

# JOINT AUDIT ADVISORY COMMITTEE



Cheshire  
Constabulary



Dan Price  
Cheshire  
Police & Crime  
Commissioner

Date: Wednesday 26 February 2025

Time: 13:00

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

Any member of the public who wishes to observe this meeting is asked to register their interest no later than midday on Tuesday 25 February 2025 via email: [police.crime.commissioner@cheshire.police.uk](mailto:police.crime.commissioner@cheshire.police.uk).  
A link to enable access to the meeting and joining instructions will then be provided in advance of the meeting.

## AGENDA

### Part 1 - Public Items

	Contact	Page
1 <b>Minutes of the Joint Audit Advisory Committee</b> <i>To approve the minutes of the Joint Audit Advisory Committee held on 27 November 2024.</i>	P Bearpark	3
2 <b>Action Log</b> <i>To consider the attached action log update.</i>	P Bearpark	8
3 <b>Police &amp; Crime Commissioner and Chief Constable Update</b>	D Price M Roberts	-

### Part 1 - Public Items - For Advice

4 <b>JAAC Annual Report 2024</b> <i>To note the attached report from the Joint Audit Advisory Committee</i>	P Bearpark	9
5 <b>Draft Internal Audit Plan 2025/26 (Extract)</b> <i>To advise upon the attached plan from the Internal Auditor</i>	A Harrop	15
6 <b>Forward Plan</b> <i>To agree the attached forward plan.</i>	P Bearpark	17

### Part 1 - Public Items - For Information

7 <b>External Audit</b> <i>To note the attached reports from the External Auditor.</i> (a) Audit Completion Report 2023/24 (b) Auditor's Annual Report 2023/24	A Walling	18
8 <b>Internal Audit</b> <i>To note the attached reports from the Internal Auditor.</i> (a) Internal Audit Progress Report (b) Key Financial Transactional Processing Controls Review - Assignment Report 2024/25 (Final) (c) Pensions Review - Assignment Report 2024/25 (Final) (d) Business Continuity Planning Review - Terms of Reference 2024/25 (Final) (e) Thrive Risk Assessments Review - Terms of Reference 2024/25 (Final)	A Harrop	64

<b>9</b>	<b>2025/26 Budget &amp; Medium-Term Financial Strategy</b> <i>To receive the attached reports approved by the Joint Management Board on 29 January 2025.</i>	<i>C Hodgson B Jones</i>	109
<b>10</b>	<b>Service Assurance Plan</b> <i>To receive the attached report by the Chief Constable.</i>	<i>D Gillett</i>	179
<b>11</b>	<b>Any Other Business</b>	<i>P Bearpark</i>	-

**Part 2 - Private Items**

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

<b>Item</b>	<b>Section</b>		
<i>Minutes of the Joint Audit Advisory Committee</i>	<i>(31) Law Enforcement</i>		
<i>Action Log</i>	<i>(31) Law Enforcement</i>		
<i>Strategic Risk Register</i>	<i>(31) Law Enforcement (43) Commercial Interests</i>		
<b>12</b>	<b>Minutes of the Joint Audit Advisory Committee</b> <i>To approve the minutes of the Joint Audit Advisory Committee held on 27 November 2024.</i>	<i>P Bearpark</i>	-
<b>13</b>	<b>Action Log</b> <i>To consider the attached action log update.</i>	<i>P Bearpark</i>	-

**Part 2 - Private Items - For Advice**

<b>14</b>	<b>Strategic Risk Register</b> <i>To consider the attached report by the Chief Constable/PCC.</i>	<i>D Gillett</i>	-
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**Part 2 - Private Items - For Information**

<b>15</b>	<b>Any Other Business</b>	<i>P Bearpark</i>	-
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**For further information about this Agenda, please contact:  
Clare Hodgson on 01606 364000**



**MINUTES OF THE JOINT AUDIT ADVISORY COMMITTEE HELD ON 27 NOVEMBER 2024 IN THE OPCC MEETING ROOM, CHESHIRE CONSTABULARY HQ, CLEMONDS HEY, OAKMERE ROAD, WINSFORD, CW7 2UA**

**Present:** Joint Audit Advisory Committee

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

Office of the Police & Crime Commissioner

G Southern, Deputy Police & Crime Commissioner  
D Taylor, Chief Executive  
C Hodgson, Chief Finance Officer (OPCC)  
M Walton, Principal Governance & Compliance Officer

Cheshire Constabulary

M Roberts, Chief Constable  
D Bryan, Chief Legal Officer  
W Bebbington, Chief Finance Officer (Constabulary)  
P Woods, Head of Planning & Performance  
D Gillett, Inspection & Assurance Manager

Internal Audit

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

External Audit

A Walling, Director (Bishop Fleming)

**Apologies:** D Price, Police & Crime Commissioner  
J Gleave, JAAC Member

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

**Part 1 - Public items**

**1. Minutes of the Joint Audit Advisory Committee**

1.1. The Part 1 minutes of the meeting held on 25 September 2024 were approved.

**2. Action Log**

2.1. The Joint Audit Advisory Committee Part 1 Action Log was noted with four actions (2024/01, 2024/04, 2024/06 and 2024/07) closed.

**3. Police & Crime Commissioner and Chief Constable Update**

3.1. The Chief Constable updated the Committee in respect of the recent PEEL inspection undertaken by HMICFRS, with the report expected to be published in early 2025. The Chief Constable also confirmed that the Assistant Chief Constable Una Kelly had been suspended by Cheshire Constabulary following an ongoing independent investigation by the Independent

Office for Police Conduct (IPOC). This investigation relates to historic matters and does not involve Cheshire Constabulary in any way.

- 3.2. The Deputy Police & Crime Commissioner provided an update to the Committee in respect of:
- the recent Cheshire Youth Commission annual conference;
  - a rural crime event that Commissioner held on 11 October in partnership with the National Farmers Union (NFU), the National Rural Crime Unit (NRCU), local farmers and a number of local MPs, to highlight the issue of serious organised crime and its impact on the agricultural community;
  - the Commissioner's citizens' assembly in Crewe; and
  - the Commissioner's SWAP community fund, which had to date received 68 applications with a total of £98,385.30 award to community projects.

#### **4. Single Point of Contact Report - Priority Based Budgeting (PBB)**

- 4.1. Mr Birtles presented to the Committee following a thematic review of the Constabulary's PBB process. It was noted that the 2025/26 funding allocation was yet to be confirmed and, therefore, the Constabulary Finance department had considered three funding scenarios, which indicate budget savings of between £0.5m and £6m.
- 4.2. Following a review of budget 'lines', additional queries raised by JAAC SPoC included the areas of: i) minor systems (IT), ii) estate management; iii) hire of transport; iv) mileage allowances; and v) waste. £861k of potential budget savings had been identified through the thematic reviews of non-pay expenditure undertaken by the Finance team.
- 4.3. Mr Birtles thanked the Chief Finance Officer (Constabulary) and the wider Finance team for their support and facilitating the JAAC review. The Chief Finance Officer (Constabulary) thanked Mr Birtles for the independent challenge and fresh pair of eyes when reviewing the initial 2025/26 budget and various budget scenarios.
- 4.4. The Chief Constable explained that the budget setting process remains challenging given that the precept flexibility and funding envelope for 2025/26 is yet to be confirmed. The Commissioner continues to be awarded a year-to-year settlement (as opposed to multi-year funding settlements to aid financial planning) and numerous costs for 2025/26 remain unknown.
- 4.5. The Chief Constable highlighted that despite additional Government funding received for the September pay award of 4.75%, this is not sufficient to cover the full cost of the pay award. The allocation of such additional funding was based on the core grant funding formula and, therefore, it was noted that there are some forces that have benefited while others, including Cheshire, have not received sufficient funding to match the actual costs. The overall shortfall of approximately £750k was reported against the Police Pay budget.
- 4.6. The Chief Constable explained that given the Constabulary was required to maintain officer numbers as per the Police Uplift Programme, the Constabulary has been required to make significant savings to seek a balanced budget with a number of voluntary redundancies of posts which have not been replaced, as well as vacancies being held. The reduction of police staff costs has resulted in the erosion of some functions but this was regarded as the least worst option. The Chief Constable explained that if there are any further negative developments or assumptions are found to be optimistic, there may be a requirement to consider compulsory redundancies.

#### **5. Draft Statement of Accounts 2023/24 including Annual Governance Statement**

- 5.1. The Chief Finance Officer (Constabulary) explained that The Accounts and Audit (Amendment) Regulations 2024 have revised the statutory deadlines for the publication of audited accounts, with the 2023/24 accounts now required to be published by 28 February

2025. Notwithstanding the local audit backlog in England, it was noted that the Commissioner and Chief Constable remain up to date and CIPFA compliant.

- 5.2. The Chief Finance Officer (Constabulary) and Chief Finance Officer (OPCC) provided an overview of the draft accounts and Annual Governance Statement. The Chair of the Committee noted that the Committee has previously provided comments in relation to both the accounts and the Annual Governance Statement which had been reflected in the draft document presented. With the exception of a small number of typos identified within the document, the Committee had no further comments.

**Action:** Committee to send a list of typos to the Chief Finance Officer (Constabulary) and these are to be reflected in the final version of the Statement of Accounts.

- 5.3. The Chair of the Committee wished to acknowledge the hard work undertaken in presenting the draft accounts, as well as highlighting that the Commissioner and the Chief Constable remain CIPFA compliant.
- 5.4. The Committee recommend that, subject to the completion of External Audit work (there remains a small number of outstanding issues), the Commissioner and the Chief Constable should sign the Statement of Accounts 2023/24.

## **6. External Audit - Draft Audit Completion Report and Letter of Representation**

- 6.1. The Director of Bishop Fleming provided an overview of the draft document, highlighting that although the audit is substantially complete, the auditors are finalising procedures in a number of areas including: i) the receipt and review of the assurances from the auditor of the Cheshire Pension Fund; ii) testing of the Private Finance Initiative (PFI) disclosures; and iii) receipt of bank confirmation letters.
- 6.2. It was noted that Bishop Fleming cannot formally conclude the audit and issue an audit certificate until confirmation is received from the NAO that no additional work (beyond the submission of the Assurance Statement) will be required in respect of the Whole of Government Accounts exercise.
- 6.3. The Committee noted that the final fees for the 2023/24 were yet to be finalised as the audit work in respect of PFI is not included within the PSAA fee and, therefore, is to be confirmed.
- 6.4. The Committee noted that the auditors were awaiting management comment in response to the External Audit recommendations for: i) downwards revaluations of property, plant and equipment; and ii) reserve movements. The Chief Finance Officer (Constabulary) confirmed that the Constabulary agreed with the recommendations, a management comment would be provided accordingly and that there would be no impact upon the accounts.

## **7. External Audit - Draft Auditor's Annual Report**

- 7.1. The Director of Bishop Fleming provided an overview of the draft document, explaining that the report remains draft and cannot be finalised until the audit opinion is provided. The remains focus upon: i) value for money; ii) financial sustainability; iii) governance; and iv) improving economy, efficiency and effectiveness.
- 7.2. The Director of Bishop Fleming explained that the report reflects well on both the Commissioner and the Chief Constable.
- 7.3. The Head of Planning & Performance confirmed that the Constabulary accepted the recommendation in respect of the risk register and a management comment would be provided accordingly.

## **8. Internal Audit Charter**

8.1. The Delivery Manager (MIAA) explained that the report was presented for information and was noted by the Committee.

## **9. Forward Plan**

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

## **10. Internal Audit**

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

10.2. *Neighbourhood Policing Framework & Problem Solving Review Assignment Report 2024/25 (Final)* - The Delivery Manager (MIAA) provided an overview of the report, including more detail and clarification regarding the medium risk applied due to the fact that this was a new model and noting that the audit provided an overall assurance rating of 'substantial'. The Committee noted the five recommendations (four medium and one low), all of which have been agreed by the Constabulary with implementation ongoing.

10.3. *Key Financial Transactional Processing Controls Review Terms of Reference 2023/24 (Final)* - The Terms of Reference was noted by the Committee.

## **11. CIPFA Bulletin 18 - Local Audit Backlog in England**

11.1. The Chief Finance Officer (OPCC) provided an overview of the report, which was presented for information.

11.2. The Chair of the Committee noted the content of the report and the current backlog within England, but highlighted that the Commissioner and the Chief Constable remain compliant and, therefore, in the national minority. This is a significant achievement.

## **12. Medium Term Financial Strategy 2024-2029: Mid-Year Review**

12.1. The Chief Finance Officer (Constabulary) provided an overview of the report, which was approved at Joint Management board on 4 November 2024. The report was updated following the pay award and includes three scenarios that support the financial forecasts 2024-2029. It was noted that a risk in respect of the PFI expiry had now been included within the document.

12.2. The Chair of the Committee welcomed the updated report for information.

## **13. HMICFRS Value for Money Profiles**

13.1. The Head of Planning & Performance provided an overview of the profiles, all of which are published on the HMICFRS website. It was noted that the data relate to force budgets and not expenditure.

13.2. The Chair of the Committee welcomed the report for information.

## **14. Service Assurance Plan**

14.1. The Inspection & Assurance Manager provided an overview of the report that detailed the ongoing and additional work across the organisation. It was noted that the THRIVE audit will be carried out but with an amended scope.

14.2. The Chair of the Committee welcomed the report for information.

## **15. Any Other Business**

- 15.1. The Chair of the Committee explained that the February meeting would be his last meeting as both Chair of the Committee and as a Committee member (having served two four-year terms). In addition, Ms Gleave would also step down from the Committee following the February meeting (having served a four-year term).
- 15.2. The Chair of the Committee confirmed that Mr Birtles had been appointed as Deputy Chair.
- 15.3. The Chief Finance Officer (OPCC) explained that a recruitment campaign for new Committee members was live with interviews expected to take place on 17 December 2024.
- 15.4. The Chair of the Committee noted that the meeting would be the last meeting attended by the Chief Finance Officer (Constabulary). The Committee wished to thank Ms Bebbington for her many years of service to Cheshire Constabulary and her massive contribution to both the organisation and the Joint Audit Advisory Committee. On behalf of the Committee, the Chair offered Ms Bebbington best wishes for the future following her retirement at the end of January 2025.

## ***Part 2 - Private items***

### **16. Minutes of the Joint Audit Advisory Committee**

- 16.1. The Part 2 minutes of the meeting held on 25 September were approved.

### **17. Action Log**

- 17.1. The Joint Audit Advisory Committee Part 2 Action Log was noted.

### **18. Strategic Risk Register**

- 18.1. The Inspection & Assurance Manager provided an overview of the report which was noted by the Committee.

### **19. Any Other Business**

- 19.1. No other business was raised.

Date of Meeting	Action Number	Action Details	Responsible for Action?	Status	Notes
27/11/2024	2024/08	Committee to send a list of typos to the Chief Finance Officer (Constabulary) and these are to be reflected in the final version of the Statement of Accounts.	JAAC Chair	Propose Closure	February Update - List sent to CFO and incorporated into final Statement of Accounts



**Dan Price**  
Cheshire  
Police & Crime  
Commissioner



Cheshire  
**Constabulary**

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## Joint Audit Advisory Committee

## Annual Report 2024

## **Chair's Foreword**

Welcome to the 2024 annual report of the Cheshire Police and Crime Commissioner and Chief Constable's Joint Audit Advisory Committee ['the Committee'].

The Committee is an independent body set up in accordance with the requirements of the Home Office Financial Management Code of Practice. The Committee provides advice and assurance functions to the Police and Crime Commissioner and the Chief Constable on the effectiveness of governance, risk and audit arrangements and controls in place within the Office of the Police & Crime Commissioner and the Constabulary. The Committee achieves this by undertaking a wide range of reviews against an annual work programme. Through providing support and challenge, the Committee aims to improve and add value to those areas of governance within its remit.

The Chartered Institute of Public Finance and Accountancy (CIPFA) provides guidance on the role of the Committee. The Terms of Reference for the Committee are closely aligned to all aspects of the CIPFA guidelines and are reviewed and formally adopted on an annual basis.

## **Membership of the Committee**

Membership of the Committee is as follows:

### **Chair**

**Phil Bearpark** is a Chartered Mechanical Engineer and has held a number of senior roles within the UK Rail Industry over the last 32 years. He still works part time in Rail and is a Non-Executive Director of Heathrow Express. Phil is very experienced in audit, governance and risk management.

**Jean Gleave** is a fully qualified member of the Chartered Institute of Internal Auditors. She has over 35 years of internal audit, governance, control and risk experience in both the public and private sector with roles as Head of Internal Audit at Warrington Borough Council and Salford City Council and as Chief Internal Auditor in the NHS; she has also held audit positions in private sector (insurance), and with the civil service. She is also an independent member of Liverpool City Region Combined Authority Audit & Governance Committee.

**Paul Birtles (Vice Chair)** is a certified programme manager with over 30 years experience in the delivery of major business change and IT programmes. Working for a global consultancy, Paul has undertaken roles spanning most areas of the IT and business change lifecycle, including portfolio & programme management, risk management, quality assurance, client consulting, outsourcing and financial management. He has worked across most industry sectors, frequently leading engagements with personal accountability for budgets of £10m+, both in regulated and private sector organisations.

**V J Karthikeyan (Karthik)** is a Consultant Cardiologist in the National Health Service with significant experience in audit and governance in healthcare. He is the Associate Lead for Hypertension in Greater Manchester and is also the Education Lead for Cardiology at Wythenshawe Hospital, Manchester University Foundation Trust. He has been the Lead for the Cardiac Catheter Labs as well as Research Lead in a previous post at Wigan and supported the establishment of lifesaving services to treat heart attacks for the population of North Wales.

**Elaine Smith** is a Chartered Management Accountant and a Chartered Member of the Chartered Institute for Securities and Investment. She has extensive experience of audit, governance, risk and controls via a number of senior roles in the investment operations sector and has over 20 years' experience as head of regulatory compliance and risk for a number of FCA regulated fund management firms, more recently as a Director and Chief Compliance Officer for Momentum Global Investment Management, a global investment manager.

Members of the Committee bring with them a wide range of experience and skills which cover the various aspects of the Committee's work. Training has been available for members over the last 12 months which has ensured all members are able to contribute fully to the work of the Committee and fulfil their roles professionally.

At the end of March 2025, Phil Bearpark and Jean Gleave will stand down from the Committee. Phil has served 8 years on the Committee, including five years as Chair. Jean has served 4 years on the Committee.

A recruitment process is currently underway to find a replacement Chair and new member.

## **2023/2024**

The Committee met regularly during the year, with all meetings held in person at the Constabulary HQ in Winsford. Meetings have covered a wide range of topics with particular focus on monitoring the strategic risk management framework to ensure that risks were adequately assessed, recorded and mitigated where possible.

The Committee has noted the Commissioner's budget proposals and have received a detailed presentation on the Priority Based Budgeting process that is used to arrive at the final budget.

We agreed the plans of both internal and external auditors and received their reports which we have examined to ensure that Cheshire Constabulary maintains the high standards of governance, finance and audit that the people of Cheshire would expect.

We have received copies of Internal Audit Reports prepared by the Mersey Internal Audit Agency (MIAA) and have monitored the implementation of the agreed management actions arising from these reports. Topics covered include Custody Referral Pathways and Neighbourhood Policing Framework and problem solving. The constabulary and PCC office have made excellent progress in closing actions raised by the internal audit reports.

The Committee also considered the Commissioner's and the Chief Constable's Statements of Accounts and Annual Governance Statements to provide assurance that they complied with the relevant requirements. During the year members have made a number of contributions to the narrative and content of the Annual Governance Statement. The work of the External Auditors has also been reviewed by the Committee to provide additional assurance that all relevant processes have been followed by the Commissioner and Chief Constable. The draft and final accounts were presented to the Committee and were very clearly explained to us.

For the first time, External Audit services have been provided by Bishop Fleming. The teams from the auditors, Constabulary and PCC office have worked well together. Audit of the accounts was completed ahead of the statutory deadline and the accounts are now published on the PCC website.

The Chair has held meetings with Senior Staff of the PCC and Constabulary. The Chair has also met with the Commissioner and Chief Constable. The Committee has been granted unfettered access to and received constructive engagement with all parties and received reports and assurances from relevant officers to enable it to address the full range of responsibilities within its Terms of Reference. The Committee is grateful to all who have given their valuable time to assist its work which has been well supported by senior staff from both the Constabulary and the Office of the PCC.

## **Effectiveness of the Committee**

### Committee Self-Assessment

CIPFA's Position Statement: Audit Committees in Local Authorities and Police 2022 sets out the purpose, model, core functions and membership of the Audit Committee. It represents CIPFA's view on the best practice and principles that should be adopted by the Audit Committee to meet their statutory responsibilities, this includes reporting annually on how the Committee has complied with their position statement, discharged its responsibilities, and include an assessment of its performance.

In September 2024, the Committee undertook a self-assessment exercise to assess performance against the principles contained in the CIPFA Position Statement. The areas reviewed were:

- Audit Committee purpose and governance
- Functions of the Committee
- Membership and support
- Effectiveness of the Committee

From the exercise, the Committee considers that it has performed well against the majority of the requirements of the CIPFA guidance and is therefore operating effectively.

Particular strengths highlighted by the Committee were: the level of engagement with a wide range of leaders and managers via thematic reviews and the creation of "Specified Point of Contact" roles and the work carried out on reviewing and updating the Annual Governance Statement.

No significant improvements were identified however, the Committee will

continue to carry out regular reviews and evaluation of effectiveness and ensure that an action plan is in place to improve any areas of weakness. In particular, to ensure an evaluation of knowledge and training needs of members is carried out and training arrangements put in place.

#### External Audit View

When evaluating the Constabulary's governance arrangements, the external auditor considers the effectiveness of the Audit Committee and will make recommendations for improvement if they have any significant concerns. No recommendations for improvement have been received.

#### **The future**

The Committee will continue our consideration of a number of areas including developing the risk management arrangements, updates on the Medium Term Financial Strategy, reviewing recommendations from Auditors including monitoring the implementation of recommendations.

#### **Further information**

For further information on the work of the Joint Audit Advisory Committee, its Terms of Reference, Minutes and Agendas, please refer to the website of the Police and Crime Commissioner for Cheshire. <https://www.cheshire-pcc.gov.uk/search?q=audit>

#### **Phil Bearpark – MSc CEng MIMechE**

Chair of the Joint Audit Advisory Committee of the Cheshire Police and Crime Commissioner and Chief Constable



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

Draft Internal Audit Plan Extract 2025/2026



# 5 Operational Internal Audit Plan 25/26

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

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

Part 1 Items	Feb-25	Jul-25	Sep-25	Nov-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 2025/26			✓	
JAAC Single Point of Contact Report - PBB				✓
Review of JAAC Terms of Reference			✓	
External Audit Plan		✓		
External Audit Interim Audit Completion Report			✓	
External Audit Completion Report and Letter of Representation				✓
External Audit Auditor's Annual Report (inc. VFM)				✓
Internal Audit Progress Reports	✓	✓	✓	✓
Head of Internal Audit Opinion		✓		
Internal Audit Final Reports	✓	✓	✓	✓
Internal Audit Charter				✓
Internal Audit Terms of Reference (Tor)	✓	✓	✓	✓
Internal Audit Plan	✓	✓		
NFI Data Matching		✓		
Management response to implement agreed actions following Internal Audit Recommendations	✓	✓	✓	✓
Annual Governance Statement (inc. Counter Fraud)		Draft		Final
Mid-Year Medium Term Financial Strategy Update				✓
Value for Money profiles				✓
Service Assurance Plan	✓	✓	✓	✓
Part 2 Items	Feb-25	Jul-25	Sep-25	Nov-24
Minutes of Joint Audit Advisory Committee	✓	✓	✓	✓
Matters Arising from Previous JAAC Meetings	✓	✓	✓	✓
Strategic Risk Register	✓	✓	✓	✓
Annual Risk Report		✓		
Internal Audit ToR/Reports	✓	✓	✓	✓



Date: 23 January 2025

Police and Crime Commissioner for Cheshire and Chief Constable for Cheshire  
Office of the Police and Crime Commissioner for Cheshire  
Cheshire Constabulary Headquarters  
Clemonds Hey  
Oakmere Road  
Winsford  
CW7 2UA

Dear Sirs

### **Cheshire Police – Audit Completion Report**

We are pleased to attach our Audit Completion Report. This report summarises our audit conclusions, highlights the key findings arising from our work and details a number of points that we would like to discuss further with you.

We have initially discussed the contents of our report with management and have incorporated their comments where relevant.

