Liabilities Held at amortised cost	Financial Liabilities PFI/Finance Lease	Financial Assets Loans & Receivables	Total
	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s
Interest Expense	0	538	0	538	0	512	0	512
Impairment Losses (Impairment Allowance for Doubtful Debts Increase)	0	0	0	0	(3)	0	0	(3)
Total Expenses in (Surplus) or Deficit on the Provision of Services	0	538	0	538	(3)	512	0	509
Interest Income	0	0	(9)	(9)	0	0	(437)	(437)
Impairment Gain (Impairment Allowance for Doubtful Debts Reduction)	4	0	0	4	0	0	0	0
Total Income in (Surplus) or Deficit on the Provision of Services	4	0	(9)	(5)	0	0	(437)	(437)
Net (Gain)/Loss for the Year	4	538	(9)	533	(3)	512	(437)	72

Annex B – Technical Annex – Financial Instrument Disclosures

B3 Fair value of Assets and Liabilities Carried at Amortised Cost

Financial liabilities and assets represented by loans, investments, cash and cash equivalents and long term [debtors](#) and [creditors](#) are carried in the balance sheet at amortised cost. Financial Instruments are to be measured at fair value. The fair value hierarchy must now be followed, whereby inputs used in the valuation techniques for assets and liabilities are prioritised to give the most accurate and appropriate measurement of fair value. Inputs to the valuation techniques in respect of assets and liabilities for which fair value is measured or disclosed in the authority's financial statements are categorised within the fair value hierarchy. The three levels are defined based on the observability of significant inputs to the measurement, as follows:

- Level 1 – unadjusted quoted prices in active markets for identical assets or liabilities
- Level 2 – inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly. For example, where the instrument is not actively marketed or measurable, quoted prices of similar assets or liabilities may be used.
- Level 3 – unobservable inputs for the asset or liability.

The fair valuation of the PCC's long term liabilities is classed as level 2 in the hierarchy.

The PCC reviews the categorisation of inputs when new formal valuations are undertaken and when trigger events occur (for example a major change of tenant of a rented property, or change in Bank of England base lending rate). The change in category is reported at the next financial year-end following the trigger event.

Their [fair value](#) can be assessed by calculating the present value of the cash flows that will take place over the remaining term of the instruments, using the following assumptions:

- No early repayment or impairment is recognised
- Where an instrument will mature in the next 12 months, carrying amount is assumed to be approximate to fair value
- The fair value of trade and other receivables is taken to be the invoiced amount.
- In calculating the fair value of the PFI a discount rate based on the returns of a zero coupon AA corporate bond have been used to discount future cash flows as this instrument has an estimated risk profile equivalent to that of public sector PFI schemes.

The fair values calculated are as follows:

Fair Values of Assets and Liabilities	PCC 31 March 2021		PCC 31 March 2022		Group 31 March 2021		Group 31 March 2022	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value	Carrying Amount	Fair Value	Carrying Amount	Fair Value
	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s
Financial Liabilities								
Loans	(6,000)	(6,000)	0	0	(6,000)	(6,000)	0	0
Creditors	(26,111)	(26,111)	(35,852)	(35,852)	(13,521)	(13,521)	(18,620)	(18,620)
Other Long-term Liabilities (PFI/Finance Lease)	(4,198)	(6,508)	(3,965)	(5,446)	(4,198)	(6,508)	(3,965)	(5,446)
	(36,309)	(38,619)	(39,817)	(41,298)	(23,719)	(26,029)	(22,585)	(24,066)
Financial Assets								
Investments	8,003	8,003	0	0	8,003	8,003	0	0
Cash and Cash Equivalents	5,370	5,370	13,097	13,097	5,370	5,370	13,097	13,097
Debtors	31,141	31,141	36,692	36,692	15,220	15,220	15,884	15,884
	44,514	44,514	49,789	49,789	28,593	28,593	28,981	28,981

For financial assets the fair value is shown to be the same as the carrying amount as the investments are for a short period and there is no option to vary the amount or timing of repayment.

In relation to the PFI, the fair value exceeds the carrying amount as a result of the historically higher level of interest rates prevailing at the inception of the PFI arrangement and the interest rate implicit within the PFI agreement.

Annex B – Technical Annex – Financial Instrument Disclosures

B4 Disclosure of the Nature and Extent of Risks Arising from Financial Instruments

The Commissioner’s activities expose it to a variety of financial risks. The Commissioner’s annual Treasury Management Strategy focuses on these risks and seeks to minimise potential adverse effects on the resources available to fund services. The Commissioner provides written policies within its Treasury Management Strategy covering interest rate risk, credit risk and the investment of surplus cash balances. A copy of the current Treasury Management Strategy Statement can be found on the Police and Crime Commissioner’s website at: [Treasury-Management-Strategy-Statement.pdf \(cumbria-pcc.gov.uk\)](https://www.cumbria-pcc.gov.uk/Treasury-Management-Strategy-Statement.pdf)

B4 (i) Credit Risk

Credit Risk is the possibility that other parties might fail to pay amounts due to the Commissioner.

Credit risk arises from deposits with banks and financial institutions, as well as credit exposures to the Commissioner’s customers.

This risk is minimised through the application of policies set out in the annual Treasury Management Strategy Statement (TMSS), which requires that deposits are not made with financial institutions unless they meet identified minimum credit criteria, as laid down by Fitch and Moody’s ratings services. The annual TMSS (approved by the Commissioner in February 2022), also imposes a maximum sum to be invested with a financial institution located within each category.

The credit criteria as set out in the 2022/23 TMSS in respect of financial assets held by the Commissioner are detailed below:

Financial Asset Category	Minimum Criteria	Maximum Investment
Deposits with major UK and non UK Banks and Building Societies (Unsecured)	A- The maximum duration of investments varies according to the credit rating. The only exception to this is the NatWest bank (Currently BBB+) which provides the day to day banking services to the Commissioner	Maximum per institution or Group £2m (varies according to credit rating). Maximum of all deposits £20m.
Deposits with major UK and non UK Banks and Building Societies (Secured)	A- The maximum duration of investments varies according to the credit rating.	Maximum per institution or Group £4m (varies according to credit rating). Maximum of all deposits £20m.
Deposits with Money Market Funds/Pooled Funds	Long Term: AAA	£4m per fund. Maximum of all deposits £20m.
Deposits with Government (includes HM Treasury and other Local Authorities)	Not credit rated but are legally required to set a balanced budget.	£4m per Local Authority, unlimited with HM Treasury. Maximum of all deposits – No Limit.

Annex B – Technical Annex – Financial Instrument Disclosures

The Commissioner's maximum exposure to credit risk in relation to its investments in banks, building societies and other Local Authority's of £4m at the balance sheet date cannot be assessed generally as the risk of any institution failing to make interest payments or repay the principal sum will be specific to each individual institution. Recent experience has shown that it is rare for such entities to be unable to meet their commitments. A risk of irrecoverability applies to all of the Commissioner's deposits, but there was no evidence at the 31 March 2023 that this was likely to happen.

The following analysis summarises the Commissioner's potential maximum exposure to credit risk, on other financial assets, based on experience of default and uncollectability over the last five financial years, adjusted to reflect current market conditions.

Potential Maximum Exposure to Credit Risk	Amount at 31/03/23 £000s	Historical Experience of Default %	Historical Experience Adjusted for Market Conditions at 31/03/22	Estimated maximum exposure to default and uncollectability £000s	Comparative
					Estimated maximum exposure at 31/03/22 £000s
Customers - Operational Debtors	8,320	0.02%	0.16%	13	10

The Commissioner does not generally allow credit for customers. At the 31 March 2023, £95k (1%) of the £8,320k balance of operational debt was past the due date for payment. This sum has reduced from the balance at 31 March 2022 (£222k (3%) out of £8,548k overdue). The Commissioner has however increased the bad debt provision as at 31 March 2023 to £13k following a detailed analysis of amounts outstanding to reflect the degree of uncertainty around a number of the longer standing debts. The past due amount can be analysed by age as follows:

Aged Debt Past Due Date	PCC/Group As at 31 March	
	2022 £000s	2023 £000s
Total Operational Debtors	8,548	8,320
Aged Debt past its due date by:		
1-30 Days	34	12
31-60 Days	36	9
61-90 Days	79	25
91-120 Days	0	2
121-150 Days	17	2
150+ Days	56	45
	222	95

B4 (ii) Liquidity Risk

Liquidity Risk is the possibility that the Commissioner might not have funds available to meet its commitments to make payments.

As the Commissioner has ready access to borrowings from the PWLB and had at 31 March 2023 no actual long term external debt having financed a number of recent projects through internal borrowing, there is no significant risk that it will be unable to raise finance to meet its commitments under financial instruments. A more pertinent risk is that the Commissioner will be required to replenish a significant proportion of its internal borrowings at a time of unfavourable interest rates. At the balance sheet date the Commissioner is confident that it has adequate working capital principally as a result of its [reserves](#) to mitigate this risk. Nevertheless, prevailing money market rates are regularly monitored with a view to ensuring that long term debt financing decisions are made at the optimum time. At 31 March 2022, the Commissioner had two short term loans to cover cash flow over the year end, these loans totalled £6m and both of which were repaid in mid-April 2022.

All operational liabilities are due to be repaid within one year.

B4 (iii) Market Risk

Market Risk is the possibility that financial loss might arise for the Commissioner as a result of changes in such measures as interest rates and stock market movements.

The Commissioner is exposed to some risk due to movements in interest rates on its loans and investments. These potential risks are:

- An increase in interest rates will result in a fall in the fair value of borrowings and investments.
- A decrease in interest rates will result in a rise in the fair value of borrowings and investments.
- The value of interest received from investments will rise or fall depending on increases and decreases in interest rates and will impact on the Comprehensive Income and Expenditure Statement.

As all of the Commissioner's existing borrowings and investments have been placed at fixed rates, this risk has to a large extent been minimised.

Borrowings and investments are carried in the Balance Sheet at fair value, so nominal gains and losses on fixed rate financial instruments have no impact on the Comprehensive Income and Expenditure Statement.

The Commissioner carries out its borrowing and investment function within parameters set out in its Treasury Management Strategy, which assesses interest rate exposure to feed into the budget process. Forecasts are updated regularly throughout the year, which allows any significant changes to interest rates to be reflected in current budget projections.

The Treasury Management Strategy also advises on the limits for new variable and fixed-rate borrowing for the year. No new external long-term borrowing was undertaken in 2022/23.

C1 Pension Schemes

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

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

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

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

The LGPS for Police Staff employees, is administered by Cumbria County Council (outsourced to Lancashire County Council) – this is a funded defined benefit scheme, meaning that the Commissioner and employees pay contributions into a fund. Contributions are calculated at a level intended to balance the pensions liabilities with investment assets over the long term. In 2022/23 the Commissioner made a contribution of 18.4% of pensionable pay. In 2022/23 the Commissioner made a past service contribution of £13k (£13k in 2021/22) which was made with the aim of reducing future contributions after the next actuarial review. The contribution rate was last reviewed in March 2022 with a revised rate for employers contributions of 18.9% for the Constabulary and 18.6% for the OPCC being applicable from April 2023. For 2022/23 the past service contribution was £13k (made up of £23k for the Chief Constable less a repayment for the PCC of £10k). The contribution rate will next be reviewed in March 2025 with a revised rate for employers contributions being applicable from April 2026.

