

JOINT AUDIT ADVISORY COMMITTEE



Cheshire
Constabulary



Dan Price
Cheshire
Police & Crime
Commissioner

Date: Wednesday 30 July 2025

Time: 13:00

Venue: Cheshire Constabulary HQ, Clemonds Hey, Oakmere Road, Winsford, CW7 2UA

Any member of the public who wishes to observe this meeting is asked to register their interest no later than midday on Monday 28 July 2025 via email: police.crime.commissioner@cheshire.police.uk.
A link to enable access to the meeting and joining instructions will then be provided in advance of the meeting.

AGENDA

Part 1 - Public Items

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Part 1 - Public Items - For Advice

4 Head of Internal Audit Opinion and Annual Report <i>To advise upon the attached report from the Internal Auditor</i>	A Harrop/ C Black	8
5 Draft Statement of Accounts (incl. Annual Governance Statement) 2024/25. <i>To advise upon the attached reports from the Constabulary Chief Finance Officer and the OPCC Chief Finance Officer</i>	B Malloy/ C Hodgson	23
6 External Audit Plan 2024-25 <i>To advise upon the attached report from the External Auditor</i>	N Hollis	140
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8 Forward Plan <i>To agree the attached forward plan</i>	S Bleckly	169

Part 1 - Public Items - For Information

9 Internal Audit <i>To note the attached reports from the Internal Auditor.</i> (a) Internal Audit Progress Report (b) Global Internal Audit Standards Briefing (c) Internal Audit Charter (d) Central Ticket Office Review – Terms of Reference (e) Business Continuity Planning - Final Report (f) THRIVE SC Risk Assessments Review - Final Report	A Harrop/ C Black	170
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10	Service Assurance Plan <i>To receive the attached report by the Chief Constable.</i>	<i>D Gillett</i>	230
11	Any Other Business	<i>S Bleckly</i>	-

Part 2 - Private Items

The following matters will be considered in private as they involve the likely disclosure of exempt information as defined in the Freedom of Information Act 2000, in accordance with the section indicated below:

Item	Section		
<i>Minutes of the Joint Audit Advisory Committee</i>	<i>(31) Law Enforcement</i>		
<i>Action Log</i>	<i>(31) Law Enforcement</i>		
<i>Strategic Risk Register and Annual Risk Report</i>	<i>(31) Law Enforcement (43) Commercial Interests</i>		
12	Minutes of the Joint Audit Advisory Committee <i>To approve the minutes of the Joint Audit Advisory Committee held on 26 February 2025.</i>	<i>S Bleckly</i>	-
13	Action Log <i>To consider the attached action log update.</i>	<i>S Bleckly</i>	-

Part 2 - Private Items - For Advice

14	Joint Strategic Risk Register <i>To consider the attached report by the Chief Constable/PCC.</i>	<i>D Gillett</i>	-
15	Annual Risk Management Report <i>To consider the attached report by Chief Constable/PCC</i>	<i>D Gillett</i>	-

Part 2 - Private Items - For Information

16	Any Other Business	<i>S Bleckly</i>	-
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**For further information about this Agenda, please contact:
Clare Hodgson on 01606 364000**



MINUTES OF THE JOINT AUDIT ADVISORY COMMITTEE HELD ON 26 FEBRUARY 2025 IN THE OPCC MEETING ROOM, CHESHIRE CONSTABULARY HQ, CLEMONDS HEY, OAKMERE ROAD, WINSFORD, CW7 2UA

Present: Joint Audit Advisory Committee

P Bearpark (Chair)
E Smith
P Birtles
Dr V Karthikeyan
J Gleave

Office of the Police & Crime Commissioner

D Taylor, Chief Executive
C Hodgson, Chief Finance Officer (OPCC)
M Walton, Principal Governance & Compliance Officer

Cheshire Constabulary

M Roberts, Chief Constable
D Bryan, Chief Legal Officer
B Jones, Chief Accountant
D Gillett, Inspection & Assurance Manager

Internal Audit

A Harrop, Regional Assurance Director (MIAA)
C Black, Delivery Manager (MIAA)

External Audit

A Walling, Director (Bishop Fleming) (*attended part of meeting*)

Apologies: D Price, Police & Crime Commissioner

No members of the public observed Part 1 of the meeting.

Part 1 - Public items

1. Minutes of the Joint Audit Advisory Committee

1.1. The Part 1 minutes of the meeting held on 27 November 2024 were approved.

2. Action Log

2.1. The Joint Audit Advisory Committee Part 1 Action Log was noted with one action (2024/08) closed.

3. Police & Crime Commissioner and Chief Constable Update

3.1. The Chief Constable updated the Committee in respect of the recent PEEL inspection report published by HMICFRS, with the report assessing the Force as 'outstanding' in two areas, 'good' in four areas, and 'adequate' in two areas. The Chief Constable highlighted that the Constabulary had either maintained or improved performance in all eight areas (when compared to the 2021-22 PEEL inspection) and had achieved a grading of 'outstanding' in respect of both protecting vulnerable people and managing offenders.

	PEEL 2021-22	PEEL 2023-25	Direction of Travel	England & Wales Average 2023-25*	Comparison to E&W 2023-25**
PUBLIC TREATMENT	GOOD	GOOD	↔	ADEQUATE	Better than Peers
PREVENTION	GOOD	GOOD	↔	GOOD	In line with Peers
RESPONDING TO THE PUBLIC	REQUIRES IMPROVEMENT	ADEQUATE	↑	REQUIRES IMPROVEMENT	Better than Peers
INVESTIGATIONS	ADEQUATE	ADEQUATE	↔	REQUIRES IMPROVEMENT	Better than Peers
VULNERABILITY	ADEQUATE	OUTSTANDING	↑	ADEQUATE	Better than Peers
OFFENDERS & SUSPECTS	REQUIRES IMPROVEMENT	OUTSTANDING	↑	ADEQUATE	Better than Peers
WORKFORCE	GOOD	GOOD	↔	ADEQUATE	Better than Peers
LEADERSHIP	ADEQUATE	GOOD	↑	ADEQUATE	Better than Peers

**Based on 31 out of 43 reports published in England & Wales (February 2025)*

- 3.2. The Committee noted that Cheshire Constabulary is currently the only Force in the country to be graded 'outstanding' in respect of managing offenders and congratulated the Chief Constable accordingly. The Chief Constable stressed that the findings of HMICFRS are a result of the outstanding efforts of officers, staff and volunteers across the organisation who work tirelessly to keep our communities safe. Whilst the Chief Constable explained that he was extremely proud of the findings, which detailed the huge improvements made across the Force during the past three years, the Chief Constable recognised that now is not the time to be complacent, reiterating his ambition to build on the strengths of the organisation and to be graded outstanding in every aspect of the service provided to the residents of Cheshire.
- 3.3. The Chief Constable confirmed that the Commissioner had set a balanced budget at the Joint Management Board meeting on 29 January 2025. Whilst the Chief Constable acknowledged that it remains a challenging budget given the ongoing financial pressures on the Constabulary, the £3million additional funding received from Government to support Neighbourhood policing was welcomed.
- 3.4. On behalf of the Commissioner, the Chief Executive provided an update to the Committee in respect of:
- the Commissioner's proposed Precept, that was presented to the Police & Crime Panel on 7 February 2025, was supported by the Police & Crime Panel;
 - the Commissioner's draft Police & Crime Plan was also presented to the Police & Crime Panel on 7 February 2025. The Police & Crime Plan is to be issued by the Commissioner in advance of the statutory deadline of 31 March 2025;
 - Cheshire Constabulary's PEEL inspection report published by HMICFRS and a subsequent scrutiny session held by the Commissioner in respect of the findings. The Chief Executive congratulated the Chief Constable and Cheshire Constabulary in respect of the report; and
 - the Commissioner's SWAP community fund, which prior to the application deadline, had received a total of 150 applications received from organisations across Cheshire. It is anticipated that all £200,000 available within the fund will be allocated over the coming weeks.
- 3.5. It was noted that the Chair of the Committee, Mr Bearpark, and Ms Gleave will both stand down from the Committee on 31 March 2025 after 8 years and 4 years respectively on the Committee. The Chief Executive and the Chief Constable wished to thank both Mr Bearpark and Ms Gleave for their many years of service to the Joint Audit Advisory Committee and offered their best wishes for the future.

4. JAAC Annual Report 2024

4.1. The JAAC Annual Report 2024 was presented by the Committee. The Chair of the Committee noted that the External Auditors had commented (in the report presented at agenda item seven) upon the effectiveness of the Joint Audit Advisory Committee during 2024.

5. Draft Internal Audit Plan 2025/26 (Extract)

5.1. The Regional Assurance Director provided an overview of the draft Internal Audit plan extract for 2025/26, explaining that the full plan would be presented to the Committee for approval at the meeting in July 2025.

5.2. The extract of the draft Internal Audit Plan for 2025/26 was noted by the Committee.

6. Forward Plan

6.1. The Joint Audit Advisory Committee Forward Plan was noted.

7. External Audit - Draft Audit Completion Report and Letter of Representation

7.1. The Director of Bishop Fleming provided an overview of the Auditor's Annual Report 2023/24 and the Audit Completion Report 2023/24.

7.2. The Director of Bishop Fleming confirmed that following the draft documents being presented to the Committee in November 2024, all areas of the audit had now been completed and the External Auditor's opinion was provided on 23 January 2025. A small number of changes have been made to the Audit Completion Report 2023/24, which now includes Management Comments. The audit fees as set out in page 18 of the Audit Completion Report had now been finalised following the completion of the audit.

7.3. The Director of Bishop Fleming noted that the accounts had been published online in advance of the 28 February 2025 deadline and thanked the team for also publishing the Auditor's Annual Report 2023/24 which is a public document but noted that not all authorities publish this.

7.4. The Chair of the Committee noted that given the accounts had been published and the audit completed in advance of the statutory deadlines, the Commissioner and Cheshire Constabulary remain in the minority in respect of compliance with such statutory deadlines. The Committee wished to congratulate all involved, in particular Bishop Fleming given this was the first year as External Auditors for the Commissioner and Cheshire Constabulary. The Chair of the Committee noted that the accounts had been formally signed off prior to the meeting, following a recommendation from the Committee in November 2024 and subject to a small number of actions, which had undoubtedly improved the efficiency of the process.

7.5. The Committee noted a potential error in respect of the total fee proposed at planning stage within the audit fees on page 18 and 19 of the Audit Completion Report. The Director of Bishop Fleming confirmed this would be revised accordingly.

8. Internal Audit

8.1. *Internal Audit Progress Report* - The Delivery Manager (MIAA) provided an overview of the report which was noted by the Committee.

8.2. *Key Financial Transactional Processing Controls Review Assignment Report 2024/25 (Final)* - The Delivery Manager (MIAA) provided an overview of the report, noting that the audit provided an overall assurance rating of 'high assurance'. The Committee noted the one

recommendation (low) in respect of approval limits had been agreed by the Constabulary and the recommendation implemented accordingly.

- 8.3. *Pensions Review - Assignment Report 2024/25 (Final)* - The Delivery Manager (MIAA) provided an overview of the report, noting that the audit provided an overall assurance rating of 'substantial'. The Committee noted the three recommendations (two medium and one low) had been identified, all of which had been accepted by the Constabulary and implemented accordingly.
- 8.4. *Business Continuity Planning Review Terms of Reference 2024/25 (Final)* - The Terms of Reference was noted by the Committee.
- 8.5. *Thrive Risk Assessment Review Terms of Reference 2024/25 (Final)* - The Terms of Reference was noted by the Committee.

9. 2025/26 Budget and Medium Term Financial Strategy

- 9.1. The Chief Finance Officer (OPCC) provided an overview of the report, which was approved by the Joint Management board on 29 January 2025. The Chief Finance Officer (OPCC) explained that the Commissioner had agreed a balanced budget and confirmed that the Commissioner's proposed Precept had been supported by the Police & Crime Panel on 7 February 2025.
- 9.2. The Chair of the Committee explained that the continued one-year settlement (as opposed to a five-year settlement) was disappointing as this does not support long term planning and stifles innovation. With regard to the Medium Term Financial Strategy, the Committee noted the ongoing challenges within year one, with years two to five containing numerous assumptions given the Constabulary awaits the outcome of the Comprehensive Spending Review (CSR) and the impact of devolution unknown.

10. Service Assurance Plan

- 10.1. The Inspection & Assurance Manager provided an overview of the Service Assurance Plan. The Chair of the Committee suggested that for futures reports, MIAA items are omitted as that information has already been provided by MIAA.
- 10.2. The Chair of the Committee welcomed the report presented for information.

11. Any Other Business

- 11.1. The Chair of the Committee wished to thank fellow Committee members, as well as officers, staff and auditors for their support over the previous eight years that he had been on the Committee. Similarly, Ms Gleave also wished to thank officers and staff for their support during her four years on the Committee.

Date of Meeting	Action Number	Action Details	Responsible for Action?	Status	Notes

July 2025 - There are currently no active Part 1 open actions.

Internal Audit Annual Report & Head of Internal Audit Opinion 2024/25

Office of the Police and Crime Commissioner for Cheshire /
Cheshire Constabulary

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- 1 Executive Summary
- 2 Head of Internal Audit Opinion
- 3 Informing our Opinion
- 4 Internal Audit Coverage and Outputs
- 5 Areas for consideration – your Annual Governance Statement
- 6 Ensuring Quality

1 Executive Summary

This annual report provides your 2024/25 Head of Internal Audit Opinion, together with the planned internal audit coverage and outputs during 2024/25 and MIAA Quality of Service Indicators.

In accordance with Public Sector Internal Audit Standards, the Head of Internal Audit is required to provide an annual opinion, based upon and limited to the work performed, on the overall adequacy and effectiveness of the organisation's risk management, control and governance processes. The opinion should contribute to the organisation's annual governance statement.

Head of Internal Audit Opinion	1 st April 2023 – 31 st March 2024	1 st April 2024 – 31 st March 2025	Factors considered in forming our opinion
High Assurance, can be given that there is a strong system of internal control which has been effectively designed to meet the organisation's objectives, and that controls are consistently applied in all areas reviewed.			<ul style="list-style-type: none"> • Inherent risks in the areas audited • Scope limitations of individual audit reviews • Control weaknesses identified and their impact • Internal control environment adequacy and effectiveness • Management's responses to recommendations • Progression of implementation of recommendations by management
Substantial Assurance , can be given that there is a good system of internal control designed to meet the organisation's objectives, and that controls are generally being applied consistently.	✓	✓	
Moderate Assurance, can be given that there is an adequate system of internal control, however, in some areas weaknesses in design and/or inconsistent application of controls puts the achievement of some of the organisation's objectives at risk.			
Limited Assurance, can be given that there is a compromised system of internal control as weaknesses in the design and/or inconsistent application of controls impacts on the overall system of internal control and puts the achievement of the organisation's objectives at risk.			
No Assurance, can be given that there is an inadequate system of internal control as weaknesses in control, and/or consistent non-compliance with controls could/has resulted in failure to achieve the organisation's objectives.			

Key Area	Summary
Head of Internal Audit Opinion	<p>As highlighted above, the overall opinion for the period 1st April 2024 to 31st March 2025 provides Substantial Assurance, that that there is a good system of internal control designed to meet the organisation’s objectives, and that controls are generally being applied consistently.</p> <p>Context: This opinion is provided in the context that Police and Crime Commissioner for Cheshire and Cheshire Constabulary, like other organisations across the public sector is facing a number of challenging issues and wider organisational factors particularly with regards to changes in the political landscape, financial challenges and increasing collaboration across organisations and systems.</p> <p>With regards to the Senior Leadership Team, 2024/2025 has seen a change in the Chief Finance Officer.</p> <p>The latest PEEL (Police Effectiveness, Efficiency and Legitimacy) assessment of Cheshire Constabulary was published on 6th February 2025 and provided an overall positive evaluation of the force's performance across various domains. The inspection, conducted between 2023 and 2025, assessed the constabulary in nine areas of policing, with graded judgments in eight of these nine areas. The force received 'Outstanding' grades in protecting vulnerable people, managing offenders and suspects, and investigating crime, reflecting significant improvements since the previous inspection. Other areas including police powers and treating the public fairly and respectfully, responding to the public, preventing and deterring crime and antisocial behaviour, and reducing vulnerability, were rated 'Good'. The remaining areas received 'Adequate' ratings.</p> <p>Compliance with professional standards: In providing this opinion we can confirm continued compliance with the definition of internal audit (as set out in your Internal Audit Charter), code of ethics and professional standards. We also confirm organisational independence of the audit activity and that this has been free from interference in respect of scoping, delivery and reporting.</p> <p>Purpose: The purpose of our Head of Internal Audit (HoIA) Opinion is to contribute to the assurances available to the Police and Crime Commissioner and the Chief Constable which underpin their own assessment of the effectiveness of the system of internal control. As such, it is one component that the Police and Crime Commissioner and the Chief Constable takes into account in making their Annual Governance Statement (AGS).</p> <p><i>Please include the summary text in the table above when referring to the HoIA Opinion in your AGS.</i></p>

Key Area	Summary
Scope and Limitations of Our Work	<p>Our opinion is formed through the completion of a risk-based plan of assignments, agreed with management and approved by the Joint Audit Advisory Committee.</p> <p>Our opinion is subject to the following inherent limitations:</p> <ul style="list-style-type: none"> • We have not reviewed all risks and assurances relating to the organisation. • The opinion is substantially derived from the conduct of risk-based plans generated from a robust and organisation led assurance framework. The assurance framework is one component that the board takes into account in making its annual governance statement (AGS) • The opinion is based on the findings and conclusions of the agreed audit assignments which were limited to the objectives and scope agreed with management. • Where strong controls have been identified and confirmed, their effectiveness may still be impaired in some instances. This may be due to human error, incorrect management judgement, management override, controls being by-passed or a reduction in compliance. • Due to the limited scope of individual audit assignments, there may be weaknesses in controls which we are not aware of, or which were not brought to our attention. • The points raised in this report relate only to the issues we encountered during delivery of the internal audit service. It is not an exhaustive list of all weaknesses or potential improvements. Management is responsible for maintaining a robust system of internal controls, and internal audit should not be the sole basis for identifying all strengths and weaknesses. • This report is prepared solely for the use of the Joint Audit Advisory Committee.
Planned Audit Coverage and Outputs	<p>The 2024/25 Internal Audit Plan has been delivered with the focus on the provision of your HoIA Opinion. This position has been reported within the progress reports across the financial year. Review coverage has been focused on:</p> <ul style="list-style-type: none"> • The organisation’s Assurance Framework • Core and mandated reviews, including follow up; and

Key Area	Summary
	<ul style="list-style-type: none"> • A range of individual risk-based assurance reviews.
Recommendations / Management Actions	<p>We have raised 19 recommendations as part of the reviews undertaken during 2024/25. All recommendations raised by MIAA have been accepted by management.</p> <ul style="list-style-type: none"> • Of these recommendations: None were critical or high-risk recommendations. • At the start of the 24/25 year there were 14 recommendations outstanding from prior years. During the course of the year, we have undertaken follow up reviews and can conclude that the organisation implemented all 14 actions. The Constabulary have also implemented 5 recommendations relating to 2024/25 reviews. • There are no overdue recommendations.
MIAA Quality of Service Indicators	<p>MIAA operate systems to ISO Quality Standards. The External Quality Assessment, undertaken by CIPFA (2020), provides assurance of MIAA's full compliance with the Public Sector Internal Audit Standards (PSIAS). We also undertake regular internal assessments to ensure our ongoing compliance with requirements. In year we completed our annual self-assessment of compliance with PSIAS and can continue to confirm full compliance with these standards.</p> <p>MIAA are committed to delivering and demonstrating the highest standards of information governance and cyber security to protect not only our information and systems but to protect the data we collect and create through our audit and advisory activities with clients.</p> <p>We have consistently submitted a compliant NHS Data Security and Protection Toolkit return and we are one of only circa 20 NHS organisations certified to the Cyber Essentials Plus standard. Certification to this standard required rigorous independent testing of our cyber security controls across our devices. That we have achieved this certification is a demonstration not only of the security of our devices but also a validation of the proactive monitoring and maintenance that we have in place to protect data and systems from malicious threats.</p>

2 The Head of Internal Audit Opinion

Your internal audit service has been performed in accordance with MIAA's internal audit methodology which conforms with PSIAS. PSIAS require that we comply with applicable ethical requirements, including independence requirements, and that we plan and perform our work to obtain sufficient, appropriate evidence on which to base our conclusion.

2.1 Roles and Responsibilities

The Chief Constable is responsible for operational policing, the direction and control of police officers and police staff and the overall governance of the Constabulary. The Police and Crime Commissioner is required to hold the Chief Constable to account for the exercise of those functions and for delivering an efficient and effective policing service to the public.

The Police and Crime Commissioner and Chief Constable are collectively accountable for maintaining sound systems of internal control and for putting in place arrangements for gaining assurance about the effectiveness of those overall systems.

The AGS is an annual statement on behalf of the Police and Crime Commissioner and Chief Constable, setting out:

- how the individual responsibilities of the Accountable Officer are discharged with regard to maintaining a sound system of internal control that supports the achievements of policies, aims and objectives;
- the purpose of the system of internal control as evidenced by a description of the risk management and review processes, including the Assurance Framework process; and
- the conduct and results of the review of the effectiveness of the system of internal control, including any disclosures of significant control failures together with assurances that actions are or will be taken where appropriate to address issues arising.

The organisation's assurance framework should bring together all of the evidence required to support the AGS requirements.

In accordance with PSIAS, the HoIA is required to provide an annual opinion, based upon and limited to the work performed, on the overall adequacy and effectiveness of the organisation's risk management, control and governance processes (i.e. the organisation's system of internal control). This is achieved through a risk-based plan of work, agreed with the Joint Audit Advisory Committee and approved by the Police and Crime Commissioner and Chief Constable which can provide assurance, subject to the inherent limitations described below. The outcomes and delivery of the internal audit plan are provided in Section 4.

3 Informing our Opinion

3.1 Basis for the Opinion

The basis for forming our opinion is as follows:

- 1 An assessment of the design and operation of the underpinning strategic governance, risk management arrangements and supporting processes.
- 2 An assessment of the range of individual assurances arising from our risk-based internal audit assignments that have been reported throughout the period. This assessment has taken account the relative materiality of systems reviewed and management's progress in respect of addressing control weaknesses identified.
- 3 An assessment of the organisation's response to Internal Audit recommendations, and the extent to which they have been implemented.

3.2 Commentary

The commentary below provides the context for our opinion and together with the opinion should be read in its entirety.

Our opinion covers the period 1st April 2024 to 31st March 2025 inclusive, and is underpinned by the work conducted through the risk-based internal audit plan.

A) Assurance Framework (AF)

Risk management is interwoven within the audits completed in year and we have oversight of the strategic risk management and risk review arrangements via the Joint Audit Advisory Committee.

B) Core & Risk-Based Reviews Issued

We issued:

One high assurance opinions:	Financial Systems	Zero limited assurance opinions:	N/A
Five substantial assurance opinions:	Pensions Neighbourhood Policing and Problem Solving Business Continuity THRIVE-SC Risk Assessments Custody Referrals	Zero no assurance opinions:	N/A
Zero moderate assurance opinion:	N/A	One review without an assurance rating	National Fraud Initiative

C) Follow Up

During the course of the year we have undertaken follow up reviews and can conclude that the organisation has made **excellent progress** with regards to the implementation of recommendations. We will continue to track and follow up outstanding actions.

Chris Harrop

Managing Director, MIAA
March 2025

Louise Cobain

Assurance Director, MIAA
March 2025

4 Internal Audit Coverage and Outputs

The 2024/25 Internal Audit Plan has been delivered with the focus on the provision of your Head of Internal Audit Opinion. This position has been reported within the progress reports across the financial year.

The audit assignment element of the Opinion is limited to the scope and objectives of each of the individual reviews. Detailed information on the limitations (including scope and coverage) to the reviews has been provided within the individual audit reports and through the Joint Audit Advisory Committee Progress Reports throughout the year.

A summary of the reviews performed in the year is provided below:

	Review	Assurance Opinion	Recommendations Raised				
			Critical	High	Medium	Low	Total
1	Key Financial Transactional Processing Controls	High	0	0	0	1	1
2	Pensions	Substantial	0	0	2	1	3
3	Neighbourhood Policing and Problem Solving	Substantial	0	0	4	1	5
4	Business Continuity	Substantial	0	0	2	1	3
5	Custody Referrals	Substantial	0	0	3	1	4
6	THRIVE-SC Risk Assessments	Substantial	0	0	2	1	3
7	National Fraud Initiative	N/A	0	0	0	0	0
		TOTAL	0	0	13	6	19

There are no critical or high-risk recommendations overdue at the time of reporting. We will continue to follow up progress against all recommendations as part of the 2025/26 Internal Audit Plan.

CONTRIBUTION TO GOVERNANCE, RISK MANAGEMENT AND INTERNAL CONTROL ENHANCEMENTS: *Additional areas where MIAA have provided added value contributions.*

Detailed insight into the overall Governance and Assurance processes gained from liaison throughout the year with the Senior Management Team and Officers.

Involvement with the organisation in respect of advice and guidance relating to corporate governance and Joint Audit Advisory Committee development.

Ongoing discussion with lead Officers, Managers and Senior Management Team throughout the year.

Effective utilisation of internal audit including in year communication, requests for support during reviews and regular review of the audit plan.

To keep our clients informed on emerging governance and wider policy developments we ran 10 events in 24/25 as part of our North West Masterclass Collaboration. Each event was accompanied by an event summary published on our website.

Continued involvement and representation on National Bodies including the Institute of Internal Auditors (IIA) and CIPFA enabling us to be proactive in sharing best practice, wider benchmarking and providing early insights on national issues.

5 Areas for Consideration – your AGS

The Head of Internal Audit Opinion is one source of assurance that the organisation has in providing its AGS other third party assurances should also be considered. In addition the organisation should take account of other independent assurances that are considered relevant.

We have identified a number of other strategic challenges that should be considered by the Police and Crime Commissioner and the Chief Constable when drafting the AGS. Whilst the scope of the Internal Audit Plan would have considered elements of these, it is important that the Authority Commissioner reflects more widely on how these should be factored into the AGS. Areas for consideration include:

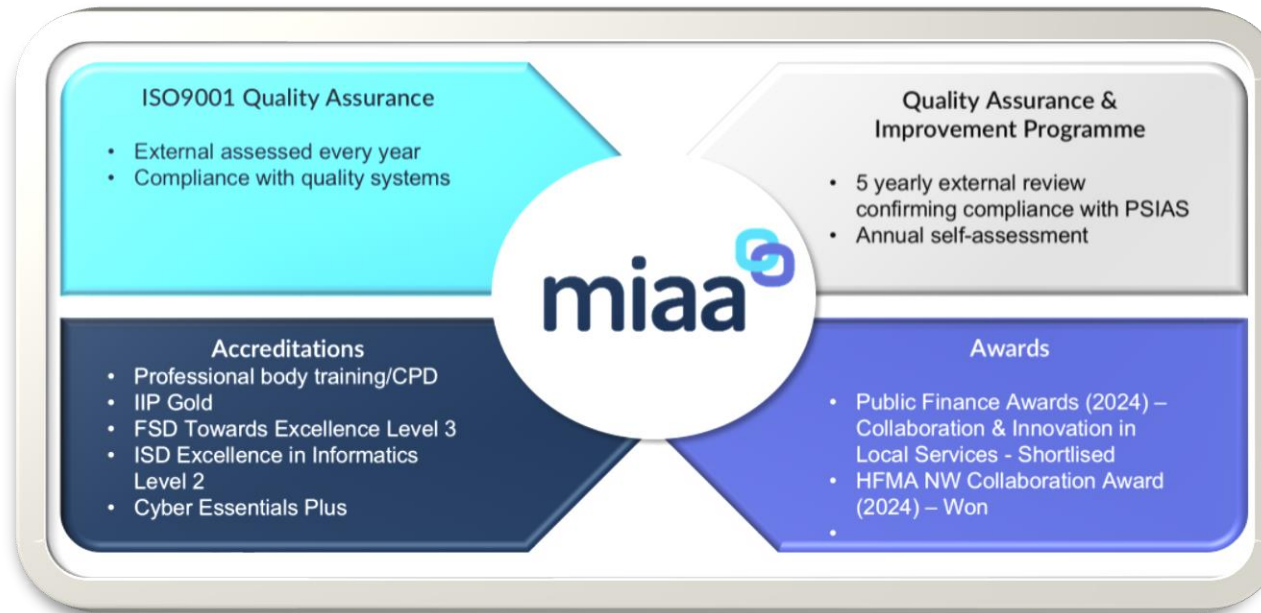
- Impact of the financial regime on decision making, achieving financial duties, ongoing financial viability, delivery of savings, service pressures and key relationships/ performance of third parties.
- Changes to governance, risk management and internal control arrangements (including the impact on decision making processes) such as the continued disaggregation of the Blue Light Collaboration.
- Service leadership, including any significant changes to the Senior Management Team such as the Chief Finance Officer.
- Workforce capacity, engagement, wellbeing and development.
- Ensuring there is a fit for purpose infrastructure.
- Cyber security, information governance risks and any associated reportable incidents.
- Relationship and management of 3rd party providers upon which the organisation places reliance, and the provision of assurances from these.
- Compliance with all relevant laws, standards and regulations.
- HMICFRS inspections and feedback from 2024/25 PEEL report including any actions taken to address any areas of development and improvement.

6 Ensuring Quality

MIAA's strategy has quality at the heart of everything we do and our overall approach to quality assurance includes ISO9001:2015 accreditation, compliance with PSIAS, the quality of our people and how we supporting them, staffing levels, compliance and outcome measures.

Professional Standards and Accreditations

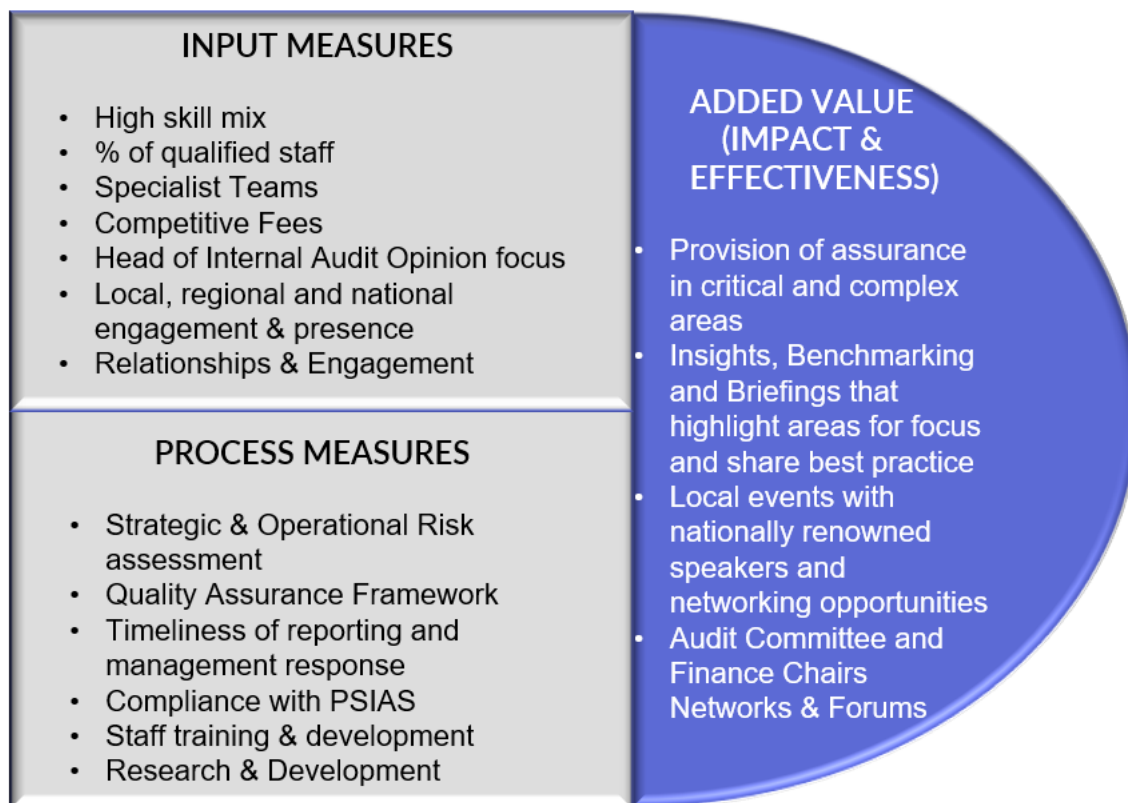
MIAA comply fully with professional best practice, internal audit standards and legal requirements.



Service delivery and outcome measures

It is important that client organisations ensure an effective Internal Audit Service, and whilst input and process measures offer some assurance, the focus should be on outcomes and impact from the service. The infographic on this page confirms the measures that we believe demonstrate an effective service to you.

MIAA regularly report on input and process KPIs as part of our Joint Audit Advisory Committee Progress reports, and the impact and effectiveness measures can be assessed through the HOIA Opinion.



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Dan Price
Cheshire
Police & Crime
Commissioner



Cheshire
Constabulary

**POLICE & CRIME COMMISSIONER
FOR CHESHIRE AND GROUP
STATEMENT OF ACCOUNTS
2024/25**

STATEMENT OF ACCOUNTS 2024/25

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NARRATIVE REPORT

Narrative Report 2024/25 – Cheshire Police Group (PCC and Chief Constable)

1. Purpose and Legal Framework

This Narrative Report provides an overview of Cheshire Police Group's (PCC and Chief Constable) activities, performance, and financial position for the financial year 1 April 2024 to 31 March 2025. It is published alongside the Statement of Accounts as required by the Accounts and Audit Regulations 2015 and follows the guidance of the CIPFA Code of Practice on Local Authority Accounting. The report aims to help readers understand the Constabulary's strategic objectives, operational achievements, financial results, governance arrangements, and the principal risks and outlook for the future.

Cheshire's police governance operates under the Police Reform and Social Responsibility Act 2011, which established the Police and Crime Commissioner (PCC) and Chief Constable as separate "corporation sole" entities. As such, both the PCC and Chief Constable must produce annual accounts, with a Group Accounts consolidation. The Statement of Accounts has been prepared in accordance with proper practices and International Financial Reporting Standards, providing a true and fair view of the financial transactions for the year. The Narrative Report, as part of these accounts, is also prepared in line with the statutory "Delivering Good Governance in Local Government" framework and is consistent with the Annual Governance Statement.

Purpose of the Statement of Accounts: The accounts set out the financial performance and financial position of the Cheshire Police Group (PCC and Chief Constable) for 2024/25. Key statements include the Movement in Reserves Statement, Comprehensive Income and Expenditure Statement, Balance Sheet, and Cashflow Statement, supported by notes. The accounts reflect all income and expenditure in accordance with proper accounting practice, including adjustments for pension liabilities and asset valuations, to present both the accounting cost of policing services and the funding position. The Movement in Reserves Statement shows how the year-end balances in usable reserves have changed, while the Comprehensive Income and Expenditure Statement shows the economic cost of providing policing during the year. The Balance Sheet details assets, liabilities and reserves as at 31 March 2025, and the Cashflow Statement outlines how cash was generated and used. Together, these statements demonstrate the Constabulary's financial health and stewardship of resources within the legal and regulatory framework.

Legal and Regulatory Framework: The PCC and Chief Constable's financial affairs are managed in accordance with the Police Act 1996 and subsequent legislation. The PCC is responsible for securing an efficient and effective police service and must set the annual budget (including the police precept element of council tax) and police and crime objectives, consulting the public on significant changes. The Chief Constable has operational independence to direct police personnel and resources to achieve those objectives. A Scheme of Corporate Governance is in place, setting out how functions are delegated and how financial management is controlled. Both corporations sole have adhered to the Home Office Financial Management Code of Practice and relevant accounting standards in preparing these accounts. The Narrative Report fulfils the requirement to provide a fair review of the Constabulary's development, performance and position, and to outline principal risks and uncertainties facing the service.

In summary, this report and the accompanying financial statements are published to meet statutory accountability requirements and to explain to the public how Cheshire Constabulary is performing and managing its finances in pursuit of making Cheshire safer. The following sections provide an organisational overview, discuss strategy and performance, review operational and financial matters, outline workforce and equality initiatives, describe governance arrangements, and highlight key risks and our future outlook.

Organisational Overview

Cheshire Constabulary is one of 43 police forces in England and Wales, serving around 1 million residents across Cheshire West and Chester, Cheshire East, Warrington, and Halton. The force covers a mix of urban and rural areas, including major towns and key transport routes. Its mission is to make Cheshire safer and hostile to criminals.

Workforce and Structure

By year-end 2024/25, the force had its highest officer numbers in over a decade, with:

Employee Type	Headcount as at 31.03.2025
Officers	2419
Staff	1644
Specials	145
PCSO's	93
Volunteers	92
Total	4393

The workforce is organised into nine Local Policing Units (LPUs) and specialist departments (e.g. crime, roads policing, public protection), all guided by the Code of Ethics and core values of integrity, fairness, and community partnership. Officer numbers at year-end exceeded our workforce target of 2,410, enhancing the force's capacity to respond to public needs, improving officer wellbeing, and strengthening resilience across the organisation. This outcome reflects our successful recruitment and retention efforts.

Leadership and Governance

In May 2024, Dan Price was elected as Police and Crime Commissioner (PCC), succeeding John Dwyer. Chief Constable Mark Roberts continued to lead operational delivery, ensuring continuity and performance improvement. The PCC sets strategic direction via the Police and Crime Plan, while the Chief Constable manages day-to-day policing.



Chief Constable Mark Roberts with PCC Dan Price

Strategic Planning

For most of the year the force operated under the 2021–24 Police and Crime Plan, which focused on:

1. Preventing crime
2. Road safety
3. Justice for victims
4. Protecting the vulnerable
5. Public confidence
6. Modernising policing

From December 2024 a new Police & Crime Plan (2024-28) was published by the Commissioner Dan Price with three new focuses:

- Listen to the public
- Modernise
- Reduce crime

Police and Crime Plan 2024-28

Listen to the Public

The Commissioner has set out his plans to engage widely with the public through the hosting of citizens assemblies in each of the nine Local Policing Units (LPUs) across the Constabulary area. This will enable the Commissioner and his team to hear the voices of local people and enable local policing teams to be better informed on the views of local residents. Dan Price is the first Police and Crime Commissioner in the country to launch citizens' assemblies, giving residents of Cheshire the pioneering opportunity to help shape local policing plans. The programme was awarded a certificate of excellence by the iESE the public sector transformation awards 2025.

The Commissioner's Plan includes a wide range of support for victims of crime, by commissioning tailored services to best meet their needs. By regularly reviewing police performance and holding the Chief Constable to account, the Commissioner will ensure that the police are using all the tools available to them. He will retain a sharp focus on the Constabulary handling victims with care, respect and sensitivity.

Modernise

The Commissioner is keen to drive efficiencies and explore how artificial intelligence and data analytics can help drive forward many of the priorities contained within his Plan. Innovative technology will be embraced to ensure that the service is well equipped to deal with current and emerging threats and ensuring the police are present when and where they are needed most. This will be supported by a culture which is open to new ideas and new ways of working. Wherever possible, the Commissioner will look to secure additional funding and work with key stakeholders to build on the successes already achieved.

The Plan supports future budgets making provision for funding to ensure that the Constabulary estate is modernised and, despite the challenging financial context and the age and size of the estate, invest in existing properties in a sustainable and economic way to enable them to remain effective policing bases best placed to serve our communities. This will also include provision for the development of new, state of the operational bases in Wilmslow and Crewe.

Reduce Crime

Through his citizens assemblies, the Commissioner is clear how important neighbourhood policing, and a visible police presence is to all our communities and will support and review the development of the neighbourhood policing model where all communities will have a named contact. Through his scrutiny process, the Plan also sets out how response and call handling times will be monitored. The Plan will support the continued use of tools such as Dytask which will ensure that hotspot areas are properly policed, and that communities and businesses can be best supported at times when they may need additional resources to address such issues as ASB. The Commissioner is currently developing the County's first stakeholder funded hotspot policing programme.

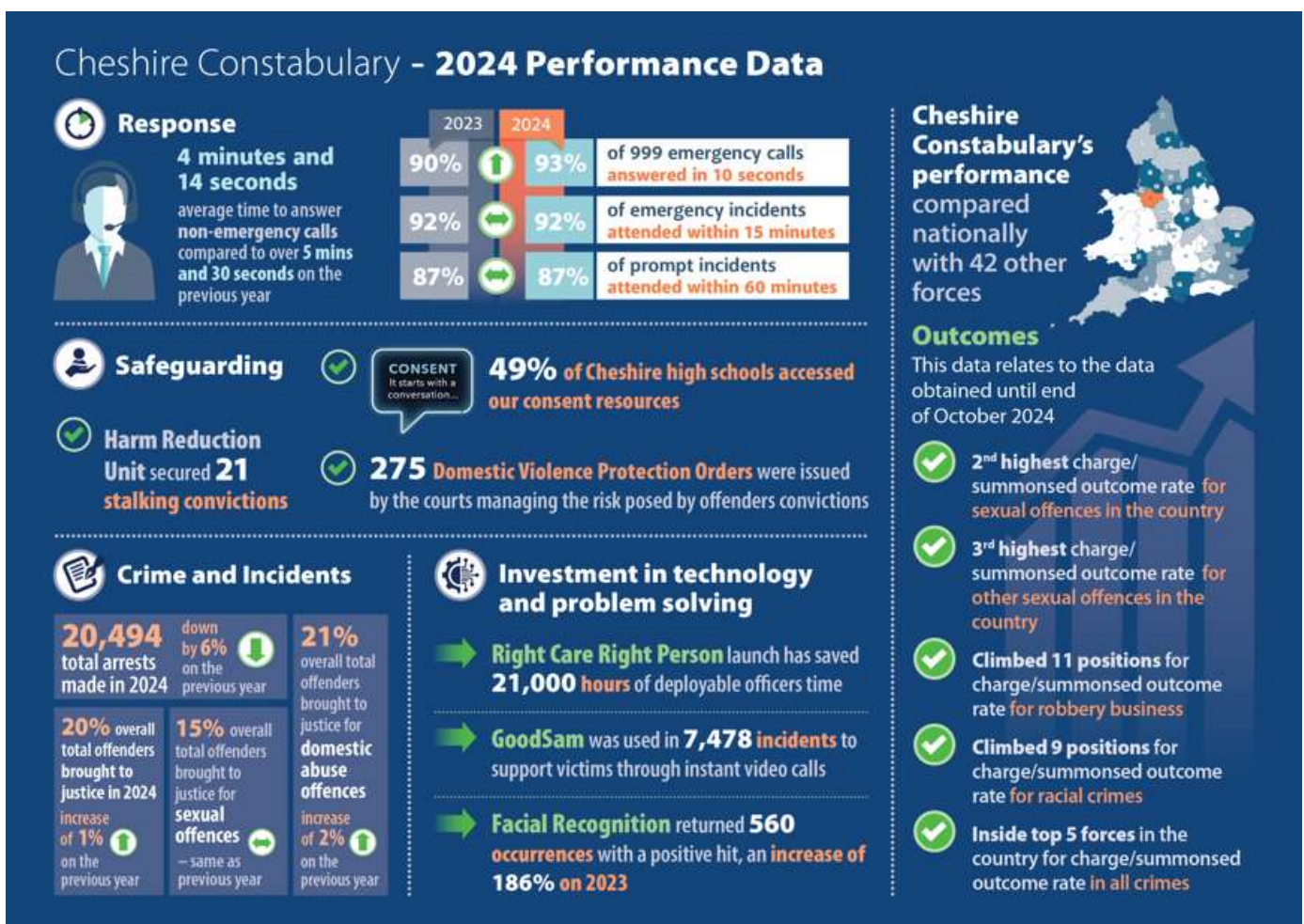
The Commissioner's Plan also includes a keen focus on violence against women and girls and driving up the reporting of domestic abuse incidents, to ensure the service provided to victims is the best it can be, and that those most at risk of harm are protected.

The Plan also has a focus on the prevention agenda and efforts to steer people away from criminal activity, looking to commission educational programmes where appropriate to tackle the scourge of knife crime and other serious violence, but also working with perpetrators and ex-offenders to rehabilitate them into our communities and deter them from further criminality. Future budgets will also set out the contributions that will be made to regional policing operations which focus on serious and organised crime and counter terrorism, for which the Commissioner and his regional counterparts will provide oversight and scrutiny.

The Plan sets out the work which will be undertaken with local community groups, utilising money seized through the Proceeds of Crime Act to develop projects which support local communities to tackle crime and anti-social behaviour.

Strategic and Performance Report

The infographic below represents the Constabulary’s performance over the last calendar year. It shows that the Constabulary has maintained its improved performance. The percentage of emergency calls answered within 10 seconds has increased compared to the previous year, as has the percentage of offenders who have been brought to justice. These examples, together with safeguarding and investment in technology and problem-solving performance data listed below, demonstrate our commitment to protecting the vulnerable and providing timely support. The Constabulary has also made significant improvements compared to other forces, particularly in outcomes for racial crimes and business robberies. Additionally, the Constabulary ranks within the top 5 forces nationally for charge/outcome rates in sexual offences (2nd), other sexual offences (3rd), and all crimes (top 5).



HMICFRS Inspection Results

The 2023–2025 PEEL inspection rated Cheshire:

Criteria	Grade
Protecting vulnerable people	Outstanding
Managing offenders and suspects	Outstanding
Police powers and treating the public fairly and respectfully	Good
Preventing and deterring crime and antisocial behaviour, and reducing vulnerability	Good
Building, supporting and protecting the workforce	Good
Leadership and force management	Good
Responding to the public	Adequate
Investigating crime	Adequate
Disrupting serious organised crime	Adequate
Tackling workforce corruption	Requires improvement

Inspectors praised Cheshire’s focus on vulnerability, offender management, and innovation in neighbourhood policing. The Chief Constable has launched action plans to address areas needing improvement. HM Inspector of Constabulary Michelle Skeer: “I congratulate Cheshire Constabulary on its excellent performance in keeping people safe, reducing crime and giving victims an effective service... This success is thanks to strong leadership and the hard work of all its police officers, staff and volunteers”. The report cited Cheshire as a force that learns and adapts, giving confidence that it will continue making improvements and aiming for excellence in all categories. The outstanding HMICFRS results and accompanying press coverage resulted in positive national attention and reinforced Cheshire Constabulary’s reputation for effective and ethical policing.