This report is intended to be solely for the information and use of management and those charged with governance of the Police and Crime Commissioner for Cheshire (‘the PCC’) and the Chief Constable of Cheshire and should not be shared with anyone beyond the PCC and Chief Constable without our prior approval.

We would like to take this opportunity to thank the finance team for the co-operation and assistance afforded to us during the course of the audit.

Kind regards

Yours faithfully

A handwritten signature in black ink that reads "Bishop Fleming LLP". The signature is written in a cursive, flowing style.

**BISHOP FLEMING LLP**

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## Appendices

1. Letter of representation – Police and Crime Commissioner
2. Letter of representation – Chief Constable
3. Required communications with the Joint Audit Advisory Committee

# 1. Executive summary

## Status of audit

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

- give a true and fair view of the financial position of the Police and Crime Commissioner for Cheshire, the Chief Constable for Cheshire, and the group 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.

In September, we brought an interim Audit Completion Report to the Joint Audit Advisory Committee ("the JAAC") and this report builds on that interim. Our audit is now complete, and we have issued an unmodified audit report.

On 9 September 2024, the Secretary of State for MHCLG laid regulations to introduce statutory deadlines for publication of audited accounts amending the Accounts and Audit Regulations 2015. These came into force on 30 September with the intention of addressing the backlog in local government accounts. For the 2023/24 financial year, under these new regulations, an authority must publish its accountability statements (namely its audited statement of accounts, annual governance statement and narrative statement) on or before 28 February 2025.

## Key audit issues

Within our Audit Plan which was presented to the JAAC in March 2024, we outlined a number of risks that we considered to be of particular significance to the audit. Our plan also detailed our planned approach for addressing each of these risks.

The specific risks highlighted were as follows:

- Management override of controls;
- Fraud in revenue recognition;
- Fraud in expenditure recognition;
- Valuation of land and buildings; and
- Valuation of the pension fund net liability.

Our audit work has been satisfactorily completed on each of the above areas and is further detailed in section 2 of this report, with the exception of the valuation of the pension fund net liability, for which we are waiting for responses from the auditor of the Cheshire Pension Fund.

## Audit Adjustments

During the course of our work, adjustments were identified and, on agreement of management, were adjusted in the financial statements.

No adjustments above our reporting threshold have been proposed but not made.

Full details of the adjustments identified are included in section 6 to this report.

## Management Letter Points and Internal Control Matters

A number of control points were identified during the course of our work and these are further detailed in section 7 to this report.

## Value for Money

We are also required to satisfy ourselves that the PCC and Chief Constable have made proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2024. The National Audit Office's Code of Audit Practice requires us to report on the PCC and Chief Constable's arrangements under three specified reporting criteria:

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

Our work has not identified any significant weaknesses; see section 8 for more details. The results of the Value for Money work are reported separately in our Auditor's Annual Report.

## Independence

The FRC Ethical Standard and ISA 260 requires us to communicate with you on a timely basis on all significant facts and matters that bear upon our independence and objectivity. The aim of these communications is to ensure full and fair disclosure by us to those charged with governance on matters in which you have an interest.

We are not aware of any relationships that, in our professional judgment, may reasonably be thought to bear on our independence or the objectivity of the audit engagement team.

We confirm that in our professional judgment, Bishop Fleming is independent within the meaning of regulatory and professional requirements and the objectivity of the audit engagement partner and audit staff has not been compromised.

We consider that our independence in this context is a matter that should be reviewed by both you and ourselves. It is therefore important that you consider the facts of which you are aware and come to a view. Should you have any specific matters that you wish to discuss, please contact us.

## 2. Introduction

### Responsibilities of the audited body

The audited body is responsible for the preparation of the financial statements and for making available to us all the information and explanations we consider necessary. Therefore, it is essential that it confirms that our understanding of all matters referred to in this report are appropriate, having regard to its knowledge of the particular circumstances.

We would point out that the matters dealt with in this report came to our attention during the conduct of our normal audit procedures which are designed primarily for the purpose of expressing our opinion on the financial statements of the PCC and Chief Constable.

In consequence, our work did not encompass a detailed review of all aspects of the system and controls and cannot be relied upon necessarily to disclose possible frauds or other irregularities, or to include all possible improvements in internal control that a more extensive special examination might reveal.

### Materiality

In carrying out our audit work we have considered whether the financial statements are free from 'material misstatement'. Materiality is an expression of the relative significance of a particular matter in 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.

	Basis of materiality	Amount
Cheshire Police and Crime Commissioner and Cheshire Chief Constable	2% of gross expenditure of the lower of the group, the PCC and the Chief Constable	£5,984k

### Audit report

We have issued an unmodified audit report on the financial statements of the PCC/Group and Chief Constable for the year ended 31 March 2024.

### Representation Letters

The representation letters are attached at Appendix 1 and 2.

## **Update on our planned approach**

Our audit work was carried out in accordance with our Audit Plan in response to the perceived audit risks. No matters were identified which required us to change our approach and no additional risks were identified.

## **Confidentiality**

This document is strictly confidential and although it has been made available to those charged with governance to facilitate discussions, it may not be taken as altering our responsibilities to the PCC or Chief Constable arising under the Local Audit and Accountability Act 2014 (the Act) and from the Code of Audit Practice. The contents of this report should not be disclosed to third parties without our prior written consent.




### 3. Audit and accounts process

The preparation of the financial statements is a vital process for the management of the PCC and Chief Constable and one which should be performed on a timely basis. We met with senior officers as part of our planning work to discuss how we would work together to make the audit process effective.

We discussed key accounting issues early, so they could be considered before the audit commenced.

<b>Readiness for audit</b>	
<b>Quality of financial statements</b>	
<b>Accuracy of financial records</b>	
<b>Quality of working papers</b>	
<b>Availability of Staff</b>	

#### Key (Impact on audit approach)

- Adequate 
- Below expectations 
- Inadequate 

We invested significant time into the audit running as smoothly as possible. In addition to carrying out a review of the predecessor auditor’s working papers, we also met with Grant Thornton to discuss key issues and ensure we had a clear understanding of the prior year audit. During the final audit, we had regular calls with the finance team.

As a result of the investment made by both parties, the audit has generally proceeded smoothly, although some areas have taken longer to audit than we had expected. These included work on the Police Pension Fund, and valuation of Land and Buildings.

We are keen to continually improve our service and the effectiveness of the process and, therefore, will hold a debrief discussion with management to identify areas where this might be possible.

#### Readiness for audit

We were provided with a copy of the draft financial statements in line with the timetable agreed before the start of the audit and as outlined in our audit plan.

Information requested during the fieldwork was generally provided promptly to our staff. This made the core audit work progress relatively smoothly.

#### Quality of financial statements

We have not identified any significant omissions from the draft financial statements. However, our work has found some errors as a result of the accuracy of financial records (as detailed below) that management have agreed to amend.

#### Accuracy of financial records

The majority of the underlying financial records were accurate, agreed to the information provided in the audit file and were easy to understand (with the exception of the reserves issue detailed below)

We have experienced delays in agreeing evidence for the Police Pension Fund, although we appreciate that this sits with a third party, and so is not directly within the PCC and Chief Constable's control.

### **Quality of working papers**

While the quality of the working papers and supporting evidence provided was generally good, it was difficult to follow the reserve movements through to supporting working papers.

### **Availability of Staff**

Key members of the finance team made themselves available to us throughout the audit where possible.

## 4. Audit risks

### Management override of controls

#### Significant Risk

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.

#### Work done and conclusion

To address this risk, we have:

- reviewed the reasonableness of accounting estimates and critical judgements made by management;
- tested journals with a material impact on the results for the year; and
- considered a sample of other journals with key risk attributes.

In testing journals, we used data analytics tools to interrogate the whole population of journals posted in the year and focus on those with key risk factors.

We have not identified any material errors from our work carried out.

### Fraud in revenue recognition

#### Significant Risk

There is also a rebuttable presumption under auditing standards that the risk of fraud in revenue recognition is considered to be a significant risk area.

#### Work done and conclusion

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:

- There is little incentive to manipulate revenue recognition;
- Opportunities to manipulate revenue recognition are very limited; and
- The culture and ethical framework of the PCC and Chief Constable, mean that all forms of fraud are seen as unacceptable.

## Fraud in expenditure recognition

### Significant Risk

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.

### Work done and conclusion

At the planning stage, we considered 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.

We concluded that this was not a significant risk for the PCC and Chief because:

- expenditure is well controlled, and the PCC and Chief have a strong control environment; and
- the PCC and Chief have clear and transparent reporting of their financial plans and financial position.

## Valuation of land and buildings

### Significant Risk

There is a risk over the valuation of land and buildings due to the high degree of estimation uncertainty, and judgements involved in build valuations.

### Work done and conclusion

To address this risk, we have:

- documented our understanding of the processes and controls put in place by management, and evaluate the design of the controls;
- reviewed 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;
- written to the valuer to confirm the basis on which the valuation was carried out;
- confirmed that the basis of valuation for assets valued in year is appropriate based on their usage;
- reviewed the appropriateness of assumptions used in the valuation of land and buildings. For assets not formally revalued in the year we assessed how management has satisfied itself that these assets are not materially different from the current value at the year-end;
- reviewed accuracy and completeness of information provided to the valuer, such as floor areas;
- tested 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.

We have not identified any material errors from our work carried out.

## Valuation of the pension fund net liability

### Significant Risk

There is a risk over the valuation of the pension fund net liability due to the values involved and the high degree of estimation uncertainty, due to the sensitivity of the estimate to changes in key assumptions.

### Work done and conclusion

To address this risk, we have:

- documented our understanding of the processes and controls put in place by management, and evaluate the design of the controls;
- reviewed 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;
- considered the accuracy and completeness of the information provided to the actuary;
- ensured that the disclosures in the financial statements in respect of the pension fund liability are consistent with the actuarial report from the actuary;
- carried 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
- obtained assurances from the auditor of the 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 have not identified any material errors from our work carried out.

## 5. Other audit and financial reporting matters

### Audit/Financial Reporting Matters

The macro-economic environment has had a significant effect on the actuarial valuation of a local government body's share of the Local Government Pension Scheme, with deficits reported by the actuaries through their IAS 19 reports reducing significantly in each of the last two years.

Across the Local Government sector, accounting surpluses have become more prevalent. IFRIC 14 provides guidance from the International Financial Reporting Interpretations Committee on the extent to which an IAS 19 surplus can be recognised on the balance sheet and whether any additional liability needs to be recognised in respect of onerous funding commitments. The sector-wide approach to applying IFRIC 14 has evolved over the last year as IAS 19 surpluses are becoming more common. This has resulted in some actuaries revising their approach when producing 'asset ceiling' calculations that adopt the principles set out in IFRIC 14.

In discussion with the finance team, we have worked through the implications of IFRIC 14 on the 2023/24 accounts and have not identified any issues with the applied treatment.

## 6. Audit Adjustments

In accordance with the requirements of International Standards on Auditing, we must communicate all adjusted and unadjusted items identified during our audit work, other than those which we believe to be clearly insignificant.

### Adjusted items

All adjusted misstatements are set out in detail below along with the impact on the key statements for the year ended 31 March 2024:

	Comprehensive Income and Expenditure Statement		Balance sheet	
	Dr	Cr	Dr	Cr
	£'000	£'000	£'000	£'000
Group and PCC Note 24 (Cash and Cash Equivalents) - Operational Current Accounts <sup>1</sup>			1,675	
Group and PCC Note 26 (Analysis of Creditors) - Other entities and individuals <sup>1</sup>				1,675
Group and PCC Note 26 (Analysis of Creditors) - Other entities and individuals <sup>2</sup>				1,025
Group and PCC Note 29 (Long-Term Liability - Private Finance Initiative) <sup>2</sup>			1,025	
<b>Total</b>	<b>X</b>	<b>X</b>	<b>2,691</b>	<b>2,691</b>

1. To reclassify the holding accounts from cash and cash equivalents to creditors
2. To reclassify the element of the PFI liability due within 2024/25 from long-term to short-term creditors

### Misclassifications and adjustments to disclosures

The table below provides details of any misclassification and disclosure changes identified during the audit.

Misclassification/ Disclosure change	Audit comment	Adjusted?
Capital Financing	Our review of entries relating to capital financing entries throughout the accounts identified that there were some inconsistencies. These resulted in various amendments to the 'Adjustments between Accounting Basis and Funding Basis under Regulations' Note (Note 15), as well as the Capital Financing and Expenditure Note (Note 19).	✓
Income and Expenditure by Nature	Our review identified that the income and expenditure was only analysed by nature with regards to the group as a whole. In our view, the Code requires that this should be done for both the PCC and the Chief Constable individually, as well as the group	✓
Comprehensive Income and Expenditure comparatives	Gross expenditure and income figures were reclassified for Centrally Delivered Services, Business Services, and Corporate Costs in the PCC and CC accounts. This is as a result of a restructure which took place in 2023-24, but for which prior year comparatives needed to be restated to ensure comparability.	✓
Officer Remuneration	We identified a number of errors within the Officer Remuneration note, including disclosure of the names of officers earning over £150k, and where there the disclosures did not agree to working papers and/or prior year accounts.	✓
Other Narrative and Disclosure	We identified various other narrative and disclosure amendments which have been corrected by management.	✓

## Unadjusted items

The table below provides details of adjustments identified during the 2023/24 audit which have not been made within the final set of financial statements. The PCC and CC are required to approve management's proposed treatment of all items recorded within the table below (these are also set out in the Letters of Representation).

	Comprehensive Income and Expenditure Statement		Balance sheet	
	Dr	Cr	Dr	Cr
	£'000	£'000	£'000	£'000
Chief Constable – Defined Benefit Schemes – Investment Assets <sup>1</sup>			1,088	
Chief Constable – Pensions Reserve <sup>1</sup>				1,088
PCC – Taxation and Non-Specific Grant Income <sup>2</sup>	406			
PCC – Other Operating Expenditure - Profit on Sale of Fixed Assets <sup>2</sup>		406		
<b>Total</b>	<b>406</b>	<b>406</b>	<b>1,088</b>	<b>1,088</b>

1. To reflect estimation differences identified during the audit of the Pension Fund
2. To reflect an overstatement of taxation and non-specific grant income

## Impact of prior year unadjusted misstatements

The table below provides details of adjustments identified during the prior year which had not been made within the final set of 2022/23 financial statements. This does not impact on our 2023/24 audit.

Detail	Comprehensive Income and Expenditure Statement (£'000)	Balance sheet (£'000)	Reason for not adjusting
Reclassification of third-party monies held from cash to creditors		1,603	Materiality

# 7. Management letter points and internal control systems

The PCC's and Chief Constable's management is responsible for the identification, assessment and monitoring of risk, for developing, operating and monitoring the systems of internal control and for providing assurance to the Those Charged with Governance that it has done so.

In accordance with the terms of our engagement we have not provided a comprehensive statement of all issues which may exist in the accounting and internal control systems or of all improvements which may be made, but outline below our observations arising from the audit; none of which are considered significant.

**KEY:**



Observations refer to issues that are so fundamental to the system of internal control that management should address immediately to minimise the risk of a material misstatement within the financial statements.



Observations refer mainly to issues that have an important effect on the system of internal control and, if left uncorrected could potentially lead to a material misstatement within the financial statements.




Observations refer to issues that would, if corrected, improve internal control in general and engender good practice, but is unlikely to have a material impact on the financial statements.

**Current Year Issues**

Downwards revaluations of Property, Plant and Equipment	
<p>Where upwards revaluations of Property, Plant and Equipment occur, these should be credited to the Comprehensive Income and Expenditure Statement where they reverse a prior impairment.</p> <p>Our testing identified that there was no record maintained of prior downward impairment, and therefore all upwards revaluations were credited to the Revaluation Reserve.</p> <p>We have reviewed the impairments and downward revaluations over the last ten years and been able to conclude that the impact of this is low in value (the maximum possible error would be the total of previous revaluation losses, and this is cumulatively £160k since 2015-16). However, there is a risk of material misstatement if an adequate record is not maintained, were there to be significant downwards revaluations.</p>	<p><u>Recommendation</u></p> <p>Management should maintain a record (on a asset-by-asset basis) of cumulative impairment of all assets. They should then ensure that any upwards revaluations reverse this figure, before being debited to the Revaluation Reserve.</p> <p><u>Management comment</u></p> <p>We acknowledge the recommendation, and records are now being kept on an asset-by-asset basis of any cumulative impairments. For 24-25 we will ensure that any upwards revaluations reverse this figure before being debited to the Revaluation Reserve. Detailed working papers will support these entries.</p>
Capital Financing	
<p>As noted in Section 6, various amendments were required to Note 15 and Note 19 in relation to the treatment of capital financing items. In addition, an overstatement of Taxation and Non-Specific Grant Income of £406k was also identified as a result of this.</p>	<p><u>Recommendation</u></p> <p>Management should ensure that there is a clear understanding and trail of how the capital financing entries impact different areas of the accounts.</p>

<p>The errors arose as a result of a lack of a clear trail between how various entries flowed through the accounts. In addition to the errors identified, this took a considerable amount of audit time to resolve.</p>	<p><u>Management comment</u></p> <p>We acknowledge the recommendation and will ensure a clear understanding and trail of how capital financing entries impact different areas of the accounts for 24-25. This will include detailed working papers.</p>
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Reserves Movements	
	
<p>We encountered difficulties during our agreement of reserves movements to supporting information and other areas of the accounts, as the working papers provided were unclear in this regard. This resulted in additional audit time and queries.</p>	<p><u>Recommendation</u></p> <p>Management should ensure that there is a clear audit trail between the reserve movements and the other relevant areas of the accounts.</p> <p><u>Management comment</u></p> <p>We acknowledge the recommendation and will ensure a clear audit trail between reserve movements and relevant accounts for 24-25, including detailed working papers.</p>

### Prior Year Issues – Resolved

Journals	
<p>Testing identified that it was not always possible to identify who had posted a journal as when they were approved, the system changes the poster to administrator.</p>	<p><u>2022-23 recommendation</u></p> <p>It was recommended that management look at whether there are any alternatives reports available to allow control checks on individual users to be performed.</p> <p><u>2023-24 update</u></p> <p>Management were able to provide us with a report that contained the required information.</p>

Pension surplus	
<p>From discussions with the actuarial firms, it was understood that the application of IFRIC 14 was not within their normal scope. As such, unless they are instructed otherwise by the employer, they will produce IAS 19 disclosures assuming there are no IFRIC 14 adjustments to any surplus or deficit. This means there is a risk that material adjustments are not factored into the IAS 19 disclosures.</p>	<p><u>2022-23 recommendation</u></p> <p>It was recommended that Cheshire Police instruct their actuary to calculate any potential asset ceiling under IFRIC 14 where pension schemes are in surplus to ensure they are reflected in their IAS19 contributions.</p> <p><u>2023-24 update</u></p> <p>Management obtained the relevant asset ceiling report, which was provided to us at the start of the audit.</p>

Land and Building Valuations	
<p>It was identified that the valuer did not always use the correct BCIS location rates for the buildings being</p>	<p><u>2022-23 recommendation</u></p>

valued, leading to an understatement of the asset value by £188k.

It was recommended that management instruct the valuer to confirm all rates used within their valuations are appropriate to the asset's location.

2023-24 update

We have not identified any issues with regards to incorrect location factors as part of our 2023-24 audit.

## 8. Other matters

### Other information

We are required to give an opinion on whether the other information published with the audited financial statements (for example, the Narrative Statement and Annual Governance Statement) is materially inconsistent with the financial statement or our knowledge as obtained during the audit.

We have nothing to report in this respect.

### Reporting by exception

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

- the Annual Governance Statement does not comply with "Delivering Good Governance in Local Government: Framework 2016 Edition" published by CIPFA/SOLACE; or
- we issue a report in the public interest under section 24 of the Local Audit and Accountability Act 2014; or
- we make a written recommendation to the PCC or Chief Constable under section 24 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or
- we make an application to the court for a declaration that an item of account is contrary to law under Section 28 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or
- we issue an advisory notice under Section 29 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or
- we make an application for judicial review under Section 31 of the Local Audit and Accountability Act 2014, in the course of, or at the conclusion of the audit.

We have nothing to report on these matters.

The 2014 Act also gives rights to local electors and other parties, such as the right to ask questions of the auditor and the right to make an objection to an item of account. No such objections have been raised.

### Going concern

Our work has not identified a material uncertainty related to going concern. We are satisfied that management's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

### Value for money arrangements

We are required to satisfy ourselves that the PCC and Chief Constable have made proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2024. The Code of Audit Practice requires us to report on the PCC's and Chief Constable's arrangements under three specified reporting criteria:

- Financial sustainability – how the PCC and Chief Constable plan and manage its resources to ensure it can continue to deliver its services;
- Governance – how the PCC and Chief Constable ensures it makes informed decisions and properly manages its risks; and
- Improving economy, efficiency and effectiveness – how the PCC and Chief Constable uses information about its costs and performance to improve the way it manages and delivers its services.

We asked management to complete an evidenced self-assessment of the PCC's and Chief Constable's arrangements. We then reviewed the evidence provided and carried out follow-up work as appropriate to consider whether there are any significant weaknesses in the arrangements for securing economy, efficiency and effectiveness in its use of resources.

We have not identified any significant weaknesses in the arrangements and the results of the Value for Money work are reported separately in our Auditor's Annual Report.

### Whole of Government accounts work

Alongside our work on the financial statements, we also review and report to the National Audit Office on the PCC/ Group's Whole of Government Accounts (WGA) return. The extent of our review, and the nature of our report, is specified by the National Audit Office.

We have received group instructions from the National Audit Office in respect of our work on the WGA submission. This work is currently being undertaken.

### Audit certificate

At the end of the audit, as auditors, we are required to certify the completion of the audit. The effect of this certificate is to close the audit and marks the point when the auditor's responsibilities in respect of the audit of the period covered by the certificate have been discharged.

We cannot formally conclude the audit and issue an audit certificate for the PCC for Cheshire and the Chief Constable for Cheshire for the year ended 31 March 2024 in accordance with the requirements of Local Audit and Accountability Act 2014 and the Code of Audit Practice until we have confirmation from the NAO that no additional work (beyond submission of the Assurance Statement) will be required in respect of the Whole of Government Accounts exercise.

### Audit fees

Our final fee for the 2023/24 audit is set out below:

	Fee proposed at planning stage (£)	Final fee (subject to approval by PSAA) (£)
PSAA scale fee 2023/24 – The Police and Crime Commissioner for Cheshire	94,961	94,961
PSAA scale fee 2023/24 – The Chief Constable for Cheshire	47,597	47,597
Fee variation in relation to additional procedures in relation to revisions to ISA 315 – The Police and Crime Commissioner for Cheshire	TBC	7,990
Fee variation in relation to additional procedures in relation to revisions to ISA 315 – The Chief Constable for Cheshire	TBC	4,005
Fee variation in relation to additional procedures incurred for audit of pension disclosures to ensure compliance with IFRIC 14 – The Police and Crime Commissioner for Cheshire	N/A	1,500
Fee variation in relation to additional procedures incurred for audit of pension disclosures to ensure	N/A	750

compliance with IFRIC 14 – The Chief Constable for Cheshire		
Fee variation in relation to delays and additional time required to resolve queries on work relating to split of the note for Expenditure and Income Analysed By Nature – The Police and Crime Commissioner for Cheshire	N/A	1,000
Fee variation in relation to delays and additional time required to resolve queries on work relating to split of the note for Expenditure and Income Analysed By Nature – The Chief Constable for Cheshire	N/A	500
Fee variation in relation to additional procedures in relation to PFI – The Police and Crime Commissioner for Cheshire	N/A	3,998
Fee variation in relation to delays and additional time required to resolve queries on work relating to the agreement of Reserves movements – The Police and Crime Commissioner for Cheshire	N/A	4,380
Fee variation in relation to delays and additional time required to resolve queries on work relating to accounting treatment for capital financing – The Police and Crime Commissioner for Cheshire	N/A	2,810
<b>Total (excluding VAT)</b>	<b>150,647</b>	<b>169,491</b>

We can confirm that we have not undertaken any non-audit work at the PCC or Chief Constable during the year.

# Appendices



# 1. Letter of representation – Police and Crime Commissioner

Bishop Fleming LLP  
10 Temple Back  
Redcliffe  
Bristol  
BS1 6FL

23 January 2025

Dear Sirs

## **Police and Crime Commissioner for Cheshire**

### **FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024**

The following representations are made on the basis of enquiries of management and staff with relevant knowledge and experience such as we consider necessary in connection with your audit of the Police and Crime Commissioner for Cheshire (‘the PCC’) financial statements for the year ended 31 March 2024. These enquiries have included inspection of supporting documentation where appropriate, and are sufficient to satisfy ourselves that we can make each of the following representations. All representations are made to the best of our knowledge and belief.