- **The Police Pension Scheme**

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

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

The Police Pension Scheme is an unfunded scheme (i.e. there are no investment assets built up to meet pension liabilities and cash has to be generated to meet actual pensions payments as they fall due). The funding arrangements for police officers' pensions changed on 1st April 2006. Before April 2006 pensions of former employees were required to be met on a 'pay as you go' basis with the cost charged to the revenue account. From April 2006 onwards the payments made during the year under the scheme are funded by a combination of employee contributions and employer contributions charged to the Comprehensive Income and Expenditure Statement with the remaining deficit funded by a specific Home Office grant. The employer's contribution rate was increased to 31% from 1st April 2019 and has remained at this level for 2022/23.

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

Annex C – Technical Annex – Pensions Disclosures

Also from 1st April 2006 legislation required the operation of a Pension Fund Account (shown on pages 99-100). The amounts that must be paid into and out of the fund are specified by regulation. Officers' contributions and the employer's contributions are paid into the pension fund account from which pension payments are made. Any shortfall on the pension fund account is met by a contribution from the Police Fund. A Home Office Grant is received to cover this contribution. Conversely, a surplus on the Pension Fund Account would result in a contribution to the police fund, which would then be recouped by the Home Office.

The principal risk to the Commissioner of the schemes are the longevity assumptions, statutory changes to the scheme, structural changes to the scheme (i.e. large-scale withdrawals from the scheme), changes to inflation, bond yields and the performance of the equity investments held by the scheme. These are mitigated to a certain extent by the statutory requirements to charge the Police Fund the amounts required by statute as described in the accounting policy.

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

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

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

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

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

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

All accounting entries relating to the Comprehensive Income and Expenditure Statement and the subsequent liability for Police Officer pensions are wholly recorded in the single entity statements of the Chief Constable. For Police Staff all Comprehensive Income and Expenditure Statement entries and subsequent balance sheet liabilities in relation to pensions are apportioned between the Commissioner and the Chief Constable single entity statements by the scheme actuary. All accounting entries for Police Officer pensions and Police Staff pensions are consolidated in the group statements.

As outlined above, the single entity statements of the Commissioner do not include any accounting entries in relation to the Police Officer Pensions funds as these are wholly recognised by the Chief Constable. The group accounts however include all relevant accounting entries in relation to Police Pension Funds.

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

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

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

Annex C – Technical Annex – Pensions Disclosures

The cost of retirement benefits is recognised in the Cost of Services within the Comprehensive Income and Expenditure Statement when employees earn them, rather than when the benefits are eventually paid as pensions. However, the charge required to be made against Council Tax is based on the contributions in the year, so the real cost of retirement benefits is reversed out of the Police Fund in the Movement in Reserves Statement.

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

Pension Transactions in MiRS and Ci&ES	Group LGPS Funded Benefits		Group LGPS Unfunded Benefits		Group Police Scheme 1987 Scheme		Group Police Scheme 2006 Scheme		Group Police Scheme 2015 Scheme		Group Total Pension Schemes	
	2021/22 £000s	2022/23 £000s	2021/22 £000s	2022/23 £000s	2021/22 £000s	2022/23 £000s	2021/22 £000s	2022/23 £000s	2021/22 £000s	2022/23 £000s	2021/22 £000s	2022/23 £000s
Comprehensive Income and Expenditure Statement												
<i>Cost of Services</i>												
<i>Service cost comprising:</i>												
• Current service cost	8,383	8,586	0	0	2,870	680	120	0	31,020	27,710	42,393	36,976
• Past service costs	0	33	0	0	0	14,940	0	1,650	0	(16,590)	0	33
• (Gain)/loss from settlements/curtailments	94	61	0	0	0	0	0	0	0	0	94	61
<i>Financing and Investment Income and Expenditure</i>												
• Net interest expense	1,581	1,618	21	28	24,660	32,270	1,330	1,730	2,920	4,590	30,512	40,236
Total Post-employment Benefits charged to the Surplus or Deficit on the Provision of Services	10,058	10,298	21	28	27,530	47,890	1,450	3,380	33,940	15,710	72,999	77,306
Other Post-employment Benefits charged to the Comprehensive Income and Expenditure Statement												
<i>Remeasurement of the net defined benefit liability comprising:</i>												
• Return on plan assets (excluding the amount included in the net interest expense)	(13,214)	8,691	0	0	0	0	0	0	0	0	(13,214)	8,691
• Actuarial (gains) and losses arising on changes in demographic assumptions	(1,966)	(5,731)	(7)	(22)	0	(11,060)	0	(2,580)	0	(11,570)	(1,973)	(30,963)
• Actuarial (gains) and losses arising on changes in financial assumptions	(5,563)	(111,734)	(11)	(234)	(14,570)	(364,670)	(1,310)	(30,570)	(3,210)	(94,220)	(24,664)	(601,428)
• Experience (gains) and losses on liabilities	625	21,109	3	68	7,310	79,480	(2,110)	1,190	440	8,490	6,268	110,337
• Administration expenses	168	178	0	0	0	0	0	0	0	0	168	178
• Impact of Asset Ceiling	0	21,480	0	(781)	0	0	0	0	0	0	0	20,699
Total Post-employment Benefits charged to Other Comprehensive Income and Expenditure	(19,950)	(66,007)	(15)	(969)	(7,260)	(296,250)	(3,420)	(31,960)	(2,770)	(97,300)	(33,415)	(492,486)
Total Post-employment Benefits charged to the Comprehensive Income and Expenditure Statement	(9,892)	(55,709)	6	(941)	20,270	(248,360)	(1,970)	(28,580)	31,170	(81,590)	39,584	(415,180)
<i>Movement in Reserves Statement</i>												
• Reversal of net charges made to the Surplus or Deficit for the Provision of Services for post-employment benefits in accordance with the Code	(10,058)	(10,298)	(21)	(28)	(27,530)	(47,890)	(1,450)	(3,380)	(33,940)	(15,710)	(72,999)	(77,306)
<i>Actual amount charged against the General Fund Balance for pensions in the year</i>												
• Employers' contributions payable to the scheme	3,935	4,216	55	63	0	0	0	0	0	0	3,990	4,279
• Retirement benefits payable to pensioners	0	0	0	0	42,590	41,180	110	330	(5,660)	(6,130)	37,040	35,380
Total amount charged against the Police Fund Balance for pensions in the year	3,935	4,216	55	63	42,590	41,180	110	330	(5,660)	(6,130)	41,030	39,659

Annex C – Technical Annex – Pensions Disclosures

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

Pension Transactions in MiRS and CI&ES	PCC LGPS Funded Benefits		PCC LGPS Unfunded Benefits		PCC Total LGPS Pension Scheme	
	2021/22 £000s	2022/23 £000s	2021/22 £000s	2022/23 £000s	2021/22 £000s	2022/23 £000s
Comprehensive Income and Expenditure Statement						
<i>Cost of Services</i>						
<i>Service cost comprising:</i>						
• Current service cost	235	249	0	0	235	249
• Past service costs	0	0	0	0	0	0
• (Gain)/loss from settlements/curtailments	0	0	0	0	0	0
<i>Financing and Investment Income and Expenditure</i>						
• Net interest expense	30	30	0	0	30	30
Total Post-employment Benefits charged to the Surplus or Deficit on the Provision of Services	265	279	0	0	265	279
Other Post-employment Benefits charged to the Comprehensive Income and Expenditure Statement						
<i>Remeasurement of the net defined benefit liability comprising:</i>						
• Return on plan assets (excluding the amount included in the net interest expense)	(301)	(709)	0	0	(301)	(709)
• Actuarial (gains) and losses arising on changes in demographic assumptions	(43)	(129)	0	0	(43)	(129)
• Actuarial (gains) and losses arising on changes in financial assumptions	(118)	(2,432)	0	(5)	(118)	(2,437)
• Experience (gains) and losses on liabilities	16	1,594	0	1	16	1,595
• Administration expenses	5	5	0	0	5	5
• Impact of Asset Ceiling	0	434	0	(15)	0	419
Total Post-employment Benefits charged to Other Comprehensive Income and Expenditure	(441)	(1,237)	0	(19)	(441)	(1,256)
Total Post-employment Benefits charged to the Comprehensive Income and Expenditure Statement	(176)	(958)	0	(19)	(176)	(977)
<i>Movement in Reserves Statement</i>						
• Reversal of net charges made to the Surplus or Deficit for the Provision of Services for post-employment benefits in accordance with the Code.	(265)	(279)	0	0	(265)	(279)
<i>Actual amount charged against the General Fund Balance for pensions in the year</i>						
• Employers' contributions payable to the scheme	104	126	1	1	105	127
• Retirements benefits payable to pensioners	0	0	0	0	0	0
Total amount charged against the Police Fund Balance for pensions in the year	104	126	1	1	105	127

Annex C – Technical Annex – Pensions Disclosures

C2 Pensions Assets and Liabilities Recognised in the Balance Sheet

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

The underlying assets and liabilities for retirement benefits attributable to the Group at 31 March 2023 are as follows:

Pension Scheme Assets & Liabilities	Group LGPS		Group LGPS		Group Police Scheme 1987 Scheme		Group Police Scheme 2006 Scheme		Group Police Scheme 2015 Scheme	
	Funded Benefits	Unfunded Benefits	Funded Benefits	Unfunded Benefits	Funded Benefits	Unfunded Benefits	Funded Benefits	Unfunded Benefits	Funded Benefits	Unfunded Benefits
	2021/22 £000s	2022/23 £000s	2021/22 £000s	2022/23 £000s	2021/22 £000s	2022/23 £000s	2021/22 £000s	2022/23 £000s	2021/22 £000s	2022/23 £000s
Present value of the defined benefit obligation	(252,789)	(170,076)	(1,004)	(781)	(1,230,360)	(940,820)	(64,630)	(35,720)	(164,600)	(89,140)
Fair value of plan assets	192,864	191,556	0	0	0	0	0	0	0	0
Impact of Asset Ceiling	0	(21,480)	0	781	0	0	0	0	0	0
Net liability arising from defined benefit obligation	(59,925)	0	(1,004)	0	(1,230,360)	(940,820)	(64,630)	(35,720)	(164,600)	(89,140)

The liabilities in the above table show the underlying commitments that the Commissioner has, in the long run, to pay retirement benefits. The total group liability of £1.024b (£1.521b at 31 March 2022) has a substantial impact on the net worth of the Commissioner as recorded in the group balance sheet, resulting in a negative overall balance of £940m (£1.445b at 31 March 2022). The reduction in overall liability has arisen as a result in a change in actuarial assumptions.

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

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

LGPS – Asset Ceiling

Following the pensions valuation by the Commissioner's actuary, Mercer Ltd, the Commissioner determined that the fair value of its pension plan assets outweighed the present value of the plan obligations as 31st March 2023 resulting in a pension plan asset for the first time. IAS 19 Employee Benefits requires that, where a pension plan asset exists, it is measured at the lower of:

- The surplus in the defined benefit plan; and
- The asset ceiling.

The calculation has been completed by the actuary, and an adjustment has been made to reflect the asset ceiling which is nil.

This change applied to the Group Accounts above and the PCC single entity statements below.