Key Operational Achievements: Underpinning the performance outcomes were several strategic initiatives and achievements in 2024/25:

- Safest Area in the North West** Cheshire recorded the lowest crime rate in the region (71 crimes per 1,000 people), outperforming neighbouring areas. Both crime volume and severity declined, especially in serious violence. This success is credited to a proactive strategy focused on arrests and visible patrols, making Cheshire a high-risk area for offenders. This aligns with the PCC’s vision of safer, thriving communities. Chief Constable Mark Roberts credited the sustained crime reduction to proactive policing making the county “a hostile place for criminals”. Cheshire Constabulary is also ranked 1st in the country for public confidence in Local Policing (Crime Survey 2024).
- Victim Support** Supporting victims remained a top priority. The Cheshire CARES team provided tailored, confidential support to over 6,400 individuals. National inspections praised the force’s victim-focused approach, including better communication, emotional support, and use of feedback to improve services. Innovations like more frequent case updates and tools like the Hollie Guard app enhanced victim care.
- Innovation and Technology** Cheshire embraced tech to modernise policing. Retrospective Facial Recognition helped identify 126 suspects in three months. Drones, digital evidence systems, and upgraded mobile tech improved efficiency and accountability. Innovations like the ASB Early Alert system and predictive analytics for crime hotspots were highlighted as best practices. Call handling also improved, with faster 999 and 101 response times.

- **Best Outcomes for Victims:** Cheshire leads the country in bringing offenders to justice in domestic abuse cases. The force currently has the highest “action taken” rate in England & Wales for domestic abuse (i.e. the proportion of reported abuse crimes that result in a charge or other positive outcome).
- **Knife Crime Operation (Op Sceptre):** As part of the national Operation Sceptre week in May 2024, Cheshire Police recovered 450+ knives from the streets in one week and made 8 arrests related to weapon possession. Officers conducted 70 weapons sweeps and over 140 stop-searches across the county. Cheshire’s knife crime rate remains among the lowest nationally, and the force’s intensified enforcement (including surrender bins and community education events) removed a significant number of lethal weapons.
- **Neighbourhood Policing Uplift:** Cheshire Constabulary secured additional resources to strengthen local policing. In early 2025, the Home Office awarded Cheshire a special £3 million Neighbourhood Policing grant, which is being used to put 48 more police officers into community policing roles on our streets. The force created a new Assistant Chief Constable post to lead Neighbourhood Policing, underscoring the priority given to local visibility. By year-end, recruitment processes were underway for the additional officers.



Financial Review

On 24 January 2024, the Commissioner approved a gross revenue budget of £288.7m (net £249.8m), together with a capital programme of £10.5m. At the Joint Management Board meeting on 3 July 2024, the Commissioner approved carry forward requests of £1.7m and capital slippage of £5.4m of which £1.6m was confirmed after the original programme was set.

Managing Financial Pressures

To address a funding gap caused by inflation and pay awards, the force implemented:

- Efficiency savings through procurement reviews and vacancy management.
- Use of £1.6 million in reserves to support key projects.
- A £12.50 increase in the Band D police precept generating ~£6 million in additional income.

These measures ensured financial balance while protecting frontline services.

3. Income Sources

Cheshire's funding mix in 2024/25 included:

- ~50% from government grants
- ~36% from council tax precept
- ~14% from other income (e.g. grants, service fees)

Despite the precept rise, Cheshire remains among the lowest precepted forces nationally, meaning local taxpayers still contribute less than in many areas.

4. Financial Outlook

The year ended with a small underspend, which will be carried forward to support 2025/26 priorities. The PCC and Chief Constable continue to advocate for a fairer national funding formula to reflect Cheshire's needs.

	Full Year Budget	Outturn Actual	Carry Forwards	Total Outturn	Outturn Variance	
	£000	£000	£000	£000	£000	%
Police Pay	136,446	136,465	0	136,465	19	0%
Overtime	3,277	3,869	0	3,869	592	18%
Crime	19,607	18,996	0	18,996	(611)	(3%)
Operations	44,578	43,577	385	43,962	(616)	(1%)
Centrally Delivered Services	37,309	38,736	277	39,013	1,704	5%
Collaborations	12,903	12,733	0	12,733	(170)	(1%)
Corporate Costs	(6,503)	(8,696)	291	(8,405)	(1,902)	29%
Total Constabulary Costs	247,617	245,680	953	246,633	(984)	(0%)
Office of the Police & Crime Commissioner	988	970	18	988	0	0%
Commissioning	1,225	1,078	147	1,225	0	0%
OPCC Total	2,213	2,048	165	2,213	0	0%
Total Service Costs	249,830	247,728	1,118	248,846	(984)	(0%)

The provisional revenue outturn as of 31 March 2025 is an underspend of £1m. This is a 0.4% variance to the net budget and therefore within the financial health target to maintain revenue spending within 1% of the net budget. It should be noted that this underspend has arisen predominantly from active cash management- maximising interest earned on investments while interest rates are high. In addition, the Constabulary has benefitted from additional income this year in relation to Operation Safeguard, and from driver offender retraining due to a rise in motoring offences.

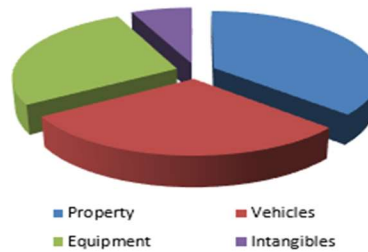
The CC gets all of its funding from the PCC. The sources of that funding are detailed in the Statement of Accounts of the PCC and Group.

Capital Investment

At the start of 2024/25 the capital programme included investment in estates, digital/information technology, vehicles, and equipment totalling £9.0m. The programme was reviewed, amended and changes approved throughout the year as necessary with the year-end position shown below together with details of how this was funded.

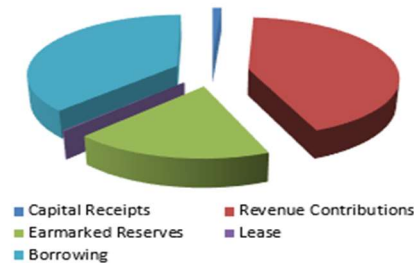
Capital Expenditure

<u>Capital Expenditure</u>	£000	
Property	3,315	36.7%
Vehicles	2,670	29.5%
Equipment	2,437	27.0%
Intangibles	619	6.8%
Total	9,041	100.0%



Capital Financing

<u>Capital Financing</u>	£000	
Capital Receipts	100	1.1%
Revenue Contributions	3,869	42.8%
Earmarked Reserves	1,656	18.3%
Lease	16	0.2%
Borrowing	3,400	37.6%
Total	9,041	100.0%



Cheshire invested approximately £9 million in capital projects, including:

- £3.5m on Estates: Wilmslow & Crewe station builds, custody refurbishments, and digital forensics hub.
- £2.7m on Fleet & Equipment: New vehicles, Tasers, and radios.
- £2.2m on IT & Digital: Body-worn cameras, network upgrades, and digital evidence systems.
- £0.8m on Operational Equipment/Infrastructure

Funding came from capital grants, asset sales, revenue contributions, and borrowing.

Treasury and Pensions

- Cashflow was well-managed, with low-risk investments and slightly higher interest income due to rising rates.
- Pension liabilities (shown in accounts under IAS19) are long-term and backed by government support.
- The upcoming increase in employer National Insurance (to 15%) from April 2025 is a known cost pressure being planned for.

Financial Governance

- Financial performance was monitored monthly by CFOs and reviewed by the Joint Audit Advisory Committee.
- Internal audits gave positive assurance on key areas like payroll and procurement.
- External auditors issued an unqualified opinion on the 2023/24 accounts, with no major issues flagged for 2024/25.

Governance Structure

Cheshire Constabulary operates under a clear governance framework:

- PCC Dan Price sets strategic priorities, allocates budgets, and holds the Chief Constable accountable.
- The Police and Crime Panel scrutinises the PCC's work, including budget decisions and policing strategies.
- Internally, the Chief Officer Group (COG) oversees strategic decisions, supported by boards for performance, change, and risk.

A smooth transition to the new PCC in May 2024 ensured continuity of key projects and priorities.

Risk Management

Strategic risks (e.g. funding pressures, digital demand, workforce wellbeing) are tracked in a Strategic Risk Register and reviewed quarterly. Mitigations include scenario planning, training, and demand reduction initiatives like Right Care, Right Person. Operational risks are managed through command structures and escalated when needed.

Accountability and Transparency

The PCC and Constabulary publish financial and performance data and hold public meetings. Community engagement events and online Q&As allow residents to raise concerns. Internally, Ethics and Legitimacy Boards ensure policies align with human rights and ethical standards, especially for sensitive areas like protest policing and facial recognition.

Collaboration and Joint Governance

Cheshire collaborates with other forces on specialist units (e.g. armed policing, underwater search). These are governed by joint boards and reviewed annually for performance and value for money.

Audit and Inspection

External and internal audits (e.g. on payroll, data handling) provide assurance. HMICFRS inspections inform improvements, and Cheshire has proactively implemented national recommendations, often being cited as a leader in good practice.

Annual Governance Statement (AGS)

The 2024/25 AGS included within these accounts confirms that Cheshire Constabulary has strong governance and internal controls in place. It highlights continued progress in areas like:

- Embedding new police complaints handling processes under PCC oversight.
- Improving the timeliness of complaint resolutions.

The AGS is reviewed by the Joint Audit Committee and signed by the Chief Constable, PCC, and their CFOs.

Governance Assurance

Cheshire's governance met all statutory requirements and followed the CIPFA/SOLACE and Nolan Principles. The smooth transition to a new PCC was managed within this framework, ensuring continuity and transparency.

Looking Ahead

Governance will continue to evolve in response to national developments (e.g. post-Manchester Arena Inquiry), but Cheshire is well-prepared, with governance taken seriously at the highest levels.

Principal Risks

Financial and Economic Risks

Cheshire faces rising costs from pay increases, National Insurance hikes, and inflation. While 2024/25 was financially balanced, a funding gap is projected. The force is planning savings and efficiency measures, including shared services and tech investment, while advocating for fairer funding in future government reviews.

Workforce and Wellbeing Risks

A growing but less experienced workforce poses short-term challenges. The force is addressing this through training, mentoring, and retaining experienced officers. Staff wellbeing remains a concern, especially with mental health demands. The "Right Care, Right Person" model aims to reduce non-crime pressures, but success depends on partner agency capacity.

Operational and Crime Risks

Cybercrime, fraud, and organised crime are evolving threats. Cheshire is investing in digital forensics, cyber units, and regional partnerships to stay ahead. New technologies like encrypted communications and cryptocurrency add complexity, requiring ongoing training and tools.

Terrorism and Public Order

Cheshire remains alert to terror threats and public disorder risks. The force works with Counter Terrorism Police and trains regularly for major incidents. Its impartial approach to protest policing helps maintain public trust.

Legitimacy and Reputational Risks

National scrutiny of police conduct means any serious misconduct could damage trust. Cheshire has strengthened vetting and anti-corruption efforts and maintains transparency through strong oversight and ethical leadership.

Governance and Legal Risks

Legal compliance and data security are closely monitored. Cybersecurity is a key focus, with support from the National Cyber Security Centre. The force is also reviewing national inquiry recommendations to ensure readiness for major incidents.

Future Outlook:

Positive Trajectory

Cheshire enters 2025/26 with strong momentum: crime is down, public confidence is up, and HMICFRS has praised performance. The focus now is on continuous improvement and innovation.

Striving for Excellence

The Chief Constable aims for the force to be "outstanding in every aspect." Action plans are in place to improve investigative quality and victim service, including a new Investigation Quality Board and real-time victim satisfaction surveys.

New Police and Crime Plan

PCC Dan Price launched a new Police and Crime Plan in December 2024 to prioritise community policing, prevention, and tech-driven policing, while aligning with national priorities like VAWG and neighbourhood safety.

Key Projects and Infrastructure

- **Wilmslow Police Station** will open in autumn 2025, setting a benchmark for future estate upgrades. This is planned to be the first police station in the country built to Passivhaus standards. Passivhaus is a building standard which focuses on achieving exceptionally high energy efficiency and comfort levels by prioritising reduced heating and cooling. It does this using a combination of factors such as: high levels of insulation, airtight construction, high-performance windows, and heat recovery ventilation.
- **Crewe Police Station** a new police station will begin build in 2025/26.
- **Custody Suite Refurbishments** Over the last two years, work to improve the force's custody facilities was ongoing. In April 2025 this work is now completed to provide a unified approach to all processes and welfare in custody.



Crewe Police Station Design

Acknowledgements:

The production of the Statement of Accounts would not have been possible without the outstanding commitment and efforts of colleagues in the Force Finance Department. I extend my sincere thanks to everyone who contributed to the preparation of this document and for their continued support throughout the year. I would also like to acknowledge former Chief Finance Officer of Cheshire Constabulary Wendy Bebbington who retired in January 2025 after several years of dedicated service.



Wendy Bebbington with Chief Constable Mark Roberts and Deputy Chief Constable Chris Armitt.

Further Information

Every effort has been made to ensure that the information provided in this Group Statement of Accounts is clear and informative. Should you require any further information or if you have any comments, please contact Clare Hodgson, Chief Finance Officer, Office of the Police & Crime Commissioner, on telephone number 01606 364109 or Bill Malloy, Chief Finance Officer, Cheshire Constabulary on telephone number 01606 362035 or via the Office of the Police & Crime Commissioner, Clemonds Hey, Oakmere Road, Winsford, Cheshire, CW7 2UA. Online access is via <https://www.cheshire-pcc.gov.uk/contact/get-in-touch>.



Clare Hodgson, Chief Finance Officer (s151), Office of the Police & Crime Commissioner

Narrative Reports Footnotes:

- Financial and performance data are drawn from Cheshire Constabulary's internal records and the Draft Statement of Accounts 2024/25. Crime statistics are from the Office for National Statistics release (year to Sept 2024) and Cheshire Constabulary performance reports.
- Inspection findings are from HMICFRS publications: *PEEL 2023-25 Cheshire* (Feb 2025), the *Crime Investigations National Report* (Mar 2025), and the *Policing Impartiality Inspection* (Sept 2024).
- Highlights of good practice (youth engagement, advisory group governance, staff welfare considerations) are referenced from Cheshire Constabulary news articles and HMICFRS reports.
- The neighbourhood policing uplift funding was announced by the Home Office in Jan 2025 and confirmed by PCC in Apr 2025.
- Wilmslow Police Station development details are from project press releases.
- Precept and budget consultation outcomes are documented in the PCC's budget leaflet and media releases.
- Any forward-looking statements about plans and initiatives are based on current strategies and subject to change with emerging circumstances.

STATEMENT OF RESPONSIBILITIES

Responsibilities of the Commissioner for Cheshire

The 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. For the Office of the Commissioner, that officer is the Chief Finance Officer, Office of the Police & Crime Commissioner.
- manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets.
- approve the Statement of Accounts.

I approve this Statement of Accounts.

Police & Crime Commissioner for Cheshire

Responsibilities of the Chief Finance Officer, Office of Commissioner

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

In preparing this Statement of Accounts, the Chief Finance Officer has:

- selected suitable accounting policies and then applied them consistently
- made judgements and estimates that were reasonable and prudent
- complied with the Code
- kept proper accounting records which were up to date
- taken reasonable steps for the prevention and detection of fraud and other irregularities

Chief Finance Officer's Certificate

I certify that the Statement of Accounts presents a true and fair view of the financial position of the Commissioner as at 31 March 2025 and of the expenditure and income for the year ended 31 March 2025.



Clare Hodgson
Chief Finance Officer (s151), Office of the Police & Crime Commissioner
30th June 2025

INDEPENDENT AUDITOR'S REPORT TO THE POLICE AND CRIME COMMISSIONER FOR CHESHIRE

Report on the audit of the financial statements

To Follow

Report on the audit of the financial statements

To Follow

COMPREHENSIVE INCOME and EXPENDITURE STATEMENT (Group)

2023/24				2024/25			Notes
£000	£000	£000		£000	£000	£000	
Expenditure	Income	Net	<u>Police Services</u> ^(a) :	Expenditure	Income	Net	
116,897	(6,061)	110,837	Police Pay	129,881	(8,781)	121,099	
24,078	(11,104)	12,974	Crime (b)	25,474	(10,250)	15,223	
44,179	(8,653)	35,526	Operations (b)	45,966	(9,197)	36,769	
34,142	(4,672)	29,470	Centrally Delivered Services (b)	36,451	(4,489)	31,962	
10,229	(76)	10,153	Collaborations	11,312	(363)	10,949	
525	(2,106)	(1,582)	Corporate Costs (b)	297	(7,022)	(6,725)	
800	0	800	Office of Police & Crime Commissioner	846	(1)	845	
7,345	(6,198)	1,147	Office of Police & Crime Commissioner - Commissioning	7,722	(6,644)	1,078	
238,195	(38,871)	199,325	Cost of Services	257,948	(46,749)	211,200	9
		157	Other Operating Expenditure & Income			186	9
		84,229	Financing & Investment Income & Expenditure			87,264	9
		(243,618)	Taxation & Non-Specific Grant Income			(254,921)	9
		40,093	Deficit / (Surplus) on Provision of Services			43,728	9
		(32,262)	(Surplus)/Deficit on revaluation of fixed assets			(7,701)	17
		0	(Surplus)/Deficit on revaluation of "available for sale" assets			0	
		(14,789)	Actuarial (gains)/losses on pension assets/ liabilities			(214,357)	33
		(47,051)	Other Comprehensive Income and Expenditure			(222,058)	
		(6,958)	Total Comprehensive Income and Expenditure			(178,330)	

(a) The above expenditure and income shown against services such as 'police pay' are calculated in accordance with proper accounting practices and include several items that are not cash related. For example, the above includes depreciation which represents the indicative value of the assets consumed in year but for which no cash has been spent. These are explained in detail within the Expenditure and Funding Analysis note. However, the actual expenditure in cash terms is shown in the table at the top of page 8 in the Narrative Report where you can see as an example 'police pay' cash spend including overtime is £140,334k (£130,167k 2023/24).

(b) Crime, Operations, Centrally Delivered Services and Corporate Costs reorganised in 2024/25, 2023/24 figures restated to reflect the new structure – previously Crime £8,428k net: Protecting Vulnerable Persons & Criminal Justice £4,491k net, Local Policing £6,163k net; Force Operations 12,298k net; Centrally Delivered Services £6,137k net, Business Services £36,726k net and Corporate Costs £2,145k net

MOVEMENT IN RESERVES STATEMENT (Group)

2024/25	General Fund (incl. earmarked) Reserve £000	Capital Receipts Reserve £000	Total Usable Reserves £000	Unusable Reserves £000	Total Reserves £000
Balance at 1 April 2024	23,316	0	23,316	(1,715,434)	(1,692,118)
Total Comprehensive Expenditure and Income	(43,728)	0	(43,728)	222,058	178,330
Adjustments between accounting basis & funding basis under regulations – see Note 15	39,875	112	39,987	(39,987)	0
Increase/(Decrease) in year	(3,853)	112	(3,741)	182,071	178,330
Balances at 31 March 2025	19,463	112	19,575	(1,533,362)	(1,513,788)

Unusable reserves opening balance and adjustments between accounting and funding includes adjustment of £128k for IFRS16 opening balances

2023/24	General Fund (incl. earmarked) Reserve £000	Capital Receipts Reserve £000	Total Usable Reserves £000	Unusable Reserves £000	Total Reserves £000
Balance at 1 April 2023	24,581	0	24,581	(1,723,786)	(1,699,206)
Total Comprehensive Expenditure and Income	(40,093)	0	(40,093)	47,051	6,958
Adjustments between accounting basis & funding basis under regulations – see Note 15	38,827	0	38,827	(38,827)	0
Increase/(Decrease) in year	(1,266)	0	(1,266)	8,224	6,958
Balances at 31 March 2024	23,316	0	23,316	(1,715,563)	(1,692,248)

Details of the above reserves are in Note 16 & 30.

BALANCE SHEET AS AT 31 MARCH 2025 (Group)

31 March 2024 £000		31 March 2025		Notes
		£000	£000	
171,274	Property, Plant & Equipment	173,871		17
	Right of Use Assets	1,014		28
4,119	Intangible Assets	3,967		18
585	Long Term Debtors	0		
175,978	Long Term Assets		178,852	
724	Stock	910		
28,835	Short Term Debtors	21,199		23
20,805	Cash and Cash Equivalents	19,049		24
0	Assets (held for sale)	1,872		25
50,364	Current Assets		43,030	
(2,385)	Short Term Borrowing	0		22
(35,430)	Short Term Creditors	(33,624)		26
(37,815)	Current Liabilities		(33,624)	
(13,029)	Long Term Creditors	(12,098)		29
(679)	Provisions	(679)		27
(26,889)	Long Term Borrowing	(26,889)		22
(1,840,176)	Other Long-Term Liabilities	(1,662,380)		33
(1,880,773)	Long Term Liabilities		(1,702,046)	
(1,692,246)	Net Liabilities		(1,513,788)	
	Represented By:			
23,316	Usable Reserves		19,574	16
(1,715,563)	Unusable Reserves		(1,533,362)	30
(1,692,246)	Total Reserves		(1,513,788)	



Clare Hodgson, Chief Finance Officer (s151), Office of the Police & Crime Commissioner
Date: 30th June 2025

CASHFLOW STATEMENT (Group)

31 March 2024 £000		31 March 2025 £000	Notes
40,093	Net (surplus) or deficit on the provision of services	43,728	
	Adjust net (surplus) or deficit on the provision of services for non-cash movement:		
(10,228)	Depreciation	(12,046)	
(33,839)	Pensions - actuarial movement	(36,607)	
(6,442)	Movement in Creditors	2,721	
3,964	Movement in Debtors	(8,763)	
(9)	Movement of Stock	186	
(2,974)	Other non-cash items	224	
0	Adjust for items included in the net (surplus) or deficit on the provision of services that are investing and financing activities	0	
(9,435)	Net cash flow from operating activities	(10,557)	
8,032	Investing Activities	8,813	31
1,952	Financing Activities	3,499	31
549	Net (increase) or decrease in cash and cash equivalents	1,755	
(21,354)	Cash and cash equivalents at the beginning of the reporting period	(20,805)	24
(20,805)	Cash and cash equivalents at the end of the reporting period	(19,050)	24
549	Net (increase) or decrease in cash and cash equivalents	1,755	

Details of the above are included in Note 31

POLICE PENSION FUND (Group & Police & Crime Commissioner)

The Government introduced new arrangements for the funding of Police Officers' Pensions with effect from 1 April 2006. Under these arrangements income and expenditure on Police Pensions is charged to a separate fund account. The overall net cost of the fund is met by specific grant from Government; see Note 34 for further details.

2023/24 £000	FUND ACCOUNT	2024/25 £000
	Contributions Receivable from:	
(29,263)	Employer at 35.3% of pensionable pay	(35,083)
(1,780)	Early Retirements	(1,886)
(12,622)	From current employees	(13,601)
(43,666)		(50,570)
0	Transfers in from other Police & Crime Commissioners	0
(341)	Transfers in from other pension schemes	(241)
(44,006)		(50,812)
	Benefits Payable:	
60,211	Pensions	65,281
14,521	Commutations and lump sum retirement benefits	14,405
280	Lump sum death benefits	0
	Payments to and on account of leavers	
250	Transfers out to other schemes	67
143	Refunds of contributions	144
	Other Payments	
0	Pension Admin and Interest Charges	0
75,404		79,897
31,398	Net amount payable for the year	29,086
(31,398)	Additional contribution from the Commissioner ¹	(29,086)
Nil	Net balance on fund in year	Nil
	NET ASSET STATEMENT	
0	Unpaid Pensions Due	0
0	Amount Owing to General Fund	0
0		0

Note ¹ the 'additional contribution from the Commissioner' is reimbursed by specific grant from the Home Office.

MOVEMENT IN RESERVES STATEMENT (Police & Crime Commissioner for Cheshire)

2024/25	General Fund (incl. earmarked) Reserve £000	Capital Receipts Reserve £000	Total Usable Reserves £000	Unusable Reserves £000	Total Reserves £000
Balance at 1 April 2024	23,316	0	23,316	129,525	152,841
Total Comprehensive Expenditure and Income	(6,972)	0	(6,972)	7,701	729
Adjustments between accounting basis & funding basis under regulations	3,120	112	3,231	(3,231)	0
Increase/(Decrease) in year	(3,853)	112	(3,741)	4,599	729
Balances at 31 March 2025	19,463	112	19,575	133,995	153,570

Details of the above reserves are in Notes 16 & 30.

2023/24	General Fund (incl. earmarked) Reserve £000	Capital Receipts Reserve £000	Total Usable Reserves £000	Unusable Reserves £000	Total Reserves £000
Balance at 1 April 2023	24,581	0	24,581	100,527	125,108
Total Comprehensive Expenditure and Income	(4,658)	0	(4,658)	32,264	27,605
Adjustments between accounting basis & funding basis under regulations	3,393	0	3,393	(3,393)	0
Increase/(Decrease) in year	(1,266)	0	(1,266)	28,871	27,605
Balances at 31 March 2024	23,316	0	23,316	129,398	152,714

BALANCE SHEET AS AT 31 MARCH 2025 (Police & Crime Commissioner for Cheshire)

31 March 2024 £000		31 March 2025		Notes
		£000	£000	
171,274	Property, Plant & Equipment	173,871		17
	Right of Use Assets	1,014		
4,119	Intangible Assets	3,967		18
585	Long Term Debtors	0		
175,978	Long Term Assets		178,852	
724	Stock	910		
28,835	Short Term Debtors	21,199		23
20,805	Cash and Cash Equivalents	19,049		24
0	Assets (held for sale)	1,872		25
50,364	Current Assets		43,030	
(2,385)	Short Term Borrowing	0		22
(29,981)	Short Term Creditors	(28,027)		
(32,366)	Current Liabilities		(28,027)	
(13,029)	Long Term Creditors	(12,098)		29
(679)	Provisions	(679)		27
(26,889)	Long Term Borrowing	(26,889)		22
(666)	Other Long-Term Liabilities	(620)		
(41,263)	Long Term Liabilities		(40,286)	
152,713	Net Assets		153,570	
	Represented By:			
23,316	Usable Reserves		19,575	16
129,397	Unusable Reserves		133,996	30
152,713	Total Reserves		153,570	



Clare Hodgson, Chief Finance Officer (s151), Office of the Police & Crime Commissioner
Date: 30th June 2025

CASHFLOW STATEMENT

(Police & Crime Commissioner for Cheshire)

31 March 2024 £000		31 March 2025 £000	Notes
4,658	Net (surplus) or deficit on the provision of services	6,972	
	Adjust net (surplus) or deficit on the provision of services for non-cash movement:		
(10,228)	Depreciation	(12,046)	
(14,789)	Pensions - actuarial movement	0	
(4,846)	Movement in Creditors	2,869	
3,964	Movement in Debtors	(8,763)	
(9)	Movement of Stock	186	
11,815	Other non-cash items	224	
0	Adjust for items included in the net (surplus) or deficit on the provision of services that are investing and financing activities		
(9,435)	Net cash flow from operating activities	(10,557)	
8,032	Investing Activities	8,813	31
1,952	Financing Activities	3,499	31
549	Net (increase) or decrease in cash and cash equivalents	1,755	
(21,354)	Cash and cash equivalents at the beginning of the reporting period	(20,805)	24
(20,805)	Cash and cash equivalents at the end of the reporting period	(19,050)	24
549	Net (increase) or decrease in cash and cash equivalents	1,755	

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EXPENDITURE AND FUNDING ANALYSIS NOTE 2024/25 (Group)

	As reported for Resource Management £000	Adjust for Earmarked Reserve Movements £000	Net Expenditure Chargeable to the General Fund £000	Adjustments between the Funding and Accounting Basis (a) £000	Net Expenditure Comprehensive Income and Expenditure Statement £000
Police Pay	140,334	0	140,334	(19,235)	121,099
Crime	18,996	0	18,996	(3,772)	15,223
Operations	43,963	386	43,577	(6,807)	36,769
Centrally Delivered Services	39,014	205	38,809	(6,847)	31,962
Collaborations	12,733	141	12,592	(1,642)	10,949
Corporate Costs	(6,995)	(2,272)	(4,722)	(2,003)	(6,725)
Office of the Police & Crime Commissioner	988	18	970	(125)	845
Office of the Police & Crime Commissioner - Commissioning	1,225	147	1,078	0	1,078
Net Cost of Services	250,257	(1,375)	251,632	(40,432)	211,200
Other Income & Expenditure	0	0	0	186	186
Financing & Investment Income & Expenditure	1,053	0	1,053	86,211	87,264
Taxation & Non-Specific Grant Income	(252,294)	(3,462)	(248,832)	(6,089)	(254,921)
(Surplus) or Deficit	(984)	(4,836)	3,853	39,875	43,728
Opening General Fund			(23,315)		
Less/Plus (Surplus) Deficit on General Fund in Year			3,853		
Closing General Fund at 31 March			(19,463)		

The Expenditure and Funding Analysis demonstrates to the readers of the accounts how the funding available to the Commissioner (i.e., Government Grants, Council Tax and income) for the year, has been used in providing services in comparison with those resources consumed or earned in accordance with generally accepted accounting practices. The Expenditure and Funding Analysis also shows how this expenditure is allocated for decision making purposes between the departments shown above. Income and expenditure accounting under generally accepted accounting practices is presented more fully in the Comprehensive Income and Expenditure Statement. (a) Further details on the adjustments between the funding and accounting basis are included in Note 7.

EXPENDITURE AND FUNDING ANALYSIS NOTE 2023/24 (Group)

	As reported for Resource Management £000	Adjust for Earmarked Reserve Movements £000	Net Expenditure Chargeable to the General Fund £000	Adjustments between the Funding and Accounting Basis (a) £000	Net Expenditure Comprehensive Income and Expenditure Statement £000
Police Pay	130,167	15	130,152	(19,316)	110,837
Crime (b)	16,992	104	16,888	(3,915)	12,974
Operations (b)	43,188	817	42,371	(6,846)	35,526
Centrally Delivered Services (b)	36,671	306	36,364	(6,894)	29,470
Collaborations	11,064	(659)	11,723	(1,570)	10,153
Corporate Costs (b)	893	653	240	(1,822)	(1,582)
Office of the Police & Crime Commissioner	939	7	932	(132)	801
Office of the Police & Crime Commissioner - Commissioning	1,239	92	1,147	0	1,147
Net Cost of Services	241,153	1,335	239,818	(40,494)	199,325
Other Income & Expenditure	0	0	0	157	157
Financing & Investment Income & Expenditure	714	0	714	83,515	84,229
Taxation & Non-Specific Grant Income	(241,905)	(2,638)	(239,267)	(4,351)	(243,618)
(Surplus) or Deficit	(38)	(1,303)	1,266	38,827	40,093
Opening General Fund			(24,581)		
Less/Plus (Surplus) Deficit on General Fund in Year			1,266		
Closing General Fund at 31 March			(23,315)		

The Expenditure and Funding Analysis demonstrates to the readers of the accounts how the funding available to the Commissioner (i.e., Government Grants, Council Tax and income) for the year, has been used in providing services in comparison with those resources consumed or earned in accordance with generally accepted accounting practices. The Expenditure and Funding Analysis also shows how this expenditure is allocated for decision making purposes between the departments shown above. Income and expenditure accounting under generally accepted accounting practices is presented more fully in the Comprehensive Income and Expenditure Statement. (a) Further details on the adjustments between the funding and accounting basis are included in Note 7. (b) Crime, Operations, Centrally Delivered Services and Corporate Costs reorganised in 2024/25, 2023/24 figures restated to reflect the new structure – previously Crime £8,428k net; Protecting Vulnerable Persons & Criminal Justice £4,491k net; Local Policing £6,163k net; Force Operations 12,298k net; Centrally Delivered Services £6,137k net; Business Services £36,726k net and Corporate Costs £2,145k net.

EXPENDITURE AND FUNDING ANALYSIS NOTE 2024/25 (Police & Crime Commissioner)

	2024/25	
	Net Expenditure Chargeable to the General Fund	Adjustments between the Funding and Accounting Basis
	£000	£000
		Net Expenditure Comprehensive Income and Expenditure Statement
		£000
Police Services		
Police Pay	(8,781)	0
Crime	(10,250)	0
Operations	(9,197)	0
Centrally Delivered Services	(4,489)	0
Collaborations	(363)	0
Corporate Costs	(7,022)	635
Office of the Police & Crime Commissioner	970	(125)
Office of the Police & Crime Commissioner - Commissioning	1,078	0
	(38,055)	510
Funding to Cheshire Constabulary	289,688	8,514
Net Cost of Services	251,632	9,023
Other Income & Expenditure	0	186
Financing & Investment Income & Expenditure	1,053	0
Taxation & Non-Specific Grant Income	(248,832)	(6,089)
	3,853	3,120
(Surplus) or Deficit		6,972
Opening General Fund	(23,315)	
Less/Plus (Surplus) Deficit on General Fund in Year	3,853	
Closing General Fund at 31 March	19,463	

The Expenditure and Funding Analysis demonstrates to the readers of the accounts how the funding available to the Commissioner (i.e., Government Grants, Council Tax and income) for the year has been used in providing services in comparison with those resources consumed or earned in accordance with generally accepted accounting practices. The Expenditure and Funding Analysis also shows how this expenditure is allocated for decision making purposes between the departments shown above. Income and expenditure accounting for under generally accepted accounting practices is presented more fully in the Comprehensive Income and Expenditure Statement.

EXPENDITURE AND FUNDING ANALYSIS NOTE 2023/24 (Police & Crime Commissioner)

	2023/24		Net Expenditure Comprehensive Income and Expenditure Statement £000
	Net Expenditure Chargeable to the General Fund £000	Adjustments between the Funding and Accounting Basis £000	
Police Services			
Police Pay	(6,061)	0	(6,061)
Crime (a)	(11,104)	0	(11,104)
Operations (a)	(8,653)	0	(8,653)
Centrally Delivered Services (a)	(4,672)	0	(4,672)
Collaborations	(76)	0	(76)
Corporate Costs (a)	(2,106)	1,091	(1,016)
Office of the Police & Crime Commissioner	932	(132)	799
Office of the Police & Crime Commissioner - Commissioning	1,147	0	1,147
	(30,594)	959	(29,636)
Funding to Cheshire Constabulary	270,412	6,628	277,040
Net Cost of Services	239,818	7,587	247,406
Other Income & Expenditure	0	157	157
Financing & Investment Income & Expenditure	714	0	714
Taxation & Non-Specific Grant Income	(239,267)	(4,351)	(243,618)
(Surplus) or Deficit	1,266	3,393	4,658
Opening General Fund	(24,581)		
Less/Plus (Surplus) Deficit on General Fund in Year	1,266		
Closing General Fund at 31 March	(23,315)		

The Expenditure and Funding Analysis demonstrates to the readers of the accounts how the funding available to the Commissioner (i.e., Government Grants, Council Tax and income) for the year has been used in providing services in comparison with those resources consumed or earned in accordance with generally accepted accounting practices. The Expenditure and Funding Analysis also shows how this expenditure is allocated for decision making purposes between the departments shown above. Income and expenditure accounting for under generally accepted accounting practices is presented more fully in the Comprehensive Income and Expenditure Statement. (a) Crime, Operations, Centrally Delivered Services and Corporate Costs reorganised in 2024/25, 2023/24 figures restated to reflect the new structure – previously Crime £(10,150)k net: Protecting Vulnerable Persons & Criminal Justice £(954)k net, Local Policing £(247)k net:, Force Operations £(6101)k net:, Centrally Delivered Services £(648)k net, Business Services £(6,330)k net and Corporate Costs £(1,016)k net

FURTHER NOTES TO THE ACCOUNTS

Note 1: Accounting Policies and Principles

1.1 General Principles

This Statement of Accounts summarises the Police and Crime Commissioner's ("the Commissioner") transactions for the 2024/25 financial year and the position at 31 March 2025. The Commissioner is required to prepare an annual Statement of Accounts by the Accounts and Audit (England) Regulations 2015, which mandate that the accounts are prepared in accordance with proper accounting practices. These practices, under Section 21 of the Local Government Act 2003, primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2024/25 (the "CIPFA Code"), supported by International Financial Reporting Standards (IFRS) and International Accounting Standards (IAS). Where notes to the financial statements are presented, they refer to the Group (Commissioner and Chief Constable) accounts, unless a material difference exists for the single-entity Commissioner's accounts.

1.1.1 Accounting Conventions

The financial statements are prepared on a going concern basis under the historical cost convention, modified by the revaluation of certain categories of non-current assets and, where material, financial instruments in accordance with the relevant standards. Only accounting policies material to the understanding of these accounts are disclosed.

Activities are accounted for in the year they take place, not simply when cash is paid or received. In particular:

- Revenue from contracts with service recipients (whether for services or goods) is recognised when or as the goods or services are transferred to the service recipient in satisfaction of performance obligations, in accordance with IFRS 15.
- Supplies are recorded as expenditure when they are consumed – if received in advance of use, they are carried as stock on the Balance Sheet until consumption.
- Expenses for services received (including those provided by employees) are recorded as expenditure when the service is received, rather than when payment is made.
- Interest payable on borrowings and receivable on investments is accounted for as expenditure or income using the effective interest rate method, not on a cash paid/received basis.
- Where income or expenditure has been recognised in the Comprehensive Income and Expenditure Statement but cash has not been received or paid, a corresponding debtor or creditor is recorded on the Balance Sheet. Where collection of a debtor is doubtful, it is written down and an impairment charge is made to revenue for the likely uncollectable amount.

In addition, it is assumed that the Commissioner and Chief Constable will continue in operational existence for the foreseeable future. The accounts are prepared on a going concern basis, reflecting the fact that they are statutory corporations sole whose operations will continue into the future.

1.2 Cash and Cash Equivalents

Cash is defined as cash in hand and deposits with financial institutions repayable on demand without penalty. 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. Only investments maturing in three months or less from acquisition are treated as cash equivalents. Bank overdrafts that are repayable on demand and form an integral part of cash management are netted against cash and cash equivalents for reporting purposes.

1.3 Changes in Accounting Policies, Estimates and Errors

Changes in accounting policies are made only when required by proper accounting practices or if they result in the financial statements providing more reliable and relevant information. Where a change is made, it is applied retrospectively (unless stated otherwise by the Code) by adjusting opening balances and comparative amounts for the prior period as if the new policy had always been applied. IFRS 16 *Leases* has been adopted as a new accounting policy in 2024/25. In line with CIPFA Code transitional provisions, the Commissioner has applied this standard from 1 April 2024 without restating prior year comparatives (see Lease accounting policy below). Changes in accounting estimates are accounted for prospectively in the current and future periods; they do not result in prior period adjustments.

Prior period errors are corrected retrospectively by restating opening balances and comparative amounts for the prior period if the error is material. Information is considered **material** if its omission or misstatement could influence decisions that users make on the basis of the financial statements.

1.4 Charges to Revenue for Non-Current Assets

Services are debited with the following charges to record the cost of holding non-current assets during the year: depreciation of tangible assets, amortisation of intangible assets, and, where not covered by revaluation reserves, any impairment or downward revaluation losses on assets used. These charges do not impact the amount to be raised from taxation. The Commissioner is not required to raise council tax to cover such depreciation, revaluation losses or amortisation. Instead, a prudent annual provision (the Minimum Revenue Provision) is made from revenue to reduce the overall borrowing requirement, in line with statutory guidance. Depreciation, amortisation and any impairments are therefore replaced by the Minimum Revenue Provision in the Movement in Reserves Statement (via the Capital Adjustment Account), so that there is no impact on the General Fund balance.

1.5 Council Tax and Non-Domestic Rates (NDR) Income

As a preceptor, the Commissioner's council tax income for the year in the Comprehensive Income and Expenditure Statement (CIES) represents the accrued income for the year as collected by the billing authorities. Council tax and NDR are collected by the four local billing authorities in Cheshire acting as agents, who maintain a separate Collection Fund for these taxes. The Commissioner's share of council tax income includes its proportionate share of any Collection Fund surplus or deficit.

Regulations determine that the amount credited to the General Fund is the Commissioner's precept or demand for the year, so any difference between this and the accrued income in the CIES is taken to the Collection Fund Adjustment Account through the Movement in Reserves Statement. The Balance Sheet includes the Commissioner's share of year-end balances in the Collection Funds: arrears, impairment allowances for doubtful debts, overpayments, prepayments and appeals for both council tax and NDR.

Impairments (provisions for non-payment) of council tax/NDR debtor balances are charged to the CIES (Financing and Investment Income and Expenditure line) based on the likelihood arising from past events that payment will not be made. The impairment loss is measured as the difference between the carrying amount of the debtor and the revised estimate of future cash flows.

1.6 Employee Benefits

Benefits Payable During Employment: Short-term employee benefits (those falling due wholly within 12 months of the year-end) include wages and salaries, paid annual leave and sick leave, bonuses and non-monetary benefits for current employees. These are recognised in the CIES as an expense in the period in which employees render service. An accrual is made at the end of each financial year for any accumulating compensated absences (e.g. untaken annual leave, flexitime or time off in lieu) that have been earned by employees but not yet taken at the balance sheet date. The accrual is made at the salary rates applicable at year-end and is charged to the Surplus/Deficit on Provision of Services, but then reversed out through the Movement in Reserves Statement to the Accumulated Absences Account so that these amounts do not impact the General Fund balance in the year of accrual.

Termination Benefits: Termination benefits are amounts payable as a result of a decision to terminate an employee's employment before the normal retirement date or an employee's decision to accept voluntary redundancy. These costs are recognised at the earlier of when the authority can no longer withdraw the offer of those benefits or when the authority recognises restructuring costs, and are expensed in the CIES. When termination benefits involve enhancement of pensions, a charge is made to the General Fund for the amounts actually payable to the pension fund or retirees in the year, with any accounting accruals for pension strain costs reversed out through the Movement in Reserves Statement to the Pensions Reserve.

Post-Employment Benefits: Employees of the Commissioner are members of two main pension schemes:

- **Police Staff** – the Local Government Pension Scheme (LGPS), a funded defined benefit plan administered by Cheshire West and Chester Council.
- **Police Officers** – the Police Pension Schemes (1987, 2006, 2015 schemes), which are unfunded defined benefit plans administered nationally (with employer contributions and Government top-up grant funding the cost of benefits payable).

Both schemes provide defined benefits to members (retirement lump sums and pensions), earned as employees work for the Commissioner. The LGPS is funded, meaning employer and employee contributions are invested to meet future benefit payments; the Police schemes are unfunded, meaning no investment assets are set aside and contributions are topped up by Government as needed to pay current pensions.

Pension liabilities are calculated by independent actuaries using the projected unit credit method, assessing the future payments that will be required for earned benefits using assumptions about mortality rates, employee turnover, salary growth, retirement ages, pension increases, etc. Liabilities are discounted to present value using an appropriate discount rate (based on market yields on high quality corporate bonds for the LGPS and Government bond yields for police pensions). Pension scheme assets (LGPS only) are included at fair value at the reporting date: for example, quoted securities at current bid price, unquoted securities at professional estimate, and property at market value.

The change in the net pension liability each year is analysed into several components:

- **Service cost:** the additional liability that results from one more year of service earned – allocated in the CIES to the services for which the employees worked. This includes current service cost (the

cost of benefits earned this year) and any past service cost or gain/loss on curtailments (from plan amendments or reductions).

- **Net interest cost:** the expected increase in the liability that arises because the benefits are one year closer to settlement, net of expected return on plan assets. This is calculated by applying the discount rate at the start of the period to the net defined benefit liability at that date, and is charged to the Financing and Investment Income and Expenditure line of the CIES.
- **Re-measurements:** these comprise actuarial gains and losses (differences between actuarial assumptions and actual experience, or changes in assumptions) and the return on plan assets (excluding amounts included in net interest). Re-measurements are charged to Other Comprehensive Income and Expenditure and immediately reflected in the **Pensions Reserve**.
- **Employer contributions:** cash paid by the Commissioner to the pension fund (or as pensions for unfunded schemes) in settlement of obligations; these reduce the net liability but do not appear in the CIES (they are accounted for through the Movement in Reserves via the Pensions Reserve).

Statutory provisions require that the General Fund is charged with the amount payable to pension funds or pensioners in the year, not the amount calculated according to accounting standards. In the Movement in Reserves Statement, appropriations are made to and from the Pensions Reserve to remove the notional IFRS pension costs (service cost, net interest, re-measurements) and replace them with the cash paid and any unpaid contributions at year-end. This ensures that the accounting entries for retirement benefits do not impact the funding requirement or council tax. The negative balance on the Pensions Reserve reflects the substantial short-term accounting liability (to be funded over time through employer and government contributions).

Discretionary Benefits: The Commissioner also has limited powers to award discretionary post-retirement benefits upon early retirements (e.g. awarding added years of service). Any liabilities for such discretionary benefits (which are additional to the funded LGPS benefits) are accrued in the year of the decision to make the award and are treated similarly to the LGPS defined benefit liabilities.

Injury Awards (Police Officers): The Police Pension Schemes regulations provide for injury awards to officers injured in the line of duty. These injury benefits are outside the main pension schemes and are funded directly by the Commissioner. The liability for future injury award payments is estimated by actuaries and included in the overall pension liability in the Balance Sheet (measured on an actuarial basis similar to the pension schemes). Injury benefit expenditure is charged to the CIES as it is paid, and does not affect the pension reserve (since injury awards are not part of the funded/unfunded pension scheme reserves).

1.7 Events After the Reporting Period

Events after the Balance Sheet date are those events, both favourable and unfavourable, that occur between the end of the reporting period (31 March) and the date when the Statement of Accounts is authorised for issue. Two types are considered:

- **Adjusting events:** those that provide evidence of conditions that existed at the balance sheet date. For adjusting events, the amounts recognised in the accounts are adjusted (upwards or downwards) to reflect the event.
- **Non-adjusting events:** those that are indicative of conditions that arose after the balance sheet date. The accounts are not adjusted for these events, but if they are material, disclosure is made in the notes of the nature of the events and an estimate of their financial effect.

Events that occur after the date the accounts are authorised for issue (i.e. events in the new financial year that do not provide evidence of conditions existing at balance sheet date) are not reflected in the financial statements and are not disclosed.

1.8 Financial Instruments

Financial Liabilities: Financial liabilities (e.g. borrowings and trade payables) are recognised on the Balance Sheet when the Commissioner becomes party to the contractual provisions of the instrument. Initially they are measured at fair value and subsequently carried at amortised cost. Annual finance charges (interest payable) to the CIES are based on the effective interest rate, so that the amount charged is the true economic cost of borrowing for the period – this matches the interest expense with the loan’s amortisation of premiums/discounts spread over its life. For most borrowings, this means the amount presented in the Balance Sheet is the outstanding principal plus accrued interest, and the interest charged to the CIES is the amount payable under the loan agreement for the year.

Where loans are repaid early and a premium or discount is incurred, these gains or losses are immediately charged to the CIES as required by accounting standards. However, statutory regulations allow the impact on the General Fund to be spread over future years. The Commissioner’s policy is to charge premiums and discounts to revenue in full in the year of extinguishment; if this policy were changed, any such deferred amounts would be reflected through the Financial Instruments Adjustment Account.

