

Introduction

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

The summary statement provides a breakdown of net spending during the year and shows the overall financial position of the Chief Constable as at 31 March 2020. The reporting format is specifically designed to meet the requirements of the Code of Practice on Local Authority Accounting. A series of notes are provided to assist readers in their understanding of the statement, whilst the presentational format is designed to make for easier reading by those who access the document through the Chief Constable's website: www.cumbria.police.uk

The summary statement is taken from the Chief Finance Officers narrative statement to the full statements and provides a simplified summary of the financial statements with expanded information on the objectives, activities, performance and future financial prospects of the Constabulary. This aims to give the reader greater understanding of the context in which the financial statements are set. The narrative statement is also available as a stand-alone document on the same website. The Commissioner's

consolidated financial statements showing the group position can be accessed from the Commissioner's website: <https://cumbria-pcc.gov.uk/>

Statutory Framework

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

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

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

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

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

Organisational Structure

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

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

policing, response, management of calls for service and criminal justice. Territorial policing is structured in three geographic areas, which are supported by shared specialist policing resources such as roads policing, dogs and firearms.

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

There are also two support directorates both of which report to the Deputy Chief Constable. The Corporate Support Directorate includes finance, people, estates, fleet, ICT, learning & development, commercial and central services. In overall terms, the Corporate Support directorate aims to provide cohesive and integrated support for operational policing.

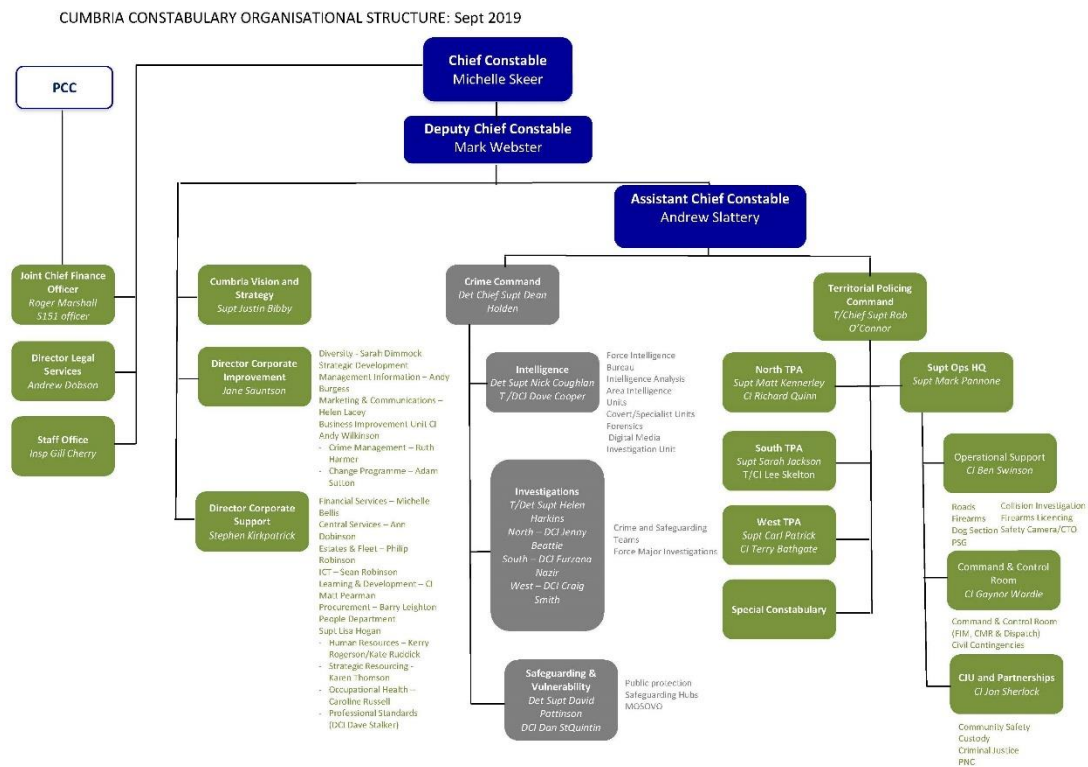
The Corporate Improvement Directorate includes a number of corporate functions including strategic development, performance and management information, business improvement unit, marketing and communications and responsibility for coordinating the Constabulary's change programme.

