

JOINT AUDIT ADVISORY COMMITTEE



Cheshire
Constabulary



Dan Price
Police & Crime
Commissioner
for Cheshire

Date: Wednesday, 31st July 2024

Time: 13:00

Venue: OPCC Meeting Room, Cheshire Constabulary Headquarters, Clemonds Hey, Winsford, CW7 2UA

Any member of the public who wishes to observe this meeting is asked to register their interest by midday on **Monday, 26th July 2024** via email to police.crime.commissioner@cheshire.police.uk. A link to enable access to the meeting and joining instructions will then be provided to all attendees in advance of the meeting.

AGENDA

Part 1 - Public Items

	Contact	Report Page
1. Minutes of the Joint Audit Advisory Committee <i>To approve the minutes of the Joint Audit Advisory Committee held on 29th February 2024.</i>	P Bearpark	3
2. Action Log <i>To consider the attached action log update.</i>	P Bearpark	6
3. Police & Crime Commissioner and Chief Constable Update	D Price/M Roberts	V

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	7
5. Draft Statement of Accounts (incl. Annual Governance Statement 2023/24). <i>To advise upon the attached reports from the Head of Finance and the OPCC Chief Finance Officer</i>	W Bebbington/ C Hodgson	21
6. External Audit Plan 2023-24 <i>To advise upon the attached report from the External Auditor.</i>	N Hollis	126
7. Discussion on Single Point of Contact Role – Thematic Reviews 2025-26 <i>To discuss the attached report on thematic reviews (formerly root and branch reviews) and advise on SPoC role.</i>	W Bebbington/ C Hodgson	140
8. Forward Plan <i>To agree the attached forward plan.</i>	Phil Bearpark	143

Public Items - For Information

9. Internal Audit	<i>A Harrop</i>	144
<i>To note the attached reports from the Internal Auditor.</i>		
<i>(a) Internal Audit Progress Report</i>		
<i>(b) Final Internal Audit Plan 2024/25</i>		
<i>(c) Custody Referrals Review Terms of Reference</i>		
<i>(d) NFI – CPCC Final Briefing Note – July 2024</i>		
<i>(e) Data Protection Review – Final Report 2023/24</i>		
10. Service Assurance Plan	<i>L Willis</i>	199
<i>To receive the attached report by the Chief Constable.</i>		
11. Any Other Business	<i>P Bearpark</i>	V

PART 2

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>Action Log</i>	<i>(31) Law Enforcement</i>
<i>Joint Strategic Risk Register</i>	<i>(31) Law Enforcement</i>
<i>Annual Risk Management Report</i>	<i>(31) Law Enforcement</i>

Part 2 - Private Items

12. Minutes of the Joint Audit Advisory Committee	<i>P Bearpark</i>	-
<i>To approve the minutes of the Joint Audit Advisory Committee held on 29th February 2024.</i>		
13. Action Log	<i>P Bearpark</i>	-
<i>To consider the attached action log update.</i>		

Private Items – For Advice

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

Private Items – For Information

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

Joint Audit Advisory Committee



Cheshire Constabulary



John Dwyer
Police & Crime Commissioner
for Cheshire

Minutes of the Joint Audit Advisory Committee Meeting 29th February 2024 – Part 1

Attendees:

Joint Audit Advisory Committee

Phil Bearpark, JAAC Chair
Jean Gleave, JAAC Member
Elaine Smith, JAAC Member
Paul Birtles, JAAC Member

Office of the Police & Crime Commissioner

John Dwyer, Police & Crime Commissioner
Clare Hodgson, Chief Finance Officer

Cheshire Constabulary

Mark Roberts, Chief Constable
Wendy Bebbington, Head of Finance
Louise Willis, Planning, Performance & Risk Mgr.

Internal Audit

Charles Black, Audit Manager (MIAA)

External Audit

Liz Luddington, Manager, Grant Thornton

Apologies

Damon Taylor, Chief Executive
David Bryan, Head of Legal Services
Michael Green, Director, Grant Thornton

Julie Gill, Assistant Chief Officer
Anne-Marie Harrop, Regional Assurance Director (MIAA)
Dr Vellore Karthikeyan, JAAC Member

Part 1 - Public Items

- Minutes of the Joint Audit Advisory Committee**
The Minutes of the Joint Audit Advisory Committee held on 30th November 2023 were approved.
- Action Log**
Mazars contacted – Action closed.
Paul Birtles will be the JAAC single point of contact for the root and branch review. Action closed.
Terms of Reference have been added to the forward plan and a review is item 4 on this agenda. CCU action will be covered here. Actions closed.
- Police & Crime Commissioner and Chief Constable Update**

Police and Crime Commissioner

- The Constabulary and the OPCC have had a really good relationship over the last 3 years and the work completed together has resulted in extremely positive results which is highlighted across the media and both the PCC and Constabulary websites.
- The PCC will be standing for office again in the May 2024 elections.
- The Public Scrutiny meeting was held in mid-February; this contained a lot of positive news.
- The Government are providing extra funding of £1 million on 01/04/2024 to every force, this is to be used for ASB.
- The Police Precept was raised by 4.99% after an extensive consultation across the County.

Chief Constable

- Crime Figures. Year to date, in comparison with the last 12 months, all crimes are down 10.6% which is a significant drop. Outcomes are positive across a number of areas and Cheshire have the highest arrest rates in the country.

- PEEL Inspection. A full PEEL Inspection is to take place this year. In person in September but the evidence gathering process is ongoing with the document draw down open now. The grades to be given out have been calibrated down to Outstanding, Good, Adequate, Requires Improvement and Inadequate.

- Budget Pressures_ Government uplift money for extra officers to replace the ones who have left is ringfenced. However, if the Force number drops below a certain level the funding will be lost. The Government offered an extra 15 officers which would be covered by funding; these were accepted. The force establishment will stand at 2,410 officers then, this is the largest number we have ever had.

- Op Hummingbird is a complex investigation into the actions of Lucy Letby at the Countess of Chester Hospital NHS Foundation Trust. Funding has been significantly reduced for 2024-25, there is a meeting to discuss this in the diary with the Policing Minister which the PCC and CC will attend. Government funding is relied on due to the scale of Detectives involved. The demand on this enquiry is going up due to the number of further offences being recorded. The Thirlwall Public Inquiry is related to these events and is also serviced by the Constabulary which requires further input and resulting costs.

4. Review JAAC Terms of Reference

The Chair noted there were a number of areas where the Committee felt they needed to capture the clarity required around their involvement as listed in the TOR's. **Jean Gleave** raised the question around if the AGS covered the fraud element fully or if any further work was required by the Committee and also how the Committee fulfil their commitment without crossing into operational areas. It was agreed that some text would be added to the AGS to cover this subject, which would show reporting lines and provide assurance that the controls are in place and the items have been reviewed. Also agreed that JAAC Terms of reference would be updated to clarify that operational areas are not included.

ACTION: Text to be added to AGS when this is updated post year end to show who has oversight of each area. **CH**

ACTION: JAAC terms of reference to be updated. This will be sent to the Chair for his agreement. **CH**

Elaine Smith asked about a section on the Internal Audit Document and whether this was only relevant where internal audit is performed in-house rather than by a third party. **Clare Hodgson** explained the reasoning behind the generic terms used in the document.

Part 1 - Public Items – For Advice

5. DRAFT Internal Audit Plan

The Chair congratulated MIAA on the internal audit contract being awarded to them.

Charles Black gave an overview of the draft audit plan; this was to give assurance that all areas had been risk assessed. Discussions will now take place with the Chief Officers and Heads of Departments before creating the final plan. **The Chair** noted that the Final Audit Plan will be received at the July JAAC meeting.

The **Chief Constable** noted that within the 3 year strategic audit plan Safer Street had been placed within road safety, this is actually Violence Against Women and Girls (VAWG) and it needs to be separated from road safety.

ACTION: Safer Streets to be removed from Road Safety section of the Strategic Audit Plan. **CB**

Jean Gleave asked if the PEEL inspection would affect the audit plan. **Charles Black** explained that it wouldn't this year and gave information around how it would work going forward.

Part 1 - Public Items – For Information

6. External Audit Findings Report

The Chair explained we have already looked at and discussed this report in detail at a previous meeting and were therefore only looking at any changes at the point. **Liz Luddington** confirmed that some changes had been made, however, there was nothing major changed and the accounts were now signed off.

7. External Audit Annual Report (including VFM)

Liz Luddington formally acknowledged that this meeting now finalised Grant Thorntons audit engagement and thanked everybody for how well they had worked together over recent years. **The Chair** commented on how good it was to have the accounts finalised in December 2023.

Paul Birtles asked about the handover procedure to the new auditors, **Liz Luddington** gave details of the process.

Clare Hodgson thanked the external auditors for all their hard work.

8. Internal Audit

Charles Black gave an update on the internal audit including the Progress Report, Key Financial Systems Report and the Payroll Review Report.

Elaine Smith and The Chair commented that the new content and template is excellent on the Financial Systems Report as it gives all the detail on one page.

Jean Gleave asked a question regarding sample testing and if the number of samples could be stated in all areas of the report. **Charles Black** agreed and this will be taken as an action for future reports.

ACTION: Sample size to be included in each area - **CB**

9. Service Assurance Plan

Louise Willis presented the Service Assurance Plan. This had gone to the Information Risk Governance Board on 28/02/2024. There was nothing by exception on the report.

10. 2024/25 Budget & Medium-Term Financial Strategy

Wendy Bebbington advised on the layout of the tables within this document which provides three scenarios highlighting how the figures presented can change significantly if the police funding changes by just one element. Any individual change can make a fundamental alternation to the figures.

11. JAAC Forward Plan

The Chair asked for any comments/questions, none were raised.

12. Any Other Business

- **Elaine Smith** asked about access to the CIPFA website as at the moment the effectiveness of the Audit Committee is dependent on others within the constabulary to download the documents. **Wendy Bebbington** confirmed that she can download any required documents.

- **Elaine Smith** asked how the Spring and Autumn training advertised on the CIPFA website is accessed.

ACTION: Clare Hodgson will look into the training and advise if this provides anything additional to training already received by JAAC members. **CH**

- **The Chair** stated that Jean Gleave's current term ends at the end of March 2024 but she would like to continue as a committee member. All present agreed that she should continue in her role on the Committee for another year. This is in line with the terms of reference which allow members a three-year term with the potential to extend for a further three years on a rolling annual basis.

**Joint Audit Advisory
Committee
PART 1 - ACTIVE Actions**



Date of Meeting	Action Number	Action Details	Responsible for Action?	Status	Notes
29/02/2024	2024/01	Text to be added to AGS when this is updated post year end to show who has oversight of each area	Clare Hodgson	Open	July Update - To be discussed at agenda item 5 draft AGS. Will be updated before AGS is finalised.
29/02/2024	2024/02	JAAC terms of reference to be updated. This will be sent to the Chair for his agreement.	Clare Hodgson	Propose Closure	July Update - JAAC terms of reference have been updated to clarify that the JAAC review and assess governance related fraud risks and processes only. Operational fraud is assessed and monitored elsewhere.
29/02/2024	2024/03	Safer Streets to be removed from Road Safety section of the Strategic Audit Plan.	Charles Black	Propose Closure	July Update - action completed.
29/02/2024	2024/04	Sample size to be included in each area.	Charles Black	Open	July Update - Sample sizes will be included in 2024/25 final reports. Action to remain open until a 2024/25 final report comes to JAAC.
29/02/2024	2024/05	Clare Hodgson will look into the training and advise if this provides anything additional to training already received by JAAC members	Clare Hodgson	Propose Closure	July Update - Future CIPFA Audit Committee training sessions will be forwarded onto JAAC members if these provide any relevant new/additional training.

Internal Audit Annual Report & Head of Internal Audit Opinion 2023/24

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

Contents

- 1 Executive Summary
- 2 Head of Internal Audit Opinion
- 3 Internal Audit Coverage and Outputs
- 4 Areas for consideration – your Annual Governance Statement
- 5 MIAA Quality of Service Indicators

1 Executive Summary

We are pleased to have provided your internal audit services for 2023/24. The highlights of the delivery of our services are summarised in this report.

This annual report provides your 2023/24 Head of Internal Audit Opinion, together with the planned internal audit coverage and outputs during 2023/24 and MIAA Quality of Service Indicators.

Key Area	Summary
Head of Internal Audit Opinion	<p>The overall opinion for the period 1st April 2023 to 31st March 2024 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>This opinion is provided in the context that the Police and Crime Commissioner and Chief Constable, like other organisations across the public sector, is facing a number of challenging issues and wider organisational factors particularly with regards to financial challenges and increasing collaboration across organisations and systems.</p> <p>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>The purpose of our Head of Internal Audit (HoIA) Opinion is to contribute to the assurances available to the Police and Crime Commissioner and 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 Chief Constable takes into account in making its Annual Governance Statement (AGS).</p> <p>The opinion does not imply that we have 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.</p>

Key Area	Summary
Planned Audit Coverage and Outputs	<p>The 2023/24 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. 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 • A range of individual risk-based assurance reviews. <p><i>Please include the summary text in the table above when referring to the HoIA Opinion in your AGS.</i></p>
Recommendations / Management Actions	<ul style="list-style-type: none"> • We have raised 22 recommendations as part of the reviews undertaken during 2023/24. All recommendations raised by MIAA have been accepted by management. • Of these recommendations none were critical or high-risk recommendations. • All recommendations relating to prior year reviews have now been implemented.
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 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 Police and Crime Commissioner and Chief Constable 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.

2.2 Opinion

Our opinion is set out as follows:

- Basis for the Opinion;
- Overall Opinion; and
- Commentary

2.2.1 Basis for the Opinion

The basis for forming our opinion is as follows:

- 1 An understanding 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.

2.2.2 Overall Opinion

Our overall opinion for the period 1st April 2023 to 31st March 2024 is:

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.

Substantial Assurance, can be given 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.



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.	

2.2.3 Commentary

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

Our draft opinion covers the period 1st April 2023 to 31st March 2024 inclusive, and is underpinned by the work conducted through the risk-based internal audit plan.

Risk and Assurance Framework

Understanding and assessing the strategic governance, risk management and assurance processes in place throughout the year conducted via our risk based reviews, review of strategic risks and their management in year.

Core & Risk-Based Reviews Issued

We issued:

One high assurance opinion:	Key Financial Transactional Processing Controls	Zero limited assurance opinions:	N/A
Five substantial assurance opinion:	HR Payroll Use of Force Firearms Licensing Stop and Search Data Protection	Zero no assurance opinions:	N/A

Zero moderate assurance opinions:	N/A	One review without an assurance rating	National Fraud Initiative
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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 2024

Louise Cobain
 Assurance Director, MIAA
 March 2024

3 Internal Audit Coverage and Outputs

The 2023/24 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.

Of the reviews completed in the year, assurance ratings were given in six cases. Assurance ratings were not applicable for one review, due to the nature of this work. 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	HR Payroll	Substantial	0	0	2	4	6
3	Use of Force	Substantial	0	0	1	2	3
4	Stop and Search	Substantial	0	0	2	1	3
5	Firearms Licensing	Substantial	0	0	0	3	3
6	Data Protection	Substantial	0	0	6	0	6
7	National Fraud Initiative	N/A	0	0	0	0	0
	TOTAL		0	0	11	11	22

There are no high-risk recommendations overdue at the time of reporting.

We will continue to follow up progress against all recommendations as part of the 2024/25 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 Planning, Performance and Risk Manager / Senior Management Team, regular review of Scrutiny Board papers and performance reports.

To keep our clients informed on emerging governance and wider policy developments we ran 10 events in 23/24 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), CIPFA and Police Audit Group (PAG) enabling us to be proactive in sharing best practice, wider benchmarking and providing early insights on national issues.

4 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 Police and Crime Commissioner and the Chief Constable reflects more widely on how these should be factored into the AGS. Areas for consideration include:

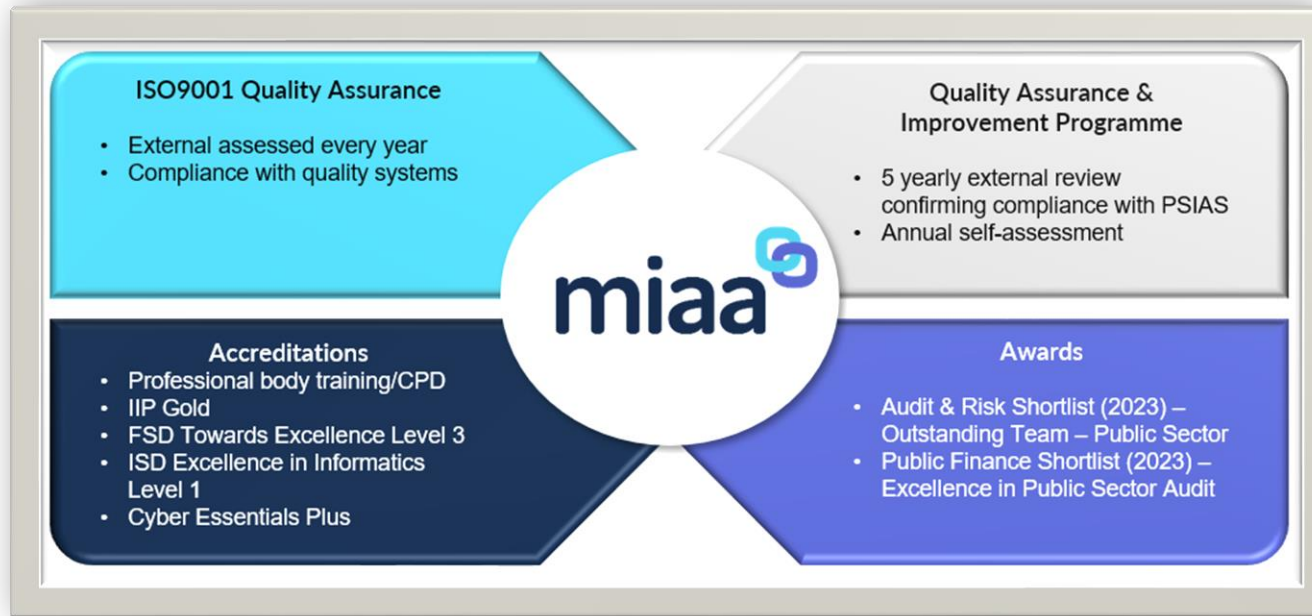
- Changes to governance, risk management and internal control arrangements (including the impact on decision making processes).
- Service leadership, including any significant changes within the OPCC and Constabulary Senior Management Team.
- Workforce capacity, engagement, wellbeing and development.
- Cyber security, information governance risks and any associated reportable incidents to the Information Commissioner.
- 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 during 2023/24 including any actions taken to address any areas of development.
- Organisation performance, including challenges in achieving financial duties, delivery of Priority Based Budgets and service pressures managed in year.
- Wider partnership working risks and challenges.

5 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

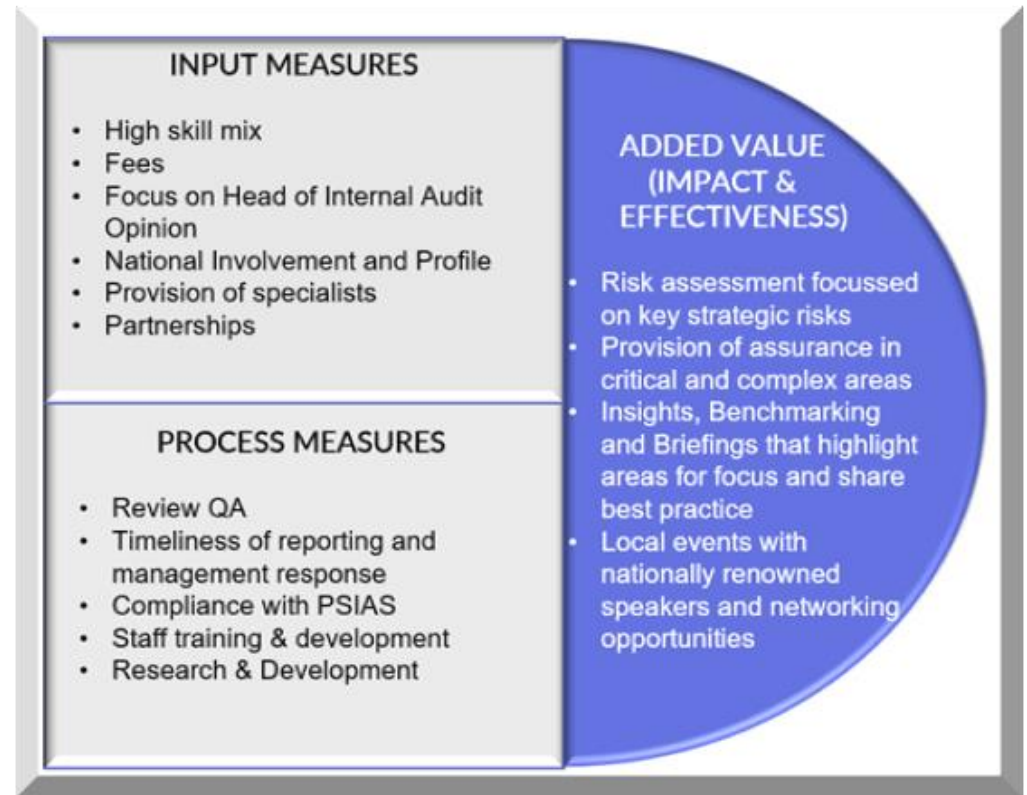
MIAA comply fully with professional best practice, internal audit standards and legal requirements.



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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Police & Crime
Commissioner
for Cheshire



Cheshire
Constabulary

PRE-AUDIT Version

POLICE & CRIME COMMISSIONER FOR CHESHIRE AND GROUP STATEMENT OF ACCOUNTS 2023/24

STATEMENT OF ACCOUNTS 2023/24

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NARRATIVE REPORT

Introduction

Welcome to the 2023/24 Statement of Accounts for Cheshire Police.

On 25 January 2023, the Commissioner approved a gross revenue budget of £266.5m (net £236.8m), funded by government grants and the police share of council tax (known as the precept) together with a programme of capital investment totalling £8.127m.

One of the Commissioner's key responsibilities is to set out the public's priorities for policing alongside the strategic priorities for Cheshire Constabulary during his term in office. Based on feedback received from the public, the Plan sets out the Commissioner's vision for policing, crime, and community safety in Cheshire, as well as setting out how he will hold the Chief Constable to account to ensure that our police service delivers on these priorities.

The six key priorities for policing and crime in Cheshire from now until 2024 are to:

- Prevent and tackle crime
- Make Cheshire's roads safer
- Deliver justice for victims of crime
- Protect vulnerable and at-risk people
- Improve public confidence in policing
- Modernise our police service

This budget provided funding to support the delivery of this Police and Crime Plan together with meeting the obligations of the national Strategic Policing Requirement. Further details of 2023/24 financial performance, expenditure and financing are provided in these accounts.

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. These accounts include both the group accounts and the Commissioner's accounts.

Any interactions between the Commissioner and the Chief Constable are removed from the group accounts in accordance with the Accounts and Audit Regulations and consolidated on a line-by-line basis. Further details are included in Note 4.

Primary Statements

The Primary Statements within the Statement of Accounts include the Movement in Reserves Statement; Comprehensive Income and Expenditure Statement; Balance Sheet; and Cashflow Statement. These Primary Statements are complimented by an Expenditure and Funding Analysis note.

The Movement in Reserves Statement shows the movement from the start of the year to the end on the different reserves held by the Commissioner, analysed into 'usable reserves' (i.e., those that can be used to fund expenditure or reduce local taxation) and other 'unusable' reserves. It shows how the movements in year are broken down between gains and losses incurred in accordance with generally accepted accounting practices and the statutory adjustments required to calculate the amounts chargeable to council tax for the year. This Statement has a strong link to the Comprehensive Income and Expenditure Statement and the Expenditure and Funding Analysis note.

The Comprehensive Income and Expenditure Statement shows the cost for the year of providing services in accordance with generally accepted accounting practices, rather than the amount to be funded from taxation. It essentially captures the inflow and outflow of resources for the financial year up to 31 March, which have been received or incurred as part of the ordinary activities of the Commissioner and Constabulary. The main figure to understand from this Statement is the Surplus/Deficit on Provision of Services for which there was a deficit of £40.1m in the Group Accounts. This deficit is due to including within this statement a number of accounting entries that are not cash based and are explained in more detail within the Expenditure and Funding Analysis note. The most significant of these accounting entries relates to recognising the actuarial cost of pensions in the year which totals around £33.8m for 2023/24. This is explained further in note 33 to these accounts. Without these accounting entries, the overall outturn position shows an balanced budget.

The Balance Sheet is a statement showing the Commissioner's assets and liabilities i.e., what is owned and what is owed as at 31 March. The net impact of this is funded by Reserves, which is the residual interest in the assets of the Commissioner after deducting all of the liabilities. The 'net worth' is calculated by deducting total liabilities from total assets. In the Group Accounts this was £1,692m as at 31 March 2024 (£1,699m 31 March 2023).

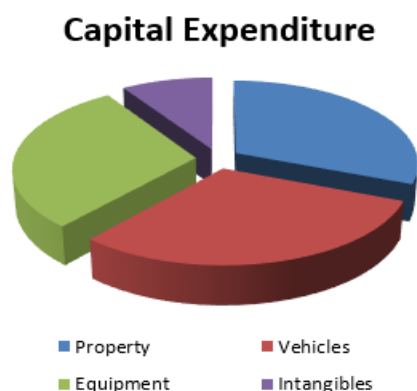
The final Primary Statement is the Cashflow Statement. This shows the changes in cash and cash equivalents of the Commissioner during the financial year. The statement shows how the Commissioner generates and uses cash by classifying cash flows as operating, investing and financing activities. The amount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

Financial Position as at 31 March 2024

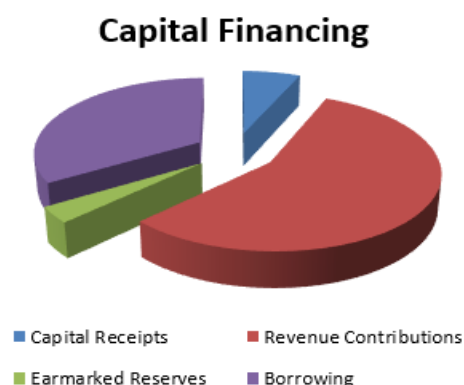
Capital Expenditure and Financing

At the start of 2023/24 the capital programme included investment in estates, digital/information technology, vehicles, and equipment totalling £8.127m. 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.