Financial Assets: Financial assets (investments and receivables) are classified under IFRS 9 based on the business model for holding the assets and the nature of their cash flows. The Commissioner classifies financial assets into one of three categories:

- Amortised Cost,
- Fair Value through Other Comprehensive Income (FVOCI),
- Fair Value through Profit or Loss (FVPL).

In practice, most of the Commissioner’s financial assets are simple loans, deposits, and receivables held to collect contractual cash flows, which consist solely of payments of principal and interest. Such assets are classified at Amortised Cost. Financial assets that do not meet these criteria (e.g. money market funds, pooled investments, or equity investments) would be classified and measured at fair value (through profit/loss or OCI according to circumstances).

Financial Assets Measured at Amortised Cost: Assets classified in this category are initially measured at fair value and subsequently measured at amortised cost. Annual investment income (interest) is credited to the CIES based on the effective interest rate for the instrument, multiplying this rate by the carrying amount of the asset. Typically, the carrying amount in the Balance Sheet is initially the principal advanced plus any transaction costs, and subsequently reduced for repayments of principal and adjusted for the cumulative amortisation of any difference between initial amount and maturity amount. Any gains or losses on derecognition (e.g. early repayment or impairment) are posted to the CIES.

The Commissioner recognises an allowance for expected credit losses (ECL) on financial assets held at amortised cost, in accordance with IFRS 9. For most general debt instruments, this allowance is measured at an amount equal to expected credit losses that result from default events possible within the next 12 months (12-month ECL), unless the credit risk has increased significantly since initial recognition, in which case lifetime ECL are recorded. For trade receivables (debtors) without a significant financing component, the Code permits a simplified approach: the Commissioner applies lifetime expected losses from initial recognition. Impairment losses are charged to the CIES.

Financial Assets Measured at Fair Value: Assets that do not qualify for amortised cost – for example, financial assets held primarily for trading or that have cash flows not solely payments of principal and interest – are measured at fair value through profit or loss (FVPL), unless they are designated into the FVOCI category. Currently the Commissioner does not have any material investments designated to FVOCI. Fair value gains and losses on assets measured at FVPL are recognised directly in the Surplus/Deficit on Provision of Services. For assets measured at FVOCI, fair value gains and losses would be recognised in Other Comprehensive Income (with only certain elements, like impairment, going to the CIES), but on derecognition the cumulative gains/losses would be recycled to the CIES. Where fair values are needed, they are based on observable market data or estimated using appropriate valuation techniques (see Fair Value Measurement policy below).

Fair Value Measurement: Where financial instruments (or other assets) are carried at fair value, the Commissioner measures fair value using the IFRS 13 fair value hierarchy as far as possible. Fair value is the price that would be received to sell an asset, or paid to transfer a liability, in an orderly transaction between market participants at the measurement date. The following hierarchy of inputs is used: Level 1 – quoted prices in active markets for identical assets; Level 2 – inputs other than quoted prices that are observable (e.g. interest rates, yield curves); Level 3 – unobservable inputs (e.g. internally developed estimates). For example, instruments quoted in an active market are valued at the market price (Level 1), while other instruments are valued by discounting expected cash flows using current market rates (Level 2).

Any transfers between valuation levels or any gains/losses on derecognition of assets carried at fair value are charged to the CIES.

1.9 Government Grants and Contributions

Government grants and contributions are not credited to the CIES until any conditions attached to them are satisfied. Conditions are stipulations that specify how the grant must be used (or require return of funds if not used as specified). Grants received before conditions are fulfilled are carried in the Balance Sheet as receipts in advance (creditors). When conditions are met, the grant is credited to the CIES, either to service income (if for a specific service) or as Taxation and Non-Specific Grant Income (for general grants and all capital grants).

Where a grant or contribution has been credited to the CIES but remains unapplied for capital expenditure at year-end, the unapplied amount is transferred to the Capital Grants Unapplied Reserve; when it is subsequently used for financing capital, it is transferred from that reserve to the Capital Adjustment Account. Capital grants that have been applied to fund capital expenditure are credited to the Capital Adjustment Account via the Movement in Reserves Statement. This ensures that unused capital funding is carried forward and that grants used for capital financing do not impact the General Fund balance.

1.10 Intangible Assets

Expenditure on non-monetary assets that do not have physical substance but are controlled by the Commissioner as a result of past events (e.g. software licenses) is capitalised as intangible assets only if it will bring future economic benefits or service potential. Internally generated intangibles (e.g. software development) are capitalised when the project is technically feasible, intended to be completed and used, and the Commissioner can demonstrate how the asset will generate future benefits or service potential. Only expenditures incurred during the development phase (not research or planning) are eligible for capitalisation; research or preliminary expenses are charged to revenue. Website development costs designed primarily to inform or promote services are not capitalised. *Expenditure below the de minimis threshold of £10,000 is charged to revenue as it is not considered material for capitalisation.*

Intangible assets are initially measured at cost. They are not revalued routinely, as their fair value is typically not readily obtainable from an active market. Consequently, intangibles are carried at amortised cost. They are amortised over their useful economic life on a systematic basis (usually straight-line) to the relevant service lines in the CIES. Estimated useful lives and amortisation methods are reviewed at least annually. If an intangible asset's recoverable amount (higher of value in use and fair value less costs to sell) falls below its carrying amount, an impairment loss is recognised in the CIES in the relevant service line. Where intangible assets are disposed of or scrapped, any gain or loss on disposal (proceeds less carrying amount) is posted to Other Operating Expenditure in the CIES.

Any intangible asset amortisation, impairment or disposal losses charged to the CIES are not allowed to impact the General Fund under statute. These amounts are therefore reversed out of the General Fund balance in the Movement in Reserves Statement to the Capital Adjustment Account (for amortisation and impairments) and, for any sale proceeds greater than £10,000, to the Capital Receipts Reserve (with a corresponding transfer from Capital Adjustment Account for the net worth of the asset disposed).

1.11 Inventories (Stock)

Inventories are valued at the lower of cost and current replacement cost. Cost is assigned using an appropriate methodology (typically average cost or first-in, first-out for uniform items). Stock held for distribution at no charge (or for a nominal charge) is carried at the lower of cost and current replacement cost. Any write-downs from cost to replacement cost or net realisable value are recognised in the Surplus/Deficit on Provision of Services. Inventory on hand at year-end (for example, uniforms, equipment parts) is included in the Balance Sheet under current assets.

1.12 Joint Operations

Joint operations are arrangements where the Commissioner and another party (or parties) have joint control and the arrangements give the parties rights to the assets and obligations for the liabilities relating to the arrangement. Joint operations (such as collaborative policing units) are not separate entities; each participating body accounts for its own assets, liabilities, income and expenses incurred jointly.

The Commissioner accounts for the assets, liabilities, income, and expenditure relating to its interest in any joint operations in line with the CIPFA Code and IFRS 11:

- Its share of the joint assets (and any assets jointly controlled).
- Its share of liabilities (and any joint liabilities incurred).
- Its share of income from the sale or provision of outputs by the joint operation, and its share of any expenses incurred jointly.

This results in the Commissioner's accounts reflecting a proportionate share of transactions and balances of any joint operations, rather than a separate "investment in joint operation" line.

1.13 Leases (IFRS 16)

Leases are contracts (or parts of contracts) that convey the right to use an asset for a period of time in exchange for consideration. From 1 April 2024 the Commissioner accounts for leases in accordance with IFRS 16. At the lease commencement date, the Commissioner (as lessee) recognises a right-of-use asset representing its right to use the underlying asset and a corresponding lease liability for the obligation to make lease payments over the term. The lease term is determined as the non-cancellable period of the lease together with any extension or termination options the Commissioner is reasonably certain to exercise (or not to exercise). Lease liabilities include fixed payments (including any in-substance fixed increases) and variable payments that depend on an index or rate, measured initially at the present value of the lease payments using the interest rate implicit in the lease (if readily determinable) or the Commissioner's incremental borrowing rate. The right-of-use (ROU) assets are initially measured at cost (amount of the initial lease liability plus any payments made at or before commencement and direct costs).

Subsequent measurement of lease liabilities occurs at amortised cost, using the effective interest method – the liability is increased for interest and reduced by lease payments made. Remeasurement of the lease liability occurs if there are changes in future lease payments (e.g. due to indexation or reassessment of options); corresponding adjustments are made to the ROU asset. ROU assets are subsequently measured using a cost model, depreciated on a straight-line basis over the shorter of the asset's useful life or the lease term. If the underlying asset is one that would be classified as Property, Plant and Equipment (e.g. buildings, vehicles), the ROU asset is presented in the Balance Sheet in the same line as those owned assets and is subject to the same revaluation and impairment procedures as other assets in that class (the Commissioner applies the revaluation model to material ROU assets where appropriate to mirror treatment of owned assets).

Where the Commissioner acquires a right-of-use asset at peppercorn or nil rental (a "concessionary" or peppercorn lease), the arrangement is within the scope of IFRS 16 as adapted by the Code. The lease liability is measured at the present value of peppercorn payments (often zero), and the right-of-use asset is measured at **fair value** at commencement. The difference between the asset value and liability (for instance, an asset provided for no consideration) is treated as a donated asset, with an equivalent credit recorded as **income** in the CIES (Taxation and Non-Specific Grant Income, if no conditions), in line with the treatment of donated tangible assets.

The Commissioner has made use of the two recognition exemptions permitted by IFRS 16 for lessees: short-term leases and leases of low-value assets. *Short-term leases* (defined as leases with a lease term of 12 months or less at commencement and no purchase option) are not recognised on the Balance Sheet. Rentals payable under such short-term leases are charged directly to the relevant service in the CIES on a straight-line basis over the term of the lease. *Leases of low-value assets* (such as personal computers, printers and other small items) are also expensed on a straight-line basis; low-value assets are generally those underlying assets which, when new, are considered low in value (the Code does not set a monetary threshold, but the Commissioner applies this to items broadly below £5,000–£10,000 in value). The thresholds for "low-value" are assessed on an individual asset basis. The application of these exemptions is a practical expedient to avoid capitalising leases where the impact would be immaterial.

Lease accounting policy – Lessor: Where the Commissioner acts as lessor (renting out property or equipment), the lease is classified as either a finance lease or an operating lease. A lease is a finance lease if it transfers substantially all the risks and rewards incidental to ownership of an asset to the lessee; otherwise it is an operating lease. Finance leases – the Commissioner derecognises the asset and replaces it with a lease receivable (reflecting a net investment in the lease, measured as the present value of lease payments receivable), and any gain on disposal is recorded. Operating leases – the leased asset remains on the Balance Sheet and rental income is recognised on a straight-line basis over the lease term in the CIES. (Finance income from finance leases is recognised at a constant periodic rate of return on the net investment). *The Commissioner currently has no material leases where it is lessor.*

Impact on the General Fund (lessee): Lease payments made by the Commissioner are split between financing costs (interest expense) and repayment of the principal element of the liability. The interest element is charged to the CIES over the lease term. For the principal element, statutory provisions allow local authorities to not charge these payments directly to revenue. Instead, the principal element is treated as a capital repayment. The Commissioner makes an annual contribution from revenue (the Minimum Revenue Provision) to cover the principal repayment, in line with the life of the asset. This means that depreciation and interest charges on right-of-use assets are neutralised in the General Fund by replacing them with MRP, via an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement.

(The lease policy above reflects a significant update for 2024/25, as IFRS 16 has removed the previous distinction between operating and finance leases for lessees. This represents a mandatory change in accounting practice.)

1.14 Overheads and Support Services

The costs of overheads and support services are charged to services in accordance with the organisation's arrangements for accountability and financial performance. The Commissioner does not reallocate costs according to a prescribed formula but charges support costs (e.g. for corporate departments) to operational headings as appropriate, reflecting the way resources are consumed.

1.15 Property, Plant and Equipment (PPE)

PPE assets are tangible assets that are held for use in the supply of services, for rental to others, or for administrative purposes, and are expected to be used during more than one financial year. They are accounted for in accordance with IAS 16 and the CIPFA Code.

Recognition: Expenditure on the acquisition, creation or enhancement of PPE is capitalised on an accrual basis, provided it is probable that future economic benefits or service potential will flow to the Commissioner and the cost can be measured reliably. This includes the initial purchase price and costs directly attributable to bringing the asset into use (such as delivery and installation, or the costs of employees directly involved in construction). Expenditure that maintains but does not enhance an asset (repairs and maintenance) is charged to revenue when it is incurred. The Commissioner's policy is to capitalise only items with a cost of £10,000 or more, treating smaller expenditures as de minimis (charged to revenue in the year).

Measurement: Assets are initially measured at cost. Donated assets are initially recognised at fair value, with the gain credited to the CIES as Taxation and Non-Specific Grant Income (unless there are conditions on the donation, in which case the gain is deferred in the Donated Assets Account until conditions are met). In the case of exchange transactions (trades), the cost of the PPE acquired is the fair value of the asset given up, adjusted for any cash consideration. Borrowing costs incurred during construction are not capitalised (in line with the CIPFA Code adaptation); they are expensed as incurred.

After recognition, PPE assets are carried on the Balance Sheet using the following measurement bases:

- **Assets under Construction:** carried at historical cost (accumulated expenditure) until the asset is ready for use, then reclassified and subsequently measured at current value as appropriate.
- **Other Land and Buildings:** measured at current value, determined as the amount that would be paid for the asset in its existing use (existing use value – EUV).
- **Specialised assets (with no market-based evidence):** valued using Depreciated Replacement Cost (DRC), as an estimate of current value.
- **Vehicles, Plant, Furniture and Equipment:** these assets have short useful lives or low values and thus are held at historical cost as a proxy for current value.
- **Community assets:** (if any, such as parks or historic assets) are generally held at historical cost as a proxy for value, unless revaluation is deemed appropriate.

Assets are revalued with sufficient regularity to ensure their carrying amount is not materially different from current value at year-end, and as a minimum every five years. Revaluation increases are credited to the Revaluation Reserve to reflect unrealised gains. Gains that reverse a previous loss charged to the CIES on the same asset are credited back to the CIES (up to the amount of the prior loss). Revaluation decreases are accounted for as follows: if there is a balance of previous gains for that asset in the Revaluation Reserve, the reduction is charged there (against those gains) until exhausted; any further loss (or if no revaluation reserve exists for that asset) is charged to the CIES as an expense.

The Revaluation Reserve contains unrealised gains accumulated since 1 April 2007 (the Reserve's inception); earlier gains were consolidated into the Capital Adjustment Account.

Impairment: Assets are reviewed at each year-end for any indication of impairment (physical damage, obsolescence, significant decline in service potential, etc.). If an impairment is identified and the recoverable amount of an asset is less than its carrying amount, the difference is written down. As with revaluations, an impairment is first set against any revaluation surplus for the asset in the Revaluation Reserve, and any remainder is charged to the CIES. Where an impairment loss is reversed in a subsequent period (because conditions change or an asset's value recovers), the reversal is credited to the same locations up to the amount of the original loss (adjusted for depreciation that would have been charged).

Depreciation: Depreciation is provided for on all PPE assets *that have a finite useful life*, by allocating the depreciable amount (cost less residual value) over the period of use, usually on a straight-line basis. Land is not depreciated (infinite life), nor are assets under construction until they become operational. Newly acquired assets are depreciated from the date they are available for use (in service). In the year of disposal, depreciation is charged up to the disposal date. The following useful life principles are applied:

- Land – not depreciated.
- Buildings – depreciated over their useful life as assessed by a qualified valuer (taking into account the expected use, construction type, and condition of each building).
- Vehicles, plant and equipment – depreciated on a straight-line basis over their estimated useful life, as advised by a suitably qualified officer (or using standard asset life expectancies for classes of equipment).

Where an item of PPE has significant identifiable components with different useful lives (and costs that are significant in relation to the total cost), those components are depreciated separately. The Commissioner applies a componentisation policy for new acquisitions and major refurbishments: components of structures (for example, plant equipment in a building, or roof, etc.) are considered if the cost of the component is more than £100k and more than 25% of the total cost of the asset, or if the asset value is over £1m and a component is significant. This ensures depreciation more accurately reflects asset consumption. Componentisation is not applied retrospectively to assets existing prior to April 2010 that have not been subsequently enhanced.

Revaluation gains are not taken to the CIES as income, but to avoid understatement of annual cost, a portion of the Revaluation Reserve equal to the extra depreciation on the revalued amount over historic cost is transferred each year from the Revaluation Reserve to the Capital Adjustment Account.

Disposals and Assets Held for Sale: When it becomes probable that an asset will be sold rather than continue in its current use, and management is committed to a plan to sell, it is reclassified as an **Asset Held for Sale**. The asset is revalued immediately before reclassification and then carried at the lower of this fair value and the current carrying amount. Assets held for sale are not depreciated. If market conditions subsequently deteriorate and the fair value less costs to sell falls below the carrying amount, an impairment loss is recognised in the CIES (Other Operating Expenditure). Any subsequent gains in value (up to the amount of previously recognised losses) are also recognised in the CIES. Should a decision be taken to abort a planned sale, the asset is reclassified back to PPE at the lower of its carrying amount had it not been held for sale (adjusted for depreciation that would have been charged) and its recoverable amount at the date of the decision.

When an asset is disposed of or decommissioned, the carrying amount is written off to the CIES (Other Operating Expenditure). Proceeds from disposals (if any) are also credited to this line, netting against the carrying value to show the gain or loss on disposal. Any accumulated revaluation reserve balance for the asset is transferred to the Capital Adjustment Account. Disposal proceeds are categorised as capital receipts if they exceed £10,000. Such receipts are credited to the Capital Receipts Reserve, and can only be used to finance new capital investment or repay debt. Receipts are appropriated to the Capital Receipts Reserve through the Movement in Reserves Statement. The write-off of asset values upon disposal does not affect council tax since the charge is neutralised by a transfer from the Capital Adjustment Account (via the Movement in Reserves Statement).

Fully depreciated assets with zero net book value are reviewed annually and disposed of (written out) if no longer in use, with any such write-off having no effect on the CIES (as the asset is already at nil value).

1.16 Private Finance Initiative (PFI) and Similar Contracts

PFI and similar contracts are service concession arrangements whereby an external contractor is responsible for providing certain assets and associated services over a long-term period. As the Commissioner controls or regulates the services provided by the PFI contractor and will gain ownership of the asset at the end of the contract, the assets are recognised on the Commissioner's Balance Sheet as part of PPE. A matching liability is recognised for the amounts due to the operator for the capital investment (the initial construction or acquisition). The PPE assets recognised are subsequently revalued and depreciated in line with the accounting policies for owned assets.

The amounts payable to the PFI operator each year are allocated between:

- **Service costs** – charged to the relevant service line in the CIES.
- **Finance costs** – interest expense on the outstanding liability, charged to Financing and Investment Income and Expenditure in the CIES.
- **Payment towards the liability** – applied to reduce the Balance Sheet liability (finance lease principal repayment).
- **Lifecycle replacement costs** – some payments relate to the replacement of or major maintenance on elements of the asset. These payments are treated as increasing the asset's value (recognised as additions to PPE) when spent, with a prepayment asset built up in advance if applicable.

Government grants received specifically to help finance PFI schemes (such as PFI credits) are credited to the CIES as Non-Specific Grant Income. As these grants are used to finance the capital investment, they are then appropriated to the Capital Adjustment Account through the Movement in Reserves Statement to offset the PFI capital expenditure.

1.17 Provisions, Contingent Liabilities and Contingent Assets

Provisions: The Commissioner sets aside provisions for liabilities of uncertain timing or amount when: (a) an event in the past has created a present legal or constructive obligation, (b) it is probable the Commissioner will have to settle that obligation, and (c) the amount can be reliably estimated. Provisions are charged as an expense to the appropriate service in the CIES in the year the obligation becomes known. When actual settlement occurs, it is charged against the provision carried in the Balance Sheet. Provisions are reviewed at year-end and adjusted to reflect the current best estimate. If it is determined that a provision is no longer required, it is reversed and credited back to the relevant service in the CIES. When some or all of the expense required to settle a provision is expected to be recovered from a third party (e.g. via an insurance claim), this reimbursement is only recognised as income in the CIES if it is **virtually certain** to be received.

Contingent Liabilities: A contingent liability is a possible obligation arising from past events that will only be confirmed by uncertain future events not wholly within the Commissioner's control, or a present obligation that is not recognised because either payment is not probable or the amount cannot be measured reliably. Contingent liabilities are not recognised on the Balance Sheet. They are disclosed in the notes to the accounts if the likelihood of an outflow of resources is more than remote. The disclosure indicates the nature of the contingency, an estimate of its financial effect (where known), and an indication of uncertainties relating to the amount or timing.

Contingent Assets: A contingent asset is a possible asset that arises from past events, and whose existence will be confirmed only by uncertain future events not wholly within the Commissioner's control. The Commissioner does not recognise contingent assets in the Balance Sheet but discloses them in the notes if an inflow of economic benefits is probable (not virtually certain). The disclosure describes the nature of the contingent asset and, where practicable, an estimate of its potential value.

1.18 Reserves

The Commissioner maintains both usable and unusable reserves. Usable reserves (such as the General Fund, Earmarked Reserves, and Capital Grants Unapplied) represent resources available to fund future expenditure. The Movement in Reserves Statement shows transfers to/from reserves. When expenditure to be financed from an earmarked reserve is incurred, it is charged to the CIES and the reserve is credited (reduced) by the same amount through the Movement in Reserves Statement, so that there is no net impact on the General Fund balance in that year.

Unusable reserves are kept to manage the accounting processes for certain transactions and are not available to spend. These include: the Revaluation Reserve (holding unrealised gains on assets), the Capital Adjustment Account (timing differences between accounting for assets and financing them), the Pensions Reserve (to hold the IAS19 pension liability offset by actuarial adjustments), the Accumulated Absences Account (to absorb differences between accrued absences earned and taken) and the Collection Fund Adjustment Account (for timing differences on council tax/NDR income). These reserves ensure the proper accounting treatment without impacting the council tax. *The purposes and movements on each unusable reserve are detailed in the notes to the financial statements.*

1.19 Revenue Expenditure Funded from Capital under Statute (REFCUS)

Expenditure that legislation allows to be funded from capital resources, but which does not meet the accounting definition of capital (and thus does not result in a non-current asset on the Balance Sheet), is charged to the relevant service in the CIES. Examples include capital grants made to third parties or expenditure on assets not owned by the Commissioner. To avoid impacting the General Fund balance, a transfer is made from the General Fund to the Capital Adjustment Account in the Movement in Reserves Statement for the amount of the REFCUS charged, thereby financing it from capital resources.

1.20 Value Added Tax (VAT)

VAT is excluded from both income and expenditure to the extent that it is recoverable from His Majesty's Revenue & Customs. Irrecoverable VAT is charged to the appropriate heading in the CIES (either an expense or part of the capital cost of an asset, depending on the nature of the item). All VAT collected is payable to HMRC and all VAT paid is recoverable from HMRC under the local authority VAT regime.

2. Accounting Standards issued, not yet adopted

The Code of Practice for Local Authority Accounting in the UK 2024/25 (the Code) requires changes in accounting policy to be applied retrospectively unless alternative transitional arrangements are specified in the Code. The Code requires an authority to disclose information relating to the impact of an accounting change that will be required by a new standard that has been issued but not yet adopted for the relevant financial year. The additional disclosures that may be relevant for additional disclosures that will be required in the 2024/25 and 2025/26 financial statements in respect of accounting changes that are introduced in the 2025/26 Code (i.e., that are relevant to the requirements of paragraph 3.3.4.3) are:

- IAS 21 The Effects of Changes in Foreign Exchange Rate (Lack of Exchangeability) issued in August 2023. The amendments to IAS 21 clarify how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking, as well as require the disclosure of information that enables users of financial statements to understand the impact of a currency not being exchangeable.
- IFRS 17 Insurance Contracts issued in May 2017. IFRS 17 replaces IFRS 4 and sets out principles for recognition, measurement, presentation and disclosure of insurance contracts.

The above changes have no impact on these accounts but will be reviewed during 2025/26 and any amendments required will be clearly shown in the 2025/26 Statement of Accounts.

3. Critical Judgements in applying Accounting Policies

In applying the accounting policies set out in Note 1, 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:

- With the creation of the two corporations sole (the Commissioner and the Chief Constable) and the requirement for each to produce their individual statements of account, judgements have been made as to which statement of account income; expenditure; assets and liabilities have been allocated. This has been based on the substance of the transaction and not just the legal form.

The key judgements are:

- All income and grants are recognised in the Commissioner's Statement of Account.
- All day-to-day expenditure outside of those properly charged to the Office of the Police & Crime Commissioner are recognised in the Chief Constable's Statement of Accounts.
- All assets are held by the Commissioner who consents to their usage by the Constabulary in pursuance of their policing service for which a 'fair use' charge is applied to the Chief Constable, received by the Commissioner.
- All liabilities are held by the Commissioner with the exception of the Accumulated Absences and Pension Liability applicable to the Constabulary for which the Chief Constable holds unusable reserves.
- All other reserves are held by the Commissioner.
- The Chief Constable is involved in various ways of delivering policing services and it has therefore, been necessary to carefully consider the accounting implications of collaboration covering all circumstance where working co-operatively with other police forces and Chief Constables. The Chief Constable has carefully considered all collaborative activity. The judgements and accounting treatment of collaborative activity can be found in Note 13.

4. Group Accounts

Under the Police Reform and Social Responsibility Act 2011, the roles of Commissioner and Chief Constable became Corporations Sole (separate legal entities) and required individual Statement of Accounts. However, the Act also recognises that the Chief Constable is a wholly owned subsidiary of the Commissioner and proper accounting practices require group accounts to be produced.

Basis of Consolidation

The group accounts comprise of those of the Commissioner and his wholly owned subsidiary the Chief Constable as at 31 March 2025.

The financial statements of the subsidiary are prepared for the same reporting period as the parent company, using consistent accounting policies. They are fully consolidated from the date that the Commissioner obtains control until the date that such control ceases. These accounts are prepared in accordance with the Accounts and Audit Regulations with subsidiary companies being consolidated on a line-by-line basis.

All intra-group trading, balances and unrealised gains and losses as at the end of each period, are eliminated in full as part of the consolidation process. The main intra-group transactions are the Commissioner fully funding the net expenditure of the Chief Constable and the recognition in the two Balance Sheets of the relevant pension liability in the Chief Constable's accounts matched by an agreement to fund by the Commissioner in the form of a long term debtor. There are no significant restrictions on the ability of the subsidiary to transfer funds to the parent company in any form.

5. Assumptions made about the future & other major 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 Balance Sheet at 31 March 2025 for which there is a 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	Assets are depreciated over useful lives and are dependent on assumptions about the level of repairs & maintenance that will be incurred. The current economic climate makes it uncertain that the Commissioner will be able to sustain current spending on repairs and maintenance, bringing into doubt the useful lives assigned to assets.	Each 5% change in the value of Land & Buildings assets would have an impact of £7.6m on their Net Book Value at 31st March 2025. If the useful life of assets is reduced, depreciation increases and the carrying amount of the assets falls. It is estimated that the annual depreciation charge would increase by £4.376m for every year that useful lives have to be reduced.
Pensions Liability	Estimation of 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 (where applicable). The Government's Actuary Department is engaged to provide the Commissioner with expert advice about the assumptions to be applied for Police Pensions and Cheshire West & Chester Council provide information on the Local Government Pension Scheme.	The effects on the net pension liability of changes in individual assumptions can be measured. For instance, a 0.1% decrease in the discount rate assumption would result in a decrease in the pension liability of £5.715m for the Local Government Pension Scheme. However, the assumptions interact in complex ways. Where assumptions do change these are reported as actuarial gains and losses within the 'Other Income and Expenditure' line in the Comprehensive Income and Expenditure Statement. These changes only impact on the Pension Reserve & Liability & have no impact on general reserve.

This list does not include assets and liabilities that are carried at fair value based on a recently observed market price.

6. Post Balance Sheet events

There are no post balance sheet events to report.

7. Note to the Expenditure and Funding Analysis

The following tables show the breakdown of the Adjustments between the Funding and Accounting Basis shown in the Expenditure and Funding Analysis on page 23.

Adjustments from GF to arrive at the Comprehensive Income & Expenditure Statement 2024/25	Adjustments for Capital Purposes £000	Net Change for Pension Adjustments £000	Other Differences £000	Total Adjustments £000
Police Pay	6,194	(25,508)	79	(19,325)
Crime	1,215	(5,003)	16	(3,772)
Operations	2,192	(9,028)	28	(6,807)
Centrally Delivered Services	849	(7,721)	24	(6,847)
Collaborations	529	(2,178)	7	(1,642)
Corporate Costs	(2,003)	0	0	(2,003)
OPCC	40	(166)	1	(125)
OPCC – Commissioning	0	0	0	0
Net cost of services	9,017	(49,604)	154	(40,432)
Other Operating Income & Expenditure	186			186
Financing & Invest. Income & Expenditure	0	86,211	0	86,211
Taxation & Non-Specific Grant Income	(5,525)		(564)	(6,089)
Difference between GF surplus/ deficit and CIES surplus/ deficit	3,549	36,607	(409)	39,875

Adjustments from GF to arrive at the Comprehensive Income & Expenditure Statement 2023/24	Adjustments for Capital Purposes £000	Net Change for Pension Adjustments £000	Other Differences £000	Total Adjustments £000
Police Pay	5,304	(25,438)	819	(19,316)
Crime (a)	1,075	(5,156)	166	(3,915)
Operations (a)	1,880	(9,017)	291	(6,846)
Centrally Delivered Services (a)	680	(7,826)	252	(6,894)
Collaborations	431	(2,067)	67	(1,570)
Corporate Costs (a)	(1,822)	0	0	(1,822)
OPCC	36	(174)	6	(132)
OPCC – Commissioning	0	0	0	0
Net cost of services	7,584	(49,676)	1,599	(40,494)
Other Operating Income & Expenditure	157			157
Financing & Invest. Income & Expenditure	0	83,515		83,515
Taxation & Non-Specific Grant Income	(5,277)		926	(4,351)
Difference between GF surplus/ deficit and CIES surplus/ deficit	2,463	33,839	2,525	38,827

(a) Crime, Operations, Centrally Delivered Services and Corporate Costs reorganised in 2024/25, 2023/24 figures restated to reflect the new structure – previously Crime £(3,070)k net: Protecting Vulnerable Persons & Criminal Justice £(900)k net, Local Policing £(1,059)k net, Force Operations £(3,040)k net, Centrally Delivered Services £(1,121)k net, Business Services £(8,464)k net and Corporate Costs £(1,822)k net.

8. Material items of income and expenditure

There are no material items of income and expenditure to report for 2024/25.

9. Expenditure and Income Analysed by Nature

Subjective Analysis of Expenditure Group	2024/25	2023/24
	£000	£000
Employees - Police Pay and Allowances	155,583	141,657
- Civilian Pay and Allowances	73,413	70,679
- Other Pay and Allowances	5,167	3,870
Premises	11,427	11,461
Transport	5,062	4,777
Supplies & Services	28,301	28,490
Third Party Payments	16,399	14,982
IAS19 Pension costs	(49,604)	(49,676)
Depreciation and Amortisation of Assets	12,046	10,358
Movement in Accumulated Absences Reserve	154	1,599
Total Service Expenditure	257,948	238,195
Service Income (<i>see below</i>)	(46,749)	(38,871)
Net Cost of Service	211,200	199,325
(Profit)/Loss on Disposal of Assets	99	157
Revaluation Loss	62	0
Asset Selling Costs	25	0
Interest Payable and Similar Charges	2,820	2,573
Interest and Investment Income	(1,768)	(1,859)
IAS19 Pension Net Interest Cost	86,211	83,515
Net Operating Expenditure	298,649	283,711
Police Grant	(82,175)	(75,549)
Formula Funding	(55,148)	(54,038)
Precept on Council Tax Collection Funds	(104,814)	(98,169)
Legacy Council Tax Grants	(8,256)	(8,256)
Police Pay Award Grant – see below*	(2,463)	(4,966)
PFI Grant - interest element	(1,906)	(1,577)
Capital Contributions	(157)	(1,062)
Deficit / (Surplus) on Provision of Services	43,728	40,093
Subjective Analysis of Service income		
Fees & Charges	6,929	6,365
Sales	125	357
Reimbursements:		
Casualty Reduction Partnership, Hypothecated Fines	1,438	1,211
Secondments	(6)	13
Private Finance Initiative reimbursements	308	280
Asset Recovery	151	157
Other Reimbursements	4,110	4,606
Grants:		
Private Finance Initiative	5,324	5,652
Pensions Uplift grant	7,610	2,108
Counter Terrorism	1,583	1,670
Victims and Restorative Justice Grant	2,385	2,301
National Officer Uplift Grant	6,395	4,813
Police Pay Award Grant – see above*		0
Major Investigation Grants	2,424	2,899
Commissioning Grants	3,013	2,603
Other Grants	2,642	1,246
Other Income:		
Mutual Aid	391	531
External Agency Funding	1,398	1,383
Proceeds of Crime Act	528	675
Total Service Income	46,749	38,871

Subjective Analysis of Expenditure PCC	2024/25	2023/24
	£000	£000
Employees - Police Pay and Allowances	0	0
- Civilian Pay and Allowances	1,099	988
- Other Pay and Allowances	5	9
Premises	0	0
Transport	14	0
Supplies & Services	7,565	7,272
Third Party Payments	11	6
IAS19 Pension costs	469	917
Depreciation and Amortisation of Assets	12,046	10,358
Fair Usage of Assets	(12,005)	(10,321)
Movement in Accumulated Absences Reserve	1	6
Total Service Expenditure	9,203	9,235
Service Income (<i>see below</i>)	(46,749)	(38,871)
Funding to Constabulary	298,201	277,040
Net Cost of Service	260,656	247,405
(Profit)/Loss on Disposal of Assets	99	157
Revaluation Loss	62	0
Asset Selling Costs	25	0
Interest Payable and Similar Charges	2,280	2,573
Interest and Investment Income	(1,768)	(1,859)
IAS19 Pension Net Interest Cost	0	0
Net Operating Expenditure	261,894	248,276
Police Grant	(82,175)	(75,549)
Formula Funding	(55,148)	(54,038)
Precept on Council Tax Collection Funds	(104,814)	(98,169)
Legacy Council Tax Grants	(8,256)	(8,256)
Police Pay Award Grant – see below*	(2,463)	(4,966)
PFI Grant - interest element	(1,906)	(1,577)
Capital Contributions	(157)	(1,062)
Deficit / (Surplus) on Provision of Services	6,973	4,658
Subjective Analysis of Service income		
Fees & Charges	6,929	6,365
Sales	125	357
Reimbursements:		
Casualty Reduction Partnership, Hypothecated Fines	1,438	1,211
Secondments	-6	13
Private Finance Initiative reimbursements	308	280
Asset Recovery	151	157
Other Reimbursements	4,110	4,606
Grants:		
Private Finance Initiative	5,324	5,652
Pensions Uplift grant	7,610	2,108
Counter Terrorism	1,583	1,670
Victims and Restorative Justice Grant	2,385	2,301
National Officer Uplift Grant	6,395	4,813
Police Pay Award Grant – see above*		0
Major Investigation Grants	2,424	2,899
Commissioning Grants	3,013	2,603
Other Grants	2,642	1,246
Other Income:		
Mutual Aid	391	531
External Agency Funding	1,398	1,383
Proceeds of Crime Act	528	675
Total Service Income	46,749	38,871

Within the Comprehensive Income and Expenditure Statements there are three summary lines which are explained in more detail within the next five tables (split where appropriate between those for the Group Accounts and those for the Police & Crime Commissioner).

Other Operating Expenditure (Group & PCC)	2024/25 £000	2023/24 £000
(Profit)/Loss on Sale of Fixed Assets	99	157
Revaluation Loss	62	0
Asset Selling costs	25	0
Home Office Top Up Grant – Police Pensions	(29,086)	(31,398)
Police & Crime Commissioner contribution to Pension Account	(29,086)	31,398
Total	186	157

Financing and Investment Income and Expenditure (Group)	2024/25 £000	2023/24 £000
Interest and Investment Income	(1,768)	(1,859)
Interest Payable and Similar Charges	2,820	2,573
Pension Net Interest	86,211	83,515
Total	87,264	84,229

Financing and Investment Income and Expenditure (PCC)	2024/25 £000	2023/24 £000
Interest and Investment Income	(1,768)	(1,859)
Interest Payable and Similar Charges	2,820	2,573
Pension Net Interest	0	0
Total	1,052	714

Taxation and Non-Specific Grant Income (Group & PCC)	2024/25 £000	2023/24 £000
Police Grant	(82,175)	(75,549)
Formula Funding	(55,148)	(54,038)
Precept on Council Tax Collection Funds	(104,481)	(98,469)
Movement on Collection Fund Debtors/Creditors	(33,180)	300
Legacy Council Tax Grants	(8,256)	(8,256)
Pay Award Grant	(2,463)	(4,966)
PFI Grant – Interest Element	(1,906)	(1,577)
Capital Grants and Contributions	(157)	(1,062)
Total	(254,921)	(243,618)

10. Members' Allowances & Expenses

The amounts shown below relate to the Joint Audit Advisory Committee & Ethics Advisory Panel Members only.

	2024/25 £000	2023/24 £000
Basic Allowances	7	6
Expenses	0	0
Total	7	6

11. Officer Remuneration

The Commissioner is required to detail the remuneration received by senior officers of the Constabulary and the Commissioner's Office which are shown in the following tables. The regulations require detailed disclosure for officers whose total remuneration excluding the employer's pension contribution exceeds £50,000. The following definitions apply:

Salary including fees and allowances: the amount received under a contract of employment, including any allowances such as housing allowance before the deduction of employees' pension contributions, but excluding payments such as bonuses and benefits in kind. The figures shown separately in the Pensions Contributions column refer to the employer's pension contributions.

Bonuses: payments made under Police Reform Pay and Conditions Agreement 2002 & 2004 and payments for exceptional work.

Benefits in kind: the estimated value of benefits received other than in cash, for example, use of a fleet vehicle.

Compensation for loss of office: includes payments made to or receivable by the person as a result of their termination of employment such as voluntary/compulsory redundancy, voluntary early retirement, pay in lieu of notice, accrued salary or holiday pay etc.

The number of employees whose remuneration, excluding employer's pension contribution exceeding £50,000 or more in bands of £5,000 (including those shown on the next table Senior Officers and Relevant Police Officers emoluments) is set out below:

For the Office of the Police & Crime Commissioner:

Remuneration Band	Number of Employees		
	2024/25	2023/24	2022/23
£50,000 - £54,999	3	3	4
£55,000 - £59,999	0	0	0
£60,000 - £64,999	0	0	0
£65,000 - £69,999	0	1	0
£70,000 - £74,999	1	0	0
£75,000 - £79,999	0	1	1
£80,000 - £84,999	1	0	0
£85,000 - £89,999	0	0	0
£90,000 - £94,999	0	0	1
£95,000 - £99,999	0	1	0
£100,000 - £104,999	0	0	0
£105,000 - £109,999	1	0	0
Total	6	6	6

Senior Officers and Relevant Police Officers emoluments exceeding £50,000 to £150,000

2024/25	Salary incl. Fees & Allowances £	Severance £	Benefits in Kind £	Total Remuneration excl. Pension Contributions £	Pension Contributions £	Total Remuneration incl. Pension contributions £
Post title						
Chief Executive	107,688	0	0	107,688	21,566	129,254
Chief Finance Officer ¹	83,281	0	0	83,281	17,156	100,437
Police & Crime Commissioner	70,181	0	0	70,181	14,200	84,381
Principal Scrutiny & Planning Officer	54,165	0	0	54,165	11,158	65,323
Principal Governance & Compliance Officer	53,842	0	0	53,842	11,091	64,933
Principal Commissioning & Partnerships Officer	52,762	0	0	52,762	10,869	63,631

¹ 3 days per week to December 2023, full time January 2024 to July 2024, 4 days per week after that.

Senior Officers and Relevant Police Officers emoluments exceeding £50,000 to £150,000

2023/24	Salary incl. Fees & Allowances £	Severance £	Benefits in Kind £	Total Remuneration excl. Pension Contributions £	Pension Contributions £	Total Remuneration incl. Pension contributions £
Post title						
Chief Executive	99,944	0	0	99,944	19,680	119,624
Police & Crime Commissioner	78,400	0	0	78,400	15,915	94,315
Chief Finance Officer	67,419	0	0	67,419	13,686	81,105
Principal Scrutiny & Planning Officer	54,098	0	0	54,098	10,982	65,080
Principal Governance & Compliance Officer	52,214	0	0	52,214	10,438	62,652
Principal Commissioning & Partnerships Officer	50,528	0	0	50,528	10,103	60,631
Deputy Police and Crime Commissioner ¹	40,082	0	0	40,082	7,960	48,042

¹ Left 7th January 2024,

Senior Officers and Relevant Police Officers emoluments exceeding £50,000

2024/25 Post Title	Salaries, Fees and Allowances	Bonuses	Severance	Benefits in Kind	Total Remuneration excluding Pension Contributions	Employers Pension Contribution	Total Remuneration including Pension Contributions
Chief Constable – Mark Roberts	179,244	0	0	0	179,244	62,117	241,361
Deputy Chief Constable	148,537	0	0	0	148,537	0	148,537
Assistant Chief Officer ¹	61,278	0	76,969	0	138,247	12,314	150,561
Assistant Chief Constable	133,191	0	0	0	133,191	47,016	180,207
Assistant Chief Constable	133,191	0	0	0	133,191	47,016	180,207
Head of Estates ²	94,171	0	35,632	0	129,804	14,132	143,936
Chief Superintendent	111,380	2,000	0	0	113,380	34,443	147,823
Chief Superintendent	110,140	2,000	0	0	112,140	37,909	150,049
Chief Superintendent	110,738	2,000	0	0	112,738	34,689	147,427
Chief Superintendent	109,738	2,000	0	0	111,738	38,066	149,804
Assistant Chief Constable ⁸	41,418	0	0	0	41,418	12,933	54,351
Chief Superintendent ⁸	68,036	2,000	0	0	70,036	21,585	91,621
Chief Legal Officer	106,458	0	0	0	106,458	21,930	128,388
Chief People Officer ⁹	101,300	0	0	0	101,300	20,868	122,167
Head of IT and Information Security	96,108	0	0	0	96,108	19,792	115,900
Head of Planning & Performance	95,028	0	0	0	95,028	19,576	114,603
Chief Finance Officer	87,554	0	0	0	87,554	17,284	104,837
Head of Corporate Communications	86,435	0	0	0	86,435	17,794	104,230
Head of Fleet	78,084	0	0	0	78,084	16,086	94,170
Chief Superintendent ³	59,251	0	0	0	59,251	20,668	79,919
Chief Superintendent ⁴	33,985	0	0	0	33,985	11,721	45,706
Chief Superintendent ⁵	21,775	0	0	0	21,775	5,781	27,556
Consultant Lawyer ⁶	20,435	0	0	0	20,435	4,285	24,719
Chief Finance Officer ⁷	8,335	0	0	0	8,335	1,717	10,052

¹ Left September 2024, ² Left December 2024, ³ Left October 2024, ⁴ Started December 2024, ⁵ Left June 2024, ⁶ Left July 2024, ⁷ Started March 2025, ⁸ Promoted during 2024/25, ⁹ Left January 2025

Senior Officers and Relevant Police Officers emoluments exceeding £50,000

2023/24 Post Title	Salaries, Fees and Allowances	Bonuses	Severance	Benefits in Kind	Total Remuneration excluding Pension Contributions	Employers Pension Contribution	Total Remuneration including Pension Contributions
Chief Constable – Mark Roberts	168,227	0	0	0	168,227	51,172	219,399
Head of Forensics ¹	63,165	0	82,932	0	146,097	8,752	154,849
Deputy Chief Constable	139,678	0	0	0	139,678	0	139,678
Assistant Chief Constable	123,126	0	0	0	123,126	38,169	161,295
Assistant Chief Constable	121,345	0	0	0	121,345	37,617	158,962
Assistant Chief Officer	118,383	0	0	0	118,383	23,423	141,806
Head of Procurement ²	46,071	0	65,307	0	111,378	9,342	120,720
Chief Superintendent	104,265	0	0	141	104,406	30,533	134,939
Chief Superintendent	100,498	0	0	0	100,498	30,766	131,264
Chief Superintendent	99,746	0	0	0	99,746	29,543	129,289
Chief Superintendent	99,714	0	0	0	99,714	29,543	129,257
Chief Superintendent	97,398	0	0	0	97,398	28,920	126,318
Chief Superintendent	97,266	0	0	0	97,266	28,867	126,133
Head of Legal Services	96,944	0	0	0	96,944	19,680	116,624
Head of People Services	90,911	0	0	0	90,911	18,451	109,362
Head of Finance	90,894	0	0	0	90,894	18,451	109,345
Head of IT	88,960	0	0	0	88,960	18,059	107,019
Head of Facilities	85,589	0	0	0	85,589	17,297	102,886
Head of Planning & Performance	85,209	0	0	0	85,209	17,297	102,506
Head of Comms	81,639	0	0	0	81,639	16,573	98,212
Assistant Chief Constable ³	73,818	0	0	0	73,818	22,341	96,159
Head of Strategic Change ⁴	76,317	0	0	0	76,317	9,880	86,197
Head of Fleet	68,761	0	0	0	68,761	13,959	82,720

¹ Left November 2023, ² Retired January 2024, ³ Left October 2023, ⁴ Left October 2023

Remuneration Band	Number of Employees		
	2024/25	2023/24	2022/23
£50,000 - £54,999	448	401	311
£55,000 - £59,999	307	223	158
£60,000 - £64,999	183	132	83
£65,000 - £69,999	126	51	18
£70,000 - £74,999	34	16	11
£75,000 - £79,999	10	7	10
£80,000 - £84,999	5	7	7
£85,000 - £89,999	5	10	7
£90,000 - £94,999	7	5	3
£95,000 - £99,999	8	5	2
£100,000 - £104,999	2	2	0
£105,000 - £109,999	1	1	1
£110,000 - £114,999	5	1	2
£115,000 - £119,999	0	1	0
£120,000 - £124,999	0	2	1
£125,000 - £129,999	1	1	0
£130,000 - £134,999	2	0	0
£135,000 - £139,999	1	1	1
£140,000 - £144,999	0	0	0
£145,000 - £149,999	1	1	0
£150,000 - £154,999	0	0	0
£155,000 - £159,999	0	0	0
£160,000 - £164,999	0	0	1
£165,000 - £169,999	0	1	0
£170,000 - £174,999	0	0	0
£175,000 - £179,999	1	0	0
Total	1,147	868	616

The number of termination benefits with total cost per band and total cost of the compulsory and other redundancies are set out in the table below:

Exit package cost band (including special payments)	Number of compulsory redundancies		Number of other agreed departures		Total number of exit packages by cost band		Total cost of exit packages in each band	
	2024/25	2023/24	2024/25	2023/24	2024/25	2023/24	2024/25	2023/24
£nil - £40,000	0	0	17	1	17	1	£414,050	£23,437
£40,001 - £60,000	0	0	2	0	2	0	£97,845	£0
£60,001 - £150,000	0	0	7	3	7	3	£646,345	£261,707
£150,000+	0	0	3	3	3	3	£518,303	£601,311
Total	0	0	29	7	29	7	£1,676,544	£886,455

Further information on the above is included in Note 33.