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

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



Strategic Objectives

For 2019/20, the Chief Constable determined the strategic direction for the Constabulary, which is 'Keeping Cumbria Safe'. Following consultation with a range of stakeholders, the annual review of the Constabulary's Strategic Assessment (based on operational intelligence), demand and resource analysis, performance results, recommendations from independent inspections and audits and a review of the organisation's strategic risks, the Chief Constable developed the core operational priorities for reducing threat, risk and harm and tackling our communities' concerns as follows:

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

- Responding to major incidents

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

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

Cumbria Vision 25 has five key themes

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

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

themes.

Chief Constable's Report

In terms of crime and disorder, Cumbria remains one of the safest places to live, work and visit in England and Wales. Cumbria has the third lowest volume of crime and anti-social behaviour, and traffic incidents have steadily reduced over the past three years. The people of Cumbria remain supportive of the service we provide, with 79% of them having confidence in their local police.

Nevertheless, there are no grounds for complacency. Over the last year, there has been a small increase of 4% in recorded crime. This is mainly attributable to our continuing improvements to crime recording processes and practices, this has had most impact on violent crime without injury and public order offences – both of which increased. There has been an undeniable rise in demand for policing services, most particularly in relation to stalking and harassment and domestic abuse related crime. More generally, crime investigation and the subsequent management of offenders to prevent further harm has become more complex and requires more resources to manage. We review our demand to inform our resourcing options, making sure that we address changing criminality.

The 2019/20 financial year will be remembered for two events, which have had a significant impact on the policing landscape. In August 2019, the Government announced its intention to recruit an additional 20,000 officers nationally by 2023, known as Operation Uplift. Cumbria's target in the first phase was to recruit an additional 51 officers by the end of 2020/21. Under the

leadership of the Deputy Chief Constable, Cumbria has embraced this challenge with gusto and has been able to recruit 48 of the 51 officers by the 31st March 2020; a year ahead of schedule. At the end of the financial year the effect of the Covid-19 pandemic began to impact on the Constabulary's operations. Whilst the major financial impact will be felt in 2020/21 and beyond, the Constabulary responded quickly, dispersing officers and staff, adapting working practices and provisioning enhanced ICT capability to facilitate home working. To date these actions have been successful in limiting staff absence and have enabled the Constabulary to continue to provide a normal policing service.

The Constabulary remains at the forefront in the use of digital technology in the fight against crime and is recognised nationally as being at the leading edge in rolling out mobile technology. During 2019/20, all officers were issued with new smartphones with enhanced functionality which will maximise the time they are able to be out providing a visible service to our communities. In addition, the force's new Command and Control system went live in June 2019. This is a critical system, which is used in the control room as the first point of public contact to direct resources to crimes and incidents. Developments such as call back and chat, which are due to be introduced in 2020/21, will enhance the caller experience for the 101 non-emergency service. Other projects to develop the main crime system in collaboration with Durham police are continuing, as is the replacement of a number of business systems as part of the Business Transformation Programme.

The Constabulary is inspected and graded as part of a regime known as PEEL (Police Efficiency, Effectiveness and Legitimacy) by Her Majesty's Inspectorate of Constabulary and Fire and Rescue Services (HMICFRS). At its last inspection in 2018/19, the Constabulary was graded good in respect of all services. In addition, Cumbria received a thematic inspection in relation to its Crime Data Integrity, for which it was rated as 'Outstanding' and is one of only two forces to receive this grading on first inspection. We continue to work with HMICFRS to address the small number of areas, which were identified as areas for improvement.

The Cumbria 2025 Plan remains pivotal to the delivery of a policing service to meet the future needs of the county. It seeks to bring together business and change planning into a single cohesive plan, which is aligned to the national policing vision. During 2019/20, in addition to the continued development of operational ICT systems previously highlighted, we have

- designed the new Post Education Qualification Framework for new recruit training in conjunction with the University of Central Lancashire
- Re-purposed the new Eden Deployment Centre to provide a training facility to accommodate the increased level of new officer recruits through Operation Uplift
- Commenced a plan to deploy officers from rural stations to provide more visibility and an enhanced level of service in these locations.

The plan will continue to be developed during 2020/21 under the leadership of the Chief Officer team.

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

In summary, despite the challenges, I will continue to work with the Commissioner and partners across the county to deliver on our core mission of Keeping Cumbria Safe.