<u>Capital Expenditure</u>	£000	
Property	2,526	31.0%
Vehicles	2,477	30.4%
Equipment	2,403	29.4%
Intangibles	747	9.2%
Total	8,153	100.0%



<u>Capital Financing</u>	£000	
Capital Receipts	527	6.5%
Revenue Contributions	4,591	56.3%
Earmarked Reserves	280	3.4%
Borrowing	2,755	33.8%
Total	8,153	100.0%



Financial Performance

The 2023/24 outturn shows a balanced budget after taking into account £1.719m of approved carry-forward commitments into 2024/25. As part of the Police Uplift Programme, the Constabulary agreed to and recruited, an additional 15 officers above target and received the full grant allocation accordingly. The following table shows the detail of the outturn against the service headings which are explained in full within the Outturn Report presented to the Joint Management Board on 3 July 2024 – please see Commissioner’s website.

	Full Year Budget	Outturn Actual	Carry Forwards	Total Outturn	Outturn Variance	
	£000	£000	£000	£000	£000	%
Police Pay	126,969	126,348	0	126,348	(621)	(0%)
Overtime	3,798	3,804	15	3,819	21	1%
Crime	11,982	11,498	90	11,588	(394)	(3%)
Protecting Vulnerable Persons & Criminal Justice	5,459	5,390	14	5,404	(55)	(1%)
Local Policing	6,965	7,222	150	7,372	407	6%
Force Operations	16,062	15,338	32	15,370	(692)	(4%)
Centrally Delivered Services	7,000	7,259	184	7,443	443	6%
Business Services	44,808	45,070	879	45,949	1,141	3%
Collaborations	11,313	10,993	70	11,063	(250)	(2%)
Corporate Costs	5,334	5,148	186	5,334	0	0%
Total Constabulary Costs	239,690	238,070	1,620	239,690	0	0%
Office of the Police & Crime Commissioner	938	931	7	938	0	0%
Commissioning	1,239	1,147	92	1,239	0	0%
OPCC Total	2,177	2,078	99	2,177	0	0%
Total Service Costs	241,867	240,148	1,719	241,867	0	0%

Review of 2023/24

During 2022, more than any other year for some considerable time, inflation hit the headlines with the UK reporting a 40-year high of 10.1% in July, increasing further to a reported 11.1% in October. Over the last decade, inflation has remained around the 2% target rate, accompanied by near-zero interest rates. As such, the rapid increase in inflation proved challenging, unforeseen in most cases and generally un-funded. However, it was not just the UK, inflation was a huge problem on a global scale and the pressure increased with conflict detrimental to food, energy, and commodity prices, making the outlook challenging to predict. It was in this setting that the 2023/24 budget was set and the impact cannot be underestimated in terms of costs and service provision.

Despite these challenges, additional resources were allocated to Vulnerability and Safeguarding Team and investment was made to support the Constabulary in becoming an intelligence led organisation better serving our communities through insight and provision of timely data.

This was only achieved by rigorous reviews of spend and considerable savings. However, as the above table shows, this was delivered within budget and as the next graphic shows, performance has improved again in 2023, demonstrating the commitment to make Cheshire hostile to criminals and protect the most vulnerable in our society.

Cheshire Constabulary - 2023 Performance Data



Response



5 minutes and 30 seconds
average time to answer non-emergency calls compared to over **6 mins** on the previous year.

2022	2023	Notes
89%	90%	of 999 emergency calls answered in 10 seconds
91%	92%	of emergency incidents attended within 15 minutes
81%	87%	of prompt incidents attended within 60 minutes

Cheshire Constabulary's performance compared nationally with 42 other forces



Safeguarding



- 6462 people supported by the safety buses.
- 1361 vouchers given to vulnerable women and girls for free enhanced access to Hollie Guard safety app.
- 114 schools completed safer streets training.



Crime and Incidents

21,828 Total arrests made in 2023
Up by 11% on the previous year

8,596 Domestic Abuse arrests made in 2023
Up by 6% on the previous year

Overall action taken rate **24%**

Overall action taken rate for Domestic Abuse **20%** (19% in 2022)



Investment in technology and problem solving

- Launch of NICE Investigate to manage digital evidence and improve standards of investigation.
- Over 1300 officers completed PVP (Protecting Vulnerable People) training using revolutionary VR technology.

Outcomes

This data relates to the data obtained until end of October 2023

- Highest charge rate for other sexual crimes in the country
- Highest charge rate for violence against the person in the country
- 2nd highest charge rate for all sexual offences
- 2nd highest charge rate for stalking and harassment
- 2nd highest charge rate for burglary of business and community

Cheshire Constabulary deals with 3,000 stalking offences per year, and the Harm Reduction Unit is a collaboration between police, health, probation, and victim advocacy partners. It is responsible for protecting victims of stalking, bringing offenders to justice. In April 2023, the Harm Reduction Unit benefited from over £1 million in extra funding through the OPCC, which was used to invest in the GPS tags and provide an enhanced service to those experiencing stalking. In January 2024, Cheshire Constabulary's Harm Reduction Unit successfully secured a five-year stalking protection order (SPO) with the stipulation that the perpetrator must wear a GPS tag – the first of its kind in the county. The tag alerts the police if the offender goes within a certain distance of the victim.

Another significant development in 2023/24 saw the phased introduction of Right Care, Right Person. Right Care, Right Person is an operational model developed by Humberside Police that changes the way the emergency services respond to calls involving concerns about mental health. It is aimed at making sure the right agency deals with health-related calls. It has been shown to improve outcomes, reduce demand on all services, and make sure the right care is being delivered by the right person. The police are not the right agency to attend these calls, we are not trained, and do not have the correct equipment. Despite the greatest care our attendance can be detrimental to the patient. It does not stop the police continuing to perform their key role of keeping people safe and where there is a real and immediate risk to life or of serious harm – whether that be a person seeking to harm themselves or harm others – officers will respond swiftly as we currently do.



Cheshire has continued to successfully attract and recruit officers as part of the Police Uplift Programme not only achieving the allocated total but exceeding it. The latest intake of police officers celebrated their passing out ceremony on 23 March 2024, taking our officer numbers above 2,400 for the first time in more than a decade.

During 2023/24, capital investment of £8.2m was spent including 21 single cell vans distributed across the county.



Future Developments

Contractors have begun work on Wilmslow's new police station, which is set to become operational in autumn 2024. The new station will be built on the same plot of land on Hawthorn Street as the existing station. Wilmslow's current police station is too large for current and predicted future operational use and a more modern, carbon neutral and fit-for-purpose building will enable the police to deliver a more effective service for the public.

Cheshire Constabulary's Chief Constable, Mark Roberts said:

"This development is a positive step for our officers and the local community, providing a policing hub that allows us to provide an even better service to the residents of Wilmslow. It also underlines our commitment to maintaining an operational deployment station in the town. This will have a positive impact on our local officers who will have a new, modern station to work from. I very much looking forward to visiting in the autumn when it is up and running."



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 Wendy Bebbington, Head of Finance, 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, Office of the Police & Crime Commissioner

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

XX.XX.XX

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 2024 and of the expenditure and income for the year ended 31 March 2024.

Clare Hodgson

Chief Finance Officer, Office of the Police & Crime Commissioner

XX.XX.XX

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

Report on the audit of the financial statements

Opinion on financial statements

To Follow

Report on the audit of the financial statements

Opinion on financial statements

To Follow

Report on the audit of the financial statements

Opinion on financial statements

To Follow

Report on the audit of the financial statements

Opinion on financial statements

To Follow

COMPREHENSIVE INCOME and EXPENDITURE STATEMENT (Group)

2022/23				2023/24			Notes
£000	£000	£000	£000	£000	£000	£000	
Expenditure	Income	Net	<u>Police Services</u> ^(a) :	Expenditure	Income	Net	
137,290	(4,773)	132,517	Police Pay	116,897	(6,061)	110,837	
21,736	(8,589)	13,147	Crime	18,578	(10,150)	8,428	
6,637	(882)	5,755	Protecting Vulnerable Persons & Criminal Justice	5,445	(954)	4,491	
7,810	(296)	7,514	Local Policing	6,410	(247)	6,163	
21,040	(5,779)	15,261	Force Operations	18,398	(6,101)	12,298	
7,908	(724)	7,184	Centrally Delivered Services	6,786	(648)	6,137	
52,235	(6,431)	45,803	Business Services	43,055	(6,330)	36,726	
12,437	(399)	12,037	Collaborations	10,229	(76)	10,153	
832	(2,112)	(1,280)	Corporate Costs	4,252	(2,106)	2,145	
952	0	952	Office of Police & Crime Commissioner	800	0	800	
5,573	(4,880)	693	Office of Police & Crime Commissioner - Commissioning	7,345	(6,198)	1,147	
274,449	(34,865)	239,584	Cost of Services	238,195	(38,871)	199,325	9
		130	Other Operating Expenditure & Income			157	9
		70,785	Financing & Investment Income & Expenditure			84,229	9
		(231,393)	Taxation & Non-Specific Grant Income			(243,618)	9
		79,105	Deficit / (Surplus) on Provision of Services			40,093	9
		(8,392)	(Surplus)/Deficit on revaluation of fixed assets			(32,262)	17
		0	(Surplus)/Deficit on revaluation of "available for sale" assets			0	
		(839,288)	Actuarial (gains)/losses on pension assets/ liabilities			(14,789)	33
		(847,680)	Other Comprehensive Income and Expenditure			(47,051)	
		(768,575)	Total Comprehensive Income and Expenditure			(6,958)	

^(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 5 in the Narrative Report where you can see as an example 'police pay' cash spend including overtime is £130,167k (£124,381k 2022/23).

MOVEMENT IN RESERVES STATEMENT (Group)

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
	0				
Balances at 31 March 2024	23,316	0	23,316	(1,715,563)	1,692,248

2022/23	General Fund (incl. earmarked) Reserve £000	Capital Receipts Reserve £000	Total Usable Reserves £000	Unusable Reserves £000	Total Reserves £000
Balance at 1 April 2022	28,222	686	28,909	(2,496,689)	(2,467,780)
Total Comprehensive Expenditure and Income	(79,105)	0	(79,105)	847,680	768,575
Adjustments between accounting basis & funding basis under regulations – see Note 15	75,464	(686)	74,777	(74,777)	0
Increase/(Decrease) in year	(3,641)	(686)	(4,328)	772,903	768,575
Balances at 31 March 2023	24,581	0	24,581	(1,723,786)	(1,699,206)

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

BALANCE SHEET AS AT 31 MARCH 2024 (Group)

31 March 2023 £000		31 March 2024 £000		Notes
		£000	£000	
141,543	Property, Plant & Equipment	171,274		17
4,071	Intangible Assets	4,119		18
738	Long Term Debtors	585		
<u>146,352</u>	Long Term Assets		175,978	
733	Stock	724		
24,656	Short Term Debtors	28,835		23
21,354	Cash and Cash Equivalents	19,131		24
0	Assets (held for sale)	0		25
<u>46,743</u>	Current Assets		48,690	
(2,356)	Short Term Borrowing	(2,385)		22
(25,352)	Short Term Creditors	(32,731)		26
<u>(27,708)</u>	Current Liabilities		(35,116)	
(15,006)	Long Term Creditors	(14,054)		29
(489)	Provisions	(679)		27
(27,918)	Long Term Borrowing	(26,889)		22
<u>(1,821,179)</u>	Other Long-Term Liabilities	<u>(1,840,176)</u>		33
<u>(1,864,592)</u>	Long Term Liabilities		(1,881,798)	
<u>(1,699,205)</u>	Net Liabilities		<u>(1,692,246)</u>	
	Represented By:			
24,581	Usable Reserves		23,317	16
(1,723,786)	Unusable Reserves		(1,715,563)	30
<u>(1,699,205)</u>	Total Reserves		<u>(1,692,246)</u>	

These unaudited accounts were issued on 4th June 2024

Clare Hodgson, Chief Finance Officer, Office of the Police & Crime Commissioner
Date: 4th June 2024

CASHFLOW STATEMENT (Group)

31 March 2023 £000		31 March 2024 £000	Notes
79,105	Net (surplus) or deficit on the provision of services	40,093	
	Adjust net (surplus) or deficit on the provision of services for non-cash movement:		
(9,927)	Depreciation	(10,228)	
(74,606)	Pensions - actuarial movement	(33,839)	
641	Movement in Creditors	(4,768)	
721	Movement in Debtors	3,964	
125	Movement of Stock	(9)	
185	Other non-cash items	(2,974)	
0	Adjust for items included in the net (surplus) or deficit on the provision of services that are investing and financing activities	0	
(3,755)	Net cash flow from operating activities	(7,761)	
8,558	Investing Activities	8,032	31
1,316	Financing Activities	1,952	31
6,118	Net (increase) or decrease in cash and cash equivalents	2,223	
(27,472)	Cash and cash equivalents at the beginning of the reporting period	(21,354)	24
(21,354)	Cash and cash equivalents at the end of the reporting period	(19,131)	24
6,118	Net (increase) or decrease in cash and cash equivalents	2,223	

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.

2022/23 £000	FUND ACCOUNT	2023/24 £000
	Contributions Receivable from:	
(27,191)	Employer at 31% of pensionable pay	(29,263)
(1,116)	Early Retirements	(1,780)
(11,658)	From current employees	(12,622)
(39,965)		(43,666)
	Transfers in from other Police & Crime Commissioners	0
(355)	Transfers in from other pension schemes	(341)
(40,320)		(44,006)
	Benefits Payable:	
54,345	Pensions	60,211
12,825	Commutations and lump sum retirement benefits	14,521
0	Lump sum death benefits	280
	Payments to and on account of leavers	
6	Transfers out to other schemes	250
49	Refunds of contributions	143
	Other Payments	
0	Pension Admin and Interest Charges	0
67,225		75,404
26,905	Net amount payable for the year	31,398
(26,905)	Additional contribution from the Commissioner ¹	(31,398)
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)

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

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

2022/23	General Fund (incl. earmarked) Reserve £000	Capital Receipts Reserve £000	Total Usable Reserves £000	Unusable Reserves £000	Total Reserves £000
Balance at 1 April 2022	28,222	686	28,909	90,424	119,333
Total Comprehensive Expenditure and Income	(4,810)		(4,810)	10,586	5,776
Adjustments between accounting basis & funding basis under regulations	1,169	(686)	482	(482)	0
Increase/(Decrease) in year	(3,641)	(686)	(4,328)	10,104	5,776
Balances at 31 March 2023	24,581	0	24,581	100,527	125,108

BALANCE SHEET AS AT 31 MARCH 2024 (Police & Crime Commissioner for Cheshire)

31 March 2023 £000		31 March 2024		Notes
		£000	£000	
141,543	Property, Plant & Equipment	171,274		17
4,071	Intangible Assets	4,119		18
738	Long Term Debtors	585		
146,352	Long Term Assets		175,978	
733	Stock	724		
24,656	Short Term Debtors	28,835		23
21,354	Cash and Cash Equivalents	19,131		24
0	Assets (held for sale)	0		25
46,743	Current Assets		48,690	
(2,356)	Short Term Borrowing	(2,385)		22
(21,499)	Short Term Creditors	(27,282)		
(23,855)	Current Liabilities		(29,667)	
(15,006)	Long Term Creditors	(14,054)		29
(489)	Provisions	(679)		27
(27,918)	Long Term Borrowing	(26,889)		22
(719)	Other Long-Term Liabilities	(666)		
(44,132)	Long Term Liabilities		(42,288)	
125,108	Net Assets		152,713	
	Represented By:			
24,581	Usable Reserves		23,316	16
100,527	Unusable Reserves		129,397	30
125,108	Total Reserves		152,713	

These unaudited accounts were issued on 4th June 2024,

Clare Hodgson, Chief Finance Officer, Office of the Police & Crime Commissioner
Date: 4th June 2024

CASHFLOW STATEMENT (Police & Crime Commissioner for Cheshire)

31 March 2023 £000		31 March 2024 £000	Notes
4,810	Net (surplus) or deficit on the provision of services	4,658	
	Adjust net (surplus) or deficit on the provision of services for non-cash movement:		
(9,927)	Depreciation	(10,228)	
(311)	Pensions - actuarial movement	1,596	
641	Movement in Creditors	(4,768)	
721	Movement in Debtors	3,964	
125	Movement of Stock	(9)	
185	Other non-cash items	(2,974)	
0	Adjust for items included in the net (surplus) or deficit on the provision of services that are investing and financing activities	0	
<u>(3,755)</u>	Net cash flow from operating activities	<u>(7,761)</u>	
8,558	Investing Activities	8,032	31
1,316	Financing Activities	1,952	31
<u>6,118</u>	Net (increase) or decrease in cash and cash equivalents	<u>2,223</u>	
(27,472)	Cash and cash equivalents at the beginning of the reporting period	(21,354)	24
(21,354)	Cash and cash equivalents at the end of the reporting period	(19,131)	24
<u>6,118</u>	Net (increase) or decrease in cash and cash equivalents	<u>2,223</u>	

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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	11,588	90	11,498	(3,070)	8,428
Protecting Vulnerable Persons & Criminal Justice	5,405	14	5,391	(900)	4,491
Local Policing	7,372	150	7,222	(1,059)	6,163
Force Operations	15,370	32	15,338	(3,040)	12,298
Centrally Delivered Services	7,443	184	7,258	(1,121)	6,137
Business Services	45,947	757	45,190	(8,464)	36,726
Collaborations	11,064	(659)	11,723	(1,570)	10,153
Corporate Costs	4,620	653	3,967	(1,822)	2,145
Office of the Police & Crime Commissioner	939	7	932	(132)	799
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.

EXPENDITURE AND FUNDING ANALYSIS NOTE 2022/23 (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	124,381	0	124,381	8,136	132,517
Crime	11,888	29	11,859	1,288	13,147
Protecting Vulnerable Persons & Criminal Justice	5,362	0	5,362	393	5,755
Local Policing	7,124	73	7,051	463	7,514
Force Operations	14,014	0	14,014	1,247	15,261
Centrally Delivered Services	6,902	187	6,716	468	7,184
Business Services	43,923	181	43,742	2,062	45,803
Collaborations	11,017	(341)	11,358	679	12,037
Corporate Costs	(347)	(804)	456	(1,736)	(1,280)
Office of the Police & Crime Commissioner	919	24	895	57	952
Office of the Police & Crime Commissioner - Commissioning	1,134	441	693	0	693
Net Cost of Services	226,316	(210)	226,526	13,057	239,584
Other Income & Expenditure	0	0	0	130	130
Financing & Investment Income & Expenditure	2,113	0	2,113	68,672	70,785
Taxation & Non-Specific Grant Income	(228,578)	(3,580)	(224,998)	(6,395)	(231,393)
(Surplus) or Deficit	(148)	(3,790)	3,641	75,464	79,105
Opening General Fund			(28,222)		
Less/Plus (Surplus) Deficit on General Fund in Year			3,641		
Closing General Fund at 31 March			(24,581)		

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 (Police & Crime Commissioner)

	2023/24		
	Net Expenditure Chargeable to the General Fund £000	Adjustments between the Funding and Accounting Basis £000	Net Expenditure Comprehensive Income and Expenditure Statement £000
<u>Police Services</u>			
Police Pay	(6,061)	0	(6,061)
Crime	(10,150)	0	(10,150)
Protecting Vulnerable Persons & Criminal Justice	(954)	0	(954)
Local Policing	(247)	0	(247)
Force Operations	(6,101)	0	(6,101)
Centrally Delivered Services	(648)	0	(648)
Business Services	(6,330)	0	(6,330)
Collaborations	(76)	0	(76)
Corporate Costs	(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.

EXPENDITURE AND FUNDING ANALYSIS NOTE 2022/23

(Police & Crime Commissioner)

	2022/23		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	(4,773)	0	(4,773)
Crime (a)	(8,589)	0	(8,589)
Protecting Vulnerable Persons & Criminal Justice (a)	(882)	0	(882)
Local Policing (a)	(296)	0	(296)
Force Operations (a)	(5,779)	0	(5,779)
Centrally Delivered Services	(724)	0	(724)
Business Services (a)	(6,431)	0	(6,431)
Collaborations	(399)	0	(399)
Corporate Costs	(2,560)	0	(2,560)
Office of the Police & Crime Commissioner	895	56	952
Office of the Police & Crime Commissioner - Commissioning	693	0	693
	(28,845)	56	(28,789)
Funding to Cheshire Constabulary	255,371	7,358	262,729
Net Cost of Services	226,526	7,414	233,941
Other Income & Expenditure	0	130	130
Financing & Investment Income & Expenditure	2,113	19	2,132
Taxation & Non-Specific Grant Income	(224,998)	(6,395)	(231,393)
	3,641	1,169	4,810
(Surplus) or Deficit			
Opening General Fund	(28,222)		
Less/Plus (Surplus) Deficit on General Fund in Year	3,641		
Closing General Fund at 31 March	(24,581)		

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, Protecting Vulnerable Persons & Criminal Justice, Local Policing, Force Operations and Business Services reorganised in 2023/24, 2022/23 figures restated to reflect the new structure – previously Contact, Response & Resolution £(5,779)k net; Crime £(5,271)k net; Neighbourhoods £(296)k net; Public Protection £(4,200)k net; Business Services £(6,431)k net

FURTHER NOTES TO THE ACCOUNTS

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 2023/24 financial year and the position at 31 March 2024. The Commissioner is required to prepare an Annual Statement of Accounts by the Accounts & Audit (England) Regulations 2015, which require such accounts to be prepared in accordance with proper accounting practices. These practices under Section 21 of the 2003 Act primarily comprise the Code of Practice of Local Authority Accounting in the United Kingdom 2023/24, supported by International Financial Reporting Standards (IFRS) and International Accounting Standards (IAS). Where notes to the Financial Statements are presented, these are the notes to the Group Financial Statements unless there is a material difference between the Group and Commissioner's Statements.

1.1.1 Accounting Conventions

These financial statements have been prepared under the historical cost convention, modified by the revaluation of certain categories of non-current assets and where material, financial instruments as determined by the relevant accounting standard.

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

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

In addition, this Statement of Accounts assumes the Commissioner and Chief Constable will continue in operational existence for the foreseeable future under the 'Going Concern' concept as a statutory Corporations Sole.

1.2 Cash and Cash Equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

In both the Balance Sheet and Cashflow Statement, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Commissioner's cash management.

1.3 Prior Period Adjustments, Changes in Accounting Policies and Estimates and Errors

Prior period adjustments may arise as a result of a change in accounting policies or to correct a material error. Changes in accounting estimates are accounted for prospectively, i.e., in the current and future years affected by the change and do not give rise to a prior period adjustment.

Changes in accounting policies are only made when required by proper accounting practices or the change provides more reliable or relevant information about the effect of transactions, other events and conditions on the Commissioner's financial position or financial performance. Where a change is made, it is applied retrospectively (unless otherwise stated) by adjusting opening balances and comparative amounts for the prior period as if the new policy has always been applied.

Material errors discovered in prior period figures are corrected retrospectively by amending opening balances and comparative amounts for the prior period.

Items are material if they could, individually or collectively, influence the decisions or assessments of users made on the basis of the financial statements. Materiality depends on the nature and/or size of the omission or misstatement judged in the surrounding circumstances.

1.4 Charges to Revenue for Non-Current Assets

Services are debited with the following amounts to record the cost of holding non-current assets during the year:

- Depreciation attributable to the assets used by the relevant service.
- Revaluation and impairment losses on assets used by the service where there are no accumulated gains in the Revaluation Reserve against which the losses can be written off.
- Amortisation of intangible assets attributable to the service.

The Commissioner is not required to raise council tax (via their precept) to fund depreciation, revaluation and impairment losses or amortisation. However, they are required to make an annual contribution from revenue towards the reduction in its overall borrowing requirement equal to an amount calculated on a prudent basis determined by the Commissioner in accordance with statutory guidance, known as the Minimum Revenue Provision.

Depreciation, revaluation and impairment losses and amortisation are therefore replaced by the Minimum Revenue Provision contribution in the General Fund Balance by way of an adjusting transaction within the Capital Adjustment Account in the Movement in Reserves Statement for the difference between the two.

1.5 Council Tax and Non-domestic Rates

The four local authorities within Cheshire act as agents, collecting council tax and non-domestic rates on behalf of the major preceptors – including the Commissioner for council tax. The authorities are required by statute to maintain a separate fund (called the Collection Fund) for the collection and distribution of amounts due in respect of council tax and non-domestic rates. Under the legislative framework for the Collection Fund, the local authorities, preceptors (including the Commissioner) and central Government share proportionately the risks and rewards should the amount collected be more or less than predicted.

The council tax income included in the Comprehensive Income and Expenditure Statement (CIES) is the Commissioner's share of accrued income for the year. However, regulations determine the amount of council tax that must be included in the Commissioner's General Fund. Therefore, the difference between the income included in the Comprehensive Income and Expenditure Statement and the amount required by regulation to be credited to the General Fund is taken to the Collection Fund Adjustment Account (an unusable reserve) and included as a reconciling item in the Movement of Reserves Statement.

The Balance Sheet includes the Commissioner's share of the end of year balances in respect of council tax relating to arrears, impairment allowances for doubtful debts, overpayments and prepayments together with appeals.