#### **1. General**

We have fulfilled our responsibilities for the preparation of the PCC’s financial statements in accordance with International Financial Reporting Standards and the CIPFA/ LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2023/24 (the Code) and applicable law and for being satisfied that they give a true and fair view and for making accurate representations to you.

All the transactions undertaken by the PCC have been properly reflected and recorded in the accounting records.

All the accounting records have been made available to you for the purpose of your audit of the PCC. We have provided you with unrestricted access to all appropriate persons within the PCC, and with all other records and related information requested, including minutes of all PCC and Committee meetings.

The financial statements are free of material misstatements, including omissions.

The effects of uncorrected misstatements (as set out in the appendix to this letter) are immaterial both individually and in total.

#### **2. Internal control and fraud**

We acknowledge our responsibility for the design, implementation and maintenance of internal control to prevent and detect fraud and error, and we believe that we have appropriately fulfilled these responsibilities. We have disclosed to you the results of our risk assessment that the financial statements may be misstated as a result of fraud.

We have disclosed to you all instances of known or suspected fraud affecting the PCC involving management, employees who have a significant role in internal control or others where fraud could have a material effect on the financial statements.

We have also disclosed to you all information in relation to allegations of fraud or suspected fraud affecting the PCC’s financial statements communicated by current or former employees, analysts, regulators or others.

#### **3. Assets and liabilities**

The PCC has satisfactory title to all assets and there are no liens or encumbrances on the PCC’s assets, except for those that are disclosed in the notes to the financial statements.

Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable. Such accounting estimates include PPE and pension liability valuations.

All actual liabilities, contingent liabilities and guarantees given to third parties have been recorded or disclosed as appropriate.

We have no plans or intentions that may materially alter the carrying value and, where relevant, the fair value measurements or classification of assets and liabilities reflected in the financial statements.

#### **4. Accounting estimates**

The methods, data and significant assumptions used by us in making accounting estimates and their related disclosures are appropriate to achieve recognition, measurement and disclosure that is reasonable in the context of the applicable financial reporting framework.

#### **5. Legal claims**

We have disclosed to you all claims in connection with litigation that have been, or are expected to be, received and such matters, as appropriate, have been properly accounted for and disclosed in the financial statements.

#### **6. Laws and regulations**

We have disclosed to you all known instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing the financial statements.

We confirm that all correspondence with our Regulators has been made available to you.

#### **7. Related parties**

Related party relationships and transactions comply with the PCC's financial regulations, relevant requirements of the Code and have been appropriately accounted for and disclosed in the financial statements. We have disclosed to you all relevant information concerning such relationships and transactions and are not aware of any other matters which require disclosure in order to comply with regulatory, legislative and accounting standards requirements.

#### **8. Subsequent events**

All events subsequent to the date of the financial statements which require adjustment or disclosure have been properly accounted for and disclosed.

#### **9. Going concern**

We believe that the PCC's financial statements should be prepared on a going concern basis on the grounds that the financial reporting framework applicable to local government bodies means that the anticipated continued provision of entity's services in the public sector is normally sufficient evidence of going concern. We have not identified any material uncertainties related to going concern.

#### **10. Annual Governance Statement**

We are satisfied that the Annual Governance Statement (AGS) fairly reflects the PCC's risk assurance and governance framework and we confirm that we are not aware of any significant risks that are not disclosed within the AGS.

#### **11. Narrative Report**

The disclosures within the Narrative Report fairly reflect our understanding of the PCC's financial and operating performance over the period covered by the PCC's financial statements.

We acknowledge our legal responsibilities regarding disclosure of information to you as auditors and confirm that so far as we are aware, there is no relevant audit information needed by you in connection with preparing your audit report of which you are unaware.

We have taken all the appropriate steps in order to make ourselves aware of any relevant audit/ other information and to establish that you are aware of that information.

Yours faithfully

.....  
Signed on behalf of the Police and Crime Commissioner for Cheshire

[Date]

# Appendix 1- Unadjusted misstatements

## Unadjusted items

The table below provides details of adjustments identified during the 2023/24 audit which have not been made within the final set of financial statements. The Police and Crime Commissioner is required to approve management's proposed treatment of all items recorded within the table below.

	CIES		Balance sheet	
	Dr	Cr	Dr	Cr
	£'000	£'000	£'000	£'000
PCC – Taxation and Non-Specific Grant Income			406	
PCC – Other Operating Expenditure - Profit on Sale of Fixed Assets				406
<b>Total</b>			<b>406</b>	<b>406</b>

## Impact of prior year unadjusted misstatements

There was one adjustment identified during the prior year which had not been made within the final set of 2022/23 financial statements. This does not impact on the 2023/24 financial statements.

Detail	Comprehensive Income and Expenditure Statement (£'000)	Balance sheet (£'000)	Reason for not adjusting
Reclassification of third-party monies held from cash to creditors		1,603	Materiality

## 2. Letter of representation – Chief Constable

Bishop Fleming LLP  
10 Temple Back  
Redcliffe  
Bristol  
BS1 6FL

23 January 2025

Dear Sirs

### **The Chief Constable of Cheshire**

#### **FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024**

The following representations are made on the basis of enquiries of management and staff with relevant knowledge and experience such as we consider necessary in connection with your audit of the Chief Constable for Cheshire financial statements for the year ended 31 March 2024. These enquiries have included inspection of supporting documentation where appropriate, and are sufficient to satisfy ourselves that we can make each of the following representations. All representations are made to the best of our knowledge and belief.

#### **1. General**

We have fulfilled our responsibilities for the preparation of the Chief Constable's financial statements in accordance with International Financial Reporting Standards and the CIPFA/ LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2023/24 (the Code) and applicable law and for being satisfied that they give a true and fair view and for making accurate representations to you.

All the transactions undertaken by the Chief Constable have been properly reflected and recorded in the accounting records.

All the accounting records have been made available to you for the purpose of your audit of the Chief Constable. We have provided you with unrestricted access to all appropriate persons within the Chief Constable, and with all other records and related information requested, including minutes of all Chief Constable and Committee meetings.

The financial statements are free of material misstatements, including omissions.

The effects of uncorrected misstatements (as set out in the appendix to this letter) are immaterial both individually and in total.

#### **2. Internal control and fraud**

We acknowledge our responsibility for the design, implementation and maintenance of internal control to prevent and detect fraud and error, and we believe that we have appropriately fulfilled these responsibilities. We have disclosed to you the results of our risk assessment that the financial statements may be misstated as a result of fraud.

We have disclosed to you all instances of known or suspected fraud affecting the Chief Constable involving management, employees who have a significant role in internal control or others where fraud could have a material effect on the financial statements.

We have also disclosed to you all information in relation to allegations of fraud or suspected fraud affecting the Chief Constable financial statements communicated by current or former employees, analysts, regulators or others.

#### **3. Assets and liabilities**

The Chief Constable has satisfactory title to all assets and there are no liens or encumbrances on the Chief Constable's assets, except for those that are disclosed in the notes to the financial statements.

Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable. Such accounting estimates include pension liability valuations.

All actual liabilities, contingent liabilities and guarantees given to third parties have been recorded or disclosed as appropriate.

We have no plans or intentions that may materially alter the carrying value and, where relevant, the fair value measurements or classification of assets and liabilities reflected in the financial statements.

**4. Accounting estimates**

The methods, data and significant assumptions used by us in making accounting estimates and their related disclosures are appropriate to achieve recognition, measurement and disclosure that is reasonable in the context of the applicable financial reporting framework.

**5. Legal claims**

We have disclosed to you all claims in connection with litigation that have been, or are expected to be, received and such matters, as appropriate, have been properly accounted for and disclosed in the financial statements.

**6. Laws and regulations**

We have disclosed to you all known instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing the financial statements.

We confirm that all correspondence with our Regulators has been made available to you.

**7. Related parties**

Related party relationships and transactions comply with the Chief Constable's financial regulations, relevant requirements of the Code and have been appropriately accounted for and disclosed in the financial statements. We have disclosed to you all relevant information concerning such relationships and transactions and are not aware of any other matters which require disclosure in order to comply with regulatory, legislative and accounting standards requirements.

**8. Subsequent events**

All events subsequent to the date of the financial statements which require adjustment or disclosure have been properly accounted for and disclosed.

**9. Going concern**

We believe that the Chief Constable's financial statements should be prepared on a going concern basis on the grounds that the financial reporting framework applicable to local government bodies means that the anticipated continued provision of entity's services in the public sector is normally sufficient evidence of going concern. We have not identified any material uncertainties related to going concern.

**10. Annual Governance Statement**

We are satisfied that the Annual Governance Statement (AGS) fairly reflects the Chief Constable's risk assurance and governance framework and we confirm that we are not aware of any significant risks that are not disclosed within the AGS.

**11. Narrative Report**

The disclosures within the Narrative Report fairly reflect our understanding of the Chief Constable's financial and operating performance over the period covered by the Chief Constable's financial statements.

We acknowledge our legal responsibilities regarding disclosure of information to you as auditors and confirm that so far as we are aware, there is no relevant audit information needed by you in connection with preparing your audit report of which you are unaware.

We have taken all the appropriate steps in order to make ourselves aware of any relevant audit/ other information and to establish that you are aware of that information.

Yours faithfully

.....  
Signed on behalf of the Chief Constable for Cheshire

[Date]

## Appendix 1- Unadjusted misstatements

### Unadjusted items

The table below provides details of adjustments identified during the 2023/24 audit which have not been made within the final set of financial statements. The Chief Constable is required to approve management's proposed treatment of all items recorded within the table below.

	CIES		Balance sheet	
	Dr	Cr	Dr	Cr
	£'000	£'000	£'000	£'000
Chief Constable – Defined Benefit Schemes – Investment Assets			1,088	
Chief Constable – Pensions Reserve				1,088
<b>Total</b>			<b>1,088</b>	<b>1,088</b>

### Impact of prior year unadjusted misstatements

There were no unadjusted misstatements reported in the prior year.

### 3. 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"> <li>• uncorrected misstatements and their effect on our audit opinion;</li> <li>• the effect of uncorrected misstatements related to prior periods;</li> <li>• a request that any uncorrected misstatement is corrected; and</li> <li>• in writing, corrected misstatements that are significant.</li> </ul>	Audit Completion Report
With respect to fraud communications: <ul style="list-style-type: none"> <li>• enquiries of those charged with governance to determine whether they have a knowledge of any actual, suspected or alleged fraud affecting the entity;</li> <li>• any fraud that we have identified or information we have obtained that indicates that fraud may exist; and</li> <li>• a discussion of any other matters related to fraud.</li> </ul>	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"> <li>• our view about the significant qualitative aspects of accounting practices including accounting policies, accounting estimates and financial statement disclosures;</li> <li>• significant difficulties, if any, encountered during the audit;</li> <li>• significant matters, if any, arising from the audit that were discussed with management;</li> <li>• written representations that we are seeking;</li> <li>• expected modifications to the audit report; and</li> <li>• 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.</li> </ul>	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 Audit committees
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



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Ref: AAR 2023-2024  
Date: 23 January 2025

Those Charged with Governance  
Cheshire Police  
Cheshire Constabulary Headquarters  
Clemonds Hey  
Oakmere Road  
Winsford  
CW7 2UA

Dear Sirs

### **Cheshire Police – Auditor’s Annual Report**

We are pleased to attach our Auditor’s Annual Report. This report summarises our audit conclusions and highlights the key findings arising from our value for money work.

We have initially discussed the contents of our report with management and have incorporated their comments where relevant.

This report is intended to be solely for the information and use of the management and those charged with governance of the Police and Crime Commissioner for Cheshire (‘the PCC’) and the Chief Constable of Cheshire and should not be shared with anyone beyond the PCC and Chief Constable without our prior approval.

We would like to take this opportunity to thank the management at both the PCC and Chief Constable for the co-operation and assistance afforded to us during the course of the audit.

Kind regards

Yours faithfully

A handwritten signature in black ink that reads "Bishop Fleming LLP". The signature is written in a cursive, flowing style.

**BISHOP FLEMING LLP**

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# 1. Introduction

Our Auditor's Annual Report (AAR) summarises the work that we completed for the PCC and the Chief Constable for Cheshire for the year ended 31 March 2024.

The PCC and Chief Constable are responsible for keeping proper accounts and proper records in relation to the accounts and for maintaining an appropriate system of internal control. The PCC and Chief Constable are responsible for the preparation of annual accounts for each financial year. Such accounts must present a true and fair view and comply with the requirements of enactments that apply to them.

The PCC and Chief Constable are also responsible putting in place appropriate arrangements to secure the economy, efficiency and effectiveness in their use of resources and to maintain an effective system of internal control that supports the achievement of their policies, aims and objectives whilst safeguarding and securing value for money from the public funds at their disposal.

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 responsible for and are required to provide an independent opinion as to whether the financial statements:

- give a true and fair view of the financial position of the PCC for Cheshire and the Chief Constable of Cheshire at the year end and of their expenditure and income for the year then ended;
- have been prepared properly in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2023/24; and
- have been prepared in accordance with the requirements of the Local Audit and Accountability Act 2014.

We are also required to report to the PCC and Chief Constable by exception the following matters, if:

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

In addition, we are also responsible for reviewing the PCC and Chief Constable's arrangements in place to secure economy, efficiency and effectiveness in their use of resources. The Code of Audit Practice requires us to report on the PCC's and Chief Constable's arrangements under three specified reporting criteria:

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

We carried out our work in accordance with our External Audit Plan that we issued to the PCC and Chief Constable in May 2024.

## 2. Executive summary

### Results from the audit of the financial statements

We have substantially completed our audit of the financial statements and anticipate issuing an unmodified audit opinion on finalisation of our completion procedures and receipt of final confirmations, including assurances from the LGPS pension scheme auditors and testing of PFI disclosures.

On finalisation of the external audit, we will also need to complete component auditor procedures, in line with the National Audit Office group auditor instructions for work required on the Whole of Government Accounts (WGA) return.




### Results on our work on other matters

We completed our review of other matters in line with our issuing of the audit opinion on 23 January 2025. There were a number of areas that required updating and amending in the financial statements, which have been completed by management. See section 3 for more details.




### Results from our work on VFM arrangements

Under the National Audit Office (NAO) Code of Audit Practice ('the Code'), we are required to consider whether the PCC and Chief Constable have put in place proper arrangements to secure economy, efficiency and effectiveness in their use of resources for the year ended 31 March 2024.

Our conclusions are summarised below. See sections 4-8 for more details.

<b>Financial sustainability</b>		We did not identify any significant weaknesses in Cheshire Police's arrangements for financial sustainability.
<b>Governance</b>		We did not identify any significant weaknesses in the governance arrangements. We have identified one recommendation, where we consider arrangements in place could be improved. See section 8 for further detail.
<b>Improving economy, efficiency and effectiveness</b>		We did not identify any significant weaknesses in Cheshire Police's arrangements for financial sustainability.

#### Key:

	No significant weaknesses in arrangements identified and no recommendations made
	No significant weaknesses in arrangements identified but recommendations made
	Significant weaknesses in arrangements identified and recommendations made

## 3. Audit of the financial statements

### Audit opinion on the financial statements

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). We are required to provide an independent opinion as to whether the financial statements:

- give a true and fair view of the financial position of the Police and Crime Commissioner for Cheshire and the Chief Constable of Cheshire at the year end and of their expenditure and income for the year then ended;
- have been prepared properly in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2023/24; and
- have been prepared in accordance with the requirements of the Local Audit and Accountability Act 2014.

We gave an unqualified opinion on the PCC and Chief Constable's financial statements on 23 January 2025.

### Key issues arising from the accounts audit

Whilst our work on the audit of the financial statements is substantially complete, there are still some points which require conclusion, as detailed within our Audit Completion Report.

The financial statements produced by management were of a good quality, and only a limited number of recommendations were raised. We have received a good level of support throughout the audit.

### Other matters

We are required to report to the PCC and Chief Constable by exception the following matters, if:

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

We concluded that there were no matters to bring to the PCC and Chief Constable's attention in respect of these matters.

More detailed findings can be found in our Audit Completion Report which was reported to the Joint Audit Advisory Committee on 27 November 2024.

## 4. Value for Money

Under the National Audit Office (NAO) Code of Audit Practice ('the Code'), we are required to consider whether the PCC and Chief Constable have put in place proper arrangements to secure economy, efficiency and effectiveness in their use of resources for the year ended 31 March 2024.

The Code requires us to report our commentary on the PCC and Chief Constable's arrangements under three specified reporting criteria:

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

The NAO has issued guidance for auditors to report against each of the three specified reporting criteria. The guidance also includes a number of further areas for review within each criterion for the auditor to assess those arrangements.

Our risk assessment did not identify any potential risks of significant weakness.

We asked management to complete an evidenced self-assessment of the PCC's and Chief Constable's arrangements. We then reviewed the evidence provided and carried out follow up work as appropriate to consider whether there are any significant weakness in the PCC and Chief Constable's arrangements for securing economy, efficiency and effectiveness in its use of resources.

Our commentary on the PCC and Chief Constable's arrangements in each of these three areas is set out in sections 5, 6 and 7 of the report. Our recommendations for improvement are included in section 8.

## 5. Financial sustainability

We considered how the PCC and Chief Constable plan and manage their resources to ensure they can continue to deliver their services, including how they:

- ensure that they identify all the significant financial pressures that are relevant to their short and medium-term plans and builds these into them;
- plan to bridge their funding gaps and identify achievable savings;
- plan finances to support the sustainable delivery of services in accordance with strategic and statutory priorities;
- ensure that their financial plan is consistent with other plans such as workforce, capital, investment, and other operational planning which may include working with other local public bodies as part of a wider system; and
- identify and manages risks to financial resilience, e.g. unplanned changes in demand, including challenge of the assumptions underlying their plans.

### Overview and 2023/24 outturn

The PCC and Chief Constable outturn reported a balanced budget in 2023/24, after a transfer of £1,719k to the Carry Forward reserve, which is an earmarked reserve into which management can approve the transfer of underspends for use in the following year. Significant drivers of this performance include an underspend in the Chief Constable's accounts against police pay (due to funding received relating to the Home Office Perpetrator grant), lower spend on public contact (due to slower recruitment), and additional income received for custodial operations.

Looking forward, the Chief Constable has produced the budget model for 2024/25, which takes into account the impact of wider economic conditions (such as inflation data provided by the Office for National Statistics).

### Financial planning and monitoring

In setting the budget and the Medium-Term Financial Strategy ('MTFS') the PCC carries out stakeholder engagement (which included a formal public consultation exercise in January 2023) to identify priorities to which to allocate resource. This also assesses the level of support for Council Tax increases to fund the delivery of additional services by the PCC and Chief Constable. The MTFS is also linked to the aims of the Police and Crime Plan.

The Chief Constable uses Priority-Based Budgeting (PBB) as a method of planning for, and assigning, effort and money, in which budget holders consider the relative benefits of future expenditure to ensure money is directed as efficiently as possible.

The PCC assesses the risks to achievement of the budget when considering the appropriate level of reserves to be maintained. The level of the General Fund currently held of around £5.8m is a small percentage of the annual PCC budget (just over 2% of gross expenditure), however there are also a reasonable level of earmarked reserves that will support financial sustainability in the medium term. For example, there is a MTFS reserve, which the Home Office include within the classification of general reserves that has been set up to address known upcoming financial issues (such as estates development) as well as potential upcoming challenges. There is a planned use of reserves throughout the life of the MTFS, although no planned running down of the MTFS Reserve or the General Fund. This would result in the total level of general reserves per the Home Office classification staying above the 3% target.

The capital budget is also developed by consideration on the impact on delivery of organisational objectives. However, there is also a consideration of the level of return from the investments being made. The largest part of the capital programme is linked to ensuring the estate is fit for purpose and the next most significant element is linked to digital and other transformation.

The capital strategy highlights the proposed investment in assets over the term of the plan. The impact of this is reflected in the MTFS. The borrowing requirements and impact on the future revenue budgets are considered as part of agreeing the capital budget. This feeds into the Treasury Management Strategy that is approved by the Joint Management Board. The Treasury Strategy suggests some ongoing borrowing required of around £8.5m over 2024/25 and 2025/26, with an

additional £20m over 2026/27 and 2027/28. This area needs to be kept under close monitoring to ensure that proposed investment remains affordable and delivers the returns required.

The PCC and Chief Constable keep their financial planning under review throughout the year. The Revenue and Capital Budgets for 2024/25 set out the plans for the year, with links to their strategic objectives and ambitions in line with the Police & Crime Plan.

The Governance section of our report provides details regarding the procedures for monitoring of the budgets. Overall, we are satisfied that the arrangements for financial planning and monitoring are appropriate.

### **Achieving efficiency savings**

As mentioned earlier, the PCC carries out a public budget consultation every year, which feeds into the budget report, which is monitored by the Senior Command Team (SCT). In addition, the SCT also receive a People Services Report, which highlights progress against the main savings under vacancy management. The underspend on the 2023/24 revenue budget is a good indication that efficiency savings are being achieved in the year. The MTFS Reserve and the Carry Forward reserve are good examples of amounts being put aside to invest in transformational change programmes that will in turn deliver further efficiency savings. The reserves are also a buffer to cover any potential delays with the implementation of change programmes.

A new Efficiency and Savings Board has been created in April 2024 to ensure the highest level of independent monitoring of delivering on savings targets. They meet bi-monthly and prepare a report to be presented to Strategic Command Team monthly. We will consider this further as part of our work in 2024/25.

***Based on the work carried out, we are satisfied that there are no significant weaknesses in the PCC's and Chief Constable's financial sustainability arrangements.***

## 6. Governance

We considered how the PCC and Chief Constable ensure that they make informed decisions and properly manages their risks, including how they:

- monitor and assesses risk and how the bodies gain assurance over the effective operation of internal controls, including arrangements to prevent and detect fraud;
- approach and carries out their annual budget setting process;
- ensure effective processes and systems are in place to ensure budgetary control; to communicate relevant, accurate and timely management information (including non-financial information where appropriate); support their statutory financial reporting requirements; and ensure corrective action is taken where needed, including in relation to significant partnerships;
- ensure they make properly informed decisions, supported by appropriate evidence and allowing for challenge and transparency. This includes arrangements for effective challenge from those charged with governance/audit committee; and
- monitor and ensure appropriate standards, such as meeting legislative/regulatory requirements and standards in terms of officer or member behaviour (such as gifts and hospitality or declarations/conflicts of interests), and for example where they procure or commission services.

### Risk management

The PCC and Chief Constable have established systems of risk management and risks are regularly monitored. The Strategic Risk Register is reviewed quarterly at SCT meetings and Joint Management Board. It is also considered at the Joint Audit Advisory Committee (JAAC) and minutes show evidence of discussion of matters arising. The terms of reference for the JAAC include "To monitor the effective development and operation of risk management in the OPCC and force" and "To monitor progress in addressing risk-related issues reported to the committee". Minutes of the JAAC seen, confirm this takes place.

The format of the Strategic Risk Register includes key elements: risk scoring, mitigations, current analysis and action overview. There is a risk owner, action owner and review date, with each risk identified against strategic objectives. A further helpful addition to the register would be a risk movement indicator for further clarity and to highlight risks escalating or de-escalating clearly. This is included in associated narrative, however, would clearly indicate on the register itself to aid review. We have made a recommendation to this effect, however, overall we are satisfied with the risk management arrangements in place.

### Internal control

There are appropriate arrangements surrounding internal control. The Internal Audit function is provided by MIAA as in the previous year. The contract was renewed in the year as confirmed in minutes of the JAAC February 2024 meeting. The 2024/25 plan agreed at JAAC in February 2024, includes a three-year strategic plan and the coverage for 2024/25 to be addressed. MIAA representation is seen within minutes of each JAAC providing updates and progress reports.

The Internal Audit Annual Report for 2023/24 produced by MIAA in February 2024 shows all audits completed and seven areas covered (six Assurance audits and a report on National Fraud Initiative for which no assurance opinion was applicable due to the nature of the work). The overall opinion for the year to 31 March 2024 was provided as "Substantial", with 22 recommendations raised. All prior year recommendations were reported as implemented.

The Anti-Fraud Procedure is up to date, reviewed in July 2023. Whistleblowing is outlined in the Professional Standards Reporting Procedure seen and further documentation is widely available, published on the Chief Constable's procedure library.