2019/20 Grant Settlement and Budget

Under the provisions of the Police and Social Responsibility Act 2011, the Commissioner receives external funding, principally in the form of central government grants and council tax. The Commissioner is responsible for setting the budget and maintaining the force through the provision of funding to the Chief Constable. Details of the 2019/20 grant settlement, the Commissioner's overall budget and the level of Council Tax levied are provided in the Commissioner's combined financial statements.

In summary, whilst the Government provided additional grant funding in 2019/20 this was entirely required to meet the costs of increased employer pension contributions for police officers, effectively meaning that grants were reduced in real terms. Police and Crime Commissioners were afforded flexibility to increase council tax significantly above inflation to make up the shortfall. Following public consultation the Commissioner increased the precept by £23.94 for a band D property, which is equivalent to 10.29%. This enabled services to be maintained offsetting the effect of pay and price increases, but also allowed an investment in recruiting an additional 20 officers.

Business Activity

In addition to the day to day work of Protecting the People of Cumbria, the Constabulary, through its change programme and business strategies, has sought to identify savings and innovative ways to increase the productivity of its officers and staff. During 2019/20 we have made the following changes to enhance services:

- Undertook extensive analysis of current and future demand to support the production of a Force Management Statement for submission to HMICFRS as a means of shaping future service delivery.
- Audits of stop and search and the use of Body Worn Video to provide feedback to officers and improve services.
- Undertook a range of audits and knowledge checks again to improve services across the operational policing portfolio including services for victims, released under investigation, domestic abuse, crime recording and handling of drugs offences.

- Undertook a review of Information Management for implementation in 2020/21.
- Went live with the new Command and Control system with the aim of improving response to 999 and 101 calls.
- Continued development of the crime system 'Red Sigma' in collaboration with Durham Police.
- Rolled out new smartphones to all officers with enhanced functionality.
- Completed construction of the new Learning and Development Centre.
- Strengthened governance arrangements in relation to procurement of goods and services.
- Worked on refinement of the benefits management and delivery model.

Performance

Summary Budget and Outturn

The Chief Constable's budget amounting to £124.5m is based upon the funding agreement with the Commissioner.

The table below shows the summary budget for 2019/20 as set on 20 February 2019, the revised budget (taking into account budget changes made during the year) and the outturn position.

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Summary Budget & Outturn	Base Budget 2019/20 £000s	Revised Budget 2019/20 £000s	Outturn 2019/20 £000s	(Under)/Overspend 2019/20 £000s
Police Officers	88,105	85,872	86,480	608
PCSOs	2,738	2,738	2,549	(189)
Police Staff	22,497	22,588	22,498	(90)
Other Employee	1,341	1,827	1,709	(118)
Transport	2,293	2,291	2,155	(136)
Supplies & Services	10,529	10,618	10,444	(174)
Third Party Related	2,189	2,184	2,212	28
Total Expenditure	129,692	128,118	128,047	(71)
Income	(5,211)	(6,708)	(6,833)	(125)
Total Constabulary	124,481	121,410	121,214	(196)

The presentation above is as the figures are reported throughout the year in the management accounts. At the year-end a number of technical accounting adjustments (required by proper accounting practice) are made. For this reason, the outturn in the table above will not reconcile directly to the summary Comprehensive Income and Expenditure Statement.

The budget is predominantly made up of funding for employee costs, amounting in total to £114.68m, which is broken down into Police Officers £88.10m, PCSO's £2.74m, Police Staff £22.50m and other employee costs of £1.34m. The remainder of the budget relates to non-staff costs including, transport costs of £2.29m and supplies/other costs of £12.72m. Income of £5.21m, which is generated through policing activities, is also shown within the Chief Constable's budget.

In-Year Financial Performance

Revenue Expenditure: The Chief Constable's final expenditure position for 2019/20, compared to the

revised budget is an underspend of £0.196m, which represents 0.2% of the budget.

During the year the police pay budget, in particular, came under significant pressure through the conscious decision to recruit Cumbria's allocation of 51 additional officers as part of Operation Uplift as soon as possible, against a background of severe competition from other forces for new recruits.

Interim forecasts during the financial year indicated that the Constabulary could be overspent by £0.64m by the year end. In the event a combination of careful management of ancillary costs associated with Operation Uplift, savings on both Police Community Support Officers and police staff pay, lower than expected non staffing costs including training, vehicle repairs and fuel and forensics and generation of additional income, meant that the Constabulary expenditure came in slightly under budget.