Where debtor balances for the above are identified as impaired because of a likelihood arising from a past event that payments due under the statutory arrangements will not be made (fixed or determinable payments), the asset is written down and a charge made to the Financing and Investment Income line in the CIES. The impairment loss is measured as the difference between the carrying amount and the revised future cash flows.

1.6 Employee Benefits

Benefits payable during employment

Short-term employee benefits are those to be settled within 12 months of the year end. They include such benefits as salaries and wages, paid annual leave, paid sick leave, bonuses and non-monetary benefits (for example cars) for current employees and are recognised as an expense for the service in the year in which employees render service to the Commissioner. An accrual is made for the cost of holiday entitlements, flexi leave and time off in lieu earned by employees but not taken before the year end, which employees can carry forward into the next financial year. The accrual is made at the salary rates applicable at year end. The accrual is charged to the Surplus or Deficit on the Provision of Services but then reversed out through the Movement in Reserves Statement so that such benefits are charged to revenue in the financial year in which the benefit occurs.

Termination benefits

Termination benefits are amounts payable as a result of a decision by the Commissioner to terminate employment before the normal retirement date or an employee's decision to accept voluntary redundancy. These costs are charged on an accruals basis to the Comprehensive Income and Expenditure Statement when the Commissioner is demonstrably committed to the termination of the employment or making an offer to encourage voluntary redundancy.

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

Post-employment benefits

The Commissioner's employees may be members of one of two separate pension schemes:

- Police Staff - the Local Government Pension Scheme administered by Cheshire West and Chester Council; or
- Police Officers - the Police Pension Schemes for Police Officers; the Police Pension Schemes are unfunded schemes (Police Pension Fund Regulations 2007 (SI2007/1932) and subsequent updates), meaning there are no investment assets built up to meet the pensions' liabilities and cash has to be generated to meet actual pensions payments as they eventually fall due. The costs of the scheme are supported by an employer's contribution based on the costs of serving officers and central government grant.

Both schemes provide defined benefits to members (retirement lump sums and pensions) earned as employees of the Commissioner. The impact of these two pension schemes is identified separately in the Comprehensive Income and Expenditure Statement and Balance Sheet and in the Notes to the Accounts.

The Local Government Pension Scheme

The Local Government Pension Scheme is accounted for as a defined benefits scheme with the liabilities attributable to the Commissioner included in the Balance Sheet on an actuarial basis using the projected unit method. This is an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates etc. and projections of projected earnings for current employees.

Liabilities are discounted to their value at current prices in line with the actuary's agreed discount rate as stated in the relevant Note to the Accounts. The assets attributable to the Commissioner are also included in the Balance Sheet at fair value:

- Quoted securities – current bid price
- Unquoted securities – professional valuation
- Utilised securities – current bid price
- Property – market value

The change in the net pensions' liability is analysed as follows:

- Current service cost – the increase in liabilities as a result of years of service earned this year. This is charged to the Comprehensive Income and Expenditure Statement and is apportioned across service headings according to numbers of employees.

- Past service cost – the increase in liabilities as a result of a scheme amendment or curtailment whose effect relates to years of service earned in earlier years and charged to the relevant service heading in the Comprehensive Income and Expenditure Statement.
- Net Interest – on the net defined benefit liability (asset), i.e. the net interest expense for the Commissioner – the change during the period in the net defined benefit liability (asset) that arises from the passage of time charged to the Financing and Investment Income and Expenditure line of the Comprehensive Income and Expenditure Statement. This is calculated by applying the discount rate used to measure the defined benefit obligation at the beginning of the period to the net defined benefit liability (asset) at the beginning of the period – taking into account any changes in the net defined benefit liability (asset) during the period as a result of contribution and benefit payments.
- The re-measurements comprise of:
 - The return on plan assets – excluding amounts included in net interest on the net defined benefit liability (asset) – charged to the Pensions Reserve as Other Comprehensive Income and Expenditure.
 - Actuarial gains and losses – changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions – charged to the Pensions Reserve as Other Comprehensive Income and Expenditure.
- Contributions paid to the pension fund – cash paid as employer’s contributions to the pension fund in settlement of liabilities, not accounted for as an expense.

In relation to retirement benefits, statutory provisions require the General Fund Balance to be charged with the amount payable by the Commissioner to the pension fund or directly to pensioner in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, this means that there are appropriations to and from the IAS19 Pension Reserve to remove the notional debits and credits for the retirement benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year-end. The negative balance that arises on the IAS19 Pension Reserve thereby measures the beneficial impact to the General Fund of being required to account for the retirement benefits on the basis of cashflows rather than as benefits that are earned by employees.

Discretionary benefits – Local Government Pension Scheme

The Commissioner also has restricted powers to make discretionary awards of retirement benefits in the event of early retirements. Any liabilities estimated to arise as a result of such an award are accrued in the year in which the decision was taken and accounted for using the same policies as applied to the Local Government Pension Scheme.

Injury awards – The Police Pension Scheme

Injury awards under The Police (Injury Benefits) Regulations 2006 are not part of the Police Pensions Scheme and are funded direct from the Comprehensive Income and Expenditure Statement. However, liabilities in respect of injury awards are disclosed in the Statement of Accounts as part of the Commissioner’s overall liability and are measured on an actuarial basis, using the projected unit method.

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 and the date when the Statement of Accounts is authorised for issue. Two types of events can be identified:

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

Events taking place after the date of authorisation of issue are not reflected in the Statement of Accounts.

1.8 Financial Instruments

Financial liabilities

Financial liabilities are recognised on the Balance Sheet when the Commissioner becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value and are carried at their amortised cost. Annual charges to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement for interest payable are based on the carrying amount of the liability, multiplied by the effective rate of interest for the instrument. The effective interest rate is the rate that exactly discounts estimated future cash payments over the life of the instrument to the amount at which it was originally recognised.

For most of the borrowings that the Commissioner has, this means that the amount presented in the Balance Sheet is the outstanding principal repayable (plus accrued interest); and interest charged to the Comprehensive Income and Expenditure Statement is the amount payable for the year according to the loan agreement.

Where premiums and discounts have been charged to the Comprehensive Income and Expenditure Statement, regulations allow the impact on the General Fund Balance to be spread over future years. The Commissioner has a policy of charging the full effect of premiums and discounts to the Comprehensive Income and Expenditure Statement in the year in which they are incurred.

Financial Assets

Financial assets are classified based on a classification and measurement approach that reflects the business model for holding the financial assets and their cashflow characteristics. There are three main classes of financial assets measured at:

- Amortised cost,
- Fair value through profit or loss (FVPL), and
- Fair value through other comprehensive income (FVOCI).

The Commissioner's business model is to hold investments to collect contractual cash flows. Financial assets are, therefore classified as amortised cost, except for those whose contractual payments are not solely payment of principal and interest (i.e., where the cash flows do not take the form of a basic debt instrument).

Financial Assets Measured at Amortised Cost

Financial assets measured at amortised cost are recognised on the Balance Sheet when the Commissioner becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value. They are subsequently measured at their amortised cost. Annual credits to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement for interest receivable are based on the carrying amount of the asset multiplied by the effective rate of interest for the instrument. For most of the financial assets held by the Commissioner, this means that the amount presented in the Balance Sheet is the outstanding principal receivable plus accrued interest, and the interest credited to the Comprehensive Income and Expenditure Statement is the amount receivable for the year in the loan agreement.

Any gains and losses that arise on the de-recognition of an asset are credited or debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

Expected Credit Loss Model

The Commissioner recognises expected credit losses on all of its financial assets held at amortised cost, either on a 12 month or lifetime basis. The expected credit loss model also applies to lease receivables and contract assets. Only lifetime losses are recognised for trade receivables (debtors) held by the Commissioner.

Impairment losses are calculated to reflect the expectation that the future cash flows might not take place because the borrower could default on their obligations. Credit risk plays a crucial part in assessing losses. Where risk has increased significantly since an instrument was initially recognised, losses are assessed on a lifetime basis. Where risk has not increased significantly or remains low, losses are assessed on the basis of 12 month expected losses.

Financial assets measured at fair value through other comprehensive income (FVOCI)

Financial assets that are measured at FVOCI are recognised on the balance sheet when the Commissioner becomes a party to the contractual provisions of a financial instrument and are initially measured and carried at fair value. Fair value gains and losses are recognised as they arise in other comprehensive income. Financial assets are classified in this way if they are held in a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets.

Financial assets measured at fair value through profit or loss (FVPL)

Financial assets that are measured at FVPL are recognised on the balance sheet when the Commissioner becomes a party to the contractual provisions of a financial instrument and are initially measured and carried at fair value. Fair value gains and losses are recognised as they arise in the surplus or deficit on the provision of services. Financial assets not held in the amortised cost or fair value through other comprehensive income model are measured at fair value through profit or loss.

Fair value measurements of financial assets

Fair value of an asset is the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date.

The fair value measurements of the financial assets are based on the following techniques:

- Instruments with quoted market prices – the market price.
- Other instruments with fixed and determinable payments – discounted cash flow analysis.

The inputs to the measurement techniques are categorised in accordance with the following three levels:

- Level 1 – inputs are quoted prices in active markets for identical assets and liabilities.
- Level 2 – inputs are other than quoted prices in Level 1 that are observable for the asset or liability either directly or indirectly.
- Level 3 – inputs are unobservable inputs for the asset or liability.

Any gains and losses that arise on the de-recognition of the asset are credited or debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

1.9 Government Grants and Contributions

Whether paid on account, by instalments or in arrears, government grants and third party contributions and donations are recognised as due to the Commissioner when there is reasonable assurances that:

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

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

Monies advanced as grants and contributions for which conditions have not been satisfied are carried in the Balance Sheet as creditors. When conditions are satisfied, the grant or contribution is credited to the appropriate service line or Taxation and Non-specific Grant Income (for non-ring-fenced grants and all capital grants) in the Comprehensive Income and Expenditure Statement.

Where capital grants are credited to the Comprehensive Income and Expenditure Statement, they are reversed out of the General Fund Balance in the Movement in Reserves Statement. Where the grant has not been used to finance capital expenditure it is posted to the Capital Grants Unapplied Reserve. Where it has been used to finance capital expenditure it is posted to the Capital Adjustment Account. Amounts in the Capital Grants Unapplied Reserve are transferred to the Capital Adjustment Account once they have been used to finance capital expenditure.

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 licences), are capitalised when it is expected that future economic benefits or service potential will flow from the intangible asset to the Commissioner.

Internally generated assets are capitalised where it is demonstrable that the project is technically feasible and is intended to be completed (with adequate resources being available) and the Commissioner will be able to generate future economic benefits or deliver service potential by being able to sell or use the asset. Expenditure is capitalised where it can be measured reliably as attributable to the asset and is restricted to that incurred during the development phase. Research expenditure cannot be capitalised. Expenditure on the development of websites is not capitalised if the website is solely or primarily intended to promote or advertise the Commissioner's services.

Intangible assets are measured initially at cost. Amounts are only re-valued where the fair value of the assets held can be determined by reference to an active market. In practice no intangible asset held by the Commissioner meets this criterion and they are therefore carried at amortised cost. The depreciable amount of an intangible asset is amortised over its useful life to the relevant service lines in the Comprehensive Income and Expenditure Statement. An asset is tested for impairment whenever there is an indication that the asset might be impaired – any losses recognised are posted to the relevant service in the Comprehensive Income and Expenditure Statement. Any gain or loss arising on the disposal or abandonment of an intangible asset is posted to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement.

Where expenditure on intangible assets qualifies as capital expenditure for statutory purposes, amortisation, impairment losses and disposal gains and losses are not permitted to impact on the General Fund Balance. The gains and losses are, therefore reversed out of the General Fund Balance in the Movement in Reserves Statement and transferred to the Capital Adjustment Account or for any sale proceeds over £10,000, the Capital Receipts Reserve.

1.11 Stock

Stock is valued at the lower of cost or current replacement cost where it is held for distribution at no charge. The stock reflected in the Balance Sheet relates predominantly to uniforms and equipment which is distributed to officers as appropriate.

1.12 Joint Operations

Joint operations are arrangements where the parties that have joint control of the arrangement have rights to the assets and obligations for the liabilities relating to the arrangement. The activities undertaken by the Commissioner and/or Chief Constable in conjunction with other joint operators involve the use of the assets and resources of those joint operators. In relation to its interest in a joint operation, the Commissioner and/or Chief Constable as a joint operator recognises, if material:

- Its assets, includes its share of any asset held jointly.
- Its liabilities, including its share of any liabilities incurred jointly.
- Its revenue from the sale of its share of the output arising from the joint operation.
- Its share of the revenue from the sale of the output by the joint operations.
- Its expenses, including its share of any expenses incurred jointly.

1.13 Leases

Leases are classified as finance leases where the terms of the lease transfer substantially all the risks and rewards incidental to ownership of the property, plant or equipment from the lessor to the lessee. All other leases are classified as operating leases. Where a lease covers both land and buildings, the land and building elements are considered separately for classification.

Arrangements that do not have legal status of a lease but convey a right to use an asset in return for payment are accounted for under this policy where fulfilment of the arrangement is dependent on the use of specific assets.

Finance Leases (taken out by the Commissioner)

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

Lease payments are apportioned between:

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

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

The Commissioner is not required to raise council tax to fund depreciation or revaluation and impairment losses arising from leased assets. Instead, a prudent annual contribution is made from revenue funds towards the deemed capital investment in accordance with statutory requirements. Depreciation, revaluation and impairment losses are therefore substituted by a revenue contribution in the General Fund by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement for the difference between the two.

Operating Leases

Rentals paid under operating leases are charged to the Comprehensive Income and Expenditure Statement as an expense of the services benefiting from use of the lease property, plant and equipment. Charges are made on a straight-line basis over the life of the lease, even if this does not match the pattern of payments (for example if there is a rent free period at the start or end of the lease). This will change from 1 April 2024 when IFRS16 is enacted.

1.14 Overheads and support services

The costs of overheads and support services are charged to the service segments in accordance with the organisation's arrangements for accountability and financial performance.

1.15 Property, Plant and Equipment

Assets that have physical substance and are held for use in the production or supply of goods or services, for rental to others, or for administration purposes and that are expected to be used during more than one financial year are classified as property, plant and equipment in line with International Accounting Standard (IAS) 16 and International Public Sector Accounting Standard (IPSAS) 17.

Recognition of the asset

Expenditure on the acquisition, creation or enhancement of property, plant and equipment is capitalised on an accruals basis, provided that it is probable that the future economic benefits or service potential associated with the asset will flow to the Commissioner and the cost of the asset can be measured reliably. Expenditure that maintains but does not add to the asset's potential to deliver economic benefits or service potential (i.e., repairs and maintenance) is charged as an expense when it is incurred. The Commissioner's policy is also to capitalise only those assets which have a material value where the cost is £10,000 or more (de-minimis level).

Measurement of the asset

Assets are initially measured at cost, comprising:

- the purchase price;
- any costs directly attributable to bringing the asset to the location and condition for it to be capable of operating in the manner intended by the Commissioner, including any directly attributable salary costs of the Commissioner's employees; and
- the initial estimate of the costs of dismantling and removing the items and restoring the site on which it is located.

The Commissioner does not capitalise borrowing costs incurred whilst assets are under construction.

The cost of assets acquired other than by purchase is deemed to be its fair value, unless the acquisition does not have commercial substance (i.e., it will not lead to a variation in the cashflows of the Commissioner). In the latter case where an asset is acquired via an exchange, the cost of the acquisition is the carrying amount of the asset given up by the Commissioner.

Donated assets are measured initially at fair value. The difference between fair value and any consideration paid is credited to the Taxation and Non-specific Grant Income line in the Comprehensive Income and Expenditure Statement unless the donation has been made conditionally. In such cases until the conditions are satisfied the gain is held in the Donated Assets Account. Where gains are credited to the Comprehensive Income and Expenditure Statement, they are reversed out of the General Fund Balance to the Capital Adjustment Account in the Movement in Reserves Statement.

Assets are carried in the Balance Sheet using the following measurement bases:

- Assets under construction – depreciated historical cost (actual expenditure incurred) until operational and then at fair value.
- All other assets – current value, determined as the amount that would be paid for the asset in its existing use.

Where market based evidence of fair value is not available because of the specialist nature of an asset, Depreciated Replacement Cost (DRC) will be used as an estimate of current value.

For non-property assets which have short useful lives, low value or both, depreciated historical cost will be used as a proxy for current value.

Assets included in the Balance Sheet at current value are re-valued sufficiently regularly to ensure that their carrying amount is not materially different from their current value at year end, but at a minimum of every five years. Increases in valuations are matched by credits to the Revaluation Reserve to recognise unrealised gains. Exceptionally, gains might be credited to the Surplus or Deficit on the Provision of Services where they arise from the reversal of a loss previously charged to a service.

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

- where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance up to the amount of the accumulated gains.
- where there is no balance in the Revaluation Reserve or an insufficient balance, the carrying amount of the asset is written down against the relevant service lines in the Comprehensive Income and Expenditure Statement.

The Revaluation Reserve contains revaluation gains recognised since 1 April 2007 only; the date of its formal implementation. Gains arising before that date have been consolidated into the Capital Adjustment Account.

Impairment

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

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

- where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance up to the amount of the accumulated gains.
- where there is no balance in the Revaluation Reserve or an insufficient balance, the carrying amount of the asset is written down against the relevant service lines in the Comprehensive Income and Expenditure Statement.

Where an impairment loss is reversed subsequently, the reversal is credited to the relevant service lines in the Comprehensive Income and Expenditure Statement up to the amount of the original loss and adjusted for depreciation that would have been charged if the loss has not been recognised.

Depreciation

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

Depreciation is calculated on the following bases:

- 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 the life of the asset as advised by a suitably qualified officer.

Where an item of property, plant and equipment has major components (with different useful lives from the rest of the asset), whose cost is significant in relation to the total cost of the item, the components are depreciated separately. Further details are included in the componentisation policy below.

Revaluation gains are also depreciated with an amount equal to the difference between current value depreciation charged on assets and the depreciation that would have been chargeable based on their historical cost being transferred each year from the Revaluation Reserve to the Capital Adjustment Account.

Componentisation

The Commissioner identifies any properties where it is considered that componentisation is appropriate and provides separate valuation of such components. Componentisation is only applied routinely to new buildings or refurbishments completed after 1 April 2010 onwards and will not apply to historical assets that have not been refurbished.

Specifically, componentisation is considered for:

- all properties over £1m;
- those which have been the subject of significant refurbishment or improvement during the year;
- those properties which are expected to be the subject of significant refurbishment or improvement during the next two years.

In this context significant expenditure is defined as ‘greater than 25% of the total cost of the asset; and greater than £100,000’.

Disposals and non-current Assets held for Sale

When it becomes probable that an asset will be sold it is reclassified as an Asset held for Sale. The asset is re-valued immediately before reclassification and then carried at the lower of this amount and fair value less costs to sell. Where there is a subsequent decrease to fair value less costs to sell, the loss is posted to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement. Gains in fair value are recognised only up to the amount of any previous losses recognised in the Surplus or Deficit on Provision of Services. Depreciation is not charged on Assets held for Sale.

If assets no longer meet the criteria to be classified as Assets held for Sale, they are reclassified back to non-current assets and valued at the lower of their carrying amount before they were classified as held for sale; adjusted for depreciation, amortisation or revaluations that would have been recognised had they not been classified as held for sale and their recoverable amount at the date of the decision not to sell.

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

When an asset is disposed of or decommissioned the carrying amount of the asset in the Balance Sheet (whether property, plant and equipment or assets held for sale) is written off to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. Receipts from disposals (if any) are credited to the same line in the Comprehensive Income and Expenditure Statement also as part of the gain or loss on disposal (i.e. netted off against the carrying value of the asset at the time of disposal). Any revaluation gains accumulated for the disposed asset in the Revaluation Reserve are transferred to the Capital Adjustment Account.

Amounts received for a disposal in excess of £10,000 are categorised as capital receipts and are required to be credited to the Capital Receipts Reserve. These can only then be used to fund new capital expenditure or set aside to reduce the Commissioner's underlying need to borrow (the capital financing requirement). Receipts are appropriated to the Reserve from the General Fund Balance via the Movement in Reserves Statement.

All assets with a net present value of £nil (i.e., fully depreciated) will be reviewed annually and any unsubstantiated assets will be recorded as 'disposed of or scrapped'.

The written off value of disposals is not a charge against the council tax as the cost of non-current assets is fully provided for under separate arrangement for capital financing. Amounts are appropriated to the Capital Adjustment Account from the General Fund Balance in the Movement in Reserves Statement.

1.16 Private Finance Initiative (PFI)

PFI and similar contracts are agreements to receive services where the responsibility for making available the property, plant and equipment needed to provide the services passes to the PFI contractor. As the Commissioner is deemed to control the services that are provided under its PFI scheme and as ownership of the property, plant and equipment will pass to the Commissioner at the end of the contract, the Commissioner carries the assets used under the contract on its Balance Sheet as part of property, plant and equipment.

The original recognition of these assets at fair value (based on the cost to purchase) was balanced by the recognition of a liability for the amounts due to the scheme operator to pay for the capital investment. Non-current assets recognised on the Balance Sheet are re-valued and depreciated in the same way as property, plant and equipment owned by the Commissioner.

The amounts payable to the PFI operator each year are analysed as follows:

- fair value of the services received during the year – charged to the Comprehensive Income and Expenditure Statement;
- finance cost – an interest charge on the outstanding Balance Sheet liability charged to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement;
- contingent rent – increases in the amount to be paid for the property arising during the contract and charged to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement;
- payment towards liability – applied to write down the Balance Sheet liability towards the PFI operator (the profile of write downs is calculated using the same principles as for a finance lease);

- lifecycle replacement costs – a proportion of the amounts payable is posted to the Balance Sheet as a prepayment and then recognised as additions to property, plant and equipment when the relevant works are eventually carried out.

1.17 Provisions, Contingent Assets and Liabilities

Provisions

Provisions are made when an event has taken place that gives the Commissioner a legal or constructive obligation that probably requires settlement of that obligation and a reasonable estimate of the amount can be made. For example, the Commissioner may be involved in a court case that could eventually result in the making of a settlement or the payment of compensation.

Provisions are charged to the Comprehensive Income and Expenditure Statement in the year in which the Commissioner becomes aware of the obligation, based on the best estimate of the likely settlement taking into account relevant risks and uncertainties. When payments are eventually made, they are charged to that provision in the Balance Sheet. Estimated settlements are reviewed at the end of each financial year and where it becomes more likely than not that a settlement is no longer required (or a lower settlement than anticipated is made), the provision is adjusted and credited back to the Comprehensive Income and Expenditure Statement.

Where some or all of the payment required to settle an obligation is expected to be met by another party (e.g., from an insurance claim) it is only recognised as income in the Comprehensive Income and Expenditure Statement when it is virtually certain that reimbursement will be received.

Contingent Assets

A contingent asset arises where an event has taken place that gives the Commissioner a possible asset whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the Commissioner. Contingent assets are not recognised in the Balance Sheet but are disclosed in a Note to the Accounts where it is probable that there will be an inflow of economic benefits or service potential.

Contingent Liability

A contingent liability arises where an event has taken place that gives the Commissioner a possible obligation whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the Commissioner. Contingent liabilities also arise in circumstances where a provision would otherwise be made but either it is not probable that an outflow of resources will be required or the amount of the obligation cannot be measured reliably. Contingent liabilities are not recognised in the Balance Sheet but are disclosed in a Note to the Accounts.

1.18 Reserves

The Commissioner sets aside amounts as reserves for specific policy purposes through appropriations in the Movement of Reserves Statement. Expenditure funded by such reserves is charged directly to the Comprehensive Income and Expenditure Statement with the transfer from the reserve shown separately and accounted for in the Movement of Reserves Statement.

Certain reserves are held to manage the accounting processes of assets; council tax collection; employee benefits and retirement benefits and do not represent usable resources for the Commissioner – these reserves are explained in the relevant policies.

1.19 Revenue Expenditure Funded from Capital under Statute

Expenditure incurred during the year that may be capitalised under statutory provisions, but which does not result in the creation of a non-current asset has been charged as expenditure to the relevant service in the Comprehensive Income and Expenditure Statement in the year. Where the Commissioner has determined to meet the cost of this expenditure from existing capital resources or by borrowing, a transfer in the Movement in Reserves Statement from the General Fund Balance to the Capital Adjustment Account then reverses out the amounts charged so that there is no impact on the level of council tax.

1.20 Value Added Tax (VAT)

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

2. Accounting Standards issued, not yet adopted

The Code of Practice for Local Authority Accounting in the UK 2023/24 (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 2023/24 and 2024/25 financial statements in respect of accounting changes that are introduced in the 2024/25 Code (i.e., that are relevant to the requirements of paragraph 3.3.4.3) are:

- IFRS 16 Leases issued in January 2016 to be implemented in 2024/25.
- Classification of Liabilities as Current or Non-current (Amendments to IAS 1) issued in January 2020.
- Lease Liability in a Sale and Leaseback (Amendments to IFRS 16) issued in September 2022.
- Non-current Liabilities with Covenants (Amendments to IAS 1) issued in October 2022.
- International Tax Reform: Pillar Two Model Rules (Amendments to IAS 12) issued in May 2023. Pillar Two applies to multinational groups with a minimum level of turnover.
- Supplier Finance Arrangements (Amendments to IAS 7 and IFRS 7) issued in May 2023.

The above changes have no impact on these accounts but will be reviewed during 2024/25 and any amendments required will be clearly shown in the 2024/25 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 2024.

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 2024, 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.	Each 5% change in the value of Land & Buildings assets would have an impact of £8.8m on their Net Book Value at 31st March 2024.