### Budget Setting

The annual budget setting process is in line with the PBB processes. The monitoring and setting of budgets is a live process with regular review and updates evident. Active participation is involved from budget managers. A collaborative sharing of information with budget managers is seen within PBB Panel meeting notes and communications, Budget Briefings, guidance documentation and various modelling options. Briefings by HR and Finance also support the process. Monthly performance reports and quarterly financial reporting are presented the Senior Management Team and to the Joint Management Board (JMB) for monitoring and scrutiny.

The MTFS is based on comprehensive data and stakeholder contribution. The Joint Strategic Development Group (JSDG) provide a link between the Constabulary and the PCC to allow information to flow. There is evidence of ownership and involvement of senior leaders in the development of the financial plans.

### **Budgetary Control**

The Chief Constable operates a real-time budget monitoring system called APEX, which allow budget managers to review their budgets, forecasts and commitments at any time. Monthly forecasts are produced by budget managers for scrutiny by the SCT and quarterly by the JMB with resulting actions taken as appropriate. Variances are identified promptly and budget managers held to account as evidenced in both SCT and JMB minutes and communications seen. The finance team have a range of skills and capacity to perform their function well.

Capital cost is monitored in a detailed spreadsheet that feeds into the capital section of quarterly finance reporting to the JMB. There is a mid-year review. The system allows careful monitoring of capital cost to ensure it does not suffer unidentified cost overruns.

### **Decision making**

From our work we have seen that relevant information is provided to decision makers allowing for scrutiny and challenge. The Annual Governance Statement (AGS) on behalf of the PCC and the Chief Constable sets out how responsibilities are discharged with regard to a sound system of internal control that supports the achievements of policies, aims and objectives, the purpose of the system of internal control and the conduct and results thereof. Internal Audit confirms through risk based testing that there is a sound system of internal control. The governance framework and flow of information has been verified through minutes, reporting and documentation provided to show that information is presented to decision makers at appropriate levels for good decision making.

The PCC and the Chief Constable have separate Chief Finance Officers which is in line with many other police bodies and ensuring roles can be delivered effectively and independently.

The latest AGS is on the website and includes seven principles of good governance, with each in turn narrated with detail of progress within the year. The last PEEL review was in 2020/21 with a review due to be undertaken in 2024/25. The Chief Constable's headquarters was built under the Private Finance Initiative which was a scheme whereby contracts were let to the private sector to finance, design, build and maintain public assets. Cheshire Police's contract is due to conclude in 2033/34 and we have seen proactive steps taken to set up a working group to formulate and manage the exit strategy, with advice from a Home Office PFI expert.

We have reviewed the Staff Code of Conduct and through this, along with internal communications gives us comfort that there is an appropriate culture set by senior leaders to decision making.

### **Ensuring appropriate standards**

The internal audit reports from MIAA include assurance on financial processing and high assurance levels are given. We have seen "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" demonstrating controls are working appropriately.

The Code of Corporate Governance and OPCC Code of Conduct has been reviewed, demonstrating communications to staff of expected behaviours. The code is reviewed every three years, and was reviewed in May 2024. There are separate code of conduct documents for staff and the PCC /DPCC.

We have reviewed the Gifts, Gratuities and Hospitality Policy and logs which evidence that gifts are appropriately addressed, and the policy is complied with. We further note that the register of interests is up to date and on the website.

***Based on the work carried out, we are satisfied that there are no significant weaknesses in the PCC's and Chief Constable's governance arrangements. We have one recommendation for areas of improvement – please see Section 8 for more information.***

## 7. Improving economy, efficiency, and effectiveness

We considered how the PCC and Chief Constable use information about their costs and performance to improve the way they manage and deliver their services, including:

- how financial and performance information has been used to assess performance to identify areas for improvement;
- how the PCC and Chief Constable evaluate the services they provide to assess performance and identify areas for improvement;
- how the PCC and Chief Constable ensure they deliver their role within significant partnerships and engage with stakeholders they have identified, in order to assess whether they are meeting their objectives; and
- where the PCC and Chief Constable commission or procure services, how they assess whether they are realising the expected benefits.

### Assessing performance and evaluating service delivery

The Chief Constable's performance and service delivery is measured and monitored through the Scrutiny Board, which is a mechanism for the PCC to hold the Chief Constable to account for performance against the Police and Crime Plan and wider delivery.

The Terms of Reference (July 2022) for the Scrutiny Board include:

- Enable the Commissioner to hold the Chief Constable to account.
- Consider performance and service delivery against the Police and Crime Plan.
- Report strategic issues to the Commissioner and the Chief Constable.
- Following scrutiny enable the Commissioner and the Chief Constable as appropriate, to provide strategic direction to those present.
- To consider wider performance delivery matters that relate to the efficiency and effectiveness of the Constabulary

There are a variety of ways in which performance is measured. These include reports that go to Scrutiny Board containing significant amounts of data and performance information. Within these is a review of comparisons against Most Similar Group of Forces (MSGs) which allows priority-identification. In addition, a performance scorecard is considered by the SCT on a weekly basis. Detailed reports to show performance are presented and scrutinised, supported by data.

We have seen that the PCC and Chief Constable monitor and report on HMICFRS Value for Money Profiles and these are considered at JAAC meetings quarterly. Through Priority Based Budgeting (PBB), mechanisms are used for service level reviews evidenced through reports seen on VFM taken to JAAC. The body is proactive in implementing recommendations from HMICFRS and there is evidence of these being monitored through a tracker report with action owner and business lead to own the actions arising.

### Partnership working

Collaborative working arrangements are governed at PCC and Constabulary level by the Joint Oversight Committees and the Cheshire Collaboration Board. The Cheshire Police and Crime Panel scrutinise and challenge the decisions, or any action taken by the PCC in relation to discharging his statutory functions as PCC for Cheshire. The Police and Crime Panel, which consists of ten councillors from the four local authorities in Cheshire and three co-opted independent members, do not have a role in scrutinising the Force or scrutinising details that are specific to operational policing. Additionally, Cheshire PCC engages with the Association of Police and Crime Commissioners (APCC) which provides a platform for collaborations and knowledge sharing at a national level, as well as the North West Joint Oversight Committee (NWJOC) at a regional level with participating parties (PCCs and Chief Constables) from Cheshire, Cumbria, Greater Manchester, Lancashire, Merseyside and North Wales. Terms of reference have been seen along with meeting agendas. This committee was formed to secure efficient and effective governance of collaboration arrangements between the participating parties.

We have seen update papers from the Force Performance Day Update which evidence discussion, including updates from HMICFRS. Reports from HMICFRS and the Commissioner's Responses are on the website for transparency and monitoring.

In their 2022/23 Auditor's Annual Report, the predecessor auditor recommended that where joint corporate service have been reviewed, Cheshire police should ensure that appropriate KPIs are introduced for each service and that these are

monitored. Our follow-up work found that the service level agreements which include KPIs between Fire and Police for the remaining joint departments are currently being worked on. KPI reporting includes target information to measure progress, alongside the data for performance..

### **Commissioning and procuring services**

Procurement is governed by the standing orders relating to contracts within the Code of Corporate Governance Financial Regulations. There is also a Procurement Strategy 2022 – 2025 which we have reviewed. This includes the Ethical Procurement Policy and Supplier Code of Ethics. Tendering processes are managed through the Bluelight Procurement database, and we have seen no evidence of the body failing to use their policies.

The Constabulary has Procurement and Contracts Managers who work alongside procurement and Contract Officers. Contracts via Procurement have a named person responsible for management and resolution of any issues. Larger contracts have regular performance meetings and we have seen evidence of monitoring for such a contract, with actions and resolution evident.

***Based on the work carried out, we are satisfied that there are no significant weaknesses in the PCC's and Chief Constable's arrangements for improving economy, efficiency and effectiveness.***

# 8. Recommendations

**KEY:**



Recommendations that refer to issues that have resulted in a significant weakness in the PCC and Chief Constable’s arrangements.



Recommendations that should improve the arrangements in place at the PCC and Chief Constable but are not as a result of identifying a significant weakness.



Recommendations that should improve the arrangements in place at the PCC and Chief Constable, as a result of identifying areas where best practice was not being followed or minor weaknesses in arrangements in place.

**Current Year Issues**

Governance – Risk Register	
<p>We noted in Section 6 that a further helpful addition to the risk register would be a risk movement indicator for further clarity and to highlight risks escalating or de-escalating clearly. Whilst this is included in the associated narrative, a key to the direction of travel would clearly indicate on the register itself to aid review.</p>	<p><b><u>Management comment</u></b></p> <p>We acknowledge the recommendation, and we will add a direction of travel arrow to the risk register.</p>

**Prior Year Issues reported by the predecessor auditor – Resolved**

Improving efficiency, economy and effectiveness – Monitoring of KPIs for corporate services	
<p><b><u>Previous matter</u></b></p> <p>The previous auditors had identified that, with regards to joint corporate services, performance monitoring was not necessarily taking place as planned, nor were actions always being followed up.</p> <p>A recommendation was raised that Cheshire Police should ensure that appropriate KPIs are introduced for each service and that these are monitored.</p>	<p><b><u>Update</u></b></p> <p>The service level agreements between Fire and Police for the remaining joint departments are currently being worked on, which include KPIs. KPI reporting includes target information to measure progress, alongside the data for performance.</p>

## Financial sustainability – Undertake ‘root and branch’ review of the Constabulary

### Previous matter

The previous auditors had identified that a root and branch’ review of the Constabulary was required to identify savings opportunities.

A recommendation was raised that Cheshire Police should undertake a ‘root and branch’ review of the Constabulary alongside a review of all non-pay budgets, contractual specifications and processes and report the outcomes of this and impact on the MTFS as and when information is available.

### Update

The PCC has undertaken a Root and Branch Review of Forensics together with a Management Root and Branch Review, with future reviews being scheduled.



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# Internal Audit Progress Report

## Joint Audit Advisory Committee (February 2025)

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.

## 1 Introduction

This report provides an update to the Joint Audit Advisory Committee in respect of 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 1<sup>st</sup> December 2024 – 31<sup>st</sup> January 2025

## 2 Executive Summary

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

### 2024/25 Audit Reviews

The following reviews have been finalised:

- Key Financial Systems (**High Assurance**)
- Pensions (**Substantial Assurance**)

The following reviews are in progress:

- Business Continuity (**Fieldwork**)
- Thrive Risk Assessments (**Fieldwork**)
- National Fraud Initiative (**Fieldwork**)

## Added Value

### Briefings

Our latest briefings/blogs/podcasts are:

- [24/25 MIAA Insight - EU Artificial Intelligence Act and its wider implications](#)

### Advisory and Support Role

We have continued to keep you updated on the latest key guidance through the regular issue of The Internal Audit Network (TIAN) Insight Report and News and our Fraud Threats and Advice Briefings.

## Global Internal Audit Standards

From April 2025 MIAA will be required to comply with the Global Internal Audit Standards and the UK Public Sector Application Note: *Global Internal Audit Standards in the UK Public Sector* (collectively referred to as GIAS here). These documents replace the Public Sector Internal Audit Standards (PSIAS).

To support our readiness to adopt the GIAS from April 2025 our Associate Director – Continuous Improvement has undertaken a baseline assessment of our current compliance levels with the GIAS.

Given MIAA's current full compliance with PSIAS we comply with the majority of GIAS requirements. We will ensure full compliance with all GIAS requirements from April 2025.

## 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 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	✓	Complete	High Assurance	February 2025
National Fraud Initiative	N/A	Fieldwork		July 2025
Risk Based Assurances				
HR / Pensions	✓	Complete	Substantial Assurance	February 2025
Thrive Risk Assessments	✓	Fieldwork		July 2025
Business Continuity	✓	Fieldwork		July 2025
Custody Referral Pathways	✓	Complete	Substantial Assurance	September 2024
Neighbourhood Policing Framework and Problem Solving	✓	Complete	Substantial Assurance	November 2024

HOIA Opinion Area	TOR Agreed	Status	Assurance Level	Joint Audit Advisory Committee Reporting
Follow Up				
Q1 / Q2	N/A	Complete		September 2024
Q3 / Q4	N/A	Fieldwork		July 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"> <li>the efficient and effective use of resources</li> <li>the safeguarding of assets</li> <li>the preparation of reliable financial and operational information</li> <li>compliance with laws and regulations.</li> </ul>
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"> <li>has a low impact on the achievement of the key system, function or process objectives;</li> <li>has exposed the system, function or process to a key risk, however the likelihood of this risk occurring is low.</li> </ul>
Low	Control weakness that does not impact upon the achievement of key system, function or process objectives; however implementation of the recommendation would improve overall control.

## Limitations

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

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

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

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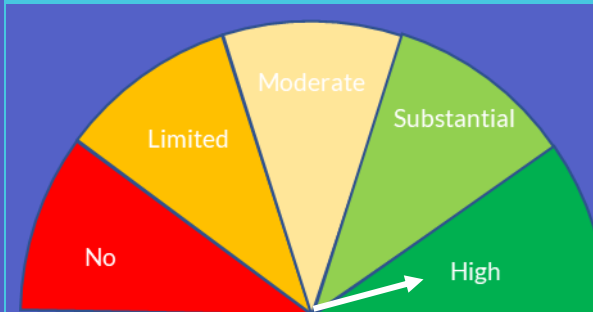
# Key Financial Transactional Processing Controls Review

## Assignment Report 2024/25 (Final)

Police and Crime Commissioner and Chief Constable for Cheshire

301CPCC\_2425\_001

### Overall Assurance Opinion



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.

# Contents

## 1 Executive Summary

## 2 Findings and Management Action

### Appendix A: Engagement Scope

### Appendix B: Assurance Definitions and Risk Classifications

### Appendix C: Report Distribution

#### Acknowledgement and Further Information

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.

## 1 Executive Summary

The overall objective of the review was to provide assurance that the most significant key controls in the areas detailed in the scope, outlined in Appendix A, are appropriately designed and operating effectively in practice.

### Key Findings/Conclusion

Overall, the Constabulary has a strong system of internal control in relation to their financial systems. There is comprehensive evidence that the Constabulary's financial controls are operating robustly, and areas of good practice were found in most cases of our sample testing and documentation review.

Good practice was noted within all areas tested including General Ledger, Accounts Payable, Accounts Receivable, Treasury Management, Budgetary Controls and Reserves. We found compliance within all internal controls and highlighted areas of good practice with respect to authorisation and segregation of duties requirements.

We have raised 1 low risk recommendation with regards to 2 members of staff who did not have the same approved limits within Unit 4 as per the Scheme of Delegation.

Objectives Reviewed	RAG Rating
General Ledger	Green
Accounts Payable	Green
Accounts Receivable	Green
Treasury Management	Green
<b>Overall Rating</b>	High

Recommendations		
Risk Rating	Control Design	Operating Effectiveness
Critical	0	0
High	0	0
Medium	0	0
Low	0	1
<b>Total</b>	<b>0</b>	<b>1</b>

## Areas of Good Practice

- Control account reconciliations are completed monthly. Audit testing undertaken on control account reconciliations confirmed that adequate segregation of duties was in place between the persons preparing and authorising the reconciliation. All accounts reviewed were adequately reconciled and this was completed within a timely manner.
- Audit testing on a sample of 20 Journals raised this financial year confirmed that in all instances there was segregation of duties in place between the person preparing and authorising the journal.
- Authorised limits have been established within Unit 4 and are maintained. Our analysis confirmed that limits were consistent with the Chief Constable's Scheme of Delegation.
- Appropriate segregation of duties was in place for a sample of 10 paid invoices supported by a purchase order and 10 paid invoices not automatically matched.
- There is a documented, standard operating procedure in place for setting up new suppliers and amendments to bank detail changes for current suppliers within Unit 4. Our review confirmed that any changes to a supplier including bank details needs to be approved by senior members of staff and the approval is required within Unit 4. Notes are made within Unit 4 via attached documents which outline the contact made with the supplier to ensure request to change bank details is legitimate and minimises the risk of Fraud.
- Sample testing of 10 sales invoices highlighted appropriate approval and supporting backing documentation. Audit review of 10 credit notes confirmed valid reasons were provided for the cancellation of the debt.
- Review of the bank mandate and access to online banking identified that entitled officers listed were current and appropriate.
- Aged debt monitoring is in place within Unit 4 where aged debt is outlined in detail with 30, 60 and 90-day breakdown. Testing on a sample of 10 outstanding invoices evidenced actions and comments for the following up and the chasing of debt. Outstanding debt is reported to the Joint Management Board.
- BACS runs are confirmed in Unit 4 by a Member of the Finance Services Management Team to ensure necessary segregation of duties and to allow any additional checks to be completed.
- The net budget to be funded, the net budget requirement and the tax precept for the 2024/25 financial year commencing 1st April 2024 was approved by the Joint Management Board in January 2024.
- The Scheme of Delegation was last reviewed in July 2024 to ensure this was up to date and relevant. Within this, limit and approvers are evidenced for changes to the revenue and capital budgets. This includes the budget manager and budget approver limits.
- The financial position against the approved budget is reported to the Joint Management Board on a quarterly basis, with the most recent being November 2024.
- Evidence was in place to demonstrate that the financial forecast outturn, including cash flow is monitored on a live basis which is reported quarterly to the Joint Management Board.
- A reserves strategy is in place was presented to the Joint Management Board in May 2024.
- The use of all reserves must be approved by the Commissioner and a decision number is logged for each decision made. The decision logs are publicly available online.

## Key Findings – Issues Identified

Low

1.1 It was identified through our testing that 2 members of staff did not have the same approved limits within Unit 4 as per the Scheme of Delegation.

## 2 Findings and Management Action

1. <b>Approval Limits</b>		<b>Risk Rating: Low</b>
Operating Effectiveness		
<p><b>Key Finding</b> – It was identified through our testing that although 2 members of staff did not have the same approved limits within Unit 4 as per the Scheme of Delegation.</p>	<p><b>Specific Risk</b> – Members of staff may have inappropriate approval limits which do not reconcile to the Scheme of Delegation.</p>	<p><b>Recommendation</b> – The Constabulary should review the approval limits within Unit 4 for all members of staff and ensure this reconciles with the Scheme of Delegation.</p>
<p><b>Management Response</b> – One member of staff does have an approval limit which is higher than the Scheme of Delegation. This has now been amended such that they have a limit of £25k with approval from the Chief Accountant. A review has now been completed of all staff approval in Unit4 and no further unapproved exceptions to the Scheme of Delegation were found.</p> <p>The second member of staff had an approval lower than the Scheme of Delegation. This is at the discretion of the Head of Department who wants to be sighted on all spend above £25k.</p> <p><b>Responsible Officer</b> – Senior Accountant</p> <p><b>Implementation Date</b> – 03/02/25</p>		<p><b>Evidence to confirm implementation</b> – The review of the approval limits has been shared.</p>

## Appendix A: Engagement Scope

### Scope

The review focused on the key controls within the areas below to support the achievement of the organisation's key financial duties and to minimise the risk of error, misappropriation and fraud.

#### **General Ledger**

- Control Accounts Reconciliation
- Journals

#### **Accounts Payable**

- Purchase Order System Controls
- Non-Purchase Order Payments
- BACS Payment Run Controls
- Supplier Bank Detail Changes

#### **Accounts Receivable**

- Raising of Debtors Accounts
- Use of Credit Notes
- Credit Control
- Aged Debt Reporting and Analysis
- Write-off of Debts

#### **Treasury Management**

- Cash Flow Reporting
- Control of Bank Accounts

- Bank Reconciliations

### Approach

The following approach was adopted to enable us to evaluate potential risks, issues with controls and recommend improvements:

- Discussions with key members of staff to ascertain the nature of the systems in operation.
- Sample testing of processes.
- Review of supporting procedures.

### Scope Limitations

The controls reviewed relate to the 2024-25 financial year to date. IT system administration and management is not within the scope of this review.

### Limitations

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

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

## Appendix B: Assurance Definitions and Risk Classifications

Level of Assurance	Description
High	There is a strong system of internal control which has been effectively designed to meet the system objectives, and that controls are consistently applied in all areas reviewed.
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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"> <li>the efficient and effective use of resources</li> <li>the safeguarding of assets</li> <li>the preparation of reliable financial and operational information</li> <li>compliance with laws and regulations.</li> </ul>
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"> <li>has a low impact on the achievement of the key system, function or process objectives;</li> <li>has exposed the system, function or process to a key risk, however the likelihood of this risk occurring is low.</li> </ul>
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 C: Report Distribution

Name	Title
Ben Jones	Chief Accountant (Deputy S.151 Officer)
Mark Roberts	Chief Constable
Chris Armit	Deputy Chief Constable
Fiona Aston	Finance Services Manager
Judy Goodwin	Senior Accountant
Dan Price	Police and Crime Commissioner
Jane Whalen	Deputy Police and Crime Commissioner
Gemma Southern	Deputy Police and Crime Commissioner
Clare Hodgson	Chief Finance Officer (OPCC)
Damon Taylor	Chief Executive (OPCC)
External Audit	
Joint Audit Advisory Committee	

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**Public Sector Internal Audit Standards**

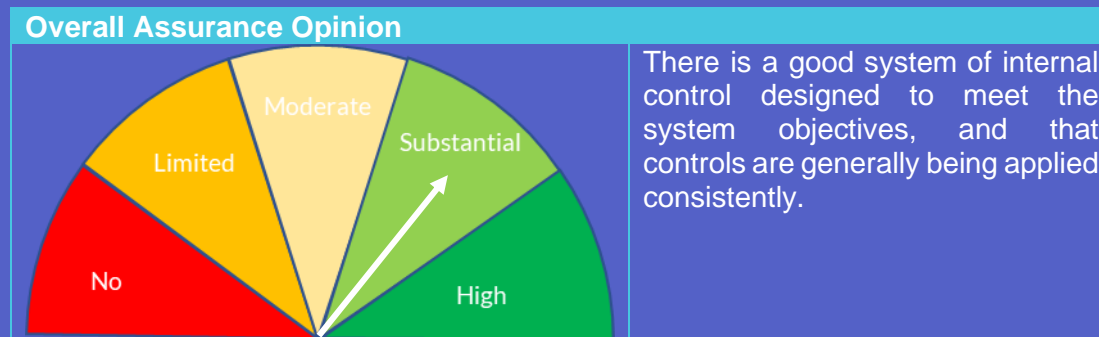
Our work was completed in accordance with Public Sector Internal Audit Standards and conforms with the International Standards for the Professional Practice of Internal Auditing.

# Pensions Review

## Assignment Report 2024/25 (Final)

Police and Crime Commissioner and Chief Constable for  
Cheshire

301CPCC\_2425\_002



# Contents

## 1 Executive Summary

## 2 Findings and Management Action

Appendix A: Detailed Findings

Appendix B: Engagement Scope

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.

## 1 Executive Summary

**Overall Audit Objective:** The overall objective of the audit was to evaluate the robustness and effectiveness of controls that support the pension key controls and processes to ensure validity, accuracy, and timeliness of payments from and to employees.

**Scope Limitation:** Scope is limited to the accuracy of data transposition within the Constabulary regarding pension processes, and does not include assurance around the controls of the pension providers.

### Key Findings/Conclusion

Overall, the review identified that controls were designed and operating effectively, noting some areas of improvement. A Service Line Agreement (SLA) is in place with the pension provider, XPS, for Police Officers, and a Pension Administration Strategy is in place with the pension provider for Police Staff – Local Government Pension Scheme – Cheshire Pension Fund (LGPS – CPF).

Access to pension systems within Unit 4 was appropriate and is managed through the role-based access within Unit 4.

Audit testing on a sample of new starters and leavers confirmed effective controls were in operation and data was accurate. We did find a minor issue with regards to the timely submission of a leaver to the pension providers.

Audit recommendations have focused on the strengthening of procedures within the Pensions team and the controls in place. We have also recommended improvements in the monitoring of the Key Performance Indicators (KPIs) with LGPS to ensure there is consistent communication with the pension provider and challenge is evidenced to ensure KPIs are monitored, and any non-compliance is reported and actioned accordingly.