Capital Expenditure: Under the terms of the funding arrangement between the Commissioner and the Chief Constable, all non-current assets are under the control of the Commissioner. Details of capital expenditure and funding in relation to the acquisition and enhancement of assets, which amounted to £6.331m in 2019/20 are shown in the financial statements of the Commissioner. The principal component of this expenditure was £3.5m on upgrade of the Estate, which almost entirely comprised the construction costs of a new deployment centre for Eden, which has been temporarily re-purposed as a training centre in response to the increased officers through Operation Uplift. Expenditure on ICT related schemes amounted to almost £2.0m, the largest elements of which were £1.15m on a new command and control system and

£0.73m on devices, principally smartphones. A further £0.73m was expended on the cyclical replacement of the vehicle fleet, including the Constabulary's first electric vehicles. Overall capital expenditure was lower than budgeted. This was as a result of delays in procuring the force's replacement single purpose vehicles whilst a decision was made on the correct approach rather than being indicative of large scale slippage on the programme.

Organisational Performance

The Constabulary operates a comprehensive framework of performance measures to ensure it is meeting its objectives and support the Commissioner in delivering his Police and Crime Plan. The following section provides a summary of performance in relation to crime, incidents and other outcomes for 2019/20.

- Crime increased by 4% (1,487 crimes). This is, in the main, attributable to improved crime recording.
- Whilst 'Violence against the person' has increased by 13% the biggest impact in terms of numbers of crimes has been on lower level crimes categorised as violence without injury, which increased by 8%, and stalking and harassment 39% increase, both of which are areas where greater emphasis has been placed on crime recording.
- We encourage the reporting of rape and sex offences; however this reduced by 13% (212 offences) compared to the previous year.
- Whilst theft offences have reduced by 1,066 (16%), there has been an 8% increase in burglary offences (155 offences).
- There has been a further 19% reduction in Anti-Social Behaviour, which has fallen to 7,352 incidents over the year.
- Domestic abuse incidents reduced by 298 or 4.2%, however domestic abuse crimes increased by 12.7% indicating the serious way in which such reports are treated.
- Cumbria generally has a low level of hate crime compared to other forces both nationally and in the North West, the latest figures for crimes with a hate indicator show an annual decrease of 39, which represents a fall of 5.7%.

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The table below summarises the Constabulary's performance indicators.

	Number of Crimes 2019/20	% Change from previous year
All Crime	38,200	4%
Violence against the person	16,026	13%
Homicide	4	0%
Death or Serious Injury - Unlawful Driving	18	125%
Stalking and Harassment	5,005	39%
Violence with injury	4,824	-2%
Assault - cause serious harm	203	-4%
Assault with injury	4,593	-2%
Other violence with Injury	28	75%
Violence without injury	6,175	8%
Assault without injury	5,495	8%
Assault without injury on a Constable	303	12%
Other violence without injury	377	5%
Rape and sexual offences	1,455	-13%
Robbery	141	-1%
Theft offences	5,522	-16%
Burglary	2,164	8%
Vehicle offences	1,064	-9%
Criminal damage and arson offences	5,713	2%
Drugs offences	922	-8%
Public order offences	4,227	28%
Miscellaneous Crimes Against Society	690	-8%
Possession of weapons offences	276	-1%

At its last inspection in 2018/19 Her Majesty's Inspector of Constabulary Fire and Rescue Services (HMICFRS) graded the Constabulary as providing a good service across all aspects of the Police, Efficiency, Effectiveness and Legitimacy. Areas inspected included:

- Preventing crime and tackling anti-social behaviour.
- Crime investigation and reducing re-offending.
- Protecting vulnerable people.
- Tackling serious and organised crime.
- Armed Policing
- Meeting current demand and Use of resources.
- Planning future demand.
- Treating people it serves fairly.
- Ethical behaviour of the workforce
- Treating the workforce with fairness and respect.

The Constabulary was also graded as outstanding in a thematic inspection of crime data integrity, one of only two forces to receive this grade on first inspection.

People

The Constabulary recognises that its workforce is its most important asset and that maintaining healthy, engaged and motivated officers and staff is critical to the delivery of effective services.