Item	Uncertainties	Effect if actual results differ from assumptions
	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.	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 £2.037m for every year that useful lives have to be reduced.
Pensions Liability	<p>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).</p> <p>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.</p>	<p>The effects on the net pension liability of changes in individual assumptions can be measured. For instance, a 0.5% decrease in the discount rate assumption would result in a decrease in the pension liability of £7.084m for the Local Government Pension Scheme.</p> <p>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.</p>

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 2023/24	Adjustments for Capital Purposes	Net Change for Pension Adjustments	Other Differences	Total Adjustments
	£000	£000	£000	£000
Police Pay	5,304	(25,438)	819	(19,316)
Crime	843	(4,043)	130	(3,070)
Protecting Vulnerable Persons & Criminal Justice	247	(1,185)	38	(900)
Local Policing	291	(1,395)	45	(1,059)
Force Operations	835	(4,004)	129	(3,040)
Centrally Delivered Services	308	(1,477)	48	(1,121)
Business Services	1,111	(9,893)	318	(8,464)
Collaborations	431	(2,067)	67	(1,570)
Corporate Costs	(1,822)	0	0	(1,822)
OPCC	36	(174)	6	(132)
OPCC – Commissioning	0	0	0	0
Actuarial Pension costs - McCloud Judgement	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

Adjustments from GF to arrive at the Comprehensive Income & Expenditure Statement 2022/23	Adjustments for Capital Purposes	Net Change for Pension Adjustments	Other Differences	Total Adjustments
	£000	£000	£000	£000
Police Pay	5,044	3,016	76	8,136
Crime (a)	799	477	12	1,288
Protecting Vulnerable Persons & Criminal Justice (a)	244	146	4	393
Local Policing (a)	287	172	4	463
Force Operations (a)	773	462	12	1,247
Centrally Delivered Services	290	174	4	468
Business Services (a)	816	1,215	31	2,062
Collaborations	421	252	6	679
Corporate Costs	(1,736)	0	0	(1,736)
OPCC	36	20	1	57
OPCC – Commissioning	0	0	0	0
Actuarial Pension costs - McCloud Judgement	0	0	0	0
Net cost of services	6,974	5,934	149	13,057
Other Operating Income & Expenditure	130	0	0	130
Financing & Invest. Income & Expenditure	0	68,672	0	68,672
Taxation & Non-Specific Grant Income	(5,963)	0	(432)	(6,395)
Difference between GF surplus/ deficit and CIES surplus/ deficit	1,141	74,606	(283)	75,464

(a) Crime, Protecting Vulnerable Persons & Criminal Justice, Local Policing, Force Operations and Business Services reorganised in 2023/24, 2022/23 figures restated to reflect the new structure – previously Contact, Response & Resolution £1,197k total; Crime £896k total; Neighbourhoods £501k total; Public Protection £748k total; Business Services £2,111k total.

8. Material items of income and expenditure

There are no material items of income and expenditure to report for 2023/24.

9. Expenditure and Income Analysed by Nature

Subjective Analysis of Expenditure	2023/24	2022/23
	£000	£000
Employees - Police Pay and Allowances	141,657	132,780
- Civilian Pay and Allowances	70,679	67,502
- Other Pay and Allowances	3,870	3,469
Premises	11,461	9,061
Transport	4,777	4,848
Supplies & Services	28,490	26,112
Third Party Payments	14,892	14,667
IAS19 Pension costs	(49,676)	5,934
Depreciation and Amortisation of Assets	10,358	9,927
Movement in Accumulated Absences Reserve	1,599	149
Total Service Expenditure	238,195	274,449
Service Income (<i>see below</i>)	(38,871)	(34,865)
Net Cost of Service	199,325	239,584
(Profit)/Loss on Disposal of Assets	157	130
Interest Payable and Similar Charges	2,573	2,879
Interest and Investment Income	(1,859)	(766)
IAS19 Pension Net Interest Cost	83,515	68,672
Net Operating Expenditure	283,711	310,498
Police Grant	(75,549)	(75,287)
Formula Funding	(54,038)	(53,851)
Precept on Council Tax Collection Funds	(98,169)	(91,617)
Legacy Council Tax Grants	(8,256)	(8,256)
Police Pay Award Grant – see below*	(4,966)	0
PFI Grant - interest element	(1,577)	(1,867)
Council Tax Collection Fund related grants	0	0
Capital Grants	0	0
Capital Contributions	(1,062)	(515)
Deficit / (Surplus) on Provision of Services	40,093	79,105
Subjective Analysis of Service income		
Fees & Charges	6,365	5,775
Sales	357	157
Reimbursements:		
Casualty Reduction Partnership, Hypothecated Fines	1,211	1,117
Secondments	13	11
Private Finance Initiative reimbursements	280	252
Asset Recovery	157	145
Other Reimbursements	4,606	3,743
Grants:		
Private Finance Initiative	5,652	5,362
Pensions Uplift grant	2,108	2,108
Counter Terrorism	1,670	1,758
Victims and Restorative Justice Grant	2,301	2,249
National Officer Uplift Grant	4,813	2,031
Police Pay Award Grant – see above*	0	1,053
Major Investigation Grants	2,899	2,755
Commissioning Grants	2,603	1,874
Other Grants	1,246	1,017
Other Income:		
Mutual Aid	531	979
External Agency Funding	1,383	1,936
Proceeds of Crime Act	675	542
Total Service Income	38,871	34,865

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)	2023/24 £000	2022/23 £000
(Profit)/Loss on Sale of Fixed Assets	157	130
Home Office Top Up Grant – Police Pensions	(31,398)	(26,905)
Police & Crime Commissioner contribution to Pension Account	31,398	26,905
Total	157	130

Financing and Investment Income and Expenditure (Group)	2023/24 £000	2022/23 £000
Interest and Investment Income	(1,859)	(766)
Interest Payable and Similar Charges	2,573	2,879
Pension Net Interest	83,515	68,672
Total	84,229	70,785

Financing and Investment Income and Expenditure (PCC)	2023/24 £000	2022/23 £000
Interest and Investment Income	(1,859)	(766)
Interest Payable and Similar Charges	2,573	2,879
Pension Net Interest	0	19
Total	714	2,132

Taxation and Non-Specific Grant Income (Group & PCC)	2023/24 £000	2022/23 £000
Police Grant	(75,549)	(75,287)
Formula Funding	(54,038)	(53,851)
Precept on Council Tax Collection Funds	(98,469)	(91,219)
Movement on Collection Fund Debtors/Creditors	300	(398)
Legacy Council Tax Grants	(8,256)	(8,256)
Pay Award Grant	(4,966)	0
PFI Grant – Interest Element	(1,577)	(1,867)
Capital Grants and Contributions	(1,062)	(515)
Total	(243,618)	(231,393)

10. Members' Allowances & Expenses

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

	2023/24 £000	2022/23 £000
Basic Allowances	6	11
Expenses	0	0
Total	6	11

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		
	2023/24	2022/23	2021/22
£50,000 - £54,999	3	4	0
£55,000 - £59,999	0	0	0
£60,000 - £64,999	0	0	1
£65,000 - £69,999	1	0	1
£70,000 - £74,999	0	0	1
£75,000 - £79,999	1	1	0
£80,000 - £84,999	0	0	0
£85,000 - £89,999	0	0	0
£90,000 - £94,999	0	1	0
£95,000 - £99,999	1	0	0
Total	6	6	3

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 2023/24 £	Pension Contributions £	Total Remuneration incl. Pension contributions 2023/24 £
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 *	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 to £150,000

2022/23	Salary incl. Fees & Allowances £	Severance £	Benefits in Kind £	Total Remuneration excl. Pension Contributions 2022/23 £	Pension Contributions £	Total Remuneration incl. Pension contributions 2022/23 £
Post title						
Chief Executive	93,979	0	0	93,979	18,014	111,993
Police & Crime Commissioner	78,242	0	0	78,242	15,492	93,734
Chief Finance Officer	53,505	0	0	53,505	10,594	64,099
Principal Governance & Compliance Officer	51,883	0	0	51,883	9,800	61,683
Deputy Police & Crime Commissioner	51,000	0	0	51,000	10,098	61,098
Principal Scrutiny & Planning Officer	50,471	0	0	50,471	9,993	60,464
Principal Commissioning & Partnerships Officer	49,780	0	0	49,780	9,406	59,186

Senior Officers and Relevant Police Officers emoluments >£150,000

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	168,227	0	0	0	168,227	51,172	219,399

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

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
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	125	104,390	30,533	134,923
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

Senior Officers and Relevant Police Officers emoluments >£150,000

2022/23 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	160,957	0	0	0	160,957	48,919	209,876

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

2022/23 Post Title	Salaries, Fees and Allowances	Bonuses	Severance	Benefits in Kind	Total Remuneration excluding Pension Contributions	Employers Pension Contribution	Total Remuneration including Pension Contributions
Assistant Chief Constable ¹	123,430	0	0	0	123,430	37,333	160,763
Assistant Chief Constable	110,857	0	0	6,600	117,457	34,366	151,822
Assistant Chief Constable	109,673	0	0	5,007	114,680	33,766	148,446
Deputy Chief Constable	135,386	0	0	7,110	142,496	0	142,496
Assistant Chief Officer	113,856	0	0	0	113,856	21,949	135,805
Chief Superintendent	99,686	0	0	0	99,686	30,238	129,924
Chief Superintendent	94,646	0	0	0	94,646	28,786	123,432
Chief Superintendent	94,510	0	0	0	94,510	28,631	123,141
Chief Superintendent	89,889	0	0	0	89,889	27,194	117,083
Chief Superintendent	89,487	0	0	0	89,487	27,049	116,536
Chief Superintendent ²	85,025	0	0	0	85,025	25,991	111,016
Head of Legal Services	91,143	0	0	0	91,143	18,046	109,189
Head of People Services	85,383	0	0	0	85,383	16,906	102,289
Head of IT	85,383	0	0	0	85,383	16,906	102,289
Head of Finance	85,383	0	0	0	85,383	16,906	102,289
Head of Estates	80,343	0	0	0	80,343	15,837	96,180
Head of Strategic Change	79,983	0	0	0	79,983	15,837	95,820
Head of Planning & Performance	79,983	0	0	0	79,983	15,837	95,820
Head of Comms & Engagement	78,261	0	0	0	78,261	15,496	93,757
Head of Fleet	64,246	0	0	0	64,246	12,721	76,966
Head of Forensics	62,776	0	0	0	62,776	12,430	75,206
Head of Procurement	53,049	0	0	0	53,049	10,504	63,553
Chief Superintendent ³	34,755	0	0	0	34,755	10,223	44,979

¹ Seconded Out for Force from Jan 2023, ² Retired March 2023, ³ Retired August 2022

Remuneration Band	Number of Employees		
	2023/24	2022/23	2021/22
£50,000 - £54,999	401	311	247
£55,000 - £59,999	223	158	122
£60,000 - £64,999	132	83	55
£65,000 - £69,999	51	18	9
£70,000 - £74,999	16	11	10
£75,000 - £79,999	7	10	10
£80,000 - £84,999	7	7	5
£85,000 - £89,999	10	7	3
£90,000 - £94,999	5	3	5
£95,000 - £99,999	5	2	1
£100,000 - £104,999	2	0	0
£105,000 - £109,999	1	1	0
£110,000 - £114,999	1	2	1
£115,000 - £119,999	1	0	1
£120,000 - £124,999	2	1	0
£125,000 - £129,999	1	0	0
£130,000 - £134,999	0	0	0
£135,000 - £139,999	1	1	0
£140,000 - £144,999	0	0	0
£145,000 - £149,999	1	0	1
£150,000 - £154,999	0	0	0
£155,000 - £159,999	0	0	0
£160,000 - £164,999	0	1	0
£165,000 - £169,999	1	0	0
Total	868	616	470

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	
	2023/24	2022/23	2023/24	2022/23	2023/24	2022/23	2023/24	2022/23
£nil - £40,000	0	0	0	14	1	14	£23,437	£295,662
£40,001 - £60,000	0	0	0	5	1	5	£62,818	£237,596
£60,001 - £150,000	0	0	0	3	2	3	£198,889	£259,021
£150,000+	0	0	0	1	3	1	£601,311	£228,967
Total	0	0	0	22	7	22	£886,455	£792,279

Further information on the above is included in Note 33.

12. External Audit Costs

Bishop Fleming LLP (2023/24) and Grant Thornton LLP (2022/23), the external auditors received the following fees.

	2023/24 £000	2022/23 £000
Police and Crime Commissioner	95	47
Chief Constable	48	21
Additional fees for 2022/23 paid in 2023/24	33	
Total Fees payable to Bishop Fleming LLP or Grant Thornton LLP with regard to external audit services carried out by the appointed Auditor	176	68

Included above are £5k of additional fees for 2022/23 recommended but not yet paid at 31 March 2024.

13. Partnerships & Operational Collaborations

The Commissioner worked with a number of partners during 2023/24. 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; Premises; Covert Operations 1-3, Police Officer Uplift 1, 2 and 3, Digital Transformation and Operation Falcon. 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, RIU, RCU, TSU, PIU, Regional Business Support and Ops 3 part funded by Home Office Grant. The amount reflected in Cheshire's accounts 2023/24 overall is £2m (£2m in 2022/23).

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 2023/24, 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 2023/24 the total cost of the UWMSU collaboration was £1.1m (£1.1m in 2022/23) and apportioned based on each Commissioner's police grant allocation. Cheshire's contribution amounted to £0.1m (£0.1m in 2022/23).

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. In 2022/23 Chief Officers agreed to formalise the Regional Commercial Vehicle Unit (RCVU) as part of the Northwest Motorway Policing Group. In 2023/24 Cheshire charged the collaboration expenditure of £1.4m (£1.0m in 2022/23) with Cheshire's contribution amounting to £0.4m (£0.3m in 2022/23).

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 2023/24, the total cost of NW Armed Policing Collaboration was £0.8m (£0.7m in 2022/23). This collaboration is apportioned based on each Commissioner's police grant allocation. Cheshire's Contribution amounted to £0.10m (£0.09m in 2022/23).

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 2023/24, Cheshire charged expenditure on the provision of police officers, police staff, equipment, vehicles, and transport to the collaboration amounting to £6.8m (£6.2m in 2022/23). The total cost of the Alliance was £10.0m (£9.6m in 2022/23) and apportioned based on each Commissioner's Police grant allocation. Cheshire's contribution amounted to £5.8m (£5.5m in 2022/23).

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 2023/24 costs of £0.579m 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 2023/24 was £0.07m (£0.06m in 2022/23) and Cheshire's contribution amounted to £0.01m (£0.01m in 2022/23).

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 2023/24 was £0.07m (£0.07m 2022/23) and Cheshire's share of costs amounting to £0.01m (£0.01m 2022/23).

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 2023/24 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 2023/24 the total cost of NW Regional Chronicle Collaboration was £0.29m (£0.19m in 2022/23) with Cheshire's share of costs amounting to £0.03m (£0.02m in 2022/23).

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 2023/24 the total cost of the NW Regional ACC lead was £0.2m (£0.2m in 2022/23) shared equally between the NW police forces of which Cheshire's share of costs amounting to £0.03m (£0.03m in 2022/23).

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 £93k in reserves on behalf of the collaboration. For 2023/24 the total cost of the Telecoms SPOC collaboration was £1.4m (£0.8m in 2022/23) with Cheshire's share of the costs amounting to £0.8m (£0.4m in 2022/23).

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 three 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 2022/23 costs included the BAU and project teams and automation costs (AMASS). The Police and Crime Commissioner for Merseyside is the lead force. For 2023/24 the total cost of the West Coast Collaboration was £1.4m (£2.1m in 2022/23) of which the project team costs are shared between 4 partners (Cheshire, Merseyside, North Wales, and Dyfed Powys) and the BAU team and AMASS costs shared between 3 partners (Cheshire, Merseyside, and North Wales). Cheshire's share of costs is £0.40m (£0.55m in 2022/23).

COLLABORATION / PARTNERSHIP	2023/24 Spend	Cheshire Contribution	%
<u>Northwest Regional Organised Crime Unit NWROCU)</u>			
Regional Confidential Unit	£2.65m	£0.277m	10.43
Regional Intelligence Unit	£0.24m	£0.025m	10.43
Operational Security (OPSY)	£0.03m	£0.004m	17.32
Regional Organised Crime Unit	£4.11m	£0.428m	10.43
Regional Technical Surveillance	£3.48m	£0.357m	10.43/8.70
Regional Prison Intelligence	£0.94m	£0.098m	10.43
Business Support	£0.92m	£0.096m	10.43
Covert Operations 1	£2.06m	£0.000m	0
Covert Operations 2	£1.77m	£0.144m	8.15
Covert Operations 3	£1.15m	£0.064m	5.56
UPLIFT Year 1	£2.96m	£0.289m	9.76
UPLIFT Year 2	£4.33m	£0.406m	9.38
UPLIFT Year 3	£1.73m	£0.163m	9.38
Digital Transformation	£0.25m	£0.024m	9.38
Operation Falcon	£0.01m	£0.001m	10.43
Pooled	£0.38m	£0.039m	10.43
Premises	£0.24m	£0.025m	10.43
TOTAL NWROCU 2023/24	£27.25m	£2.440m	
West Coast Collaboration – Project Team	£0.23m	£0.060m	25.53
West Coast Collaboration – BAU	£1.02m	£0.300m	29.53
West Coast Collaboration - AMASS	£0.12m	£0.037m	30.30
TOTAL WEST COAST COLLABORATION 2023/24	£1.37m	£0.397m	
NW Regional Underwater Search Unit	£1.10m	£0.117m	10.57
NW Regional Motorway Policing Group	£1.35m	£0.409m	30.22
NW Armed Policing Collaboration	£0.75m	£0.096m	12.77
Cheshire & North Wales Alliance	£10.03m	£5.763m	57.48
Cheshire Road Safety Group	£0.58m	0	0
NW Strategic Roads ANPR	£0.07m	£0.008m	11.36
NW Disaster Victim Co-Ordinator	£0.07m	£0.012m	16.67
NW Regional Chronicle Collaboration	£0.29m	£0.030m	10.57
NW Regional ACC Lead	£0.19m	£0.032m	16.67
SPOC Telecoms Collaboration	£1.40m	£0.795m	57.00
TOTAL 2023/24	£44.45m	£10.099m	

14. Grant Income

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

	2023/24	2022/23
	£000	£000
<u>Credited to Taxation & Non-Specific Grant Income</u>		
Police Grant (Home Office)	75,549	75,287
DCLG Funding	54,038	53,851
Legacy Council Tax Grants	8,256	8,256
Home Office - Pay Award	4,966	1,053
PFI Grant – Interest Element	1,578	1,868
Council Tax Collection Fund related grants	0	0
<u>Capital Grants</u>		
General Capital Grant (Home Office)	0	0
Miscellaneous Capital Grants (Home Office)	0	0
Miscellaneous Capital Contributions (Partner Forces)	656	515
Total	145,043	139,777
<u>Credited to Other Operating Expenditure</u>		
Police Pension Grant (Home Office)	31,398	26,905
Total	31,398	26,905
<u>Credited to Services</u>		
Private Finance Initiative	5,652	5,362
Pensions Uplift Grant	2,108	2,108
Counter Terrorism	1,670	1,758
PCC Victim Services, RJ and Sexual/Domestic Violence	2,301	2,249
National Officer Uplift grant	4,813	2,031
Major Investigation Grants	2,899	2,755
Commissioning Grants	2,603	1,874
Other Grants	1,246	1,017
Total	23,293	20,207

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)	2023/24	2022/23
	£000	£000
Emergency Services Network	(585)	(585)
Automatic Number Plate Recognition Phase 1&2	(32)	(57)
Safety of Women at Night Fund	(50)	(77)
Total	(667)	(719)

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
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	0	0		0	0	0
Revenue Contribution to Capital Reserve	2,440	(2,440)		0		0
Earmarked Reserves Applied	0	4,871		4,871	(4,871)	0
Adjustments Primarily involving the Capital Grants Unapplied Account						
General Capital Grant	0	0		0		0
Specific Capital Grants/Contributions	1,062	(656)	(406)	0		0
Adjustments Primarily involving the Capital Receipts Reserve						
(Gain)/Loss on Sale of Assets	(157)		(121)	(278)	278	0
Capital Receipts Applied				0		0
			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	(40,602)	1,775	0	(38,827)	38,827	0

	General Fund Balance	Earmarked Reserves	Capital Receipts Reserve	Total Usable Reserves	Movement in Unusable Reserves	Total Reserves
2022/23	£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	(9,927)			(9,927)	9,927	(0)
Revaluation Gain/(Loss)	0			0	0	0
<i>Insertion of items not debited or credited to the CIES</i>						
Statutory Provision for repayment of debt	2,953			2,953	(2,953)	0
Capital Grant Applied	0	0		0	0	0
Revenue Contribution to Capital Reserve	2,500	(2,500)		0	0	0
Earmarked Reserves Applied		5,963		5,963	(5,963)	0
Adjustments Primarily involving the Capital Grants Unapplied Account						
General Capital Grant	0	0		0		0
Specific Capital Grants/Contributions	515	(515)		0		0
Adjustments Primarily involving the Capital Receipts Reserve						
(Gain)/Loss on Sale of Assets	(130)		(24)	(154)	154	0
Capital Receipts Applied			711	711	(711)	0
Adjustments Primarily involving the Pensions Reserve						
Current Service Costs	(74,505)			(74,505)	74,505	0
Employers Contributions under IAS19	67,648			67,648	(67,648)	0
Past Service Costs	(342)			(342)	342	0
Curtailments	1,265			1,265	(1,265)	0
Pensions – Interest less Return on Assets	(68,672)			(68,672)	68,672	0
Collection Fund Adjustment Account	432			432	(432)	0
Accumulated Absences Account	(149)			(149)	149	0
Total	(78,412)	2,948	686	(74,777)	74,777	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 2022	Transfers Out 2022/23	Transfers In 2022/23	Balance as at 31 March 2023	Transfers Out 2023/24	Transfers In 2023/24	Balance as at 31 March 2024
	£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	3,252	0	148	3,400	0	38	3,438
Carry Forward	3,874	(3,524)	1,169	1,519	(1,285)	2,419	2,652
Underwater Search Unit	850	0	254	1,104	(69)	0	1,036
Local Resilience Forum	389	(28)	98	459	(37)	0	422
Redundancy	546	(79)	0	467	(396)	0	71
Multi Force Shared Service	776	(549)	0	227	(227)	0	0
Armed Police Alliance	709	(304)	407	812	(361)	0	451
Dog Alliance	360	(360)	0	0	0	0	0
National Blue Light Procurement	169	(148)	0	21	(21)	0	0
POCA Reserve	581	(150)	3	434	(31)	276	679
Hardship Loan Reserve	50	0	0	50	0	0	50
N. West Armed Police Collaboration Reserve	42	(11)	0	31	(14)	0	17
Major Investigations Reserve	1,019	0	208	1,227	0	148	1,375
Pay and Pensions Reserve	886	(153)	0	733	(361)	0	372
Council Tax Deficit Reserve	1,615	(35)	0	1,580	(580)	0	1,000
Estates Strategy Reserve	500	0	0	500	0	0	500
Road Safety Initiatives Reserve	970	(404)	0	566	(114)	0	452
Community Safety Reserve	0	0	228	228	0	210	438
IT Reserve	0	0	0	0	0	291	291
Total Revenue Reserves	22,361	(5,744)	2,515	19,132	(3,498)	3,382	19,017
Revenue Reserves for Capital Purposes							
Revenue Reserve for Capital Expenditure	3,051	(4,550)	3,858	2,358	(4,566)	5,086	2,878
ESN Reserve	2,810	(652)	932	3,090	(1,670)	0	1,420
IT Reimbursement	0	(252)	252	0	(280)	280	0
Total Rev. Reserves for Capital Purposes	5,861	(5,455)	5,043	5,448	(6,516)	5,366	4,298
Capital Reserves							
Capital Receipts Reserve	686	(711)	24	0	(527)	527	0
Unapplied Capital Grants	0	0	0	0	(25)	25	0
Total Capital Reserves	686	(711)	24	0	(553)	553	0
Total Usable Reserves	28,909	(11,909)	7,582	24,581	(10,566)	9,301	23,315

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. The overall movements show a net £1.3m reduction in reserves during 2023/24 reflecting the decisions made by the Commissioner to utilise funding towards a number of in progress commitments and for capital expenditure plans including 'invest to save' initiatives, implementation costs and other one-off costs such as the impact of the McCloud/Sargeant pensions judgement. Decisions on collaboration reserves are agreed by the Joint Oversight Committee which includes all partner forces.

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 & Dog Alliance Reserves (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).

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
Revaluations	26,612	0	0	0	26,612
Disposals	(189)	(1,991)	(1,890)	0	(4,070)
Reclassifications	0	0	0	0	0
At 31 March 2024	158,297	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
Revaluations	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.

2022/23	Property	Vehicles	Equipment	Assets Under Construction	Total
<u>Cost or Valuation</u>	£000	£000	£000	£000	£000
At 1 April 2022	126,191	15,184	28,883	0	170,258
Additions	281	3,309	3,607	48	7,246
Revaluations	3,287	0	0	0	3,287
Disposals	0	(1,596)	(8,270)	0	(9,866)
Reclassifications	0	0	0	0	0
At 31 March 2023	129,759	16,897	24,220	48	170,925
Depreciation					
At 1 April 2022	(181)	(11,045)	(23,660)	0	(34,886)
Charge in year	(5,152)	(1,977)	(2,184)	0	(9,313)
Disposals	0	1,459	8,253	0	9,712
Revaluations	5,105	0	0	0	5,105
Reclassifications	0	0	0	0	0
At 31 March 2023	(228)	(11,564)	(17,592)	0	(29,382)
Net Book Value at 1 April 2022	126,010	4,139	5,223	0	135,372
Net Book Value at 31 March 2023	129,533	5,333	6,628	48	141,543

Included in the above assets are £247k (NBV) of vehicles and equipment held by Cheshire Constabulary on behalf of the Underwater Search Unit collaboration, together with £580k (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 2024, the Commissioner has entered into a number of contracts for the construction or enhancement of property, plant and equipment in 2024/25 and future years budgeted to cost £4.8m. Similar commitments at 31 March 2023 were £2.0m. The major commitments are:

- Fleet Vehicles – £2.2m
- Estates Strategy - £2m

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 2024, 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 £0.7m charged to revenue in 2023/24 has been allocated across the CIES heading.