Objectives Reviewed	RAG Rating
Procedures	Amber
Roles and Responsibilities	Green
New Starters & Leavers	Green
Opt-Outs	Green
Monitoring and Reporting	Amber
<b>Overall Assurance Rating</b>	<b>Substantial</b>

Recommendations		
Risk Rating	Control Design	Operating Effectiveness
Critical		
High		
Medium	1	1
Low		1
<b>Total</b>	<b>1</b>	<b>2</b>

## Areas of Good Practice

- Roles and responsibilities are stated within the Service Line Agreement (SLA) with XPS and within the Pension Administration Strategy with LGPS – Cheshire Pension Fund (CPF)
- Audit testing on a sample of 10 new starters between July – September 2024 confirmed the following:
  - On all occasions new starter information within Unit 4 matched the data entered by the HR on-boarding team within their system Ollelo.
  - Pensionable pay was accurate to the starting salary and entered correctly within Unit 4.
  - On all occasions, Officers were within the XPS pension scheme and Police Staff were within the LGPS-CPF pension scheme.
  - On all occasions, the new starters were reported in a manner to XPS (Officers) or LGPS-CPF (staff) within the relevant templates provided by the pension providers.
  - On all occasions, all new starter information including salary and start date matched the information with Unit 4 and Ollelo.
  - On all samples of Police Officers, a death nomination grant form had been completed and approved appropriately.
- Audit testing on a sample of 10 leavers between July – September 2024 confirmed the following:
  - On all samples of Police staff, a LGPS-CPF leavers form had been completed and matched the information within Unit 4.
  - On all samples of Police officers, an XPS submission spreadsheet template had been completed and matched the information within Unit 4.

- On all occasions, the leave date submitted to the pension providers matched the leave date within Unit 4.
- It was confirmed that there had been no opt-ins during the audit testing period. However, audit testing on a sample of 10 opt-outs confirmed the following:
  - On all occasions, an opt form was evidenced and retained on the employee’s file.
  - On all occasions, the opt out forms evidenced the employee’s and employer’s signature and declaration. These were all completed in a timely manner.
- At the time of the review, we confirmed that all staff who have access to Unit 4 (Pensions) were appropriate for their duties and role.

Key Findings – Issues Identified	
Medium	1.1. Our review identified that procedures aren’t formally in place with regards to the processes relating to pensions. 1.2. Although KPIs and performance are discussed at quarterly review meetings with XPS, this is not in place with LGPS. Discussions confirmed that there was no overarching framework in place with LGPS to ensure this is in place.
Low	1.3 On 6 out of 10 occasions within the leavers sample, the documentation sent to the pension providers was submitted after the leaving date.

## 2 Findings and Management Action

<b>1. Pension Process Procedures</b>		<b>Risk Rating: Medium</b>
<b>Control Design</b>		
<p><b>Key Finding</b> – During our review, it was identified that although there are a couple of procedures in place relating to pensions, these are not formalised, and it was noted that there are a number of procedures that still need to be developed and authorised.</p>	<p><b>Specific Risk</b> – Lack of formalised procedures in place may result in inconsistent application of pension processes.</p>	<p><b>Recommendation</b> – It is recommended that:</p> <ul style="list-style-type: none"> <li>- The procedures that are currently in place, these are within the formalised template which allow for version control, and the implementation and review dates are stated.</li> <li>- The Constabulary develop procedures relating to all pension processes to allow for consistent application within the team and these are inputted within the formalised template.</li> </ul>
<p><b>Management Response</b> - We acknowledge that some of our process guides are missing and/or need updating. We will identify the missing processes and document accordingly.</p> <p><b>Responsible Officer</b> – Pay and Pensions Manager</p> <p><b>Implementation Date</b> – 30/06/2025</p>		<p><b>Evidence to confirm implementation</b> – Implementation of procedures for all pensions processes which have been reviewed and approved accordingly.</p>

<b>2. Monitoring and Reporting</b>		<b>Risk Rating: Medium</b>
Operating Effectiveness		
<p><b>Key Finding</b> – Although KPIs and performance are discussed at quarterly review meetings with XPS, this is not in place with LGPS. Discussions confirmed that there was no overarching framework in place with LGPS to ensure this is in place.</p> <p>-</p>	<p><b>Specific Risk</b> – A lack of monitoring and reporting may result in failing to detect and address issues before they escalate, or inefficiencies in processes or systems go unnoticed.</p>	<p><b>Recommendation</b> – It is recommended that the Constabulary should seek assurance from LGPS on the formally agreed KPIs. Regular communication should be in place to ensure these are reported and any actions are monitored and implemented.</p>
<p><b>Management Response</b> – We will contact LGPS to request a regular KPI review meeting. We do have regular contact with the LGPS but this needs to be formalised to discuss SLA's and KPI's. We do attend a quarterly “Employer Forum” but this is with a representative from each employer with CPF but no KPIs are discussed.</p> <p><b>Responsible Officer</b> – Pay and Pensions Manager</p> <p><b>Implementation Date</b> – 31/05/2025</p>		<p><b>Evidence to confirm implementation</b> – Regular KPI review.</p>

<b>3. Leavers</b>		<b>Risk Rating: Low</b>
Operating Effectiveness		
<p><b>Key Finding</b> – Our sample testing of 10 leavers identified on 6 out of 10 occasions within the leavers sample, the documentation sent to the pension providers was submitted after the leave date.</p>	<p><b>Specific Risk</b> – pension providers are notified after the employee has left the organisation which may result in mis-calculation of pension contributions.</p>	<p><b>Recommendation</b> – A timetable should be developed to enable timely completion of pension processes submission of leavers to the pension providers.</p>

**Management Response** – All leavers aged 55 or over must be sent to CPF before the leave date and we have a process in place to ensure they are processed in a timely manner. However, leaver forms for those 55 and under, are permitted to be sent to CPF up to 10 days after the last payment is received. For some employees this will be the pay they receive in the last month of employment, but for some employees this will be the month after they leave as they may receive overtime, annual leave or weekend enhancement the month after the leave date.

We will look into the leavers process with the other HR teams to explore whether we can make all residual payments, such as overtime, in the last month of employment. We will also explore the recommendation against the risk of duplicating forms.

**Responsible Officer** – Pay and Pensions Manager

**Implementation Date** – 31/05/2025

**Evidence to confirm implementation** – Review of leavers process for 55 and under.

## Appendix B: Engagement Scope

### Scope

The overall objective of the audit is to evaluate the robustness and effectiveness of controls that support the pension benefits system to ensure validity, accuracy, and timeliness of payments from and to employees.

### 3 Audit Scope

Sub Objective	Risk
Roles and responsibilities have been clearly set out and communicated, within an agreed Service Level Agreement (SLA).	Where roles and responsibilities are not clear, payments may be made to staff not employed by the organisation or for hours not worked, adversely impacting the financial position of the organisation.
There are appropriate procedures and guidance available for line managers to complete supporting documentation to initiate pension processes.	Requests for amendments made by authorised individuals do not reach, or are not processed by staff, resulting in under / overpayments.
Access rights to the pensions system are controlled and monitored.	User access is not set up to enforce segregation of duties, resulting in the addition of 'ghost' employees.

New starters and terminations are notified to the pension provider promptly, are appropriately authorised and are accurately input / updated in the system in a timely manner.	New starters and terminations are not effectively managed and controlled, resulting in miscalculations/ under / overpayments of pension benefits.
There is a process to ensure individuals who choose to opt-in/ opt-out during a period of service are processed accurately, timely and with the appropriate authorisation.	Pension opt-in and opt-outs are not effectively managed and controlled, resulting in miscalculations/ under / overpayments of pension benefits.
Routine monitoring of information provided by the pension provider (e.g., KPIs) is regularly reviewed and actioned as appropriate.	The contract with the pension provider is not appropriately managed including the monitoring of agreed KPIs, resulting in under / overpayments.

### Limitations

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

Our work does not provide absolute assurance that material errors, loss or fraud do not exist.

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

## Appendix C: Assurance Definitions and Risk Classifications

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

Risk Rating	Assessment Rationale
Critical	Control weakness that could have a significant impact upon, not only the system, function or process objectives but also the achievement of the organisation's objectives in relation to: <ul style="list-style-type: none"> <li>the efficient and effective use of resources</li> <li>the safeguarding of assets</li> <li>the preparation of reliable financial and operational information</li> <li>compliance with laws and regulations.</li> </ul>
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"> <li>has a low impact on the achievement of the key system, function or process objectives;</li> <li>has exposed the system, function or process to a key risk, however the likelihood of this risk occurring is low.</li> </ul>
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
Kirsty Farquharson	Pay & Pensions Manager
Daniel Gillett	Inspection and Assurance Manager / HMICFRS Liaison Officer
Elayne Gibson	Head of HR Operations
Nicola Bailey	Head of People Services
Chris Armitt	Deputy Chief Constable
Mark Roberts	Chief Constable
Dan Price	Police and Crime Commissioner
Jane Whalen	Deputy Police and Crime Commissioner
Gemma Southern	Deputy Police and Crime Commissioner
Clare Hodgson	Chief Finance Officer (OPCC)
Damon Taylor	Chief Executive (OPCC)
External Audit	
Joint Audit Advisory Committee	

**Anne-Marie Harrop**

Regional Assurance Director

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**Charles Black**

Delivery Manager - Assurance

Tel: 07554332410

Email: [Charles.Black@miaa.nhs.uk](mailto:Charles.Black@miaa.nhs.uk)

**Limitations**

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.

**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.



# Business Continuity Planning Review

## Terms of Reference 2024/25

Police and Crime Commissioner and Chief Constable for  
Cheshire

301CPCC\_2425\_005

## 1 Introduction and Background

A review of Business Continuity Planning will be undertaken as part of the 2024/25 Internal Audit Plan.

## 2 Audit Objective

The overall objective is to provide assurance that the organisation has developed and implemented robust business continuity planning arrangements.

## 3 Audit Scope

Sub Objective	Risk
There is an overarching Policy in place for Business Continuity planning which sets out roles and responsibilities for areas that require Business Continuity Plans.	Policy does not adequately define roles and responsibilities leading to inadequate processes / controls being in place to mitigate risk.
A formal risk assessment exists for each area that directly takes Business Continuity Planning into consideration.	No formal risk assessments are in place, or risk assessments do not directly consider Business Continuity Planning.
There are Business Continuity Plans in place that set out how areas will plan for, respond to, and	A plan is not in place to respond to and recover from a significant incident or loss of services.

recover from a significant incident or loss of services.	
Business Continuity Plans are reviewed, tested, and updated on a regular basis.	Business Continuity Plans have not been tested to ensure they are sufficient, ensuring continuity of service.
Staff training meets the specific response needs of the Business Continuity Plan/Strategy. On-going training is provided to ensure that skills are maintained following updates to the plan/strategy;	Staff do not have the required knowledge to effectively manage Business Continuity Planning risks.
There is appropriate governance arrangements are in place to ensure Chief Officers, and the Police and Crime Commissioners office are kept informed of any appropriate Business Continuity Planning risks.	The Joint Management Board and respective delegated committees are not kept informed of any appropriate Business Continuity Planning risks.

The limitations to scope are as follows:

The Business Continuity Plans reviewed will relate to the 2024-25 financial year to date.

IT system administration and management is not within the scope of this review.

The scope of this review is focused on the objectives described above and is limited to the controls in operation at the organisation.

## 4 Audit Approach

The audit process will involve:

- Discussions with key members of staff to ascertain the nature of the systems in operation and reporting arrangements.
- Desktop review of existing policies, procedures, performance information, local guidelines to confirm that they are up to date and communicated across the force.
- Desktop review of Joint Management Board reporting.

Following completion of the audit fieldwork we will meet with Chief Officers and the audit sponsor to discuss the audit findings and proposed recommendations. A draft report will be produced; your responses to these recommendations and a timetable for any actions to be carried out will be agreed and incorporated into the final report, along with the names of staff who will be responsible for their implementation. The final report will be approved by the lead Chief Officer. The conclusion of all final reports is reported to the Joint Audit Advisory Committee.

## 5 Information Requirements

We have provided below details of documentation we require to undertake the review. Please note that this list is not exhaustive and there may be other documents that we request once we have commenced the fieldwork. Similarly, if you are aware of any other documents that would assist the review which are not listed below, we would be grateful if you could make these available to us:

- Business Continuity Strategy/ Policy
- Listing of areas that require a Business Continuity Plan and records of tracking BCPs

- Business Continuity Plans
- Details of Staff Training
- Minutes, agenda and papers of key groups and committees in relation to BCP

## 6 Proposed Timescales

Stage	Proposed Date
Fieldwork commences	February 2025
Discussion document to client	February 2025
Responses by client	February 2025
Final report	March 2025

## 7 Key Contacts and Report Distribution

Name	Title	Report
Paul Woods	Head of Planning and Performance	Draft / Final
Dawn Wright	Health and Safety and Risk Manager	Draft / Final
Daniel Gillett	Inspection and Assurance Manager /	Draft / Final

	HMICFRS Liaison Officer	
Mark Roberts	Chief Constable	Final
Chris Armit	Deputy Chief Constable	Final
Bill Dutton	Assistant Chief Constable	Final
Dan Price	Police and Crime Commissioner	Final
Jane Whalen	Deputy Police and Crime Commissioner	Final
Gemma Southern	Deputy Police and Crime Commissioner	Final
Clare Hodgson	Chief Finance Officer (OPCC)	Draft / Final
Damon Taylor	Chief Executive (OPCC)	Draft / Final
External Audit		Final
Joint Audit Advisory Committee		Final

## 8 Data Protection and Freedom of Information

MIAA takes their responsibility for the security and protection of information acquired and used during the delivery of its work seriously.

MIAA are compliant with the requirements of the NHS Data Security and Protection Toolkit and are Cyber Essentials Plus certified. We have in place a comprehensive Information Security and Privacy Management system based upon ISO 27001 and ISO 27701 and have implemented a range of technical controls to protect data.

In delivering this assignment MIAA will acquire supporting information from you, some of which may be confidential or otherwise sensitive. This information will be used solely for the completion of this assignment and for informing our Head of Internal Audit Opinion.

In this context, MIAA are considered data processor for that information and thus are subject to the requirements of the Data Protection Act and the UK General Data Protection Regulation, where personally identifiable information is concerned, and the Freedom of Information Act, where corporate information is concerned.

MIAA will, therefore, be required to not only comply with the laws and regulations in respect of our control of the data but will also be responsible for any appropriate disclosure under the legislation.

## 9 Your Acceptance

Please do not hesitate to contact MIAA should you have any comments regarding the Terms of Reference (these will be assumed as agreed if MIAA are not informed otherwise).



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Regional Assurance Director

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Principal Auditor

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Delivery Manager

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# Thrive Risk Assessments Review

## Terms of Reference 2024/25

Police and Crime Commissioner and Chief Constable for  
Cheshire

301CPCC\_2425\_006

## 1 Introduction and Background

The review of THRIVE Risk Assessments will be conducted in accordance with the requirements of the 2024/25 Internal Audit Plan, as approved by the Joint Management Board.

Within policing, THRIVE risk assessments are used as a decision-making framework to assess risks, prioritize responses, and allocate resources effectively. "THRIVE" (Threat, Harm, Risk, Investigation, Vulnerability, and Engagement) is designed to guide officers in handling incidents and cases with a focus on ensuring public safety and addressing the needs of vulnerable individuals. It allows a judgement to be made of the relative risk posed by the incident and places the individual needs of the victim at the centre of that decision.

## 2 Audit Objective

The overall objective of this review is to evaluate the consistency, accuracy, and effectiveness of the THRIVE risk assessment framework and its application.

## 3 Audit Scope

Sub Objective	Risk
Policies and procedures are in place for the application of the THRIVE model.	Policies and procedures for THRIVE risk assessments are not in place leading to inconsistent application.
Officers have received training on the application of the THRIVE model ensuring there are informed,	Officers may make subjective or inconsistent decisions about how to prioritize incidents and apply the

consistent, and effective decisions under the THRIVE framework.	THRIVE model, leading to inconsistent responses.
Assessments are consistently applied across all types of incidents with high-risk and vulnerable individuals appropriately identified and prioritised.	Lack of consistent application may result in disproportionate allocation of resources or inadequate responses.
The application of THRIVE assessments are clearly documented and recorded with a clear audit trail and appropriate review.	Lack of a clear audit trail may result in reduced accountability, transparency, and effective operational responses.
Outcomes / Lessons learnt of THRIVE risk assessments are clearly reported, and any action plans are monitored and implemented in a timely manner.	A lack of reporting and documenting outcomes may result in reduced accountability, and a failure to improve processes and effective decision-making.
There is governance and oversight of THRIVE assessments for quality and accuracy and mechanisms are in place address errors, inconsistencies, and gaps in application.	Without monitoring and reporting, the application of THRIVE will be inconsistent, with officers and staff not being held accountable for it's implementation.

The limitations to scope are as follows:

- The review will focus on the consistency, accuracy, and effectiveness of the THRIVE risk assessment framework. The review will not give assurance on the outcomes of decision making by Police Officers with regards to THRIVE.

## 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.

Discussions with key members of staff to ascertain the nature of the systems in operation

A staff survey to obtain an understanding of staff awareness and perceptions of the system under review

A desktop review of a sample of records against the criteria of effectiveness, timeliness, communication and compliance.

A walkthrough of the process from initial reporting to Senior Leadership team.

Desktop review of existing policies, procedures, local guidelines to confirm that they are up to date and communication across the Constabulary.

Following completion of the audit fieldwork we will meet with operational managers and/or the audit sponsor to discuss the audit findings and proposed recommendations. A draft report will be produced; your responses to these recommendations and a timetable for any actions to be carried out will be agreed and incorporated into the final report, along with the names of staff who will be responsible for their implementation.

The final report will be approved by the Chief Officer. The conclusion of all final reports are reported to the Joint Audit Advisory Committee.

## 5 Proposed Timescales

Stage	Proposed Date
Fieldwork commences	February 2025
Discussion document to client	March 2025
Responses by client	March 2025
Final report	March 2025

## 6 Key Contacts and Report Distribution

Name	Title	Report
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Chris Armitt	Deputy Chief Constable	Final

Bill Dutton	Assistant Chief Constable	Final
Dan Price	Police and Crime Commissioner	Final
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Gemma Southern	Deputy Police and Crime Commissioner	Final
Clare Hodgson	Chief Finance Officer (OPCC)	Draft / Final
Damon Taylor	Chief Executive (OPCC)	Draft / Final
External Audit		Final
Joint Audit Advisory Committee		Final

## 7 Data Protection and Freedom of Information

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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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**JOINT MANAGEMENT BOARD**

**DECISION NO. 2025/04**

**DATE: 29 JANUARY 2025**

**BUDGET AND COUNCIL TAX PRECEPT 2025/26**

**Executive Summary:**

The Commissioner is required by law, to set an annual budget and issue a precept (the Commissioner's element of council tax), taking into account Government grant funding, operational demands, and the economic inflationary pressures. Full details of the 2025/26 budget are presented in Appendix 1.

**Recommendations: that**

- (1) the Police & Crime Panel be notified that it is proposed to increase the police element of council tax by 5.3% (£14 p.a. for an average Band D equivalent property for 2025/26; an uplift from £262.94 to £276.94; i.e., by 27p per week);
- (2) the net budget requirement for the financial year commencing 1 April 2025 be set at £262.527m.
- (3) the proposed 2025/26 precepts be as follows:

	Number of Band D equivalent houses	Precept on Collection Fund £
Cheshire East	163,261.10	45,213,529
Cheshire West and Chester	131,666.40	36,463,693
Halton	36,936.00	10,229,056
Warrington	72,262.00	20,012,238
<b>Total</b>	<b>404,125.50</b>	<b>111,918,516</b>

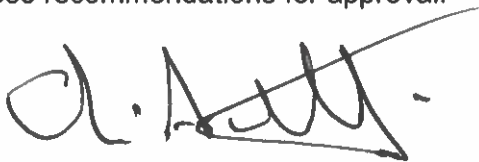
Band	Proposed 2025/26 £	Actual 2024/25 £	Change per year £	Change per week £p
A	184.63	175.29	9.34	0.18
B	215.40	204.51	10.89	0.21
C	246.17	233.72	12.45	0.24
<b>D</b>	<b>276.94</b>	<b>262.94</b>	<b>14.00</b>	<b>0.27</b>
E	338.48	321.37	17.11	0.33
F	400.02	379.80	20.22	0.39
G	461.57	438.23	23.34	0.45
H	553.88	525.88	28.00	0.54

- (4) the deficit of collection funds allocated to the Commissioner of £72k included in the budget and its funding from reserves, be noted;
- (5) the Legal & Unavoidable Commitments of £5.804m and Operational demands and pressures of £1.719m as set out in tables 3 and 4 of the report, be approved;

- (6) the savings proposals totalling £6.288m, as set out in table 5 in the budget report, be approved;
- (7) the financial health targets for monitoring purposes as set out below, be approved:
- (i) *Reserves*  
That the level of general reserves, after allowing for potential financial risks be maintained, at no lower than 3% of the net budget and that this be monitored by the Commissioner on a quarterly basis.
  - (ii) *Revenue Spending*  
That the Chief Constable maintains revenue spending within 1% of the net budget and that this is monitored by the Commissioner on a quarterly basis.
  - (iii) *Capital Programme Management*  
That the Chief Constable maintains the projected capital outturn at a level that does not vary from the original capital programme by more than 20%. The total capital programme includes the new schemes and those schemes brought forward from previous years. This target is to be monitored by the Commissioner on a quarterly basis.
  - (iv) *Debt*  
That the Chief Constable collects at least 50% of debtor income within one month of the invoice being raised.
  - (v) *Prudential Indicators*  
That the actual prudential indicators be monitored by the Commissioner on an annual basis against the indicators set in the budget.
- (8) the Capital Strategy and Reserves Strategy as set out in appendices 5 and 6 be approved.

I submit these recommendations for approval.

**Signature**



**Date 29 January 2025**

**Deputy Chief Constable**

I have reached the following decision:

Approval of the recommendations.

My rationale for this decision is:

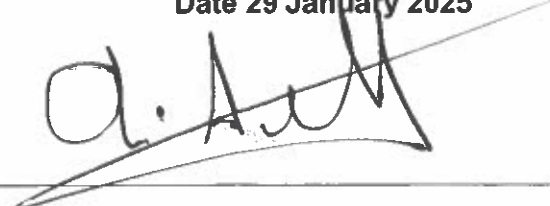
Agreeing the 2025/26 budget will allow the Chief Constable to deliver the priorities contained within my Police and Crime Plan and provide the appropriate level of resources for Cheshire Constabulary for the next financial year.

**Signature**



**Police & Crime Commissioner**

**Date 29 January 2025**



## **PART 1 – NON-CONFIDENTIAL FACTS AND ADVICE**

### **INTRODUCTION AND BACKGROUND**

1. The purpose of this report is to enable the Commissioner to finalise the 2025/26 budget and meet their statutory duty to set a precept.
2. The Commissioner receives funding from two main sources – Government grants and local council tax (known as a precept). Government grants account for around 58% with local council tax funding covering the remaining 42%.
3. On 17 December 2024, the Home Secretary published the Provisional Police Grant Report 2025/26 alongside the Minister of State for Crime, Policing and Fire’s Written Ministerial Statement. It included the following overall statement on policing funding for 2025/26:  
  
*‘The settlement for 2025/26 provides a total of up to £17.4 billion for police forces, Funding available to Police and Crime Commissioners will increase by up to an additional £987 million in 2025/26, a 6% cash increase. This includes local flexibility to increase council tax precept by £14 for English forces.’*
4. Full details of the proposed 2025/26 budget are set out in appendix 1. A consultation exercise was undertaken between 6 January and 20 January 2025, details of which are reported in appendix 1.
5. In addition to the budget, the Commissioner is asked to approve the Capital Strategy and Reserves Strategy. as set out in appendices 5 and 6.

### **FINANCIAL COMMENTS**

6. The financial comments are included in the appendices to this report.

### **LEGAL COMMENTS**

7. There are no specific legal comments associated with the report.

### **EQUALITY COMMENTS**

8. There are no specific equality comments associated with the report.

#### **Public access to information**

*Information in this form is subject to the Freedom of Information Act 2000 and other legislation. Part 1 of this form will be made available. Any facts/advice/recommendations that should not be made available on request should not be included in Part 1 but instead on the separate Part 2 form.*

Is there a Part 2 form - No

Contact Officer: Wendy Bebbington, Chief Finance Officer (Constabulary)

Tel. No.: 01606 362035

Email: [wendy.bebbington@cheshire.police.uk](mailto:wendy.bebbington@cheshire.police.uk)

**CHIEF OFFICER DECLARATION (Chief Finance Officer (Constabulary) - Wendy Bebbington):**

*I have reviewed the proposal and I am satisfied it is correct, all relevant internal checks have been undertaken and it is an appropriate request to be submitted to the Police & Crime Commissioner.*

**Signature**



**Date 22 January 2025**

**CHIEF FINANCE OFFICER (OPCC) DECLARATION (Clare Hodgson):**

*I have been consulted about the proposal and confirm that financial, legal and equalities advice has been taken into account in the presentation of this report. I am satisfied that this is an appropriate request to be submitted to the Police & Crime Commissioner.*

**Signature**



**Date 22 January 2025**

## REVENUE BUDGET AND COUNCIL TAX 2025/26

### PURPOSE OF THE REPORT

1. The purpose of this report is to enable the Commissioner to finalise the budget for 2025/26 and meet their statutory duty to set a precept. An overview of the statutory requirements regarding the budget and precept setting including the timing of decision-making and interaction with the Police and Crime Panel is attached in Appendix 2.