During 2019/20, the Constabulary built on its People Strategy which was last updated in 2018/19, which brings together the key themes of:

- health, safety and well-being
- workforce planning, recruitment and talent management
- employee relations
- reward and recognition
- managing workforce change
- learning and development

There is a particular focus on wellbeing with work undertaken in 2019/20 seeking to promote and embed

- Investment in further Wellbeing initiatives in the Constabulary and the training of Mental Health First Aiders who can signpost staff for early help and support.
- Investment in a Strength Based Conversation model that promotes a coaching approach by managers, and helps to build resilience in our employees.
- Streamlined processes in duty management so staff can access automated leave systems

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- Investment in anti-corruption software and resources to safeguard the safety and wellbeing of the workforce.
- Revision of grievance and mediation handling services to that the constabulary can positively support staff in the workplace.

At the 31st March 2020 the Constabulary employed:

- 1,213 Police Officers
- 70 PCSOs
- 619 Police staff (all expressed in full time equivalents)

As part of the Commissioner's council tax pledge in 2019/20, a strategic decision was taken to increase the police officer establishment by 20fte, from 1,145 FTE to 1,165, which were largely in place by the start of the year. During 2019/20, as a result of the first phase of the Government's national Operation Uplift plan Cumbria were allocated a further 51 officers to be recruited by the end of the 2020/21 financial year. This was made a high priority for the Constabulary, with the result that the majority 48 of the 51 officers were recruited by the end of 2019/20; a year ahead of schedule. Over 2019/20 the numbers of police staff and PCSOs operated slightly below establishment, partly because of the need to train additional officers.

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

Actual Employees as at 31 March 2020	CC		Total FTE
	Male FTE	Female FTE	
Directors/Chief Officers	7.5	2.0	9.5
Senior Managers	10.0	5.0	15.0
All Other Employees	982.7	899.2	1,881.9
Total CC Employees	1,000.2	906.2	1,906.4

The 2019/20 average percentage of working time lost due to sickness increased slightly for both officers and staff compared with the previous year. The police officer rate increased from 3.51% to 4.33% (approx. 9 working days), whilst police staff increased from 2.73% to 4% (9 working days). An attendance action plan is in place with a wide range of actions to pro-actively manage sickness.

The Constabulary is committed to promoting a workforce which reflects our communities and a culture that respects and celebrates all aspects of diversity. Achieving this aim will also lead to a working environment that is free from discrimination, harassment, bullying and victimisation. The Constabulary's diversity strategy in 2019/20 had three objectives:

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

- 3) Building an inclusive and supportive working environment that encourages development, progression and retention of staff. Creating a culture where all staff feel valued and where people want to work.

The Constabulary recognises the importance of developing the skills and knowledge of its workforce. The Constabulary's has an annual training plan, which aims to ensure that officers, PCSOs and staff are equipped with the requisite skills to perform their role, including mandatory accreditation for specialist responsibilities. During 2019/20, particular training resource was directed to:

- Police Educational and Qualification Framework for new officers (developing apprenticeship and degree entry training programmes in conjunction with the University of Central Lancashire)
- Leadership and skills courses for sergeants, with a new program for inspectors being developed.
- Crime training and Continuing Professional Development for new and existing detectives.
- Operation Uplift – increased recruitment and training as part of national increases in police recruitment.

The training plan was, in part, delivered through a strategic training collaboration with Lancashire Police, which has now concluded following a strategic review, due to a changing national picture around training.

Sustainability

Sustainability is at the heart of the Constabulary's approach to change and business improvement, with the focus on streamlining processes and emphasising quality by putting in systems to get things right first time. In addition, the Constabulary's Demand Strategy delivers sustainability by looking at how demand can be managed down through preventative and collaborative working with other public agencies.

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

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

The estate is served by a force wide building management system which is used for:

- Regular monitoring and control of consumption.
- Controlling mechanical building services.
- Monitoring faults for timely repair.

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

In early 2020 a working group began to the use of agile working. In addition, there is widespread partnership working and use of shared premises. This reduce travel between sites, improve space efficiency, reduces estate footprint and drives down the energy and environmental footprint at a number of sites.

For many years the Constabulary has operated a recycling policy.