12. External Audit Costs

Bishop Fleming LLP, the external auditors received the following fees.

	2024/25 £000	2023/24 £000
Police and Crime Commissioner	103	95
Chief Constable	54	48
Additional Fees for 2023/24	27	
	184	143

13. Partnerships & Operational Collaborations

The Commissioner worked with a number of partners during 2024/25. Service level agreements exist to define the role of each of the bodies involved. In all of these agreements each party is responsible for their own liabilities, and these cannot be passed or transferred to the other parties involved. They operate as joint operations in accordance with International Accounting Standard (IAS31).

Northwest Regional Organised Crime Unit (NWROCU)

NWROCU consists of the Regional Organised Crime Team (ROCT); Regional Intelligence Unit (RIU); Operational Security (OPSY); Regional Confidential Unit (RCU); Regional Technical Surveillance Unit (RTSU); Regional Prison Intelligence Unit (RPIU); Business Support; Pooled resources including Airbox; Premises; Covert Operations 1-3, Police Officer Uplift 1, 2 and 3, Digital Transformation; Operation Falcon and Financial Pressures. The combined unit serves the areas of Cheshire, Greater Manchester, Merseyside, Lancashire, Cumbria, and North Wales. It is staffed by police officers and support staff from the six constituent forces with the overall expenditure being met from the six forces above with OPSY, ROCT, RIU, RCU, (TSU - two separate percentage figures for revenue and capital charges), PIU, Year 1-3 Uplift programme and Ops 3 part funded by Home Office Grant. The amount reflected in Cheshire's accounts 2024/25 overall is £2.9m (£2m in 2023/24).

Northwest Police Underwater Search and Marine Unit

The Northwest Police Underwater Search and Marine Unit (UWMSU) serves the areas of Cheshire, Greater Manchester, Merseyside, Lancashire, Cumbria, and North Wales and is staffed by police officers and one part-time support staff from five of the six constituent police forces with the overall expenditure being met by those forces. For 2024/25, the Police and Crime Commissioner for Cheshire charged expenditure on the provision of police officers, police staff, equipment, vehicles, and transport to the collaboration. For 2024/25 the total cost of the UWMSU collaboration was £1.2m (£1.1m in 2023/24) and apportioned based on each Commissioner's police grant allocation. Cheshire's contribution amounted to £0.1m (£0.1m in 2023/24).

Northwest Motorway Policing Group

The Northwest Motorway Policing Group serves the areas of Cheshire, Merseyside, and Greater Manchester. It is staffed by 1 Inspector, 1 Sgt and 4 Constables and police staff with the overall expenditure being met by the three constituent police forces. All costs are apportioned based on the geographic share of the motorways being policed, population and the number of incidents occurring. On the 1 April 2024, GMP gave notice to leave the collaboration in line with the S22 regulations and the collaboration was disaggregated on 31 March 2025. In 2024/25 Cheshire charged the collaboration expenditure of £1.7m (£1.4m in 2023/24) with Cheshire's contribution amounting to £0.5m (£0.4m in 2023/24).

Northwest Armed Policing Collaboration

The NW Armed Policing Collaboration (NWAPC) has been operating as a 5-force collaboration (North Wales, Cheshire, Greater Manchester, Cumbria, Merseyside) since 2018 and obtained a full College of Policing (CoP) Firearms Training Licence in 2019, under which it operated until 1st April 2024. From this point, NWAPC operates as a 4-force collaboration with Greater Manchester exiting. The new NWAPC has already secured a full training license for armed policing. NWAPC also hold the license for Taser training across the 4 forces. This is currently an interim license (which most forces are under) given the relatively new requirement to operate under a license. The collaboration team comprises of 2 Police Officers and 11 Police Staff who deliver this regional training and interoperability functionality. In addition, the Collaboration support the operational interoperability and governance of the Northwest regional armed policing and Taser business via Practitioner and Management Boards, (including Lancashire, GMP, BTP, CNC, MDP, NCA), and represent the Northwest forces at national armed policing and less lethal weapons forums. For 2024/25, the total cost of NW Armed Policing Collaboration was £0.8m (£0.8m in 2023/24). This collaboration is apportioned based on each Commissioner's police grant allocation. Cheshire's Contribution amounted to £0.20m (£0.10m in 2023/24).

Cheshire and North Wales Police Alliance

The Cheshire and NWP Alliance provide armed officers and dog handlers to both Cheshire and North Wales in a fully integrated joint force team since 2014 (dogs joined in 2016). It is both an armed policing and dog alliance that serves the areas of Cheshire and North Wales and is staffed by police officers and support staff from the two constituent police forces with the overall expenditure being met by those forces. For 2024/25, Cheshire charged expenditure on the provision of police officers, police staff, equipment, vehicles, and transport to the collaboration amounting to £6.7m (£6.8m in 2023/24). The total cost of the Alliance was £10.7m (£10.0m in 2023/24) and apportioned based on each Commissioner's Police grant allocation. Cheshire's contribution amounted to £6.1m (£5.8m in 2023/24).

Cheshire Road Safety Group

The Cheshire Road Safety Group commenced in April 2011 and succeeds the former Cheshire Safer Roads Partnership. Financially contributing organisations are Cheshire East Council, Cheshire West and Chester Council and Warrington Borough Council. Halton Borough Council contribute a fixed amount of £20,000 per year. Cheshire Fire is the only non-financial contributing party. The aim of the partnership is to reduce the number of people seriously injured or killed on the roads through the operation and maintenance of speed and red-light safety cameras on roads with a history of vehicle collisions. In 2024/25 costs of £0.646m were incurred which were fully reimbursed by the Group.

Northwest Strategic Roads Automatic Number Plate Recognition

This collaboration commenced in 2008 with collaborative forces of Cheshire, Cumbria, Lancashire with Merseyside, and Greater Manchester joining a short time later. The collaboration was reviewed and reaffirmed at Regional ACPO in April 2011 with North Wales joining in January 2012. However, NWP left the collaboration in 2020 and a formal S22 agreement was published for the remaining partners in 2023. The collaboration has strong links to the Northwest Motorway Policing Group as Automatic Number Plate Recognition (ANPR) is identified as an effective method of providing protective services across the region's strategic road network. Bids secured funding amounting to £1.8m has enabled the ANPR infrastructure to be developed and supported over the last 12 years. The total cost of the collaboration in 2024/25 was £0.10m (£0.07m in 2023/24) and Cheshire's contribution amounted to £0.01m (£0.01m in 2023/24).

Northwest Regional Disaster Victim Co-ordinator

At the Northwest NPCC on 12 April 2018, the Chief Constables of the 6 Forces in the region agreed to fund the above position as a regional post. The agreement was that the cost of the post would be split equally between the 6 Forces. The Police and Crime Commissioner for Lancashire is the lead force. The total cost of the collaboration in 2024/25 was £0.08m (£0.07m 2023/24) and Cheshire's share of costs amounting to £0.01m (£0.01m 2023/24).

Northwest Regional Chronicle Collaboration

Chronicle is a software system utilised to provide every police force with their training records, accreditation evidence, operational data and operational records for the training and use of firearms. In addition to this, it provides capability for every other training module and these modules can be bought independently or as a full Chronicle module system by forces. Within the Northwest this collaboration works across all 6 NW forces and has a central team who manage the central function. The cost in 2024/25 was shared between all 6 forces as per the police precept and included costs for a Police Sergeant, 3 staff and IT cloud costs. Cheshire hold the full Chronicle suite and have their own team within Cheshire supporting the day-to-day function. For 2024/25 the total cost of NW Regional Chronicle Collaboration was £0.29m (£0.29m in 2023/24) with Cheshire's share of costs amounting to £0.03m (£0.03m in 2023/24).

Regional ACC Lead

The NW Joint Oversight Committee agreed on the 20 January 2017 that a regional Assistant Chief Constable would be recruited with an equal split of the funding between the 6 NW partner forces. This role has responsibility for all the regional collaborations including NWROCU, Armed Policing Collaboration, Motorway Policing Group, NW UWMSU and ANPR. For 2024/25 the total cost of the NW Regional ACC lead was £0.2m (£0.2m in 2023/24) shared equally between the NW police forces of which Cheshire's share of costs amounting to £0.03m (£0.03m in 2023/24).

Telecoms SPOC Collaboration

The Telecoms SPOC collaboration Section 22 agreement between North Wales Police and Cheshire Constabulary is for a 24/7 telecommunications single point of contact service for the acquisition of communications data under the Investigatory Powers Act 2016 with North Wales Police as Lead Force. On the 1st October 2021 the Telecoms SPOC Collaboration progressed to phase three with the setting up of a single unit across the respective forces with parity on the grades prior to moving to a 24/7 provision during the course of Financial Year 2022/23. North Wales Police are the lead force and are holding a total of £0.15m in reserves on behalf of the collaboration. For 2024/25 the total cost of the Telecoms SPOC collaboration was £1.6m (£1.4m in 2023/24) with Cheshire's share of the costs amounting to £0.9m (£0.8m in 2023/24).

West Coast Collaboration (WCC) BAU, Project Team and AMASS

In February 2019, the Tri-Force collaborating forces of Cheshire, Merseyside and North Wales delivered a single instance of the Niche Records Management System (RMS). This single instance provides immediate access to all operational officers and staff to the combined information and intelligence of the forces. This is a significant step forward in protecting vulnerable people, managing serious threats, and tackling cross border criminality. During 2020/21 a new single networked Niche Business as Usual (BAU) Support Team was agreed and implemented with a centralised and co-ordinated management structure. In 2024/25 costs included the Niche, ICT infrastructure, Minerva support and maintenance costs which were previously not included as a collaboration cost within Cheshire. The Police and Crime Commissioner for Merseyside is the lead force. For 2024/25 the total cost of the West Coast Collaboration was £3.08m (£1.4m in 2023/24) of which the infrastructure, Minerva and AMASS costs are shared between 4 partners (Cheshire, Merseyside, North Wales, and Dyfed Powys) and the salary and Niche support costs shared between 3 partners (Cheshire, Merseyside, and North Wales). Cheshire's share of costs is £0.87m (£0.40m in 2023/24).

COLLABORATION / PARTNERSHIP	2024/25 Spend	Cheshire Contribution	%
Northwest Regional Organised Crime Unit (NWROCU)			
Regional Confidential Unit	£2.89m	£0.301m	10.46
Regional Intelligence Unit	£0.33m	£0.035m	10.46
Operational Security (OPSY)	£0.01m	£0.002m	17.31
Regional Organised Crime Unit	£4.13m	£0.432m	10.46
Regional Technical Surveillance	£3.96m	£0.403m	10.18
Regional Prison Intelligence	£1.04m	£0.109m	10.46
Business Support	£0.93m	£0.097m	10.46
Covert Operations 1	£1.62m	£0.000m	0
Covert Operations 2	£1.82m	£0.157m	8.65
Covert Operations 3	£0.96m	£0.069m	7.21
UPLIFT Year 1	£2.95m	£0.288m	9.76
UPLIFT Year 2	£4.31m	£0.404m	9.38
UPLIFT Year 3	£4.08m	£0.382m	9.38
Digital Transformation	£0.20m	£0.021m	10.46
Operation Falcon	£0.03m	£0.004m	10.46
Pooled Resource including Airbox	£1.06m	£0.111m	10.46
Premises	£0.58m	£0.061m	10.46
Financial Pressures	£0.29m	£0.031m	10.46
TOTAL NWROCU 2024/25	£31.19m	£2.907m	%
West Coast Collaboration – Salary Costs	£1.33m	£0.382m	28.65
West Coast Collaboration – Niche Support Costs	£1.08m	£0.326m	30.30
West Coast Collaboration – ICT Infrastructure	£0.30m	£0.073m	24.73
West Coast Collaboration – Infrastructure Refresh	£0.08m	£0.020m	24.36
West Coast Collaboration – Minerva Support Costs	£0.10m	£0.025m	25.00
West Coast Collaboration – Listpoint/aligned asset	£0.02m	£0.000m	0.00
West Coast Collaboration - AMASS	£0.17m	£0.043m	24.73
TOTAL WEST COAST COLLABORATION 2024/25	£3.08m	£0.869m	%
NW Regional Underwater Search Unit	£1.20m	£0.127m	10.57
NW Regional Motorway Policing Group	£1.68m	£0.507m	30.22
NW Armed Policing Collaboration	£0.78m	£0.188m	24.22
Cheshire & North Wales Alliance	£10.68m	£6.139m	57.48
Cheshire Road Safety Group	£0.65m	0	0
NW Strategic Roads ANPR	£0.10m	£0.011m	11.36
NW Disaster Victim Co-Ordinator	£0.08m	£0.014m	16.67
NW Regional Chronicle Collaboration	£0.29m	£0.031m	10.57
NW Regional ACC Lead	£0.16m	£0.026m	16.67
SPOC Telecoms Collaboration	£1.57m	£0.895m	57.00
TOTAL 2024/25	£51.46m	£11.714m	

14. Grant Income

The Commissioner credited the following grants, contributions and donations to the Comprehensive Income and Expenditure Statement.

	2024/25	2023/24
	£000	£000
<u>Credited to Taxation & Non-Specific Grant Income</u>		
Police Grant (Home Office)	82,175	75,549
DCLG Funding	55,148	54,038
Legacy Council Tax Grants	8,256	8,256
Home Office - Pay Award	2,463	4,966
PFI Grant – Interest Element	1,906	1,578
<u>Capital Grants</u>		
Miscellaneous Capital Contributions (Partner Forces)	157	1,062
Total	150,107	145,449
<u>Credited to Other Operating Expenditure</u>		
Police Pension Grant (Home Office)	29,086	31,398
Total	29,086	31,398
<u>Credited to Services</u>		
Private Finance Initiative	5,324	5,652
Pensions Uplift Grant	7,610	2,108
Counter Terrorism	1,583	1,670
PCC Victim Services, RJ and Sexual/Domestic Violence	2,385	2,301
National Officer Uplift grant	6,395	4,813
Major Investigation Grants	2,424	2,899
Commissioning Grants	3,013	2,603
Other Grants	2,642	1,246
Total	31,376	23,293

The Commissioner has received a number of grants, contributions and donations that have yet to be recognised as income as they have conditions attached to them that will require the monies or property to be returned to the giver. The balances at the year-end are as follows:

Grants Received in Advance (Revenue Grants)	2024/25	2023/24
	£000	£000
Emergency Services Network	(585)	(585)
Automatic Number Plate Recognition Phase 1&2	(12)	(32)
Safety of Women at Night Fund	(23)	(50)
Total	(620)	(667)

15. 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 following sets out a description of the reserves that the adjustments are made against:

General Fund

The General Fund is the statutory fund into which all the receipts of the Commissioner are required to be paid and out of which all liabilities of the Commissioner are to be met, except to the extent that statutory rules provide otherwise. These rules can also specify the financial year in which liabilities and payments should impact on the General Fund balance, which is not necessarily in accordance with proper accounting practice. The General Fund balance therefore summarises the resources that the Commissioner is statutorily empowered to spend on police services or on capital investment.

Capital Receipts Reserve

The Capital Receipts Reserve holds the proceeds from the disposal of land or other assets which are restricted by statute from being used other than to fund new capital expenditure or to be set aside to finance historical capital expenditure. The balance on the reserve shows the resources that have yet to be applied for these purposes at year end.

Unapplied Capital Grants Reserve

The Unapplied Capital Grants Reserve holds the grant and contributions received towards capital projects for which the Commissioner has met the conditions that would otherwise require repayment of the money, but which has yet to be applied to meet expenditure. The balance is restricted by grant terms as to the capital expenditure against which it can be applied and/or the financial year in which this can take place.

	General Fund Balance	Earmarked Reserves	Capital Receipts Reserve	Total Usable Reserves	Movement in Unusable Reserves	Total Reserves
2024/25	£000	£000	£000	£000	£000	£000
Adjustments Primarily Involving the Capital Adjustment Account						
<i>Reversal of items debited or credited to the Comprehensive Income & Expenditure Statement</i>						
Depreciation	(12,046)			(12,046)	12,046	0
Revaluation Gain/(Loss)	(62)			(62)	62	0
Estimated Asset Selling Costs	(25)			(25)	25	0
<i>Insertion of items not debited or credited to the CIES</i>						
Statutory Provision for repayment of debt	3,028			3,028	(3,028)	0
Capital Grant Applied	20			20	(20)	0
Revenue Contribution to Capital Reserve	3,712	(3,712)		0		0
Earmarked Reserves Applied	138	5,368		5,505	(5,505)	0
Adjustments Primarily involving the Capital Grants Unapplied Account						
General Capital Grant	0	0	0	0	0	0
Specific Capital Grants/Contributions	0	0	0	0	0	0
Adjustments Primarily involving the Capital Receipts Reserve						
(Gain)/Loss on Sale of Assets	(99)		(211)	(310)	310	0
Capital Receipts Applied				100	(100)	0
Adjustments Primarily involving the Pensions Reserve						
Current Service Costs	(27,474)			(27,474)	27,474	0
Employers Contributions under IAS19	77,534			77,534	(77,534)	0
Past Service Costs	(456)			(456)	456	0
Curtailments	0			0	0	0
Pensions – Interest less Return on Assets	(86,211)			(86,211)	86,211	0
Collection Fund Adjustment Account	564			564	(564)	0
Accumulated Absences Account	(154)			(154)	154	0
Total	(41,531)	1,656	(112)	(39,987)	39,987	0

	General Fund Balance	Earmarked Reserves	Capital Receipts Reserve	Total Usable Reserves	Movement in Unusable Reserves	Total Reserves
2023/24	£000	£000	£000	£000	£000	£000
Adjustments Primarily Involving the Capital Adjustment Account						
<i>Reversal of items debited or credited to the Comprehensive Income & Expenditure Statement</i>						
Depreciation	(10,228)			(10,228)	10,228	0
Revaluation Gain/(Loss)	(129)			(129)	129	0
<i>Insertion of items not debited or credited to the CIES</i>						
Statutory Provision for repayment of debt	2,774			2,774	(2,774)	0
Capital Grant Applied	25	0		25	(25)	0
Revenue Contribution to Capital Reserve	2,720	(2,720)		0		0
Earmarked Reserves Applied	631	4,215		4,846	(4,846)	0
Adjustments Primarily involving the Capital Grants Unapplied Account						
General Capital Grant	0	0		0		0
Specific Capital Grants/Contributions	0	0	0	0		0
Adjustments Primarily involving the Capital Receipts Reserve						
(Gain)/Loss on Sale of Assets	(157)		(121)	(278)	278	0
Capital Receipt	406		(406)	0	0	0
Capital Receipts Applied			527	527	527	0
Adjustments Primarily involving the Pensions Reserve						
Current Service Costs	(27,516)			(27,516)	27,516	0
Employers Contributions under IAS19	78,068			78,068	(78,068)	0
Past Service Costs	(876)			(876)	876	0
Curtailments	0			0	0	0
Pensions – Interest less Return on Assets	(83,515)			(83,515)	83,515	0
Collection Fund Adjustment Account	(926)			(926)	926	0
Accumulated Absences Account	(1,599)			(1,599)	1,599	0
Total	(40,322)	1,495	0	(38,827)	38,827	0

16. Usable Reserves

The Commissioner holds a number of reserves, detailed in the table below that are classified as usable (these can be used to fund the Commissioner's future activities).

Usable Reserves	Balance as at 31 March 2023	Transfers Out 2023/24	Transfers In 2023/24	Balance as at 31 March 2024	Transfers Out 2024/25	Transfers In 2024/25	Balance as at 31 March 2025
	£000	£000	£000	£000	£000	£000	£000
Revenue Reserves							
General Fund	5,773	0	0	5,773	0	0	5,773
Medium Term Financial Strategy	3,400	0	38	3,438	(1,345)	984	3,077
Carry Forward	1,519	(1,285)	2,419	2,652	(1,700)	1,118	2,071
Underwater Search Unit	1,104	(69)	0	1,036	0	106	1,142
Local Resilience Forum	459	(37)	0	422	(27)	13	408
Redundancy	467	(396)	0	71	(71)	0	0
Multi Force Shared Service	227	(227)	0	0	0	0	0
Armed Police Alliance	812	(361)	0	451	0	15	466
National Blue Light Procurement	21	(21)	0	0	0	0	0
POCA Reserve	434	(31)	276	679	0	24	703
Hardship Loan Reserve	50	0	0	50	0	0	50
N. West Armed Police Collaboration Reserve	31	(14)	0	17	(42)	76	50
Major Investigations Reserve	1,227	0	148	1,375	(193)	0	1,182
Pay and Pensions Reserve	733	(361)	0	372	(71)	0	301
Council Tax Deficit Reserve	1,580	(580)	0	1,000	(231)	0	770
Estates Strategy Reserve	500	0	0	500	0	0	500
Road Safety Initiatives Reserve	566	(114)	0	452	(104)	0	348
Community Safety Reserve	228	0	210	438	0	89	527
IT Reserve	0	0	291	291	0	0	291
Total Revenue Reserves	19,132	(3,496)	3,382	19,018	(3,785)	2,429	17,659
Revenue Reserves for Capital Purposes							
Revenue Reserve for Capital Expenditure	2,358	(4,566)	5,086	2,878	(5,248)	3,947	1,577
ESN Reserve	3,090	(1,670)	0	1,420	(1,193)	0	226
IT Reimbursement	0	(280)	280	0	(294)	294	0
Total Rev. Reserves for Capital Purposes	5,448	(6,516)	5,366	4,298	(6,735)	4,241	1,804
Capital Reserves							
Capital Receipts Reserve	0	(527)	527	0	(100)	211	112
Unapplied Capital Grants	0	(25)	25	0	(20)	20	0
Total Capital Reserves	0	(553)	553	0	(119)	231	112
Total Usable Reserves	24,581	(10,566)	9,301	23,316	(10,639)	6,898	19,574

The Commissioner holds both revenue and capital usable reserves for a number of reasons, they provide a source of assurance to ensure the Commissioner is financially stable, investment funds for future initiatives and allow balances to be set aside to fund known cost pressures that will occur in later years. In 2024/25, Cheshire Police strategically reduced its reserves by £3.8 million as part of a planned drawdown aligned with its Medium-Term Financial Strategy. This move was designed to help the force manage significant financial pressures, including sustained inflation, unexpectedly high pay awards, and the need to maintain frontline policing services. The use of reserves enabled Cheshire Police to avoid short-term service cuts that could have negatively impacted local communities. Instead, the funding supported the revenue budget and allowed for targeted, one-off investments in key areas such as digital policing, estate improvements, and regional collaboration initiatives. Despite the drawdown, reserve levels remain within a safe and sustainable threshold relative to organisational risk. All reserve usage is governed by robust oversight mechanisms, including scrutiny from the Chief Finance Officer, the Police and Crime Commissioner, and the Joint Audit Advisory Committee. Additionally, decisions involving collaboration reserves are made by the Joint Oversight Committee, which includes all partner forces, ensuring transparency and value for money.

Revenue Reserves

General Fund (Usable) - The General Fund is available to support general revenue expenditure.

Medium Term Financial Strategy Reserve (Earmarked) - This reserve was created to support the Medium Term Financial Strategy in recognition of the challenging financial scenario. This will be used to support transition projects, including major estates schemes and necessary organisational changes to meet future required savings.

Carry Forward Reserve (Earmarked) - Management Board approval at outturn places funding temporarily in this reserve for use in the following year.

Underwater Search Unit Reserve (Earmarked) - The Commissioner acts as the lead body for the regional underwater search unit. The reserve holds resources that the unit can use to support its operations.

Local Resilience Forum Reserve (Earmarked) - This represents the contributions from the collaboration of agencies representing the Local Resilience Forum. The reserve is held on behalf of the forum.

Redundancy Reserve (Earmarked) - This reserve funds the cost of redundancies should they be required.

Multi Force Shared Service (Earmarked) – This reserve was held to fund residual Multi Force Shared Service related costs.

Armed Police Alliance Reserve (Earmarked) - This reserve is held on behalf of the Alliance which is a collaboration between Cheshire Constabulary and North Wales Police.

Blue Light Procurement Reserve (Earmarked) – This reserve is held on behalf of all the police forces and fire services. The reserve will be used to support future training, re-tendering and IT development costs.

POCA Reserve (Earmarked) – This reserve holds the balance of monies received from the proceeds of crime and is set aside to fund expenditure in support of local communities.

Hardship Loan Reserve (Earmarked) – This reserve holds funds set aside to underwrite the Emergency Hardship Loan scheme for officers and staff.

North West Armed Police Collaboration Reserve (Earmarked) – This reserve is to fund the upskilling and training of National Firearms Instructors to increase resilience across the region.

Major Investigations Reserve (Earmarked) - This reserve holds funds to contribute towards the costs of ongoing and future Major Investigations.

Pay and Pensions Reserve (Earmarked) - the complexity of the McCloud judgement in terms of the remedy options requires additional support and more detailed analysis of individual pension choices. This reserve is to provide funding for any associated costs.

Council Tax Deficit Reserve – This reserve holds funds received from Government towards irrecoverable Council Tax income losses associated with the Coronavirus pandemic. It is held to mitigate against future resulting Council Tax Collection Fund deficits as they are declared by billing authorities.

Estates Strategy Reserve - This reserve holds funds to support transitional costs resulting from implementation of the Estates Strategy approved in 2021.

Road Safety Initiatives Reserve - This reserve holds funds set aside to enable the commissioning of projects in line with this objective.

Community Safety Reserve - This reserve was created to provide a funding pot for multi-year projects which require funding to be drawn down to leverage grant bids in the year in which grant expenditure is incurred and claimed and to facilitate community safety related innovative activity.

IT Reserve – This reserve holds funds in support of an on-going national IT radios programme and will be used to fund some of the potential associated costs.

Revenue Reserves held for Capital Purposes

Revenue Reserve for Capital Expenditure (Earmarked) - This is used to finance capital expenditure in future years. The Commissioner’s budget includes a revenue contribution to this reserve each year to support capital expenditure without further borrowing.

ESN Reserve (Earmarked) – This will be used to partly fund costs associated with the upgrade of the Emergency Service Network.

IT Reimbursement Reserve (Earmarked) - This represents funds for the replacement of computer equipment.

Capital Reserves

Capital Receipts Reserve (Usable) - This holds the proceeds of asset sales and can be used to finance new investment or repay borrowing.

Unapplied Capital Grants Reserve (Earmarked) - This is specific capital grants received but not yet applied to finance capital expenditure.

17. Property, Plant & Equipment

The following table shows the movement of assets classified as property, plant & equipment including work in progress (WIP).

2024/25	Property	Vehicles	Equipment	Assets Under Construction	Total
<u>Cost or Valuation</u>	£000	£000	£000	£000	£000
At 1 April 2024	159,328	17,383	24,732	460	201,903
Additions	887	2,670	2,437	2,428	8,422
Revaluations Increases/(decreases) recognised in the revaluation reserve	1,473	0	0	0	1,473
Revaluation increases/(decreases) recognised in the surplus/deficit on the provision of services	(62)	0	0	0	(62)
Disposals	0	(2,124)	(5,531)	0	(7,655)
Reclassifications	(10,036)	0	0	8,139	(1,897)
At 31 March 2025	151,590	17,929	21,638	11,027	202,184

At 1 April 2024	(38)	(11,730)	(17,831)	0	(29,599)
Charge in year	(6,987)	(1,809)	(2,478)	0	(11,274)
Disposals	0	1,814	5,531	0	7,345
Impairments written out to revaluation reserve	(759)	0	0	0	(759)
Revaluations written out to the revaluation reserve	6,987	0	0	0	6,987
Reclassifications	0	0	0	0	0
At 31 March 2025	(797)	(11,725)	(14,778)	0	(27,300)
Net Book Value at 1 April 2024	159,290	5,653	6,901	460	172,304
Net Book Value at 31 March 2025	150,794	6,204	6,860	11,027	174,885

Included in the above assets are £116k (NBV) of vehicles and equipment held by Cheshire Constabulary on behalf of the Underwater Search Unit collaboration, together with £517k (NBV) of vehicles for the Firearms Alliance collaboration. Details of these two collaborations can be found in Note 13.

Opening values have been adjusted by £1,030k for Right of Use assets brought on to the Balance Sheet under IFRS16.

2023/24	Property	Vehicles	Equipment	Assets Under Construction	Total
<u>Cost or Valuation</u>	£000	£000	£000	£000	£000
At 1 April 2023	129,759	16,897	24,220	48	170,925
Additions	2,114	2,477	2,403	412	7,407
Revaluation increases/(decreases) recognised in the revaluation reserve	26,742	0	0	0	26,742
Revaluation increases/(decreases) recognised in the surplus/deficit on the provision of services	(129)	0	0	0	(129)
Disposals	(189)	(1,991)	(1,890)	0	(4,070)
Reclassifications	0	0	0	0	0
At 31 March 2024	158,296	17,383	24,732	460	200,873
<u>Depreciation</u>					
At 1 April 2023	(228)	(11,564)	(17,592)	0	(29,382)
Charge in year	(5,520)	(1,880)	(2,129)	0	(9,529)
Disposals	189	1,713	1,890	0	3,792
Revaluation written out to the revaluation reserve	5,520	0	0	0	5,520
Reclassifications	0	0	0	0	0
At 31 March 2024	(38)	(11,730)	(17,831)	0	(29,599)
Net Book Value at 1 April 2023	129,533	5,333	6,628	48	141,543
Net Book Value at 31 March 2024	158,259	5,653	6,901	460	171,274

Included in the above assets are £179k (NBV) of vehicles and equipment held by Cheshire Constabulary on behalf of the Underwater Search Unit collaboration, together with £537k (NBV) of vehicles for the Firearms Alliance collaboration. Details of these two collaborations can be found in Note 13.

Depreciation

In line with IAS16, depreciation is defined as the systematic allocation of the depreciable amount of an asset over its useful life. Land and buildings are separable assets and are accounted for separately, even when they are acquired together.

Land has an unlimited useful life and therefore is not depreciated. Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately. As stated in the accounting policies beginning on page 30, depreciation is charged as follows:

- Land – no depreciation applied.
- Property (not land) – straight-line allocation over the life of the property as estimated by the valuer.
- Plant and Equipment – straight-line allocation over 3 to 20 years.

Significant commitments under capital contracts

At the 31 March 2025, the Commissioner has entered into a number of contracts for the construction or enhancement of property, plant and equipment in 2025/26 and future years budgeted to cost £2.2m. Similar commitments at 31 March 2024 were £4.8m. The major commitments are:

- Fleet Vehicles – £0.7m
- Estates Strategy - £1.3m

Revaluation

Property (land and buildings) are revalued in detail every five years in accordance with the relevant standards and guidance issued by the Royal Institute of Chartered Surveyors. A full valuation was carried out on 31st March 2021 by Bruton Knowles. At 31 March 2025, this was updated based on a desktop review.

This Asset Valuation has been provided in accordance with the RICS Valuation – Global Standards that came into effect on the 31 January 2022, Valuation Information Paper 10, CIPFA Code of Practice on Local Authority Accounting, the International Financial Reporting Standards and the RICS professional standards and guidance, UK, depreciated replacement cost method of valuation for financial reporting, 1st edition, November 2018.

The methodology adopted for the majority of the valuations by the valuer is on a DRC approach. Using this approach assets are valued on a Modern Equivalent Asset (MEA) basis which applies the principle of Least Cost Replacement which considers whether the same service can be provided in a smaller building in a cheaper location. BCIS build cost data is used to establish the cost of the MEA with the Instant Build approach being applied which reduces fees to only the professional fees incurred during the course of constructing the asset.

Obsolescence has been applied by considering physical, functional and external/economic forms of obsolescence.

18. Intangible Assets

The Commissioner accounts for 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 or property, plant and equipment. The intangible assets reflect the purchased software licences.

All software is given a finite useful life, based on assessments of the period that the software is expected to be of use to the Commissioner. The useful lives generally assigned to the major software suites used by the Commissioner are as advised by a suitably qualified officer.

The carrying amount of intangible assets is amortised on a straight-line basis. The amortisation of £0.8m charged to revenue in 2024/25 has been allocated across the CIES heading.

The movement on intangible assets during the year is as follows:

<u>Carrying Amount</u>	2024/25	2023/24
	£000	£000
Balance at start of year	8,739	8,150
Additions	619	747
Disposals	(906)	(158)
Balance at end of year	8,452	8,739
<u>Amortisation</u>		
Balance at start of year	(4,620)	(4,079)
Charge for the year	(771)	(699)
Disposals	906	158
Balance at end of year	(4,485)	(4,620)
Net Book Value at 1 April	4,119	4,071
Net Book Value at 31 March	3,967	4,119

The value of these intangible assets is based on cost less amortisation. Amortisation is calculated in accordance with the accounting policies set out in Note 1.

19. Capital Expenditure & Financing

The total amount of capital expenditure incurred in the year is shown in the table below including the value of assets acquired under finance leases and PFI contracts, together with the resources that have been used to finance it. Where capital expenditure is to be financed in future years by charges to revenue as assets are used, the expenditure results in an increase in the capital financing requirement (CFR), a measure of the capital expenditure incurred historically that has yet to be financed. The Capital Financing Requirement is analysed in the second part of this note.

	2024/25	2023/24
	£000	£000
Opening capital financing requirement	45,631	45,650
IFRS16 Leases Adjustment	902	
	46,533	
<u>Capital Expenditure in year:</u>		
Property	3,315	2,526
Plant (e.g., vehicles)	2,670	2,477
Equipment	2,437	2,403
Intangibles	619	747
	9,041	8,153
<u>Less: Capital Financing</u>		
Capital Grants	0	0
Capital Receipts	100	527
Contribution from reserves	1,656	1,495
Revenue and Other contributions	3,869	3,376
Total Capital Financing	5,625	5,398
<u>Less: Sums Set Aside from Revenue</u>		
Revenue Provision for Repayment of Debt	3,028	2,774
Early Repayment of Debt	0	0
	3,028	2,774
Closing capital financing requirement	46,921	45,631

Explanation of movement in year:	2024/25 £000	2023/24 £000
Decrease in underlying need to borrow (supported by Government direct funding)	(1,416)	(1,239)
Increase in underlying need to borrow (not supported by Government direct funding)	2,690	1,220
Assets acquired under Finance leases	16	0
Increase/(Decrease) in Capital Financing Requirement	1,290	(19)

20. Capitalisation of Borrowing Costs

In line with the accounting policies, the Commissioner does not capitalise borrowing costs incurred whilst assets are under construction. During 2024/25 no borrowing costs were capitalised.

21. Impairment Losses

During 2024/25, the Commissioner has recognised an impairment loss of £759k in relation to one of his Police Stations which has RAAC (Reinforced Autoclaved Aerated Concrete) on one floor meaning that this floor cannot be used for safety reasons. The other floors are unaffected. The recoverable amount of the station has been reduced to its value in use and the impairment loss charged to the Revaluation Reserve.

22. Financial Instruments (including Borrowing)

The definition of a financial instrument is “any contract that gives rise to a financial asset of one entity and a financial liability, or equity instrument of another entity”.

The term ‘financial instrument’ covers both financial assets and liabilities. These range from straight forward debtors and creditors to more complex investments and borrowings. The following categories of financial instruments are carried in the Balance Sheet; current is deemed to be under one year and long-term over one year.

	Long-term		Current	
	31 March	31 March	31 March	31 March
	2025	2024	2025	2024
	£000	£000	£000	£000
<u>Cash and Cash Equivalents</u>				
Imprest and cash	0	0	19,049	20,805
Total cash and cash equivalents	0	0	19,049	20,805
<u>Debtors</u>				
Debtors at Amortised Cost	0	585	7,326	6,786
Items not classed as Financial Instruments	0	0	13,873	22,049
Total Debtors	0	585	21,199	28,835
<u>Borrowings</u>				
Financial Liabilities	26,889	26,889	0	2,385
Total included in borrowings	26,889	26,889	0	2,385
<u>Creditors</u>				
Financial Liabilities	0		11,722	15,918
Items not classed as Financial Instruments	639	666	20,788	18,487
Total Creditors	639	666	32,510	34,405
<u>Other Long-term Liabilities</u>				
PFI & Finance Leases	11,918	13,029	1,111	1,025
Total other long-term liabilities	11,918	13,029	1,111	1,025

Fair Values of Assets and Liabilities

Financial assets and liabilities represented by debtors at amortised cost and long-term debtors and creditors are carried in the Balance Sheet at amortised cost.

Financial liabilities relate to the outstanding borrowing with the fair value being calculated by Link Asset Services (the Commissioner's advisors). Link use the Net Present Value (NPV) approach, which provides an estimate of the value of future payments in today's terms.

The discount rate used in the NPV calculation is equal to the current rate in relation to the same instrument from a comparable lender. This will be the rate applicable in the market on the date of valuation, for an instrument with the same duration i.e., equal to the outstanding period from valuation date to maturity. The structure and terms of the comparable instrument should be the same, although for complex structures it is sometimes difficult to obtain the rate for an instrument with identical features in an active market. In such cases, the prevailing rate of a similar instrument with a published market rate is used as the discount factor. The rates quoted in this valuation were obtained by Link from the market on 31 March 2025, using bid prices where applicable.

All financial liabilities and financial assets represented by debtors at amortised cost and long term debtors and creditors are carried on the balance sheet at amortised cost. Their fair value can be assessed by calculating the present value of the cash flows that take place over the remaining life of the instruments (Level 2), using the following assumptions:

- For both PWLB and non-PWLB loans payable, Link Asset Services has assessed the cost of taking a new loan at PWLB new loan rates applicable to existing loans on the Balance Sheet date (which could be viewed as a proxy for transfer value);
- For loans receivable prevailing benchmark market rates have been used to provide the fair value;
- No early repayment or impairment is recognised;
- PFI & Finance Leases, an assessment has been made of the cost of taking a new loan at PWLB new loan rates applicable to existing loans on the Balance Sheet date (which could be viewed as a proxy for transfer value);
- Where an instrument has a maturity of less than 12 months or is a trade or other receivable the fair value is taken to be the carrying amount or the billed amount;
- The fair value of trade and other receivables is taken to be the invoiced or billed amount.

	31 March 2025		31 March 2024	
	Carrying Amount £000	Fair Value £000	Carrying Amount £000	Fair Value £000
<u>Financial Liabilities</u>				
Borrowings	26,889	16,281	29,274	19,191
Creditors	11,722	11,722	16,943	16,943
PFI & Finance Leases	13,029	14,784	14,054	16,662
	51,640	42,877	60,271	52,796
<u>Financial Assets</u>				
Cash and Cash Equivalents	19,050	19,050	20,805	20,805
Loans and Receivables	7,326	7,326	7,372	7,372
	26,376	26,376	28,177	28,177

The fair value of the liabilities is lower than the carrying amount because the Commissioner's portfolio of loans includes a number of fixed rate loans where the interest rate payable is lower than the rates available for similar loans in the market at the balance sheet date. This shows a notional future profit (based on economic conditions at 31 March 2025) arising from a commitment to pay interest to lenders below current market rates.

Short-term debtors and creditors are carried at cost as this is a fair approximation of their value.

The Commissioner's activities in relation to financial instruments expose it to a variety of financial risks:

- Credit Risk – the possibility that other parties might fail to pay amounts due to the Commissioner.
- Liquidity Risk – the possibility that the Commissioner might not have funds available to meet its commitments and payments.
- Re-financing Risk – the possibility that the Commissioner might be requiring to renew a financial instrument on maturity at disadvantageous interest rates or terms.
- Market Risk – the possibility that financial loss might arise for the Commissioner as a result of changes in measures such as interest rates, foreign exchange rates or stock market movements.

The overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the resources available to fund police services. Risk management is carried out under policies approved by the Commissioner in the annual Treasury Management Strategy which was approved on 24 January 2024 and is published each year. The Strategy provides written principles for overall risk management as well as written policies covering specific areas such as interest rate risk, credit risk and the investment of surplus cash.

Credit Risk

Credit risk relates to deposits with banks/financial institutions and the Commissioner's debtors.

This risk is minimised through the Annual Investment Strategy, which requires that deposits are not made with financial institutions unless they meet identified minimum credit criteria, in accordance with the Fitch, Moody's and Standard & Poor's Credit Ratings Services. The Annual Investment Strategy also considers maximum amounts and time limits with a financial institution located in each category. It imposes a maximum sum of £10 million to be invested at any one time with any single institution or group.

The Commissioner uses the creditworthiness service provided by Link Asset Services. This service uses a sophisticated modelling approach with credit ratings from all three rating agencies - Fitch, Moody's and Standard & Poor's, forming the core element. However, it does not rely solely on the current credit ratings of counterparties but also uses the following as overlays:

- credit watches and credit outlooks from credit rating agencies;
- credit Default Swaps to give early warning of likely changes in credit ratings;
- sovereign ratings to select counterparties from only the most creditworthy countries.

This modelling approach combines credit ratings, credit watches and credit overlooks in a weighted scoring system which is then combined with an overlay of CDS spreads for which the end product is a series of colour coded bands which indicate the relative standing of counterparties. These colour codes are used by the Commissioner to determine the suggested duration of investments.

As this methodology uses a wide range of information beyond basic credit ratings, it ensures that no one source of information is given undue credence. All ratings and colour codes are monitored weekly via Link's credit listings and in-between via business press.

The Investment Strategy for 2024/25 was approved by the Commissioner on 24 January 2024 and is available on the Commissioner's website.

As at 31 March 2025 the Commissioner had £19.0m of deposits with Major UK Banks (£6.2m) and Money Market Funds (£12.8m). Under IFRS 9 the Expected Credit Loss on these is negligible.

In respect of debtors, action is taken when payments become overdue and may lead to legal action to recover the debt. The Commissioner provides for bad debts each year based on agreed debt management policy (non-statutory debt only). The amount provided for in 2024/25 was £0.2m (£0.1m in 2023/24).

The Invoiced Debt element of total Debtors held by the Commissioner at the end of the financial year, analysed by age is as follows:

	31 March 2025 £000	31 March 2024 £000
Current (0-30 days)	821	943
1 Month	138	23
2 Months +	184	206
Total	1,143	1,172

Liquidity Risk

The Commissioner manages his liquidity position through the risk management procedures above (the setting and approval of prudential indicators and the approval of the treasury and investment strategy reports), as well as through a comprehensive cash flow management system, as required by the CIPFA Code of Practice. This seeks to ensure that cash is available when needed.

The Commissioner has ready access to loans from the money markets to cover any day-to-day cash flow need, and the PWLB and money markets for access to longer term funds. The Commissioner is also required to provide a balanced budget through the Local Government Finance Act 1992, which ensures sufficient monies are raised to cover annual expenditure. There is therefore no significant risk that it will be unable to raise finance to meet its commitments under financial instruments.

The following table shows the long-term borrowing outstanding at 31 March 2025. The overall value has reduced by £2.4m due to the repayment of loans in 2024/25. No new loans have been taken during 2024/25. All existing loans are maturity loans with the first repayment due in April 2025.

	31 March 2025 £000	31 March 2024 £000
Analysis of loans by type		
• Public Works Loans Board (PWLB)	20,889	23,274
• Money Market	6,000	6,000
Total Outstanding	26,889	29,274
Analysis of loans by maturity		
• Less than 1 year	0	2,385
• Between 1 and 2 years	0	0
• Between 2 and 5 years	0	0
• Between 5 and 10 years	1,000	0
• More than 10 years	25,889	26,889
Total Outstanding	26,889	29,274

Re-financing and Maturity Risk

The Commissioner maintains a debt and investment portfolio. Whilst the cash flow procedures above are considered against the refinancing risk procedures, longer-term risk to the Commissioner relates to managing the exposure to replacing financial instruments as they mature. This risk relates to both the maturing of longer-term financial liabilities and longer-term financial assets.

The approved treasury indicator limits for the maturity structure of debt and the limits placed on investments placed for greater than one year in duration are the key parameters used to address this risk. The Commissioner approved treasury and investment strategies address the main risks and the Finance Department addresses the operational risks within the approved parameters. This includes:

- monitoring the maturity profile of financial liabilities and amending the profile through either new borrowing or the rescheduling of the existing debt; and
- monitoring the maturity profile of investments to ensure sufficient liquidity is available for the Commissioner's day-to-day cash flow needs, and the spread of longer-term investments provide stability of maturities and returns in relation to the longer-term cash flow needs.

Market Risk

The Commissioner is exposed to risk in terms of movement in interest rates on its borrowings and investments. Movements in interest rates have a complex impact on the Commissioner. For instance, a rise in interest rates would have the following effects:

- Borrowing at variable rates – the interest charged to the Comprehensive Income and Expenditure Statement will rise.
- Borrowing at fixed rates – the fair value of the borrowings will fall.
- Investments at variable rates – the income credited to the Comprehensive Income and Expenditure Statement will rise.
- Investments at fixed rates – the fair value of the investments will fall.

Borrowings are not carried at fair value so nominal gains and losses on fixed rate borrowings would not impact the Comprehensive Income and Expenditure Statement. However, changes in interest rates on variable borrowings and investments will have a direct impact on the Comprehensive Income and Expenditure Statement and affect the General Fund balance.

The Commissioner takes into account interest rates as part of his investment strategy but recognises the need for security above return. Given the overall impact of the banking crisis of 2008, security has become an increasing area of risk and investments are only made with organisations with highest security ratings. To ensure the maximum security, the current strategy favours short-term or instant access deposits.

Premiums and Discounts on Early Repayment of Debt

The Commissioner did not make any early repayment of debt in 2024/25.

Foreign Exchange Rates / Stock Markets

The Commissioner has no material exposure to foreign exchange rates or stock market movements (price risk).

23. Analysis of Debtors (including Prepayments etc.)

Analysis of debtors and prepayments are shown below.

	31 March 2025 £000	31 March 2024 £000
Central Government Bodies	7,876	12,030
Other Local Authorities	5,635	5,095
NHS Bodies	9	8
Council Tax Collection Fund	5,131	4,012
Other entities and individuals	2,712	7,828
LESS: Provision for Credit Losses	(164)	(137)
Total	21,199	28,835

24. Cash and Cash Equivalents

The balance of Cash and Cash Equivalents is made up of the following elements:

	31 March 2025 £000	31 March 2024 £000
Cash held	24	25
Operational Current Accounts	9	8
Short-term deposits	19,016	20,772
Total	19,049	20,805

For the year ending 31st March 2025 the operational current accounts include £2.576m held under the following Acts. These funds are also included in creditors. In previous years these have been excluded from both the bank accounts and creditors.

Police Property Act – At the 31 March 2025, the Commissioner held £0.331m (£0.224m in 2023/24) 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 Chief Constable.