Annex C – Technical Annex – Pensions Disclosures

The underlying assets and liabilities for retirement benefits attributable to the PCC Single Entity at 31 March 2023 are as follows:

Pension Scheme Assets & Liabilities	PCC LGPS Funded Benefits		PCC LGPS Unfunded Benefits	
	2021/22	2022/23	2021/22	2022/23
	£000s	£000s	£000s	£000s
Present value of the defined benefit obligation	(5,499)	(4,902)	(20)	(15)
Fair value of plan assets	4,415	5,336	0	0
Impact of Asset Ceiling	0	(434)	0	15
Net liability arising from defined benefit obligation	(1,084)	0	(20)	0

Reconciliation of present value of scheme liabilities for the group:

Reconciliation of Scheme Liabilities	Group LGPS Funded Benefits		Group LGPS Unfunded Benefits		Group Police Scheme 1987 Scheme		Group Police Scheme 2006 Scheme		Group Police Scheme 2015 Scheme	
	2021/22	2022/23	2021/22	2022/23	2021/22	2022/23	2021/22	2022/23	2021/22	2022/23
	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s
Balance at Start of Year	(248,269)	(252,789)	(1,053)	(1,004)	(1,252,680)	(1,230,360)	(66,710)	(64,630)	(127,770)	(164,600)
Current service cost	(8,383)	(8,586)	0	0	(2,870)	(680)	(120)	0	(31,020)	(27,710)
Interest cost	(5,436)	(7,048)	(21)	(28)	(24,660)	(32,270)	(1,330)	(1,730)	(2,920)	(4,590)
Contributions by Scheme Participants	(1,383)	(1,461)	0	0	(210)	0	(20)	0	(5,820)	(6,340)
Remeasurement gains and (losses):										
- Arising from changes in demographic	1,966	5,731	7	22	0	11,060	0	2,580	0	11,570
- Arising from changes in financial assumptions	5,563	111,734	11	234	14,570	364,670	1,310	30,570	3,210	94,220
- Experience gains/(losses)	(625)	(21,109)	(3)	(68)	(7,310)	(79,480)	2,110	(1,190)	(440)	(8,490)
Past service cost	0	(33)	0	0	0	(14,940)	0	(1,650)	0	16,590
Gains/(losses) on curtailment	(94)	(61)	0	0	0	0	0	0	0	0
Benefits Paid/Transfers	3,872	3,546	55	63	42,800	41,180	130	330	160	210
Balance at End of Year	(252,789)	(170,076)	(1,004)	(781)	(1,230,360)	(940,820)	(64,630)	(35,720)	(164,600)	(89,140)

The liabilities under the LGPS and Police Pension Schemes have reduced during 2022/23. The principal reason for these changes is in relation to changes in financial and demographic assumptions by the scheme actuaries.

Accounting Policy – Post-Employment Benefits – Measurement of Liabilities

The liabilities of each of the pension funds are included in the Balance Sheet on an actuarial basis using the projected unit method – i.e. an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates etc and projections of earnings for current employees. Liabilities are discounted to their value at current prices using a discount rate (see assumptions set out in C3 on page 123).

[Actuarial valuations](#) of the fund are undertaken every three years to determine the contribution rates needed to meet its liabilities.

Annex C – Technical Annex – Pensions Disclosures

Reconciliation of present value of scheme liabilities for the PCC Single Entity:

Reconciliation of Scheme Liabilities	PCC LGPS Funded Benefits		PCC LGPS Unfunded Benefits	
	2021/22	2022/23	2021/22	2022/23
	£000s	£000s	£000s	£000s
Balance at Start of Year	(5,330)	(5,499)	(21)	(20)
Current service cost	(235)	(249)	0	0
Interest cost	(118)	(155)	0	0
Contributions by Scheme Participants	(48)	(51)	0	0
Remeasurement gains and (losses):				
- Arising from changes in demographic	43	129	0	0
- Arising from changes in financial assumptions	118	2,432	0	5
- Experience gains/(losses)	(16)	(1,594)	0	(1)
Past service cost	0	0	0	0
Gains/(losses) on curtailment	0	0	0	0
Benefits Paid/Transfers	87	85	1	1
Balance at End of Year	(5,499)	(4,902)	(20)	(15)

The PCC single entity liabilities under the LGPS have reduced during 2022/23. The principal reason for the decrease is in relation to changes in financial and demographic assumptions by the scheme actuaries.

Annex C – Technical Annex – Pensions Disclosures

Reconciliation of fair value of the scheme assets for the group:

Reconciliation of Scheme Assets	Group LGPS Funded Benefits		Group LGPS Unfunded Benefits	
	2021/22	2022/23	2021/22	2022/23
	£000s	£000s	£000s	£000s
Balance at Start of Year	174,517	192,864	0	0
Interest Income	3,855	5,430	0	0
Remeasurements - Gains and (Losses)	13,214	(8,691)	0	0
Administration Expenses	(168)	(178)	0	0
Employer Contributions	3,935	4,216	55	63
Contributions by Scheme Participants	1,383	1,461	0	0
Benefits Paid	(3,872)	(3,546)	(55)	(63)
Balance at End of Year	192,864	191,556	0	0

Reconciliation of fair value of the scheme assets for the PCC single entity:

Reconciliation of Scheme Assets	PCC LGPS Funded Benefits		PCC LGPS Unfunded Benefits	
	2021/22	2022/23	2021/22	2022/23
	£000s	£000s	£000s	£000s
Balance at Start of Year	3,966	4,415	0	0
Interest Income	88	125	0	0
Remeasurements - Gains and (Losses)	301	709	0	0
Administration Expenses	(5)	(5)	0	0
Employer Contributions	104	126	1	1
Contributions by Scheme Participants	48	51	0	0
Benefits Paid	(87)	(85)	(1)	(1)
Balance at End of Year	4,415	5,336	0	0

Accounting Policy – Post-Employment Benefits – Measurement of Assets

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

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

Annex C – Technical Annex – Pensions Disclosures

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

LGPS Asset Breakdown	Quoted Y/N	PCC 2021/22		PCC 2022/23		Group 2021/22		Group 2022/23	
		£000s	%	£000s	%	£000s	%	£000s	%
Equities									
UK Equity Pooled	Y	227	5.14%	256	4.80%	9,837	5.10%	9,195	4.80%
Global Equity Pooled	Y	1,121	25.39%	1,441	27.01%	48,987	25.40%	51,720	27.00%
Overseas Equity Pooled	N	203	4.60%	256	4.80%	8,872	4.60%	9,195	4.80%
Bonds									
UK Government Indexed Pooled	N	746	16.90%	747	14.00%	32,594	16.90%	26,818	14.00%
Property									
UK	N	278	6.30%	261	4.89%	12,150	6.30%	9,386	4.90%
Property Funds	N	124	2.81%	149	2.79%	5,401	2.80%	5,363	2.80%
Alternatives									
Private Equity Funds	N	269	6.09%	432	8.10%	11,764	6.10%	15,516	8.10%
Infrastructure Funds	N	450	10.19%	710	13.31%	19,672	10.20%	25,477	13.30%
Private Debt Funds	N	212	4.80%	368	6.90%	9,258	4.80%	13,217	6.90%
Healthcare Royalties	N	57	1.29%	85	1.59%	2,507	1.30%	3,065	1.60%
Multi Asset Credit	N	605	13.70%	486	9.11%	26,423	13.70%	17,432	9.10%
Cash									
Cash Accounts	Y	119	2.70%	139	2.60%	5,207	2.70%	4,981	2.60%
Net Current Assets	N	4	0.09%	6	0.11%	192	0.10%	191	0.10%
		4,415	100.00%	5,336	100.00%	192,864	100.00%	191,556	100.00%

C3 Basis for estimating assets and liabilities

Liabilities have been assessed on an actuarial basis using the projected unit credit method, which provides an estimate of the pensions that will be payable in future years using assumptions about mortality rates, salary levels, etc. Mercer Ltd an independent firm of actuaries, has carried out the assessment on the Local Government Pension Scheme. These accounts are based on the [actuarial valuation](#) undertaken on 31 March 2023. The Police Scheme estimates have been compiled using a valuation model devised by the Government Actuaries Department.

Accounting Policy – Pensions Material Estimation Techniques

IAS 1 Presentation of Financial Statements requires disclosure of any estimation techniques applied, such that if a different methodology had been used a material variance in the amounts disclosed would have been arrived at. For pensions, the material estimation techniques used are as follows:

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

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

For 2022/23 a discount rate based on the current rate of return on a high quality corporate bond of equivalent currency and term to scheme liabilities is to be used. The actuaries for the Police and LGPS pension funds have advised that discount rates of 4.65% for Police and 4.80% for LGPS are appropriate.

Annex C – Technical Annex – Pensions Disclosures

The principal assumptions used by the actuary have been:

Actuarial Assumptions	LGPS		Police Scheme	
	2021/22	2022/23	2021/22	2022/23
Mortality Assumptions:				
Longevity at 65 for current pensioners:				
- Men	22.6	21.9	22.1	21.9
- Women	25.3	24.2	23.8	23.5
Longevity at 65 for future pensioners:				
- Men	24.1	23.1	23.8	23.5
- Women	27.1	26.0	25.4	25.0
Rate of Inflation (CPI)	3.20%	2.70%	3.00%	2.60%
Rate of increase in salaries	4.70%	4.20%	4.75%	3.85%
Rate of increase in pensions	3.30%	2.80%	3.00%	2.60%
Rate of Revaluation for CARE Pensions	-		4.25%	3.85%
Rate for discounting scheme liabilities	2.80%	4.80%	2.65%	4.65%

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

Sensitivity Analysis – LGPS Pension Scheme

Sensitivity Analysis - LGPS	PCC			Group		
	Impact on Defined Benefit Obligation £000s	Impact on Projected Service Cost for Next Year £000s	Impact on Projected Interest Cost for Next Year £000s	Impact on Defined Benefit Obligation £000s	Impact on Projected Service Cost for Next Year £000s	Impact on Projected Interest Cost for Next Year £000s
Local Government Pension Scheme						
Longevity (1 Year increase in life expectancy)	98	3	5	3,354	98	162
Rate of Inflation (increase by 0.25%)	237	9	12	8,411	332	405
Rate of Increase in Salaries (increase by 0.25%)	42	0	2	1,442	0	70
Rate for Discounting Scheme Liabilities (increase by 0.1%)	(432)	(17)	(25)	(15,316)	(562)	(926)
Change in 2022/23 investment Returns (increase by 1%)	0	0	(2)	0	0	(92)
Change in 2022/23 investment Returns (reduce by 1%)	0	0	3	0	0	92

Annex C – Technical Annex – Pensions Disclosures

Sensitivity Analysis – Police Pension Schemes

Sensitivity Analysis - Police Pensions	Police Pensions 1987 Scheme	Group Police Pensions 2006 Scheme	Police Pensions 2015 Scheme
	£000s	£000s	£000s
Assumption Sensitivity			
Longevity (1 Year increase in life expectancy)	24,000	1,000	2,000
Rate of Increase in Pensions (increase by 0.5%)	63,000	3,000	15,000
Rate of Increase in Salaries (increase by 0.5%)	6,000	2,000	0
Rate for Discounting Scheme Liabilities (increase by 0.5%)	(63,000)	(5,000)	(12,000)

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

C4 Impact on the Commissioner's Cash Flows

The objectives of the LGPS scheme are to keep employers' contributions at as constant a rate as possible. The Commissioner has agreed a strategy with the scheme's actuary to achieve a funding level of 100% over the next 10 years. Funding levels are monitored on an annual basis. The latest triennial valuation took place during 2022/23 based on the position at 31 March 2022. The revaluation resulted in an increase in contribution rates from 18.4% to 18.9% for the Constabulary and 18.6% for the PCC which took effect from 1 April 2023.

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

The total group contributions expected to be made to the Local Government Pension Scheme by the Commissioner in the year to 31 March 2024 are £4,848k (PCC single entity £161k). Expected contributions for the Police Pension Scheme in the year to 31 March 2024 are £16,106k.

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

Weighted Average Duration of the Defined benefit Obligation	2021/22 Years	2022/23 Years
Pensions Scheme		
Local Government Pension Scheme - PCC	21	20
Local Government Pension Scheme - CC	22	21
Police Pension -1987 Scheme	18	15
Police Pension -2006 Scheme	33	28
Police Pension -2015 Scheme	36	31

Annex D – Annual Governance Statement



Police and Crime Commissioner for Cumbria

Annual Governance Statement 2022/23



Police and Crime Commissioner for
Cumbria
Annual Governance Statement
2022/23

INTRODUCTION AND SCOPE OF RESPONSIBILITIES

The Police and Crime Commissioner for Cumbria (the Commissioner) is responsible for ensuring business is carried out in accordance with the law and proper standards, that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively.