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

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

The fleet includes vehicles of many different types, which are required to perform a number of roles. Each role has specific targets for omissions and the purchasing criteria for new vehicles dictates that they must be within these limits. Vehicles are purchased on a national framework, which includes sustainability and environmental criteria. The maintenance of vehicles is carried out at garages located strategically throughout the county, reducing downtime and

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transportation. Parts are bought locally and make use of the wider local supply chain where possible.

In 2019 work was undertaken on a review of hire car procedures with an emphasis being placed on improved utilisation of hire cars.

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

The Financial Statements

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

The key financial statements are:

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

Comprehensive Income and Expenditure Statement

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

accepted accounting practices, rather than the amount to be funded from taxation. The Chief Constable prepares this statement in accordance with the expenditure analysis as prescribed by Code of Practice on Local Authority Accounting issued by the Chartered Institute of Public Finance and Accountancy (CIPFA). The CIES is shown on page 26 of the full statement of accounts.

The table below sets out a summary CIES statement.

Summary CI&ES	Gross Expenditure 2019/20 £000s	Gross Income 2019/20 £000s	Net Expenditure 2019/20 £000s
Cost of Police Services	115,973	(418)	115,555
Funding Provided by PCC to CC	0	(117,564)	(117,564)
Cost of Services	115,973	(117,982)	(2,009)
Financing Costs and Investment Income	36,618	(3,561)	33,057
(Surplus)/Deficit on the Provision of Services	152,591	(121,543)	31,048
Other Comprehensive Income and Expenditure			(114,242)
Total Comprehensive Income and Expenditure			(83,194)

The statement shows that the gross cost of providing policing services amounted to £115.555m in 2019/20. This figure included the costs of neighbourhood policing, incident response, crime investigation, roads policing, communication with the public, criminal justice arrangements and a range of support services.

In addition, the CIES also records a number of technical adjustments including 'financing costs & investment income' £33.057m and 'other comprehensive income & expenditure' net income of £114.242m. These adjustments principally relate to changes to future pensions obligations over the year based on proper accounting practices. The overall effect of the cost of providing services and the pensions adjustment is to produce an accounting surplus of £83.194m for the year, which largely impacts on unusable pensions

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reserves. The analysis on page 6 of this summary, based on the management accounts, shows an underspend of £0.196m.

An Income and Expenditure analysis that sets out what those costs are (e.g. staffing, transport etc.) is provided in the note 6 to the statement of accounts on page 35.

Movement in Reserves Statement

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

The Chief Constable's statement of movements in reserves is shown on page 27 in the full statement of accounts.

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

Summary Movement in Reserves	Balance 31/03/2019 £000s	Movements 2018/19 £000s	Balance 31/03/2020 £000s
Police Pensions Reserve	(1,296,300)	93,130	(1,203,170)
LGPS Pensions Reserve	(52,654)	(9,376)	(62,030)
Accumulated Absences Reserve	(3,056)	(560)	(3,616)
Total Reserves	(1,352,010)	83,194	(1,268,816)

The reserves shown above on the Chief Constable's movement in reserves statement are all classed as 'unusable' and provide a mechanism through which accounting adjustments can be made to present the accounts in accordance with proper accounting

practices, whilst allowing the statutory amounts required to be charged for council tax purposes.

The Chief Constable's movements in reserves statement principally records the Chief Constable's negative reserves in relation to the Police and Local Government Pension Schemes, reflecting the requirement to record pension assets and liabilities as they are earned rather than when they become due for payment. During 2019/20, the overall negative balance on the police pension scheme has reduced and the balance on the local government pension scheme has increased, largely as a result of changes to actuarial assumptions.

All usable reserves are controlled by the Commissioner and are recorded in the balance sheet of the Commissioner, who formally recognises the need to provide contingencies to meet unplanned and planned expenditure in the future. The Commissioner's usable reserves include a general reserve of £3.0m to meet unplanned risks and earmarked reserves of £18.6 for specific revenue and capital purposes. During 2019/20, a total of £0.3m has been contributed to the Commissioner's earmarked reserves to fund revenue and planned capital expenditure in the year.

The Balance Sheet

The Balance Sheet shows the value as at the balance sheet date (31 March 2020) of the Chief Constable's assets and liabilities.