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

<u>Carrying Amount</u>	2023/24	2022/23
	£000	£000
Balance at start of year	8,150	13,605
Additions	747	1,336
Disposals	(158)	(6,791)
Balance at end of year	<u>8,740</u>	<u>8,150</u>
<u>Amortisation</u>		
Balance at start of year	(4,079)	(10,257)
Charge for the year	(699)	(614)
Disposals	158	6,791
Balance at end of year	<u>(4,621)</u>	<u>(4,079)</u>
Net Book Value at 1 April	<u>4,071</u>	<u>3,349</u>
Net Book Value at 31 March	<u>4,119</u>	<u>4,071</u>

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.

	2023/24	2022/23
	£000	£000
Opening capital financing requirement	45,650	46,693
<u>Capital Expenditure in year:</u>		
Property	2,526	329
Plant (e.g., vehicles)	2,477	3,310
Equipment	2,403	3,607
Intangibles	747	1,336
	8,153	8,582
<u>Less: Capital Financing</u>		
Capital Grants	0	0
Capital Receipts	527	711
Contribution from reserves	280	1,409
Revenue and Other contributions	4,591	4,553
Total Capital Financing	5,398	6,674
<u>Less: Sums Set Aside from Revenue</u>		
Revenue Provision for Repayment of Debt	2,774	2,953
Early Repayment of Debt	0	0
	2,774	2,953
Closing capital financing requirement	45,631	45,650
<u>Explanation of movement in year:</u>	2023/24	2022/23
	£000	£000
Decrease in underlying need to borrow (supported by Government direct funding)	(1,239)	(1,504)
Increase in underlying need to borrow (not supported by Government direct funding)	1,220	460
Increase/(Decrease) in Capital Financing Requirement	(19)	(1,044)

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 2023/24 no borrowing costs were capitalised.

21. Impairment Losses

An impairment review was undertaken by the Commissioner's Estates Department. The outcome of the review showed no impairments during 2023/24.

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 2024 £000	31 March 2023 £000	31 March 2024 £000	31 March 2023 £000
<u>Cash and Cash Equivalents</u>				
Imprest and cash	0	0	19,130	21,354
Total cash and cash equivalents	0	0	19,130	21,354
<u>Debtors</u>				
Debtors at Amortised Cost	585	738	6,786	8,222
Items not classed as Financial Instruments	0	0	22,049	16,434
Total Debtors	585	738	28,835	24,656
<u>Borrowings</u>				
Financial Liabilities	26,889	27,918	2,385	2,356
Total included in borrowings	26,889	27,918	2,385	2,356
<u>Creditors</u>				
Financial Liabilities		0	15,918	11,955
Items not classed as Financial Instruments	666	723	16,813	13,397
Total Creditors	666	723	32,731	25,352
<u>Other Long-term Liabilities</u>				
PFI & Finance Leases	12,585	13,642	1,469	1,364
Total other long-term liabilities	12,585	13,642	1,469	1,364

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 2023, 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, 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);
- 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 2024		31 March 2023	
	Carrying Amount £000	Fair Value £000	Carrying Amount £000	Fair Value £000
<u>Financial Liabilities</u>				
Borrowings	29,274	19,191	30,274	23,556
Creditors	15,918	15,918	11,955	11,955
PFI & Finance Leases	14,054	16,662	15,006	18,400
	59,246	51,771	57,235	53,911
<u>Financial Assets</u>				
Cash and Cash Equivalents	19,130	19,130	21,354	21,354
Loans and Receivables	7,372	7,372	8,960	8,960
	26,502	26,502	30,314	30,314

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 2024) 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 25 January 2023 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 2023/24 was approved by the Commissioner on 25 January 2023 and is available on the Commissioner's website.

As at 31 March 2024 the Commissioner had £20.8m of deposits with Major UK Banks (£8.8m) and Money Market Funds (£12.0m). 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 2023/24 was £0.1m (£0.1m in 2022/23).

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 2024 £000	31 March 2023 £000
Current (0-30 days)	943	1,399
1 Month	23	40
2 Months +	206	282
Total	1,172	1,721

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 2024. The overall value has reduced by £1.0m due to the repayment of a loan in September 2023. No new loans have been taken during 2023/24. All existing loans are maturity loans with the first repayment due in April 2024.

	31 March 2024 £000	31 March 2023 £000
Analysis of loans by type		
• Public Works Loans Board (PWLB)	23,274	24,274
• Money Market	6,000	6,000
Total Outstanding	29,274	30,274
Analysis of loans by maturity		
• Less than 1 year	2,385	2,356
• Between 1 and 2 years	0	1,029
• Between 2 and 5 years	0	0
• Between 5 and 10 years	0	0
• More than 10 years	26,889	26,889
Total Outstanding	29,274	30,274

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 2023/24.

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 2024 £000	31 March 2023 £000	31 March 2022 £000
Central Government Bodies	12,030	8,004	12,111
Other Local Authorities	5,095	5,878	5,686
NHS Bodies	8	68	5
Council Tax Collection Fund	4,012	3,845	3,644
Other entities and individuals	7,828	6,952	2,174
LESS: Provision for Credit Losses	(137)	(91)	(135)
Total	28,835	24,656	23,485

24. Cash and Cash Equivalents

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

	31 March 2024 £000	31 March 2023 £000	31 March 2022 £000
Cash held	25	26	32
Operational Current Accounts	(1,666)	(1,592)	(1,308)
Short-term deposits	20,772	22,920	28,748
Total	19,131	21,354	27,472

In addition to the above, the Commissioner held £1.675m (£1.603m 2022/23) of funds as follows:

Police Property Act – At the 31 March 2024, the Commissioner held £0.224m (£0.193m in 2022/23) 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 2024, the Commissioner held £1.451m (£1.410m in 2022/23) under the Proceeds of Crime Act 2002 and the Misuse of Drugs Act. This is money seized in connection with possible criminal activity and held pending a decision, by the courts, on the lawful owner, or distribution if no legal owner is identified.

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

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. The following table shows the property for sale at the Balance Sheet dates. When classified as "for sale" the asset is no longer subject to depreciation.

	31 March 2024 £000	31 March 2023 £000	31 March 2022 £000
Balance at the start of year	0	0	0
Assets newly classified as held for sale			
• Property, Plant & Equipment	0	0	0
• Other Assets	0	0	0
Revaluations gains / (losses)	0	0	0
Impairment losses	0	0	0
Assets sold	0	0	0
Balance at the end of year	0	0	0

26. Analysis of Creditors

Analysis of short-term creditors is shown below.

	31 March 2024 £000	31 March 2023 £000	31 March 2022 £000
Central Government Bodies	(5,480)	(4,424)	(5,254)
Other Local Authorities	(4,850)	(3,860)	(4,933)
NHS Bodies	(117)	(688)	(326)
Council Tax Collection Fund	(4,358)	(3,265)	(3,497)
Other entities and individuals	(17,925)	(13,115)	(12,028)
Total	(32,731)	(25,352)	(26,038)

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 2023/24 with the estimated value of outstanding claims being £0.394m. In 2023/24 a provision of £0.190m has been created for a national claim. In addition, a number of small ad-hoc provisions are held at 31 March 2024 and these are reviewed annually.

	2023/24 £000	2022/23 £000
<u>National Claim Provision</u>		
Balance at 1 April	0	0
Provision in the year	190	0
Balance at 31 March	190	0
<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	678	488

28. Leases: Finance and Operating

Finance Leases

IAS 17 requires the minimum lease payments to be reported. The following table shows the minimum lease payments relating to PFI.

	2023/24	2022/23
	£000	£000
Not later than one year	2,707	3,159
Later than one year, not later than five years	10,384	12,541
Later than five years	10,875	17,504
Total	23,966	33,204

Operating Leases

The Commissioner rents properties and equipment, mostly on short term leases, which are accounted for as operating leases. The rentals payable in 2023/24 and 2022/23 were £0.40m and £0.40m respectively. The Commissioner was committed at 31 March 2024 to making payments of £0.772m under operating leases as follows:

	Property	Equipment	Total
	£000	£000	£000
Not later than one year	171	94	265
Later than one year, not later than five years	263	128	391
Later than five years	116	0	116
Total	550	222	772

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 £7.875m (2023/24) 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 2023/24 are detailed below:

	Land £000	Property £000	Equipment £000	Total £000
Gross Book Value on 1 April 2023	3,026	37,255	403	40,685
Additions		98		98
Revaluations	289	6,267		6,556
Gross Book Value on 31 March 2024	3,315	43,620	403	47,338
Depreciation on 1 April 2023	0	0	(403)	(403)
Charge for the year	0	(3,735)	0	(3,735)
Revaluation	0	3,735	0	3,735
Depreciation on 31 March 2024	0	0	(403)	(403)
Net Book Value on 1 April 2023	3,026	37,255	0	40,281
Net Book Value on 31 March 2024	3,315	43,620	0	46,935

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 2023/24 equated to £0.952m. The current liability at 31 March 2024 is £14.054m.

	31 March 2024 £000	31 March 2023 £000	31 March 2022 £000
PFI Liability			
Balance at 1 April	15,006	16,223	17,380
Movement in year	(952)	(1,217)	(1,157)
Balance at 31 March	14,054	15,006	16,223

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	5,060	1,682	1,025	7,767
2 to 5 years	21,306	5,398	4,986	31,690
6 to 10 years	26,534	2,833	8,042	37,409
11 to 15 years	0	0	0	0
Total due	52,900	9,913	14,053	76,866

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.

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	2022/23 £000	2021/22 £000
Balance at 1 April	(79,826)	(74,859)	(58,659)
Movement in year	(27,410)	(4,967)	(16,200)
Balance at 31 March	(107,236)	(79,826)	(74,859)

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 and 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	2022/23 £000	2021/22 £000
Balance at 1 April	(20,140)	(17,169)	(17,973)
Depreciation & Amortisation	10,228	9,927	9,990
Revaluation losses and write down	(4,723)	(3,425)	(3,056)
Impact of disposals/sale of assets	278	154	149
Capital Financing – see Note 19	(5,399)	(6,674)	(3,687)
Minimum Revenue Provision/Debt Repayment	(2,774)	(2,953)	(2,592)
Balance at 31 March	(22,529)	(20,140)	(17,169)

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	2022/23	2021/22
	£000	£000	£000
Balance at 1 April	1,820,460	2,585,142	2,582,946
Movement in year	19,050	(764,682)	2,196
Balance at 31 March	1,839,510	1,820,460	2,585,142

* Note: The Police and Crime Commissioner's element of the IAS19 Pension reserve is £0m in 2023/24 (£0m 2022/23)

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	2022/23	2021/22
	£000	£000	£000
Balance at 1 April	(579)	(147)	592
Movement in year	926	(432)	(739)
Balance at 31 March	347	(579)	(147)

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	2022/23	2021/22
	£000	£000	£000
Balance at 1 April	3,871	3,722	4,807
Movement in year	1,599	149	(1,085)
Balance at 31 March	5,469	3,871	3,722

* Note: The Police and Crime Commissioner's element of the Accumulated Absences reserve is £21k in 2023/24 (£18k in 2022/23)

	2023/24	2022/23	2021/22
	£000	£000	£000
Total All Unusable Reserves	1,715,563	1,723,785	2,496,689

* Note: The Police and Crime Commissioner's element of total Unusable Reserves is £129.4m in 2023/24 (£100.5m 2022/23)

31. Notes to the Cashflow Statement

The cashflow include the following items:

Other Operating Expenditure	2023/24	2022/23
	£000	£000
Interest received	(1,859)	(766)
Interest paid	2,600	2,879
Total	741	2,113

Investing Activities	2023/24	2022/23
	£000	£000
Purchase of Property, Plant & Equipment & Intangible Assets	8,153	8,582
Proceeds from sale of assets	(121)	(24)
Total	8,032	8,558

Financing Activities	2023/24	2022/23
	£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	952	1,217
Repayment of short and long-term borrowing	1,000	99
Total	1,952	1,316

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 7 employees in 2023/24 incurring liabilities of £0.886m (£0.792m in 2022/23). These relate to service efficiencies as a result of root and branch reviews.

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 2022/23). 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.

IFRIC14 Adjustments	2023/24			2022/23		
	IAS19 £000	Adjs £000	IFRIC14 £000	IAS19 £000	Adjs £000	IFRIC14 £000
Net Interest Expense: reversal of IFRIC14 prior year	1,945	(1,950)	(5)			
Asset Ceiling:						
Reversal of IFRIC14 prior year		43,011				
IFRIC14 current year		(62,439)			(41,061)	
<i>Total Post Employment Benefit Charged to the Comprehensive Income & Expenditure Statement</i>	19,636	(19,428)	208	134,208	(41,061)	93,147
Net liability arising from defined benefit obligation	62,439	(62,439)	0	41,061	(41,061)	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	
	2023/24	2022/23	2023/24	2022/23	2023/24	2022/23	2023/24	2022/23	2023/24	2022/23	2023/24	2022/23
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
<i>Cost of Services:</i>												
• Current Service Costs	(10,976)	(23,855)	0	0	0	0	(15,990)	(49,430)	(550)	(1,220)	(27,516)	(74,505)
• Past Service Costs	(906)	(342)	30	(32,000)	0	(2,570)	0	34,570	0	0	(876)	(342)
• Settlements & Curtailments	0	1,265	0	0	0	0	0	0	0	0	0	1,265
<i>Financing and Investment Income & Expenditure:</i>												
• Net Interest Expense	1,945	(2,332)	(71,140)	(53,920)	(2,520)	(2,750)	(8,180)	(8,360)	(1,670)	(1,310)	(81,565)	(68,672)
<i>Total Post Employment Benefit Charged to the Surplus or Deficit on the Provision of Services</i>	(9,937)	(25,264)	(71,110)	(85,920)	(2,520)	(5,320)	(24,170)	(23,220)	(2,220)	(2,530)	(109,957)	(142,254)
<i>Other Post Employment Benefit Charged to the Comprehensive Income & Expenditure Statement</i>												
• Return on plan assets (not included in net interest expense)	5,337	(41,828)	0	0	0	0	0	0	0	0	5,337	(41,828)
• Actuarial Gains and Losses arising from changes in demographic assumptions	1,966	4,364	0	16,830	0	4,430	0	19,670	0	170	1,966	45,464
• Actuarial Gains and Losses arising from changes in financial assumptions	22,009	201,370	9,260	489,480	(20)	49,080	3,440	153,500	1,900	12,980	36,589	906,410
• Other	(9,676)	(29,698)	0	0	0	0	0	0	0	0	(9,676)	(29,698)
<i>Total Post Employment Benefit Charged to the Comprehensive Income & Expenditure Statement</i>	19,636	134,208	9,260	506,310	(20)	53,510	3,440	173,170	1,900	13,150	34,216	880,348

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	
	2023/24 £000	2022/23 £000	2023/24 £000	2022/23 £000	2023/24 £000	2022/23 £000	2023/24 £000	2022/23 £000	2023/24 £000	2022/23 £000	2023/24 £000	2022/23 £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 	9,937	25,264	71,110	85,920	2,520	5,320	24,170	23,220	2,220	2,530	109,957	142,254
Actual expenditure met from council tax through the General Fund												
<ul style="list-style-type: none"> Employer's contributions payable to the scheme 	11,678	10,868	72,870	64,530	70	100	(9,480)	(10,060)	2,930	2,210	78,068	67,648

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	
	2023/24 £000	2022/23 £000	2023/24 £000	2022/23 £000	2023/24 £000	2022/23 £000	2023/24 £000	2022/23 £000	2023/24 £000	2022/23 £000	2023/24 £000	2022/23 £000
Present value of defined benefit obligation	(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)
Fair value of plan assets	378,144	348,787	0	0	0	0	0	0	0	0	378,144	348,787
Sub-total	62,439	41,061	(1,554,800)	(1,565,820)	(56,700)	(54,230)	(193,500)	(163,290)	(34,510)	(37,120)	(1,777,071)	(1,779,399)
Other movements in the liability	0	0	0	0	0	0	0	0	0	0	0	0
Net liability arising from defined benefit obligation	62,439	41,061	(1,554,800)	(1,565,820)	(56,700)	(54,230)	(193,500)	(163,290)	(34,510)	(37,120)	(1,777,071)	(1,779,399)

#1 IFRIC 14 applies, please refer to the section on page 80 for details

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

	Local Government Pension Scheme	
	2023/24	2022/23
	£000	£000
Opening fair value of scheme assets	348,787	374,821
Interest income	16,738	10,397
Re-measurement gain/(loss)		
▫ The return on plan assets, excluding the amount included in the net interest expense	5,337	(41,828)
▫ Other	0	(1,445)
The effect of changes in foreign exchange rates	0	0
Contributions from employer	11,678	10,868
Contributions from employees	3,590	3,451
Benefits paid	(7,986)	(6,234)
Assets extinguished on settlements	0	(1,243)
Other	0	0
Closing fair value of scheme assets	378,144	348,787

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			
	2023/24 £000	2022/23 £000	2023/24 £000	2022/23 £000	2023/24 £000	2022/23 £000	2023/24 £000	2022/23 £000	2023/24 £000	2022/23 £000	2023/24 £000	2022/23 £000
Opening balance at 1 April	(307,726)	(453,572)	(1,565,820)	(2,050,740)	(54,230)	(102,520)	(163,290)	(303,180)	(37,120)	(49,950)	(2,128,186)	(2,959,962)
Current service cost	(10,976)	(23,855)	0	0	0	0	(15,990)	(49,430)	(550)	(1,220)	(27,516)	(74,505)
Interest cost	(14,793)	(12,729)	(71,140)	(53,920)	(2,520)	(2,750)	(8,180)	(8,360)	(1,670)	(1,310)	(98,303)	(79,069)
Contribution from scheme participants	(3,590)	(3,451)	0	0	0	0	(11,680)	(11,990)	0	0	(15,270)	(15,441)
Re-measurement gains/(losses)		0		0		0		0		0		
Actuarial gains/losses arising from changes in demographic assumptions	1,966	4,364	0	16,830	0	4,430	0	19,670	0	170	1,966	45,464
Actuarial gains/losses arising from changes in financial assumptions	22,009	201,370	9,260	489,480	(20)	49,080	3,440	153,500	1,900	12,980	36,589	906,410
Other	(9,675)	(28,253)	0	0	0	0	0	0	0	0	(9,675)	(28,253)
Past service costs	(906)	(342)	30	(32,000)	0	(2,570)	0	34,570	0	0	(876)	(342)
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	7,986	6,234	72,870	64,530	70	100	2,200	1,930	2,930	2,210	86,056	75,004
Liabilities extinguished on settlements		2,508	0	0	0	0	0	0	0	0	0	2,508
Closing balance at 31 March	(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)

Local Government Pensions Scheme assets comprised:

	Fair value of scheme assets	
	2023/24 £000	2022/23 £000
Cash and cash equivalents	4,331	15,369
Equity instruments: <i>by industry type</i>		
• Consumer	1,829	1,579
• Manufacturing	1,906	1,612
• Energy and utilities	0	0
• Financial institutions	395	0
• Health and care	696	547
• Information technology	12,664	8,971
• Other	982	1,136
Sub-total equity	18,471	13,844
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	26,517	29,059
• Overseas	507	462
Sub-total property	27,023	29,521
Private equity:		
• All	25,701	24,310
Sub-total private equity	25,701	24,310
Other investment funds:		
• Equities	109,148	103,083
• Bonds	142,924	122,597
• Hedge Fund	26,869	23,163
• Infrastructure	6,168	2,304
• Other	17,508	14,597
Sub-total other investment funds	302,617	265,744
Derivatives:		
• All	0	0
Total Assets	378,144	348,787

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. Pecuniary loss claims have been stayed until the remedy is brought into force from 1 October 2023. The settlement of the injury to feelings claims for Aarons sets a helpful precedent, therefore no liability in respect of compensation claims is recognised in these accounts. As at 31 March 2024, it is not possible to reliably estimate the extent or likelihood of Penningtons claims being successful, and therefore no liability in respect of compensation claims is recognised in these accounts.

Remedy

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

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

Impact on pension liability

Allowing for all eligible members to accrue benefits from their legacy scheme during the remedy period would lead to an increase in the Police Pension Scheme liabilities. Scheme actuaries originally estimated the 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 is 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	
	2023/24	2022/23	2023/24	2022/23
<u>Mortality assumptions:</u>	Yrs	Yrs	Yrs	Yrs
Longevity at 65 (police), 65 (LGPS) for current pensioners:				
Men	20.7	21.3	21.9	21.9
Women	23.7	23.9	23.6	23.5
Longevity at 65 (police), 65 (LGPS) for future pensioners:				
Men	21.6	22.6	23.6	23.5
Women	25.5	26.2	25.1	25.0
<u>Other assumptions:</u>	%	%	%	%
Rate of Inflation – RPI / CPI	3.10/2.75	3.15/2.95	2.6	2.6
Rate of increase in salaries – Long Term/Short Term	6.45	3.65	3.85	3.85
Rate of increase in pensions	2.75	2.95	2.6	2.6
Rate of CARE revaluation	-	-	3.85	3.85
Rate of commutation allowance	65	65	0	-
Rate for discounting scheme liabilities	4.85	4.75	4.75	4.65

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	7,084	-7.0	(108,000)	-13.5	(8,000)	-13.5	(26,000)	-9.5	(3,000)
0.5% increase in salary increase	0.0	864	1.0	13,000	7.0	4,000	0.0	0	3.0	1,000
0.5% increase in pension increase	2.0	6,344	6.5	105,000	8.5	5,000	16.0	31,000	8.0	3,000
1 year increase in life expectancy	4.0	12,628	2.5	39,000	2.0	1,000	2.0	4,000	1.5	1,000

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 2023/24, the weighted average duration of the defined benefit obligation for scheme members is 15 years (Police Pension 1987); 31 years (Police Pension 2006); 30 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 27.

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 2024.

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. Pecuniary loss claims have been stayed until the remedy is brought into force from 1 October 2023. The settlement of the injury to feelings claims for Aarons sets a helpful precedent, therefore no liability in respect of compensation claims is recognised in these accounts. As at 31 March 2024, it is not possible to reliably estimate the extent or likelihood of Penningtons claims being successful, and therefore no liability in respect of compensation claims is recognised in these accounts.

36. Authorisation of Accounts

Under the Accounts and Audit (England) Regulations 2015 the pre-audited Statement of Accounts was signed by the Chief Finance Officer as the responsible financial officer of the Police and Crime Commissioner on 4th June 2024 for release to audit.

ANNUAL GOVERNANCE STATEMENT 2023/24

1. 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 2024 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 2023/24 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 2023/24 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 2023/24 and the revised documents were signed off at Joint Management Board. Controls are reviewed by external audit as part of their work on the Statement of Accounts and also 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 was updated in 2023/24 and is available on the Constabulary's website. The force has a corruption and control strategy which is formulated by a local and regional corruption threat assessment. PSD also approve and record business interests and ensure compliance with the gifts and hospitality policy.
- 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 [Human Resources \(cheshire-pcc.gov.uk\)](https://www.cheshire-pcc.gov.uk/human-resources).
- 3.10 Further assurance is provided by HM Inspectorate of Constabularies, Fire and Rescue Services (HMICFRS) who carried 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 2020/21 and results have been published [Cheshire PEEL Assessments 2020/2021](#). A further PEEL review is due to be undertaken during 2024/25 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. 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 2023/24.

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 2024, the consultation on the Commissioner's precept proposal received 4,346 responses and 79% supported raising the precept at least in line with the Commissioner's eventual proposal.
- 6.4 As part of the precept consultation, the Commissioner invited people to share their views on community safety.
- 6.5 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 2023/24 there were almost 27,000 responses provided from across the Force area which were used to inform local operational priorities.
- 6.6 The Constabulary also undertakes telephone surveys of a small number of victims to gather feedback and inform service improvement.

- 6.7 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 Statement 2023-24](#). 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 \(cheshire-pcc.gov.uk\)](https://www.cheshire-pcc.gov.uk/scrutiny).
- 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 welcomed an additional 300 as part of the original police officer uplift programme (PUP), with a further 15 PUP officers joining in 2023/24 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 2023/24, 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.
- 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 2023/24 and details of these meetings can be found on their website.
- 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 2022/23 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/Audit).
- 12.5 The overall Internal Audit opinion for the period 1st April 2023 to 31st March 2024 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. Report on Areas for Action during 2023/24

- 13.1 Within the 2022/23 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 2023/24.

Action 1: Cyber-Security – Continue to invest in cyber-security and training in recognition of the ongoing cyber and ransomware risk to policing systems. Attacks on Police Forces and other Public Sector organisations along with suppliers of services to public organisations are becoming more frequent and are definitely a deliberate target of some countries and criminal organisations/individuals (Owner: Deputy Chief Constable).

Update: - The Force continues to take the threat from cyber seriously and constantly reviews and updates security controls/products. We work closely with a number of national agencies and have further enhanced our protective monitoring capabilities and implemented additional controls to protect against ransomware. The threat from social engineering and e-mail borne attacks is a high consideration and we continue to invest in monthly cyber security and phishing simulations for all staff, as well as providing specific training for high-value spear phishing targets. We regularly review our infrastructure and ensure software/infrastructure remains up-to-date and have decommissioned a number of systems that have become end-of-life. In addition, we continue to remove data from our network that has reached its retention threshold, minimising any potential compromise should an attacker gain a foothold.

Joint Audit Advisory Committee – The Committee has three new members with no prior audit committee experience. Internal workshops and external training will be provided as part of their induction to the Committee and ongoing support will be made available (Owner: OPCC Chief Finance Officer).