Proceeds of Crime and Misuse of Drugs Acts – At the 31 March 2025, the Commissioner held £2.246m (£1.451m in 2023/24) 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.

25. Assets Held for Sale

The Commissioner's Estates Strategy is to review all property held and when advantageous to do so place surplus property for sale. When classified as "for sale" the asset is no longer subject to depreciation. There are three Assets Held for Sale in 2024/25.

	31 March 2025 £000	31 March 2024 £000
Balance at the start of year	0	0
Assets newly classified as held for sale		
• Property, Plant & Equipment	1,872	0
• Other Assets	0	0
Revaluations gains / (losses)	0	0
Impairment losses	0	0
Assets sold	0	0
Balance at the end of year	1,872	0

26. Analysis of Creditors

Analysis of short-term creditors is shown below.

	31 March 2025 £000	31 March 2024 £000
Central Government Bodies	(4,988)	(5,480)
Other Local Authorities	(5,941)	(4,850)
NHS Bodies	(46)	(117)
Council Tax Collection Fund	(4,914)	(4,358)
Other entities and individuals	(17,735)	(20,625)
Total	(33,624)	(35,430)

Of the above £5,597k belongs to the Chief Constable as set out in his individual accounts

27. Provisions

A provision has been created to meet the cost of quantifiable claims in respect of Covert Human Intelligence Sources officer overtime pay. The Allard Case was referred to the Court of Appeal in 2015, where it was deemed that intelligence handlers were 'recalled to duty' when taking calls between shifts and would therefore be due overtime pay. The Commissioner has paid no claims during 2024/25 with the estimated value of outstanding claims being £0.394m. In 2023/24 a provision of £0.190m was created for a national claim, there has been no movement on this provision in 2024/25. In addition, a number of small ad-hoc provisions are held at 31 March 2025 and these are reviewed annually.

	2024/25 £000	2023/24 £000
<u>National Claim Provision</u>		
Balance at 1 April	191	0
Provision in the year	0	191
Balance at 31 March	191	191
<u>Allard Claims Provision</u>		
Balance at 31 March – No movement in year	394	394
<u>Small ad-hoc provisions</u>		
Balance at 31 March – No movement in year	94	94
Total provisions at 31 March	679	679

28. Leases: Finance and Operating

In 2024/25 the Commissioner adopted IFRS 16 Leases as mandated by the Code of Practice for Local Authority Accounting in the United Kingdom. The main impact of the new requirements is that for arrangements previously accounted for as operating leases (i.e. without recognising the leased property as an asset and future rents as a liability) a right-of-use asset and a lease liability are to be brought into the balance sheet at 1 April 2024. Leases for items of low value and leases that expire on or before 31 March 2025 are exempt from the new arrangements.

IFRS 16 has been applied retrospectively, but with the cumulative effect recognised at 1 April 2024. This means that right-of-use assets and lease liabilities have been calculated as if IFRS 16 had always applied but recognised in 2024/25 and not by adjusting prior year figures. However, some practical expedients have been applied as required or permitted by the Code:

- lease liabilities are measured at the present value of the remaining lease payments at 1 April 2024, discounted by the Commissioner's incremental borrowing rate at that date
- the weighted average of the incremental borrowing rates used to discount liabilities was 5.05%
- right-of-use assets are measured at the amount of the lease liability, adjusted for any prepaid or accrued lease payments that were in the balance sheet on 31 March 2024 – any initial direct costs have been excluded
- Under IFRS16 the PFI Liability has to be remeasured when indexation changes however the finance elements of the lease are not indexed therefore the measurement of the PFI liability has not changed.
- all leases were assessed as to whether they were onerous at 31 March 2025, so right-of-use assets have not been subject to an impairment review – carrying amounts have been reduced by any provisions for onerous contracts that were in the 31 March 2025 balance sheet.

This has resulted in the following additions to the balance sheet:

- £1,014k Property, plant and equipment – (right-of-use assets)
- No Intangible assets (right-of-use assets)
- £180k Non-current creditors (lease liabilities)
- £110k Current creditors (lease liabilities)

The newly recognised lease liabilities of £362k compare with the operating lease commitments of £772k at 31 March 2024 disclosed in the notes to the 2023/24 financial statements. When these are discounted to their present value of £697k (using the incremental borrowing rate at 1 April 2024), there is a difference of £335k from the newly recognised lease liabilities. £225k of this difference relates to low value items and £110k to assets which don't meet the IFRS16 criteria.

This table shows the change in the value of right-of-use assets held under leases. The table excludes the PFI contract assets which are covered in Note 29

	Land and buildings £000s	Vehicles, plant and equipment £000s	Total £000s
Balance at 1 April 2024	1,031	0	1,031
Additions	0	16	16
Revaluations	100	0	100
Depreciation and amortisation	(130)	(3)	(133)
Disposals	0	0	0
Balance at 31 March 2025	1,001	13	1,014

The authority incurred the following expenses and cash flows in relation to leases:

	2024/25 £000s
Comprehensive income and expenditure statement	
Interest expense on lease liabilities	18
Expense relating to short-term leases	0
Expense relating to exempt leases of low-value items	232
Variable lease payments not included in the measurement of lease liabilities	53
Income from subletting right-of-use assets	0
Gains or losses arising from sale and leaseback transactions	0
Cash flow statement	
Total cash outflow for leases	106

The Commissioner was committed at 31 March 2025 to making payments of £0.328m under IFRS16 Finance Leases as follows:

	2024/25 £000
Not later than one year	106
Later than one year, not later than five years	132
Later than five years	90
Total	328

Operating Leases

The Commissioner rents properties and equipment, mostly on short term leases, which are accounted for as operating leases. The rentals payable in 2024/25 and 2023/24 were £0.19m and £0.40m respectively. The Commissioner was committed at 31 March 2025 to making payments of £0.362m under operating leases as follows:

	Property £000	Equipment £000	Total £000
Not later than one year	65	112	177
Later than one year, not later than five years	14	171	185
Later than five years	0	0	0
Total	79	283	362

29. Private Finance Initiative

In 2002 the former Police Authority entered into a long-term contractual agreement under a Private Finance Initiative (PFI) for its headquarters facilities. Under the agreement the contractor is responsible for providing the buildings and facilities at Headquarters in Winsford for a period of 30 years. The annual unitary charge is £8.010m (2024/25) and is subject to annual increases using indexation data agreed within the contract. The services provided under the contract are subject to periodic market testing.

The contract provides the Commissioner with fully serviced headquarters accommodation throughout the contract period. These services include building & grounds maintenance, security, receptions, cleaning and catering. At the end of the 30 year contract the Commissioner has the right to purchase the Headquarters for a nominal sum.

The contract transfers much of the operational risk to our private sector partner (Cheshire SPV Ltd.) supported by an agreed performance regime. The Commissioner retains the 'demand risk' whereby the Commissioner will be required to make payments for the facilities irrespective of the number of staff working from the site.

Assets

The land and buildings at Headquarters, together with the associated equipment are included in property, plant and equipment shown on the Balance Sheet and Note 17. The costs, depreciation and valuations undertaken during 2024/25 are detailed below:

	Land £000	Property £000	Equipment £000	Total £000
Gross Book Value on 1 April 2024	3,315	43,620	403	47,338
Additions	0	0	0	0
Revaluations	166	110	0	276
Gross Book Value on 31 March 2025	3,481	43,730	403	47,614
Depreciation on 1 April 2024	0	0	(403)	(403)
Charge for the year	0	(4,847)	0	(4,847)
Revaluation	0	4,847	0	4,847
Depreciation on 31 March 2025	0	0	(403)	(403)
Net Book Value on 1 April 2024	3,315	43,620	0	46,935
Net Book Value on 31 March 2025				

Liabilities

At the start of the PFI contract the former Authority's liability was equal to the cost of the assets now recognised on the Balance Sheet. This was initially reduced by the Commissioner making a prepayment of £6.49m and further reduced each year by the element of the unitary payment attributable to the capital expenditure. This is shown in the accounts under the Minimum Revenue Provision and for 2024/25 equated to £1.025m. The liability at 31 March 2025 is £13.029m.

	31 March 2025 £000	31 March 2024 £000
PFI Liability		
Balance at 1 April	14,054	15,006
Movement in year	(1,025)	(952)
Balance at 31 March	13,029	14,054

Payments due

As stated above the Commissioner has an obligation to make the annual payments for this contract until it ends in 2033. Details of the profiling of these payments split into their constituent parts are shown below and are based on the contractual figures before market testing and indexation:

Analysis of payments due within:	Service Charges £000	Finance Charges £000	Reduction to Liability £000	Total £000
1 year	4,904	1,825	1,111	7,840
2 to 5 years	20,617	6,342	5,403	32,362
6 to 10 years	19,864	4,007	6,515	30,386
11 to 15 years	0	0	0	0
Total due	45,385	12,174	13,029	70,588

The following table shows the minimum lease payments relating to PFI.

	2024/25 £000	2023/24 £000
Not later than one year	2,936	2,707
Later than one year, not later than five years	11,745	10,384
Later than five years	10,522	10,875
Total	25,203	23,966

30. Unusable Reserves

The Commissioner also holds unusable reserves (technical accounting adjustment accounts reflecting the difference between the outcome of applying proper accounting practices and the statutory requirements for funding expenditure within the public sector). This note shows the movements in year.

Unusable Reserves Summary

	2024/25 £000	2023/24 £000
Revaluation Reserve	(108,081)	(107,326)
Capital Adjustment Account	(25,724)	(22,529)
IAS19 Pension Reserve	1,661,760	1,839,510
Collection Fund Adjustment Account	(217)	347
Accumulated Absences Reserve	(5,623)	5,469
Total Unusable reserves	1,533,362	1,715,561

* Note: The Police and Crime Commissioner's element of total Unusable Reserves is £134.0m in 2024/25 (£129.4m 2023/24)

Revaluation Reserve (Unusable)

The Revaluation Reserve contains the gains arising from increases in the value of Property, Plant and Equipment. 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 realised.

The Reserve contains only revaluation gains accumulated since 1 April 2007, the date that the Reserve was created. Accumulated gains arising before that date are consolidated in the balance on the Capital Adjustment Account.

2023/24 £000		2024/25 £000
(79,826)	Balance at 1 April	(107,236)
(34,050)	Upward Revaluation of assets	(10,245)
1,788	Downward revaluation of assets and impairment losses not charged to the surplus/deficit on the provision of services	2,544
(32,262)	Surplus or deficit on revaluation of non-current assets not posted to the surplus or deficit on the provision of services	(7,701)
4,852	Difference between fair value depreciation and historical cost depreciation	6,857
0	Accumulated gains on assets sold or scrapped	0
4,852	Amount written off to the capital adjustment account	6,857
(107,236)	Balance at 31 March	(108,081)

Capital Adjustment Account (Unusable)

The Capital Adjustment Account 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 and depreciation, impairment losses and amortisations are charged to the Comprehensive Income & Expenditure Statement (with reconciling postings from the Revaluation Reserve to convert fair value into historical cost). The Account is credited with the amounts set aside to finance the cost of acquisition, construction, or enhancement.

The Account also contains revaluation gains accumulated on Property, Plant & Equipment before 1 April 2007, the date that the Revaluation Reserve was created to hold such gains. Note 17 provides details of the source of all the transactions posted to the Account apart from those involving the Revaluation Reserve.

2023/24 £000		2024/25 £000
(20,140)	Balance at 1 April	(22,529)
	<i>Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement:</i>	
9,529	• Charges for depreciation and impairment of non-current assets	11,275
129	• Revaluation losses on property, plant and equipment	87
699	• Amortisation of intangible assets	771
0	• Revenue expenditure funded from capital under statute	0
278	• Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	310
10,636		12,442
(4,852)	Adjusting amounts written out of the revaluation reserve	(6,857)
5,874	Net written out amount of the cost of non-current assets consumed in the year	5,586
	<i>Capital financing applied in the year:</i>	
(527)	• Use of the capital receipts reserve to finance new capital expenditure	(100)
(4,871)	• Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing	(5,525)
0	• Application of grants to capital financing from the capital grants unapplied account	0
(2,774)	• Statutory provision for the financing of capital investment charged against the General Fund	(3,027)
0	• Capital expenditure charged against the General Fund	0
(8,173)		(8,652)
0	Movements in the market value of investment properties debited or credited to the Comprehensive Income and Expenditure Statement	
0	Movement in the donated assets account credited to the Comprehensive Income and Expenditure Statement	(129)
(22,529)	Balance at 31 March	(25,724)

IAS19 Pension Reserve (Unusable)

The Pension Reserve absorbs the timing differences arising from the different arrangements for accounting for post-employment benefits and for funding those benefits in accordance with statutory provisions. Post-employment benefits are accounted for in the Comprehensive Income and Expenditure Statement as the benefits 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. Statutory arrangements, however, require benefits earned to be financed as the Commissioner makes employer's contributions to pension funds or eventually pay any pensions for which he is directly responsible. The debt balance on the Pension Reserve therefore shows a substantial shortfall in the benefits earned by past and current employees and the resources 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.

2023/24 £000		2024/25 £000
1,820,460	Balance at 1 April	1,839,510
(14,789)	Remeasurements of the net defined benefit liability/(asset)	(214,357)
111,907	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	114,141
(78,068)	Employer's pensions contributions and direct payments to pensioners payable in the year	(77,534)
1,839,510	Balance at 31 March	1,661,760

* Note: The Police and Crime Commissioner's element of the IAS19 Pension reserve is £0m in 2024/25 (£0m 2023/24)

Collection Fund Adjustment Account (Unusable)

The Collection Fund Adjustment Account is the difference between the precept income included in the accounts and the amount required by statute to be credited to the General Fund. The balance relates to the net creditor/debtor from billing authorities when accounting for collection fund balances on an accruals basis at the year end.

2023/24 £000		2024/25 £000
(579)	Balance at 1 April	347
926	Amount by which council tax and non-domestic rates income credited to the Comprehensive Income and Expenditure Statement is different from council tax and non-domestic rates income calculated for the year in accordance with statutory requirements	(564)
347	Balance at 31 March	(217)

Accumulated Absences Reserve (Unusable)

As part of working terms and conditions employees at any given time can hold entitlement to leave, time off in lieu or flexi leave for additional hours worked. This reserve shows the financial impact of such untaken leave at the balance sheet date.

2023/24		2024/25
£000		£000
3,871	Balance at 1 April	5,469
1,599	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	154
5,469	Balance at 31 March	5,623

* Note: The Police and Crime Commissioner's element of the Accumulated Absences reserve is £27k in 2024/25 (£21k in 2023/24)

31. Notes to the Cashflow Statement

The cashflow include the following items:

Other Operating Expenditure	2024/25	2023/24
	£000	£000
Interest received	(1,768)	(1,859)
Interest paid	2,820	2,600
Total	1,052	741

Investing Activities	2024/25	2023/24
	£000	£000
Purchase of Property, Plant & Equipment & Intangible Assets	9,024	8,153
Proceeds from sale of assets	(211)	(121)
Total	8,813	8,032

Financing Activities	2024/25	2023/24
	£000	£000
Cash receipts of short and long-term borrowing	0	0
Cash payments for the reduction of outstanding liabilities relating to finance leases and on-balance sheet PFI contracts	1,114	952
Repayment of short and long-term borrowing	2,385	1,000
Total	3,499	1,952

32. Related Parties

The Commissioner is required to disclose material transactions with related parties (i.e. bodies or individuals that have the potential to control or influence the Commissioner or 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.

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, provides the majority of the Commissioner's funding in the form of grants and prescribes the terms of many of the transactions that the Commissioner has with other parties (e.g., council tax bills). Grants received from Government departments are set out in Note 14.

The Police Reform & Social Responsibility Act 2011

The above Act created two new corporations sole, the Police & Crime Commissioner, and the Chief Constable. Each organisation is required to produce a Statement of Accounts which is subject to external audit under the Local Audit & Accountability Act 2014. The Chief Constable for Cheshire is a wholly owned subsidiary of the Commissioner for Cheshire.

Office of the Police & Crime Commissioner

Since November 2012 the Office of the Police and Crime Commissioner has maintained a Register of Interests for the Commissioner, Chief Executive, and Chief Finance Officer. It has also maintained a Register of Business Interests covering the staff employed therein.

Officers and Staff

The Constabulary maintains a Register of the Business Interests of Officers and Staff.

In the Chief Finance Officer's opinion there are no material transactions recorded between the Office of the Police & Crime Commissioner or the Constabulary and any related parties.

Other Public Bodies (subject to common control by Central Government)

Material transactions with other public bodies such as the Borough Councils and the Cheshire Pension Fund have been disclosed within the Comprehensive Income and Expenditure Account and the Cashflow Statement. Separate specific disclosures have also been made in relation to partnerships and collaborations in Note 13.

Ammunition is held in stock on behalf of both the Constabulary and the Armed Police Alliance which is a collaboration between Cheshire Constabulary and North Wales Police, please see Note 13.

There are no other related party transactions to report.

33. Employee Benefits

Termination Benefits

The Commissioner and Chief Constable terminated the contracts of 29 employees in 2024/25 incurring liabilities of £1.677m (£0.886m in 2023/24). 21 of these relate to service efficiencies as a result of thematic reviews with 8 being the result of the ending of a collaboration with partner forces paying a share of costs.

Participation in Pensions Schemes

As part of the officers and staff terms and conditions of employment, the Commissioner offers retirement benefits. Although these benefits will not actually be payable until employees retire, the Commissioner has a commitment to make the payments (for those benefits) and to disclose them at the time when employees earn their future entitlement.

The Commissioner's and Chief Constable's officers and staff participate in two pension schemes:

- The Police Pension Scheme for police officers is an unfunded, technically defined benefit scheme, meaning there are no investment assets built up to meet the pension liabilities and cash has to be generated to meet actual pension payments as they eventually fall due. Under the Police Pension Fund Regulations 2007, if the amounts receivable by the pension fund for the year are less than amounts payable, the Commissioner must transfer to the pension fund annually, an amount required to meet the deficit. Subject to parliamentary scrutiny and approval, up to 100% of this cost is met by a government pension top-up grant. If, however, the pension fund is in surplus for the year, this must be repaid to the government. Details of this scheme are shown in the Pension Account on page 22.
- The Local Government Pension Scheme (LGPS) for Police Staff is administered by Cheshire West and Chester Council. This is a funded defined benefit scheme, meaning that the scheme's liabilities are backed by investment assets. The Commissioner and its employees pay contributions into the fund, calculated at a level intended to balance the pension liabilities with investment assets.

Transactions relating to retirement benefits

The Commissioner recognises the cost of retirement benefits in the Net Cost of Services when they are earned by employees, rather than when the benefits are eventually paid as pensions. However, the charge made against council tax is based on the cash payable in the year, so the real cost of retirement benefits is reversed out of the General Fund via the Movement in Reserves Statement.

The transactions on the next few pages show the impact on the Comprehensive Income and Expenditure Statement and General Fund balance via the Movement in Reserves Statement. Under the regulations that dictate the way in which the accounts are prepared, IAS19 sets out details of how pensions and their actuarial valuation are included within the accounts and the tables reflect those regulations. This remains the case for all the Police Pension Schemes.

However, since operating under these regulations, pension schemes have generally reported a net liability, but the Local Government Pension Scheme is currently valued with a net asset (as it was in 2023/24). The standard states that when there is a pension surplus reported under IAS19, the rules of IFRIC14 should be followed and should the strict criteria, labelled as an asset ceiling, not be met, the accounting entries must be adjusted accordingly.

In conjunction with the actuaries, the IFRIC14 criteria have been reviewed including the potential economic benefit available as a refund or a contribution reduction; the effects of a minimum funding requirement; and the past service contributions that may increase the liability and have determined that these criteria have not been met. Therefore, the following adjustments have been made to the transactions before being applied to the accounts. Please note these are technical accounting adjustments and do not impact on general reserves or funding.

<u>IFRIC14 Adjustments</u>	2024/25			2023/24		
	IAS19	Adjs	IFRIC14	IAS19	Adjs	IFRIC14
	£000	£000	£000	£000	£000	£000
Net Interest Expense: reversal of IFRIC14 prior year	3,067	(3,028)	39	1,945	(1,950)	(5)
Asset Ceiling:						
Reversal of IFRIC14 prior year		65,467			43,011	
IFRIC14 current year		(117,023)			(62,439)	
<i>Total Post Employment Benefit Charged to the Comprehensive Income & Expenditure Statement</i>	49,813	(51,556)	(86,638)	19,636	(19,428)	208
Net liability arising from defined benefit obligation	117,023	(117,023)	0	62,439	(62,439)	0

Comprehensive Income & Expenditure Statement (Pensions)

	Local Government Pension Scheme #1		Police Pension Scheme (1987)		Police Pension Scheme (2006)		Police Pension Scheme (2015)		Police Injury Awards Scheme		TOTAL	
	2024/25	2023/24	2024/25	2023/24	2024/25	2023/24	2024/25	2023/24	2024/25	2023/24	2024/25	2023/24
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
<i>Cost of Services:</i>												
• Current Service Costs	(9,884)	(10,976)	0	0	0	0	(16,980)	(15,990)	(610)	(550)	(27,474)	(27,516)
• Past Service Costs	(456)	(906)	0	30	0	0	0	0	0	0	(456)	(876)
• Settlements & Curtailments	0	0	0	0	0	0	0	0	0	0	0	0
<i>Financing and Investment Income & Expenditure:</i>												
• Net Interest Expense	3,067	1,945	(72,120)	(71,140)	(2,690)	(2,520)	(9,860)	(8,180)	(1,580)	(1,670)	(83,183)	(81,565)
<i>Total Post Employment Benefit Charged to the Surplus or Deficit on the Provision of Services</i>	(7,273)	(9,937)	(72,120)	(71,110)	(2,690)	(2,520)	(26,840)	(24,170)	(2,190)	(2,220)	(111,113)	(109,957)
<i>Other Post Employment Benefit Charged to the Comprehensive Income & Expenditure Statement</i>												
• Return on plan assets (not included in net interest expense)	(12,665)	5,337	0	0	0	0	0	0	0	0	(12,665)	5,337
• Actuarial Gains and Losses arising from changes in demographic assumptions	550	1,966	1,530	0	180	0	980	0	210	0	3,450	1,966
• Actuarial Gains and Losses arising from changes in financial assumptions	59,100	22,009	154,320	9,260	11,490	(20)	43,320	3,440	4,070	1,900	272,300	36,589
• Other	2,828	(9,676)	0	0	0	0	0	0	0	0	2,828	(9,676)
<i>Total Post Employment Benefit Charged to the Comprehensive Income & Expenditure Statement</i>	49,813	19,636	155,850	9,260	11,670	(20)	44,300	3,440	4,280	1,900	265,913	34,216

Movement in Reserves Statement (Pensions)

	Local Government Pension Scheme #1		Police Pension Scheme (1987)		Police Pension Scheme (2006)		Police Pension Scheme (2015)		Police Injury Awards Scheme		TOTAL	
	2024/25	2023/24	2024/25	2023/24	2024/25	2023/24	2024/25	2023/24	2024/25	2023/24	2024/25	2023/24
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
<ul style="list-style-type: none"> Reversal of net charges made to the Surplus and Deficit for the Provision of Services for post-employment benefits in accordance with the Code 	7,273	9,937	72,120	71,110	2,690	2,520	26,840	24,170	2,190	2,220	111,113	109,957
Actual expenditure met from council tax through the General Fund												
<ul style="list-style-type: none"> Employer's contributions payable to the scheme 	12,044	11,678	73,710	72,870	190	70	(11,370)	(9,480)	2,960	2,930	77,534	78,068

Pension Assets and Liabilities Recognised in the Balance Sheet

	Local Government Pension Scheme #1		Police Pension Scheme (1987)		Police Pension Scheme (2006)		Police Pension Scheme (2015)		Police Injury Awards Scheme		TOTAL	
	2024/25	2023/24	2024/25	2023/24	2024/25	2023/24	2024/25	2023/24	2024/25	2023/24	2024/25	2023/24
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Present value of defined benefit obligation	(274,572)	(315,705)	(1,397,360)	(1,554,800)	(47,530)	(56,700)	(187,410)	(193,500)	(29,460)	(34,510)	(1,936,332)	(2,155,215)
Fair value of plan assets	391,595	378,144	0	0	0	0	0	0	0	0	391,595	378,144
Sub-total	117,023	62,439	(1,397,360)	(1,554,800)	(47,530)	(56,700)	(187,410)	(193,500)	(29,460)	(34,510)	(1,544,737)	(1,777,071)
Other movements in the liability	0	0	0	0	0	0	0	0	0	0	0	0
Net liability arising from defined benefit obligation	117,023	62,439	(1,397,360)	(1,554,800)	(47,530)	(56,700)	(187,410)	(193,500)	(29,460)	(34,510)	(1,544,737)	(1,777,071)

#1 IFRIC 14 applies, please refer to the section on page 89 for details

Reconciliation of the movements in the fair value of scheme (plan) assets

	Local Government Pension Scheme	
	2024/25	2023/24
	£000	£000
Opening fair value of scheme assets	378,144	348,787
Interest income	18,509	16,738
Re-measurement gain/(loss)		
▫ The return on plan assets, excluding the amount included in the net interest expense	(12,665)	5,337
▫ Other	0	0
The effect of changes in foreign exchange rates	0	0
Contributions from employer	12,044	11,678
Contributions from employees	3,723	3,590
Benefits paid	(8,160)	(7,986)
Assets extinguished on settlements	0	0
Other	0	0
Closing fair value of scheme assets	391,595	378,144

Reconciliation of present value of scheme liabilities

	<u>Funded liabilities</u>				<u>Unfunded liabilities</u>						TOTAL	
	Local Government Pension Scheme		Police Pension Scheme (1987)		Police Pension Scheme (2006)		Police Pension Scheme (2015)		Police Injury Awards Scheme			
	2024/25 £000	2023/24 £000	2024/25 £000	2023/24 £000	2024/25 £000	2023/24 £000	2024/25 £000	2023/24 £000	2024/25 £000	2023/24 £000	2024/25 £000	2023/24 £000
Opening balance at 1 April	(315,705)	(307,726)	(1,554,800)	(1,565,820)	(56,700)	(54,230)	(193,500)	(163,290)	(34,510)	(37,120)	(2,155,215)	(2,128,186)
Current service cost	(9,884)	(10,976)	0	0	0	0	(16,980)	(15,990)	(610)	(550)	(27,474)	(27,516)
Interest cost	(15,442)	(14,793)	(72,120)	(71,140)	(2,690)	(2,520)	(9,860)	(8,180)	(1,580)	(1,670)	(101,692)	(98,303)
Contribution from scheme participants	(3,723)	(3,590)	0	0	0	0	(13,560)	(11,680)	0		(17,283)	(15,270)
Re-measurement gains/(losses)												
▫ Actuarial gains/losses arising from changes in demographic assumptions	550	1,966	1,530	0	180	0	980	0	210	0	3,450	1,966
▫ Actuarial gains/losses arising from changes in financial assumptions	59,100	22,009	154,320	9,260	11,490	(20)	43,320	3,440	4,070	1,900	272,300	36,589
▫ Other	2,828	(9,675)	0	0	0	0	0	0	0	0	2,828	(9,675)
Past service costs	(456)	(906)	0	30	0	0	0	0	0	0	(456)	(876)
Losses/(gains) on curtailment	0	0	0	0	0	0	0	0	0	0	0	0
Liabilities assumed on entity combinations	0	0	0	0	0	0	0	0	0	0	0	0
Benefits paid	8,160	7,986	73,710	72,870	190	70	2,190	2,200	2,960	2,930	87,210	86,056
Liabilities extinguished on settlements	0	0	0	0	0	0	0	0	0	0	0	0
Closing balance at 31 March	(274,572)	(315,705)	(1,397,360)	(1,554,800)	(47,530)	(56,700)	(187,410)	(193,500)	(49,460)	(34,510)	(1,936,332)	(2,155,215)

Local Government Pensions Scheme assets comprised:

	Fair value of scheme assets	
	2024/25 £000	2023/24 £000
Cash and cash equivalents	3,419	4,331
Equity instruments: <i>by industry type</i>		
• Consumer	1,905	1,829
• Manufacturing	1,780	1,906
• Energy and utilities	0	0
• Financial institutions	380	395
• Health and care	809	696
• Information technology	13,064	12,664
• Other	1,420	982
Sub-total equity	19,357	18,471
Bonds: <i>by sector</i>		
• Corporate	0	0
• Government	0	0
• Other	0	0
Sub-total bonds	0	0
Property: <i>by type</i>		
• United Kingdom	29,014	26,517
• Overseas	499	507
Sub-total property	29,513	27,023
Private equity:		
• All	25,851	25,701
Sub-total private equity	25,851	25,701
Other investment funds:		
• Equities	115,004	109,148
• Bonds	146,954	142,924
• Hedge Fund	25,852	26,869
• Infrastructure	7,337	6,168
• Other	18,307	17,508
Sub-total other investment funds	313,455	302,617
Derivatives:		
• All	0	0
Total Assets	391,595	378,144

Basis for Estimating Assets and Liabilities

Liabilities have been assessed on an actuarial basis using the projected unit credit method, an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels etc.

The Police Pension Scheme has been assessed by the Government Actuary's Department and the Cheshire Pension Fund liabilities has been assessed by Hymans Robertson and Co, an independent firm of actuaries. Estimates for the Cheshire Pension Fund are based on the latest full valuation of the scheme on 31 March 2022.

In respect of the McCloud Pension case, claimants have lodged claims for compensation under two active sets of litigation, Aarons and Penningtons. Government Legal Department settled the injury to feelings claims for Aarons on behalf of Chief Officers without seeking any financial contributions. 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. Pecuniary loss claims remain stayed under advice from Counsel, but it is expected that most of these claims will be settled under the current compensation mechanism that is provided for under the Public Service Pensions & Judicial Offices Act (PSPJOA) 2022. As at 31 March 2025, it is not possible to reliably estimate the extent or likelihood of Penningtons claims being successful, and therefore no contingent 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 potential increase in scheme liabilities for Cheshire to be approximately 4.4% or £99.6m of pension schemes liabilities. This increase was reflected in the IAS 19 disclosure as a past service cost in the 2018/19 accounts. In 2019/20, the estimated increase was a further £13.8m reflecting an additional years' benefits from the remedy and a reduction of £17.5m resulting from the eligibility criteria for members set out in HM Treasury's consultation. In 2020/21, the estimated increase was a further £15.9m reflecting an additional years' benefits from the remedy. The actuaries have highlighted that these estimates are based on the potential impact of any difference in the profile of the force's membership compared with the scheme as a whole and that the figures are highly sensitive to assumptions around short term earnings growth. From 2021/22 the current service cost allows for the higher expected cost of accrual under McCloud.

The impact of an increase in scheme liabilities arising from McCloud/Sargeant judgment will be measured through the pension valuation process, which determines employer and employee contribution rates. 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 and Crime Commissioner to maintain a police 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 costs in year, the amount required to meet the deficit is then paid to the Commissioner in the form of a central Government top-up grant.

Local Government Pension Scheme (LGPS)

With regard to the LGPS a similar adjustment to past service costs (£1.2m) within the IAS19 Disclosure was made for the McCloud judgment in the 2018/19 accounts. The impact of an increase in scheme liabilities arising from McCloud/Sargeant judgment will be measured through the pension valuation process, which determines employer and employee contribution rates.

The principal assumptions used in their calculations have been as follows:

	Local Government Pension Scheme		Police Pension Schemes	
	2024/25	2023/24	2024/25	2023/24
<u>Mortality assumptions:</u>	Yrs	Yrs	Yrs	Yrs
Longevity at 65 (police), 65 (LGPS) for current pensioners:				
Men	20.6	20.7	21.9	21.9
Women	23.6	23.7	23.9	23.6
Longevity at 65 (police), 65 (LGPS) for future pensioners:				
Men	21.5	21.6	23.3	23.6
Women	25.4	25.5	25.2	25.1
<u>Other assumptions:</u>	%	%	%	%
Rate of Inflation – RPI / CPI	3.10/2.75	3.10/2.75	2.7	2.6
Rate of increase in salaries – Long Term/Short Term	6.45	6.45	3.45	3.85
Rate of increase in pensions	2.75	2.75	2.7	2.6
Rate of CARE revaluation	-	-	3.95	3.85
Rate of commutation allowance	65	65	0	0
Rate for discounting scheme liabilities	5.8	4.85	5.65	4.75

Note: RPI figure not provided by pension administrator.

The estimation of the defined benefit obligations is sensitive to the actuarial assumptions set out in the table above. The sensitivity analyses 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 assumptions remain constant. The assumptions in longevity, for example, assume that life expectancy increases or decreases for men and women. In practice, this is unlikely to occur and changes in some assumptions may be interrelated. 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.

The estimation of the defined benefit obligations is sensitive to the actuarial assumptions set out in the table above. The sensitivity analysis below shows the potential impact should the above assumptions change.

	Local Govt Pension Scheme		Police Pension Scheme (1987)		Police Pension Scheme (2006)		Police Pension Scheme (2015)		Police Injury Benefit Scheme	
	%	£000	%	£000	%	£000	%	£000	%	£000
0.5% decrease in Real Discount Rate	2.0	5,715	-6.5	(90,000)	-12.5	(6,000)	-12.5	(23,000)	-9.0	(3,000)
0.5% increase in salary increase	0.0	258	1.0	11,000	6.5	3,000	0.0	0	2.5	1,000
0.5% increase in pension increase	2.0	5,616	6.0	87,000	8.5	4,000	15.0	28,000	7.5	2,000
1 year increase in life expectancy	4.0	10,983	2.5	32,000	2.0	1,000	1.5	3,000	1.5	0

Impact on the Commissioner's cash flow

The objectives of the scheme are to keep employers' contributions at as constant a rate as possible. The Local Government Pension Scheme run by Cheshire West and Chester Council has agreed a strategy with the scheme's actuary to achieve a funding level of 100% over the next few years. Funding levels are monitored on an annual basis. The next triennial valuation is due to be completed as at 31 March 2025.

The scheme will need to take account of the national changes to the scheme under the Public Pensions Services Act 2013. Under the Act, the Local Government Pension Scheme in England and Wales and the other main existing public service schemes may not provide benefits in relation to service after 31 March 2014 (or service after 31 March 2015 for other main existing public service pension schemes in England and Wales). The Act provides for scheme regulations to be made within a common framework, to establish new career average revalued earning schemes to pay pensions and other benefits to certain public servants.

For 2024/25, the weighted average duration of the defined benefit obligation for scheme members is 14 years (Police Pension 1987); 29 years (Police Pension 2006); 28 years (Police Pension 2015).

34. Notes Relating to the Police Pension Fund

34.1 Basis of Fund

The Police Pension Fund Regulations which came into force on 1 August 2007, with backdated effect from 1 April 2006, put on a statutory footing the requirement that police authorities:

- set up a pension fund;
- pay the employer contributions and officer contributions into the pension fund;
- make other specified *payments* into and from the pension fund; and
- transfer funds between the police fund and the pension fund as necessary to balance any audited deficit or surplus in the pension fund

and for the Secretary of State to:

- adjust grant funding to police authorities upwards to match the amounts transferred by them out of their police fund to balance their pension fund; and
- require police authorities to pay to the Secretary of State an amount to match the sums transferred from the pension fund to the police fund to balance their pension fund account

The financial arrangements introduced in 2007 apply to both the old & new police pension schemes – i.e. the Police Pension Scheme 1987 (PPS 1987), the New Police Pension Scheme 2006 (NPPS 2006) & the New Police Pension Scheme 2015.

34.2 Accounting policies

The Police Pension Fund's accounting policies are set out in the main Statement of Accounting Policies as set out from page 33.

The Police Pension Fund account on page 17 summarises the transactions of the Fund. It does not take account of obligations to pay pensions and benefits which fall due after the end of the Scheme year. The actuarial position of the Scheme, which does take account of such obligations, is dealt with in Note 33 and the Police Pension Fund account should be read in conjunction with that note.

34.3 Status of the pension fund

The regulations refer to the new account as a "pension fund" since its legal status is that of a fund for the purposes of Section 30 of the Local Government Finance Act. The pension fund accounts, which must be included in the Commissioner's statement of accounts as separate statements, comprise a fund account and net assets statement. The fund account must be ring-fenced to prevent unauthorised transfers taking place. It is through the fund account that each Commissioner discharges their responsibility for paying the pensions of retired officers and their survivors.

34.4 Administration of the Fund

The fund is administered by the Commissioner within the management and operation requirements established under the Police Pension Fund Regulations 2007 (SI 2007 No 1932).

The police pension schemes operate as unfunded schemes and that consequently the fund has no investment assets, benefits payable are funded by contributions from employers and employees, with any difference between benefits payable and contributions receivable met by top-up grant from the Home Office. The Fund is balanced to nil each year by a transfer to or from the General Fund.

Employees' and employer's contribution levels are based on percentages of pensionable pay set nationally by the Home Office and subject to triennial revaluation by the Government Actuary's Department.

34.5 Benefits payable to and from the Fund

Under the financial arrangements the funds payable into and out of the Commissioner's pension fund account will be:

Income

- Officer contributions, including those of officers seconded elsewhere.
- Employer contributions, including those for officers seconded elsewhere.
- Incoming transfers from other pension schemes.
- Inter-Commissioner adjustments for 1966 and 1974 reorganisations.
- Re-instatement of pensions – mis-selling charges.
- Capital-equivalent charge payments for ill-health early retirements.
- Reimbursements of pension payments which could have been withheld under regulation K4 of the Police Pension Regulations 1987 and regulation 52 of the Police Pension Regulations 2006.
- Payments by an officer under regulation 84(3) of the Police Pension Regulations 2006.
- Other authorised income – to be specified by the Commissioner in the accounts.
- Top-up from the police fund (operating account) to meet any deficit.

Expenditure

- Pension payments to retired police officers and other beneficiaries.
- Inter-Commissioner adjustments for 1966 and 1974 reorganisations.
- Refund of pension contributions.
- Outgoing transfers to other pension schemes.
- Payments by the Commissioner to HMRC on behalf of an officer under regulation 84 or regulation 85 of the Police Pension Regulations 2006.
- Other authorised expenditure – to be specified by the Commissioner in the accounts.
- Payments to the police fund (operating account) to clear a surplus at the end of the accounting year.

Injury awards, including awards payable on death attributable to a qualifying injury, are not part of either Police Pension Scheme 1987 or New Police Pension Scheme 2006 and are payable irrespective of whether an officer is a member of the pension scheme. Tax rules from April 2006 prevent injury awards from being part of the regulations for either scheme. In order to comply with this requirement injury awards have, with effect from April 2006, been set out in the Police (Injury Benefit) Regulations 2006 which are entirely separate from the Police Pension Regulations 1987 and the Police Pension Regulations 2006. Injury awards are not pension scheme payments and therefore are not chargeable to the fund.

35. Contingent Assets & Liabilities

Assets

There are no contingent assets at 31 March 2025.

Liabilities

In respect of the McCloud Pension case, claimants have lodged claims for compensation under two active sets of litigation, Aarons and Penningtons. Government Legal Department settled the injury to feelings claims for Aarons on behalf of Chief Officers without seeking any financial contributions. 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. Pecuniary loss claims remain stayed under advice from Counsel, but it is expected that most of these claims will be settled under the current compensation mechanism that is provided for under the Public Service Pensions & Judicial Offices Act (PSPJOA) 2022. As at 31 March 2025, it is not possible to reliably estimate the extent or likelihood of Penningtons claims being successful, and therefore no contingent liability in respect of compensation claims is recognised in these accounts.

36. Authorisation of Accounts

Under the Accounts and Audit (England) Regulations 2015 the audited Statement of Accounts were signed by the relevant officers and released for publication on **Xx xxxx 2025**

ANNUAL GOVERNANCE STATEMENT 2024/25

Scope of Responsibilities

- 1.1 Governance is about how the Police & Crime Commissioner and the Chief Constable ensure they are doing the right things in the right way for the right people in a timely, inclusive, open and accountable manner that is built on a foundation of integrity. It comprises the systems, processes, culture and values by which the Commissioner and the Chief Constable direct and manage together, along with the activity through which they account to and engage with the people of Cheshire.
- 1.2 The Commissioner's role is set out in the Police Reform and Social Responsibility Act 2011. The Commissioner is responsible for securing the maintenance of the police force for their area and securing that the police force is efficient and effective. The Commissioner holds the Chief Constable to account for the exercise of their functions and the functions of those under the Chief Constable's direction and control. The Commissioner is accountable to the people of Cheshire who elected him to represent their views on policing.
- 1.3 The Chief Constable is accountable under law for the exercise of police powers and to the Commissioner for the delivery of efficient and effective policing in Cheshire. While the Chief Constable discharges their responsibilities in support of the Commissioner's Police & Crime Plan, they remain at all times operationally independent.
- 1.4 Production of an Annual Governance Statement (AGS) is a requirement under the Accounts and Audit Regulations (England) 2015 and ensures that a reliable system of internal controls can be demonstrated. The AGS meets the requirements of Regulation 6 (1) (b) of the Accounts and Audit (England and Wales) Regulations 2015, which requires all relevant bodies to prepare an AGS. The AGS also demonstrates the Police and Crime Commissioner and Chief Constables' commitment to the principles of good governance as identified in the Chartered Institute of Public Finance and Accountancy (CIPFA) Delivering Good Governance in Local Government Framework 2016 where applicable to policing bodies.
- 1.5 In March 2022, CIPFA published an advisory note setting out key messages surrounding recent governance failures identified in statutory and non-statutory reviews and public interest reports. While Cheshire has not been part of these reviews or reports, there are lessons to be learned for all organisations that take governance seriously. One key message relates to the AGS - this is a key document for any organisation, and when completed correctly and with rigour, it can be used to identify failings of governance and provide an opportunity internally to improve and thereby reduce risk. It should normally be approved at the same time or no later than the statement of accounts and should be regarded as a vital tool by those charged with governance and the leadership team.
- 1.6 The AGS is and always has been, a key corporate document in Cheshire, which provides an accurate representation of the corporate governance arrangements and controls in place that have supported the delivery of organisational objectives during the year. The AGS provides information about where arrangements have been effective and notes where any improvements are required.
- 1.7 The governance framework detailed below has been in place for the year ended 31 March 2025 and up to the date of approval of the Statement of Accounts.

2. The Governance Framework

- 2.1 The Commissioner is responsible for ensuring that business is conducted in accordance with the law, with openness and engagement with stakeholders and that risk is managed through robust internal control and strong public finance management to deliver effective accountability. The Commissioner has adopted a Scheme of Corporate Governance, which sets out the governance framework that will assist in enabling the Commissioner and Chief Constable to fulfil their statutory functions. The Scheme is reviewed on an annual basis to ensure it remains up to date and relevant, taking into account local and national changes in the way the police service operates.
- 2.2 Within the Scheme of Corporate Governance, there are a number of documents as indicated below that can be viewed in full on the Commissioner's website ([Governance Documents](#)). These documents are reviewed annually and amended as appropriate.
- Code of Corporate Governance – this describes how the Commissioner will discharge their responsibilities to secure an efficient and effective local police service and hold the Chief Constable to account for the exercise of their functions and those of persons under their direction and control.
 - Procedural Rules – these rules relate to the business & proceedings of the Commissioner and Chief Constable including how decisions are taken.
 - Scheme of Consent & Delegation - this sets out which functions are reserved to the Commissioner, which are delegated to the Chief Constable and how the Commissioner will delegate functions to his own staff.
 - Financial Regulations - under Section 151 of the Local Government Act 1972 'every local authority shall make arrangements for the proper administration of their financial affairs and shall secure that one of their officers has responsibility for the administration of those affairs'. Under the Police Reform and Social Responsibility Act 2011, both Police and Crime Commissioners and Chief Constables are required to comply with Section 151 requirements. The Financial Regulations set out how this duty is discharged.
 - Constabulary's Scheme of Delegation – covers the financial and non-operational decision-making powers the Chief Constable has delegated to their officers and staff
 - Memorandum of Understanding – this sets out how the Commissioner obtains additional services to supplement his core office of staff (OPCC) which the Chief Constable will provide in pursuant to their obligations of assistance and in furtherance of the Commissioner's and Chief Constable's joint vision of working together in partnership, without compromising the Commissioner's powers and duty to hold the Chief Constable to account.
- 2.3 The above framework sets out the relationship between the Commissioner and Chief Constable in both decision-making and accountability. Within the Constabulary, there is an independent governance framework, which covers both operational and business decision making with the Senior Command Team (SCT) Business Meeting, being the primary decision-making body for the Constabulary.
- 2.4 In line with Home Office guidelines, the Commissioner and Chief Constable have established an independent Joint Audit Advisory Committee (JAAC). This committee consider internal and external audit reports and advise and provide assurance to the Commissioner and Chief Constable according

to good governance and accountability principles and proper practices. The terms of reference for the Committee were revised during 2022/23 in line with the CIPFA Position Statement 2022 relating to police audit committees and are subject to annual review.

- 2.5 During 2024/25 inflationary pressures have continued to affect pay and prices and therefore considerable scrutiny has been applied to the Constabulary to ensure it is both efficient and effective. Savings have been identified through a rigorous review of all areas to contribute to the overall budget and mitigate the impact as far as possible.

3. Internal Financial Controls

- 3.1 The objective of the internal financial controls is to maintain sound and proper financial arrangements; to explain why safeguards and controls are important and necessary; to profile a framework for financial management, which will enable, wherever possible, managerial and financial responsibilities to be aligned and safeguard all officers and staff.

- 3.2 The key documents that set out the internal financial controls are:

- Financial Regulations – as set out above
- Scheme of Delegation – as set out above
- Treasury Management Strategy – approved annually by the Commissioner. This sets out the Annual Investment Strategy, Borrowing Strategy and Minimum Revenue Provision Statement
- Treasury Management Practices – which set out the detailed processes and practices to be followed in order to deliver the Treasury Management Strategy
- Reserves Strategy – which details the reserves held, their intended usage and the strategy for ensuring the funds are maintained at an appropriate level.

- 3.3 In addition to the above, there are a series of governance checks and controls carried out through the Finance and HR teams to ensure financial systems are operating effectively.

- 3.4 These are supported by periodic Internal and External Audit reviews to provide appropriate assurance to those charged with governance or produce actions plans where necessary. The Director of Internal Audit's Opinion and their annual report for 2024/25 provide substantial assurance that there is a good system of internal controls designed to meet the organisation's objectives and that controls are generally being consistently applied. The Director of Internal Audit carries out their role in accordance with guidance issued in the CIPFA Statement on the Role of the Head of Internal Audit (2019).