### INTRODUCTION

2. The Commissioner is required to set an annual balanced budget and precept, taking into account Government funding, precept regulations and organisational demands. This requirement is supported by the production of a Medium-Term Financial Strategy (MTFS) with the annual budget forming the first year of the Strategy. The creation and maintenance of the MTFS is fundamental in promoting good financial planning and delivery of value for money.
3. The MTFS covers the period 2025 to 2030 and is based on several assumptions as set out within the report. In addition to the MTFS, there are a number of other financial strategies relating to reserves, capital, and treasury management that both inform and support the budget process. The current documents are available on the Commissioner's website via the following link – [www.cheshire-pcc.gov.uk](http://www.cheshire-pcc.gov.uk).

### COMMISSIONER'S PRIORITIES FOR POLICING 2024-28

4. This budget is being set against the context of the Commissioner's new Police and Crime Plan and the wide range of innovative initiatives included within it. The budget proposal contained in this report will help ensure that the Plan and its objectives can be successfully delivered, and the communities of Cheshire kept safe. The Commissioner's Plan includes the following three key pillars:
  - Listen to the Public
  - Modernise
  - Reduce Crime

#### Listen to the Public

5. The Commissioner has set out his plans to engage widely with the public through the hosting of citizens assemblies in each of the nine Local Policing Units (LPUs) across the Constabulary area. This will enable the Commissioner and his team to hear the voices of local people and enable local policing teams to be better informed on the views of local residents.
6. The Commissioner's Plan includes a wide range of support for victims of crime, by commissioning tailored services to best meet their needs. By regularly reviewing police performance and holding the Chief Constable to account, the Commissioner will ensure that the police are using all the tools available to them. He will retain a sharp focus on the Constabulary handling victims with care, respect and sensitivity.

## Modernise

7. The Commissioner is keen to drive efficiencies and explore how artificial intelligence and data analytics can help drive forward many of the priorities contained within his Plan. Innovative technology will be embraced to ensure that the service is well equipped to deal with current and emerging threats and ensuring the police are present when and where they are needed most. This will be supported by a culture which is open to new ideas and new ways of working. Wherever possible, the Commissioner will look to secure additional funding and work with key stakeholders to build on the successes already achieved.
8. This budget also makes provision for funding to ensure that the Constabulary estate is modernised and, despite the challenging financial context and the age and size of the estate, invest in existing properties in a sustainable and economic way to enable them to remain effective policing bases best placed to serve our communities. This will also include provision for the development of new, state of the operational bases in Wilmslow and Crewe.

## Reduce Crime

9. Through his citizens assemblies, the Commissioner is clear how important neighbourhood policing, and a visible police presence is to all our communities and will support and review the development of the neighbourhood policing model where all communities will have a named contact. Through his scrutiny process, the Plan also sets out how response and call handling times will be monitored. The budget will support the continued use of tools such as Dytask which will ensure that hotspot areas are properly policed, and that communities and businesses can be best supported at times when they may need additional resources to address such issues as ASB. The Commissioner is currently developing the County's first stakeholder funded hotspot policing programme.
10. The Commissioner's Plan also includes a keen focus on violence against women and girls and driving up the reporting of domestic abuse incidents, to ensure the service provided to victims is the best it can be, and that those most at risk of harm are protected.
11. The budget support the Plan's focus on the prevention agenda and efforts to steer people away from criminal activity, looking to commission educational programmes where appropriate to tackle the scourge of knife crime and other serious violence, but also working with perpetrators and ex-offenders to rehabilitate them into our communities and deter them from further criminality. This budget also sets out the contributions that will be made to regional policing operations which focus on serious and organised crime and counter terrorism, for which the Commissioner and his regional counterparts will provide oversight and scrutiny.
12. The Plan sets out the work which will be undertaken with local community groups, utilising money seized through the Proceeds of Crime Act to develop projects which support local communities to tackle crime and anti-social behaviour.

13. The Commissioner's Police & Crime Plan is the key document in local policing which has helped develop this budget proposal and set out policing priorities for the coming four years.

## FINANCIAL BACKGROUND

14. The Prime Minister's speech on 5 December 2024, included a clear remit on policing:

*The Neighbourhood Policing Guarantee will place a renewed focus on preventing the criminality plaguing the streets with visible, accessible officers that will deter offending and reassure locals they will be kept safe. It will have five key principles:*

- 1) *Police back on the beat. A Neighbourhood Policing Team in every local area, with intelligence-led and visible patrols, including in town centres and on high streets. It will ensure these officers are protected from being deployed elsewhere.*
- 2) *Community led. A named, contactable officer for every neighbourhood, responsive to local problems, and residents and businesses having a say on the policing priorities for their area.*
- 3) *Professional excellence. A new career pathway for neighbourhood policing, delivered by the College of Policing, with new standards for professional excellence to ensure neighbourhood policing teams are trained to be proactive problem-solvers.*
- 4) *A crackdown on anti-social behaviour. Neighbourhood policing teams equipped with tougher tools, and supported by other agencies, to tackle persistent anti-social behaviour (ASB). This includes the new Respect Order to enable swift enforcement against prolific ASB offenders, and a dedicated lead officer in every force working with communities to develop a bespoke ASB action plan.*
- 5) *Safer town centres. A crackdown on shop theft, street theft and assaults against retail workers, so local people can take back their streets from thugs and thieves.*

*The Guarantee builds on the founding principles of British policing, emphasising the importance of policing by consent and preventing crime.*

15. On the 17 December 2024, the Home Secretary published the Provisional Police Grant Report 2025/26 alongside the Minister of State for Crime, Policing and Fire's Written Ministerial Statement. The key points from the statement are set out below.
16. The Government has set out the provisional policing funding settlement for the forthcoming financial year. For 2025/26, funding to police forces will total up to £17.4 billion, an increase of up to £986.9 million when compared to the 2024/25 settlement. This represents a real term increase in force funding of 3.5%, and a cash increase of 6.0%. The additional funding confirmed through this settlement will cover the costs of the police officer pay award and fund the recruitment and redeployment of more neighbourhood policing.
17. In addition to government funding, policing also receives a share of council tax (known as a precept). As set out in the Local Government policy statement on 28 November 2024, Police & Crime Commissioners will have the flexibility to raise the police precept by £14 for a Band D property for 2025/26.

18. The Government has set out what it expects in return for this funding as part of the Prime Minister's Plan for Change. The priorities are:
  - Increasing the number of officers, PCSOs and special constables in neighbourhood policing teams
  - Tackling violence against women and girls
  - Reducing knife crime
  - Cracking down on antisocial behaviour; and
  - By doing these things, increase public confidence in policing
19. The Chief Constable is clear that to deliver all of the above, the Constabulary must:
  - Deliver outstanding Neighbourhood Policing and protect the vulnerable
  - Proactively understand and prevent crime and harm
  - Tackle crime and anti-social behaviour.
20. This budget proposal supports the above whilst taking into account the limiting financial factors.

#### 2025/26 BUDGET PROPOSALS

21. The preparation of the 2025/26 budget commenced in 2024/25 utilising a planning process that had at its core the following key documents - the Commissioner's Police & Crime Plan; the Force Management Statement; the Chief Constable's Plan on a Page; local, regional, and national commitments; and the Strategic Policing Requirement. Recognising both demand and risks together with the Value for Money profiles, the Constabulary set out the key principles for that planning process:
  - Ensure the plans and proposals align to the priorities and demands as set out in the key documents, fully utilising the priority-based budgeting (PBB) process which examines all areas of the budget and matches resources according to priorities and risk;
  - Identify savings and efficiencies which can be made through the PBB process in support of the budget and spending plans.
  - Set a comprehensive, timely, balanced, and realistic budget;
  - Takes into account pay and price inflation and achievability of savings;
  - Complies with the approved treasury management strategy;
  - Complies with the approved reserves strategy;
  - Raises awareness of and communicates key financial messages both internally and externally;
  - Ensure budgets set are affordable and do not jeopardise financial stability either in the short or long term;
  - All spending plans will need to demonstrate that they can achieve value for money;

- Spending will be agreed only when the necessary funding is identified and approved;
- External funding will be sought wherever it can be used in a sustainable manner that does not lead to unforeseen costs; and
- Budget proposals will be publicised and consulted upon with stakeholders in an open and transparent manner.

## PROPOSED REVENUE BUDGET 2025/26

22. Table 1 shows the outcome of the budget planning process with the proposed revenue budget for 2025/26. The impact of the threats and demands placed upon policing; commitments required; proposed savings and the total funding available to the Commissioner are reflected within these proposals.
23. The proposed revenue budget is considered vital by the Chief Constable in order to deliver a viable, sustainable police service to the public of Cheshire and to deliver the priorities and demands placed on the Constabulary.

Table 1: Proposed Revenue Budget	2025/26 £000
<b>2024/25 Gross Expenditure Budget</b>	290,495
Pay and Price Inflation	13,655
Legal & Unavoidable Commitments	5,804
Operational Demands and Pressures	1,719
Savings	-6,288
Use of Reserves	-72
<b>2025/26 Gross Expenditure Budget</b>	<b>305,313</b>
Other income and specific grants	-42,786
<b>2025/26 Net Budget Requirement</b>	<b>262,527</b>
Financed by:	
Government Police Grant & Formula Funding	-142,424
Legacy Council Tax Grant	-8,256
Council Tax Precept (assuming a £14 increase Band D)	-111,919
(Surplus)/Deficit on Collection Funds	72
<b>2025/26 Net Budget Requirement</b>	<b>-262,527</b>

## INFLATION

24. Inflation in both pay and price terms is applied to budgets where appropriate. For 2025/26 the details are: pay awards are negotiated nationally and the increase is mandated for all forces. The proposed budget includes an estimated 2.8% pay award for September 2025 and the full year impact of the pay award from September 2024.
25. For non-pay items, the inflation applied is based on the Office of National Statistics Inflation Report using the most applicable inflation factor. However, the proposed budget acknowledges that certain non-pay items such as energy costs are significantly more expensive and additional inflation has been applied to those areas, together with contractual obligations for inflation based on specified indices. The following table shows the inflation applied.

Table 2: Inflation	2025/26 £000
Pay inflation (estimated)	11,476
Price (non-pay) inflation provision	2,179
<b>Total Inflation</b>	<b>13,655</b>

## LEGAL & UNAVOIDABLE COMMITMENTS

26. Legal and unavoidable commitments come from two sources, the impact of decisions taken in previous years that have a financial impact in the forthcoming financial year and the financial impact of external decisions and changes such as the introduction of a new financial burden – for example the change to national insurance contributions or change in legislation. The following table shows those items included in the 2025/26 budget proposal.

Table 3: Legal & Unavoidable Commitments	2025/26 £000
Prior Year Decisions	256
Police Pay – including Neighbourhood Policing	1,082
National Insurance Increase (grant funded)	3,730
Collaborations	259
ANPR Mobile data	3
National Contributions	103
Revenue Contribution to capital/reserves	371
<b>Total</b>	<b>5,804</b>

27. Neighbourhood policing is at the heart of the Constabulary's service delivery, and we are proud to say that having a named officer/PCSO in each of our communities has been in place for several years. This has been reinforced as the officer numbers have increased through the uplift programme. As these officers complete their initial training and move to independent patrol within our neighbourhoods, their pay reflects this increased responsibility.
28. Under Sections 22B and 22C of the Police Reform and Social Responsibility Act 2011, Chief Officers and Commissioners have a duty to keep collaboration opportunities under review and to collaborate where it is in the interests of the efficiency or effectiveness of their own and other police force areas. This is in recognition that there are certain services required, which are not affordable by individual forces alone – e.g., firearms provision. The above costs reflect the additional uplift requirements to the collaborations Cheshire is involved in, subject to partner forces full agreement.
29. As direct capital funding is no longer provided, and as part of the Reserve Strategy, funding is set aside each year to support the annual replacement cycles of items such as laptops, phones, and vehicles. However, this is not always sufficient, and borrowing is used to fund any shortfall. This budget provides sufficient funding to meet the interest and set-aside for the repayment of the borrowing, based on the capital programme included within this report.

## OPERATIONAL DEMANDS AND PRESSURES

30. The following table sets out the additional investments included within the proposed budget and linked to the priorities set out earlier in the report. As part of the priority-based budgeting process, the demand and pressures set out in the Force Management Statement are used to inform the decisions alongside national and local priorities.

Table 4 – Operational Demands & Pressures	2025/26 £000
Investment in digital technology and licences	728
Investment in forensic services	66
Investment in neighbourhood policing	15
Investment in vulnerable person services (SARC)	12
Investment in major investigation	139
Investment in information management	14
Investment in community & citizen assemblies	125
Litigation and collision damage	484
Other minor changes	136
<b>Total</b>	<b>1,719</b>

31. The Government set out in the statement accompanying the Provisional Settlement that they are ‘determined to work with policing to maximise the potential of productivity and innovation, ensuring officers are equipped with the tools they need to keep our communities safe’. This is matched by the Commissioner’s priority of ‘Technology and Innovation’. Additional funding is being allocated to support the digital technology and software required to ensure our officers spend the maximum time out within our communities.
32. Additional funding has also been provided to support victims of crime, achieve justice, and ensure the most vulnerable persons have access to the appropriate facilities such as the Sexual Assault Referral Centre (SARC).
33. Finally, this budget recognises the increasing litigation activity within policing across all forces both in terms of operational activity and collisions. The cost of such litigation includes court costs, defence, and where appropriate payments to claimants, all of which have seen a significant increase over the last few years.

## SAVINGS

34. A key requirement of the funding settlement is an assurance that public spending provides value for money and funding is prioritised in line with the Police and Crime Plan, operational demand etc. As part of the budget process, non-pay expenditure was scrutinised to ensure that all efficiency opportunities have been maximised without impacting on service delivery and resources focussed on key priorities. The savings opportunities are set out below.

Table 5 – Savings	2025/26 £000
Vacancy Management	-2,390
Loss of Grant/Income - remove associated spend	-1,509
Additional Income incl. interest	-682
Increase to vacancy factor	-522
Contract Savings	-851
Review of non-pay expenditure	-323
Other minor changes	-11
<b>Total</b>	<b>-6,288</b>

35. Every effort has been made to ensure that savings are both deliverable and least impactful on service delivery. However, it is recognised that the level by which expenditure is increasing is not fully covered by the additional funding provided and therefore efficiencies and savings are necessary. The Constabulary operates a rigorous vacancy management process whereby all staff vacancies are reviewed to ascertain whether there are different ways of doing that role, how critical it is to the current priorities and where appropriate, whether it can be removed. The above savings reflect this process and have been achieved without the need for compulsory redundancies.
36. As with any organisation, there is always staff turnover and usually a period of time between someone leaving and their replacement starting. This is reflected in a vacancy factor within the budget. As part of the 2025/26 budget, this factor has been benchmarked with other forces and increased to 6% accordingly, providing additional savings as shown above.
37. As part of the standard budget setting process, a full review is undertaken of all non-pay expenditure including contracts etc. This has delivered around £1.2m in savings.

#### RISKS AND SENSITIVITY ANALYSIS

38. For 2025/26, there is a reasonable degree of certainty based on the Provisional Grant Settlement published on 17 December 2024. However, there remain some outstanding issues affecting next year such as the Counter-Terrorism Policing Grant. Any changes to the funding will be reported to the Commissioner as soon as they are known together with the associated proposed changes to the budget.
39. As with any assumptions, there are risks that the actual outcome will be different. There are key assumptions included within this proposed budget that could significantly affect the proposed budget such as pay awards where a 0.5% movement in the pay award would have a potential £1.1m impact on the budget. Inflationary pressures have been reflected in this proposed budget, but with such volatility at present, the estimates made may change.
40. Reserves are held to provide flexibility in-year for such incidences and the Reserves Strategy included within this report covers this in more detail.

## COUNCIL TAX PRECEPT

41. A precept is levied on the Council Tax for policing in Cheshire. It is the responsibility of the Commissioner to set the level of precept as part of the budget setting process. On 18 December 2024, the Secretary of State published a draft of the Referendums Relating to Council Tax Increases (Principles) (England) Report 2025-26 which set out the council tax referendum principles. These principles set the maximum increase permitted before a local referendum is required. For policing this was set at £14 on a Band D property for 2025/26. However, it is for the Commissioner to decide the level of precept annually. For 2025/26 the Commissioner is proposing to increase the precept at £14 on a Band D property. This represents a 5.3% increase from 2024/25.
42. To calculate the level of Council Tax funding, each local authority calculates the taxbase (the assimilated number of council tax bills issued) taking into account changes in the number of houses, council tax benefits etc. Compared to 2024/25, the overall taxbase has increased by 6767.78 compared to last year when the increase was 4172.28. The following table shows the proposed level of precepts for each local authority and the individual amount levied per each Council Tax band.

Table 6: Proposed Precepts 2025/26

	Number of Band D Equivalentents	Precept on Collection Fund £
Cheshire East	163,261.10	45,213,529
Cheshire West & Chester	131,666.40	36,463,693
Halton	36,936.00	10,229,056
Warrington	72,262.00	20,012,238
<b>TOTAL</b>	<b>404,125.50</b>	<b>111,918,516</b>

Band	2025/26	2024/25	Change per year £	Change per week £p
A	184.63	175.29	9.34	0.18
B	215.40	204.51	10.89	0.21
C	246.17	233.72	12.45	0.24
<b>D</b>	<b>276.94</b>	<b>262.94</b>	<b>14.00</b>	<b>0.27</b>
E	338.48	321.37	17.11	0.33
F	400.02	379.80	20.22	0.39
G	461.57	438.23	23.34	0.45
H	553.88	525.88	28.00	0.54

43. In addition to the above precept, each of the four local authorities holds a council tax collection fund; this is a separate fund that records the income and expenditure relating to council tax. Any surplus or deficit on the fund is due to or paid for by the individual authorities, the Police & Crime Commissioner and Cheshire Fire Authority respectively. The net deficit amount declared and payable by the Commissioner in 2025/26 amounts to £72k, funded by earmarked reserve set aside for this purpose.

## COMMISSIONING

44. For 2025/26, the approach to commissioning will continue to focus on victims of crime with the aim of ensuring that appropriate services are in place to assist them to cope with their ordeal and recover as best they can. The Commissioner will utilise the understanding gained from the Cheshire Victims Needs Assessment alongside the Serious Violence Needs Assessment to prioritise areas for development. A refresh of the sexual abuse needs assessment is underway. The initial supporting service for victims across Cheshire is Cheshire CARES, to which all reports of crime to the Constabulary are referred. Cheshire CARES supports victims from the outset and throughout their journey through cope and recovery; furthermore, it is complemented through the provision of enhanced support to victims of Hate Crime delivered by Remedi.
45. The Commissioner has additional responsibilities to have specialist services available, e.g., to support victims of rape and sexual abuse, child sexual abuse and domestic abuse as well as to provide a restorative justice (RJ) service. The costs of victims' services commissioned are funded through an allocation provided from the Ministry of Justice. The core funding allocation for the 2025/26 Victims Grant has been reduced and now is approximately £1.1m but as in previous years opportunities to attract further funding to support will be explored. Consequently, the Commissioner will continue to work with partners across all sectors to identify and address gaps and/or emerging areas for victims' services and to drive the effectiveness of the service commissioned through the Victim's Grant Fund in 2025/26. The Restorative Justice services delivered by Remedi will continue in an effort to reduce future offending whilst also meeting the needs of victims.
46. A further £2.6 Million (approx.) has been obtained by the PCC for 2025/26 over and above the core grant to support front line Domestic Abuse and Sexual Abuse services, this not only supports front line victims but will also deliver pan Cheshire Domestic Abuse Perpetrator interventions.
47. In 2024/25, a further £335,000 was secured by the Commissioner under the Safer Streets 5; this is finalised in March 2025 and at the moment there is no indication of future funding but, where available, it will be pursued.
48. During 2024/25 the PCC collaborated with partners to commission services to reduce instances of serious violence in Cheshire and, in total, approx. £590,000 additional funding was obtained. At this time there is uncertainty around the level of funding in this space for 2025/26, but any opportunities will be explored.
49. In recognition of the commitment to improve the safety of our roads, the PCC has part funded an Average Speed Scheme on Warrington Road, Glazebury, Warrington and supported the installation of a Parish Council Average Speed Scheme Helsby during 2024/25. Other initiatives continue into 2025/26.

50. As is set out earlier in the summary of the Commissioner’s Police and Crime Plan, the PCC is exploring a range of other innovative projects for 2025/26 whereby we hope to further extend our preventative activity to reduce serious violence (in partnership); build upon our Perpetrator work to explore how this approach can be maximised; explore how the PCC can support increased visibility in identified Hotspot areas (in partnership).
51. The PCC is committed to maximising the use of technology and in 2025/26 we will continue to explore opportunities for further funding for Cheshire in this space towards keeping the public safe.

## CAPITAL PROGRAMME

52. In addition to the revenue budget, a programme of capital investment is proposed for 2025/26. This programme links to the major strategies such as Estates, Digital Business Technology and Fleet together with the annual replacement cycle for assets such as equipment.
53. Funding for this investment, is no longer supported through Government grants and therefore is now covered by capital receipts (the net proceeds from the sales of assets), reserves held by the Commissioner, contributions and borrowing. The contributions include funding set aside within the general budget each year. A summary of the proposed programme and associated funding is shown below.

Table 7: Capital Strategy	2025/26 £000
Annual Replacement Schemes:	
Fleet Vehicles	2,684
IT and Communications	1,345
New Schemes:	
Estates - Maintenance & Environmental	635
Estates Strategy - Crewe and Northern	5,900
IT and Communications	2,000
Equipment	0
Collaboration/Funded Vehicles	801
<b>Capital Expenditure</b>	<b>13,365</b>

54. Full details of the individual schemes within the capital programme are provided in Appendix 4 of this report and in the Commissioner’s Capital Strategy attached at Appendix 4. The proposed funding for the above capital investment is set out in the following table.

Table 8: Capital Financing	2025/26 £000
General/Specific capital grants	0
Capital Receipts	4,320
Revenue Contributions to Capital	4,173
Revenue and Capital Reserves	26
External Contributions to Capital	329
HQ IT Reserve	280
Borrowing	4,237
<b>Total Funding</b>	<b>13,365</b>

## ROBUSTNESS OF ESTIMATES

55. Section 25 of the Local Government Act 2003 places a requirement on Chief Finance Officers to report on the robustness of the estimates used in the preparation of this proposed budget. Details of how this requirement is met are in Appendix 3.

## RESERVES

56. Section 25 of the Local Government Act 2003 also places a requirement on Chief Finance Officers to formally report on the adequacy of the reserves. The Chief Finance Officers assess this in the context of the strategic, operational, and financial risks and opportunities facing the Commissioner and the Constabulary.
57. While holding reserves is a recognised and recommended financial management tool, the levels of such reserves must remain prudent, appropriate to the level of risk and opportunity and not excessive. This is set out within the Commissioner's Reserves Strategy attached at Appendix 5.

## CONSULTATION WITH THE PUBLIC AND BUSINESS RATEPAYERS

58. A formal consultation exercise on the police precept was undertaken between 6 January and 20 January 2025. The survey was carried out online and paper copies were also printed and distributed to people who requested them.
59. Residents were encouraged to complete the survey via social media platforms e.g. Facebook, Bluesky, LinkedIn, Instagram and Nextdoor, as well as via Cheshire Police Alert, the Cheshire Police and Crime Commissioner website and media activity.
60. All the parish councils in Cheshire were written out to requesting their support in promoting the survey as well as help in reaching those audiences who weren't online. Many parish councils helped to spread the word, either by promoting on their own social media or newsletters as well as distributing paper copies.
61. Many local organisations representing different communities within the county were also written out to requesting support in reaching different groups of people. Several came back offering their support and help in promoting the survey.
62. The key messages provided via the survey and its promotion was around how the Home Office has promised more neighbourhood police officers but due to rising costs,

inflation and the increased complexity and demand on the police, how pressure is building on services. It highlighted that efficiencies and savings have been made but there is still a budget shortfall. It also acknowledged the financial pressures that many households face as they continue to navigate the cost-of-living crisis.