Update: A workshop was provided to all JAAC members by the Constabulary Head of Finance and the two s151 officers in May 2023 to go through the draft Statement of Accounts and answer any queries. The new members also attended CIPFAs Introduction to Police Audit Committees webinar in May 2023. Further update sessions and training will be provided as and when required.

14. Areas for Action in 2024/25

14.1 The governance framework, internal controls and application of the principles have been reviewed during 2023/24 with the following areas highlighted as risks together with the mitigating actions required.

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).

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)

15. Summary

15.1 We are satisfied that the governance framework and arrangements in place during 2023/24 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, OPCC

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

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, which covers both the Police and Crime Commissioner and the Chief Constable for Cheshire, 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 2023/24 External Audit Plan now, as it is our intention to issue your Audit Plan as close to the year-end to which it relates, 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

1.1. 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 audit opinion as to whether the financial statements for the Police and Crime Commissioner for Cheshire ('the PCC') and the Chief Constable for Cheshire ('the Chief Constable':

- give a true and fair view of the financial position) as at the year end and of its 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 2023/24; 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 2024. 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 manages 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 delivers 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.

At the time of writing this Plan, there are a number of consultations ongoing. A [Joint statement](#) explaining the package of measures and how the various elements are intended to interact has been published on the Department for Levelling Up, Housing and Communities website. The outcomes of these consultations may impact on our audit plan and we will discuss any changes to our proposed work and timetable with you as events become clearer.

1.2. Audit reports

Financial statements

On completion of our audit work on the financial statements, we will issue our Joint Audit Completion Report (covering both the PCC's and the Chief Constable's financial statements) to those charged with governance, which will set out our findings.

In our audit reports 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 reports 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 audit reports 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 for each entity 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 its use of resources, we will issue our Auditor's Annual Report to those charged with governance. This will provide a commentary on the PCC and 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.

1.3. 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 gross expenditure: £5,635,000 We have calculated materiality based on the gross expenditure in each of the PCC, Chief Constable and Group accounts, then applied the lowest of the three.

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.

1.4. 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 audits.

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. We understand that CIPFA LASAAC will be consulting on temporary changes to the Code of Practice on Local Authority Accounting to reduce burdens on those who prepare and audit local body accounts. These proposed changes include simplifying the professional revaluation of operational property, and reducing disclosure requirements around net pension assets and liabilities for at least 2 years. This may affect the significant risks we have currently identified and the approach we have proposed to address these risks:

Risk	Audit Approach
Management override of controls (required under the ISAs)	<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>

Risk	Audit Approach
<p>Fraud in revenue recognition (required under the ISAs)</p> <p><i>Applies to both entities and group</i></p>	<p>There is also a rebuttable presumption under auditing standards that revenue may be misstated due to improper recognition of revenue. This presumption may be rebutted if the auditor concludes that there is no risk of material misstatement due to fraud in revenue.</p> <p>Having considered the risk factors set out in ISA240 and the nature of the revenue streams of the PCC and Chief Constable, we have concluded that the risk of fraud arising from revenue recognition can be rebutted because:</p> <ul style="list-style-type: none"> • There is little incentive to manipulate revenue recognition; • Opportunities to manipulate revenue recognition are very limited; and • The culture and ethical framework the PCC and Chief Constable mean that all forms of fraud are seen as unacceptable.
<p>Fraud in expenditure recognition</p> <p><i>Applies to both entities and group</i></p>	<p>Practice Note 10: Audit of Financial Statements and regularity of public sector bodies in the United Kingdom sets out that the risk of fraud related to expenditure is also relevant. We therefore need to consider whether we have any significant concerns about fraudulent financial reporting of expenditure which would need to be treated as a significant risk for the audit.</p> <p>Our initial assessment is that we do not consider do not consider this to be a significant risk to the PCC and Chief Constable because:</p> <ul style="list-style-type: none"> • Our work to date has suggested that expenditure is well controlled, and the PCC and Chief Constable have a strong control environment; and • The PCC and Chief Constable have clear and transparent reporting of their financial plans and financial position.
<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; • 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's financial statements, following up valuation movements that appear unusual.

Risk	Audit Approach
<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 and the Police Pension Scheme 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.

We will report back to you as part of our completion audit work, on the outcome of our work addressing these 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.

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.

1.5. 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 operate.

At the time of issuing our Audit Plan, our initial view is that the control environment in which the PCC and Chief Constable operate is effective and we will tailor our audit approach accordingly. In the current year, we anticipate that our audit approach will focus on substantive procedures.

1.6. 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 letters 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.

1.7. 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.

1.8. Prior year recommendations

We will follow up on the progress made by the PCC and Chief Constable in addressing the recommendations made by the PCC and Chief Constable's previous auditor in respect of deficiencies reported in their ISA260 Audit Report.

2. The Audit Team

Responsible individual: Email:	Alex Walling awalling@bishopfleming.co.uk
Manager: Email:	Neall Hollis 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 2024	
Date	Requirement
April-May 2024	<ul style="list-style-type: none">• Review of predecessor auditor's files• Meetings with management

Police and Crime Commissioner for Cheshire and Chief Constable for Cheshire
YEAR END: 31 March 2024

Date	Requirement
July - August 2024	<ul style="list-style-type: none"> Audit fieldwork to be undertaken, completing work on significant risk areas and other material balances. Meet with Joint Audit Advisory Committee
September 2024	<ul style="list-style-type: none"> Audit completion meeting with year-end draft Audit Completion Report Audit Committee Accounts to be approved.

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 fees 2023/24

The Police and Crime Commissioner for Cheshire	£94,961
The Chief Constable for Cheshire	£47,597
Total PSSA scale fee (excluding VAT)	£150,647

Proposed fee variations:

ISA 315	TBC
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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 predecessor auditor's 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 Hollis 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 officers at the earliest opportunity.

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

ISA 315

The proposed fee variation in relation to ISA 315 is in respect of a significant change to auditing standards that applied for the first time for your audit for the year ended 31 March 2023. Due to the timing of the tender process, the impact of this has not been built into the audit scale fees.

In summary the main changes were as follows:

- The introduction of five new inherent risk factors to aid in risk assessment; subjectivity, complexity, uncertainty, change, and susceptibility to misstatement due to management bias or fraud.
- The introduction of a new spectrum of risk, at the higher end of which lie significant risks.
- The requirement for "sufficient, appropriate" evidence to be obtained from risk assessment procedures as the basis for the risk assessment.
- The introduction of more requirements in relation to gaining an understanding of the entity's ITT environment, including requirements to identify and assess risks of material misstatement arising from the use of IT related to the IT application and other aspects of the entity's IT environment.

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.

5.1. 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.

5.2. 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.

5.3. 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 PCC 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 at Finance and Joint Audit Advisory Committee
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



This document is confidential to: **Police and Crime Commissioner for Cheshire and Chief Constable for Cheshire**

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Cheshire
Constabulary

Cheshire Constabulary

Thematic Reviews

June 2024

OVERVIEW

In January 2024, the approved budget included £4.9m savings for 2024/25. This followed several years of savings through austerity and the impact of economic challenges such as inflation. The current forecasts for 2025/26 and beyond predict significant savings requirements to balance the budget, before any increased demand or growth is considered. While it is acknowledged that the impact of the general election will change these forecasts, benchmarking and research indicate that for at least 2025/26 savings will be required.

To address these shortfalls, the Constabulary will undertake its usual Priority Based Budgeting (PBB) process to the extent that it provides the options and opportunities required. However, the Constabulary also acknowledges the increasing challenges to this process and an Efficiency and Savings Board, chaired by the Deputy Chief Constable, has been established to oversee the delivery of in-year savings and the co-ordination of the budget setting process.

THEMATIC REVIEWS

While PBB considers resource allocation, service levels and change proposals, the level of savings forecast requires all opportunities to be considered. An analysis of all budgets held has been completed and several areas identified for in-depth thematic reviews.

These reviews will:

1. Identify by department where these budgets are held.
2. For at least 2 previous financial years – analyse spend and report on:
 - a. What type of spend has been allocated to these budgets
 - b. Any overspending
 - c. Any areas of concern
3. Where data is available, benchmark such expenditure against other forces.
4. Review any policies or procedures associated with each thematic to ensure compliance, value for money etc., and make any recommendations for change.
5. Recommend areas where budget savings could be delivered.

RESOURCES

The reviews will be led by Finance with support from relevant budget managers, People Services, Planning and Performance and if applicable, Internal Audit.

OUTCOMES AND TIMELINES

Progress reports will be provided to each Efficiency and Savings Board, with final recommendations by the end of September for consideration alongside the initial review of PBB.

PROPOSED AREAS FOR REVIEW

Based on current 2024/25 budgets:

Thematic Area	Budget 2024/25
Professional Fees	£1,494,524
Specialist Equipment	£937,728
Casual Users Mileage	£531,206
Other Operational Expenses	£400,288
Agency / Temp Staff	£147,312
Public Transport & Parking	£102,496
Essential Users Lump Sum	£78,376
Hire of Transport	£62,637
Hire of Rooms/Premises	£37,044
	<hr/>
	£3,791,611

Overview of topics to be covered during the period July 2024 -February 2025

Part 1 Items	Jul-24	Sep-24	Nov-24	Feb-25
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 2024/25		✓		
JAAC Single Point of Contact Report - PBB			✓	
Review of JAAC Terms of Reference				✓
External Audit Findings Report*				✓
External Audit Plan*	✓			
External Audit Informing the Audit Risk Assessment*		✓		
External Audit Progress Report*		✓		
External Audit Annual Report (inc. VFM)*			✓	
External Audit Letter of Representation*			✓	
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	✓			✓
Annual 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	✓	✓	✓	✓
2024/25 Budget & Medium Term Financial Strategy				✓
Part 2 Items	Jul-24	Sep-24	Nov-23	Feb-24
Minutes of Joint Audit Advisory Committee	✓	✓	✓	✓
Matters Arising from Previous JAAC Meetings	✓	✓	✓	✓
Strategic Risk Register	✓	✓	✓	✓
Annual Risk Report	✓			
Internal Audit Follow Up Report	✓		✓	
Internal Audit Reports/Terms of Reference	✓	✓	✓	✓

Internal Audit Progress Report

Joint Audit Advisory Committee (July 2024)

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

Contents

1 Introduction

2 Key Messages for Joint Audit Advisory Committee Attention

Appendix A: Contract Performance

Appendix B: Performance Indicators

Appendix C: Assurance Definitions and Risk Classifications

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.

Executive Summary

This report provides an update to the Joint Audit Advisory Committee in respect of the conclusion of the the Internal Audit Plan for 2023/24 and the progress made against the Internal Audit Plan for 2024/25. It brings to your attention matters relevant to your responsibilities as members of the Joint Audit Advisory Committee.

This progress report provides a summary of Internal Audit activity and complies with the requirements of the Public Sector Internal Audit Standards.

This progress report covers the period 1st March to 30th June 2024.

3 Executive Summary

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

2023/24 Audit Reviews

The following reviews have been finalised:

- Data Protection Review (**Substantial Assurance**)
 - Whilst the review identified areas of good practice, there were also opportunities to strengthen controls in a number of key areas including continuing to mature and embed the role of the Information Asset Owner and their deputy, strengthening assurance reporting and metrics for cross-portfolio projects, completing the planned update of the website documentation, and going forward by formalising information governance succession plans to ensure workloads / capacity remain aligned to business requirements.
- National Fraud Initiative
 - This 'Briefing Note' provides a summary of Cheshire Constabulary's data matches reviewed, outstanding matches and any overpayments identified as part of the National Fraud Initiative round for 2022/23. It provides an update on the previous briefing paper which was issued in March 2023 when data matches were released.

2024/25 Audit Reviews

The following reviews are in progress:

- Custody Referral Pathways (**Draft Report**)
- Pensions (**Drafting Terms of Reference**)
- Neighbourhood Policing & Problem Solving (**Drafting Terms of Reference**)

Added Value

Briefings

Our latest briefings/blogs are:

- [TIAN News - Spring 2024](#)
- [23/24 Through the Audit Committee Lens Series - Data Quality - Board Reporting](#)

Events

Events are free - to book a place visit our website www.miaa.nhs.uk and click on events.

- [NHS Impact - Embedding continuous improvement into health and care \(12th September 2024\)](#): By creating the right conditions for continuous improvement and high performance, systems and organisations can respond to today's challenges, deliver better care for patients and give better outcomes for communities – NHS IMPACT.
- [How do you lead in a Hybrid environment \(16th October 2024\)](#): It has been suggested that the number one challenge for people working in this way is the "Lack of casual conversations". This masterclass explores the ways in which organisations can help generate team spirit and culture, support leaders to effectively lead a team with people who aren't in the room.

Appendix A: Contract Performance

The Public Sector Internal Audit Standards (PSIAS) state that ‘The chief audit executive must deliver an annual internal audit opinion and report that can be used by the organisation to inform its governance statement.’

Below sets out the overview of delivery and conclusion of your Head of Internal Audit Opinion for 23/24:

HOIA Opinion Area	TOR Agreed	Status	Assurance Level	Joint Audit Advisory Committee Reporting
Core/ Mandated Assurances				
Key Financial Transactional Processing Controls	✓	Complete	Substantial	February 2024
National Fraud Initiative	N/A	Complete	N/A	July 2024
Risk Based Assurances				
HR Payroll Review	✓	Complete	Substantial Assurance	February 2024
Use of Force Review	✓	Complete	Substantial Assurance	September 2023
Firearms Licensing Review	✓	Complete	Substantial Assurance	September 2023
Stop and Search Review	✓	Complete	Substantial Assurance	February 2024
Data Protection Review	✓	Complete	Substantial Assurance	July 2024

Below sets out the overview of delivery for 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		Q3 Delivery		February 2025
National Fraud Initiative		Q4 Delivery		April 2025
Risk Based Assurances				
HR / Pensions		Drafting ToR		November 2024
Thrive Risk Assessments		Q3 Delivery		February 2025
Business Continuity		Q4 Delivery		April 2025
Custody Referral Pathways	✓	Draft Report		September 2024
Neighbourhood Policing Framework and Problem Solving		Drafting ToR		November 2024
Follow Up				
Q1	N/A	Fieldwork		September 2024
Q2		Q2 Delivery		September 2024

HOIA Opinion Area	TOR Agreed	Status	Assurance Level	Joint Audit Advisory Committee Reporting
Q3		Q3 Delivery		November 2024
Q4		Q4 Delivery		April 2025

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 Joint Audit Advisory 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 Joint Audit Advisory Committee	Green	
Percentage of recommendations which are implemented	Follow Up will be reported at least 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. The External Quality Assessment, undertaken by CIPFA, provides assurance of MIAA's compliance with the Public Sector Internal Audit Standards. MIAA conforms with the Public Sector Internal Audit Code of Ethics.

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.

Anne-Marie Harrop

Regional Assurance Director

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

Final Internal Audit Plan 2024/2025 – Approved at Joint Management
Board July 2024

Contents

1. Executive Summary
2. Your Internal Audit, Assurance and Solutions Service
3. Internal Audit Risk Assessment
4. Internal Audit Plan On A Page
5. Operational Internal Audit Plan 2024/25

Appendix A: Your 3-Year Strategic Plan

Appendix B: MIAA Assurance and Solutions

Your Internal Audit Team



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Engagement Lead
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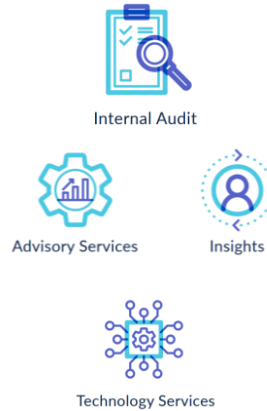
Charles Black
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1 Executive Summary

1.1 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.



Working with you

- ✓ Strong relationships
- ✓ In depth knowledge and understanding of the organisation
- ✓ Strong risk assessment
- ✓ Tailored plan focused on your risks
- ✓ Core assurances integral to your assurance framework
- ✓ Focus on areas for improvement
- ✓ Flexible and responsive
- ✓ Strong service KPIs and delivery
- ✓ Insights from our wider client base.
- ✓ Events and Networking
- ✓ Advisory support
- ✓ Fully compliant External Quality Assessment

1.2 Your Risk Assessment

A strong risk assessment underpins the Internal Audit Plan. This has focused upon your Strategic Risk Register as this represents both Cheshire Constabulary and the Office of the Police and Crime Commissioner for Cheshire's own assessment of the risks to achieving strategic priorities.

1.3 Your Internal Audit Plan

Your Internal Audit service includes core assurances, national and regional risk areas and strategic risks from your Risk Register. 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.

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

The fees for 24-25 are £34,000.



2 Your Assurance and Solutions Services

Internal Audit, Assurance and Solution Plans

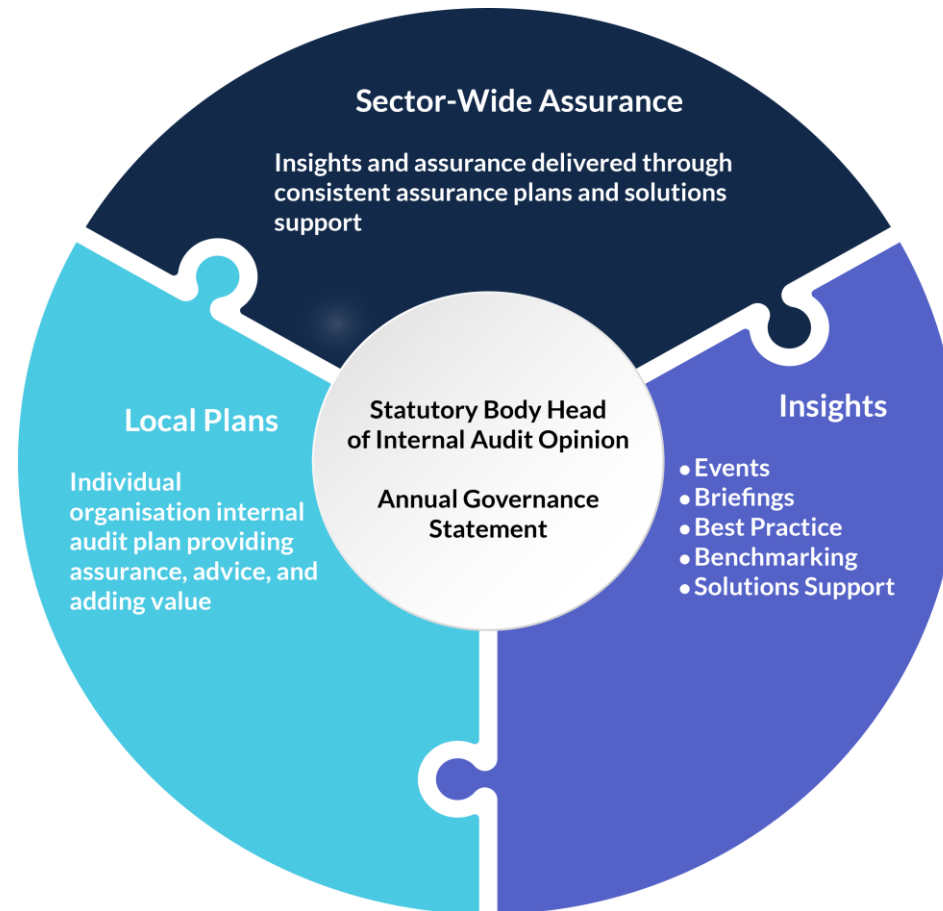
The public sector landscape in England continues to change, with environmental, international and economic issues providing challenges which are likely to be felt for many years to come.

Our vision is for MIAA to continue to be a Trusted Advisor through the retention of personalised, local focus and relationships with the added benefits provided by an at scale provider.

This is about MIAA continuing to build on its shared service capability to create a comprehensive offering, which provides insight, adds value and supports transformational change whilst operating efficiently.

MIAA continue to review and adapt our audit service and the way we provide assurance to meet your needs in the changing landscape.

This is about risk assessment at every level and regrouping audit plans and advisory commissions to support organisations and the wider public sector.





**Cheshire
Constabulary**



**Police & Crime
Commissioner
for Cheshire**

2 Your Internal Audit, Assurance and Solutions Services – Adding Value

Client Focused
Research & Development
Briefings & Events
Specialist Services
Flexibility and ability to respond and adapt

Embedded external insights and local presence
Access to MIAA Insights and Benchmarking
Retention of corporate memory and relationships



Local presence
Multi-disciplinary teams and specialist resource integral to the core service
Use of technology to provide efficient and effective service
Flexibility

No surprises
Relations and ongoing communications
Regular management and Joint Audit Advisory Committee reporting

ISO accredited systems
Significant experience and knowledge brought from our extensive client base



Cheshire
Constabulary



Police & Crime
Commissioner
for Cheshire

2 Your Internal Audit, Assurance and Solutions Services – Adding Value

Understanding Your Vision, Plans, Priorities and Risks

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

Assurance Built Around Your Risks

- *Financial sustainability*
- *Crime recording*
- *Professional Standards*
- *Delivery of Police and Crime priorities and programmes*
- *Workforce*
- *Cyber and IT resilience*
- *Sustainability – Fleet and Estates*

We map your strategic priorities and strategic risks to the Internal Audit Plan. 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.



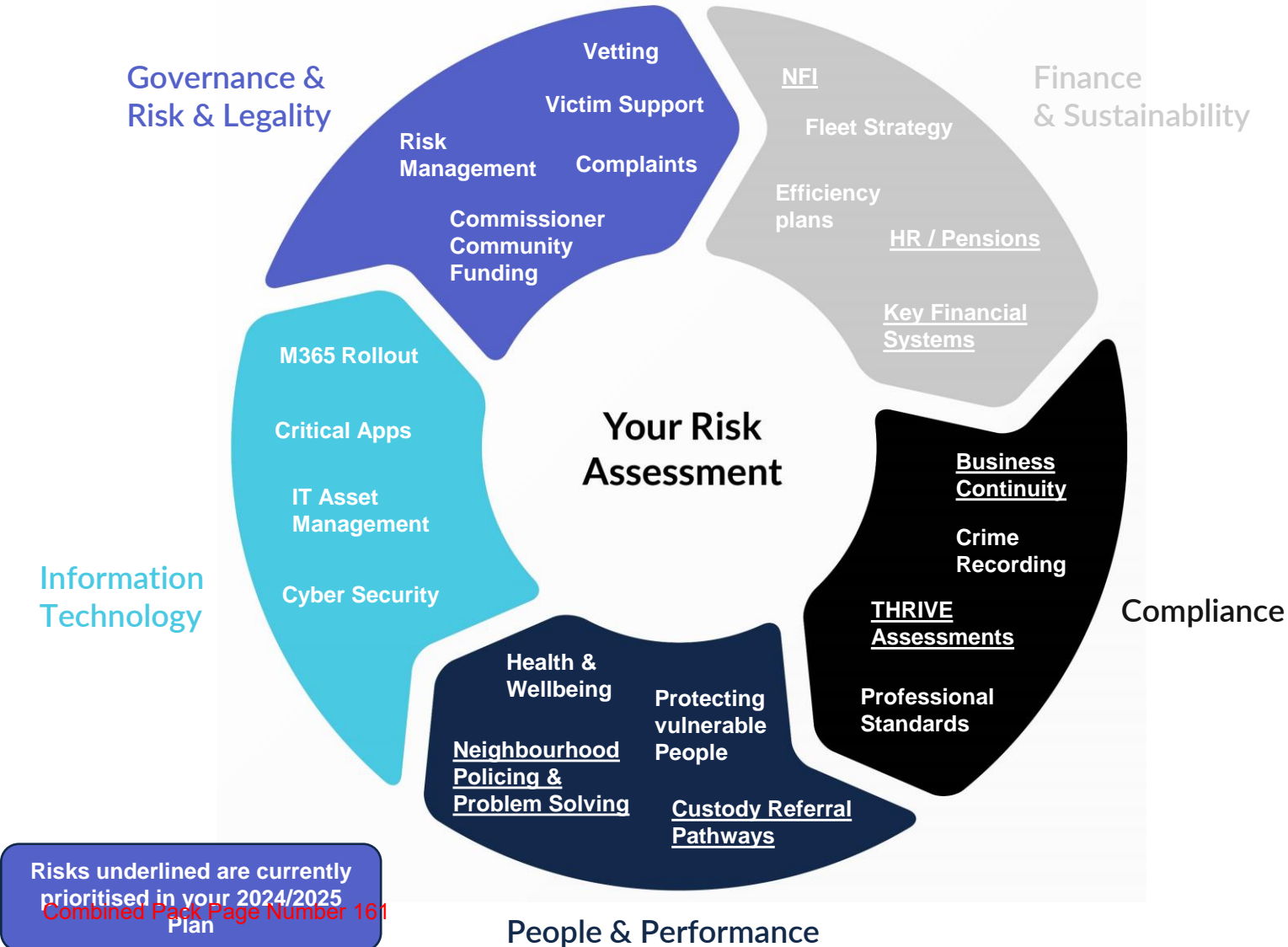
3 Internal Audit Risk Assessment

The internal audit plan is built from a risk assessment which has considered national and local risks 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 vision and ensuring that the internal audit plan contributes to your priorities. 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 priorities and operational plans and performance.
- **Benchmarking and national Police Audit Group mapping** – MIAA are part of the Police Audit Group (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.
- **Core 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.





4 Internal Audit Plan on a Page

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

Planning Approach

- Risk Assessment of the external environment, system and organisation (including your Strategic Risk Register and Police and Crime Plan).
- Engagement of the OPCC and Constabulary Senior Leadership to discuss priorities and confirm the plan.
- Coverage of Critical Business Systems to support organisation's objectives through the strategic internal audit plan.
- Provision of sufficient resources and expertise.
- Compliance with Public Sector Internal Audit Standards (PSIAS).