To meet this overall responsibility, the Commissioner has put in place proper arrangements for overseeing what we do. This is what we mean by governance. These arrangements are intended to make sure that we do the right things, in the right way and are fair, open, honest and accountable.

Our arrangements for governance are set out within a Code of Corporate Governance ('The Code'). The Code explains the way the Commissioner governs and the frameworks that are in place to support the overall arrangements for fulfilling his functions. The Code of Corporate Governance is published alongside the Annual Governance Statement on the Commissioner's website at www.cumbria-pcc.gov.uk

This Annual Governance Statement (AGS) describes how the Commissioner has followed The Code. It also meets the requirements of regulation 6(1) and 10(1) of the Accounts and Audit Regulations 2015. The regulations say that we must prepare and publish an Annual Governance Statement (AGS) to accompany the Commissioner's statement of accounts.

REVIEW OF EFFECTIVENESS

The key systems and processes that comprise the Commissioner's governance arrangements for 2022/23 have been guided by the seven core principles of Corporate Governance from the CIPFA/Solace Governance Framework applicable to the 2022/23 financial year. This is the standard against which all local government bodies, including police, should assess themselves.

The Commissioner has responsibility for conducting, at least annually, a review of the effectiveness of his governance framework including the system of internal control. The review of effectiveness is informed by the work of Chief Officers and senior managers who have

responsibility for the development and maintenance of the governance environment. The review process comprises:

- A cyclical detailed review of the key documents within the Commissioner's governance framework.
- A review of the governance arrangements in place to support each core principle, culminating in an updated Code of Corporate governance.
- A review of what has happened during the past year to evidence how the governance framework has been complied with.
- A review of the effectiveness of the arrangements for Internal Audit. The review is supported by consideration of the opinion of the Chief Internal Auditor, as set out in his annual report.
- A review of the effectiveness of the Joint Audit Committee against CIPFA guidance on Audit Committees for Police.

The following Annual Governance Statement demonstrates how the Commissioner has complied with the governance framework set out within the Code, to

meet of each of the seven governance principles. The Annual Governance Statement is published alongside the Statement of Accounts and also incorporates an action plan of planned future improvements for governance arrangements.

Principle A: Behaving with integrity, Demonstrating strong commitment to ethical values, and respecting the rule of law

REVIEW OF REQUIREMENTS AND ARRANGEMENTS

Ethics and Integrity

The Commissioner has in place arrangements for anti-fraud and corruption, which are reviewed on a 3-year cyclical basis, the last time being in November 2021 by the Governance Manager. The conclusions of this review were reported to the Joint Audit Committee in November 2021. The review concluded that arrangements are effective. Whilst fraud risk remains low within the OPCC

office, matters of integrity are re-enforced including enhanced arrangements in respect of recording gifts and hospitality and/or supplier contact. The anti-fraud and corruption arrangements also highlight mechanisms for confidential reporting and whistleblowing.

The process of commissioning services and awarding of grants is potentially a high-risk area with regards to integrity. Grant Regulations are in place to ensure that grant awards are made in a fair, transparent and consistent manner and that appropriate conditions are attached to safeguard public money. The grant regulations were reviewed in 2020 and the conclusions were reported to the Joint Audit Committee in November 2020.

A fraud risk assessment undertaken by the Joint Chief Finance Officer in compliance with International Financial Reporting Standards did not reveal serious concerns.

In respect of the arrangements for standards, ethics and integrity, two complaints have been received against the Commissioner with two against members of his office, but none were in relation to matters of integrity.

During 2022/23 the Ethics and Integrity Panel have carried out dip sample processes for a number of different areas of business including, adherence with the Code of Ethics and Code of Conduct, public complaints, grievances, police misconduct and staff misconduct cases; OPCC complaints and complaint reviews, all of which were found to support high standards of ethics and integrity. This enabled the Police and Crime Commissioner to fulfil his statutory duty to have oversight of the Constabulary's complaints and misconduct processes.

The scope of the Panel's work has developed during 2022/23 through the completion of thematic inspections, in relation to the use of Stop and Stop/Search, the use of force, the Data Ethics Consultation Group; and vetting decisions. Meeting reports were also provided with regard to Information Management, Race Action Plan, Violence Against Women and Girls, Officer Recruitment and Officer & Staff Wellbeing. The findings of the Panel's work, including recommendations, are published on the OPCC's website.

The Joint Audit Committee received the 2022 annual report of the Ethics & Integrity Panel at their meeting on 30 May 2023 to support assurances in respect of arrangements for standards and ethical governance.

The OPCC remains responsible for carrying out public complaint reviews. An independent reviewing officer carries out the reviews assessing the complaint handling and whether the outcome provided was reasonable and proportionate, thereby providing an openness and transparency to the process. During 2022 the OPCC received 57 requests for a review of which six (10%) were upheld. This represented a 9.6% increase on reviews requests received from the previous year.

Respecting the rule of law

Officers within the OPCC receive updates on changes in legislation through their professional bodies, APACCE, PACTS, the APCC and from the government. The Commissioner provides funding to the Constabulary's Legal Services Department, who deliver support to the OPCC on legal matters.

During the year formal reviews have been undertaken of the role of the Commissioner's Chief Finance Officer and the Head of Internal Audit (HIA) and the Joint Audit Committee against the respective CIPFA statements, which concluded there was full compliance.

Principle B: Ensuring openness and Comprehensive stakeholder engagement

REVIEW OF REQUIREMENTS AND ARRANGEMENTS

Openness

Openness is a key element of the role of the Commissioner and is not just about publishing information but listening and influencing as well. The Commissioner operates in accordance with the Elected Local Policing Bodies (Specified Information) Orders of 2011, 2012, 2013, 2021 and the guidance provided by the Information Commissioner. This is demonstrated, documented, and communicated through an information publication scheme that ensures the openness of all key information to the public. Examples of information that is published includes agendas and reports of public meetings, guidance on the Commissioner's funds, freedom of information requests, financial information, and details of key decisions.

The Commissioner is highly committed to be the voice of the people of Cumbria. This is demonstrated through a wide range of engagement opportunities for the public to make contact, so their views are heard and responded to.

To promote openness and transparency, all Public Accountability Conferences have continued to be advertised to allow members of the press and public to attend, and all minutes arising from these meetings are published subsequently. An Annual Report, outlining the work of the Commissioner, is published.

In general terms, the engagement over the last five years has been comprehensive and had been flexible to develop to meet the changing needs of how people like to communicate and especially the impact of social media. A three-year communication and engagement strategy covering 2021 -2024 has been developed and is now a live working document.

Engaging Comprehensively with Institutional Stakeholders

The Commissioner is actively engaged with a wide range of bodies to encourage a multi-agency approach to

matters within his remit. For example, he chairs the Safer Cumbria Partnership Delivery Board, which has acted as both the county-wide Community Safety Partnership and Criminal Justice Board for Cumbria.

During 2022/23 the Commissioner has continued to lead a range of partnership working initiatives to deliver his Commissioning Strategy and ensure arrangements are in place for victim support services. In the last year he has secured additional funding from external sources to commission £1.7m of services, mainly for Victims Services and Safer Streets.

Engaging Stakeholders Effectively including Citizens and Service Users

The Policing Protocol Order highlights the accountability of the Police and Crime Commissioner to local people. This responsibility is delivered through the OPCC to ensure a wide range of engagement approaches so that the Commissioner actively listens, considers, and effectively uses the view of the people of Cumbria to influence decisions.

The Commissioner is directly involved in all the engagement activities and encourages the Commissioner's ethos of 'we, not they' to emphasise that communities, stakeholders and partners need to all work together to help deliver the Police and Crime Plan, to make Cumbria even safer. During 2022/23 engagement included:

- website and social media (including the OPCC's website, Facebook page and Zoom meetings)
- face-to-face meetings – (including opportunities to 'Meet your PCC' and/or members of the OPCC office, at different venues and attendance at local events)
- 'You said, we did' feedback and media (including interviews, 'question and answer sessions' on local radio and livestreams on Facebook)
- formal publications (including the PCC's Annual Report and Police and Crime Plan)
- the ICV Scheme and volunteering roles - Police Cadets and Special Constabulary
- interactive surveys (such as online questionnaires on use of CCTV and public consultation on setting the council tax precept)

- co-ordinated campaigns focussing on anti-social driving, rural crime, cyber-crime, drugs and victims
- Promotion of Safer Streets funding.
- general correspondence (letters, emails, freedom of information)
- Consultation for the business case to transfer the governance of Cumbria Fire and Rescue service to the OPCC. Following the closing of the consultation, a document was developed to be included in the overall business case to be sent to the Home Office. In total, 363 responses were received. T
- The Commissioner launched public consultation on the proposal to increase the policing part of the council tax precept for 2022/23 by £1.25 a month for a Band D property. 50% of the respondents (205) agreed with raising council tax.

overall cost of CFRS council tax to £90 for a Band D property. 47% of respondents (233) agreed to the raise.

The OPCC logs all quality-of-service issues that are raised with the Commissioner, which are tracked and escalated with the Chief Constable where appropriate. This feedback is also used by the Constabulary to assess what lessons can be learned from examples of poor or unsatisfactory service, to make improvements. The Commissioner will review the number of correspondences in each area and will, if necessary, arrange with operational officers to visit e.g. hotspots of ASB.

In summary, the engagement with all stakeholders allows the Commissioner to develop a vision for policing services, which in turn influences decisions and is incorporated within the Police and Crime Plan.

Due to the transfer of responsibility for Cumbria Fire and Rescue Service's governance, the PCC also launched a public consultation on the proposal to increase the fire element of the council tax for 2023/23 by £5 bringing the

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

REVIEW OF REQUIREMENTS AND ARRANGEMENTS

Defining Outcomes

The Police Reform and Social Responsibility Act (PR&SRA) requires the Commissioner to produce a Police and Crime Plan setting the vision and strategic direction for policing, crime reduction and community safety. Following his re-election in May 2021, the Commissioner developed a new Police and Crime Plan, drawing on the results of a public consultation and a strategic analysis of crime and community safety trends, emerging issues and partner agency feedback. This Plan was launched in early December 2021. It contains the police and crime objectives which all contribute toward achieving the Commissioner's overall aim of 'Keeping Cumbria safe'. The priorities within the plan are:

1. A Focus on Crime and the Causes of Crime
2. A Visible and Effective Police Presence
3. A Focus on Victims
4. Preventing Offending and Reducing Reoffending
5. Be the Voice of the Public on Policing Matters
6. Ensuring the Police are at the Forefront of the Response
7. Integrating Blue Light Services

During 2022/23, the Police and Crime Panel has continued to facilitate effective scrutiny of delivery of the plan's objectives through quarterly meetings. Thematic reports are presented to the Panel and follow terms of reference agreed in advance with the Panel Chair.

The Chief Constable is held to account for delivery of policing objectives through the Commissioner's Public Accountability Conferences (PACs). These meetings are divided into two key areas of business: performance and finance. A reporting schedule for these meetings is agreed on a six-monthly basis with the Constabulary and ensures the Commissioner monitors performance against a number of areas of policing identified in the Police and Crime Plan. During 2022/23 thematic reports provided assurance on the Constabulary's response to providing a

visible and effective police service, ensuring quality care to victims and tackling rural crime. In addition, reports were also received covering financial monitoring, crime data and Her Majesty's Inspectorate of Constabulary and Fire and Rescue Services' inspections.