63. The consultation ended at midday on Monday 20 January 2025. A total number of 1,694 responses were received online, with paper copies still being collated. Full results are expected by the first week in February, but paper submissions are unlikely to change the result due to only being a small percentage of overall responses.
64. Before a question about the police precept, residents were provided with a table detailing the impact of each option on each Council Tax Band and were encouraged to check this table before answering. A link was also provided so that people could check their Band if they were unsure. The following question was asked after the precept information was given:

***Which one of these options for next year's police budget would you support?***

*Please note that while the precept and these options are based on a band D household, the most common council tax band in Cheshire is band A and nearly two thirds of households are in bands A-C. Refer to the table above to see how each option would affect you. \**

*Option 1 - No increase. This would require a reduction in services significantly beyond the £6.3 million in savings already identified.*

*Option 2 - Increase of £1.17 per month (£14 per year) for band D. This would allow Cheshire Constabulary to maintain the improved level of service that has been achieved over this past year and enhance neighbourhood policing.*

*Option 3 - Increase of up to £2.33 (£28 a year) per month for band D. This would allow for further investment in key areas like technology and protecting vulnerable people as well as more enhancements to neighbourhood policing. This increase would raise additional funds (over and above a £14 increase) of more than £5.6m which could fund up to 95 additional officers.\**

*\*Based on the National Police Chiefs Council (NPCC) guidelines, the direct cost of employing a police constable is £59,450 and the direct cost of employing a PCSO is £43,920. Based on these figures, if the increase were to be spent purely on officers or PCSOs, this amount could fund 95 additional officers or 128 PCSOs.*

65. 67% (1,128) of respondents agreed to support some form of increase to the precept. The table below shows the breakdown of responses.

<b>Survey completed via:</b>	<b>Option 1</b>	<b>Option 2</b>	<b>Option 3</b>	<b>Total</b>
Online	566	517	611	1,694
<b>Percentage</b>	<b>33%</b>	<b>31%</b>	<b>36%</b>	

The full results of this survey, including the paper responses will be published on the Cheshire PCC website at [www.cheshire-pcc.gov.uk/get-involved/have-your-say/outcomes-and-results/](http://www.cheshire-pcc.gov.uk/get-involved/have-your-say/outcomes-and-results/).

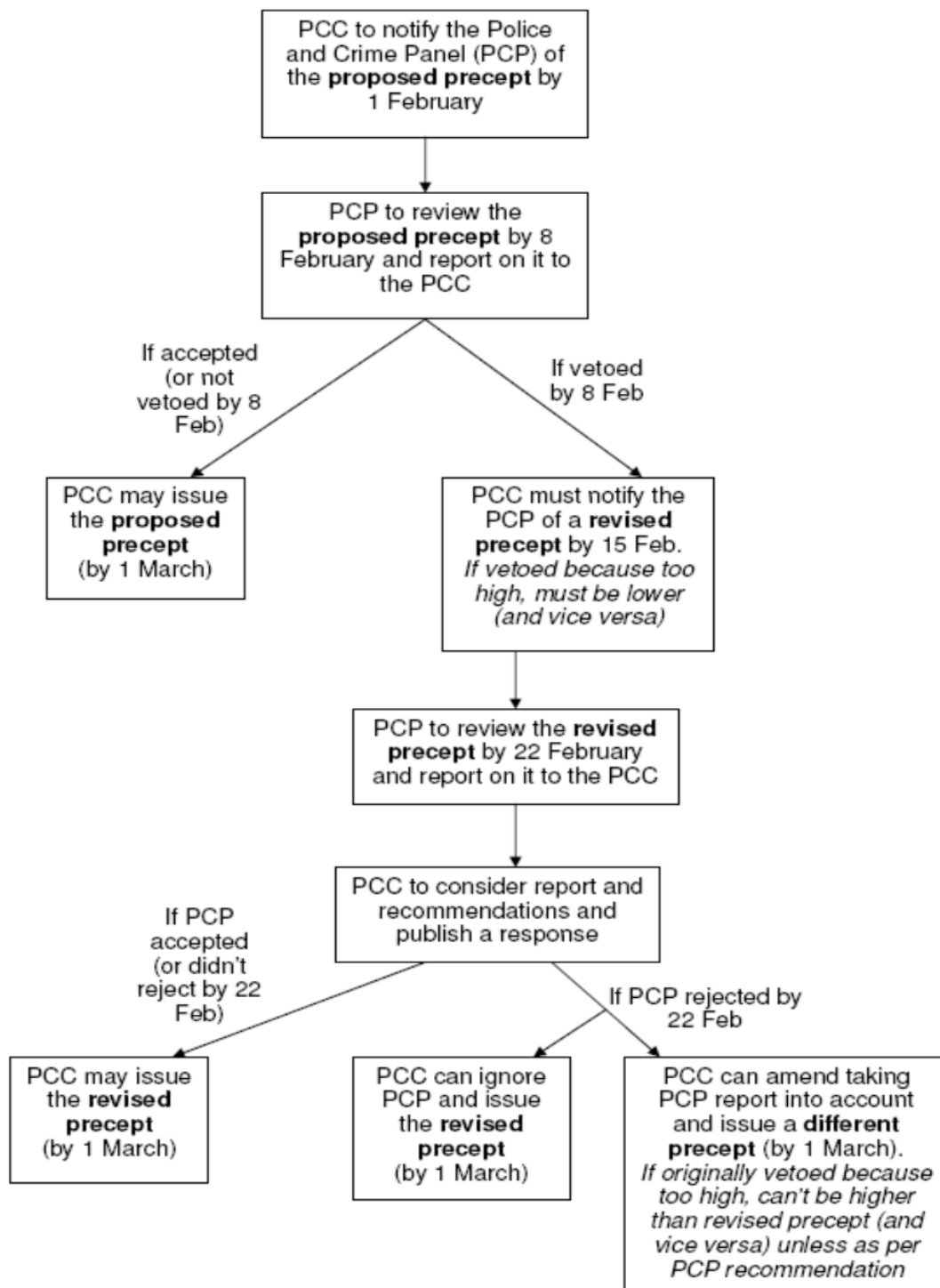
## BUDGET AND PRECEPT SETTING TIMETABLE

### PURPOSE

- a. To provide the Commissioner with an overview of the statutory requirements regarding budget and precept setting and the interaction with the Police and Crime Panel. It also provides a copy of the internal timetable developed to enable the Commissioner to meet the statutory timetable.

### STATUTORY REQUIREMENTS

- b. The statutory requirements for precepting authorities to set a budget and issue a precept for the next financial year are set out in Chapters 3, 4, and 5 of the Local Government Finance Act 1992. They include significant detail on how budget estimates and the precept must be calculated. The Police Act 1996 and the Police Reform and Social Responsibility Act 2011 amended these provisions for the change to police authorities and Police and Crime Commissioners respectively, but the basic statutory requirements remain the same.
- c. Schedule 5 of the Police Reform and Social Responsibility Act 2011 and The Police and Crime Panels (Precepts and Chief Constable Appointments) Regulations 2012 provide further detail on the process the Commissioner must follow for notifying the Police and Crime Panel of the proposed precept by 1 February of the relevant financial year (Section 3 of the 2012 Act). They also cover the interaction between the Panel and the Commissioner leading to the determination of the precept by the Commissioner by 1 March. The process is set out with the due dates diagrammatically in Annex A.

PCC PRECEPT APPROVAL (Final Regulations)

**ROBUSTNESS OF ESTIMATES**

- a. Section 25 of the Local Government Act 2003 places a requirement on Chief Finance Officers to report on the robustness of the estimates used in preparing the budget.
- b. The Commissioner has a policy and expenditure planning process that takes account of the service scenario and financial scenario in some detail for 2025/26. Alongside this, future capital programmes have been produced taking into account forecast Government funding, borrowing limits and council tax. For 2025/26 borrowing levels are also guided by the prudential indicators as set out in the Treasury Management Strategy.
- c. For 2025/26, full consideration of these issues had led to:
  - Policy and expenditure proposals that reflect the Government's Provisional Police Grant Settlement together with the on-going revenue impact of new capital projects, whilst recognising the outstanding issues and uncertainties.
  - A proposed capital-financing budget based on 2025/26 capital programme.
- d. When using estimates in preparing the budget every effort is taken to ensure that they take into account the most up to date data. However, it should be noted that there are a number of areas where the actual impact could vary from the estimates used in setting the budget. The principal areas are:
  - Pay awards, pension increases, national reviews of pay & inflation
  - Service financial performance (i.e., variances on budgets)
  - Ability to achieve projected savings
  - Operational demands
- e. To provide for all potential scenarios that may arise would be prohibitively expensive and result in demands on council taxpayers considerably higher than likely need. For 2025/26 £13.66m has been provided for pay and price increases.
- f. Many factors can affect financial performance in year including under or over-achievement of efficiency savings, income, and other financial targets. The Commissioner takes a number of steps to minimise the impact by:
  - Seeking wherever possible to explore in full the implications and achievability of policy and expenditure options before the budget is set.
  - Promoting a robust approach to financial management requiring budget holders to monitor expenditure against budget and to take prompt action in reporting and responding to projected variances.
  - Quarterly reporting of the projected budgetary outturn supplemented by monthly exception reports to prompt remedial action if necessary.
  - Creation of appropriate and proportionate contingencies.
- g. It should be noted that while every effort is taken to ensure the budget is balanced, there is always the possibility of variances to the budget occurring. The Commissioner holds reserves to mitigate this as set out in the Reserves Strategy.

<b>CAPITAL PROGRAMME</b>	<b>2025/26 £000</b>
<u>Prior Year Schemes</u>	
Estates Strategy - Major Projects - Crewe	1,400
Custody Desk replacement project	250
Custody Suites	80
Blacon DHQ roof remedials	50
Ref areas, welfare rooms – CSH, Arpley St, Runcorn (Phase 1)	50
UWSU	26
	<b>1,856</b>
<u>New Scheme</u>	
Estates Essential Maintenance and Improvement Schemes	50
Forensics Access restrictions	30
Decarbonisation Measures *	75
Refurbishment of HQ ground floor meeting spaces	50
Estates Strategy - Crewe	3,500
Estates Strategy - Northern Stations	1,000
IT Infrastructure - Servers	225
Technology Refresh – 3 Yr Refresh	1,080
Mitel Handset Replacement - Teams	50
Replacement of Body Worn Video	850
Body Worn Video Isilon Expansion (Storage)	300
FCC Virtual Infrastructure Hardware	800
Technology Refresh – E-Forensics	40
Annual Vehicle Replacement Programme	2,565
Armed Alliance Vehicle Replacements	600
Dogs Alliance Vehicle Replacements	175
Workshop Capital Equipment	119
	<b>13,365</b>

**Starred items** – marked \*. Any capital scheme can be ‘starred’ to reflect the Commissioner’s agreement in principle, but no further action can be taken without further approval being obtained when more detailed plans are available. For example, the Estates Strategy includes several major schemes which will be submitted for approval individually as and when details proposals are prepared.

# Capital Strategy 2025-2030



Cheshire  
Police & Crime  
Commissioner



Cheshire  
**Constabulary**

# Introduction

Welcome to the 2025-30 Capital Strategy.

This strategy sets out the proposed investments in assets over the next five years. It is fundamentally linked to the Estates; Fleet and Digital Strategies which form the detailed plans summarised within this Strategy and to the priorities set out in the Commissioner's new Police and Crime Plan.

Funding for these investments comes through specific grants; capital receipts (the sale proceeds from existing assets); reserves; contributions and borrowing. Borrowing will incur costs for interest payable and the need to set aside sufficient funds to repay the loan. Therefore, borrowing is only used as a last resort or for long-term assets such as Estates.



A handwritten signature in black ink, appearing to read 'Mark Roberts'.

**Chief Constable  
Mark Roberts QPM**



A handwritten signature in black ink, appearing to read 'Dan Price'.

**Police and Crime Commissioner  
Dan Price**

## 1. INTRODUCTION

- 1.1. The CIPFA Prudential Code for Capital Finance in Local Authorities establishes a framework that supports local strategic planning, asset management and appropriate options appraisal.
- 1.2. The objectives of the Prudential Code are to ensure that the capital plans of an organisation are affordable, prudent, and sustainable and the treasury management decisions are taken in accordance with good professional practice and in full understanding of the risks involved.

## 2. DEFINITION

- 2.1. To utilise the full extent of the Prudential Code and its framework, it is essential that there is a clear understanding of what is capital expenditure. Unless expenditure qualifies as capital it will normally fall outside the scope of the Code and its framework and be charged to revenue in the period in which its goods or services were received. If expenditure does qualify as capital, there are opportunities to finance such spend from any capital receipts held or to spread the cost over future years in line with the life of the asset(s) purchased.
- 2.2. In the main, expenditure must meet one or more of the following conditions for it to be classified as capital:
  - Spend results in the acquisition, construction, or enhancement of an asset (tangible or intangible) in accordance with 'proper practices';
  - Spend meets one of the definitions specified in regulations made under the 2003 Local Government Act; or
  - The Secretary of State makes a direction that the expenditure can be treated as capital.

## 3. CONTEXT

- 3.1. The capital programme requirements of policing nationally are by nature limited in comparison to other public sector organisations such as local authorities who have diverse responsibilities to prioritise including schools, housing, and highways. Certainly, this is true of the Constabulary with capital expenditure plans largely limited to replacing and upgrading essential operational assets (for example, the estate, vehicles, equipment, and IT/communications infrastructure) together with individual ad-hoc capital investment schemes and those aimed at improving efficiency and operational performance/priorities.

- 3.2. One of the three key pillars of the Commissioner's new Police and Crime Plan is 'Modernise', the other two being 'Listen to the Public' and 'Reduce Crime'. The capital strategy incorporates the Modernise pillar through the police estate and technology and innovation.
- 3.3. The Commissioner maintains rolling medium-term revenue and capital plans (summarised in a Medium-Term Financial Strategy – MTFS) that usually extend for 4-5 years. The plans are drawn up, reassessed and extended annually and if required, re-prioritised to enable the Constabulary to achieve the aims and objectives established in the Commissioner's Police and Crime Plan and to support national drivers like the Strategic Policing Requirement and Home Office national priorities.
- 3.4. Historically, capital grant funding was allocated by the Government, but this is no longer the case and has been replaced by annual revenue contributions to capital. This helps fund annual replacement of vehicles, IT and operational equipment and maintenance of police buildings, but is insufficient to meet all capital expenditure. As such, with limited reserves held, the need to borrow has increased. Borrowing incurs ongoing costs of interest payments and the funding set aside to repay the loan in due course. As borrowing incurs costs, there has been a programme of increasing year-on-year revenue contributions to fund the capital programme in order to meet the annual replacement programme, with borrowing limited to invest to save or invest to increase efficiency and effectiveness.
- 3.5. Key focuses of the Capital Programme plans, all aligned to achieving the Commissioners pillars above are:
  - To ensure the property estate remains modern and fit for the future; at the heart of and accessible to our communities, promoting police engagement in our communities, effective collaborative and partnership working and being innovative, economic, efficient, and sustainable.
  - To support front line operations by delivering high quality vehicles which are safe, fit for purpose and meet the needs of modern-day policing.
  - The replacement and upgrade of other core assets where necessary, e.g., operational equipment and communication infrastructure.
  - Development of improved capability and responsiveness.
  - To ensure provision is made for Digital Business Technology to maintain and develop the existing infrastructure and invest in the core technologies, such as AI and data analytics, required to provide innovative digital policing services to maximise intelligence led policing.

- Invest to Save Schemes.
- 3.6. The Commissioner maintains separate focussed long-term Estates, Environmental, Fleet and Digital/Agile Working strategies setting out the overall direction of these key areas and priorities, all of which feed into this overarching Capital Strategy.
- 3.7. The plans acknowledge the constrained financial position of the Commissioner and therefore, maximise both the available financial resources and the capacity that the Constabulary has to manage such projects.
4. GOVERNANCE
- 4.1. The annual budget setting process is an ongoing process with key stakeholder groups assisting departmental managers to identify change proposals and develop business cases for future capital investment requirements and ideas aligned with the Police and Crime Plan priorities and the Constabulary's Plan on a Page.
- 4.2. Investment proposals must explicitly identify the organisational requirement, rationale, deliverables, benefits, links to the Commissioner's and/or Constabulary priorities, and costs in terms of both capital investment and ongoing revenue consequences.
- 4.3. Based on an agreed budget setting timetable, investment proposals will be submitted for presentation to and scrutiny review by the Senior Command Team (SCT) along with an initial view of potential affordability. Prioritisation is then made, taking into account the following in order of priority:
- Unavoidable (statutory, contractual, or tortuous liability);
  - Operational Need (enables continuity of agreed service delivery levels and priorities) and linked to the Force Management Statement;
  - Police and Crime Plan Improvement Priority;
  - Other (efficiency, invest to save, leverage of external funding, etc.).
- 4.4. An updated Medium-Term Financial Strategy (MTFS), including a proposed Capital Programme, is then presented to the Commissioner, providing views on affordability, potential funding issues and options.
- 4.5. A final version of the MTFS will be presented to the Commissioner for approval in January each year, reflecting the known funding position and any further developmental work on the plan. This formal approval agrees the capital budget for

the following year and acknowledges the intention for planning purposes of the remaining years of the MTFS.

- 4.6. Any approved budget item, capital, or revenue can be 'starred' to reflect the Commissioner's agreement in principle, but no further action can be taken without further approval being obtained when more detailed plans are available.
- 4.7. Where in year additions to the approved Capital Programme are identified, a business case will be prepared and reviewed at SCT Business Meeting. The Senior Command Team will then submit to the Commissioner for consideration and approval, including details of how the new scheme is to be funded, delivered and benefits realised, noting any ongoing MTFS implications.
- 4.8. Currently approved Financial Regulations (Section 4.3) specify individual officer roles and responsibilities relating to the capital programme along with a number of key controls as follows:
  - Specific approval by the Commissioner for at least three-year capital programme which is the key document for planning and controlling of capital expenditure;
  - 'Starred' items require further approval before expenditure can be incurred;
  - Expenditure on capital schemes not included in the programme and/or which would involve future years' commitments is subject to the approval of the Commissioner;
  - Steps are taken to enable land required for the purposes of the programme to be acquired in due time;
  - A scheme and estimate, including the associated revenue expenditure, is prepared for each capital project for approval by the Commissioner;
  - Any scheme not commenced within two years of approval will be deemed null and void and removed from the capital programme;
  - Prudential Indicators covering affordability, capital expenditure, external debt and treasury management;
- 4.9. Following approval of the capital programme, a programme manager or project manager and a user representative are identified for each capital project. That individual is responsible for managing the project implementation and delivering its objectives. For all projects within the capital programme, a Chief Officer is identified as project sponsor.
- 4.10. Monitoring progress against capital schemes is reported on at least a quarterly basis to the SCT Business Meeting and to the Joint Management Board.

- 4.11. Once projects have been completed the programme or project manager completes a post-implementation review for the major capital projects. The post-project report is reviewed by the appropriate programme board and the Senior Command Team, if required.
- 4.12. This information can then be used to learn lessons and make any improvements identified during project implementation.

## 5. FUNDING STREAMS

- 5.1. Capital expenditure can be funded from a number of sources as set out below:
- **Government Grants** – these are either general grants which can be used to fund any capital spend approved by the Commissioner or specific grants which can only be used to fund specific projects in line with any conditions placed with the grant – *note general capital grants are no longer provided*;
  - **Capital Receipts** – when an asset held by the Commissioner is sold, the proceeds are held in reserve to be used either to fund future capital expenditure or to repay debt. They cannot be used to fund revenue expenditure except where specifically approved by Central Government in line with strict flexible use of capital receipts rules for a limited period;
  - **Reserves** – funds can be set aside and held in earmarked reserves if known expenditure is to be incurred at a future date. These reserves can then be used to fund such expenditure be it capital or revenue. In terms of capital expenditure, it may be known that a specific asset may need replacing in 10 years and therefore funds are set aside each year to build up the reserve to fund the replacement. Details of the reserves held are found within the Commissioner’s Reserves Strategy;
  - **External Contributions** – these are funds or grants provided by external organisations such as collaboration partners or local authorities for specifically agreed capital expenditure; and
  - **Borrowing** – the Commissioner is permitted in law to take out loans or financing to fund capital expenditure. The Prudential Code sets out the requirements under which such borrowing must be undertaken including affordability, prudence, and cost-effectiveness. Any borrowing will incur costs for interest payable and the need to set aside sufficient funds to repay the loan. These costs impact on the revenue budget.

## 6. CAPITAL PROGRAMME

6.1. The following table shows the Commissioner's overall capital programme and how it is to be funded from 2025 to 2030. Please note that the figures quoted include both in-year approvals and schemes rolled forward from previous years. As such the table represents estimates of total capital expenditure in each year:

<b>Table 1: Capital Strategy</b>	<b>2025/26 £000</b>	<b>2026/27 £000</b>	<b>2027/28 £000</b>	<b>2028/29 £000</b>	<b>2029/30 £000</b>
Annual Replacement Schemes:					
Fleet Vehicles	2,684	2,913	1,409	3,485	1,435
IT and Communications	1,345	1,470	1,545	1,570	1,445
New Schemes:					
Estates - Maintenance & Environmental	635	950	525	325	100
Estates Strategy 2021-2031	5,900	7,730	0	0	0
IT and Communications	2,000	923	1,962	9,045	1,556
Operational Equipment	0	150	150	150	150
Collaboration/Funded Vehicles	801	422	392	500	340
<b>Capital Expenditure</b>	<b>13,365</b>	<b>14,558</b>	<b>5,983</b>	<b>15,075</b>	<b>5,026</b>
Financed by:					
Capital Receipts	4,320	4,375	500	0	0
Revenue Contributions to Capital	4,173	3,418	3,918	4,418	4,444
Revenue and Capital Reserves	26	280	0	0	100
External Contributions to Capital	329	60	167	213	102
HQ IT Reserve	280	280	280	280	280
Borrowing	4,237	6,145	1,118	10,164	100
<b>Total Funding</b>	<b>13,365</b>	<b>14,558</b>	<b>5,983</b>	<b>15,075</b>	<b>5,026</b>

## 7. AFFORDABILITY

7.1. Capital expenditure plans are a key driver of treasury management activity. The funding of such plans impacts on cash balances and borrowing need in the short and longer terms. The ongoing consequences of these decisions have a direct impact on the annual revenue budget. As such, having regard to the CIPFA Prudential Code for Capital Finance in Local Authorities, the Commissioner sets and reviews a number of prudential indicators showing the proposed capital expenditure plans, how they are to be funded, the impact on the organisation's finances and their affordability in terms of the impact on revenue budgets.

7.2. Full details and commentary on the prudential indicators are found within the Commissioner's Treasury Management Strategy 2025/26. Along with controls and limits relating to levels of capital expenditure and resulting borrowing requirements, these prudential indicators also include a specific affordability indicator, below,

which provides an indication of the impact of the above capital expenditure plans and their financing proposals on the overall finances and precept (council tax):

*Treasury Management Strategy 2025/26*

*Table 5: Ratio of financing costs to net revenue funding.*

<b>2023/24 Actual</b>	<b>2024/25 Estimate</b>	<b>2025/26 Estimate</b>	<b>2026/27 Estimate</b>	<b>2027/28 Estimate</b>	<b>2028/29 Estimate</b>	<b>2029/30 Estimate</b>
1.16%	1.13%	1.19%	1.41%	1.53%	1.50%	1.85%

- 7.3. This indicator identifies the trend in the cost of capital, (borrowing and other long-term obligation costs net of investment income), against the net revenue stream. The estimates of financing costs include current commitments and the proposals included in the budget/medium-term financial strategy.
8. RISK MANAGEMENT
- 8.1. Risk is the threat that an event or action will adversely affect the Commissioner's ability to achieve their desired outcomes and the Constabulary's ability to execute their strategies successfully. Risk management is the process of identifying risks, evaluating their potential consequences, and determining the most effective methods of managing them and/or responding to them. It is both a means of minimising the costs and disruption to the organisation caused by undesired events and of ensuring that staff understand and appreciate the element of risk in all their activities.
- 8.2. The aim is to reduce the frequency of adverse risk events occurring (where possible), minimise the severity of their consequences if they do occur, or to consider whether risk can be transferred to other parties. The corporate risk register sets out the key risks to the successful delivery of corporate aims and priorities and outlines the key controls and actions to mitigate and reduce risks or maximise opportunities.
- 8.3. To manage risk effectively, the risks associated with each capital project need to be systematically identified, analysed, influenced, and monitored. It is important to identify the appetite for risk by each scheme and for the capital programme as a whole, especially when investing in complex business change programmes. Where greater risks are identified as necessary to achieve desired outcomes, the organisation will seek to mitigate or manage those risks to a tolerable level. All key risks identified as part of the capital planning process are considered for inclusion in the corporate risk register.
- 8.4. The Chief Finance Officers (OPCC & Constabulary) will report jointly on the deliverability, affordability and risk associated with this Capital Strategy and the

associated capital programme. Where appropriate they will have access to specialised advice to enable them to reach their conclusions.