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

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Summary Balance Sheet	Balance	Balance
	31/03/2019	31/03/2020
	£000s	£000s
	re-stated	£000s
Current Assets	12,112	12,086
Current Liabilities	(13,835)	(14,685)
Long Term Liabilities	(1,350,287)	(1,266,217)
Net Liabilities	(1,352,010)	(1,268,816)
Unusable Reserves	(1,352,010)	(1,268,816)
Total Reserves	(1,352,010)	(1,268,816)

The Chief Constable's current assets (£12.1m) are comprised of the Chief Constable's share of short-term debtors and the balance of funding between the Commissioner and the Chief Constable. Current liabilities (£14.7m) reflect amounts owed by the Chief Constable. They include the Chief Constable's share of short-term creditors and the balance of funding between the Chief Constable and the Commissioner. Long-term liabilities (£1,266m) represent the Chief Constable's share of the pensions deficit together with a small number of provisions to meet future liabilities. The net assets (assets less liabilities) are matched on the balance sheet by the Chief Constable's reserves. The balance sheet reserves reflect the position at year end and therefore match the final position shown in the movement in reserves statement. The balance sheet is shown on page 28 in the full statement of accounts.

The Chief Constable's 2019/20 balance sheet shows a combined pensions deficit of £1,265m (£1,349m in 2018/19) for the LGPS and the Police Pension Scheme to which its employees and former employees belong. However, statutory arrangements for funding the deficit, through increased contributions over a period designed to balance the pensions account and central government funding mean that the financial position of the Chief Constable remains healthy.

The Cash Flow Statement

The Cash Flow Statement shows the changes in cash and cash equivalents of the Chief Constable during the reporting period. Under the terms of the funding arrangement between the Commissioner and the Chief Constable, all cash and cash equivalents are held by the Commissioner and as such, the Chief Constables cash flow statement simply reflects the surplus or deficit from the provision of services less adjustments for non-cash movements. The statement is shown on page 29 of the full statement of accounts.

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

Summary Cash Flow Statement	Cash flows 2018/19	Cash flows 2019/20
	£000s	£000s
Cash & Cash Equivalents 1 April	0	0
Net (Surplus)/Deficit on the provision of services	81,437	31,048
Adjustments for Non-cash Movements	(81,437)	(31,048)
Net Cash Flows from Operating Activities	0	0
Cash & Cash Equivalents 31 March	0	0

Police Officer Pension Fund Account

This statement sets out the transactions on the Police Officer pension fund account for the year. The statement records all of the contributions that have been made to the pension fund during the year. These are primarily contributions from employees and the Constabulary as employer. Contribution rates are set nationally by the Home Office. There are also small amounts of other contributions, either from officers

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joining the scheme in the year and transferring in existing pensions benefits or additional contributions from the employer to cover the cost of ill-health retirements.

The fund also records the benefits paid out of the fund to its members. Any difference between the contributions received into the fund and amount paid out is met by government grant, paid through the Commissioner. This means that the police pension fund always balances to nil.

A summary of the pension fund is shown below.

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

The statement identifies contributions made in 2019/20 totaling £19.17m. The pension benefits that are payable from the fund, together with other payments amounted to £39.11m. There is a significant increase in contributions for 2019/20 as the Home Office has increased the employer pension contribution rate from 24.2% to 31%. The balance between contributions and pensions' benefits paid of £19.94m has been funded by the Home Office via the Police and Crime Commissioner. The full pensions fund

accounts and note can be found on pages 51-52 of the full statement of accounts.

Supporting Information to the Financial Statements

The key financial statements are supplemented by an explanation of the accounting policies used in preparing the statements which are shown alongside the relevant note in the accounts or in Annex A where they are generic to the accounts as a whole. They also contain a comprehensive set of notes that explain in more detail a number of entries in the primary financial statements. A glossary of terms provides an explanation of the various technical accounting terms and abbreviations. The statements are published alongside the Annual Governance Statement for the Chief Constable in accordance with the 2015 Accounts and Audit (England) Regulations.

The Annual Governance Statement of the Chief Constable can be found in (Annex D) of this Statement of Accounts on pages AGS 1- 23 or on the Constabulary website at: www.cumbria.police.uk.

The Financial Outlook

The financial statements provide a breakdown of net spending during the year with the balance sheet showing the strong overall financial position of the Commissioner and Chief Constable as at 31 March 2020. This has primarily arisen as a result of positive action on behalf of the Constabulary to manage costs in the context of past and potential future reductions

in government funding. A reserves policy has been developed, which seeks to balance pro-actively utilising reserves to support current policing services with maintaining reserves at a level that provides some financial resilience.

