



Annex 4c: Illustrative Simplified Financial Statement - PCC

**GOLDEN SANDS
POLICE AND CRIME
COMMISSIONER (PCC)
AND GOLDEN SANDS
CHIEF CONSTABLE**

Financial Performance Statement

This financial performance statement provides an analysis of the PCC and Chief Constable's financial performance and position over the last 12 months.

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1. Financial Performance Statement

We have a responsibility to feed back to you, as a local resident or tax payer, on how we spend and manage Golden Sands Chief Constable's and Golden Sands Police and Crime Commissioner's (PCC) resources.

The financial performance statement compares the budget (what we planned to spend) at the start of the year with what we actually spent and explains the changes. If we have over or under spent, we have explained why.

As well as our annual expenditure, this statement also includes information about our longer-term financial sustainability. This is important so that you know the resources we have available to provide services into the future. The summary shows you what we own and what we owe, and what we have put aside to make sure we can deliver services beyond this year.

You can have confidence in the figures in this report because we have to follow regulations and standards in compiling them, and the information from our accounts is independently audited.

This information is consistent with that reported in the audited accounts. A full set of [Golden Sands Chief Constable's](#) and [Golden Sands PCC's Statement of Accounts](#) are available from our respective websites.

About Golden Sands PCC and Chief Constable

The PCC is elected by the public every four years to secure the maintenance of an efficient and effective police force, and to hold the Chief Constable to account. The Chief Constable is responsible for delivering operational policing for the Golden Sands area and reports to the PCC. We both work closely with Golden Sands Council, Golden Sands Fire and Rescue Service, other local partners and other police forces and PCCs.

Where the PCC and Chief Constable get their money from

We primarily get our money from council tax and grants from the government.

We have to make sure that when we set the budget for the year, we can afford to pay for the services we offer. This includes any plans we make where we need to include longer-term commitments. We must balance our budgets each year (make sure expenditure can be fully paid for), and setting council tax is an important part of this process.

Our total funding is £260.4m, and this must support the services for a population of 1,350,000.

2. Analysis of Financial Performance

Table 1 below shows what the Chief Constable and PCC planned to spend (its budget) against what we actually spent in the year.

Where we generate income, such as fees and charges, that income will be included as well. The difference between expenditure and income is known as net spend.

The net spend (expenditure less income) can be compared to the budget, and the difference between the two is shown in the final column. The positive figures are those where we have spent less than planned and the negative figures are where we have spent more than planned.

The differences are explained in Table 2 below.

Table 1 - Golden Sands Police Budget - what we planned to spend against what we finally spent

Service	Budget (What we planned to spend)	Net Spend (What we actually spent)	Difference from Budget
	£m	£m	£m
PCC	25.4	26.6	-1.2
Chief Constable	205.8	206.6	-0.8
Total Police Services	231.2	233.2	-2.0
Net taxation and grant income (excluding council tax)	-104.2	-104.2	0.0
Total expenditure and income	127.0	129.0	-2.0
Council tax requirement <i>(Our income without council tax is not enough to pay for the service we deliver, so this is the amount we need to raise to cover that gap)</i>	127.0		

What were the differences?

Table 2 – Explanations for the significant differences between what we budgeted for and what we spent

We have spent £2.0m more than budget due to the following significant differences:	
Explanation	Difference £m
Increase in employee costs	-1.4
Increase in vehicle costs	-0.5
Other adjustments	-0.1
Total difference between budget and spend	-2.0

3. Summary Financial Position

The PCC and Chief Constable use your money to provide necessary local services. The summary financial position below (also known as the balance sheet) represents a summary, or 'snapshot', of our financial position at a single point in time. Each year, at 31 March, it sets out what the PCC and Chief Constable (known collectively as the Group) own and how much is owed and the resources it has left to support the provision of future services.

Below we show the group financial position at the year end, which is a summary of the balance sheet in the audited accounts. This information supports the assessment of whether or not the group has a sustainable financial position and is able to support and maintain services on an on-going basis. The net financial position helps inform future financial planning and sustain the services we deliver.

Group Financial Position

	£m
What we own (<i>held as 'assets'</i>)	166.9
What we owe (<i>held as liabilities</i>)	-2,886.0
Net Financial Position (<i>assets less liabilities</i>)	-2,719.1
The net financial position is held in reserves as follows:	
General Reserves available for future spend	49.0
Other Reserves held for statutory and/or specific purposes	-2,768.1
Total Reserves	-2,719.1

Financial Sustainability - The ability to plan for the future

We have to plan for the long term to ensure that we can continue to deliver our services in future years and be able to deal with any unexpected events. As a result, it is important that our financial standing (or sustainability) is robust.

We have a fully developed five-year financial plan, which includes looking at risks and future demands on services. The biggest risks identified are likely to be:

- *Safeguarding the financial position of the police service* – the Chief Constable and PCC are both looking at ways to improve efficiency and deliver services differently. These plans are currently on track.
- *Staff costs* – due to recent changes in the way police pensions are calculated, the increased cost of the police officer pension scheme is one of our biggest budget pressure areas for the foreseeable future.
- *COVID-19* - the impact on the amount available through council tax funding and the impact that the pandemic will have on central funding from government, is of concern. We are also expecting a rise in demand on our services due to the impact of the recession on increased unemployment and social dissatisfaction, as well as the challenges that the transition to the 'new normal' will place on society and policing.

More about our Reserves

Table 3 sets out a breakdown of the general reserves on the balance sheet.

Table 3 – General Reserves

	Amount held at 31 March £m
Earmarked reserves (reserves which are planned to fund specific projects or other council commitments)	38.6
Unallocated reserves (reserves held to support future service provision and manage risk)	10.4
Total general reserves	49.0

Raising debt to finance investment

The PCC can borrow to invest in property or other infrastructure that supports the delivery of services, but we must ensure that we can pay this amount back. We have an underlying need to borrow to finance these assets (this includes leases of assets) of £18.9m. We must set aside a prudent amount of resources each year so we can pay back the borrowing, and this must be affordable when compared to our annual income.

We compare what it is costing to cover our borrowing costs for these assets against the funding we receive from council tax and grants (our income streams) to show you what proportion of income is required to fund our investments.

Table 4 - Borrowing costs as a proportion of income

2017/18	2018/19	2019/20	2020/21	2021/22	2022/23
Actual	Actual	Actual	Forecast	Forecast	Forecast
0.3%	0.3%	0.4%	0.5%	0.6%	0.6%

You can find more detail on these balance sheet items in [Golden Sands PCC's Statement of Accounts](#).

4. Golden Sands Police Performance Data 1 April 2019 to 31 March 2020

Table 5 - Golden Sands Police performance information

The table below provides financial performance information, identifying the costs incurred (using the information in Table 1) and measuring that on an appropriate unit basis.

Cost Type	Unit Cost
Cost of policing per head of population	£173
Cost of policing per head of population per day	£0.47

[Note the above extract is indicative only and the detail of what could/should be set out in a financial performance statement will form a significant element of future consultation.]

AUDIT CERTIFICATE

Audit certificate to be developed. There is an expectation that this statement will be subject to external audit from 2021/22.

Illustrative