Your Plan

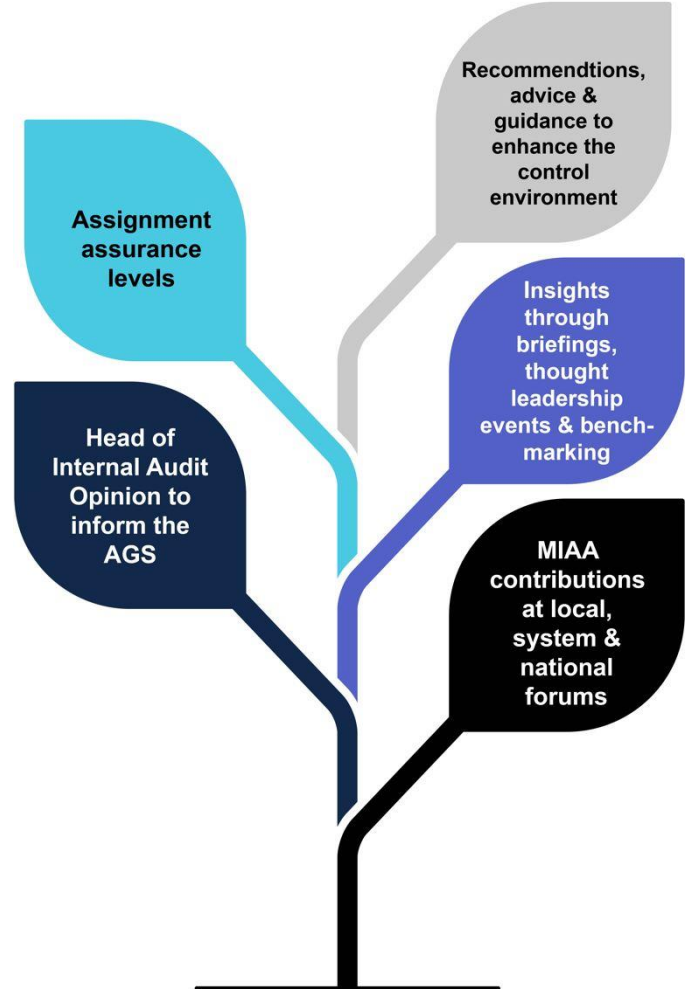
The outcome of your risk assessment is summarised below:

Organisational Reviews
 Provision of assurances across core and risk-based reviews

- **Key Financial Systems**
- **National Fraud Initiative**
- **Neighbour Policing Framework & Problem Solving**
- **Business Continuity**
- **THRIVE Risk Assessments**
- **HR / Pensions**
- **Custody Referral Pathways**

Follow Up and Contingency

Outcomes



Added Value



5 Operational Internal Audit Plan 24/25

Review & Scope	Risk / Rationale	Planned Delivery	Lead
Finance & Sustainability			
Key Financial systems: To provide assurance that the most significant key financial controls are appropriately designed and operating effectively in practice.	Core Assurance/ Joint Strategic Risk Register	Q3	OPCC/Chief Constable
National Fraud Initiative: Preparation for the release and investigation of the outcome of the NFI data match exercise.	Mandated Requirement	Q4	OPCC/Chief Constable
HR / Pensions: To provide an assessment of the effectiveness of the procedures in place with the pensions provider and associated HR processes and policies.	Management Request	Q1	OPCC/Chief Constable
Compliance			
Business Continuity: To provide assurance that the Constabulary have developed and implemented robust Business Continuity planning arrangements.	OPCC Request	Q4	OPCC/Chief Constable
Thrive Risk Assessments: To provide assurance of the systems and processes in place with regards to the appropriate application and recording of THRIVE risk assessments	Management Request	Q3	OPCC/Chief Constable
People & Performance			
Custody Referral Pathways: To provide an assessment of the effectiveness of the processes in place regarding custody referral pathways.	Management Request	Q1	OPCC/Chief Constable
Neighbourhood Policing Framework & Problem Solving: To provide assurance in respect of the effectiveness of systems and processes in place for using structured problem-solving within neighbourhood policing and how this feeds into the Neighbourhood policing framework.	Police and Crime Plan 2021 – 2024	Q2	OPCC/Chief Constable



Review & Scope	Risk / Rationale	Planned Delivery	Lead
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

The Internal Audit Risk assessment and plan will be reviewed on an ongoing basis throughout the year and any requests for change discussed and approved via the Audit Committee. A formal 6 month review of the plan will also take place.



The following risk areas were identified as part of the annual risk assessment but are not currently prioritised within the Internal Audit Plan coverage.

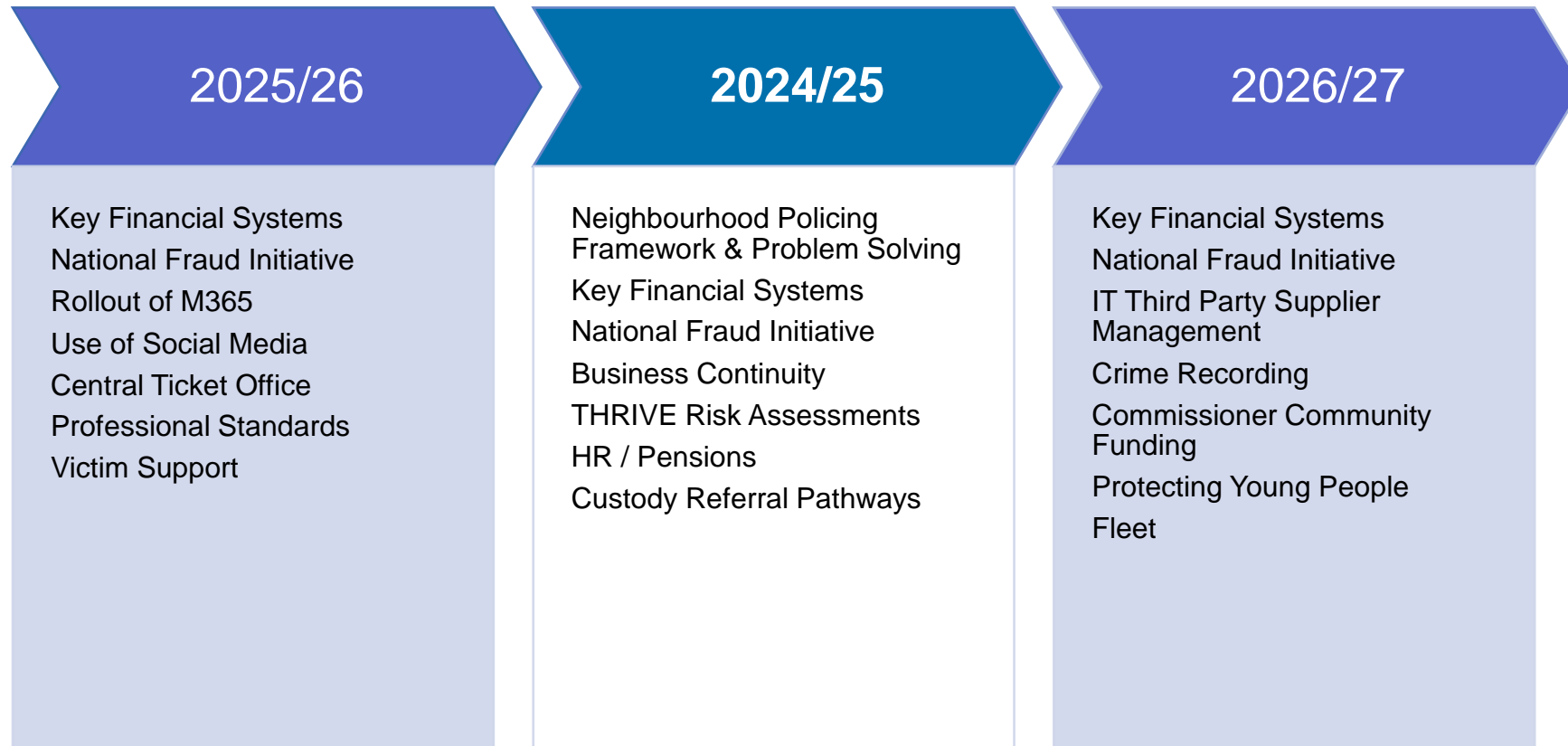
Risk Area	Review Origin	Rationale
Professional Standards	Strategic Risk Register	Limited days available in plan / time to embed national recommendations
Crime Recording	Strategic Risk Register	Limited days available in plan
Roll out of M365	Risk Assessment / Management Request	To consider for 2025/26
Use of Social Media	Risk Assessment	To consider for 2025/26

The Internal Audit Risk assessment and plan will be reviewed on an ongoing basis throughout the year and any requests for change discussed and approved via the Audit Committee. A formal 6 month review of the plan will also take place.



Appendix A – 3 Year Strategic Plan

Your 3-year strategic audit plan is set out below.





Appendix B – MIAA – Assurance and Solutions

MIAA, as an NHS not for profit shared service provides internal audit assurance and a range of specialist advisory support. Advisory support is not restricted to audit clients. Where advisory support is provided to audit clients, there is a clear separation of duties and no interdependencies. There is however an effective interrelationship to inform planning.

MIAA Internal Audit Assurance

Internal audit is an independent, objective assurance and consulting activity designed to add value and improve the 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 processes.

- Internal Audit operates to the Public Sector Internal Audit Standards, compliance with which is confirmed through independent external quality assessment.
- We develop risk-based plans to determine the priorities of our internal audit activity which is consistent with the organisation's goals.
- Whilst we undertake consulting/advisory activities these are completed in the context of the activities' potential to improve the management of risks, add value and improve the organisation's operations. These engagements must be reflected in the internal audit plan.
- Public sector requirement for an annual statement to be made by the Head of Internal Audit on the overall adequacy and effectiveness of the organisation's framework of governance, risk management and control
- We report to and are accountable to the Audit Committee.

MIAA Solutions

MIAA has taken the step of establishing a separate advisory service offer. Agile support to any organisation including, but not restricted to NHS organisations.

- We provide expert delivery, advice and guidance in respect of system development, known system challenges and/or subject matter expertise to address corporate challenges and transformation.
- There is no annual plan. All commissions are on an agreed project basis.
- Projects may be cross system or at scale (e.g. region wide) and delivered to any organisation. Some may be internal audit clients, many are not.
- This service is managed and delivered independently of MIAA Assurance.
- Our advisory services are commissioned by and report to Executive leads.

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.

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.





Custody Referrals

Terms of Reference 2024/25 (Final)

Police and Crime Commissioner and Chief Constable for
Cheshire

301CPCC_2425_006

1 Introduction and Background

This review is to be conducted in accordance with the requirements of the 2024/25 Internal Audit plan.

The Police and Criminal Evidence Act 1984 (PACE) and the associated Codes of Practice set out the legislation and standards for dealing with people who come into contact with the police. This includes the designation of a police station as a custody suite which is fit for purpose and the management of custody resources.

This review will concentrate specifically on controls that support the operation of the custody referrals system, and the process and controls that the organisation has in place for processing detainees through custody to the different referral pathways.

The Constabulary has one outsourced referral contract in place: a Forensic Medical & Healthcare Services contract with Mitie Care & Custody.

There are other contracts in place via which detainees may be referred. These are an NHS Liaison and Diversion contract with Midlands NHS Partnership Trust, and a Domestic Violence Programme with Cheshire Without Abuse. These are not contracts that the Constabulary has put in place and thus are not contracts that are within the Constabulary's contract management function. They are, however routes by which detainees may be referred to appropriate services.

Regarding contract management, the review will focus on the monitoring of the one direct contract the Constabulary has in place.

The review will also consider the operation and the effectiveness of referrals made via third party contracts and / or communication with other agencies including Social Care, Housing, Mental Health and Substance Abuse programmes, Cheshire West and Chester's Early Support Services

and the voluntary perpetrator programme provided by Cheshire Without Abuse.

2 Audit Objective

The overall objective of the audit is to evaluate the robustness and effectiveness of controls that support custody referral pathways to ensure the appropriateness and timeliness of referrals made.

3 Audit Scope

Sub Objective	Risk
Roles and responsibilities have been clearly set out and communicated, within an agreed Contract/ Service Level Agreement (SLA) in place for any outsourced services.	Where roles and responsibilities are not clear, referrals may be made unnecessarily for individuals not meeting the criteria for referral, wasting resource and adversely impacting the outflow of referrals from custody.
Custody resources including referral scheme workers for any outsourced services are available when required.	If custody resources are not managed and maintained in accordance with legislation, then there is a risk of reputational damage.
There are appropriate procedures and guidance available for custody staff to complete supporting	Inaccurate recording and reporting of information in Niche which may impact effective decision making

documentation to initiate the referral process, including the sharing of self-referral information.	and the effective management of detainees.
Custody staff including all contracted staff must be adequately trained for their contracted role in a police custody suite, including risk assessment.	Staff are not adequately trained for their role which leads to an increased risk to the personal safety of custody staff and detainees.
Access to systems are controlled and monitored.	User access is not set up to enforce segregation of duties, resulting in the mismanagement of custody detainees.
Custody detainees are risk assessed, appropriately authorised, notified to the contract providers promptly and are accurately input / updated within Niche in a timely manner.	Detainees are not effectively managed and controlled, resulting missed referral opportunities.
To verify that contract management measures are in place and are monitored with clear reporting and follow up action evidenced where necessary.	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.
A robust feedback process is in place to capture and identify	Lessons learnt are not being utilised resulting in key themes and

lessons learnt from within the Constabulary.	trends not being identified and addressed.
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The limitations to scope are as follows:

- The scope of this review will focus on the objectives described above and will be limited to the controls in operation at the Constabulary.

4 Audit Approach

Following discussion with management, it has been agreed that the review is to be undertaken both onsite and remotely. We will confirm arrangements for onsite working with you as part of audit planning. Whilst working remotely, we will ensure that regular contact is maintained throughout the audit process to feedback on progress and matters arising.

During the audit our approach will involve:

- Discussions with key members of staff to ascertain the nature of the systems in operation and any reporting requirements.
- Desktop review of existing policies, procedures, performance information, local guidelines to confirm that they are up to date and communicated across the force.
- A review of a sample of custody records against the criteria of effectiveness, timeliness and compliance with the Police and Criminal Evidence Act 1984 (PACE) and the associated Codes of Practice.

Following completion of the audit fieldwork we will meet with Chief Officers and 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 Chief Officer. The conclusion of all final reports is reported to the Joint Audit Advisory Committee.

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:

- Policies and Procedures relating to custody referral requirements,
- Copies of any outsourced contracts,
- Access to where policies and training/ guidance is available,
- Reporting and monitoring arrangements i.e. committee/ group meeting papers,
- Access to information on checks/ audits undertaken,
- Access to training records,
- Evidence of the management checks/ audits undertaken,
- Any system reports produced and published.

5 Proposed Timescales

Stage	Proposed Date
Fieldwork commences	May 2024
Discussion document to client	June 2024
Responses by client	June 2024

Final report	June 2024
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6 Key Contacts and Report Distribution

Name	Title	Report
Julie Gill	Assistant Chief Officer	Draft / Final
Louise Willis	Planning, Performance and Risk Manager	Draft / Final
Mark Roberts	Chief Constable	Draft / Final
Una Kelly	Assistant Chief Constable	Draft / Final
Mike Evans	Detective Chief Superintendent	Draft / Final
Alison Ross	Chief Superintendent	Draft / Final
Andrew Blizzard	Superintendent	Draft / Final
Lindsay Dixon	Chief Inspector	Draft / Final
Cameron Taylor	Inspector	Draft/ Final

Chris Armitt	Deputy Chief Constable	Draft / Final
Jane Norton	Deputy Head of Legal Services (Head of Commercial Unit)	Draft/Final
Helen Elliott	Procurement & Contracts Manager	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

7 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.

8 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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Regional Assurance Director

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Anne-marie.Harrop@miaa.nhs.uk

Charlotte Cain

Principal Auditor

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Charlotte.Cain@miaa.nhs.uk

Charles Black

Delivery Audit Manager

07554332410

Charles.Black@miaa.nhs.uk

To: Clare Hodgson, Chief Finance Officer (Office of the Police and Crime Commissioner)
Wendy Bebbington, Chief Finance Officer (Cheshire Constabulary)
Dawn Edwards, Principal Accountant

From: Anne-marie Harrop, Regional Assurance Director
Jeanette Sharp, Anti Fraud Specialist
Charles Black, Delivery Manager

Date: 16th July 2024

Re: National Fraud Initiative 2022/23 – Final Report

1 Introduction and Background


This 'Briefing Note' provides a summary of Cheshire Constabulary's data matches which have been reviewed, outstanding matches and any overpayments identified as part of the National Fraud Initiative round for 2022/23. It provides an update on the previous briefing paper which was issued in March 2023 when data matches were released.





The NFI continues to play an important role in protecting the public purse against fraud and is as important as ever with the true cost of fraud, estimated between £20billion and £40billion a year. The task of identifying fraud and error is continuous, to ensure funds and resources are allocated to the many honest deserving families in need.






2 Matches Actioned

The submission of the organisation's data, relating to payroll and creditors, was undertaken between 7th October and 18th November 2022. The Cabinet Office has risk assessed the information and the results listed below were received in January 2023 (payroll and creditors) and February 2023 (payroll to creditors and procurement).

This participation offers a range of matches (payroll and creditors) designed to target fraud as well as providing assurance on a range of corporate governance issues. In addition, the inclusion of your data helps identify overpayments and uncovers fraud at other participating bodies. The table below shows the matches reviewed and associated outcomes based on the Anti-Fraud Specialist's Data Matching Information as at 9th July 2024.


Report Name	Priority Status*	Number of Matches received	Number of Matches reviewed	Matches still to be reviewed	Responsible person	Overpayments Identified (£)
52 –  Pensions/Pension Gratuity to DWP Deceased	High	20	20	0	AFS	£51,229.51

Report Name	Priority Status*	Number of Matches received	Number of Matches reviewed	Matches still to be reviewed	Responsible person	Overpayments Identified (£)
53 – Deferred Pensions to DWP Deceased	Low	1	1	0	AFS	£0
54 – Pensions to Payroll	Low	117	117	0	AFS	£0
55 – Pensions to Payroll 	High	8	8	0	AFS	£0
58 – Pensions to Injury Benefits 	High	17	11	6	AFS	Awaiting response from XPS
66 – Payroll to Payroll 	High	13	13	0	AFS	£0
67.1- Payroll to Payroll – Phone Number	Low	1	1	0	AFS	£0
68.1 – Payroll to Payroll – Phone Number	Low	8	8	0	AFS	£0
78 – Payroll to Pensions	N/A	14	14	0	AFS	N/A
81 – Payroll to Creditors 	High	3	3	0	AFS	£0

701 – Duplicate creditors by creditors name	High	3	3	0	Finance	£0
702 – Duplicate creditors by address details	High	27	27	0	Finance	£0
703 – Duplicate creditors by bank account number	High	22	22	0	Finance	£0
Report Name	Priority Status*	Number of Matches received	Number of Matches reviewed	Matches still to be reviewed	Responsible person	Overpayments Identified (£)
708 – Duplicate records by invoice amount and creditor reference 	High	351	351	0	Finance	£0
709 – VAT Overpaid	Low	4	4	0	Finance	£0
711 – Duplicate records by invoice number and amount but different creditor reference and name 	High	10	10	0	Finance	£0
713 – Duplicate records by postcode, invoice amount but different creditor reference and invoice number and date 	High	5	5	0	Finance	£0
750 – Procurement – Payroll to companies House (Director) 	High	6	6	0	AFS/Finance	£0
752 – Procurement 	Medium	3	3	0	AFS/Finance	£0

Payroll to Companies House (Director_

9999	-	Multiple occurrence report** [for information only]	N/A	1	1	0	AFS	£0
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 Certain reports have a flag (gold key) to note which reports the NFI team considers a priority.

3 Management Summary

MIAA can confirm that all matches have been reviewed. The NFI exercise has identified three overpayments totalling **£51,229.51** within Report 52, with six matches pending closure and investigation within Report 58.

Report 52 – Three matches were identified as overpayments. Two of the matches have been recorded as potential ‘Fraud’, due to the high value of the overpayments - **£29,128.95** and **£19,774.91** respectively and the time which elapsed throughout which pension benefits continued to be paid / received following the death of the claimant. Both payments are currently in the process of being recovered.

One of the matches has been recorded as a potential ‘Error’ within the system, with a letter being issued to the Executor of a will, to recover the overpayment of **£2,325.65**. All three overpayments were identified through the NFI exercise.

Report 58 – Six matches remain open. The XPS Pensions Group have issued the individuals with letters to confirm state benefits received during the period to establish if any overpayments has been made. If these matches remain open, they will be picked up on the next cycle of the NFI exercise.

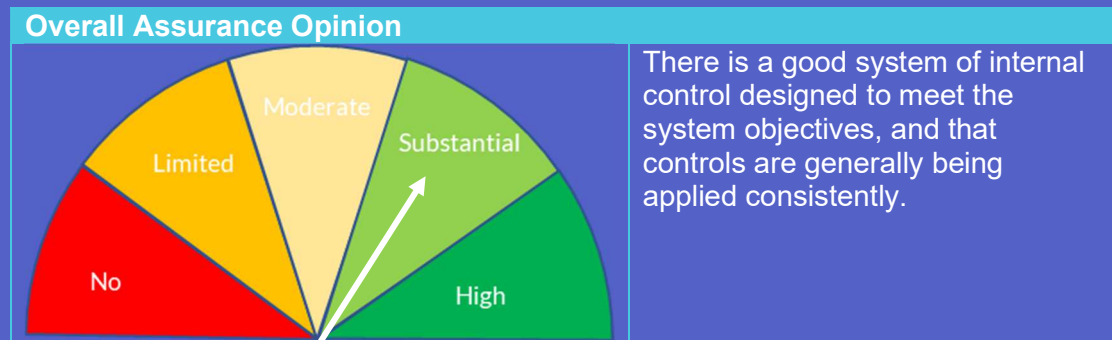


Data Protection Review

Assignment Report 2023/24 (Final)

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

301CPCC_2324_902



Contents

1 Executive Summary

2 Findings and Management Action

Appendix A: Engagement Scope

Appendix B: Supplementary Evidence

Appendix C: Assurance Definitions and Risk Classifications

Appendix D: 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: The objective of the review was to confirm that there were appropriate governance arrangements in place and to provide an assessment of the effectiveness of the control framework being exercised by management over its ongoing improvement programme plan and associated actions, and to highlight areas of improvement, where applicable.

The limitations to scope were as follows; the audit avoided repeating any work already performed by the ICO and as the ICO audit has identified recommendations ranging from Urgent to Low risk in priority, the approach taken was to review progress made against the urgent priority issues from the three key areas, Governance and Accountability, Data Sharing and Training and Awareness, and sample lower priority recommendations / highlight other areas, as time permits.

Key Findings/Conclusion

Whilst the review identified areas of good practice, there were also opportunities to strengthen controls in a number of key areas including continuing to mature and embed the role of the Information Asset Owner and their deputy, strengthening assurance reporting and metrics for cross-portfolio projects, completing the planned update of the website documentation, and going forward by formalising information governance succession plans to ensure workloads / capacity remain aligned to business requirements.

Further improvements to current processes were also planned. The team were engaging nationally to progress national assurance processes and training solutions, with a local data protection training course having been incorporated into the national training platform. In addition, the organisation continued to mature and embed their new contract management solution and to work with regional / national partners.

However, high-level tracking of the cross-portfolio projects would keep the focus on these projects and a high-level diagram / primary index noting key documentation and data (and including the web site / SharePoint / intranet) would assist in navigating the various documents and solutions, and assist in identifying any duplications, omissions or opportunities to rationalise the document set going forward.

With the quantity of data requests and compliance requirements having grown significantly over the years, this review was requested by the Police Service to better understand the controls in place and identify areas where controls could be introduced / strengthened. Staff fully engaged with this review and provided evidence in support of the current baseline position.

Objectives Reviewed	RAG Rating
Progress against improvement plan	Amber
Governance oversight, assurance and reporting	Amber
Roles and Responsibilities, Communication, Staff Training and Awareness	Amber
Documentation baseline / solutions	Amber
Policy and procedures	Amber
Compliance / Legislation – information management	Amber
Overall Assurance Rating	Substantial

Recommendations		
Risk Rating	Control Design	Operating Effectiveness
Critical	0	
High	0	
Medium	6	
Low	0	
Total	6	

Areas of Good Practice

- A copy of a local training package for Information Sharing Agreements / DPIAs was produced and is now part of the national e-learning packages.
- The ROPA template had an additional column to check for a relevant privacy notice (general or dedicated notice) being in place.
- Hyperlinks had been added to link the Record of Processing Activity (ROPA) to the Information Sharing Agreement (ISA).
- ROPA priority lists were agreed the beginning of the year and updated during the year, as appropriate.
- A dedicated SharePoint tracker was in place to track Data Privacy Impact Assessments (DPIAs) and ISAs, which included renewal date fields. Those overdue were being reported into the relevant governance group.
- Induction training was offered face to face, such as for contractors and transferees could bring their certification with them, as applicable. Staff had access to a national electronic learning and development system.
- The Training Needs Analysis (TNA) was across the constabulary. It detailed training for all roles and then per role. For instance, a data protection / information governance course was mandated for staff to undertake.
- Examples were provided where individuals were provided with further training, for instance, after an incident took place.
- The organisation supplemented the training with meta compliance training, managed by the local IT department. Privacy notices were being employed as part of the training package and also phishing simulation attacks were also taking place.
- 30 Information Asset Owners (IAOs) and deputies had been identified and the roles were being matured and embedded. Enhanced training for IAOs and deputies was being offered.
- The supporting policy and underlying approach to managing non-compliance, through compliance monitoring was being undertaken.

- The Data Protection Officer (DPO) was part of national and local forums and the team were sharing best practice regionally / nationally.
- Templates had been updated, including the Privacy Impact Assessment notice.
- Risk ledger, the contracts register was being matured and embedded across the Constabulary / regions. We were advised that 37 suppliers had been onboarded with plans to onboard additional suppliers / contracts going forward. 4 people had access to the solution.
- IT automation, transaction monitoring, SyOPs and compliance tracking were being matured and embedded. Also, the organisation was continuing to review and confirm logging and monitoring requirements for a range of clients, systems and services. Certain systems, including national systems had logging constraints which were being tracked.