Her Majesty's Inspectorate of Constabulary and Fire & Rescue Services (HMICFRS) Inspections further support the Commissioner in identifying areas which are working well and which would benefit from improvement, which supports him in holding the Chief Constable to account for performance of the force.

The Commissioning Strategy sets out the processes by which the Commissioner will identify and fund services to support his priorities. For each service commissioned, whether through the giving of a grant or a contractual relationship, specific outcomes and measurable indicators are included which define how the impact can be assessed.

Sustainable economic, social and environmental benefits

The Head of Partnerships and Commissioning ensures that the services commissioned are consistent with the PCC's objectives as set out in the Police and Crime Plan. During

2022/23 the Commissioner has committed funding to projects and initiatives aimed at reducing offending and re-offending and supporting victims of crime. A significant proportion of that funding has been committed to supporting victims of domestic abuse and sexual violence, as well as preventing violence against women and girls.

To support procurement and commissioning activity, the OPCC & Constabulary have in place Joint Procurement Regulations and a Social Value Policy, incorporating a modern slavery statement.

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

REVIEW OF REQUIREMENTS AND ARRANGEMENTS

Planning and Determining Interventions

During the course of 2022/23 the Commissioner continued to hold the Chief Constable to account through his Public Accountability Conferences, held virtually. Through this forum, the Commissioner received Constabulary assurance covering a range of areas of performance including Her Majesty's Inspectorate of Constabulary and Fire & Rescue Services (HMICFRS) performance improvement recommendations. Crime data and police performance have also been regularly monitored. The Commissioner also scrutinised the Constabulary's approach to providing a visible police force, including its plans around neighbourhood policing and its approach to rural crime.

The Cumbria 'Out of Court (OoCDs) Disposal Scrutiny Panel' is chaired by the OPCC Chief Executive. The OoCDs

allow the police to deal quickly and proportionately with low level, often first time, offending, which can be appropriately resolved without a prosecution at court. The Panel seeks to increase the public's understanding and confidence in how the Constabulary uses OoCDs. During 2022/23, meetings have continued to be held virtually.

During the last year, the Commissioner has continued to build on partnership working to address priorities in the Police and Crime. Projects have included the following:

- Working with Cumbria Constabulary, Cumbria County Council and Carlisle City Council to deliver the Safer Streets Fund Round 4 (Carlisle) Project and working with Cumbria County Council and Barrow Borough Council to deliver the Safer Streets Fund Round 4 (Barrow) Project. These projects are running in tandem with a primary focus on anti-social behaviour, and both are running until 30th September 2023. So far, the combined projects have delivered:-
 - ✦ Street lighting in Carlisle city centre, lighting in Keenan Park and lighting in the skate park at Bitts Park. The lighting will make people feel safer,

encourage legitimate use of public spaces, make identifying suspects easier therefore deter unwanted behaviours.

- ✦ Street lighting around the multiple back streets and alleys close to Barrow town centre that were previously unlit.
- ✦ 3 ANPR cameras, locations not to be disclosed so as not to compromise operational policing tactics.
- ✦ Carlisle City Council's enforcement officers have received training in conflict resolution, body armour and radios to allow them to identify and deal with more cases of ASB and keep themselves safe.
- ✦ Barrow Borough Council's Stronger and Safer officers have received training in conflict resolution, body armour, radios and body worn video cameras to allow them to deal with more cases of ASB, keep themselves safe, and capture relevant information on their body worn video cameras.
- ✦ Delivery of the multi-agency workshops "Your Life You Choose" into schools, by the end of the

projects this will have been delivered into 18 schools across Cumbria with the aim of teaching young people facts about violence, crime and ASB and encourage them to make healthy positive life choices.

- ✦ Delivery of multi-agency symposiums “Be Safe Stay Safe”, by the end of the project symposiums will have been delivered in four colleges across the county with the aim of educating young people on issues identified by their colleges so they can reach out for support if needed or know how to handle situations amongst their peers.
- ✦ Two teams of youth outreach workers (one team in Carlisle, the other in Barrow), with the Commissioner providing funding for an additional team to cover the west of the county. These teams work 6 days a week and can be directed to the places, times and/or individuals that are ASB hot spots to interact with young people and attempt to divert them from ASB or crime into more positive activities helping them be part of their communities.

- ✦ Two youth ASB restorative caseworkers who work with those affected by youth related ASB. This work can include mediation between the parties, work with the victims to help them cope and recover and know how to handle any ASB incidents, or work with the perpetrators to help them develop empathy and understanding so they won't offend again. By the end of the project, we aim to have worked with 50 cases.

- ✦ Level 3 Crime Prevention training for 18 PCSOs to allow them to conduct home surveys for low and medium risk victims and make practical recommendations to householders to reduce their chance of becoming a victim of crime.

- ✦ Level 4 Crime Prevention training for 1 Crime Prevention Officer to extend skills so they can provide a professional service to high-risk victims of crime.

During 2022/23 together with the Constabulary has helped to reduce reoffending via the Cumbria Adult Out of Courts Disposal Framework. The integrated Offender Management programme known as ‘Pathways’, is delivered by

commissioned service provider Remedi. To date, Pathways has received 779 referrals with equal spread of referrals across the county and 755 onward referrals for specialist support. Mid way through this project 100% participants were satisfied with the service. 98% felt their needs had been fully met. 100% would recommend the programme. 176 victims were contacted by Pathways Support Workers with 39% agreeing to some form of Restorative Justice. 94% of participants have not reoffended 6 months on.

- Working with Get Safe Online to raise public knowledge of how to protect themselves against fraud and other crimes committed via the internet. The OPCC communications team receives monthly, personalised social media campaigns by Get Safe Online regarding cyber-safety which is then shared to our 5,000 followers.
- Working with partners to deliver a Safer Driving Campaign, in response to what local 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). In addition, delivery of 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.

- The Commissioner, in partnership with Northwest Probation Service funded & developed Women's Outreach Services for female victims and offenders residing in the Kendal & surrounding areas & Carlisle and surrounding areas. The outreach services provide practical and emotional support to women experiencing crisis which include victims of domestic abuse, sexual violence and ex-offenders at risk of reoffending due to vulnerability.
- Extended the Co-commissioning arrangement with Probation for a further two years following successful implementation of a jointly managed Integrated Offender Management Co-ordinators post. The collaboration agreement allows a member of police staff to act as a representative to the Northwest Regional Integrated Offender Management Team for Cumbria to assist with the regional design and implementation of the Integrated Offender Management Strategy.

- Working with partner agencies in health and Local Authorities to secure funding for and to commission support services for victims of all types of crime.
- Enhancing the support available to male victims of crime, particularly domestic and sexual abuse, through the introduction of a Male Independent Domestic and Sexual Violence Advisor based with Victim Support, which has enabled male victims to choose the gender of the person providing support. This post, funded through Ministry of Justice, has also supported a review of the information available for male victims and has focussed on increased promotion of services to men through engaging with places which men they tend to go, including gyms and barbers' shops.
- Working with NHS England to put in place a new contract for the Sexual Assault Referral Centre services for victims of all ages in Cumbria, ensuring this continues to deliver a high quality service for those who have experienced sexual assault or abuse and working with the provider to ensure they make preparations to meet new national standards for forensic integrity.

- Working with Victim Support and North Cumbria Integrated Care NHS Foundation Trust to introduce a Health-Based Independent Domestic and Sexual Violence Advisor post within Carlisle Infirmary, to provide support to survivors of abuse who are accessing health services, particularly those who might not otherwise come into contact with support services. This has been enabled by funding secured from the Ministry of Justice.
- Continuing to lead on the implementation of the Quality Assessment Framework to review and improve how criminal justice and support agencies comply with the national Code of Practice for Victims of Crime.
- In collaboration with the Child Centred Policing Team (CCPT) successfully procured an early intervention child mentor programme known as RISE (Resilience – Individual – Support – Empower) for children and young people. The core purpose being all children are recognised as “children first” and by using a trauma informed problem-solving approach address the root cause of their behaviour and vulnerability. In procuring this service the CCPT & RISE Mentors help

prevent the unnecessary criminalisation of children, providing positive intervention and signposting to relevant support services as required. The service provider is a third sector organisation Barnardo's.

- Worked with the County Council and Constabulary to pilot a new approach to delivering the Step Up Restore Families programme, trialling one-to-one face-to-face and virtual support for families where a young person is being violent in the home. This mixed approach to delivery of the service builds on learning during the Covid-19 pandemic and feedback from families.
- Procured and co-commissioned with Northwest Probation Service a Restorative Justice and Mediation contract for 2022/23 - 2024/25. Delivered by Remedi, Restorative Justice is a process which brings those harmed by a crime (a victim or victims) and those responsible for the harm (an offender or perpetrator), into some form of communication, enabling everyone affected by a particular incident to play a part in repairing the harm and finding a positive way forward in addition to providing a programme of meditation for victims of antisocial behaviour.

- In partnership with the Constabulary and The Well Communities (TWC) a Lived Experience Recovery Organisation developed a programme called 1CLIC (County Lines Informed Cumbria) to prevent people becoming involved in illicit drug taking and which targets organised drug crime, including County Lines, to prevent the harm this has to individuals and communities. The model incorporates an innovative partnership approach between Cumbria Constabulary and The Well Communities. The pilot is funded between 2022/23 to 2023/23 with an ambition to replicate across the county.
- Continued to support delivery of "They Matter" a high harm high risk domestic abuse perpetrator intervention programme.
- Commissioned evaluations of Turning the Spotlight and They Matter domestic abuse perpetrator programmes, which have provided feedback on the benefits of these schemes, showing they are respected by partners and those accessing the programmes (including the partner support programme) & will inform development and inform future commissioning decisions.

- Reviewed and extended the pilot service for young people who have shared or requested nude or semi-nude images, known as PAKMAN, following promising initial feedback.
- Working in partnership with High Sheriff of Cumbria and Cumbria Community Foundation over a 3-year period to develop a funded training programme to encourage people within Cumbria to become trained in youth work, leading to accredited qualifications with the option to progress to degree level and to increase the number of young people having access to support from youth workers to improve their life chance through the 'Better Tomorrows Programme'.

The Commissioner has held regular one-to-one meetings with the Chief Constable during year, maintaining a good oversight of how the Constabulary has continued to work in partnership, locally, regionally and nationally, to provide an efficient and effective local policing response.

The Safer Cumbria Partnership remains the primary vehicle by which community safety and criminal justice are delivered and national contingency plans are translated into local actions. The OPCC has worked with the partnership to review its key strategic priorities to

ensure they reflect the main issues, risks and threats likely to impact upon crime and community safety in Cumbria from 2022 onwards. The Partnership's overarching Strategy has been updated to reflect these changes.

The Safer Cumbria Partnership will lead a multi-agency response to driving a public health approach to tackling and reducing violence and serious violence in the County through its unique business structure. The Partnership will provide strategic direction for the delivery of the Serious Violence Duty in Cumbria in line with national requirements. The Safer Cumbria Partnership will also drive the work of the Combating Drugs Partnership for Cumbria to deliver the Governments Ten Year Drug Strategy 'From Harm to Hope' at a local level. The Police & Crime Commissioner as Chair of the Safer Cumbria Partnership is the SRO for both of these key pieces of partnership work across the county.

In July 2021, the Government announced that Cumbria would be divided into two new unitary authorities, replacing the current arrangement of the six district councils and the overarching Cumbria County Council. One of the outcomes of this change is that the governance responsibility of Cumbria Fire & Rescue Service needs to

move to a new organisation as it currently sits with Cumbria County Council, which will no longer exist from 1st April 2023.