- 3.5 CIPFA published 'The Financial Management Code' (FM Code) in 2019. It is designed to support good practice in financial management and to assist local authorities in demonstrating their financial sustainability. The FM Code, for the first time, sets the standards of financial management for local authorities including police. The FM Code is based on a series of principles supported by specific standards which are considered necessary to provide the strong foundation to:

- financially manage the short, medium and long-term finances of a local authority;

- manage financial resilience to meet unforeseen demands on services; and - manage unexpected shocks in their financial circumstances.
- 3.6 Each organisation designated to apply the FM Code must demonstrate that the requirements of the code are being satisfied. Demonstrating compliance with the FM Code is a collective responsibility of the Commissioner, Chief Constable, their respective Chief Finance Officers (CFO) and their professional colleagues in the leadership team. Both CFOs are professionally qualified and are members of their respective leadership teams. Senior finance and leadership representatives sit on all key decision-making boards (e.g., Change Board and Programme Board).
- 3.7 The documents within the governance framework within which the Constabulary and OPCC operate are updated regularly to ensure that controls and procedures satisfy the requirements of the code and demonstrate good governance. The framework was reviewed and updated by the Constabulary and OPCC statutory officers during 2024/25 and the revised documents were signed off at Joint Management Board on 9th May 2024. Controls are reviewed by external audit as part of their work on the Statement of Accounts and by Internal Audit in line with their annual audit plan.
- 3.8 A whistle blowing policy is in place which is managed and investigated by the Professional Standards Department (PSD), this policy is updated regularly (last review June 2024). The force has a corruption and control strategy which is formulated by a local and regional corruption threat assessment. These documents are available on the force intranet and all cases of non-compliance would be dealt with on an individual basis following assessment by PSD, these are reported to those charged with governance via regular meetings.
PSD also approve and record business interests and ensure compliance with the [Gifts Gratuities and Hospitality](#) policy which is available on the Constabulary website.
- 3.9 The OPCC has an ethical framework and code of conduct for the Commissioner and for staff in place as well as a confidential reporting (whistleblowing) policy. These are reviewed regularly and are available on the [PCC website](#). Any non-compliance would be reported to the PCC via senior management meetings. The OPCC also has a register of [Interests, Gifts and Hospitality](#).
- 3.10 Further assurance is provided by HM Inspectorate of Constabularies, Fire and Rescue Services (HMICFRS) who carry out a police effectiveness, efficiency and legitimacy (PEEL) assessment of the effectiveness with which Cheshire Constabulary keep people safe and reduce crime. The most recent review was completed in 2024/25 and results have been published [PEEL 2023–2025: An inspection of Cheshire Constabulary - His Majesty’s Inspectorate of Constabulary and Fire & Rescue Services . The next PEEL review is due to be undertaken during 2026/27 and will be reported in a future AGS.](#)

4. Good Governance in the Police

- 4.1 In 2016, CIPFA, in association with various groups including the Association of Police and Crime Commissioners, issued best practice guidance on Delivering Good Governance. It sets out seven principles of good governance which are illustrated below:



4.2 The ethos of the above is for principles A and B to permeate the implementation of principles C to G. It also illustrates that good governance is dynamic and that an organisation as a whole should be committed to continually improving through a process of evaluation and review. Each principle will be considered from the perspective of both the Commissioner and Chief Constable.

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

5.1 Commissioners and Chief Constables have responsibility for creating an environment where the Code of Ethics can thrive by setting standards, policies and principles that can help in embedding the Code. The Code of Ethics was revised by the College of Policing in 2024 and this revised Code is inclusive and supports everyone in Policing. It has two parts, both of which are non-statutory:

- Ethical policing principles; and
- Guidance for ethical and professional behaviour in policing.

The name 'Code of Ethics' was kept as it is familiar in policing. However, the 2024 Code Ethics is not a statutory Code of Practice, it has the same status as other guidance produced by the College.

5.2 The ethical policing principles are a series of guiding statements that should be used to help people in policing do the right things, in the right way, for the right reasons. Everyone in policing routinely makes important decisions because it is our duty to uphold the law, prevent crime and disorder, protect, and reassure communities, investigate crime, and bring offenders to justice. As policing professionals, we commit to:

- Courage – making, communicating and being accountable for decisions, and standing against anything that could bring our profession into disrepute.

- Respect and empathy – encouraging, listening to, and understanding the views of others, and seeking to recognise and respond to the physical, mental and emotional challenges that we and other people may face.
- Public service – working in the public interest, fostering public trust and confidence, and taking pride in providing an excellent service to the public.

- 5.3 Cheshire Constabulary has fully adopted the Code of Ethics from its inception in 2014 and this has been embedded into everyday decision-making.
- 5.4 The Professional Standards Department is responsible for the receipt, recording and, where relevant, investigation of public complaints against the conduct of officers and/or members of police staff as well as investigating allegations of misconduct within the Cheshire Constabulary. The behaviour and integrity of police officers and members of police staff are at the very core of the Constabulary's values and service ethos and the department engages widely within the Constabulary to promote and uphold these exacting standards with mandatory training for staff and officers as and when required. The Department is responsible for the Constabulary's anti-fraud and corruption arrangements together with their whistle blowing procedures. In addition, the Department records all gifts and hospitality and business interests to ensure the integrity and transparency against any conflicts of interests.
- 5.5 The Policing and Crime Act 2017 and supporting regulations made significant changes to the complaints and disciplinary systems that took effect from 01 February 2020. They introduced a number of changes designed to achieve a more customer-focused complaints system. Local accountability was enhanced through changes to the role of local policing bodies (Police & Crime Commissioners) which now have a statutory responsibility to hold their Chief Constable to account for the performance of the complaints system locally and for ensuring there are appropriate processes in place for dealing with conduct and death or serious injury (DSI) matters.
- 5.6 In addition, all local policing bodies now have certain duties in relation to the handling of complaints, some of which are mandatory and now a statutory responsibility. For example, from 01 February 2020, the Police & Crime Commissioner became a relevant review body (RRB) for complaints (recorded on or after 01 February 2020) and assumed responsibility for determining whether the outcome of a complaint was reasonable and proportionate. This change aimed to increase independence and transparency, particularly at a local level.
- 5.7 It should be noted that depending on the circumstances of the initial complaint, the Independent Office for Police Conduct (IOPC) may be the relevant review body. The determination in relation to the relevant review body will be made by the Professional Standards Department.
- 5.8 The Appropriate Authority for a complaint that relates to the Chief Constable is the local policing body with responsibility for that police force area. As such, the Police & Crime Commissioner is responsible for handling complaints against the Chief Constable of Cheshire Constabulary.
- 5.9 Both the Commissioner and Chief Constable have Monitoring Officers whose role is to advise on the rule of law and ensure decision-making is legally sound and compliant with the Governance Framework. Any breaches are reported to the Commissioner and Chief Constable – no breaches were reported during 2024/25.

6. Principle B: Ensuring openness and comprehensive stakeholder engagement

- 6.1 Public views on policing, their priorities and their experiences both in terms of crime and interaction with the Constabulary has and continues to have, a direct impact on the Commissioner's Police and Crime Plan and priorities.
- 6.2 As part of the budget and precept setting process, the Commissioner undertakes public consultation on his proposed council tax precept increase on an annual basis. The budget and precept proposals are also subject to scrutiny by the independent Police and Crime Panel on behalf of the public. Councillor members of the panel represent all local authorities across Cheshire.
- 6.3 In January 2025, the consultation on the Commissioner's precept proposal received 1,703 responses and 67% supported raising the precept at least in line with the Commissioner's eventual proposal.
- 6.4 The Constabulary runs a 'residents voice' campaign to gather views of the public on local policing and priorities. This is an innovative online survey tool, which allows the public to complete a short online survey giving their views on crime, anti-social behaviour and policing within their local community. Officers and PCSOs provide members of the public with a 'QR code' which is scannable on a mobile device and takes the resident straight to the survey. The data obtained is then made available to local beat officers through a Power Bi dashboard where it can be filtered, analysed, and understood on a community basis. This powerful tool allows officers to canvass and respond to needs particular to a specific area. During 2024/25 there were 25,170 responses provided from across the force area which were used to inform local operational priorities.
- 6.5 The Constabulary also undertakes telephone surveys of a number of victims to gather feedback and inform service improvement. In 2024/25 92 surveys were conducted of this nature.
- 6.6 As part of the virtual meeting arrangements originally brought in as a response to the pandemic, the ability of the public to have online access to public meetings has continued and has become standard practice on request. All public meetings are publicised together with the agendas, on the PCC's website.

7. Principle C: Defining outcomes in terms of sustainable economic, social & environmental benefits

- 7.1 The Commissioner's Police and Crime Plan sets out how economic, social and environmental factors will be considered in decision making around delivering these priorities, and how the success in achieving these priorities will be monitored and reviewed, including holding the Chief Constable to account.
- 7.2 A Medium-Term Financial Strategy (MTFS) is produced annually, reviewed regularly and updated as necessary. It sets out the financial assumptions and demands upon the Constabulary to highlight budgetary pressures and the options available to address any funding shortfalls to ensure sustainability. Scenario planning is completed to highlight financial risks to key budget assumptions and ensure the authority understands the impact on its future financial stability of any strategic, operational and financial challenges it might face. Financial risks such as inflationary pressures or changes to Police Uplift Programme funding are also considered in the MTFS and in the organisation's strategic risk register.

- 7.3 Alongside this overarching document are the more detailed Capital Strategy and Reserves Strategy. All of these financial strategies are directly linked to the Estates, Fleet and IT strategies which are reviewed and signed off at Joint Management Board (JMB) meetings. All strategies are published on the PCC's website.
- 7.4 Clear reference is made to achieving value for money (VFM) in the annual budget and relevant strategic documents and the Constabulary and PCC have a clear and consistent understanding of VFM and how this is measured and monitored. Annual reports on VFM which consider the HMICFRS VFM indicators are reviewed by the JAAC and senior leadership.
- 7.5 Prudential indicators are set in line with the CIPFA Prudential Code, and these are included in the Annual Treasury Management Strategy. They are monitored by the s151 officers and reported to JMB in the Treasury Management Update report which is available on the Commissioner's website.
- 7.6 An Asset Management Strategy and Plan are in place and are reviewed and updated regularly. The plan aims to ensure that the authority's property, plant and equipment contribute effectively to service delivery and the achievement of key objectives.
- 7.7 The Procurement Strategy sets out the organisation's position with regards to social value and ethical procurement. The strategy outlines the ethical responsibilities and core objectives of the Commissioner and the Chief Constable in relation to their supply chain and in regard to human rights (including modern slavery), social value, equality and diversity, environment and sustainability and fraud, corruption and bribery.
- 7.8 The Commissioner's Modern Slavery Transparency Statement is published on his website [modern-slavery-transparency-statement.pdf](#) (August 2024). This sets out the steps we have taken and are planning to take to address the risk of modern slavery and human trafficking occurring within our own organisation and those of our partners and supply chains.
- 8. Principle D: Determining the interventions necessary to optimise the achievement of the intended outcomes**
- 8.1 The Scheme of Corporate Governance sets out a decision-making framework which ensures that all decisions taken by the Commissioner and Chief Constable are supported by all relevant information, including financial, legal and other appropriate professional advice, that available options are considered and that internal and external stakeholders are consulted. All decisions are formally recorded and published subject to confidentiality requirements, including the provisions of the Freedom of Information Act 2000.
- 8.2 The Commissioner has a statutory duty and electoral mandate to hold the Chief Constable to account on behalf of the public of Cheshire. The Commissioner does this by scrutinising, supporting and challenging the performance of the Constabulary, including against the priorities in the Police and Crime Plan. The Commissioner undertakes this role at Scrutiny Board. These meetings consider performance against the priorities identified in the Police and Crime Plan as well as a wide range of performance information relating to all aspect of policing. Performance data can be found on the Commissioner's website [Scrutiny \(cheshire-pcc.gov.uk\)](#).

- 8.3 HMICFRS produce Value for Money profiles, which are available via their website. These profiles benchmark Cheshire's costs and resources both operationally and for support services against our most similar forces and policing as a whole. These profiles are reviewed and used to support resource allocation debates and as part of the budget setting process.
- 8.4 Key risks to financial sustainability are highlighted in the annual budget and MTFS. These are also reported in the strategic risk register which is reviewed regularly at SLT and JMB. The latest strategic risk register is also considered at each JAAC meeting. Throughout the year, revenue and capital monitoring reports are prepared and reviewed at SLT and JMB. These reports highlight potential issues and suggest appropriate remedial actions.
- 9. Principle E: Developing the entity's capacity, including the capability of its leadership and the individuals within it**
- 9.1 Cheshire Constabulary is a high performing organisation offering a range of career opportunities. It provides a broad range of police and police staff roles with career pathways to develop. It is structured and provides progression and fast track opportunities. Support and advice are provided to assist everyone in their career journey. Overall, it is recognised that as professionals it is our responsibility to be as good as we can be and in doing so ensure we invest time to learn and develop to meet the changing needs of the communities we serve.
- 9.2 Cheshire Constabulary has a key priority for organisational learning. As an organisation, the vision is:
- To be a learning organisation through the creation, retention, sharing and using of knowledge.
 - This Organisational Learning area is the Constabulary's hub where practitioners learn through the creation, retention, sharing and using of knowledge.
 - The Organisational Learning area is the gateway to the Constabulary's What Works programme, where practitioners can learn about evidence-based practice, its practical application and view examples of effective problem solving.
- 9.3 The Constabulary now have an additional 330 as part of the original police officer uplift programme (PUP), with a further 15 PUP officers joining in 2024/25 in addition to the usual recruitment programme. The Constabulary continues to invest in the skills of its workforce, including areas such as detective training to ensure resilience and future capacity. Cheshire has fully met their national Police Officer Uplift target. Officer numbers are subject to scrutiny on a regular basis and returns are submitted to the Home Office quarterly.
- 10. Principle F: Managing risks & performance through robust internal control and strong public financial management**
- 10.1 The role of the Commissioner and the Chief Constable at the Joint Management Board is to scrutinise and approve the risk register on a quarterly basis as part of the approved Risk Management Framework. The role of Joint Audit Advisory Committee is to review and advise the Commissioner and the Chief Constable on the adequacy of action plans and actions taken to mitigate each risk on a quarterly basis. Risks provide a forward look at upcoming issues such as the Formula Funding Review

as well as reflecting the current situation and are regularly reviewed and updated. All areas of operational, governance and financial risk are reflected in the register and there are sections for Constabulary risks, OPCC risks and joint risks.

- 10.2 During 2024/25, the JAAC provided independent assurance to those charged with governance on the adequacy of the risk management framework, the internal control environment and the integrity of the financial reporting and governance processes within the Constabulary and OPCC.
- 10.3 The review and subsequent update/amendment to the risk register ensures that there is a joined-up approach between the Commissioner and the Chief Constable and that the key risks are evaluated, managed, mitigated, scrutinised and reported top down and bottom up through both Leadership Teams.
- 10.4 The Constabulary has a comprehensive performance management framework in place known as 'Raising the Bar'. This outlines the performance management approach including key meetings and structures and indicators which ensure delivery of the objectives set out in the Police and Crime Plan and other key local and national priorities.
- 10.5 Performance is monitored through regular 1-2-1 meetings, Area Performance Meetings, Quarterly Performance Meetings and a monthly Force Performance Day as well as through regular Scrutiny Meetings with the PCC. Actions from meetings are recorded and progress against them is monitored.
- 10.6 Performance is scrutinised by the Commissioner at regular scrutiny meetings and actions are identified at these meetings, which are kept under review and progress reported to the Commissioner.
- 10.7 Cashflow, short and long-term borrowing, investments and the use of reserves and balances are monitored by both s.151 officers and are reported to the Commissioner and Chief Constable in Treasury Management updates at Joint Management Board.
- 10.8 Processes are in place to ensure Officers and staff are aware of the threat of cyber-crime and can recognise potential cyber security threats and take appropriate action. Plans are in place to ensure this information is kept continuously up-to-date and is disseminated across the organisation.
- 10.9 Where processes or system arrangements show areas requiring improvement, action is taken to ensure internal control and financial management is complied with.
- 10.10 The Annual Risk Management Report provides a comprehensive overview of the organisation's risk management arrangements over the past year, offering assurance that risks are being effectively identified, assessed, and mitigated. Reviewed through the Strategic Command Team (SCT) and Joint Management Board (JMB), the report supports transparency and accountability at the highest levels of governance. It includes a summary of strategic and operational risks, outlines the governance structure, and incorporates findings from His Majesty's Inspectorate of Constabulary and Fire & Rescue Services (HMICFRS). Additionally, it covers business continuity planning and insurance arrangements, ensuring the organisation remains resilient and responsive to emerging challenges. The report also highlights areas for improvement, contributing to a culture of continuous learning and proactive risk management.

11. Principle G: Implementing good practices in transparency, reporting and audit to deliver effective accountability

- 11.1 All key joint decisions are taken collectively by the Constabulary's Senior Command Team and the Joint Management Board. The Joint Management Board is where decisions are made, and Scrutiny Board is where the Commissioner holds the Chief Constable to account. Both meetings publish papers in advance of their meetings and the meetings themselves are open to the public. All key PCC decisions of significant public interest are published on the Commissioner's website.
- 11.2 The Police and Crime Panel (PCP), which is a statutory body, independent of the Office of the Police and Crime Commissioner, oversees the work of the Commissioner. Its role includes reviewing the Commissioner's proposals for the amount of council tax local people pay towards policing. It has the power to veto these proposals if it considers the amount is inappropriate; considering the Police and Crime Plan and Annual Report; considering the appointments of the Commissioner's Deputy Police and Crime Commissioner, Chief Executive and Chief Finance Officer; considering the Commissioner's proposals for the appointment of a new Chief Constable, with the power to veto; and handling complaints about the Commissioner. Cheshire East Council hosted the PCP for 2024/25 and details of these meetings can be found on their website. [Cheshire Police and Crime Panel](#)
- 11.3 Both the Commissioner and Chief Constable have Publication Schemes on their respective websites listing information available and a means of contact should the information required not be included.
- 11.4 The Constabulary's Information Management team co-ordinate all information held to ensure compliance with all the appropriate requirements including Freedom of Information requests and Data Protection. The OPCC liaises closely with the Information Management team in relation to Freedom of Information requests and Data Protection issues, however, within the OPCC these are managed by the OPCC Principal Governance and Compliance Officer to ensure that organisational independence is maintained.
- 11.5 Assurance on the effectiveness of governance and controls is also provided by the Joint Audit Advisory Committee. The organisation's governance and controls are subject to review from bodies such as HMICFRS, External Audit and Internal Audit and reviews of the framework are undertaken by Joint Management Board. The governance framework and internal and external audit opinions are published on the Commissioner's website.

12. Review of Effectiveness

- 12.1 As part of the on-going governance roles, each of the above principles is reviewed and evidence sourced to show effectiveness in terms of communications, actions, policies and procedures. This evidence is scrutinised and is subject to challenge by the Commissioner's S.151 Officer and Chief Executive, the Constabulary S.151 Officer and Monitoring Officer.
- 12.2 The Constabulary report quarterly on their performance against key national priorities and advise on areas of focus for the forthcoming quarter. This information is shared publicly on the PCC's website.
- 12.3 External assurance in terms of accountability is provided by both Internal and External Audit, HMICFRS reviews and partner forces reviews of collaborations. Assurance is also provided by

volunteers including Independent Custody Visitors (ICVs) who make unannounced visits to police stations to check on the rights, wellbeing and treatment of detainees, the Independent Advisory Group (IAG) which advises on all aspects of equality and diversity; the Independent Ethics Panel which considers ethical issues in policing and the Community Cohesion Group (CCG) which reviews policies and procedures and provides advice on ways to improve service delivery to all communities.

- 12.4 Assurance was provided on 2023/24 statement of accounts and Value for Money (VFM) by External Audit and their annual audit findings report and audit letter are available on the Commissioner's website [Audit \(cheshire-pcc.gov.uk\)](https://www.cheshire-pcc.gov.uk).
- 12.5 The overall Internal Audit opinion for the period 1st April 2024 to 31st March 2025 provides Substantial Assurance, that that there is a good system of internal control designed to meet the organisation's objectives, and that controls are generally being applied consistently.
- 12.6 All audit reports are presented to the Joint Audit Advisory Committee and published on the websites. Public notices in relation to the accounts are also published on the websites in line with statutory requirements. Outstanding actions from relevant reviews are reported to each JAAC meeting in the Service Assurance Plan and follow up reports from internal and external audit also go to JAAC meetings.
- 12.7 Procurement savings are tracked internally through the Strategic Procurement Group and are reported to Blue Light Commercial on a quarterly basis. Cashable savings are reviewed during the annual Priority Based Budget (PBB) process and removed from the annual revenue budget.

13. Areas for Action in 2024/25

- 13.1 Within the 2023/24 Annual Governance Statement, the review of effectiveness identified two areas where further action was required. The following re-visits the actions which have satisfactorily addressed the issues raised and reports on the outcomes in 2024/25.

Action 1: Budget and Medium-Term Financial Strategy – Considering the current medium-term financial strategy position, known pressures and potential risks around funding, root and branch reviews and the priority-based budget process will be particularly important and potentially difficult in 2024/25. As such these processes will be mapped out early in 2024/25 and a JAAC single point of contact (SPOC) has been assigned to assist in this and to feedback to JAAC meetings. (Owner: OPCC and Constabulary s151 Officers).

Update: - The thematic reviews were mapped out and undertaken as part of the 2024/25 priority-based budgeting process with assistance from the JAAC SPOC for the thematic review. The results of the reviews were incorporated into the budget savings of £6.3m and were also reported to the JAAC at their meeting on 27th November 2024

Action 2: Constabulary HQ Public Finance Initiative (PFI) – The PFI contract for Constabulary HQ is due to end in 10 years' time (2034). Whilst this seems like a long time away, good practice suggests that preparations ideally need to be started at this point. A PFI board has been established and actions will be taken during 2024/25 to ensure Cheshire are fully prepared for the contract end. (Owner: Assistant Chief Officer)

Update: Work is progressing to plan, with a focus on aligning to national plans and better understanding our resourcing requirements. The PFI project board meet regularly and we are still on track for delivery of all elements of work required by the end of the contract. Looking at the national picture, Cheshire are ahead of the curve and will take account of lessons learned by PFI projects which have already ended.

14. Areas for Action in 2025/26

- 14.1 The governance framework, internal controls and application of the principles have been reviewed during 2024/25 with the following areas highlighted as risks together with the mitigating actions required.
- 14.2 **Action 1: The Medium Term Financial Strategy (MTFS)** – The MTFS continues to present significant financial challenges and uncertainty, with required budget savings that may impact service delivery. To mitigate these risks, the MTFS is regularly reviewed and updated, with key updates circulated through the Strategic Change Team (SCT) and Joint Management Board (JMB) to ensure awareness. The Constabulary undertakes an annual, detailed review of all budgets using a priority-based budgeting approach, alongside service reviews and the change process, to identify savings while maintaining operational viability. Additionally, the Police and Crime Commissioner retains the ability to raise the policing precept within government-imposed limits to help address budget shortfalls. Given the current financial position, known pressures, and potential funding risks, the priority-based budgeting process will be especially critical and challenging in 2025/26. These processes will be initiated early in the financial year, with a single point of contact (SPOC) from the Joint Audit and Assurance Committee (JAAC) assigned to support and report progress. The overarching risk remains a reduction in operational and organisational capacity and capability to respond to current and emerging threats, thereby impacting the achievement of all strategic objectives. (Owner: OPCC and Constabulary s151 Officers)
- 14.3 **Action 2: Ransomware** – Ransomware attacks on police forces, public sector bodies, and their suppliers are becoming more frequent, with threats often coming from hostile states and organised crime. Cheshire has strong cyber security measures in place and consistently meets external audit standards. Still, the risk is ongoing and evolving, as shown by recent incidents affecting our supply chain. We regularly update our cyber controls and take part in nationally coordinated responses through Gold command structures when needed. All departments are expected to plan on the basis that a cyber incident could happen at any time, with robust business continuity plans in place to manage any long-term system outages. Key actions this year include expanding offline backup capacity, continuing mandatory cyber awareness training for all staff, and testing business continuity plans annually—especially for scenarios involving loss of critical systems. A serious cyber attack could severely impact our ability to respond to calls for service, posing a direct risk to public safety. (Owner: Senior Information Risk Owner)

15. Summary

- 15.1 We are satisfied that the governance framework and arrangements in place during 2024/25 and up to the date the accounts were signed are adequate and fit for purpose. The arrangements are subject to independent review and assurance from various sources as noted in paragraphs 12.3.
- 15.2 We propose over the coming year to take steps to address the issues identified in paragraph 14.1 above to further enhance the governance arrangements. Additional actions can be taken in-year through the business planning and objective setting processes. We are satisfied that these steps will address the need for improvement as identified in the review of effectiveness and will monitor their implementations and operation as part of the next annual review.

Signed

Dan Price
Police & Crime Commissioner

Mark Roberts
Chief Constable



Clare Hodgson
Chief Finance Officer (s151), Office of the Police & Crime Commissioner

On behalf of the staff and senior officers of the Office of the Police & Crime Commissioner for Cheshire and Cheshire Constabulary

GLOSSARY OF TERMS

Accruals - The concept that income and expenditure are recognised as they are earned or incurred, not as cash is received or paid.

Actuarial Gains and Losses - For a defined benefit pension scheme, the changes in actuarial deficits or surpluses that arise because (a) events have not coincided with the actuarial assumptions made for the last valuation; or (b) the actuarial assumptions have changed.

Appropriations - Amounts transferred to or from revenue or capital reserves.

Budget - A statement of the Commissioner's expected level of service and spending over a set period, usually one year.

Capital Expenditure - Expenditure on the acquisition of a fixed asset or expenditure which adds value to the life or value of an existing fixed asset.

Capital Adjustment Account - This account (formerly reserve) contains the amounts which are required by statute to be set aside from capital receipts for the repayment of external loans, and the amount of capital expenditure financed from revenue and capital receipts. It also contains the difference between the amounts provided for depreciation and that required to be charged to revenue to repay the principal elements of external loans. The balance on this account cannot be used to finance future capital expenditure.

Capital Receipts - These are proceeds from the sale of capital assets.

Capital Reserve - Created to provide an alternative source of financing for capital expenditure, and to ensure some stability in the level of capital programmes that can be financed.

Chief Constable - Where the term 'Chief Constable' is used within these accounts it refers to the office/role of the Chief Constable rather than a specific person.

Contribution to Capital Expenditure - The financing of capital expenditure by a direct contribution from revenue account, rather than by means of a loan or other forms of finance (sometimes referred to as revenue contribution to capital outlay).

Council Tax - The means of raising money locally to pay for the Commissioner's services. This is a property based tax where the amount levied depends on the valuation of each dwelling.

Creditors - Amounts owed by the Commissioner for goods and services received by 31 March, but for which payment has not yet been made.

Current Assets and Liabilities - Current assets are items which can be readily converted into cash. Current liabilities are items which are due immediately or in the short-term. By convention these items are ordered by reference to the ease that assets can be converted into cash, and the timescale in which the liability falls due.

Debtors - Amounts owed to the Commissioner for goods and services provided by 31 March, but for which payments have not yet been received.

Deferred Capital Receipts - Amounts representing capital receipts still to be received when disposals have taken place and deferred payments have been agreed.

Unitary Council's Collection Fund - A collection fund is maintained by each unitary council to receive all income raised through the Council Tax. The funds then pay precepts to the Commissioner, Fire Authority and parish councils to meet the cost of services. Central government support (Revenue Support Grant and National Non-domestic Rate) is no longer distributed via the collection fund, but is received by each Commissioner direct.

Earmarked Reserves - These reserves represent monies set aside that can only be used for a specific purpose.

- Fair Value** - The price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.
- Financial Instrument** - A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity of another.
- General Reserve** - This is the Commissioner's main revenue reserve to which all revenue receipts are credited and from which all revenue liabilities are discharged. The movement shown in the fund represents the excess of expenditure over revenue within the 2012/13 revenue account.
- Income** - Amounts which the Commissioner receives, or expects to receive, from any source. Income includes fees, charges, sales, capital receipts, government grants, the precept on Council Tax collection funds, Revenue Support Grant and National Non-Domestic Rate.
- Long-Term Borrowing** - Long-term borrowing relates to loans taken out by the Commissioner from the Public Works Loan Board and commercial banks.
- National Non-Domestic Rate** - The government levies a standard rate on all properties and cannot increase it by more than the Retail Price Index. The rates are collected on behalf of the government by district councils and are then redistributed nationally.
- Net Debt** - This comprises cash in hand, cash overdrawn, short term investments and long term borrowing.
- 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 Services** – these are services as set out in the CIPFA Service Reporting Code of Practice.
- Precept** - The amount of money the Commissioner has to raise from Council Tax payers (via unitary collection funds) to pay for police services. Each collection fund pays a standard amount per Band D equivalent property.
- Provisions** – Provisions represent sums set aside for liabilities or losses which are certain to arise but owing to their inherent nature cannot be quantified with any certainty. The Commissioner's main provisions relate to insurances and pensions.
- Public Works Loan Board (PWLB)** - A government agency which provides longer term loans to Local Authorities at interest rates only slightly higher than those at which the government itself can borrow.
- Reserves** - There are two types of reserve; those which are available to meet revenue or, in some cases, capital expenditure and those which are not available to finance revenue or capital expenditure. Most revenue reserves are capable of being used to finance revenue or capital expenditure.
- Revenue Expenditure** - Amounts which the Commissioner pays or expects to pay to any source - includes the cost of employees, premises, transport, supplies and services.
- Revenue Support Grant** - General government grant support towards the Commissioner's expenditure.

Temporary Investments - This comprises of cash in hand, cash overdrawn and short-term investments which are readily convertible into known amounts of cash. These are deposited with banks or similar institutions under the Treasury Management Strategy.

Unapplied Capital Grants - Capital Grants received, but not yet used to finance capital expenditure

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Appendices

1. Required communications with the Police and Crime Commissioner and Chief Constable
2. Implementation of IFRS 16 Leases
3. Sector updates

Welcome

The purpose of this report is to give you an overview of the nature and scope of our audit work and bring to your attention the key aspects of the audit. The document also ensures that there is good communication between us, as auditors, and you.

If you have any queries regarding the plan, including the arrangements noted below, then please do not hesitate to contact us.

This Audit Plan has been prepared for the sole use of the management and those charged with governance. Except where required by law or regulation, this report should not be made available to any other parties without our prior written consent. No responsibilities are accepted by Bishop Fleming towards any party acting or refraining from action as a result of this plan.

We are issuing our 2024/25 External Audit Plan now to ensure that there is timely discussion of the key areas of focus.

Alex Walling – Key Audit Partner

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1. General Audit Information

Engagement objectives and scope

The scope of our work is set in accordance with the National Audit Office's Code of Audit Practice (the Code) and the International Standards on Auditing (ISAs) (UK). Our work is planned to provide a focused and robust audit. We are required to provide an independent opinion as to whether the financial statements:

- give a true and fair view of the financial position of the Police and Crime Commissioner for Cheshire ('the PCC'), the Chief Constable for Cheshire ('Chief Constable') and the group at the year end and of their expenditure and income for the year then ended;
- have been prepared properly in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2024/25; and
- have been prepared in accordance with the requirements of the Local Audit and Accountability Act 2014.

Throughout the audit we will also ensure that, in line with the latest Auditing Standards, we communicate on a regular basis with those charged with governance.

We are also required to satisfy ourselves that the PCC and Chief Constable have made proper arrangements for securing economy, efficiency and effectiveness in their use of resources for the year ended 31 March 2025. The Code of Audit Practice requires us to report on the PCC and Chief Constable's arrangements under three specified reporting criteria:

- Financial sustainability – how the PCC and Chief Constable plan and manage their resources to ensure they can continue to deliver their services;
- Governance – how the PCC and Chief Constable ensure they make informed decisions and properly manage their risks; and
- Improving economy, efficiency and effectiveness – how the PCC and Chief Constable use information about their costs and performance to improve the way they manage and deliver their services.

The respective responsibilities of the audited body and the auditor are summarised in the Code. They are also set out in the PSAA Statement of Responsibilities of auditors and audited bodies issued by Public Sector Audit Appointments (PSAA), the body responsible for appointing us as your external auditor.

Audit reports

Financial statements

On completion of our audit work on the financial statements, we will issue our Audit Completion Report to those charged with governance, which will set out our findings.

In our auditor's report, we will report on the basis under which the financial statements have been prepared and whether they give a true and fair view. The audit report will also:

- report on whether other information presented with the audited financial statements (for example, the Narrative Report and Annual Governance Statement) is materially consistent with the financial statements or our knowledge obtained in the audit; and
- conclude on the appropriateness of management's use of the going concern basis of accounting.

The form and content of our auditor's report may need to be amended in light of our audit findings.

We are required to report to you by exception the following matters, if:

- the Annual Governance Statement does not comply with “Delivering Good Governance in Local Government: Framework 2016 Edition” published by CIPFA/SOLACE; or
- we issue a report in the public interest under section 24 of the Local Audit and Accountability Act 2014; or
- we make a written recommendation to the PCC or Chief Constable 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.

Where no matters are identified, this will also be confirmed.

Value for Money arrangements

On the completion of our work on whether the PCC and Chief Constable have made proper arrangements for securing economy, efficiency and effectiveness in their use of resources, we will issue our Auditor’s Annual Report to those charged with governance. This will provide a commentary on the PCC’s and the Chief Constable’s arrangements under the three specified criteria. The report will also set out whether any significant weaknesses were identified and any relevant recommendations.

Audit materiality

In planning and performing our audit work we will consider whether the financial statements are free from ‘material misstatement’.

Materiality is an expression of the relative significance of a particular matter in the context of the financial statements as a whole. In general, misstatements, including omissions, are considered to be material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

The assessment of whether a misstatement is material in the context of the financial statements is a matter of professional judgement and will have regard to both the size and the nature of the misstatement, or a combination of both. It is also affected by our perception of the financial information needs of users of the financial statements. Thus, different materiality levels may be appropriate when considering different aspects of the financial statements.

If there are any areas of specific concern in which you would like us to pay particular attention to then we will be pleased to discuss this with you, and whether our audit approach can be readily adapted to accommodate such a level in that area, or whether it will be more appropriate for a special exercise to be carried out on the area.

Our basis of materiality has been set as follows:

	Basis of materiality
Police and Crime Commissioner for Cheshire and Chief Constable for Cheshire	2% of the lower of the gross expenditures of the Group, the PCC and the Chief Constable This equates to £5,595,000

Whilst the level of materiality is applied to the financial statements as a whole, we must also address the risk that any identified unadjusted audit differences are material when considered in aggregate. To reduce the risk of this being the case, we apply a lower level of materiality which we utilise within our work, known as Performance Materiality. This is set at a lower level than overall materiality and is determined by our assessment of the element of audit risk that pertains to the internal control environment of the PCC and Chief Constable.

Risk assessment and significant risks

Financial statements

When planning our audit work, we will seek to minimise the risk of material misstatements occurring in the financial statements. To do this, we consider both the risk inherent in the financial statements themselves and the control environment in which the PCC and Chief Constable operate. We then use this assessment to develop an effective approach to the audit.

This risk assessment directs our testing towards the balances and transactions at the greatest risk of material misstatement so as to minimise the risk of undetected material misstatements. However, we do not test every group of transactions or balances but carry out sample testing of balances and transactions.

Therefore, there is an inherent and unavoidable risk that some material misstatements may not be detected and therefore audit procedures should not be relied upon to detect all material misstatements, fraud, irregularities or instances of non-compliance.

Based on our knowledge of the PCC and Chief Constable, we have identified the following as significant risk areas to be addressed during the audit along with our proposed audit approach.

Significant risks:

Risk	Audit Approach
<p>Management override of controls (required under the ISAs)</p> <p><i>Applies to both entities and group</i></p>	<p>We are required by auditing standards (ISA 240) to consider fraud and management override of controls to be a significant risk for all audits as no matter how strong a control environment, there is the potential for controls to be overridden or bypassed. To address this risk, we will:</p> <ul style="list-style-type: none"> • Review the reasonableness of accounting estimates and critical judgements made by management; • Test material journals processed at the year-end; and • Test other journals with key risk attributes. <p>In testing journals, we will use data analytics tools to interrogate the whole population of journals posted in the year and focus on those with key risk factors.</p>
<p>Valuation of land and buildings</p> <p><i>Applies to PCC and group</i></p>	<p>There is a risk over the valuation of these assets due to the values involved and the high degree of estimation uncertainty, due to the sensitivity of the estimate to changes in key assumptions and judgements. To address this risk, we will:</p> <ul style="list-style-type: none"> • Document our understanding of the processes and controls put in place by management, and evaluate the design of the controls; • Review the instructions provided to the valuer and the valuer's skills and expertise, in order to determine if we can rely on the management expert; • Write to the valuer to confirm the basis on which the valuation was carried out; • Confirm that the basis of valuation for assets valued in year is appropriate based on their usage; • Review the appropriateness of assumptions used in the valuation of land and buildings. For assets not formally revalued in the year we will assess how management has satisfied itself that these assets are not materially different from the current value at the year-end;

Risk	Audit Approach
	<ul style="list-style-type: none"> Review accuracy and completeness of information provided to the valuer, such as floor areas; Test a sample of revaluations made during the year to ensure that they have been input correctly into the PCC's asset register; and Form our own expectations regarding the movement in property values and comparing this to the valuations reflected in the PCC and Chief Constable's financial statements, following up valuation movements that appear unusual.
<p>Valuation of the pension fund net liability</p> <p><i>Applies to both entities and group</i></p>	<p>There is a risk over the valuation of the pension fund net liabilities for Local Government Pension Scheme (LGPS) and the Police Pension Scheme (PPS) due to the values involved and the high degree of estimation uncertainty, due to the sensitivity of the estimate to changes in key assumptions. To address this risk, we will:</p> <ul style="list-style-type: none"> Document our understanding of the processes and controls put in place by management, and evaluate the design of the controls; Review the instructions provided to the actuary and the actuary's skills and expertise, in order to determine if we can rely on the management expert; Consider the accuracy and completeness of the information provided to the actuary; Ensure that the disclosures in the financial statements in respect of the pension fund liability are consistent with the actuarial report from the actuary; Carry out procedures to confirm the reasonableness of the actuarial assumptions made by reviewing the report of the consulting actuary (as auditor's expert) and performing any additional procedures suggested within the report; and For the LGPS pension scheme, obtain assurances from the auditor of Cheshire Pension Fund in respect of the controls around the validity and accuracy of membership data, contributions data and benefits data sent to the actuary by the pension fund and the fund assets valuation in the pension fund financial statements.

As part of our planning, we have rebutted the risks of fraud in revenue recognition (required under the ISAs) and fraud in expenditure recognition (required under the Financial Reporting Council's Practice Note 10: Audit of Financial Statements and regularity of public sector bodies in the United Kingdom).

Other risks:

For the 2024/25 audit, we have included an 'other risk' relating to the first-year implementation of IFRS 16 Leases.

Risk	Audit Approach
<p>Implementation of IFRS 16 Leases</p>	<p>2024/25 will be the first year in which local government bodies are required to implement the provisions of IFRS 16 leases. There are transitional arrangements in place for the 'cumulative catch-up' approach mandated by CIPFA in the 2024/25 Code of Practice which will require an adjustment to the opening balances as well as supporting disclosures in the accounts. The value of the right of use assets and lease liabilities arising will depend on the nature and value of the underlying leases as well as assumptions adopted by the PCC and the Chief Constable for the incremental borrowing rate.</p> <p>From initial discussions with officers the risk of material misstatement at Cheshire Police is expected to be minimal based on the value of the estimate and its sensitivity to</p>

Risk	Audit Approach
	<p>changes in assumptions. Therefore, we do not consider this to be a significant risk, but as this is the first year of implementation, we have included this as an 'other risk' in our Audit Plan. To address this risk, we will:</p> <ul style="list-style-type: none"> • Document our understanding of the processes and controls put in place by management for identifying lease contracts, including those not covered by the transitional arrangements, and evaluate the design of the controls; • Review the appropriateness of assumptions used in calculating the estimate; • Review the completeness and accuracy of the data gathering exercise; • Confirm the appropriateness of application of exemptions for existing contracts such as short term and low value leases; • Review the required transitional disclosures and the application of the adjustment to the opening balances; and, • Test a sample of leases for accuracy in calculating the right of use asset and lease liabilities. <p>Additional guidance on the implementation of the new standard is included in Appendix 2 of this Audit Plan.</p>

We will report back to you, as part of our completion audit work, on the outcome of our work addressing both the significant and other risk areas.

Value for money arrangements

As part of our planning work, we have also considered whether there are any risks of significant weakness in the PCC and Chief Constable's arrangements for securing economy, efficiency and effectiveness in its use of resources that we need to perform further procedures on.

Planning work on this is ongoing, but we have not identified any risks of significant weakness at this stage.

We will keep our risk assessment under continual review and any changes will be communicated to those charged with governance.

Control environment

Through our audit planning procedures, we will continue to develop our understanding of the control environment in which the PCC and Chief Constable operates.

At the time of issuing our Audit Plan we have concluded that the control environment in which the PCC and Chief Constable operates is effective and we will tailor our audit approach accordingly.

Although we consider that the PCC and Chief Constable operate effective and formalised controls, we will not incorporate controls-based testing into our audit approach. Therefore, our work will focus on substantive procedures.

Adjusted and unadjusted items

Of the potential audit adjustments that we identify during our audit work, some may require adjustment. The decision to make an adjustment to the financial statements is one that the PCC and Chief Constable will need to make.

At the conclusion of the audit, we shall provide you with a schedule of potential adjustments that we identified during our audit work.

We will require you to confirm that you have considered the items and whether you have decided to adjust them in the financial statements; this will be included in the letter of representation.

We shall also provide you with a schedule, detailing those items that we identified during our audit work, which have not been adjusted for in the financial statements. This summary will not include errors that are 'clearly trivial', defined by us as those errors which individually account for no more than 5% of our materiality level.

We will require you to confirm that you have duly considered these unadjusted errors and that you have decided not to adjust for them in the financial statements; this will also be included in the letter of representation.

Fraud

While the PCC and Chief Constable have the ultimate responsibility for the prevention and detection of fraud, we are required to obtain reasonable assurance that the financial statements are free from material misstatement, including those arising as a result of fraud. Our audit approach includes the consideration of fraud throughout the audit, including making enquiries of management and those charged with governance.

Prior year recommendations

We will follow up on the progress made by the PCC and Chief Constable in addressing the recommendations made by us in respect of issues reported in our 2023/24 Audit Completion Report and our 2023/24 Auditor's Annual Report.

2. The Audit Team

Key Audit Partner: Alex Walling
Email: awalling@bishopfleming.co.uk

Manager: Neall Hollis
Email: nhollis@bishopfleming.co.uk

3. Timetable

A full audit timetable has been included below:

Police and Crime Commissioner for Cheshire and Chief Constable for Cheshire YEAR END: 31 March 2025			
Date	Requirement	Bishop Fleming	PCC and Chief Constable
Throughout 2025	Regular liaison meetings with management, the PCC and Chief Constable	✓	✓
March 2025	Planning procedures and interim audit work undertaken, examining systems and controls in place, and completion of early substantive testing.	✓	✓
31 March 2025	Date for issue of audit deliverables	✓	
31 March 2025	Date for receipt of VFM self-assessment from management		✓
TBC	Audit team to undertake VFM work	✓	
31 May 2025	Date for receipt of the draft financial statements		✓
27 June 2025	Date for receipt of audit deliverables		✓
w/c 30 June 2025	Audit fieldwork to be undertaken, completing work on significant risk areas and other material balances.	✓	✓
September 2025	Audit completion meeting to discuss draft Audit Completion Report	✓	✓
September 2025	Presentation of Audit Completion Report and Auditor's Annual Report to those charged with governance	✓	✓

4. Audit Fees

The Police and Crime Commissioner for Cheshire and Chief Constable for Cheshire, in line with most other local government bodies, opted into the national scheme run by Public Sector Audit Appointments (PSAA) for the appointment of its external auditor for the five-year period with effect from 2023/24. PSAA set the scale fee for the audit of the PCC and Chief Constable under the contract. The audit scale fee set by PSAA for the PCC and Chief Constable and our proposed variations are set out below:

PSAA scale fee 2024/25

The Police and Crime Commissioner for Cheshire	£103,060
The Chief Constable for Cheshire	£54,085
Total PSAA scale fee 2024/25	£157,145

Proposed fee variations at the planning stage:

Review of implementation of IFRS 16	TBC
Total (excluding VAT)	TBC

The scale fees set by PSAA:

- are based on the expectation that complete and materially accurate financial statements, with supporting working papers, will be available within agreed timeframes (as set out in [PSAA's Statement of Responsibilities document](#)); and
- reflect as far as possible the previous assessment of audit risk and complexity.

Where work was substantially more or less than envisaged by the scale fee, we will propose that the fees should be varied. PSAA determine the outcome of any fee variations. The proposed fee variations set out above reflect issues that were not reflected in the scale fee when it was set by PSAA.

As the individual responsible for the project management of the audit, Neall will monitor the position in relation to any issues that could potentially give rise to a fee variation and discuss them with the s.151 officer at the earliest opportunity.

There are no non-audit fees proposed at the planning stage.

5. Ethical Issues

In order to comply with professional and ethical standards we are required to communicate to you all significant facts and matters that, in our professional judgement, may affect the firm's independence. This is for reference only, and unless you wish to make any comments, there is no need to respond.

Threats & safeguards

The standards require us to consider the perceived potential threats to our objectivity and independence in carrying out the audit. We are not providing any other audit related or non-audit related services. We have not identified any threats to the firm's independence.

Overall assessment

We can confirm that we comply with the Financial Reporting Council's (FRC) Ethical Standard and are able to issue an objective opinion on the financial statements. There are no significant facts or matters that impact on our independence as auditors that we are required or wish to draw to your attention.

Maintaining objectivity & independence

As a firm we have policies and procedures in place to monitor auditor objectivity and independence on a regular basis. If any additional threats are identified, we will of course advise you immediately.

We also perform an annual review of completed audit engagements for quality control purposes.

If you would like to discuss any of the above, please contact us.