Key Findings – Issues Identified	
Medium	<ul style="list-style-type: none"> • Confirmation was required for how cross-portfolio programmes / risks / metrics will continue to be tracked and reported on a periodic basis. • Produce a high-level diagram / primary index for data and documentation
Medium	<ul style="list-style-type: none"> • The Information Risk Governance group attendance required review and confirmation. • Succession plans for the information governance team required formalising. • Assurance processes and metrics required formalising and embedding.
Medium	<ul style="list-style-type: none"> • Further work to mature and embed IAOs / deputies as planned and invitations to the relevant governance groups was required.

	<ul style="list-style-type: none"> The TNA / metrics required further work to ensure it covered all types of training / staffing roles.
Medium	<ul style="list-style-type: none"> The contract solution required maturing and embedding with periodic assurance processes and trigger point alerts such as for certificate expiry. ROPAs on SharePoint required formalising and publishing showing IAOs / deputies, audit schedules and assurance metrics.
Medium	<ul style="list-style-type: none"> The website material required updating, as planned. Policy / processes required approval and publishing including for logging children and cadet privacy notices / consent and information governance logging and monitoring requirements. Tracing of risks associated with ISAs, consent and data retention policy required maturing and embedding
Medium	<ul style="list-style-type: none"> Continued engagement with national initiatives was required.

4 Findings and Management Action

1. Progress against project improvement plan		Risk Rating: Moderate
Control Design/Operating Effectiveness		
<p>Key Finding – A review of the progress made against project improvement plans / service assurance plan highlighted the following areas for improvement. For example:</p> <ul style="list-style-type: none"> • Cross-portfolio, long term project improvement actions require ongoing oversight and risk management by senior management. • Monitoring and assurance of IT contracts was underway to mature and embed review. • IAO training continues to be progressed across the organisation (see item 3 for further details). • Retrospective DPIAs were being prioritised by risk and documentation was to be produced, where applicable. • RoPAs / ISAs were reviewed with a process for keeping them up to date. Management processes of these documents were being aligned (SharePoint). • Logging and monitoring across all systems from an audit perspective was being risk assessed and any gaps / omissions identified. 	<p>Specific Risk – Without appropriate progress against the improvement plan there is a risk that there may be shortfalls, gaps, or omissions and this could lead to fines and / or additional unplanned costs.</p>	<p>Recommendation –</p> <ol style="list-style-type: none"> 1. Formalise and approve how cross-portfolio programmes, risks and metrics will be tracked and reported on a periodic basis going forward. 2. Maintain force privacy notices / consent reviews as planned. 3. Produce a high-level diagram / primary index covering SharePoint / Website / Internet data and documentation.

<p>Where appropriate, the organisation was engaging in discussions at a national, regional and local level for certain systems.</p> <ul style="list-style-type: none"> • A project to update the privacy notices / consent documentation was planned for 2024/25. Replace with: Planned improvements to update the privacy notices / consent documentation was planned for 2024/25. • A high-level diagram / primary index noting key documentation and data (including SharePoint) would assist in navigating the various documents and solutions and assist in identifying any gaps, omissions, or duplication in the document set. 		
<p>Management Response –</p> <ol style="list-style-type: none"> 1. We are developing an additional process for monitoring risks identified from RoPA, DPIA, ISA, consent etc. and will include any cross-portfolio risks/improvements. These will be escalated to IRG under the Force Risk Management framework. 2. Will finalise outstanding consent reviews and link to RoPA in line with business-as-usual process. Will review existing privacy notices as planned. Will set up a process to facilitate review in the future. 3. A high-level Information Compliance diagram/ primary index will be developed. <p>Responsible Officer –1) Audit, 2) DPO, 3) Audit team</p> <p>Implementation Date – 30th Sept 2024</p>		<p>Evidence to confirm implementation – Approved plans, schedules and reports. Relevant metrics and minutes. Updated privacy notices / consent documentation, and primary index of documentation and data.</p>

2. Governance oversight, assurance, and reporting		Risk Rating: Moderate
Control Design/Operating Effectiveness		
<p>Key Finding – A review of the governance oversight, assurance and reporting highlighted the following areas for improvement:-</p> <ul style="list-style-type: none"> Information Risk Governance board meeting Terms of Reference attendees were to be reviewed and confirmed. The Annual Audit Services document noted that DPIAs and ISA require experience to complete and / or data protection expertise support to assist with these deliverables. The retirement profile for the information governance staff would benefit from review. Although additional team members had been recruited, succession and capacity planning would benefit from further review and clarity. Assurance controls for the suppliers for cloud hosted systems and non-standard devices were to be managed through Risk Ledger. Controls would benefit from further clarity. Periodic assurance processes to ensure that consent was being tracked for all categories of data was being matured and embedded. The role of the Information Asset Owner and deputy was being matured and embedded in 	<p>Specific Risk – Without appropriately embedding governance, risk management and assurance reporting within the structure and objectives of the organisation there is the potential for requirements / risks not to be properly managed so potentially impacting on safety, services and the reputation of the organisation.</p>	<p>Recommendation –</p> <ol style="list-style-type: none"> Review / confirm Information Risk Governance TOR attendees. Formalise and submit succession plans for the information governance team. Confirm assurance processes / metrics for cloud hosted systems and non-standard devices. Mature and embed periodic assurance processes and metrics to ensure consent is being tracked for all categories.

<p>the organisation (see training below). Metrics for training were being matured and embedded.</p>		
<p>Management Response –</p> <ol style="list-style-type: none"> 1. IAO attendance has been agreed by IRG and the ToR will be updated to reflect this change. 2. Succession is considered annually under PBB, and staff development is underway to mitigate pending retirements using the Performance and talent process. 3. Assurance processes from risk ledger to be evidenced for cloud hosted systems and non-standard devices. 4. Consent risks will be added to the overarching risk tracker that will be implemented as described at action 1 of section 1. This will include monitoring of those risks and report to IRG by exception. <p>Responsible Officer –1) IC manager, 2) IC Manager, 3) Mark Lyness (IT security Manager), 4) DPO</p> <p>Implementation Date – 1-3) June 30th, 2024, 4) 30th September 2024</p>		<p>Evidence to confirm implementation – Succession plans, agendas, terms of reference, minutes, metrics / dashboards, assurance testing and reporting.</p>

<p>3. Roles and Responsibilities, Communication, Staff Training and Awareness</p>		<p>Risk Rating: Moderate</p>
<p>Control Design/Operating Effectiveness</p>		
<p>Key Finding – A review of the progress made against roles and responsibilities, communication, staff training and awareness highlighted the following areas for improvement:-</p>	<p>Specific Risk – Without the provision of regular training and awareness activity that is subject to assessments and testing / metrics there is a risk that there may be</p>	<p>Recommendation –</p> <ol style="list-style-type: none"> 1. Continue to mature and embed IAO / deputy training and experience, and invite both to the relevant governance groups, as planned.

<ul style="list-style-type: none"> • Over 30 IAOs and IAA's (deputies) had been identified, and their training tracked, however, IAOs were subject to significant change and training was still in the process of being matured and embedded. • IAOs / deputies were going to be invited to the relevant governance groups, to grow their skills and experience. • Training was being tracked through the learning and development register and reported on, however, training that was outside of the electronic system, such as for contractors required tracking as part of the overall training metrics. For example cleaning management was supplied through BAM and including their training requirements, (face to face training), in the TNA would strengthen the documentation. • Also, feedback on training courses being made available to local constabularies via national training systems was not available currently, however, had been raised nationally. • Additional training was planned for staff about the sharing of children's data. 	<p>shortfalls, gaps, or omissions in the knowledge of the organisation increasing the risk of an incident / breach etc.</p>	<ol style="list-style-type: none"> 2. Ensure that the TNA / metrics include all types of training / staff roles. 3. Formalise / approve the additional guidance on sharing children's data.
<p>Management Response –</p> <ol style="list-style-type: none"> 1. It has recently been agreed that the annual face to face IAO training will be replaced with an existing elearn package that can be completed on a timelier basis. An annual 		<p>Evidence to confirm implementation – Evidence of IAO / deputy training, guidance on sharing data and TNA. Meeting minutes, agenda and training metrics.</p>

<p>workshop may still be delivered pending the delivery of a more extensive national toolkit of training.</p> <ol style="list-style-type: none"> 2. The Force does not use the TNA for mandatory training. Mandatory training is monitored by the Learning and development Board and reported to Department managers. The Cleaners are included in the totals although their training is delivered face to face. We will review whether BAM complete appropriate training. 3. A) To ensure children's data is referenced within ISA procedure. B) To update DP toolkit (sharing page) to include guidance on sharing children's data. C) To update the Cadets related documentation and check for any staff/officer training. <p>Responsible Officer – 1) IC Manager 2) IC Manager 3) DPO</p> <p>Implementation Date – September 30th 2024</p>	
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4. Documentation baseline / solutions		Risk Rating: Moderate
Control Design/Operating Effectiveness		
<p>Key Finding – A review of the progress made against the documentation baselines / solutions highlighted the following areas for improvement:-</p> <ul style="list-style-type: none"> • Additional suppliers were being onboarded with Risk Ledger, the contracts solution. Alerts for trigger points such as certificate change / expiry were under investigation. In parallel, IT contracts were being held on SharePoint, with expiry dates being tracked. 	<p>Specific Risk – Without an appropriate baseline there is a risk that information may not be easily available / understood therefore increasing the likelihood of services being impacted.</p> <p>Without an overarching framework being in place for the management of documentation there may be gaps or omissions in the document</p>	<p>Recommendation –</p> <ol style="list-style-type: none"> 1. Mature and embed Risk Ledger, developing trigger point alerts, periodic assurance processes and processes to manage anomalies / share data across the police services. 2. Publish the ROPAs on SharePoint, showing assigned IAOs / deputies.

<ul style="list-style-type: none"> • New IT contract processes to provide periodic assurance that processes were being matured and embedded would benefit from further clarity to confirm how programmes are reported on a periodic basis. • Supporting documentation, for instance to manage supplier anomalies and share data across the digital police services were to be developed going forward. • ROPAs were being tracked on a spreadsheet with plans to transfer this to SharePoint and publish. • Associated audit schedules for ROPAs were to be formalised and published. For instance to ensure ROPAs are quality checked, being owned / managed by Information Asset Owners, and as appropriate risks raised with the SIRO / Board for tracking. 	<p>set to protect the organisation from risks to information, and for incident response which could increase the likelihood of services being impacted, fines and / or additional unplanned costs.</p>	<p>3. Develop associated audit schedules and assurance metrics, such as critical ROPAs without an IAO, pending sign off of amendments, etc.</p>
<p>Management Response –</p> <ol style="list-style-type: none"> 1. Assurances processes for Risk Ledger to be documented such as assurance from suppliers and support for proactive searches. 2. RoPAs to be managed via SharePoint, using meta data such as review due, IAO etc, flagging overdue RoPAs. Consideration for automation for review process if possible. 3. See above action <p>Responsible Officer – 1. IT Security Manager, 2-3.Audit team</p> <p>Implementation Date – 30th September 2024</p>	<p>Evidence to confirm implementation – Documentation baseline and overarching framework, solution triggers and assurance.</p>	

5. Policy and procedures		Risk Rating: Moderate
Control Design/Operating Effectiveness		
<p>Key Finding – A review of the progress made against policy and procedures highlighted the following areas for improvement. For example:</p> <ul style="list-style-type: none"> • On the website, a suppliers guide (Jan 2009) was to be reviewed / updated by procurement and an employee privacy notice (2022) was being reviewed / updated as part of the privacy notice project to make it more reader-friendly. • Policy for logging cadet and children’s privacy notices / consent was to be formalised and approved. • Monitoring and logging were detailed in an IT policy document, with information governance logging and monitoring requirements to be included going forward. • Guidance for tracking and recording SMS messages would benefit from further clarity. • Processes to track risks associated with ISAs was being matured and embedded. • Tracking of consent, including the withdrawal of consent, was being embedded as an ongoing process. Also, exceptions to the data retention 	<p>Specific Risk – Without appropriately embedding governance, risk management and assurance reporting within the structure and objectives of the organisation there is the potential for requirements / risks not to be properly managed so potentially impacting on safety / services and the reputation of the organisation</p>	<p>Recommendation –</p> <ol style="list-style-type: none"> 1. Review / update the website material as planned, including the suppliers guide and privacy notices. 2. Formalise / approve the policy for: <ol style="list-style-type: none"> a. logging cadet and children’s privacy notices / consent. b. Information governance logging and monitoring requirements. c. Guidance for tracking and recording SMS messages. 3. Mature and embed: <ol style="list-style-type: none"> a. Tracking of risks associated with ISAs, consent and data retention policy (see item 1 above). b. Compliance monitoring / SyOPs for cloud-based systems (see item 2 above). c. CCTV signage. 4. Review options for testing the privacy notices / documentation on focus groups.

<p>policy are noted and were being formalised and tracked.</p> <ul style="list-style-type: none"> • Compliance monitoring and SyOPs for cloud-based systems were being matured and embedded. • Signage was planned to strengthen CCTV awareness around buildings. • Privacy notices were tested on internal clients only and not external clients. 		
<p>Management Response –</p> <ol style="list-style-type: none"> 1. See action 2 of section 1 for privacy notices. Also, Head of Procurement notified of procurement owned document. 2. a) Subject to agreement by owning business area, update existing policies (owned by Citizens in Policing). <ul style="list-style-type: none"> b) We will develop a new document for information compliance governance logging and monitoring requirements. The IT AU policy is not suitable as it is aimed at a wider audience. c) We will clarify whether FCC SMS are being tracked and recorded. 3. a) Refer to action 1 of section 1. <ul style="list-style-type: none"> b) Refer to action 3 of section 2. c) We will engage the Estates department to ensure buildings have CCTV signage. 4. Where there is an existing focus group or similar option, we will test PNs where appropriate. 		<p>Evidence to confirm implementation – Updated website. Approved policy, processes, and procedures. Processes being implemented and tested.</p>

Responsible Officer – 1) DPO, 2a) DPO 2b) IC Manager 2c) DPO to follow up, 3c) DPO 4) DPO Implementation Date – 31st October 2024	
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6. Compliance / Legislation – information management		Risk Rating: Moderate
Control Design/Operating Effectiveness		
<p>Key Finding – A review of the progress made against compliance / legislation – information management (contracts, data processing, records of processing activity, and management of police information) highlighted the following areas for improvement:-</p> <ul style="list-style-type: none"> • National / local initiatives were underway to track CPS Memorandum of Understanding. • A system for national ISAs, tracking ISAs across the wider digital services was being developed. 	<p>Specific Risk – Without appropriate progress against the improvement plan there is a risk that there may be shortfalls, gaps, or omissions and this could lead to fines and / or additional unplanned costs.</p>	<p>Recommendation –</p> <ol style="list-style-type: none"> 1. Continue to engage with national initiatives, as planned.
<p>Management Response –</p> <ol style="list-style-type: none"> 1. Will continue to engage national and regional mtgs which include ISA. <p>Responsible Officer – DPO Implementation Date – Ongoing.</p>		<p>Evidence to confirm implementation – Minutes, agendas, and plans.</p>

Appendix A: Engagement Scope

Scope

The review was conducted in accordance with the requirements of the 2023/24 Internal Audit Plan.

The Information Commissioner's Office (ICO) performed a review at Cheshire Constabulary (the Constabulary) in relation to Data Protection during 2020/21. This was one of a series of data protection reviews carried out across the police constabularies in England.

The ICO review followed the audit programme as described in the Auditing data protection – a guide to data audits in the good practice – High Level Manual v.3.5 (ico.org.uk1).

Controls assessed included Governance and Accountability, Training and Learning and Information Sharing. ICO then provided a data protection report and action plan that identified 20 recommendations as being categorised as urgent.

As a result the Constabulary implemented a project to progress the implementation of the ICO recommendations. Follow up evidence for an updated baseline was provided to ICO whilst progress continues to be made against the outstanding actions.

Therefore, the aim of this review was to assess the project governance arrangements, progress made by the organisation in addressing the Information Commissioners Office (ICO) audit recommendations and identify opportunities for improvements, where appropriate.

Scope Limitations

The limitations to scope were as follows:

- The audit avoided repeating any work already performed by ICO.

- As the ICO audit had identified recommendations ranging from Urgent to Low risk in priority, the approach taken was to review progress made against the urgent priority issues from the three key areas, and sample lower priority recommendations / highlight other areas, as time permitted

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: Supplementary Evidence

Plans, Assurance Reporting and Documentation

- Cheshire Constabulary Audit Follow-Up Report (June)
- Audit Action Plan (original full spreadsheet)
- Cheshire Constabulary – Final Audit Report v1.0
- ICO Audit Follow Up – In Progress Tasks – June 2022
- Audit Action Plan (High Urgent Risks and Progress)
- Templates and examples of DPIAs and RoPA – Data Flow examples 2022, 2023
- Risk Ledger – Criteria Questions and snapshots
- Research Request Form
- Example contracts and job roles
- Policy, process and forms including backup, mobile and remote working, physical security, IT procurement standards, removable media, records management, freedom of information, data protection, access control and acceptable usage policy
- Compliance Monitoring Evidence
- Training Log and TNA Toolkit 2023-24
- Evidence of training such as Senior Officer engagement, mandatory training and induction training and IAO training proposal
- Structure and examples of job roles including audit, compliance, data protection, records management, etc.
- Risk register snapshot for 2023

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
Mark Roberts	Chief Constable
John Dwyer	Police and Crime Commissioner
Chris Armitt	Deputy Chief Constable
Julie Gill	Assistant Chief Officer
Damon Taylor	Chief Executive, Office of the Police & Crime Commissioner for Cheshire (OPCC)
David McNeilage	Deputy Commissioner (OPCC)
Clare Hodgson	Chief Finance Officer (OPCC)
Louise Willis	Planning, Performance and Risk Manager
Stuart Rogers	Head of IT and Information Security
Jane Shaw	Information Governance
Rachel Walsh	Information Governance / Data Protection Officer



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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 – 2024/25

Review / Audit Team	Title and Reason for Audit	High Level scope	Status / Audit Date	Update	Board / Committee to receive Reports
MIAA	Key Financial systems	To provide assurance that the most significant key financial controls are appropriately designed and operating effectively in practice.	Q3		Joint Audit Advisory Committee
MIAA	HR / Pensions	To provide an assessment of the effectiveness of the procedures in place with the pensions provider and associated HR processes and policies.	Q2	July 2024: Draft TOR circulated internally for agreement/comment.	Joint Audit Advisory Committee
MIAA	Business Continuity	To provide assurance that the Constabulary have developed and implemented robust Business Continuity planning arrangements.	Q4		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	Q1	June 2024: Meeting arranged in June to discuss TOR for the audit.	Joint Audit Advisory Committee
MIAA	Custody Referral Pathways	To provide an assessment of the effectiveness of the processes in place regarding custody referral pathways.	Q1	June 2024: TOR circulated and agreed. Fieldwork has commenced.	Joint Audit Advisory Committee
MIAA	Neighbourhood Policing Framework & Problem Solving:	To provide assurance in respect of the effectiveness of systems and processes in place for using structured problem-solving within neighbourhood policing and how this feeds into the Neighbourhood policing framework.	Q2	July 2024: TOR being developed.	Joint Audit Advisory Committee
MIAA	National Fraud Initiative	Preparation for the release and investigation of the outcome of the NFI data match exercise.	Q4		Joint Audit Advisory Committee

On-going Regular Monitoring Activity – 2024/25

Review / Audit Team	Title and Reason for Audit	High Level scope	Status / Audit Date	Update	Board / Committee to receive Reports
NCRS	Enhanced review of Violent Crime / Domestic Abuse / Sexual Offences for NCRS compliance.	This ongoing work will establish that the three key areas of crime recording continue to comply with the 'victim focused' approach of NCRS.	June 2024	Audits of Sexual Incidents, Violence Incidents, Domestic Incidents and ASB incidents continue to be subject to FCR audits based on perceived risk and are regularly reported to Force Performance Day and to the CDI continuous improvement group. Such audits were undertaken in June 2024.	Force Performance Day CDI Continuous Improvement Plan Working Group Public Contact QPR
NCRS	Enhanced review of Violent Crime / Domestic Abuse / Sexual Offences for NCRS compliance.	This ongoing work will establish that the three key areas of crime recording continue to comply with the 'victim focused' approach of NCRS.	September 2024		Force Performance Day CDI Continuous Improvement Plan Working Group Public Contact QPR
NCRS	Enhanced review of Violent Crime / Domestic Abuse / Sexual Offences for NCRS compliance.	This ongoing work will establish that the three key areas of crime recording continue to comply with the 'victim focused' approach of NCRS.	December 2024		Force Performance Day CDI Continuous Improvement Plan Working Group Public Contact QPR

Review / Audit Team	Title and Reason for Audit	High Level scope	Status / Audit Date	Update	Board / Committee to receive Reports
NCRS	Enhanced review of Violent Crime / Domestic Abuse / Sexual Offences for NCRS compliance.	This ongoing work will establish that the three key areas of crime recording continue to comply with the 'victim focused' approach of NCRS.	March 2025		Force Performance Day CDI Continuous Improvement Plan Working Group Public Contact QPR
Information Compliance	PNC & LEDS (Law Enforcement Data Service) Transaction Monitoring (#TE)	PNC & LEDS Transaction Monitoring is a requirement established by Her Majesty's Inspectorate of Constabulary (HMIC) and the Association of Chief Police Officers (ACPO) to ensure the security and integrity of the Police National Computer System.	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.
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.

Review / Audit Team	Title and Reason for Audit	High Level scope	Status / Audit Date	Update	Board / Committee to receive Reports
Information Compliance	Driver Validation Service (DVS) Transaction Monitoring	DVS is a browser based system owned by the Driver Vehicle Licensing Authority (DVLA). It provides nominated staff with direct access to DVLA driver records for road traffic offences.	Ongoing	Ongoing reviews completed, with compliance reported quarterly. Any issues are raised with the Line Manager or PSD (as deemed appropriate on an individual basis. Any breaches are required to be reported to DVLA.	Any issues identified are reported to Line Manager and PSD if required. Breaches are reportable to DVLA.
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 – this is a new process and will continue to develop. 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	Data Quality Audit	In response to recent regional and national statistics highlighting poor data quality in Cheshire, audit to provide volumetrics and more detailed statistics (by area, department etc).	Q2	Aug – Due to commence testing.	Information & Risk Management Board

Review / Audit Team	Title and Reason for Audit	High Level scope	Status / Audit Date	Update	Board / Committee to receive Reports
Information Compliance	Bail Conditions Audit	Compliance audit of the requirement to seek the views of victims as part of the pre-charge conditional bail (PCB) process in accordance with legislation, national guidance and internal force policy.	Q3	Jul – Audit currently being scoped and Terms of Reference produced.	Information & Risk Management Board
Information Compliance	TBA				Information & Risk Management Board
Information Compliance	TBA				Information & Risk Management Board
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.	Ongoing Monthly	May 2024: Collaboration Board held and scrutiny applied by DCC as Chair of the Board.	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 quarterly	Compliance checks completed and confirmed.	Procedural Justice Meeting

Review / Audit Team	Title and Reason for Audit	High Level scope	Status / Audit Date	Update	Board / Committee to receive Reports																																
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	<p>Ongoing regular monitoring and reviews, any overdue policies or procedures or issues are raised directly with the Policy Owner, Author and Business Area Leads.</p> <table border="1"> <thead> <tr> <th>Q1</th> <th>%</th> </tr> </thead> <tbody> <tr><td>April</td><td>98</td></tr> <tr><td>May</td><td>99</td></tr> <tr><td>June</td><td>95</td></tr> <tr> <th>Q2</th> <th>%</th> </tr> <tr><td>July</td><td>97</td></tr> <tr><td>August</td><td></td></tr> <tr><td>September</td><td></td></tr> <tr> <th>Q3</th> <th>%</th> </tr> <tr><td>October</td><td></td></tr> <tr><td>November</td><td></td></tr> <tr><td>December</td><td></td></tr> <tr> <th>Q4</th> <th>%</th> </tr> <tr><td>January</td><td>%</td></tr> <tr><td>February</td><td></td></tr> <tr><td>March</td><td></td></tr> </tbody> </table>	Q1	%	April	98	May	99	June	95	Q2	%	July	97	August		September		Q3	%	October		November		December		Q4	%	January	%	February		March		Status reported at Information & Risk Governance Board twice yearly (April & September, or more frequently should there be any concerns).
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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	<table border="1"> <thead> <tr> <th>Number of Units</th> <th></th> </tr> <tr> <th>Number of Plans required</th> <th></th> </tr> <tr> <th>Q1 June</th> <th>%</th> </tr> </thead> <tbody> <tr><td>Plans in place</td><td>40 (full plans)</td></tr> <tr><td>BC Plan status</td><td>98%</td></tr> <tr><td>Exercise status</td><td>95%</td></tr> <tr> <th>Q2 September</th> <th>%</th> </tr> <tr><td>Plans in place</td><td></td></tr> <tr><td>BC Plan status</td><td></td></tr> <tr><td>Exercise status</td><td></td></tr> </tbody> </table>	Number of Units		Number of Plans required		Q1 June	%	Plans in place	40 (full plans)	BC Plan status	98%	Exercise status	95%	Q2 September	%	Plans in place		BC Plan status		Exercise status		Information & Risk Governance Board												
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Review / Audit Team	Title and Reason for Audit	High Level scope	Status / Audit Date	Update		Board / Committee to receive Reports
				Q3 December	%	
				Plans in place		
				BC Plan status		
				Exercise status		
				Q4 March	%	
				Plans in place		
				BC Plan status		
				Exercise status		