The Policing & Crime Act 2017 introduced a range of measures to enable closer collaboration between the emergency services. In particular, it enables Police & Crime Commissioners to take on the governance of the fire & rescue service in their area, where a local case is made. During October 2021 to March 2022, the Commissioner funded a local business case to assess the best option for the future governance of Cumbria Fire & Rescue Service. The business case was developed by BearingPoint Consultants in collaboration with the Fire & Rescue Service, Cumbria County Council and other blue light services in Cumbria and was scrutinised through the Blue Light Collaboration Executive Board, chaired by the Commissioner. Further key stakeholder engagement and public consultation on the business case also took place. The Commissioner submitted his business case to the Home Secretary, which was then subject to an independent assessment by the Chartered Institute for Public Finance & Accounting (CIPFA). CIPFA concluded the statutory tests set out in the 2004 Fire & Rescue Service Act had been met (it is in the interest of effectiveness,

efficiency, economy and public safety). On 2nd August 2022, the Home Secretary announced her approval of the Commissioner's proposal to take on the governance of Cumbria Fire & Rescue Service from 1st April 2023.

During 2022/2023, the Commissioner and his office have worked with the Fire & Rescue Service and Cumbria County Council to prepare for the transfer of fire governance. In November 2022, a Statutory Instrument (the 'Order') was laid in Parliament, creating a shadow Fire & Rescue Authority from 1st January 2023, to enable the Commissioner to set the Fire & Rescue Service precept and budget for 2023/2024. The remainder of the Order comes into effect on 1st April 2023. The Commissioner will operate as two distinct legal entities: The Police & Crime Commissioner for Cumbria and the Cumbria Commissioner Fire & Rescue Authority.

As Cumbria Commissioner Fire & Rescue Authority, the Commissioner will be responsible for the governance of the Fire & Rescue Service. He will be the recipient of all funding, including the government grant and precept and other sources of income related to the statutory functions of the Fire & Rescue Service, own all the property, rights, and liabilities of the Fire & Rescue Service, and become

the employer of all fire and rescue staff. The Chief Fire Officer will remain responsible for the operational delivery of the Fire & Rescue Service to which he will be held to account for by the Commissioner.

Against this background, modelling of a range of financial scenarios through the Medium Term Financial Planning process, undertaken jointly by the OPCC and Constabulary, have continued to inform wider business planning and develop savings proposals, as a means of balancing the budget over the medium term.

Optimising Achievement of Intended Outcomes:

All planning is undertaken in the context of a four-year medium term financial strategy, incorporating financial modelling, operational plans and capital strategies.

During, the last year, the Commissioner has continued to:

- Successfully work with the Constabulary to reduce re-offending through the implementation of an Adult Out of Court Disposal Framework with integrated offender management known as Pathways. 94

independently selected cases were audited during 2021, a dip sample of 4.5%. Overall, 88 cases were found to have a disposal that was appropriate to the offence and consistent with national guidelines and local policy. This equates to 93% of the cases selected. In Nov 2021 the panel audited 5 Deferred Cautions, all were found to be appropriate and consistent with policy with offenders engaged with the Pathways project.

- Provided restorative services, enabling victims to inform offenders of the impact a crime/antisocial behaviour incident had upon them: 187 victim referrals made to restorative services, 19 victim - offender conferences were held, and 128 indirect restorative interventions were undertaken. 94% of victims who engaged in restorative services were satisfied with the outcome.
- 56 referrals for anti-social behaviour mediation, were made via the local focus hubs to Restorative Services where 97% expressed overall satisfaction with the service.
- Worked in partnership with Northwest Probation Service, the Women's Centres to develop a Women's

- Women's Community Matters Outreach Service supported 57 referrals into the project. The referrals include 28 for health & wellbeing, 56 for domestic abuse and 7 for criminal justice. There were 41 ongoing referrals from the previous year that have been worked with also. This combined with the new referrals makes a total of 98 women supported.
- Looking at life data following support from the outreach project 75% of women state their feelings of trust have improved. 53% state their feelings of safety have improved. 84% of women state they have felt more purpose and meaning in their lives.
- G4W piloted a different approach to outreach recognising rural communities are very close knit. G4W support women in harder to reach areas by assisting with transport costs to bring them into the centre allowing for disclosure of information away from a watchful glare and having full access to all amenities provided. Approximately 30% of the women are outreach / rural communities and mostly concerning domestic abuse.
- Provide a support service for victims, which integrates emotional, practical, advocacy and

signposting services for people who have experienced all types of crime. In 2022, 5286 victims were engaged by Victim Support, by telephone, email, letter, text or Live Chat. Following an individual needs assessment, 1713 people were provided with support and information tailored to their situation. 100% of survey respondents satisfied with the service received (as a victim), 80% of service users reported an improvement in their ability to cope with aspects of everyday life (non-ISVA/ IDVA clients), 75% reported an improvement in feelings of safety (non-ISVA/IDVA clients), 87% of IDVA clients felt safer and 79% felt their quality of life had improved by the end of support.

- Continued to develop services for victims of domestic abuse, including commissioning and launching a service for children and young people who have witnessed domestic abuse, through funding secured from Ministry of Justice. 286 children and young people have been supported through this service during 2022/23. 100% of young people who completed their support between October and December 2022 reported that they had seen an improvement in their coping strategies and

understanding of what makes a healthy relationship at the end of their support through this service.

- Together with Cumbria County Council, continued to fund Independent Domestic and Sexual Violence Advisor support services, alongside other practical and emotional support for victims of domestic and sexual abuse, as part of the wider victims' service through Victim Support. This service has continued to be bolstered through funding secured by the Commissioner from the Ministry of Justice, which has funded an additional 2 ISVA posts, as well as a new Male IDVA and a Health service-based IDVA, who have supported 106 survivors of domestic or sexual abuse. The team includes 7 Independent Sexual Violence Advisor posts.
- Fund and manage contracts for the services which make up the Bridgeway Sexual Assault Support Service. 285 people received therapeutic services, 119 victims were supported to have a forensic-medical examination following rape or sexual assault and 63 people sought telephone advice through the Bridgeway Sexual Assault Support Services during the year ending March 2022. For the therapeutic service, 82% of service users with a planned closure to their

support reported an improvement in health and well-being, 83% felt better able to cope with everyday life and 82% felt safer (data for the 12 months to March 2023).

- Managed Ministry of Justice funding to support services for survivors of domestic abuse and sexual violence, supporting services providing counselling and a range of services through women's centres. This has resulted in services being provided to 471 domestic abuse survivors and 83 sexual violence survivors.
- Fund a county-wide Domestic Abuse Perpetrator Programme "Turning the Spotlight" which received 279 referrals between April and December 2022 and 202 participants completed the programme. Positive outcomes included 100% of clients reporting improved understanding of healthy relationships.
- Commission the "Step Up: Restore Families" programme for families experiencing child-on-parent or child-on-carer violence, working with Cumbria County Council. 43 families have completed the programme during the period July 2023 to March

2023 and 94% of participants reported an improvement in behaviour and family relationships.

- Funded the continuation of a pilot programme working with young people who have taken or shared nude or semi-nude images of themselves. This has been working with 68 young people and 33 parents/carers over the course of the pilot.
- Provide financial support to numerous projects working with victims and local communities across Cumbria through his Property Fund. 11 community organisations and charities benefitted from Property Fund grants of up to £2,500. Funding provided to Eden Network Youth Church which assisted in the purchase of a 'Youth Group Kit' so that the network could visit several established youth groups in the area and engage young people in various projects to help develop interests and make new friends. Funding provided to Maryport Amateur Operatic and Dramatic society helped to pay for costumes for children to be involved in the production of Matilda, and funds were also provided to Millom Recreation Centre to enable extra equipment to be purchased for young people across the area to be able to attend Gym classes.

- Worked with the Constabulary to provide "Keep Safe" - a service offered to all victims of crime so they may receive high quality crime prevention advice to keep themselves safe. Where necessary housing providers have been given advice and/or products to target harden homes to keep their tenants safe, and where there is no other option security equipment and products have been installed funded by this scheme. 595 cases have been managed through Keep Safe from 1st April 2022 to 30th March 2023. This is a year-on-year rise of the number of victims receiving this support to help reduce the very real risk and subsequent fear of being re-victimised.
- Funded a contribution towards the Crimestoppers regional manager to allow the charity run campaigns and appeals at a local, regional and national level. The charity's guarantee of anonymity helps them to reach out to individuals who may hold vital information for investigations but do not wish to report matters directly to the police, possibly through fear of reprisals.
- Funded a contribution towards Brake National Road Victim Service. This service is for those who suffer a

bereavement or serious life changing injury due to a road collision. The service provides information packs for Constabulary Family Liaison Officers to hand out following a collision, including special materials for children to help them understand and cope with sudden bereavement. The packs contain the details needed for the family to reach out for full free of charge support provided by Brake caseworkers. In 2022 Cumbria Constabulary dealt with 23 fatal road collisions where the packs were distributed, and of these 8 cases were fully supported by Brake caseworkers.

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

REVIEW OF REQUIREMENTS AND ARRANGEMENTS

Developing the entity's capacity

The key functions and roles of the Commissioner and the Chief Constable are set out in the Police Reform and Social Responsibility Act 2011 (PRSA). The PRSA also sets out

the function and roles of statutory officers, namely the Monitoring Officer (Chief Executive) and the Chief Finance Officer (CFO). The monitoring officer has specific legal, financial and governance duties in addition to a statutory responsibility for the lawfulness of decision making. The functions and roles set out in legislation and guidance are codified in the Commissioner's scheme of delegation.

During 2022/23 there have been no major changes to the structure of the OPCC. The OPCC is a small team and works together to address any issues arising from staff turnover.

The Chief Executive and Deputy Chief Executive rotate roles on a six-monthly basis and this provides a cost-effective approach as well as offering greater resilience. This arrangement continues to work well.

The Commissioner and Chief Constable have agreed to a shared Chief Finance Officer arrangement. A protocol and range of safeguards have been put in place to handle potential conflicts of interest arising from the joint role. A review of the operation of the Joint Chief Finance Officer arrangement has been conducted aligned to the CIPFA statement on the Role of the Chief Finance Officer. This exercise has shown full compliance and has not revealed any significant issues.

Developing the entity's leadership

The Chief Executive receives support through the Association of Police and Crime Commissioner Chief Executives (APACCE), while the Chief Finance Officer continues to receive support from the Police and Crime Commissioner's Treasurer's Society (PaCCTS) and the associated technical information service. During 2022/23 the Chief Finance Officer and wider finance team have continued to actively participate in the 'Achieving Financial Excellence in Policing' programme developed by the Chartered Institute of Public Finance and Accountancy. Central to this programme has been work on delivering an action plan to address areas for improvement in financial management arising from a self-assessment undertaken in 2020/21.

During 2022/23 activity of the Joint Audit Committee returned to pre-pandemic levels and meetings covered a wide range of areas. A formal review of effectiveness of the Committee against the new CIPFA guidance for Audit Committees evidenced compliance with CIPFA guidance and elements constituting best practice. The full report of the Committee can be found on the Commissioner's website at:

<https://cumbria-pcc.gov.uk/finance-governance/budget-finance/joint-audit-committee/>

The Independent Custody Visiting Scheme continued to operate with physical visits being carried out weekly in each of the four custody suites. Developments during the year included:

- Annual Cumbria Conference
- Hybrid four monthly panel meetings
- Recruitment campaign to attract new candidates
- Delivery of on-going ICVA thematic training packages for existing members.
- Membership of the Independent Custody Visitors Association (ICVA).
- Attendance at virtual national conferences
- The Scheme Administrator joins the Constabulary's quarterly custody governance board, and monthly custody meetings to advise on the scheme and keep up to date with developments in custody.
- Animal Welfare Scheme - monthly visits to Cumbria Constabulary and the Civil Nuclear Constabulary.