Looking forward, the Government was true to its word in the 2020/21 grant settlement and has provided an additional £5.6m in grant funding for the additional officers recruited through Operation Uplift. Commissioners were also given continued flexibility to levy above inflation increases in council tax, enabling the budget for 2020/21 to be balanced.

However, the financial impact of the current Covid-19 pandemic on the national Government finances is likely to be serious, with the deepest recession on record being widely forecast. This has the potential to compound existing financial risks regarding the sustainability of a funding model which relies on local taxpayers to meet increases in the cost of providing services, the funding of pensions, costs of national policing initiatives such as the Emergency Services Network, the impact of Brexit and the potential redistribution of policing resources in any review of the Police Funding Formula. Consequently, the future financial outlook for the Constabulary is particularly uncertain.

The Constabulary's budget is set in the context of a four year medium term financial forecast (MTFF) to 2023/24, which is based on prudent assumptions and continued funding restraint. Based on the MTFF, which was prepared in February prior to the pandemic, savings of the order of £3m will be required to balance the budget from 2021/22 onwards.

The cost of dealing with the initial response to Covid-19 in 2020/21 is being carefully monitored with additional expenditure on personal, protective equipment and ICT to facilitate home working being incurred and a loss in income from reduced enforcement activity anticipated. However, this is considered to be manageable. The longer term budget and MTFF will now be subject to continual review and refinement over the coming months as information on the financial effect of Covid-19 becomes clearer to assess the impact on future funding.

The Commissioner and Chief Constable recognise that, having already delivered £26m of savings since 2010, future savings will be hard won. They continue to work towards developing and implementing organisational changes that will seek to address the future gap between expenditure and income. The judicious use of reserves will also be considered as a means of balancing the budget. Against this background the level of required savings highlighted in the MTFF are considered to be achievable.

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

Risks

The primary focus of the Constabulary's strategic risk register is closely aligned with the financial challenges faced by the Constabulary outlined above and the consequential impact of implementing change across the organisation.

The Constabulary's joint highest scoring strategic risk relates to the potential reduction in service delivery, safety and ultimately public confidence, which could result from a real terms loss of funding. The other highest scoring risk recognises the potential difficulties of providing a normal policing service if there are high levels of abstractions due to the Covid-19 pandemic.

The threat to performance and additional cost implications of implementing the Emergency Services Network, which is a national system to replace the force's radio communications, continues to be recognised in the risk register and is likely to remain until the project is implemented.

Ensuring the provision of medical care within custody units remains a challenge, which is reflected in the strategic risk register.

Other strategic risks recognise the continued challenge of answering 999 and non-emergency calls within a reasonable time period, threats from acts of terrorism and digital crime, compliance with General Data Protection Regulations, concerns over the lack of professional procurement capability within the organisation and the capacity of the organisation to deliver the level of change in Vision 2025.

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

Change Programme

The Constabulary's change programme remains pivotal in identifying and delivering potential savings, it now forms an integral part of the Cumbria 2025 vision project to ensure that a holistic approach to service delivery linked to changing service demand is adopted.

Current work-streams to generate savings include:

- Realising benefits from investments in digital technology to improve the efficiency of both operational and business systems and processes.
- Use of business analytics and intelligence to improve management information and generate efficiencies.
- Extending the concept of consolidation of operational resources into hubs, including locality based multi-agency working, with the aim of improving productivity and capacity.
- Realising workforce efficiencies.
- Improving the efficiency of business systems and procedures to better support operational policing.
- Exploiting opportunities for collaboration with other partners.
- Specific reviews of business activities.

Acknowledgements

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

In closing, it is appropriate to acknowledge the dedication and professionalism of Michelle Bellis Deputy Chief Finance Officer, Lorraine Holme, and the wider finance team in again achieving the closure of accounts and the publication of these statements against tight deadlines and in challenging working circumstances due to the pandemic.

Roger Marshall

Joint Chief Finance Officer

The accounts present a true and fair view of the position of the Chief Constable of Cumbria Constabulary as at 31 March 2020 and its income and expenditure for the year there ended.

Signatures removed for the purpose of publication on the website

Roger Marshall CPFA

Michelle Skeer QPM

Joint Chief Finance Officer

The Chief Constable of Cumbria Constabulary

Date: 25 November 2020

Date: 25 November 2020