Appendices

1. Required communications with the Police and Crime Commissioner and Chief Constable

Under the auditing standards, there are certain communications that we must provide to the Police and Crime Commissioner and Chief Constable as those charged with governance. These include:

Required communication	Where addressed
Our responsibilities in relation to the financial statement audit and those of management and those charged with governance.	Audit Plan
The planned scope and timing of the audit including any limitations, specifically including with respect to significant risks.	Audit Plan
With respect to misstatements: <ul style="list-style-type: none"> • uncorrected misstatements and their effect on our audit opinion; • the effect of uncorrected misstatements related to prior periods; • a request that any uncorrected misstatement is corrected; and • in writing, corrected misstatements that are significant. 	Audit Completion Report
With respect to fraud communications: <ul style="list-style-type: none"> • enquiries of those charged with governance to determine whether they have a knowledge of any actual, suspected or alleged fraud affecting the entity; • any fraud that we have identified or information we have obtained that indicates that fraud may exist; and • a discussion of any other matters related to fraud. 	Audit Completion Report Discussions with the PCC and Chief Constable
Significant matters arising during the audit in connection with the entity's related parties.	Audit Completion Report
Significant findings from the audit including: <ul style="list-style-type: none"> • our view about the significant qualitative aspects of accounting practices including accounting policies, accounting estimates and financial statement disclosures; • significant difficulties, if any, encountered during the audit; • significant matters, if any, arising from the audit that were discussed with management; • written representations that we are seeking; • expected modifications to the audit report; and • other matters significant to the oversight of the financial reporting process or otherwise identified during the audit that we believe will be relevant to the Committee when fulfilling their responsibilities. 	Audit Completion Report
Significant deficiencies in internal controls identified during the audit.	Audit Completion Report
Where relevant, any issues identified with respect to authority to obtain external confirmations or inability to obtain relevant and reliable audit evidence from other procedures.	Audit Completion Report
Audit findings regarding non-compliance with laws and regulations	Audit Completion Report Discussions with the PCC and Chief Constable
Significant matters in relation to going concern.	Audit Completion Report
Indication of whether all requested explanations and documents were provided by the entity.	Audit Completion Report
Confirmation of independence and objectivity of the firm and engagement team members.	Audit Plan Audit Completion Report

2. Implementation of IFRS 16 Leases

The CIPFA Code of Practice 2024/25 requires local authorities to adopt the provisions of IFRS 16 Leases from 1 April 2024. This standard replaces IAS 17 Leases.

The Code includes one adaptation to the standard for leases with nil consideration and several interpretations for the transitional arrangements applied at 1 April 2024. Under the transitional arrangements, local authorities are required to apply IFRS 16 to contracts that were previously identified as leases applying IAS 17 Leases and IFRIC 4.

The key tasks for authorities are:

- To apply the standard to any leases classified as such under IAS 17
- Consider any exemptions for existing contracts (short term and low value leases)
- Review any arrangements which are not covered by the transitional provisions (leases for nil consideration and, where relevant, housing tenancies)
- Determine and adopt accounting policies for recognition and measurement at transition
- Document key judgements and estimates
- Adjust opening balance sheet at transition (1 April 2024) for cumulative impact

CIPFA has mandated a 'cumulative catch-up' approach, in which the application is retrospective but does not restate comparative information. The cumulative effect of initial application should be recognised as an adjustment to the opening balances at the date of initial application (1 April 2024).

In the year of implementation additional disclosures will be required confirming that the change in accounting policy is in accordance with transitional provisions in Code and describing the nature of the change in accounting policy and the transitional provisions. Authorities will also be required to explain the difference between the operating lease commitments disclosed at 31 March 2024, discounted using the incremental borrowing rate at application date, and liabilities recognised at initial application date, and disclose the weighted average incremental borrowing rate applied to lease liabilities recognised in the Balance Sheet at the date of initial application.

As your auditors, we will engage with you to undertake early work on arrangements for transitional implementation as part of our interim audit. In order to facilitate this, best practice for authorities will be to prepare an accounting paper detailing:

- what the entity has done to identify arrangements covered by the Code's definition of a lease, including those which may not be covered by the transitional provisions such as those for nil consideration
- key accounting policy approaches, including the threshold for low value items and the framework for determining discount rates, and any supporting detail for those judgments
- any application of materiality and the justification for this, and the approach to determining any arrangements for consolidating leases into portfolios
- draft disclosures for the impact of the transitional arrangements.

3. Sector updates

Devolution and Local Government Reorganisation

On 16 December 2024 the Secretary of State for Housing, Communities and Local Government published the English Devolution White paper. The White Paper announced planned changes to the Devolution Framework, aimed at “completing the map” by establishing new Strategic Authorities throughout England. Although the White Paper allows for other options, these Strategic Authorities are intended to be partnerships of multiple Local Authorities across a large geography with their own Mayor. These Strategic Authorities will be given a range of competences in areas such as transport and local infrastructure and skills and employment support and empowered to deliver on them.

In concert with the Devolution Framework, the White Paper also announced a significant programme of Local Government Reorganisation. The programme will see an end to the remaining two-tier areas, with all local authorities reorganised into unitary councils. It is expected that these new unitary councils will have a minimum population of 500,000. The government’s plan is for devolution and reorganisation to work in sequence in order to facilitate changes being made quickly, based on the proposals put forward by existing authorities.

Since the White Paper was published, six new devolved areas have been announced under the Devolution Priority Programme – Cumbria, Cheshire and Warrington, Greater Essex, Hampshire and Solent, Norfolk and Suffolk, and Sussex and Brighton.

Local audit reform and the local audit backstop

The White Paper also included proposals for local audit reform. A consultation was held from 18 December 2024 to 29 January 2025 to receive responses in this area. As of 12 February 2025, the Financial Reporting Council (FRC) stepped back from the role of system leader for local audit, to be replaced by the Local Audit Office which will combine powers and responsibilities currently dispersed across the sector.

Local audit reform follows on from the backstop arrangements implemented in 2024 to address the outstanding backlog of local authority audits. Outstanding audit opinions for the financial years 2022/23 and earlier were required to be issued by 13 December 2024 except in exceptional circumstances, in the form of a disclaimer if necessary. For 2023/24 opinions, this date was 28 February 2025. The system is intended to allow both local authorities and audit providers to focus their resources on current years of account, with the intention to rebuild assurance across a number of years in cases where disclaimers of opinion were necessary. For the next four years, the statutory publication date for unaudited accounts will be 30 June, while the planned backstop dates are:

- 2024/25: 27 February 2026
- 2025/26: 31 January 2027
- 2026/27: 30 November 2027
- 2027/28: 30 November 2028



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Bishop Fleming is a trading name of Bishop Fleming LLP, a limited liability partnership registered in England and Wales No. OC391282, and Bishop Fleming Bath Limited, a limited company registered in England and Wales No. 07869428. Registered offices: Stratus House, Emperor Way, Exeter Business Park, Exeter, Devon, EX1 3QS. A list of members' names for the LLP is available at the above address.





Office of the Police and Crime Commissioner for Cheshire / Cheshire Constabulary

Final Internal Audit Plan 2025/26

Contents

Your Internal Audit Team

1. Executive Summary
2. Supporting you through Adding Value
3. Understanding Your Vision, Objectives & Risks
4. Internal Audit Risk Assessment
5. Internal Audit Plan On A Page
6. Operational Internal Audit Plan 2025/26

Appendix A: Strategic Three-Year Internal Audit Plan

Appendix B: Internal Audit Key Performance Indicators



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1 Executive Summary

1.1 MIAA's Strategy - Working in partnership with you

MIAA Assurance, providing cost effective assurance, insight and foresight. These services are delivered in partnership with you to ensure they are personal and responsive, ensuring the best possible customer experience. Our current MIAA wide strategy is summarised below:

Our Vision	MIAA will be the provider of choice of public and 3 rd sector clients, supporting them to deliver value and improve services for the benefit of the people and communities they serve.				
Our Mission	To drive value and improve outcomes through excellence and professionalism				
Our Values	 TRUST	 RESPECT & COMPASSION	 COMMITMENT TO INNOVATION & EXCELLENCE		
Our Strategic Objectives	FINANCE Ensure MIAA is sustainable and continues to grow its client base, products and service offers	QUALITY & ADDED VALUE SERVICES Ensure MIAA demonstrates added value, delivers quality and professional services for our clients	PEOPLE Continue to recruit, develop, support, retain and reward our people to maximise their potential	GOVERNANCE & ACCOUNTABILITY Ensure we demonstrate effective and appropriate governance and accountability to our stakeholders	INNOVATION Continue to lead and innovate across all our services



1.2 Your Risk Assessment

A strong risk assessment underpins the Internal Audit Plan. This has focused upon your assurance framework and Strategic Risk Register as this represents **Cheshire Constabulary and the Office of the Police and Crime Commissioner for Cheshire's** own assessment of the risks to achieving its strategic objectives. These are summarised in Appendix A. We have clearly set out the risks which have been prioritised within the audit plan and those which are not.

Where available and appropriate we have considered the work of other assurance providers in developing your plan.

1.3 Your Internal Audit Plan

Your Internal Audit service includes core assurances, national and regional risk areas and strategic risks from your assurance framework. The draft plan is based on an initial risk assessment and provides indicative coverage for the organisation. The plan will remain flexible to allow for responses to emerging challenges that the organisation may face.

Your operational annual plan in Section 5 forms part of the organisation's three year Strategic Plan (shown in Appendix A). This will be reviewed as part of our ongoing risk assessment process to ensure that it remains focused on the organisation's key risks and challenges and adds value.

We will actively engage across the organisation to ensure we have a full and detailed understanding of your risks and can ensure we focus our work to best effect.

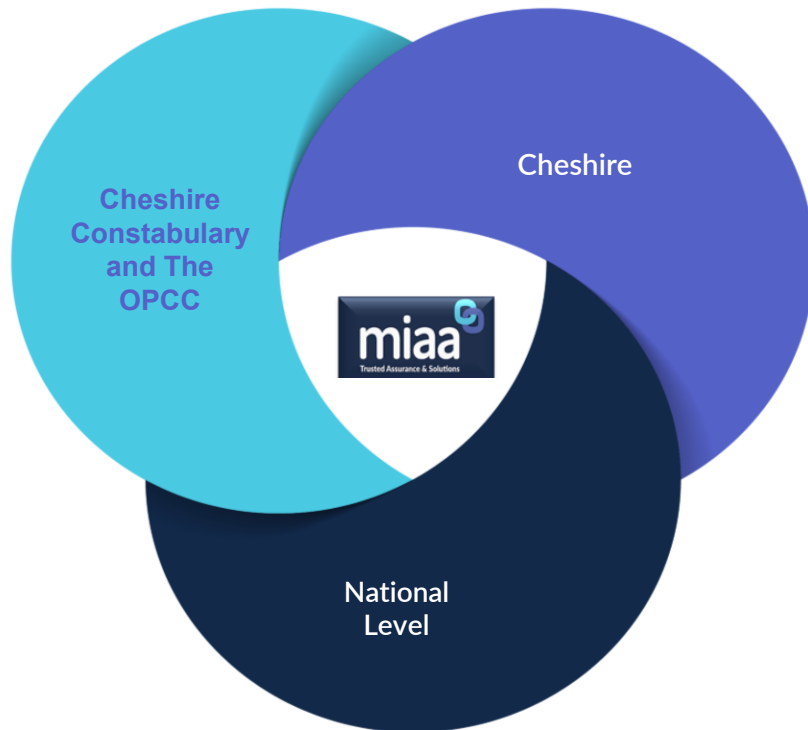
MIAA insights, including benchmarking, briefings and events will be integral to your plan.

Your fees for 2025/26 are £32,200





2 Supporting you through Adding Value



Individual Organisation Level

- Client Focused: Relationships & Engagement
- Specialist Services
- Local presence
- Flexibility and ability to respond
- Sharing of best practice / aligning of audit review approaches and scopes where appropriate
- Access to MIAA Insights and Benchmarking, Events

System Level

- Regional based teams
- Significant experience and knowledge: extensive client base
- Benchmarking, shared learning & best practice
- Regional & System Groups, inc:
 - CIPFA North West (Audit & Risk Group)
 - IIA North West
 - Regional Audit Chairs
 - Regional Cyber Groups

National Level

- Involvement and representation on National Bodies, inc:
 - UK Public Sector Internal Audit Standards Advisory Board
 - Management Focus Group
 - The Internal Audit Network
 - Cyber Associates Network Development Group
- National Publications, Insights and Contributions, inc:
 - TIAN // IIA / CIPFA



3 Understanding Your Vision, Objectives & Risks

Understanding Your Vision, Objectives and Risks

A key focus of our strategic risk assessment is understanding your vision and ensuring that the internal audit plan contributes to your objectives. This in turn ensures that the assurances provided are built around your risks.

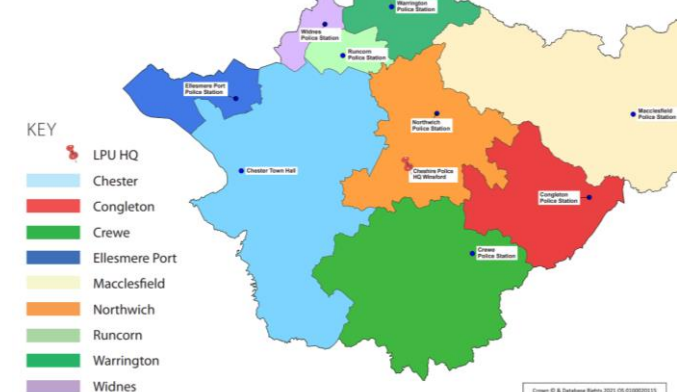


Assurance Built Around Your Risks

- *Financial sustainability*
- *Professional Standards*
- *Delivery of Police and Crime priorities and programmes*
- *Workforce*
- *Cyber and IT resilience*

We map your strategic objectives and strategic risks to the 3 Year Strategic Internal Audit Plan (Appendix A). This is reviewed as part of the risk assessment process to ensure that the plan remains focused on the organisation's key risks and challenges and adds value.

Cheshire's 9 LPUs and policing areas





4 Internal Audit Risk Assessment

The Cheshire Constabulary and the Office of the Police and Crime Commissioner for Cheshire’s internal audit plan is built from a risk assessment which has considered national and emerging risks and priorities and your local strategic risk assessment, along with our breadth of experience and understanding of the challenges you face.

A key focus of our strategic risk assessment is understanding your plans and priorities and ensuring that the internal audit plan contributes to your objectives. This in turn ensures that the assurances provided are built around your risks.

The initial strategic risk assessment and internal audit risk assessment has considered:

- **Organisation intelligence** – including review of your Strategic Risk Register, Police and Crime Plan and operational plans and performance.
- **Benchmarking and national Police Audit Group (PAG) mapping** – MIAA are part of the PAG where we gain insight and share learning across audit providers working within the police sector.
- **Assurance mapping** – utilisation of the 3 lines of assurance model and professional standards to ensure focused coverage.
- **Mandated assurance** – including core systems assurances, and public sector internal audit standards requirements.
- **Previous Internal Audit coverage** – we have reviewed your previous Internal Audit coverage to ensure the proposed plan does not duplicate coverage.
- **Follow Up** – Internal Audit coverage will also include follow up of outstanding internal audit actions.

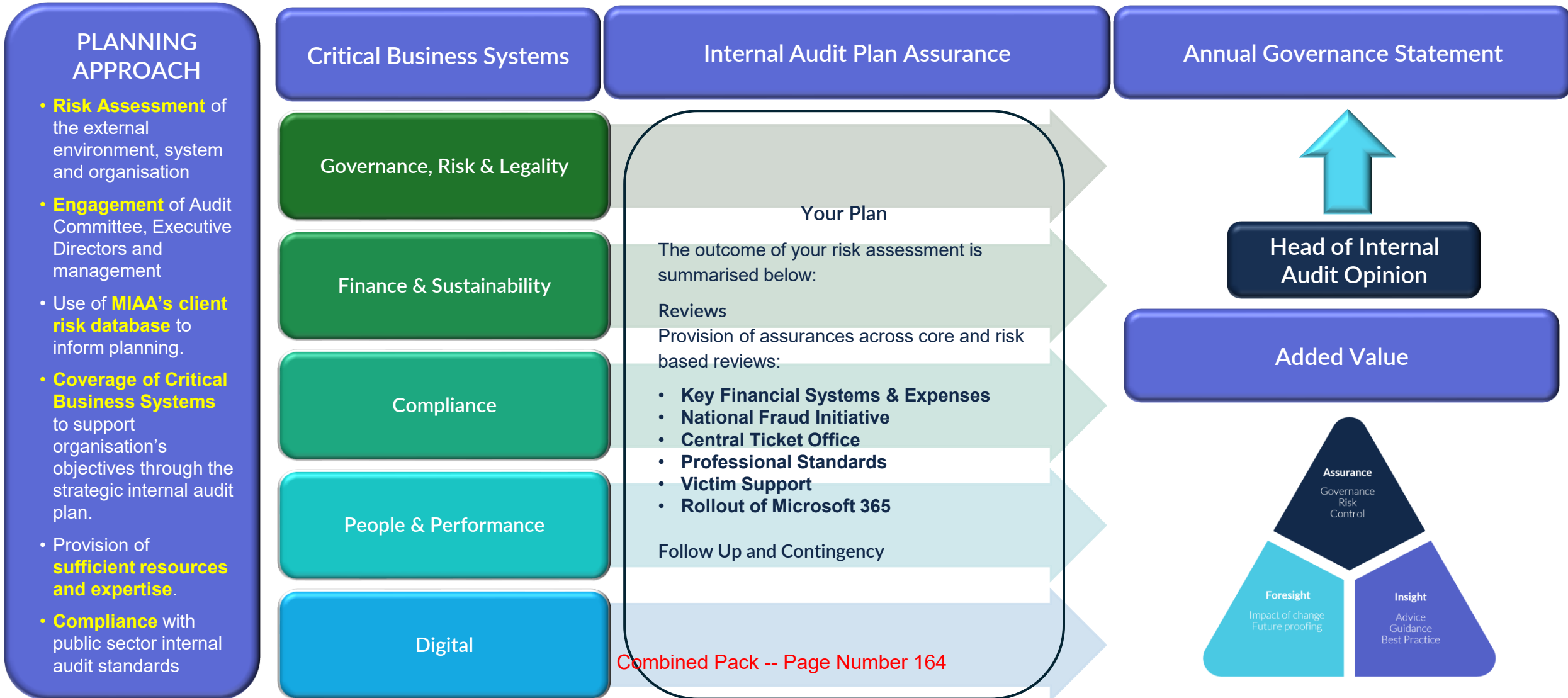


Risks underlined are currently prioritised in your 2025/26 Plan



5 Internal Audit Plan on a Page

For Cheshire Constabulary and the OPCC for Cheshire, this is the planning approach we will adopt:





5 Operational Internal Audit Plan 25/26

Review & Scope	Risk / Rationale	Planned Delivery	Lead
Finance & Sustainability			
Key Financial Systems and Expenses: To provide assurance that the most significant key financial controls are appropriately designed and operating effectively in practice., including expenses.	Core Assurance/ Joint Strategic Risk Register	Q3	OPCC/Chief Constable
National Fraud Initiative: Review and investigation of the outcome of the NFI data match exercise.	Mandated Requirement	Q4	OPCC/Chief Constable
Central Ticket Office: To provide an assessment of the implementation of the public access system for the central ticket office.	Management Request	Q1	OPCC/Chief Constable
Compliance			
Professional Standards: To provide assurance that the Constabulary have developed and implemented robust procedures around Professional Standards.	Risk Assessment	Q2	OPCC/Chief Constable
People & Performance			
Victim Support: To provide an assessment of the effectiveness of the processes in place to provide support to victims of crime.	Management Request	Q4	OPCC/Chief Constable
Information Technology			
Rollout of Microsoft 365: Evaluation of the deployment and rollout of M365. This will include consideration of the approach to information management and impact on working practices.	Risk Assessment	Q3	OPCC/Chief Constable
Follow Up & Contingency			
Follow up and Contingency	PSIAS requirement	Q1 – Q4	OPCC/Chief Constable
Planning & Reporting			
Planning, Management, Reporting & Meetings	PSIAS requirement	Q1 – Q4	OPCC/Chief Constable



Appendix A – 3 Year Strategic Internal Audit Plan

We have mapped your strategic objectives and strategic risks to the 3 Year Strategic Internal Audit Plan. This will be reviewed as part of the risk assessment process to ensure that it remains focused on the organisation's key risks and challenges and adds value.

2025/26	2026/27	2027/28
Governance, Risk and Legality		
-	Commissioner Community Funding	Vetting
Finance and Sustainability		
Key Financial Systems & Expenses National Fraud Initiative Central Ticket Office	Key Financial Systems National Fraud Initiative	Key Financial Systems National Fraud Initiative
Compliance		
Professional Standards	Complaints	Crime Recording
People and Performance		
Victim Support	Protecting Vulnerable People	Health and Wellbeing
Digital		
Rollout of Microsoft 365	Critical Apps	IT Asset Management



Appendix B – Internal Audit Key Performance Indicators

An efficient and effective internal audit service is delivered in partnership. It is important that clear expectations are established and a range of KPIs are in place to support this. It is important that organisations ensure an effective Internal Audit Service. Whilst input and process measures offer some assurance, the focus should be on outcomes and impact from the service. Our annual Head of Internal Audit Opinion will provide you with a range of impact and effectiveness measures, as well as confirmation of our compliance with public sector internal audit standards and accreditations.

In addition, the following operational KPIs have been proposed for you.

Operational KPI	Target	Measurement and Frequency
Agreement of Annual Plan prior to the start of the year	100%	Annual (measured as per agreed Audit Committee date / Audit Committee Workplan)
Completion of annual plan within agreed timetable and budget	100%	Annual (measured through HOIA opinion) plus in year reporting to Audit Committee
Presentation of the Head of Internal Audit Opinion to the Audit Committee	100%	Annual (measured as per agreed Audit Committee date / Audit Committee Workplan)
Delivery of audit reports to audit committee as per the plan	100%	Quarterly (measured as per annual operational delivery plan)
Terms of reference agreed with management at least 10 working days before commencement of audit	100%	Quarterly (measured as per TeamMate system) – requires MIAA and organisation to deliver KPI (for urgent requests this may be shorter depending on the nature of the request)
Draft reports issued within 10 days of completion meeting	100%	Quarterly (measured as per TeamMate system)
Final audit report issued within 10 days of receiving management response	100%	Quarterly (measured as per TeamMate system)
Final audit reports are agreed by the nominated executive director, who will ensure consultation has taken place with relevant staff/officers	100%	Quarterly (measured as per annual operational delivery plan)
Receipt of all internal audit reports in accordance with timelines for Audit Committee publication with completed cover sheets as required	100%	Quarterly (measured as per agreed Audit Committee dates)
Proportion or recommendations accepted by management	95%	Quarterly (measured as per TeamMate system) – the target allows for advisory recommendations (we would expect 100% of high risk recommendations).
Monitor and Follow Up implementation of accepted recommendations by due date	95%	Quarterly (measured through follow up reports) – requires organisation and MIAA to deliver KPI
Issue of client satisfaction survey following completion of each review	100%	Quarterly (measured as per agreed Audit Committee dates)
Operation of systems to ISO Quality Standards and compliance with public sector internal audit standards.	100%	Quarterly (measured as per agreed Audit Committee dates)
Commitment to training and development of audit staff. Maintenance of 65% Qualified (CCAB, IIA etc) 35% Part Qualified	100%	Quarterly (measured as per agreed Audit Committee dates)

Global Internal Audit Standards in the UK Public Sector

This Plan is compliant with the requirements of the Global Internal Audit Standards as they apply in the UK Public Sector which came into effect on 1st April 2025.

Limitations

Our work does not provide absolute assurance that material errors, loss or fraud do not exist. Responsibility for a sound system of internal controls and the prevention and detection of fraud and other irregularities rests with management and work performed by internal audit should not be relied upon to identify all strengths and weaknesses in internal controls, nor relied upon to identify all circumstances of fraud or irregularity. Effective and timely implementation of our recommendations by management is important for the maintenance of a reliable internal control system.

Reports prepared by MIAA are prepared for your sole use and no responsibility is taken by MIAA or the auditors to any director or officer in their individual capacity. No responsibility to any third party is accepted as the report has not been prepared for, and is not intended for, any other purpose and a person who is not a party to the agreement for the provision of Internal Audit and shall not have any rights under the Contracts (Rights of Third Parties) Act 1999.



Overview of topics to be covered during the period July 2025 -February 2026

Part 1 Items	Jul-25	Sep-25	Nov-25	Feb-26
Minutes of Joint Audit Advisory Committee	✓	✓	✓	✓
Matters Arising from Previous JAAC Meetings	✓	✓	✓	✓
Briefing from Police and Crime Commissioner & Chief Constable	✓	✓	✓	✓
JAAC Annual Report and Effectiveness Review				✓
Single Point of contact roles for 2025/26		✓		
Review of JAAC Terms of Reference		✓		
External Audit Plan	✓			
External Audit Interim Audit Completion Report		✓		
External Audit Completion Report and Letter of Representation			✓	
External Audit Auditor's Annual Report (inc. VFM)			✓	
Internal Audit Progress Reports	✓	✓	✓	✓
Head of Internal Audit Opinion	✓			
Internal Audit Final Reports	✓	✓	✓	✓
Internal Audit Charter	✓			
Internal Audit Terms of Reference (Tor)	✓	✓	✓	✓
Internal Audit Plan	✓			✓
NFI Data Matching				
Management response to implement agreed actions following Internal Audit Recommendations	✓	✓	✓	✓
Statement of Accounts	Draft		Final	
Annual Governance Statement (inc. Counter Fraud)	Draft		Final	
Mid-Year Medium Term Financial Strategy Update			✓	
Value for Money profiles			✓	
Service Assurance Plan	✓	✓	✓	✓
Part 2 Items	Jul-25	Sep-25	Nov-25	Feb-26
Minutes of Joint Audit Advisory Committee	✓	✓	✓	✓
Matters Arising from Previous JAAC Meetings	✓	✓	✓	✓
Strategic Risk Register	✓	✓	✓	✓
Annual Risk Report	✓			
Internal Audit ToR/Reports	✓	✓	✓	✓

Internal Audit Progress Report

Audit Committee (July 2025)

Office of the Police and Crime Commissioner for Cheshire /
Cheshire Constabulary

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Appendix C: Assurance Definitions and Risk Classifications

Global Internal Audit Standards (UK public sector)

Our work was completed in accordance with Global Internal Audit Standards (UK public sector).

1 Introduction

This report provides an update to the Audit Committee in respect of the conclusion of the Internal Audit Plan for 2024/25 and the progress made against the Internal Audit Plan for 2025/26. It brings to your attention matters relevant to your responsibilities as members of the Joint Audit Advisory Committee (JAAC).

This progress report provides a summary of Internal Audit activity and complies with the requirements of the Global Internal Audit Standards (UK public sector).

This progress report covers the period 1st March to 30th June 2025.

2 Key Messages for Audit Committee Attention

Since the last meeting of the Audit Committee, there has been the focus on the following areas:

2024/25 Audit Reviews

The following reviews have been finalised:

- Thrive Risk Assessments (**Substantial Assurance**)
- Business Continuity (**Substantial Assurance**)

The full reports have been included separately within the JAAC papers.

2025/26 Audit Reviews

The following reviews are in progress:

- Central Ticket Office (**Draft Report**)
- Professional Standards (**Draft Terms of Reference**)

Audit Plan Changes

The Joint Advisory Audit Committee will be notified of any amendments to the original plan and highlighted separately below to facilitate the monitoring process.

- It has been agreed with Chief Officers that the 'expenses' element of the Professional Standards review will now be included within the Financial Systems review.

Follow Ups

A summary of the current status of all follow-up activity will be brought to the September 2025 meeting.

Added Value

Briefings

Our latest briefings/blogs/podcasts are:

25/26 MIAA Insight – Audit Committee Briefing – Global Internal Audit Standards UK Public Sector

[Planning for AI and the future digital landscape - Key considerations for Audit Committees](#)

Events


[Prevention: How do we shift the focus on tackling the causes of ill health and make prevention a priority? \(18th September 2025\)](#): This event will consider the government's shift within the 10 year NHS Plan to focus on preventing ill health and the research underpinning the case for change. We will showcase how North West colleagues are leading the charge on prevention and the wider determinants of health.

Appendix A: Contract Performance


The Global Internal Audit Standards (UK public sector) state that 'In the UK public sector, a chief audit executive must prepare such an overall conclusion at least annually in support of wider governance reporting, mindful of any specific sector obligations or processes. This overall conclusion must encompass governance, risk management and control.'

Below confirms the delivery of your Head of Internal Audit Opinion for 24/25:

HOIA Opinion Area	TOR Agreed	Status	Assurance Level	Joint Audit Advisory Committee Reporting
Core/ Mandated Assurances				
Key Financial Transactional Processing Controls	✓	Complete	High	February 2025
National Fraud Initiative (Data matches released)	N/A	Complete	N/A	N/A
Risk Based Audits				
HR / Pensions	✓	Complete	Substantial Assurance	February 2025
Thrive Risk Assessments	✓	Complete	Substantial Assurance	July 2025
Business Continuity	✓	Complete	Substantial Assurance	July 2025
Custody Referral Pathways	✓	Complete	Substantial Assurance	September 2024

HOIA Opinion Area	TOR Agreed	Status	Assurance Level	Joint Audit Advisory Committee Reporting
Neighbourhood Policing Framework and Problem Solving		Complete	Substantial Assurance	November 2024
Follow Up				
Q1/Q2	N/A	Complete	N/A	September 2024
Q3/Q4	N/A	Complete	N/A	Included in HOIA

Below sets out the overview of delivery for your Head of Internal Audit Opinion for 25/26:

HOIA Opinion Area	TOR Agreed	Status	Assurance Level	Joint Audit Advisory Committee Reporting
Core/ Mandated Assurances				
Key Financial Transactional Processing Controls		Q3 Delivery		February 2026
National Fraud Initiative		Q4 Delivery		July 2026
Risk Based Audits				
Central Ticket Office		Draft Report		September 2025
Professional Standards		Planning		November 2025

HOIA Opinion Area	TOR Agreed	Status	Assurance Level	Joint Audit Advisory Committee Reporting
Victim Support		Q4 Delivery		July 2026
Rollout of M365		Q4 Delivery		July 2026
Follow Up				
Q1 / Q2	N/A	Fieldwork		September 2025
Q3 / Q4	N/A	Q4 Delivery		July 2026

If due to circumstances beyond our control we are unable to achieve sufficient depth or coverage, we may need to caveat opinions and explain the impact of this and what will be done to retrieve the position in future.

Appendix B: Performance Indicators

The primary measure of your internal auditor's performance is the outputs deriving from work undertaken. The following provides performance indicator information to support the Committee in assessing the performance of Internal Audit.

Element	Reporting Regularity	Status	Summary
Delivery of the Head of Internal Audit Opinion (Progress against Plan)	Each Audit Committee	Green	There is ongoing engagement and communications regarding delivery of key reviews to support the Head of Internal Audit Opinion.
Issue a Client Satisfaction Questionnaire following completion of every audit.	Every Final report includes a questionnaire for client feedback	Green	
Percentage of recommendations raised which are agreed	Each Audit Committee	Green	
Percentage of recommendations which are implemented	Follow Up will be reported twice per year	Green	
Qualified Staff	Annual	Green	MIAA have a highly qualified and diverse workforce which includes 75% qualified staff.
Quality	Annual	Green	MIAA operate systems to ISO Quality Standards. MIAA conforms with the Global Internal Audit Standards (UK public sector).

Appendix C: Assurance Definitions and Risk Classifications

Level of Assurance	Description
High	There is a strong system of internal control which has been effectively designed to meet the system objectives, and that controls are consistently applied in all areas reviewed.
Substantial	There is a good system of internal control designed to meet the system objectives, and that controls are generally being applied consistently.
Moderate	There is an adequate system of internal control, however, in some areas weaknesses in design and/or inconsistent application of controls puts the achievement of some aspects of the system objectives at risk.
Limited	There is a compromised system of internal control as weaknesses in the design and/or inconsistent application of controls puts the achievement of the system objectives at risk.
No	There is an inadequate system of internal control as weaknesses in control, and/or consistent non-compliance with controls could/has resulted in failure to achieve the system objectives.

Risk Rating	Assessment Rationale
Critical	Control weakness that could have a significant impact upon, not only the system, function or process objectives but also the achievement of the organisation's objectives in relation to: <ul style="list-style-type: none"> the efficient and effective use of resources the safeguarding of assets the preparation of reliable financial and operational information compliance with laws and regulations.
High	Control weakness that has or is likely to have a significant impact upon the achievement of key system, function or process objectives. This weakness, whilst high impact for the system, function or process does not have a significant impact on the achievement of the overall organisation objectives.
Medium	Control weakness that: <ul style="list-style-type: none"> has a low impact on the achievement of the key system, function or process objectives; has exposed the system, function or process to a key risk, however the likelihood of this risk occurring is low.
Low	Control weakness that does not impact upon the achievement of key system, function or process objectives; however implementation of the recommendation would improve overall control.

Limitations

The matters raised in this report are only those which came to our attention during our internal audit work and are not necessarily a comprehensive statement of all the weaknesses that exist, or of all the improvements that may be required. Whilst every care has been taken to ensure that the information in this report is as accurate as possible, based on the information provided and documentation reviewed, no complete guarantee or warranty can be given with regards to the advice and information contained herein. Our work does not provide absolute assurance that material errors, loss or fraud do not exist.

Responsibility for a sound system of internal controls and the prevention and detection of fraud and other irregularities rests with management and work performed by internal audit should not be relied upon to identify all strengths and weaknesses in internal controls, nor relied upon to identify all circumstances of fraud or irregularity. Effective and timely implementation of our recommendations by management is important for the maintenance of a reliable internal control system.

Reports prepared by MIAA are prepared for your sole use and no responsibility is taken by MIAA or the auditors to any director or officer in their individual capacity. No responsibility to any third party is accepted as the report has not been prepared for, and is not intended for, any other purpose and a person who is not a party to the agreement for the provision of Internal Audit and shall not have any rights under the Contracts (Rights of Third Parties) Act 1999.

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25/26 MIAA Joint Audit Advisory Committee Insight and Client Briefing

Global internal Audit Standards (UK public sector)

April 2025

1 Introduction and Background

From April 2025 providers of UK public sector internal audit services are required to comply with *Global Internal Audit Standards (UK public sector)*¹. In practice this means reviews delivered as part of 25/26 internal audit plans must comply with the standards. Reviews started prior to April 25 or informing the 24/25 Head of Internal Audit Opinion are within the remit of the previous *Public Sector Internal Audit Standards*.

The *Global Internal Audit Standards (UK public sector)* are structured around 5 Domains:



2

¹ This consists of the Global Internal Audit Standards (GIAS) of the IIA and the Application Note: Global Internal Audit Standards in the UK public sector

2 MIAA Position

In preparation for the adoption of the *Global Internal Audit Standards (UK public sector)* MIAA has actively assessed itself against the new standards. MIAA's full compliance with the previous *Public Sector Internal Audit Standards* ensures we comply with the majority of *Global Internal Audit Standard (UK public sector)* requirements.

To ensure full compliance with the new standards MIAA has undertaken/is undertaking the following actions:

- Updated our Internal Audit Charter templates to specifically outline the mandate of internal audit.
- Reviewed and where appropriate we have updated/are updating internal documents to ensure alignment with the new standards, including but not limited to Internal Audit Manual and Guides, Declarations of Interest Forms, template documents, team and individual objectives etc...
- Delivering training to staff on the new standards with a specific emphasis on ethics and root cause analysis, where requirements have been made more specific in comparison to previous standards.

Given the actions outlined above our approach to the delivery of 25/26 internal plans will comply with the *Global Internal Audit Standards (UK public sector)*.

² www.theiia.org

3 What do the new standards required of you (Boards/Joint Audit Advisory Committees and Senior Management)?

Internal auditing strengthens the organisation's ability to create, protect and sustain value by providing the board and management with independent, risk-based, and objective assurance, advice, insight and foresight.

Internal auditing enhances the organisation's:

- ***Successful achievement of its objectives***
- ***Governance, risks management, and control processes***
- ***Decision-making and oversight***
- ***Reputation and credibility with its stakeholders***
- ***Ability to serve the public interest.***

Internal auditing is most effective when:

- ***It is performed by competent professionals in conformance with the Global Internal Audit Standards, which are set in the public interest***
- ***The internal audit function is independently positioned with direct accountability to the board.***
- ***Internal auditors are free from undue influence and committed to making objective assessments***

Domain I: *Purpose of Internal Auditing* defines the purpose statement for internal audit as:³

³ *Global Internal Audit Standards, 2024, The Institute of Internal Auditors (IIA)*

Domain III: *Governing the Internal Audit Function of the Global Internal Audit Standards (UK public sector)* places a number of responsibilities on Boards and Senior Management regardless of the model of internal audit delivery (e.g. shared service, inhouse team etc...)

The Essential Conditions for Boards and Senior Management outlined in the standards are required to support internal audit in meeting its purpose and conforming with standards. The Relevant Internal Audit Standard Setters (RIASS) for UK local government, CIPFA have recognised that the governance structures, laws and regulations within UK local government impact how the Essential Conditions can be applied. CIPFA have produced a *Code of Practice for the Governance of Internal Audit in UK Local Government*⁴ (the Code) which meets the objectives of the Essential Conditions as appropriate to UK Local Government. The Code is designed to work alongside *Global Internal Audit Standards (UK public sector)*.

Authorities should explain how they comply with the Code in their Annual Governance Statement and Joint Audit Advisory Committee members and Senior Management should familiarise themselves with the full content of the Code.

To support you in meeting the requirements of the Code we have listed the high-level Provisions of the Code in following table outlining how you ensure going compliance:

Provisions of the Code ⁵	Ensuring Compliance
Providing authority for internal audit	<p>Internal audit’s authority has a statutory footing in UK local government, and this is outlined in your Internal Audit Charter which is presented to the Joint Audit Advisory Committee each year. Key required changes are highlighted and discussed with the Joint Audit Advisory Committee.</p> <p>The Internal Audit Charter is produced by MIAA in conformance with <i>Global Internal Audit Standards (UK public sector)</i> and includes internal audit’s reporting lines both to Joint Audit Advisory Committee and administratively.</p> <p>By discussing and reviewing the Internal Audit Charter the Joint Audit Advisory Committee is demonstrating its support for internal audit. Further actions taken by the committee to demonstrate its support of internal audit include:</p> <ul style="list-style-type: none"> • Enquiring of senior management and internal audit about any restrictions on the internal audit functions scope, access, authority or resources that restrict its ability to effectively fulfil its responsibilities • Considering and recommending the internal audit plan for approval

⁴ [Governance of Internal Audit in Local Government | CIPFA](#)

⁵ *Code of Practice for the Governance of Internal Audit in UK Local Government*

Provisions of the Code ⁵	Ensuring Compliance
	<ul style="list-style-type: none"> Joint Audit Advisory Committee members meet with internal auditors without senior management present once a year.
Positioning internal audit independently	<p>The Internal Audit Charter which is presented to the Joint Audit Advisory Committee each year for review sets out internal audit's right of access to staff and records as well as our right to function free from interference when scoping, performing or communicating results of our engagements.</p> <p>MIAA report directly to the Joint Audit Advisory Committee.</p> <p>Joint Audit Advisory Committee members meet with internal auditors without senior management present once a year.</p> <p>Your chief audit executive (functionally this is your Engagement Lead) does not have roles and responsibilities beyond the scope of internal auditing.</p> <p>The Joint Audit Advisory Committee reviews the performance of the internal audit function (and chief audit executive) through a number of mechanisms, including:</p> <ul style="list-style-type: none"> Direct feedback in Joint Audit Advisory Committee meetings Period reviews of internal audit function effectiveness, both directly and via Joint Audit Advisory Committee self-assessment reviews MIAA reports on client satisfaction <p>On appointment as your internal auditors your senior internal audit management team is approved via your procurement processes. Annually the Joint Audit Advisory Committee recommends for approval the internal audit plan which includes details of your senior internal audit management team. Changes to this team are discussed with the committee if and when required.</p> <p>Your chief audit executive (functionally this is your Engagement Lead) is CMIIA or CCAB qualified with extensive internal audit experience. In addition, MIAA's experienced and highly trained personnel, with all staff qualified or progressing towards relevant professional qualifications e.g. CCAB, CIA, ensure a quality service is delivered.</p>

Provisions of the Code ⁵	Ensuring Compliance
Oversight of internal audit	<p>The Joint Audit Advisory Committee workplan includes coverage of:</p> <ul style="list-style-type: none"> • Internal audit mandate and charter (via Internal Audit Charter) • Internal Audit Strategy and Plan • Engagement Reporting (via progress reports – this includes escalation of areas where internal audit view that management’s proposed actions as the result of audit activity pose an unacceptable level of risk to the authority, where appropriate) • Annual conclusions and quality reports (via Head of Internal Audit Opinion and other periodic reports) • Progress towards implementation of agreed audit actions. <p>Joint Audit Advisory Committee members are familiar with the authority’s assurance framework and approach to governance, risk management and internal control arrangements.</p> <p>Senior management update the Joint Audit Advisory Committee on significant changes to governance, risk and control arrangements and assurance concerns.</p> <p>The Joint Audit Advisory Committee has oversight of the annual governance statement prior to final approval.</p> <p>Via the internal audit plan MIAA confirm sufficient resources will be deployed to deliver the internal audit mandate and plan. Any issues with resource levels would be escalated to the Joint Audit Advisory Committee via progress reporting processes which would include an action plan to remedy the situation.</p> <p>MIAA can confirm sufficient resources are in place to deliver the internal audit mandate and plan.</p> <p>The Joint Audit Advisory Committee recommends approval of the internal audit plan annually which includes key performance measures for the internal audit function.</p> <p>The Joint Audit Advisory Committee reviews the performance of the internal audit function (and chief audit executive) through a number of mechanisms, including:</p> <ul style="list-style-type: none"> • Direct feedback in Joint Audit Advisory Committee meetings

Provisions of the Code ⁵	Ensuring Compliance
	<ul style="list-style-type: none"> • Period reviews of internal audit function effectiveness, both directly and via Joint Audit Advisory Committee self-assessment reviews • MIAA reports on client satisfaction. <p>MIAA maintain a quality assurance and improvement programme which includes annual self-assessment of compliance against standards and externally commissioned assessment every 5 years. The results of the assessment exercises are reported via internal audit progress reports to the Joint Audit Advisory Committee and via the annual Head of Internal Audit Opinion.</p> <p>The Institute of Internal Auditors (IIA) is producing further guidance on the external audit quality assessment process. The RIASS for the UK Public Sector who sit on UK Public Sector Internal Auditing Standards Advisory Board (IASAB) have agreed to review both the External Quality Assessment guidance as it is issued to assess whether or to what extent they will be adopted by the UK public sector.</p> <p>Further updates will be provided as the IASAB decides on actions required.</p>

4 Next Steps/Future Updates

As outlined above the IIA are in the process of drafting further guidance on the External Quality Assessment process. Also, in addition to the Global Internal Audit Standards the IIA have started to issue Topical Requirements. The Relevant Internal Audit Standard Setters (RIASS) for the UK Public Sector who sit on UK Public Sector Internal Auditing Standards Advisory Board (IASAB) have agreed to review both the External Quality Assessment guidance and the Topical Requirements as they are issued to assess whether or to what extent they will be adopted by the UK public sector.

MIAA's Associate Director – Continuous Improvement is the NHS practitioner member of the IASAB and therefore will be directly involved in these discussions.

Further updates will be provided as the IASAB decides on actions required as a result of further IIA publications which relate to internal audit standards.

The latest updates from the IASAB can be accessed via the following link:
<https://www.iasab.org/latest-news>

Find out more:

If you have any queries or feedback on this briefing, please contact:

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Internal Audit Charter

Office of the Police and Crime Commissioner for Cheshire /
Cheshire Constabulary

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1 Introduction

The Internal Audit Charter is mandated through Global Internal Audit Standards (UK public sector)¹ and is a formal document that defines the internal audit activity's purpose, mandate and responsibility. The internal audit charter establishes the internal audit activity's position within the organisation; authorises access to records, personnel and physical properties relevant to the performance of engagements; and defines the scope of internal audit activities.

This Charter complies with the Global Internal Audit Standards (UK public sector), CIPFA's *Code of Practice for the Governance of Internal Audit in UK Local Government* and MIAA confirms ongoing compliance with these standards and code.

2 Purpose, Mandate and Responsibility

Internal auditing is “an independent, objective assurance and consulting activity designed to add value and improve an organisation's operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes²”.

The Accounts and Audit Regulation 2015 sets out the mandate for internal audit in relevant authorities in England:

‘Internal Audit

5.(1) A relevant authority must undertake an effective internal audit to evaluate the effectiveness of its risks management, control and

governance processes, taking into account public sector internal auditing standards or guidance.

(2) Any officer or member of a relevant authority must, if required to do so for the purposes of the internal audit –

a) make available such documents and records; and

b) supply such information and explanations;

as are considered necessary by those conducting the internal audit.

(3) In this regulation “documents and records” includes information recorded in an electronic source.’

The Financial Management Code of Practice (Home Officer 2018) states:

‘The police and crime commissioner (PCC) and the chief constable should establish an independent audit committee. It is recommended that this be a combined body which will consider the internal and external audit reports of both the PCC and the chief constable’

The provision of assurance services is the primary role for internal audit in the public sector. This role requires the internal auditor to provide an independent opinion based on an objective assessment of the framework of governance, risk management and control. The main purpose of internal audit activity within the public sector is therefore to provide the Accountable or Accounting Officer with an objective evaluation of, and opinion on, the overall adequacy and effectiveness of the organisation's framework of governance, risk management and control. The Director of Internal Audit's opinions is a key element of the framework of assurance

² The Definition of Internal Auditing, The Institute of Internal Auditors, January 2024

¹ This consists of the Global Internal Audit Standards (GIAS) of the IIA and the Application Note: Global Internal Audit Standards in the UK public sector

that the Accountable or Accounting Officer needs to inform the completion of the Annual Governance Statement (AGS).

Internal audit also provides an independent and objective consultancy service which is advisory in nature, and generally performed at the specific request of the organisation. Such consultancy work is separate from but contributes to the opinion which internal audit provides on risk management, control and governance. When performing consulting services, the internal auditor will maintain objectivity and not take on management responsibility.

The above functions drive MIAA's Mission 'To drive value and improve outcomes through excellence and professionalism'.

Assurance Reviews will provide individual audit opinions to support the annual Director of Internal Audit Opinion. Formal agreement will be sought for the provision of third party assurances to other bodies in respect of the services provided by the organisation.

In accordance with the organisation's Financial Regulations, Internal Auditors will (without necessarily giving prior notice) have access to all records (including those of a confidential nature) and employees of the organisation.

3 Independence and Objectivity

The internal audit activity must be independent, and internal auditors must be objective in performing their work. To achieve the degree of independence necessary to effectively carry out the responsibilities of the internal audit activity, the Director of Internal Audit will have direct and unrestricted access to senior management and Audit Committee. .

The Director of Internal Audit will confirm to the Audit Committee, at least annually, the organisational independence of the internal audit activity.

The Director of Internal Audit will report functionally to the Audit Committee and establish effective communication with, and have free and unfettered access to, the Head of Finance (Treasurer/Section 151 Officer) and the Chair of the Audit Committee. This will include communicating and interacting directly with the Audit Committee.

Internal audit activity will be free from interference in determining the scope of internal auditing, performing work and communicating results. Internal auditors will have an impartial, unbiased attitude and avoid any conflict of interest. Conflicts of interest may arise where an auditor provides services other than internal audit to the organisation. Your MIAA Internal Audit Team does not currently provide other services to the organisation. If this changes steps will be taken to avoid or manage transparently and openly such conflicts of interest, so that there is no real or perceived threat or impairment to independence in performing the audit role. These steps will be documented in the charter where required.