Developing the capability of individuals within the entity

A comprehensive OPCC Training Plan has been developed. This sets out the overall training plan for the office and cascades into individual responsibilities.

During 2022/23 arrangements to support staff in tasking and performance have been embedded and are working well:

- Weekly tasking meetings attended by all staff.
- Monthly team meetings focused on a variety of topics and issues, including contract management, policies, procedures, staff wellbeing, social media updates, collaboration updates and finance.
- Annual Performance Development Reviews monitored on a quarterly basis with supporting tasking 1-2-1s.

A monthly informal team catch-up also takes places where staff can share information about their role or themselves in a less formal environment.

Principle F: Managing risks and performance through robust internal control and strong public financial management

REVIEW OF REQUIREMENTS AND ARRANGEMENTS

Managing risk

The Commissioner's Risk Management Strategy is reviewed on a 3-year cyclical basis and was reviewed in March 2023. The conclusions of this review were reported to the Joint Audit Committee in March 2023. A high-level review is undertaken annually to ensure that the strategy reflects the current risk environment. Any changes are presented to the Joint Audit Committee. Risk has become embedded within the everyday work of the OPCC, staff continually assess risks within their roles. Both strategic and operational risks are reviewed on a quarterly basis and appropriate updates made. The OPCC also provides scrutiny of the Constabulary's management of strategic risks.

The strategic risk register is updated on a quarterly basis and currently incorporates risks in relation to strategic finance and Fire Governance.

The Commissioner's arrangements for Risk Management include procedures for Business Continuity, which are regularly reviewed and tested throughout the year.

Managing Performance

The Public Accountability Conferences facilitate arrangements for the scrutiny of thematic reports from the Constabulary around priority areas of policing and the Police and Crime Plan. In addition, six monthly performance reports provide an understanding of the demand placed on the Constabulary, how it addresses this demand and how it improves outcomes for victims. The Commissioner also receives updates on how the Constabulary is supporting victims of crime and antisocial behaviour and monitors the implementation of actions and recommendations arising from inspections, including those undertaken by HMICFRS. This is supported by regular one to one meetings between the Chief Constable and Commissioner. Senior officers within the OPCC also attend Constabulary meetings to provide challenge and oversight of the arrangements that support decision

making, delivery of key areas of business and the allocation of resources.

All Police and Crime Panel meetings are held in public, providing an open and transparent process for scrutinising the decisions and work of the Commissioner. During 2022/23 the Panel has placed a significant focus on monitoring delivery of the Police and Crime Plan and underpinning Action Plan, receiving thematic reports against these at its meetings. The Panel has also unanimously supported the Commissioner's proposed precept for 2023/24.

Robust Internal Control

During 2022/23 a number of areas of the corporate governance framework have been subject to cyclical review and update. This process is supported by the professional advice of the Joint Audit Committee. During 2022/23 the Committee has considered and provided scrutiny of the Commissioner's the Code of Corporate Governance, the Internal Audit Charter, the PCC Scheme of Delegation, the PCC's Arrangements for Anti-Fraud and Corruption activities, the Treasury Management Strategy,

Statement of Accounts and Annual Governance Statement.

Internal controls have also been reviewed through the annual process of management assurances and the annual internal audit plan. The full audit plan of audits which were scored for assessment for 2022/23 has been delivered. This has allowed the Head of Internal audit to provide 'Reasonable Assurance' on the PCC's arrangements for risk management, governance and internal control. Overall, of the twelve audits completed in 2022/23 covering the activities of the OPCC and Constabulary, 100% provided either substantial or reasonable assurance. Management have put in place to address all audit recommendations.

Managing Data

The OPCC operates within the parameters of legislation governing the protection of data, ensuring that all data is appropriately stored and shared where necessary. Information is provided to members of the public under the Freedom of Information Act, with requests and responses published on the Commissioner's website. The Ethics and Integrity Panel provide additional assurance in

this respect. Physical data within the OPCC is held securely with appropriate office and cabinet security provided. The OPCC is reliant upon Cumbria Constabulary in relation to some business functions and regular meetings are held to monitor compliance and developments. Regular meetings are held with the Constabulary to assess the continued compliance and any effect on the OPCC.

The OPCC has a joint Data Protection Officer with Cumbria Constabulary. Any identified data breaches notified to, or within, the OPCC are highlighted to the Joint DPO to assess and advise of any course of action to be taken.

Strong Public Financial Management

The policing grant settlement, received in December 2021 provided £4.113m in additional grant funding for 2022/23, principally to support the final phase of Operation Uplift; the Government's plan to recruit 20,000 new officers by 2023. The settlement also provided Commissioners with a degree of flexibility to levy increased council tax. Following a public consultation exercise, the Commissioner approved the 2023/24 budget in February 2023 based on a council tax increase of 5.3%. The

additional funding provided to the Constabulary will allow existing services to be maintained and has facilitated planned recruitment of an additional 68 officers in 2022/23 in fulfilment of the Constabulary's overall Operation Uplift target of recruiting an additional 168 officers over the three years of the Uplift programme. In consultation with the Commissioner, once trained, the additional officers will be deployed by the Chief Constable to areas, which will support the Police and Crime Plan's principal objective of Keeping Cumbria Safe. The budget has also supported investment in a new records management system, analytical capability and resource co-ordination which are seen as critical to deliver the Chief Constable's strategic objectives.

The Government's spending plans as set out in its spending review announcement in autumn 2022 and the investment in Operation Uplift have been generally favourable to policing. However, the continued increases in inflationary pressures during 2022/23, in combination with existing financial risks in relation to the cost of implementing the Emergency Services Network, pension cost pressures and the impact of the review of the Police Funding Formula, make the Constabulary's future financial outlook uncertain. The budget for 2023/24 has

been balanced, however savings will be required from 2022/25 onwards.

At the Public Accountability Conference on the 16th February 2022, the Commissioner set the 2022/23 annual budget and precept in the context of a medium-term financial strategy 2022-2027. In line with his duty to maintain the police force the Commissioner agreed a net revenue budget of £139.1m and a capital budget of £4.5m for the Chief Constable for the 2022/23 financial year and a funding arrangement that codifies the terms for that funding, including arrangements for financial management. The budget for 2022/23 also included £0.89m for the operation of the Office of the Police and Crime Commissioner and £2.35m funding within a commissioned services budget for victims, community safety and crime reduction.

During 2022/23 the Commissioner received regular financial reports including the revenue and capital budgets, in year monitoring of expenditure against budget and treasury management. A summary format of financial reports incorporating tables and graphs, wherever appropriate, is used to improve accessibility. Financial reports are published on the Commissioner's website.

The outcome of all audits of financial arrangements during 2022/23 was an opinion that provided either reasonable or substantial assurance.

Financial sustainability over the medium term has remained on the Commissioner's strategic risk register. A number of mitigation measures have been put in place including the detailed medium-term financial forecast, financial scenario planning, use of reserves and development of savings plans in conjunction with the Constabulary.

During 2022/23 the finance team have continued to participate in the Achieving Financial Excellence in Policing programme promoted by the Chartered Institute of Public Finance and Accountancy. Work has continued to implement the action plan developed in 2020/21 following a self-assessment of all aspects of financial management. At the end of the year 13 out of 15 actions were shown as either completed or on track for completion, improvements delivered included:-

- Development of an enhanced Productivity and Efficiency Plan, largely in the Constabulary.
- Enhanced reporting. (objective analysis and Balance Sheet)

- Development of a business partnering training package in liaison with CIPFA.
- Embedding a continuous improvement plan, alongside the Commercial and Central Services Departments.

Work is planned in 2022/23 to further implement the budget planning module of the financial system, further enhance Value for Money arrangements including the savings plan and benchmarking and to roll out a budget management training package for non-finance staff.

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. In the most recent self-assessment undertaken in March 2021, the Constabulary largely meets the requirements of the code with full compliance in thirteen out of seventeen statements and partial compliance in the remaining four. Developments have been progressed in relation to the Productivity and Efficiency Plan, balance sheet reporting, financial business partnering and contract management in 2022/23, however, there are some areas where further work is required to ensure full compliance, most notably in relation to

- Demonstrating Value for Money and identifying savings to ensure financial sustainability.
- Developing a financial resilience index.
- Application of formal options appraisal techniques.

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

REVIEW OF REQUIREMENTS AND ARRANGEMENTS

Implementing good practice in transparency

The Commissioner is committed to good transparency. Every opportunity is taken to demonstrate the good work that the Commissioner is involved with especially around the support to third parties and commissioned services. This is further reinforced by publishing information from across the OPCC using different formats to allow people to access information in range of forms. The

Commissioner’s website remains the central place for all information to be accessed.

Throughout the year the Commissioner has published regular financial monitoring information in a short and succinct format that aims to increase the transparency and accessibility of financial information. Further to this, the statutory financial statements for 2021/22, published in June 2022, include the Chief Finance Officers’ Narrative Report. The Narrative report incorporates a more accessible summary of the statements and financial and performance information, alongside a business review.

Implementing good practices in reporting

The Commissioner’s activities, performance and achievements have been published in an annual report, which can be found on the Commissioner’s website at www.cumbria-pcc.gov.uk. It highlights the commissioner’s key achievements during his sixth year in office, including:

- Continuation of funding for many community projects and support services to tackle the key

priorities in the Police and Crime Plan and maintain vital services for victims.

- Setting the policing budget for 2022/23, maintaining the additional 45 police officers secured over the Commissioner's term of office and are on schedule to recruit all 168 extra officers under the Government's Operation Uplift Programme to recruit an additional 20,000 officers nationally by March 2023.
- Improved youth engagement through the work of the Mini Police and Cadets.
- Prioritised and supported work to address the top public concerns raised with him namely, police visibility, safer driving, cyber-crime, drugs and rural crime.

An updated Code of Corporate Governance was adopted in line with the 2016 CIPFA/Solace Good Governance Framework for Local Government.

A review of the arrangements for internal audit have confirmed that the service meets the requirements of the Public Sector Internal Audit Standards (PSIAS) during 2022/23.

Assurance and effective accountability

The Constabulary's unaudited financial statements for 2021/22 were released in June, with the final version published in November, meeting the deadlines for financial reporting. The External Auditor's Annual Report gave an unqualified audit opinion. In relation to value for money in the External Auditor concluded that the Constabulary has appropriate arrangements in place to manage the risks it faces in respect of its financial resilience and that they had not identified any significant weaknesses in the Constabulary's arrangements for financial sustainability, governance and improving economy, efficiency and effectiveness. One

recommendation was made in relation to reporting of savings.

Implementation of recommendations arising from the internal audit plan, external audit reports and HMICFRS are monitored by the Joint Audit Committee.

The Ethics and Integrity Panel also monitors and reports on some specific areas of activity, such as complaint handling and ethical issues. The Panel has carried out a series of thematic inspections into specific areas of Constabulary activity. They are able to look objectively at these areas and provide valuable independent scrutiny and feedback to the Constabulary on their findings.

FURTHER INFORMATION

Further information on the arrangements for Governance can be found on the Commissioner's website under the tab headed Governance and Transparency.

We welcome your views on the Commissioner's Annual Governance Statement. You can do this by using the contact information below:

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Signatures removed for the purpose of publication on the website

*Peter McCall

Police and Crime Commissioner

*Gill Shearer

Chief Executive

*Steven Tickner

Chief Finance Officer

7th June 2023

* Signatures removed for the purpose on publishing on the website.

Appendix A Update on 2022/23 Development and Improvement Plan

Ref	B/fwd from 2021/22 (ref)	Action	Lead Officer	Implementation by	Action Update 31 October 2023	Revised Implementation Date	Status
Core Principle A: Focusing on behaving with integrity, demonstrating strong commitment to ethical values and respecting the rule of law.							
CPA/1		Review the work programme for the joint Ethics and Integrity Plan ensuring that work supports the recommendations from the HMICFRS Peel assessment.	Governance Manager	31st March 2023	During 2022/23 the Panel have carried out a number of dip sample sessions in line with areas of business identified within the HMICFRS report to provide oversight and assurance.		Complete
Core Principle B: Focusing on ensuring openness and comprehensive stakeholder engagement.							
CPB/1		Develop an annual engagement strategy ensuring that all stakeholders have a voice and are listen to.	Engagement Officer	30th September 2022	This document has been completed and has moved into implementation stage.		Complete
Core Principle C: Focusing on defining outcomes in terms of sustainable, economic, social and environmental benefits							
CPC/1		Review and develop the Accountability Framework to ensure it is fit for purpose	Blue Light Collaboration Manager	31st March 2023	A light touch review of the Constabulary's Accountability Framework has been carried out with small amends made to align with the framework developed for the Fire and Rescue Service		Complete
Core Principle D: Focusing on determining the interventions necessary to optimise the achievement of intended outcomes.							
CPD/1		Review the OPCC's approach to capturing victims'/ survivors' lived experience to inform its commissioning and contract management and implement the outcomes.	Partnership & Strategy Manager	31st March 2023	This review was completed and an initial action plan agreed. Contract Managers have been working with providers to collect data on service user feedback and work is on-going with Victim Support to implement a new system of collecting details feedack through volunteers. The Victims' Quality Champion role is now in place and has engaged with providers to collect feedback on experiences of the criminal justice system. This will remain an area of continual development but initial aproaches have been implemented.		Complete
CPD/2		Implement early intervention programme for children and young people to reduce criminalisation of young people.	Project Manager	31st March 2023	In April 2022 the OPCC commissioned Barnardo's to deliver an early intervention child mentoring scheme (10-17yr old) to assist vulnerable young people not involved with statutory services but identified by the CCPT as being vulnerable to contact with the CJS to divert towards better choices. The RISE (Resilience, Individual, Support, Empower) mentors commenced delivery July 2022 contract period 01.04.22 - 31.03.24.		Complete
CPD/3		Engage in opportunities to secure funding and, where successful, deliver projects to support victims, reduce crime and antisocial behaviour in local communities to include Safer Streets.	Safer Cumbria Co-ordinator	31st March 2023	£760,108.95 secured under Safer Streets Fund Round 4 for 2 projects focusing on the reduction of antisocial behaviour in Carlisle and Barrow to be delivered by 30th September 2023.		Complete
CPD/4	B/fwd from 2021/22 (ref)	Work in partnership to develop a public health approach to deliver the serious violence duty.	Safer Cumbria Business Manager	31st March 2023	Event held with Partners to outline the national requirements, PCC confirmed as SRO and work progressing through regular contact with the Serious Violence Duty Unit in the Home Office		Complete

Appendix A Update on 2022/23 Development and Improvement Plan

Ref	B/fwd from 2021/22 (ref)	Action	Lead Officer	Implementation by	Action Update 31 October 2023	Revised Implementation Date	Status
CPD/5		As part of the local government reform programme, plan for the transfer of fire governance to the OPCC.	Blue Light Collaboration Manager	31st March 2023	On the 2nd August 2022, the Home Secretary announced her approval of the Commissioner's proposal to take on the governance of Cumbria Fire & Rescue Service from 1st April 2023. A Statutory Instrument (the 'Order') was laid in Parliament on the 28th November 2022 and created the Police, Fire & Crime Commissioner led Fire & Rescue Authority; Cumbria Commissioner Fire & Rescue Authority. The Order included the provision to establish a Shadow Fire & Rescue Authority from 1st January 2023 to allow the Commissioner to set the 2023/24 fire service precept and budget. In March 2023, the Minister approved two statutory transfer schemes which deal with property and people. These are the mechanisms through which all assets (including contracts) and staff are moved from the old Fire & Rescue Authority to the new one. During 2022/2023, the Commissioner, and his office, have worked with the Fire & Rescue Service and Cumbria County Council to prepare for the transfer of fire governance from 1st April 2023.		Complete
Core Principle E: Focusing on developing the entity's capacity, including the capability of its leadership and the individuals within it.							
CPE/1		Review the existing training plan and ensure that its implementation meets all requirements to support the development of staff.	Governance Manager	30th September 2022	The plan has been reviewed and updated. Individual requirements are identified within the PDR meetings and where necessary individual or all staff training is sought and provided.		Complete
CPE/2	CPE/2	Implement the recommendations from the 2021 PCC review	Chief Executive	31st March 2023	Recommendations implemented across the business.		Complete
Core Principle F: Focusing on managing risks and performance through internal control and strong public financial management.							
CPF/1		Following the internal audit review of risk, implement any recommendations.	Governance Manager	31st March 2023	Awaiting final outcome of the audit, which was delayed for a number of months. Draft should be issued w/c 2.5.23 for discussion before final outcome.	30th May 2023	Complete
CPF/2		Review arrangements for CFO in the context of fire governance.	Chief Executive	31st December 2022	New OPFCC CFO appointed 1/4/23		Complete
CPF/3	CPF/1	Review of governance structure and processes in preparation for the outcome of PCC Reviews.	Governance Manager	31st December 2022	Processes reviewed and updated in line with PART 1 recommendations.		Complete

Appendix B 2023/24 Development and Improvement Plan

Ref	B/fwd from 2022/23 (ref)	Action	Lead Officer	Implementation by	Action Update October 2023	Revised Implementation Date	Status
Core Principle A: Focusing on behaving with integrity, demonstrating strong commitment to ethical values and respecting the rule of law.							
CPA/1		Developing the work programme of the Ethics and Integrity Panel to support the Constabulary re HMICFRS Custody Inspection	Governance Manager	30 September 2023	The Panel are now including the required Custody Detention Scrutiny as part of their dip sample and annual work programme.		Complete
Core Principle B: Focusing on ensuring openness and comprehensive stakeholder engagement.							
CPB/1		Develop an engagement plan for the Police, Fire and Crime Commissioner and the Deputy ensuring that all statutory engagement for police and fire is delivered.	Engagement Officer	30 September 2023	The engagement plan has been developed as a live document and was completed at the beginning of November 2023	10 November 2023	Complete
Core Principle C: Focusing on defining outcomes in terms of sustainable, economic, social and environmental benefits							
CPC/1	CPC/1	Embed the Accountability Framework for the Fire & Rescue following the transfer of governance to the Commissioner	Blue Light Collaboration Manager	31 March 2024			Ongoing (within original timescale)
CPC/2		Develop an updated suite of governance documents for the OPFCC	Chief Finance Officer/ Governance Manager	31 March 2024	With the PFCC/OPFCC having responsibility for fire governance the current suite of OPFCC governance documents are to be updated and reflect the new responsibilities. APACE Scheme of Governance Group work to be utilised.		Ongoing (within original timescale)
Core Principle D: Focusing on determining the interventions necessary to optimise the achievement of intended outcomes.							
CPD/1	CPD/1	Commission a victim service to support victims to cope and recover after a crime	Partnership & Strategy Manager	31 March 2024	Contract to be in place to start on 1st April 2024		Ongoing (within original timescale)
CPD/2		Engage in opportunities to secure funding and, where successful, deliver projects to support victims, reduce crime and antisocial behaviour in local communities to include Safer Streets.	Safer Streets Co-ordinator	SSF4 - 31 March 2024 SSF5 - 31 March 2025	Conclude delivery of Safer Streets Fund Round 4 for 2 projects focusing on the reduction of anti-social behaviour in Carlisle and Barrow. These projects will close 30th September 2023, then will be evaluated. Secure £1m funding under Safer Streets Fund Round 5 for 3 projects focusing on ASB, VAWG in public spaces and anti-social driving. These projects are due to commence on 1st October 2023 until 30th March 2025.		Ongoing (within original timescale)
CPD/3	CPD/4	Through the Safer Cumbria Partnership work collaboratively to deliver the Serious Violence Duty for Cumbria in line with national expectation.	Safer Streets Co-ordinator	31 March 2025	PFCC as SRO leading on the implementation of activity and intervention to address the issues identified in the Cumbria Serious Violence Needs Assessment. Serious Violence Strategy to be published by January 2024 with full delivery by March 2025 when national funding will cease.	The timescale for completion of this work has been amended to match the national requirement and expectation - 31/01/2024 for Strategy and March 2025 for funding	Ongoing (within original timescale)

Appendix B 2023/24 Development and Improvement Plan

Ref	B/fwd from 2022/23 (ref)	Action	Lead Officer	Implementation by	Action Update October 2023	Revised Implementation Date	Status
CPD/4		Develop PFCC response to the Anti-Social Behaviour Plan	Partnerships and Strategy Manager	31 March 2024	Prevent ASB in our communities - <ul style="list-style-type: none"> •Build & learn from the work completed under Safer Streets R4 •Utilise SSRS funding to target hot spot areas developing the R4 Youth Outreach service •Ensure constabulary strategies support problem-solving across the force response to ASB •Develop Immediate Justice options in response to Community Remedy •Develop a pilot to drug test on arrest perpetrators of DA recognising substance abuse as a driver for VAWG & ASB related offending •Develop partnership approaches to tackle ASB with YOS - Turnaround •PFCC to hold the Chief Constable to account for the operational delivery of the ASB National Action Plan providing a constructive "critical friend" challenge, amplifying public concerns to drive improvement. 		Ongoing (within original timescale)
CPD/5		Work in partnership with Cumbria Constabulary and Cumbria Fire & Rescue Service to explore and develop opportunities for shared support services and assets	Blue Light Collaboration Manager	31 March 2024			Ongoing (within original timescale)
Core Principle E: Focusing on developing the entity's capacity, including the capability of its leadership and the individuals within it.							
CPE/1		Undertake a recruitment process for the Ethics & Integrity Panel to enable succession planning for retiring members. Following appointment - induction and training programme to be implemented	Governance Manager	30 August 2023	Recruitment is to be extended into August and October 2023 to enable further members to be recruited and increase the diverse make-up of the panel. Two new members have been appointed with a further three provisional offers pending vetting and references.	31-Dec-23	Ongoing (original timescale extended)
CPE/2		Undertake a recruitment process for Independent Custody Visitors to enable the scheme to have sufficient volunteers to fulfill the PFCC's statutory function. Following appointment - induction and training programme to be implemented	Governance Officer	30 September 2023	Recruitment process has been extended to recruit required numbers to succession plan for volunteers due to retire at the end of 2023 and in 2024.	31 December 2023	Ongoing (original timescale extended)
Core Principle F: Focusing on managing risks and performance through internal control and strong public financial management.							
CPF/1		Undertake a comprehensive review of the MTFF and budget setting process	OPCC Chief Finance Officer	31 January 2024	New budget timetable agreed at Collaborative Board, new Mid-Year MTFF documents being drafted to show current year impact on MTFF and revisions to assumptions		Ongoing (within original timescale)
CPF/2		Review the operational effectiveness of JAC to incorporate work plan for CCFRS	OPCC Chief Finance Officer	30 September 2023	Changes have been made to the programme of the agenda with specific timings. Further work will be looked at to assess the content of the agenda's to ensure they conform to the ToR of the Committee.	31 March 2024	Ongoing (original timescale extended)
CPF/4	CPF/3	Following the internal audit review of risk, implement any recommendations.	Governance Manager	31 December 2022	The outcome of the risk audit was only provided to the OPFCC in May 2023. The recommendations are being reviewed and any changes will be made. This work is now complete with changes being made to the OPFCC Risk Management Strategy and supporting risk registers. Staff to be advised of changed at Extended Team Meeting on 18.07.2023		Complete