All internal auditors will complete an annual declaration of interest identifying possible conflicts of interest and the actions taken to mitigate them. This process, and its outcomes, will be communicated to the Committee annually through the Director of Internal Audit Opinion and Annual Report.

MIAA will also periodically review the specific audit manager assigned to the organisation to ensure that both parties are satisfied that relationships remain independent and objective.

If independence or objectivity is impaired in fact or appearance, the details of the impairment will be disclosed to appropriate parties. The nature of the disclosure will depend upon the impairment.

4 Proficiency and Due Professional Care

Engagements will be performed with proficiency and due professional care. Internal auditors will possess the knowledge, skills, and other

competencies needed to perform their individual responsibilities. The internal audit activity collectively will possess or obtain the knowledge, skills and other competencies needed to perform its responsibilities. The Director of Internal Audit is a CCAB qualified Accountant and is responsible for ensuring access to the full range of knowledge, skills, qualifications and experience to meet the requirements of the internal audit standards. MIAA internal auditors will ensure Continuing Professional Development and compliance with professional standards.

Internal auditors will apply the care and skill expected of a reasonably prudent and competent internal auditor. Due professional care does not imply infallibility.

5 Quality Assurance and Improvement Programme

The Director of Audit will develop and maintain a quality assurance and improvement programme that covers all aspects of the internal audit activity. The quality assurance and improvement programme will include both internal and external assessments.

- Internal assessment will include;
- Ongoing monitoring of the performance of the internal audit activity; and
- Periodic self-assessments or assessment by other persons within the organisation with sufficient knowledge of internal audit practices.

External assessments will also be conducted at least once every five years by a qualified, independent reviewer or review team from outside the organisation. The results of external quality reviews and any consequent improvement plans will to be reported to the Chief Executive and Audit Committee.

6 Managing the Internal Audit Activity

The Director of Internal Audit will develop and maintain an Internal Audit strategy designed to meet the main purpose of the internal audit activity and its service provision needs. This strategy will advocate a systematic and prioritised review, outlining the resources and skills required to meet the assurance needs of the Accountable/Accounting Officer and Audit Committee. The strategy will take into account the relative risk maturity of the organisation, taking due regard of the assurance framework.

The Director of Internal Audit will establish risk based plans to determine the priorities of the internal audit activity consistent with the organisation's goals.

The Director of Internal Audit will include in the internal audit strategy the approach to using other sources of internal and external assurance. Periodic plans will include any work associated with placing reliance upon such work.

The Director of Internal Audit will agree the strategy and periodic plans with the Accountable/Accounting Officer and Audit Committee.

The Director of Internal Audit will work with senior management and client staff who will support MIAA in the delivery of the audit plan.

Where the Director of Internal Audit believes that the level of agreed resources will prevent the Accountable/Accounting Officer being provided with an opinion on the overall adequacy and effectiveness of the organisation's framework of governance, risk management and control, the consequences will be brought to the attention of Audit Committee.

The Director of Internal Audit will agree arrangements for interim reporting to the Accountable/Accounting Officer and Audit Committee in the course of the year and produce an annual report that incorporates his opinion.

The Director of Internal Audit will provide to the Accountable/Accounting Officer an opinion on the overall adequacy and effectiveness of

the organisation's framework of governance, risk management and control, timed to support the Annual Governance Statement.

7 Nature of Work

The internal audit activity will evaluate and contribute to the improvement of governance, risk management and control processes (including value for money), using a systematic and disciplined approach.

The internal audit activity will also evaluate the potential for the occurrence of fraud and consider how the organisation manages fraud risk. CIPFA has issued a *Code of Practice on Managing the Risk of Fraud and Corruption*. While compliance with the code is voluntary, CIPFA strongly recommends that it is used as the basis for assessment of how an organisation manages its fraud risk. The Director of Internal Audit should be notified of all suspected or detected fraud, corruption or impropriety in order to inform the annual opinion and risk based plans.

The Director of Internal Audit will also liaise with the organisation's external auditors and other review bodies to facilitate the effective co-ordination of audit resources and assurances.

8 Engagement Planning

The Director of Internal Audit will establish a risk based Internal Audit Plan in conjunction with the client and with the agreement of the Audit Committee. The plan will set out the priorities for internal audit activity, consistent with the organisation's goals and objectives.

Internal auditors will develop and document a terms of reference for each engagement, including the engagement's objectives, scope, timing and resource allocations, based on an evaluation of the nature and complexity of each engagement, time constraints and available resources. A work plan will be developed and documented that achieves the engagement objectives.

Internal audit will meet regularly with the external auditor to consult on audit plans and discuss matters of mutual interest.

9 Performing the Engagement

Internal audit will identify, analyse, evaluate and document sufficient information to achieve the engagement's objectives. Internal auditors will base conclusions and engagement results on appropriate analyses and evaluations. Internal auditors will document relevant information to support the conclusions and engagement results.

Engagements will be properly supervised to ensure objectives are achieved, quality is assured and staff are developed.

10 Communicating Results

Internal auditors will communicate the engagement results with appropriate parties, including the engagement's objectives and scope, as well as applicable conclusions, recommendations and action plans.

Working with the organisation, the Director of Internal Audit will ensure that communications are accurate, objective, clear, concise, constructive, complete and timely.

The Director of internal Audit will deliver an annual internal audit opinion and report that can be used by the organisation to inform its Annual Governance Statement.

The annual internal audit opinion will conclude on the overall adequacy and effectiveness of the organisation's framework of governance, risk management and control.

The annual report will incorporate;

- The opinion;
- A summary of the work that supports the opinion; and

- A statement on conformance with the Global Internal Audit Standards (UK Public Sector), CIPFA's *Code of Practice for the Governance of Internal Audit in UK Local Government* and the results of the quality assurance and improvement programme.

11 Monitoring Progress

The Director of Internal Audit will establish and maintain a follow-up process to monitor that management actions have been effectively implemented or that senior management has accepted the risk of not taking action. This will be operated to support the organisation in ensuring the implementation of actions, and reporting progress to the Audit Committee.

12 Communicating the Acceptance of Risks

When the Director of Internal Audit believes that senior management has accepted a level of residual risk that may be unacceptable to the organisation, the Director of Internal Audit will discuss the matter with senior management. If the decision regarding residual risk is not resolved, the Director of Internal Audit will report the matter to the Audit Committee for resolution.

Code of Ethics

MIAA will operate within the definition of internal auditing and the requirements of the Global Internal Audit Standards (UK Public Sector). This includes compliance with the Seven Principles of Public Life.

13 Definitions

Board	The Joint Management Board with overall responsibility for governance.
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Accountable Officer	Officer responsible and accountable for funds entrusted to the organisation.
Audit Committee	The committee with overall responsibility for advising those charged with governance on the establishment of an effective system of governance.
Director of Internal Audit	Acts as the Chief Audit Executive as the independent corporate executive with overall responsibility for internal audit.
Senior Management	The overall lead director agreed by the organisation for each audit engagement.

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Central Ticket Office – Public Access System (PAS)

Terms of Reference 2025/26 (Final)

Police and Crime Commissioner and Chief Constable for
Cheshire

301CPCC_2526_004

1 Introduction and Background

A post implementation review of the Cheshire Constabulary Central Ticket Office Public Access System (PAS) will be undertaken as part of the 2025/26 Internal Audit Plan.

Cheshire Constabulary have implemented a new PAS to improve the accessibility, transparency, and efficiency of interactions between the public and the force in relation to road traffic offences. The PAS enables individuals to access key information and perform essential tasks online including admitting to being the driver, nominating another driver or keeper, viewing photographic evidence of the alleged offence, and accessing the relevant camera calibration certificate.

Following its implementation, MIAA will conduct a post-implementation review (PIR) of the PAS. The purpose of this review is to assess whether the system is functioning as intended, evaluate whether it is delivering value and benefits to both the organisation and the public, and to identify any opportunities for improvement.

2 Audit Objective

The overall objective of the review is to provide assurance on the effectiveness, efficiency, and outcomes of the recently implemented Public Access System (PAS). The review will assess whether the system has met its intended objectives, is operating as expected, and is delivering value.

3 Audit Scope

Sub Objective	Risk
Roles and responsibilities have not been clearly set out and	Roles and responsibilities are not clearly defined resulting in a lack of

communicated, within an agreed Contract/ Service Level Agreement (SLA).	system oversight and overall accountability.
PAS was delivered in line with agreed scope, budget, and timeline.	PAS may not have been delivered fully in line with original scope or may lack key features.
The system meets its intended purpose, and the anticipated benefits have been realised.	The system may not deliver the intended benefits or meet the original business objectives, resulting in limited value for the organisation or the public.
Access to the system is controlled and monitored.	User access is not correctly configured and set up to enforce appropriate permission levels.
End to end processes are clearly defined to support the consistent management of alleged traffic offences in the PAS.	Alleged traffic offences are not consistently managed in PAS.
Contract management measures such as Key Performance Indicators (KPIs) are in place and are monitored.	Where contracts are not appropriately managed there may lack of suitable oversight of compliance leading to a risk of legal/ regulatory liability, financial loss and or reputational damage.

Governance structures are clearly defined to manage Central Ticket Office risks including post PAS implementation.	Failure to define a governance structure to oversee Central Ticket Office risks.
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The limitations to scope are as follows:

- The scope of this review focused on the objectives detailed in appendix above and was limited to the controls in operation at the organisation.

4 Audit Approach

The audit process will involve:

- Discussions with key members of staff to ascertain the nature of the systems in operation.
- A desktop review of records against the criteria of effectiveness, accuracy and appropriateness.
- Desktop review of existing contracts, policies, procedures, national guidelines to confirm that they are up to date, communicated across the service and compliance with the policies.

Following completion of the audit fieldwork we will meet with operational managers and/or the audit sponsor to discuss the audit findings and proposed recommendations. A draft report will be produced; your responses to these recommendations and a timetable for any actions to be carried out will be agreed and incorporated into the final report, along with the names of staff who will be responsible for their implementation. The final report will be approved by the lead Executive Director. The conclusion of all final reports are reported to the Audit Committee.

5 Information Requirements

We have provided below details of documentation we require to undertake the review. Please note that this list is not exhaustive and there may be other documents that we request once we have commenced the fieldwork. Similarly, if you are aware of any other documents that would assist the review which are not listed below, we would be grateful if you could make these available to us:

- Pre and post implementation documentation,
- Copies of the PAS contract / SLA,
- Access to where policies and training/ guidance is available,
- Access to information on checks/ audits undertaken,
- Access to training records,
- Evidence of the management checks/ audits undertaken,
- Any system reports produced and published,
- Local/ regional/ national reporting and monitoring arrangements i.e. committee/ group meeting papers.

6 Proposed Timescales

Stage	Proposed Date
Fieldwork commences	June 2025
Discussion document to client	June 2025
Responses by client	July 2025
Final report	July 2025

7 Key Contacts and Report Distribution

Name	Title	Report
Daniel Gillett	Inspection and Assurance Manager / HMICFRS Liaison Officer	Draft / Final
Mark Roberts	Chief Constable	Draft / Final
Alison Ross	Assistant Chief Constable	Draft / Final
Cameron Taylor	Chief Inspector	Draft / Final
John Forshaw	Superintendent – Road and Crime Unit	Draft / Final
Phil Brocklehurst	Office Manager – Central Ticket Office	Draft / Final
Chris Armit	Deputy Chief Constable	Draft / Final
Daniel Price	Police and Crime Commissioner	Draft / Final
Jane Whalen	Deputy Police and Crime Commissioner	Draft / Final

Gemma Southern	Deputy Police and Crime Commissioner	Draft / Final
Clare Hodgson	Chief Finance Officer (OPCC)	Draft / Final
Damon Taylor	Chief Executive (OPCC)	Draft / Final

8 Data Protection and Freedom of Information

MIAA takes their responsibility for the security and protection of information acquired and used during the delivery of its work seriously.

MIAA are compliant with the requirements of the NHS Data Security and Protection Toolkit and are Cyber Essentials Plus certified. We have in place a comprehensive Information Security and Privacy Management system based upon ISO 27001 and ISO 27701 and have implemented a range of technical controls to protect data.

In delivering this assignment MIAA will acquire supporting information from you, some of which may be confidential or otherwise sensitive. This information will be used solely for the completion of this assignment and for informing our Head of Internal Audit Opinion.

In this context, MIAA are considered data processor for that information and thus are subject to the requirements of the Data Protection Act and the UK General Data Protection Regulation, where personally identifiable information is concerned, and the Freedom of Information Act, where corporate information is concerned.

MIAA will, therefore, be required to not only comply with the laws and regulations in respect of our control of the data but will also be responsible for any appropriate disclosure under the legislation.

9 Your Acceptance

Please do not hesitate to contact MIAA should you have any comments regarding the Terms of Reference (these will be assumed as agreed if MIAA are not informed otherwise).



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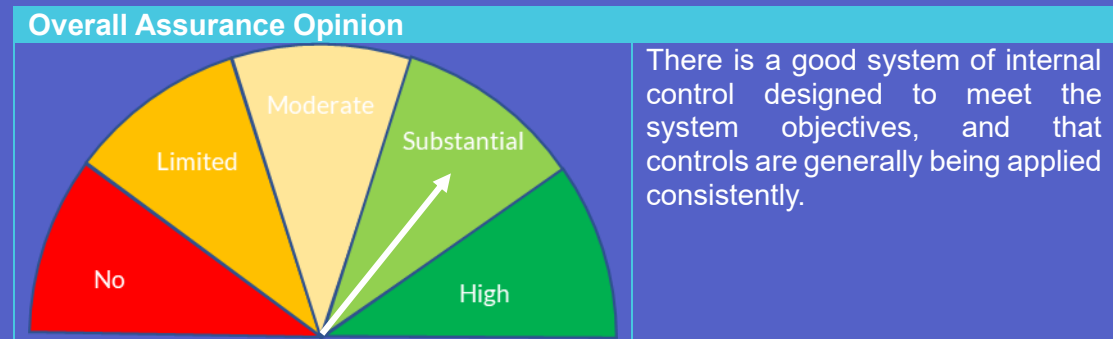
Tel: 07469 908056

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Business Continuity Planning Review Assignment Report 2024/25 (Final)

Police and Crime Commissioner and Chief Constable for
Cheshire

301CPCC_2425_005



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2 Findings and Management Action

Appendix A: Engagement Scope

Appendix B: Assurance Definitions and Risk Classifications

Appendix C: Report Distribution

MIAA would like to thank all staff for their co-operation and assistance in completing this review.

This report has been prepared as commissioned by the organisation and is for your sole use. If you have any queries regarding this review, please contact the Engagement Manager. To discuss any other issues then please contact the Director.

3 Executive Summary

Overall Audit Objective: This review was completed to provide assurance that the organisation has developed and implemented robust business continuity planning arrangements.

Scope Limitation: The business continuity plans reviewed related to the 2024-25 financial year to date. IT system administration and management was not within the scope of this review.

The scope of this review focused on the objectives detailed in appendix A and was limited to the controls in operation at the organisation.

Key Findings/Conclusion

Overall, there is a good system of internal control designed to meet the system objectives, and that controls are generally being applied consistently.

Areas of good practice included the availability of the businesses continuity plan (BCP) library and completion of test exercises across force systems.

The constabulary uses a Service Distribution Report (SDR) to share lessons learnt and identified actions following incidents. Best practice is shared regionally and nationally through the North-West Regional Business Continuity Group and National Police Continuity Forum.

2 medium recommendations have been raised in relation to consistent application of risk assessments and the timely review of all BCPs, and the implementation of College of Policing peer reviews.

1 low recommendation has also been raised in relation to maintaining a central log of all live incidents.

Objectives Reviewed	RAG Rating
Policy	Green
Business Continuity Plans	Amber
Staff Training	Green
Governance Arrangements	Amber
Lessons Learnt	Green
Overall Assurance Rating	Substantial

Recommendations		
Risk Rating	Control Design	Operating Effectiveness
Critical		
High		
Medium	1	1
Low		1
Total	1	2

Areas of Good Practice

- The Constabulary has an overarching Business Continuity Management Policy which was reviewed by the Planning and Performance Co-Ordinator and Health and Safety Risk Manager in January 2025. This was available for all staff through SharePoint.
- Appendix 5 of the Business Continuity Management Policy has a risk assessment template which categorises risks from very low to critical against a potential or real impact assessment.
- It was confirmed that the National Police Chief's Council (NPCC) Business Continuity Management Guidance Document, published October 2024, was circulated with North-West force representatives.
- A library of all BCPs is available to all staff through SharePoint. This tracks the date for review and RAG (red, amber, green) rates plans as in date, up for review and out of date.
- There are 39 BCPs in place across the constabularies departments. Audit testing of 15 BCPs found the following:
 - All plans had a plan owner.
 - 14 plans had a plan manager.
 - 14 plans included the risk assessment template, 8 of these plans also risk assessed their critical function activities.
- Job descriptions reviewed for the Health and Safety Risk Manager, Inspection and Assurance Manager, Planning and Performance and Risk Coordinator and Head of Planning and Performance identified they referenced business continuity and/ or risk compliance role accountabilities.
- Business continuity test exercises have been completed in the last 12 months. This included several tests complete across force systems

including Niche, the Police National Computer (PNC), Unit4 and file storage by the information technology (IT) department.

- A business continuity tracker was shared of live exercises and tests sorted by department.
- Following live exercises an SDR is shared with key stakeholders, which include a summary of the nature of the incident, impact assessment and who conducted the post incident review.
- The Annual Risk Management Report 2024 captured business continuity and highlighted BCPs were in place for each area of business, and these have been stress tested against a national tabletop exercise.
- The constabulary has procured risk management training for 2025, from the Risk Management Partners (RMP), which cover risk assessments and examples of business failures and threats to business continuity.
- The constabulary is involved in North-West Regional Business Continuity Group meetings and the National Police Continuity Forum. Feedback and emerging risks are sought from these meetings. This includes progress of the Critical National Infrastructure (CNI) such as identifying a standardised approach regionally to the upcoming CNI questionnaire.

Key Findings – Issues Identified	
Medium	3.1. Audit testing of 15 BCPs highlighted areas for improvement outlined within recommendation 1. 3.2. There were no recorded examples of peer reviews in the last 12 months.

Low	3.3. The business continuity tracker did not show an updated overview of all live exercises and tests, at the time of audit testing due to resourcing.
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4 Findings and Management Action

1. BCP Testing		Risk Rating: Medium
Operating Effectiveness		
<p>Key Finding – Review of 39 BCPs in place across the constabularies departments identified 7 of these were not subject to timely review.</p> <p>Additionally, audit testing of 15 BCPs found the following:</p> <ul style="list-style-type: none"> - 4 plans were not subject to timely review - 1 plan did not have a plan manager - 1 plan was not risk assessed - Although 6 plans had a risk assessment template, their critical functions were not risk assessed 	<p>Specific Risk – Business Continuity Plans have not been subject to timely review.</p> <p>Risk assessments do not directly consider critical functions specific to individual departments.</p>	<p>Recommendation – BCPs which our out of date should be reviewed to ensure they are sufficient, ensuring continuity of service.</p> <p>All BCPs should be risk assessed specific to its critical functions.</p>
<p>Management Response – The Constabulary is adopting the same mechanism for monitoring and reviewing Business Continuity Plans as it has in place for policies and procedures which has been successful. As plans are reviewed, the Planning and Performance Department will review compliance with the risk assessment template for critical functions.</p> <p>Responsible Officer – Head of Planning & Performance</p> <p>Implementation Date – End July 2025</p>		<p>Evidence to confirm implementation – Review of the BCP library.</p>

2. Peer Reviews		Risk Rating: Medium
Control Design		
<p>Key Finding – There were no recorded examples of formal or informal College of Policing peer reviews in the last 12 months.</p> <p>It was recognised the constabulary engages in test exercises completed in conjunction with neighbouring and national forces, such as the national cyber tabletop discussion.</p>	<p>Specific Risk – A deep dive review into Business Continuity management has not been complete to ensure the rigidity of the whole system processes.</p>	<p>Recommendation – The constabulary should implement an annual peer review in line with College of Policing guidance to assess the effectiveness of Business Continuity management.</p>
<p>Management Response – The Constabulary has contacted the College of Policing and will arrange annual business continuity peer reviews.</p> <p>Responsible Officer – Head of Planning & Performance</p> <p>Implementation Date – End October 2025</p>		<p>Evidence to confirm implementation – A copy of the latest peer review feedback/ report.</p>

3. Business Continuity Tracker		Risk Rating: Low
Operating Effectiveness		

<p>Key Finding – The business continuity tracker did not show an updated overview of all live exercises and tests, at the time of audit testing due to resourcing.</p> <p>It was noted at the time of reporting the team was up to capacity and overview of the spreadsheet would be managed going forward following a period of training.</p>	<p>Specific Risk – Inefficiencies in the oversight of risk management and business continuity management.</p>	<p>Recommendation – The constabulary uses the business continuity tracker as a central log of all incidents and as an overview of actions raised post incident.</p>
<p>Management Response – Arrangements have been established to update the tracker with live exercises and test on an ongoing basis. The first entry was made on 30th March 2025.</p> <p>Responsible Officer – Head of Planning & Performance</p> <p>Implementation Date – End July 2025</p>	<p>Evidence to confirm implementation – A copy of the updated tracker.</p>	

Appendix A: Engagement Scope

Scope

- There is an overarching Policy in place for Business Continuity planning which sets out roles and responsibilities for areas that require Business Continuity Plans.
- A formal risk assessment exists for each area that directly takes Business Continuity Planning into consideration.
- There are Business Continuity Plans in place that set out how areas will plan for, respond to, and recover from a significant incident or loss of services.
- Business Continuity Plans are reviewed, tested, and updated on a regular basis.
- Staff training meets the specific response needs of the Business Continuity Plan/Strategy. On-going training is provided to ensure that skills are maintained following updates to the plan/strategy.
- There is appropriate governance arrangements are in place to ensure Chief Officers, and the Police and Crime Commissioners office are kept informed of any appropriate Business Continuity Planning risks.

Scope Limitations

The Business Continuity Plans reviewed relate to the 2024-25 financial year to date.

IT system administration and management was not within the scope of this review.

The scope of this review focused on the objectives described above and was limited to the controls in operation at the organisation.

Limitations

The matters raised in this report are only those which came to our attention during our internal audit work and are not necessarily a comprehensive statement of all the weaknesses that exist, or of all the improvements that may be required. Whilst every care has been taken to ensure that the information in this report is as accurate as possible, based on the information provided and documentation reviewed, no complete guarantee or warranty can be given with regards to the advice and information contained herein. Our work does not provide absolute assurance that material errors, loss or fraud do not exist.

Responsibility for a sound system of internal controls and the prevention and detection of fraud and other irregularities rests with management and work performed by internal audit should not be relied upon to identify all strengths and weaknesses in internal controls, nor relied upon to identify all circumstances of fraud or irregularity. Effective and timely implementation of our recommendations by management is important for the maintenance of a reliable internal control system

Appendix B: Assurance Definitions and Risk Classifications

Level of Assurance	Description
High	There is a strong system of internal control which has been effectively designed to meet the system objectives, and that controls are consistently applied in all areas reviewed.
Substantial	There is a good system of internal control designed to meet the system objectives, and that controls are generally being applied consistently.
Moderate	There is an adequate system of internal control, however, in some areas weaknesses in design and/or inconsistent application of controls puts the achievement of some aspects of the system objectives at risk.
Limited	There is a compromised system of internal control as weaknesses in the design and/or inconsistent application of controls puts the achievement of the system objectives at risk.
No	There is an inadequate system of internal control as weaknesses in control, and/or consistent non-compliance with controls could/has resulted in failure to achieve the system objectives.

Risk Rating	Assessment Rationale
Critical	Control weakness that could have a significant impact upon, not only the system, function or process objectives but also the achievement of the organisation's objectives in relation to: <ul style="list-style-type: none"> the efficient and effective use of resources the safeguarding of assets the preparation of reliable financial and operational information compliance with laws and regulations.
High	Control weakness that has or is likely to have a significant impact upon the achievement of key system, function or process objectives. This weakness, whilst high impact for the system, function or process does not have a significant impact on the achievement of the overall organisation objectives.
Medium	Control weakness that: <ul style="list-style-type: none"> has a low impact on the achievement of the key system, function or process objectives. has exposed the system, function or process to a key risk, however the likelihood of this risk occurring is low.
Low	Control weakness that does not impact upon the achievement of key system, function or process objectives; however, implementation of the recommendation would improve overall control.

Name	Title
Paul Woods	Head of Planning and Performance
Dawn Wright	Health and Safety Risk Manager
Daniel Gillett	Inspection and Assurance Manager / HMICFRS Liaison Officer
Mark Roberts	Chief Constable
Chris Armit	Deputy Chief Constable
Bill Dutton	Assistant Chief Constable
Dan Price	Police and Crime Commissioner
Jane Whalen	Deputy Police and Crime Commissioner
Gemma Southern	Deputy Police and Crime Commissioner
Clare Hodgson	Chief Finance Officer (OPCC)
Damon Taylor	Chief Executive (OPCC)
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Limitations

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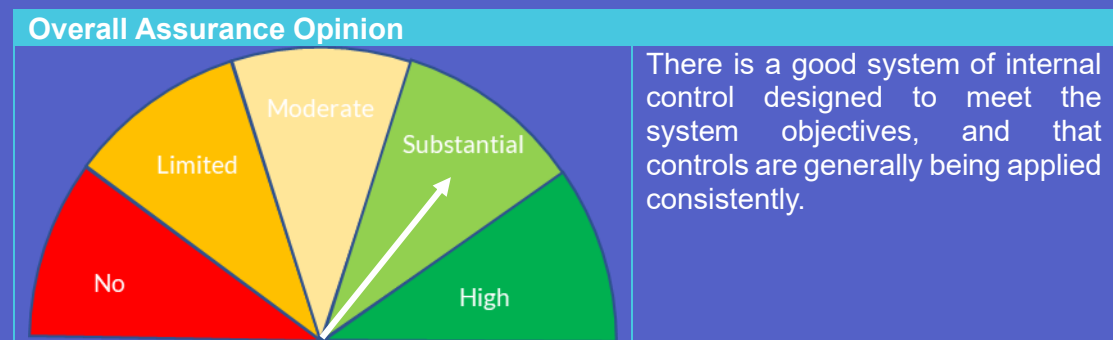
Public Sector Internal Audit Standards

Our work was completed in accordance with Public Sector Internal Audit Standards and conforms with the International Standards for the Professional Practice of Internal Auditing.

THRIVE-SC Risk Assessments Review Assignment Report 2024/25 (Final)

Police and Crime Commissioner and Chief Constable for
Cheshire

301CPCC_2425_006



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MIAA would like to thank all staff for their co-operation and assistance in completing this review.

This report has been prepared as commissioned by the organisation, and is for your sole use. If you have any queries regarding this review please contact the Engagement Manager. To discuss any other issues then please contact the Director.

3 Executive Summary

The overall objective of this review is to evaluate the consistency and effectiveness of the THRIVE-SC risk assessment framework and its application.

Key Findings/Conclusion

Our review found that there is a good system of internal control designed to meet the system objectives, and that controls are generally being applied consistently.

All deployment decisions should follow the National Decision Model (NDM) incorporating the THRIVE (Threat, Harm, Risk, Investigation, Vulnerability and Engagement) principles. The Constabulary has introduced S and C to this Risk Assessment. The S relates to scene preservation and safeguarding advice. The C being a prompt to ensure Crime Data Integrity and identification of crime is considered. A THRIVE-SC assessment may be re-assessed for several reasons following the initial completion of the proforma, particularly when circumstances change, new information emerges, or the individual's situation evolve.

Our review identified several areas of good practice, including a well-established and effectively applied policy. The THRIVE-SC framework is consistently followed, with officers receiving comprehensive and ongoing training to ensure they understand and apply the risk assessment process accurately. The consistency of THRIVE-SC assessments is further supported by a robust quality assurance (QA) process, which helps maintain high standards and reliability in decision-making.

2 medium-risk recommendations were identified regarding the consistent application of Re-THRIVE-SC assessments where grading needs to change, as well as governance reporting and monitoring of lessons learned and training compliance. 1 low risk recommendation has been raised in relation to appropriate additions to the draft Public Contact, Grading and Deployment Policy before it is reviewed and formalised.

Objectives Reviewed	RAG Rating
Policies and procedures	Green
Training	Green
Assessments	Amber
Lessons Learnt	Amber
Monitoring and Reporting	Amber
Overall Assurance Rating	Substantial

Recommendations		
Risk Rating	Control Design	Operating Effectiveness
Critical		
High		
Medium	1	1
Low		1
Total	1	2

Areas of Good Practice

- The Constabulary currently have a Public Contact, Grading and Deployment Policy which was implemented in March 2024. This was due for review in March 2026, however at the time of the audit, the policy was undergoing review to incorporate further additions.
 - The current policy outlines key roles and responsibilities including the Chief Inspector and the Superintendent,
 - The updated draft version of this policy was shared for evidence and our review confirmed The Assessments stage now incorporates Safeguarding and Crime, resulting in THRIVE-SC assessments which has been implemented across the Force Communication Centre (FCC)
 - Appendices have now been added which include:
 - Step guidance flow charts for Grades 1 - 5
 - Deployment flow chart guides for Grades 1 – 5.
 - Our review confirmed that from April 2024 to April 2025, the FCC Training department completed 5 Initial Public Contact Training Courses comprising of 56 staff intakes. THRIVE-SC is incorporated and is mandatory as part of this training and it was confirmed that this had been delivered to all of the 56 intakes – comprising of:
 - 44 FCC Call Takers, 7 FCC Crime Recorders, 4 Help Desk Officers and 1 Triage Operator.
 - When training has been delivered this is then documented on the individual's end of course training plans.
- Our testing of 20 THRIVE-SC assessments from January - March 2025 confirmed the following:
 - In all instances, the THRIVE-SC proforma had been used correctly.
 - In all instances, a review and approval of the THRIVE-SC assessment was evidenced.
 - In all instances, all aspects of the THRIVE-SC assessment had been completed and evidenced within the proforma.
 - Our testing of 20 re-THRIVE-SC assessments from January - March 2025 confirmed the following:
 - 17 had completed a re-THRIVE-SC assessment where appropriate.
 - 17 had appropriate review and authorisation.
 - 17 were authorised in a timely manner.
 - 16 used the correct re-THRIVE-SC proforma.
 - 13 evidenced that the victim had been contacted in relation to the change of grading.
 - Our testing of 20 THRIVE-SC assessments Quality Assurance documents from March 2025 confirmed the following:
 - In all instances the QA proforma spreadsheet had been used.
 - In all instances, all aspects of the proforma had been completed.
 - In all instances, there was evidence of timely and appropriate review.

Key Findings – Issues Identified

Medium	<p>3.1. Testing of 20 re-THRIVE-SC assessments identified areas for improvement with regards to documentation and audit trails.</p> <p>3.2. It was identified during our review that compliance and lessons learnt from the THRIVE-SC, re-THRIVE-SC and QA process are not formally monitored and reported within the Constabulary.</p>
Low	<p>3.3. At the time of our audit the Public Contact, Grading and Deployment Policy was undergoing review which is currently at draft status. We have recommended additions to this policy before it is formally approved and finalised.</p>

4 Findings and Management Action

1. Re-THRIVE-SC Audit Trail & Procedures		Risk Rating: Medium
Operating Effectiveness		
<p>Key Finding – Testing of 20 re-THRIVE-SC assessments identified the following:</p> <ul style="list-style-type: none"> - 3 did not complete a re-THRIVE-SC when it was appropriate to do so. - 3 were not authorised or reviewed appropriately. - 4 did not use the re-THRIVE-SC proforma. - In 7 instances, evidence or date of contact with the victim was not completed. - On 1 occasion, the victim had been contacted but had not evidenced when this had been completed. <p>It was also noted on 3 occasions that a re-THRIVE-SC had been triggered during the original THRIVE-SC assessment. Discussions confirmed this was not best practice, however documented procedures had not been developed to formalise this.</p>	<p>Specific Risk – Lack of compliance with national guidance and the Public Contact, Grading and Deployment Policy.</p>	<p>Recommendation – The following is recommended:</p> <ul style="list-style-type: none"> - Communication of the requirements of national guidance and the policy should be completed to all relevant officers and staff to ensure consistency of application. - Where necessary, training should be provided if inconsistencies continue, and errors are prevalent. - The Constabulary should complete a quarterly audit of re-THRIVE-SC assessments to identify any current themes or trends in audit trial errors or lack of compliance with national guidance and policy. - The Constabulary should develop and implement a procedure or update the policy to clarify timely and appropriate trigger of a re-THRIVE-SC.
<p>Management Response - We agree with the recommendations above. We are working towards updating the policy around this matter including a review of the existing QA process.</p> <p>Responsible Officer – Insp Helen Cooper</p>	<p>Evidence to confirm implementation:</p> <ul style="list-style-type: none"> - Consistent sample review of re-THRIVE-SC assessments 	

Implementation Date – August 2025	- Updated policy
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2. Monitoring & Governance Reporting	Risk Rating: Medium
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Control Design

<p>Key Finding – It was identified during our review that lessons learnt from the THRIVE-SC, re-THRIVE-SC and the QA process are not formally monitored and reported within the Constabulary.</p>	<p>Specific Risk – Failure to incorporate lessons learned into the THRIVE-SC risk assessment process may lead to, from poor decision-making and prevent the police from improving their strategies and responding appropriately to changing risks.</p>	<p>Recommendation – It is recommended that regular review meetings should be held to discuss significant lessons learnt, and any action plan that arise from these.</p> <p>As part of recommendation 1, it has been recommended that a quarterly audit is undertaken to identify findings, and these findings should also be subject to regular review and monitoring to improve consistency in application.</p> <p>Lessons learnt / themes that are identified during the QA process should be reviewed, and action plans should be monitored to ensure timely implementation of actions. Any themes should be incorporated into the FCC training courses on THRIVE-SC to avoid repeat themes.</p> <p>Finally, it is recommended that the Constabulary implement monitoring arrangements for THRIVE-SC training to give assurance that all appropriate Police Officers and Staff have completed the training and this is incorporated within overall continuous professional development (CPD). Any additional specific training that has been required as a</p>
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		consequence of the QA process should also be documented and reported.
<p>Management Response – FCC SLT are currently reviewing the QA process, and this includes how the QA feedback is recorded. Monthly QA meetings have been set up to address this.</p> <p>Responsible Officer – Insp Helen Cooper</p> <p>Implementation Date – August 2025</p>		<p>Evidence to confirm implementation:</p> <ul style="list-style-type: none"> - Monthly QA meetings evidencing review of lessons learnt / themes and training.

3. Draft Policy Updates		Risk Rating: Low
Operating Effectiveness		
<p>Key Finding – At the time of our audit the Public Contact, Grading and Deployment Policy was undergoing review which is currently at draft status. We have recommended additions to this policy before it is formally approved and finalised.</p>	<p>Specific Risk – Current policy may not reflect all systems and processes within the THRIVE-SC process.</p>	<p>Recommendation – We have recommended the following additions to the draft Public Contact, Grading and Deployment Policy.</p> <ul style="list-style-type: none"> - Reporting arrangements outlined within recommendation 3 are included within the policy to outline a clear governance structure and reporting requirements within the Constabulary for THRIVE-SC. - Roles and Responsibilities are updated to reflect the responsibilities regarding governance review and the QA process. - The QA process with relevant flow charts and guidance are incorporated into the policy.

Management Response - The policy will be updated with the recommendations, along with any policy that changes as part of the findings listed in section 1 and 2.

Responsible Officer – CI Sarah O’Driscoll

Implementation Date – 08/08/2025

Evidence to confirm implementation:

- Updated policy.

Appendix B: Engagement Scope

Scope

Sub Objective	Risk
Policies and procedures are in place for the application of the THRIVE model.	Policies and procedures for THRIVE risk assessments are not in place leading to inconsistent application.
Officers have received training on the application of the THRIVE model ensuring there are informed, consistent, and effective decisions under the THRIVE framework.	Officers may make subjective or inconsistent decisions about how to prioritize incidents and apply the THRIVE model, leading to inconsistent responses.
Assessments are consistently applied across all types of incidents with high-risk and vulnerable individuals appropriately identified and prioritised.	Lack of consistent application may result in disproportionate allocation of resources or inadequate responses.
The application of THRIVE assessments are clearly documented and recorded with a clear audit trail and appropriate review.	Lack of a clear audit trail may result in reduced accountability, transparency, and effective operational responses.
Outcomes / Lessons learnt of THRIVE risk assessments are	A lack of reporting and documenting outcomes may result

clearly reported, and any action plans are monitored and implemented in a timely manner.	in reduced accountability, and a failure to improve processes and effective decision-making.
There is governance and oversight of THRIVE assessments for quality and accuracy and mechanisms are in place address errors, inconsistencies, and gaps in application.	Without monitoring and reporting, the application of THRIVE will be inconsistent, with officers and staff not being held accountable for it's implementation.

Scope Limitations

The review focussed on the consistency, accuracy, and effectiveness of the THRIVE risk assessment framework. The review will not give assurance on the outcomes of decision making by Police Officers with regards to THRIVE.

Limitations

The matters raised in this report are only those which came to our attention during our internal audit work and are not necessarily a comprehensive statement of all the weaknesses that exist, or of all the improvements that may be required. Whilst every care has been taken to ensure that the information in this report is as accurate as possible, based on the information provided and documentation reviewed, no complete guarantee or warranty can be given with regards to the advice and information contained herein. Our work does not provide absolute assurance that material errors, loss or fraud do not exist.

Responsibility for a sound system of internal controls and the prevention and detection of fraud and other irregularities rests with management and work performed by internal audit should not be relied upon to identify all strengths

and weaknesses in internal controls, nor relied upon to identify all circumstances of fraud or irregularity. Effective and timely implementation of our recommendations by management is important for the maintenance of a reliable internal control system.

Appendix C: Assurance Definitions and Risk Classifications

Level of Assurance	Description
High	There is a strong system of internal control which has been effectively designed to meet the system objectives, and that controls are consistently applied in all areas reviewed.
Substantial	There is a good system of internal control designed to meet the system objectives, and that controls are generally being applied consistently.
Moderate	There is an adequate system of internal control, however, in some areas weaknesses in design and/or inconsistent application of controls puts the achievement of some aspects of the system objectives at risk.
Limited	There is a compromised system of internal control as weaknesses in the design and/or inconsistent application of controls puts the achievement of the system objectives at risk.
No	There is an inadequate system of internal control as weaknesses in control, and/or consistent non-compliance with controls could/has resulted in failure to achieve the system objectives.

Risk Rating	Assessment Rationale
Critical	Control weakness that could have a significant impact upon, not only the system, function or process objectives but also the achievement of the organisation's objectives in relation to: <ul style="list-style-type: none"> the efficient and effective use of resources the safeguarding of assets the preparation of reliable financial and operational information compliance with laws and regulations.
High	Control weakness that has or is likely to have a significant impact upon the achievement of key system, function or process objectives. This weakness, whilst high impact for the system, function or process does not have a significant impact on the achievement of the overall organisation objectives.
Medium	Control weakness that: <ul style="list-style-type: none"> has a low impact on the achievement of the key system, function or process objectives; has exposed the system, function or process to a key risk, however the likelihood of this risk occurring is low.
Low	Control weakness that does not impact upon the achievement of key system, function or process objectives; however implementation of the recommendation would improve overall control.

Appendix D: Report Distribution

Name	Title
Daniel Gillett	Inspection and Assurance Manager / HMICFRS Liaison Officer
Mark Roberts	Chief Constable
Chris Armit	Deputy Chief Constable
Ali Ross	Assistant Chief Constable
Adam Alexander	Head of Public Contact – Superintendent
Helen Cooper	Inspector
Sarah O'Driscoll	Chief Inspector
Dan Price	Police and Crime Commissioner
Jane Whalen	Deputy Police and Crime Commissioner
Gemma Southern	Deputy Police and Crime Commissioner
Clare Hodgson	Chief Finance Officer (OPCC)
Damon Taylor	Chief Executive (OPCC)
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Limitations

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Public Sector Internal Audit Standards

Our work was completed in accordance with Public Sector Internal Audit Standards and conforms with the International Standards for the Professional Practice of Internal Auditing.

CHESHIRE CONSTABULARY SERVICE ASSURANCE PLAN 2025/26

*Enabling the constabulary to understand and continuously improve service delivery by
focusing on proactive monitoring and problem identification & resolution.*



Cheshire Constabulary Service Assurance Plan – 2025/26

Review / Audit Team	Title and Reason for Audit	High Level scope	Status / Audit Date	Update	Board / Committee to receive Reports
MIAA	Business Continuity	To provide assurance that the Constabulary have developed and implemented robust Business Continuity planning arrangements.	Q4 (2024/25)	Mar 2025: Fieldwork completed Apr 2025: Draft report circulated July 2025: Update to be provided by MIAA at Joint Audit Advisory Committee	Joint Audit Advisory Committee
MIAA	THRIVE Risk Assessments	To provide assurance of the systems and processes in place with regards to the appropriate application and recording of THRIVE	Q4 (2024/25)	Apr 2025: Fieldwork completed May 2025: Draft report circulated July 2025: Update to be provided by MIAA at Joint Audit Advisory Committee	Joint Audit Advisory Committee
MIAA	Central Ticket Office		Q1	July 2025: Update to be provided by MIAA at Joint Audit Advisory Committee	Joint Audit Advisory Committee
MIAA	Professional Standards and Expenses		Q2		
MIAA	Key Financial Systems		Q3		
MIAA	Victim Support		Q4		

On-going Regular Monitoring Activity – 2025/26

Review / Audit Team	Title and Reason for Audit	High Level scope	Status / Audit Date	Update	Board / Committee to receive Reports
Force Crime Registrar	Enhanced crime recording and outcome assurance reviews.	Audits to ensure that we comply with the PEEL assessment framework and our enduring AFIs and advisory notes relating to crime data integrity and application of crime outcomes.	Q1	<p>Outcome 1a audit of 230 records completed May 2025 reported to Investigations Board.</p> <p>Ongoing review of N100 incidents reported to RASSO gold.</p> <p>Due to staff unavailability, the audit plan for the next quarter is currently being revised. Audits currently being prioritised are the recording of sexual offences and outcome 8.</p>	Investigations Board RASSO Gold
Force Crime Registrar	Enhanced crime recording and outcome assurance reviews.	Audits to ensure that we comply with the PEEL assessment framework and our enduring AFIs and advisory notes relating to crime data integrity and application of crime outcomes.	Q2		
Force Crime Registrar	Enhanced crime recording and outcome assurance reviews.	Audits to ensure that we comply with the PEEL assessment framework and our enduring AFIs and advisory notes relating to crime data integrity and application of crime outcomes.	Q3		

Force Crime Registrar	Enhanced crime recording and outcome assurance reviews.	Audits to ensure that we comply with the PEEL assessment framework and our enduring AFIs and advisory notes relating to crime data integrity and application of crime outcomes.	Q4		
Information Compliance	PNC & LEDS (Law Enforcement Data Service) Transaction Monitoring (#TE)		Quarterly	PNC & LEDS Transaction Monitoring (#TE) Ongoing reviews being completed with compliance reported quarterly. Any issues are raised to PSD or Line Manager (as appropriate on an individual basis).	Any issues identified are reported to Line Manager and PSD if required. Apr/May only
Information Compliance	Police National Database (PND) Auditing and Transaction Monitoring	To ensure the security and integrity of this national CONFIDENTIAL system, forces are required to undertake transactional monitoring of Constabulary users. Monthly reports to the PND Governance Group chaired by Director of Intelligence.	Quarterly	Police National Database (PND) Auditing and Transaction Monitoring Ongoing reviews with compliance reported quarterly. Reports are issued to the PND Governance Group which is chaired by the Director of Intelligence.	Reports to the PND Governance Group chaired by Director of Intelligence.
Information Compliance	Automatic Number Plate Recognition (ANPR) Transaction Monitoring	ANPR data is currently accessed through three systems: Northgate, Cleartone and the National ANPR Service (NAS). National audit guidelines have been issued and a National Auditor appointed, in preparation for all Forces to move to the NAS.	Ongoing	Ongoing reviews completed, any issues are raised with the Line Manager or PSD (as deemed appropriate on an individual basis).	Any issues identified are reported to Line Manager and PSD if required.

Information Compliance	Child Abuse Indecent Images (CAID) transaction monitoring.	Transaction Monitoring commenced Feb 2022. It is a requirement to audit to ensure compliance and integrity with national policy and codes of connection.	Ongoing	Ongoing reviews completed, any issues are raised with the Line Manager or PSD (as deemed appropriate on an individual basis).	Any issues identified are reported to Line Manager and PSD if required.
Information Compliance	VCOP Review	Data quality review of victim person data.	Q1	June 2025: Upon completion report will be sent to Planning & Performance & Cheshire Cares.	
Information Compliance			Q2		
Information Compliance			Q3		
Information Compliance			Q4		
Governance Of Collaborations	Quarterly	To review collaborations of which Cheshire Constabulary is a party and check that performance reports have been received and given transparency at the relevant Force/ Regional Meeting.	Bi-annually	May & November 2025: Collaboration Board held, and scrutiny applied by ACC Innovations as Chair of the Board. Next Board scheduled for November 2025.	Senior Command Team
Taser Downloads	Governance and compliance monitoring	Audit of completion of Taser downloads	Taser's downloaded every 8 weeks (Feb, April, June, Aug, Oct, Dec) Audited	June 2025: All devices accounted for. Following the rollout new T10 devices later in the year, there will be a process to integrate TASER storage with chronicle training records meaning that officers will not be able to access	Procedural Justice Meeting

			quarterly	<p>devices without having the necessary accreditation in place.</p> <p>The Axon performance dashboard will also enable improved recording of our use of the devices which links to a HMICFRS advisory note around our use of force.</p>	
Planning, Performance & Risk Management	Policy & Procedure Monitoring	<p>Cheshire Constabulary's Policy & Procedures are published when the National Guidelines laid down by College of Policing – Authorised Professional Practice (APP) do not have adequate detail, specifically in respect of Cheshire local practices.</p> <p>It is important that these Policies & Procedures are kept up to date and reviewed on a regular basis.</p>	Ongoing	Ongoing regular monitoring and reviews, any overdue policies or procedures or issues are raised directly with the Policy Owner, Author and Business Area Leads.	Status reported at Information & Risk Governance Board twice yearly (April & September, or more frequently should there be any concerns).
Planning, Performance & Risk Management	Business Continuity Plan Monitoring & Exercising	Business Continuity Plans are essentially contingency planning and ensuring our service to the public can continue in the event of a loss of systems, premises or human resources.	Ongoing	Business continuity plans in place. All plans are reviewed annually. Tier 1 plans are tested (live or tabletop) every 12 months Tier 2 plans are tested (live or tabletop) a minimum of every 24 months. Compliance is reported to the Information & Risk Board.	Information & Risk Governance Board