- 8.5. Credit Risk - The risk that an organisation with which we have contracted to deliver capital projects becomes insolvent and cannot complete the agreed contract. We will ensure that robust due diligence procedures cover the appointment of partners and contractors relating to capital programme delivery. Where possible contingency plans will be identified at the outset.
- 8.6. Liquidity Risk - This is the risk that the timing of any cash inflows from a project will be delayed, for example if other organisations do not make their contributions when agreed. There is also a risk that the cash inflows will be less than expected, for example due to the effects of inflation, interest rates or exchange rates. Our exposure to this risk will be monitored via the revenue and capital budget monitoring processes and mitigating actions taken promptly where appropriate.
- 8.7. Interest and Exchange Rate Risk - This is the risk that interest rates or exchange rates will move in a way that has an adverse effect on the value of capital expenditure or the expected financial returns from a project. Rates will be reviewed as part of the ongoing monitoring arrangements to identify such adverse effects. As far as possible our exposure to this risk will be mitigated via robust contract terms and when necessary, contract re-negotiations.
- 8.8. Inflation Risk - This is the risk that rates of inflation will move in a way that has an adverse effect on the value of capital expenditure or the expected financial returns from a project. Rates of inflation will be reviewed as part of the ongoing monitoring arrangements to identify such adverse effects. As far as possible our exposure to this risk will be mitigated via robust contract terms and when necessary, contract re-negotiations.
- 8.9. Legal and Regulatory Risk - This is the risk that changes in laws or regulation make a capital project more expensive or time consuming to complete, make it no longer cost-effective or make it illegal or not advisable to complete. Before entering into capital expenditure or making capital investments, the Commissioner will understand the powers under which the investment is made. Forthcoming changes to relevant laws and regulations will be kept under review and factored into any capital bidding and programme monitoring processes.
- 8.10. Fraud, Error, and Corruption - This is the risk that financial losses will occur due to errors or fraudulent or corrupt activities. Officers involved in any of the processes around capital expenditure or funding are required to follow the agreed Code of Corporate Governance. The Constabulary has a strong ethical culture, which is

evidenced through our values, principles, and appropriate behaviour. This is supported by the national Code of Ethics and detailed policies such as Anti-Fraud and Corruption and Declaration of Interests.

## 9. ENVIRONMENTAL, SOCIAL & GOVERNANCE (ESG) CONSIDERATIONS

9.1. This Commissioner is supportive of the principles for responsible investment ([www.unpri.org](http://www.unpri.org)) and will seek to bring ESG factors into the decision-making process for investments. Within this, the Commissioner is also appreciative of the Statement on ESG in Credit Risk and Ratings which commits signatories to incorporating ESG into credit ratings and analysis in a systemic and transparent way. The Commissioner utilises the ratings provided by Fitch, Moody's, and Standard & Poor's to assess creditworthiness, which do include analysis of ESG factors when assigning ratings.

9.2. Typical ESG considerations that are considered by these Credit Rating Agencies when assigning credit ratings to counterparties, and therefore by the Commissioner when selecting investment and borrowing counterparties, include:

- Environmental: Emissions and air quality, energy and waste management, waste and hazardous material, exposure to environmental impact.
- Social: Human rights, community relations, customer welfare, labour relations, employee wellbeing, exposure to social impacts.
- Governance: Management structure, governance structure, group structure, financial transparency.

9.3. The Commissioner will continue to evaluate additional ESG-related metrics and assessment processes that could be incorporated into his investment process and will update accordingly.

## 10. CONCLUSION AND FUTURE ACTIONS

10.1. This Capital Strategy currently looks ahead over the next five years to 2030 together with the associated funding. Included is the current Estates Strategy 2021-2031 which recognises that planned changes to the estate's footprint require additional capital financing. The latest forecast costs in respect of the in-progress Crewe and Wilmslow major projects, which will be completed during the period covered by the Capital Strategy, have been included. Any further major schemes associated with the strategy will be subject to future business cases and no financial provision is therefore contained within this strategy.

10.2. All capital expenditure will be subject to rigorous review to ensure that plans are affordable, prudent, and sustainable. The Strategy will be continually reviewed in light of emerging and changing local issues, circumstances and priorities and updated accordingly.

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**Constabulary**

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# Reserves Strategy 2025-26



Cheshire  
Police & Crime  
Commissioner



Cheshire  
**Constabulary**

# Introduction

Welcome to the 2025/26 Reserve Strategy.

Reserves are essentially savings accounts – they help manage financial risk and fund major future costs. As set out in the Strategy, we hold reserves for three main purposes:

- To cover unforeseen risks and expenditure that may be incurred outside of planned budgets – known as a general reserve
- To set-aside funds for specific purposes, known or predicted pressures or future liabilities – known as earmarked reserves
- To hold capital receipts from sale of assets. The use of which is restricted under legislation to the purchase of new assets or the repayment of debt.

The Strategy needs to balance the necessity for reserves against the cost to council taxpayers and arrive at a level that is both prudent and adequate for the current climate but not excessive.

Details of each reserve and how it will be used is explained in the Strategy together with a list of the reserves and the amount held in each.



**Chief Constable**  
**Mark Roberts QPM**



**Police and Crime Commissioner**  
**Dan Price**

## RESERVE STRATEGY 2025/26

1. In addition to the requirements covering the robustness of estimates, Section 25 of the Local Government Act 2003 also requires the Chief Finance Officer, OPCC to present a report assessing the adequacy of the unallocated reserves in the context of policing threats and demands together with corporate and financial risks facing the organisation. The Commissioner needs to balance the necessity for reserves against the cost to council taxpayers and arrive at a level that is both prudent and adequate for the current climate but not excessive.
2. The Reserves Strategy sets out the reserves held, their intended usage and the strategy for ensuring the funds are maintained at an appropriate level. Reserves are held for three main purposes:
  - a. To cover unforeseen risks and expenditure that may be incurred outside of planned budgets – known as a general reserve
  - b. To set-aside funds for specific purposes, known or predicted pressures or future liabilities – known as earmarked reserves
  - c. To hold capital receipts from sale of assets. The use of which is restricted under legislation to the purchase of new assets or the repayment of debt.
3. In addition to the above reserves, Cheshire Constabulary act as lead force for a number of regional collaborations for which it holds reserves. These reserves are owned by all regional partners on an agreed share basis in line with each collaboration agreement.
4. Over the past few years, the level of reserves held by all forces have been under scrutiny by the Home Office and it is now considered best practice to produce a reserve strategy covering the medium-term financial strategy (MTFS) period. The status of each reserve will be reported to Joint Management Board as part of the quarterly financial reports.
5. Based on the audited 2023/24 Statement of Accounts, £23.3m was held in reserves of which £1.9m belongs to the regional collaborations (of which Cheshire Constabulary is a partner and therefore part owner) and £2.7m was temporary funding carried forward. Annex 1 sets out the proposed usage of the reserves over the next four years in line with MTFS plans together with other known commitments and liabilities. Reserves are forecast to decrease to £15.1m by the end of March 2025 and then fall to £12.1m by March 2030 (including collaborations reserves of £1.8m and £1.3m respectively).

6. As part of the Home Office scrutiny process; it classifies reserves in three main categories:
- a. Funding for planned expenditure on MTFS projects and programmes
  - b. Funding for specific projects and programmes beyond the current MTFS timeline
  - c. Those held as a general contingency or resource to meet other expenditure needs held in accordance with sound principles of good financial management.

Annex 2 provides analysis of the reserves in line with the above.

7. The purpose of each reserve is set out below:

#### **General Reserves**

The purpose of general reserves is to provide funding to cover specific and general risks identified in setting the budget but also in recognition of unforeseen risks and expenditure that may arise in year. Given the current levels of threats and demands facing policing the amount held in this reserve is deemed both prudent and adequate.

#### **Basis of Transactions:**

Best practice states that the prudent level for this reserve is 3% of the net revenue budget. Should the reserve fall below this level any underspends in the current financial year will be transferred up to the amount required to maintain the 3%. If such underspends are insufficient or not available, then a provision will be made in the next budget to cover any shortfall.

Use of this reserve is subject to approval by the Commissioner and is generally limited to funding unrecoverable overspends if they are not containable within existing funding and contingencies or other earmarked reserves.

#### **Medium Term Financial Strategy (MTFS) Reserve**

The origins of this reserve dates back to the start of the austerity programme and has been successfully used to support transition, implementation costs of transformational changes together with 'invest to save' projects. With increasing demands, the implementation of Digital Policing and the level of uncertainty over future funding, this reserve will provide some mitigation to these risks and challenges. This reserve also forms part of the 3% calculation as stated in the General Reserves above.

**Basis of Transactions:**

Any request for funding from this reserve will be subject to a business case setting out the proposal and the deliverable benefits, including wherever possible cashable savings. Such business cases will be presented to SCT Business Meeting for initial endorsement and then through Joint Management Board for approval from the Commissioner.

**Earmarked Reserves:****Carry Forwards Reserve**

This is a temporary reserve for any underspend from the previous financial year that has been approved to be spent in the following financial year. For example, if a project is delayed funding can be carried forward into the following year to meet delayed spend.

**Basis of Transactions:**

As all carry forward items are approved through the quarterly budget reports submitted to Joint Management Board via SCT Business Meeting, the funding is automatically returned to the relevant department as the start of the following financial year.

**Proceeds of Crime Community Fund Reserve**

Money seized under the Proceeds of Crime Act (POCA) 2002 are managed through a process called ARIS – Asset Recovery Incentivisation Scheme. As part of this scheme, all agencies involved with the seizures receive a share of the funds. These are held in this reserve.

**Basis of Transactions:**

The first call on monies seized under the Proceeds of Crime Act (POCA) will be the funding of Economic Crime Unit (ECU) financial investigators and Legal Services costs of managing subsequent court proceedings to recover POCA. The contribution towards ECU was originally agreed as part of the 2022/23 budget to meet the cost of up to four investigators and the associated legal costs. This will increase annually at the same level as the police staff pay award. This reflects the intention and commitment to further drive-up performance on asset recovery.

The second call will remain as the Commissioner's Community Fund (SWAP Fund). A contribution of £200,000 was agreed for 2024/25 and this level is carried forward to future years. This reflects the commitment to community projects.

Existing funding commitments will be maintained in line with the previously agreed business case. Any additional funding will be placed in the POCA reserve. It will primarily be used to fund projects and activity to the benefit of communities affected by crime in line with the Commissioner's Police and Crime Plan. Agreement on its usage will be through a management decision made by the Commissioner. Any bids to utilise POCA funding will require a business case to be submitted to the Commissioner which clearly shows how the proposal will benefit those communities affected by crime. Usage of the totality of the POCA monies remain at the discretion of the Commissioner as the recipient of funding.

### **Hardship Loan Reserve**

It is acknowledged that individuals may find themselves needing assistance in achieving a greater sense of wellbeing; it is known that wellbeing comprises elements of physical, emotional, social and financial health. As such, a scheme was created to address any short-term financial issues personnel (Officers and Staff) may experience. The intent being to prevent/break the cycle of financial difficulty without the exposure to high interest loan schemes (pay day loans). This small reserve covers the loans until repaid.

Basis of Transactions:

Should a default arise on the repayment of any Hardship Loan, a report will be submitted to Deputy Chief Constable. If they approve the debt can be written off, the funding will be applied and reported to the Commissioner in the next quarterly financial report.

### **Pay and Pensions Reserve**

There are currently several issues in relation to pay and pensions that could impact on the revenue funding, the main being the outcome of the McCloud ruling (see financial risks below). The level of administration to service these is considerable and the uncertainty of how these will be funded has resulted in this reserve being created to cover any initial costs. It is anticipated that this will be utilised once the funding position is clarified and to support the preparatory work. Initial costs are now known which will significantly reduce the reserve. Further costs are still expected, and funding will need to be set aside for this purpose.

Basis of Transactions:

Utilisation of this funding is linked to the costs and support required in both HR and Finance in resolving the McCloud issues. Approval is granted each year as part of the budget setting process. Additional use in year will be reported in the quarterly financial reports to Joint Management Board.

**Redundancy Reserve**

It is recognised that the cost of reforms, efficiencies and restructuring can require changes to staffing levels. This reserve is held to meet any associated costs should the need arise.

Basis of Transactions:

Redundancies are managed through the relevant HR processes and approval routes. Only approved redundancies will be funded via this reserve and will be reported in the quarterly financial reports to Joint Management Board.

**Major Investigations Reserve**

This reserve holds funds to contribute towards the costs of ongoing Major Investigations in accordance with the terms and conditions of any grants.

Basis of Transactions:

This is restricted under the grant agreement to fund the specified operation and is reported accordingly.

**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.

Basis of Transactions:

This reserve will be applied to council tax collection fund deficits until such times that the deficits have ceased, or the grant is fully utilised. Should the collection funds return to balanced or surplus before the grant is fully utilised, any balance will be transferred to general reserves.

**Estates Strategy Reserve**

Funding was set aside to support the Estates Strategy including the Headquarters PFI expiry work due to the contract ending in 2033/34.

Basis of Transactions:

Approval for the use of this funding is reserved to the Commissioner and restricted to supporting the delivery of the Estates Strategy. Any call on this reserve is subject to a report to Joint Management Board and Commissioner approval.

### **Road Safety Initiatives Reserve**

This reserve holds funds set aside to enable the commissioning of projects incorporating road safety initiatives including the deployment of average speed cameras and other operational road safety measures.

Basis of Transactions:

Use of this funding is subject to a report to Joint Management Board setting out the proposals and is subject to agreement from the Commissioner and Chief Constable.

### **Commissioning Reserve**

The Commissioner bids for and receives specific grants and funding to support victims and other key priorities such as Violence against Women and Girls. Some of these projects cover more than one financial year and this reserve is used to hold such funding until it is utilised.

Basis of Transactions:

Use of this funding is at the discretion of the Commissioning Officer within the Office of Police and Crime Commissioner in consultation with the Commissioner's Chief Finance Officer.

### **Capital Receipts**

Capital Receipts represents the net proceeds from the sale of assets. Use of this funding is limited by regulation to re-investment in new assets or the repayment of debt.

Basis of Transactions:

The use of this reserve is restricted under legislation and regulations and is applied to the IT refresh programme at part of the year-end process.

### **Unapplied Capital Grants Reserve**

This reserve contains any capital grant received by the Commissioner but not yet used to finance capital investment. Such funding, if any is allocated, is now generally applied in full in the year it is received, with the exception of specific grants that are applied when the associated expenditure is made.

Basis of Transactions:

The use of this reserve is restricted under the grant arrangements and is applied to the capital programme at part of the year-end process.

### **Emergency Services Network (ESN) Reserve**

The Emergency Services Network (ESN) programme will see the current Airwave based communication systems replaced with a new 4G based communication service. This is a national programme that is currently undergoing a new procurement process, which is expected to take some time to complete. Airwave now remains viable to at least 2035 and therefore, this reserve is not expected to be required for the foreseeable future.

#### **Basis of Transactions:**

Within the reserve, grant funding is held for use in line with the terms and conditions of the grant. Until such times as a clearer national position is available no further funding will be added to this reserve.

### **HQ IT Reserve**

This reserve was created as part of the private finance initiative (PFI) scheme to support the replacement of computer equipment. It is supplemented each year in line with the scheme's requirement and applied to finance relevant capital expenditure.

#### **Basis of Transactions:**

The use of this reserve is restricted under the PFI contract arrangements and is applied to the IT refresh programme at part of the year-end process.

### **Revenue Reserve for Capital**

In recognition of the removal of Government funding for capital investments, the MTFS includes a contribution each year towards the costs of such investment in order to mitigate the level of borrowing required. This contribution will be held in this reserve and applied as capital spend is incurred. This reserve is for the general funding of capital, especially those annual replacement schemes such as Fleet and Digital Technology.

#### **Basis of Transactions:**

This reserve supports the funding of the approved capital programme. Its use is initially set out at the start of the financial year through the Investment Strategy and reported on throughout the year as part of the quarterly financial reports. Final actual application of the reserve is undertaken at year-end and reported in the outturn report.

## **Collaboration Reserves:**

### **Armed Police Alliance**

This reserve has arisen from underspends in previous financial years due to high turnover of officers. It is being utilised to support training, ammunition and other expenditure to support the training of new trainees to replace these officers.

### **Underwater Search Unit**

Funding held on behalf of all partners for future demands – e.g., replacement of the boat, vehicles, and equipment as part of an asset replacement strategy.

### **Local Resilience Forum**

Cheshire Resilience Forum partners work together to prepare for emergencies, including Cheshire Constabulary, Cheshire Fire and Rescue Services and local authorities. The reserve is held to support strategic training and as a contingency for unforeseen pressures.

### **National Blue Light Procurement Reserve**

This is a national collaboration, which Cheshire Constabulary leads, with the reserve being held for development of the system in conjunction with the Home Office.

For all Collaboration Reserves – Basis of Transactions:

The use of any of the above reserves are subject to approval by all relevant partners and the agreed governance routes as set out in the S.22 Agreements.

## KEY RISKS

8. There are a number of uncertainties and risks over the next few years that hold the potential of significant financial impact including the on-going effect of the coronavirus pandemic. Uncertainty over funding as a result makes planning difficult and reserves are a key tool in providing flexibility to deal with this challenge.
9. The following set out key financial risks that may impact on reserves:
  - a. Government funding is still uncertain in the medium-term although a Spending Review is due in 2025. As a result, the MTFS remains challenging with many uncertainties in an unsettled economic environment. Reserves will be required to support the budget and savings targets.

- b. Claims of unlawful discrimination were made in relation to the changes to the Judiciary and Firefighters Pension regulations and in December 2018 the Court of Appeal (McCloud / Sargeant) ruled that the 'transitional protection' offered to some members as part of the reform to public sector pensions amounts to unlawful discrimination. Significant work is required to facilitate the fallout of this ruling and there is a degree of uncertainty over the costs and funding going forward. Initial costings are now known, and the Pay and Pensions reserve utilised to fund these. However, there are further costs expected including 'compensation'. The value of these and their ultimate funding remains uncertain.

## FORWARD STRATEGY

10. The foremost principle of holding reserves remains affordability versus risk. To set aside reserves for all potential risks scenarios that may arise would be prohibitively expensive and result in demands on council taxpayers considerably higher than likely need.
11. As such, the strategy for general reserves is to hold the level of this reserve at around 3% of the net budget requirement. The level should be reviewed annually after the budget for the forthcoming year has been set. Any excess will be released in support of capital funding to limit the need to borrow and the associated impact on revenue budgets. Any shortfall will be recognised as a first call on any in-year underspends or built into the following year's budget proposals.
12. Earmarked reserves are reviewed quarterly and reported to the Commissioner as part of the formal financial reviews. The reviews will take into account the purpose of the reserve, the risks they are designed to mitigate and the current and future demands. Any reserve deemed no longer required will be returned to general reserves.
13. Strategic risks are monitored through SCT Business Meeting, Joint Management Board and Joint Audit Advisory Committee. Any new risk or significant change to existing risks will be monitored with any impact on reserves presented to SCT Business Meeting for recommendation to the Commissioner for the creation or adjustment to Earmarked Reserves.
14. Capital reserves are the primary source of funding for all capital investments and are therefore linked to the approved capital strategy. The use of such reserves is designed to cover short-life assets, limiting the need to borrow over short periods.

15. Capital receipts of more than £10,000 from the sale of assets can only be used to fund future capital investment or the repayment of debt. Receipts of less than £10,000 are returned to revenue budget.
16. General capital grants have not been allocated for a number of years, it is, therefore, appropriate to forward plan on that basis. In order to meet the minimum asset replacement cycles, a revenue contribution is made each year into Revenue Reserve for Capital reserve and used towards financing that year's capital programme.

	2024/25			2025/26			2026/27			2027/28			2028/29			2029/30		
	31-Mar £000	Revenue £000	Capital £000	31-Mar £000	Revenue £000	Capital £000	31-Mar £000	Revenue £000	Capital £000	31-Mar £000	Revenue £000	Capital £000	31-Mar £000	Revenue £000	Capital £000	31-Mar £000		
<b>General Reserves: Revenue</b>																		
Police Fund - General Reserve	£5,773	£0	£0	£5,773	£0	£0	£5,773	£0	£0	£5,773	£0	£0	£5,773	£0	£0	£5,773		
MTFS Reserve	£2,483	£0	£0	£2,483	£0	£0	£2,483	£0	£0	£2,483	£0	£0	£2,483	£0	£0	£2,483		
	£8,256	£0	£0	£8,256	£0	£0	£8,256	£0	£0	£8,256	£0	£0	£8,256	£0	£0	£8,256		
<b>Earmarked Reserves: Revenue</b>																		
Carry Forwards Reserve	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0		
POCA Reserve	£560	-£147	£0	£413	-£18	£0	£395	-£18	£0	£377	£0	£0	£377	£0	£0	£377		
Hardship Loan Reserve	£50	£0	£0	£50	£0	£0	£50	£0	£0	£50	£0	£0	£50	£0	£0	£50		
Pay and Pensions Reserve	£147	-£128	£0	£19	£0	£0	£19	£0	£0	£19	£0	£0	£19	£0	£0	£19		
Redundancy Reserve	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0		
Major Investigations Reserve	£1,125	-£562	£0	£562	-£562	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0		
Council Tax Deficit Reserve	£769	£0	£0	£769	£0	£0	£769	£0	£0	£769	£0	£0	£769	£0	£0	£769		
Estates Strategy Reserve	£500	-£500	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0		
Road Safety Initiatives Reserve	£342	£0	£0	£342	£0	£0	£342	£0	£0	£342	£0	£0	£342	£0	£0	£342		
Commissioning Reserve	£219	-£219	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0		
IT Reserve	£291	£0	£0	£291	£0	£0	£291	£0	£0	£291	£0	£0	£291	£0	£0	£291		
	£4,003	-£1,556	£0	£2,446	-£580	£0	£1,866	-£18	£0	£1,848	£0	£0	£1,848	£0	£0	£1,848		
<b>Earmarked Reserves: Capital</b>																		
Capital Receipts	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0		
Capital Reserve - Unapplied Grant	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0		
ESN Reserve	£226	£0	£0	£226	£0	£0	£226	£0	£0	£226	£0	£0	£226	£0	£0	£226		
HQ IT Reserve	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0		
Revenue Reserve for Capital	£755	£3,747	-£4,502	£0	£3,551	-£3,551	£0	£3,478	-£3,478	£0	£4,631	-£4,631	£0	£5,020	-£4,546	£474		
	£981	£3,747	-£4,502	£226	£3,551	-£3,551	£226	£3,478	-£3,478	£226	£4,631	-£4,631	£226	£5,020	-£4,546	£700		
<b>Collaboration Reserves:</b>																		
Armed Police Alliance Reserve	£452	-£422	£0	£29	£0	£0	£29	£0	£0	£29	£0	£0	£29	£0	£0	£29		
Dog Alliance Reserve	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0		
Local Resilience Forum Reserve	£353	£0	£0	£353	£0	£0	£353	£0	£0	£353	£0	£0	£353	£0	£0	£353		
MFSS Development Fund	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0		
National Blue Light Procurement	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0		
UWSU Reserve	£1,011	£0	-£80	£931	£0	£0	£931	£0	£0	£931	£0	£0	£931	£0	£0	£931		
NWAP Collaboration	£30	£0	£0	£30	£0	£0	£30	£0	£0	£30	£0	£0	£30	£0	£0	£30		
	£1,846	-£422	-£80	£1,343	£0	£0	£1,343	£0	£0	£1,343	£0	£0	£1,343	£0	£0	£1,343		
<b>TOTAL RESERVES</b>	<b>£15,086</b>	<b>£1,769</b>	<b>-£4,582</b>	<b>£12,271</b>	<b>£2,971</b>	<b>-£3,551</b>	<b>£11,691</b>	<b>£3,460</b>	<b>-£3,478</b>	<b>£11,673</b>	<b>£4,631</b>	<b>-£4,631</b>	<b>£11,673</b>	<b>£5,020</b>	<b>-£4,546</b>	<b>£12,147</b>		

**RESERVES HELD - Home Office classification**

	2024/25			2025/26			2026/27			2027/28			2028/29			2029/30		
	31-Mar £000	Revenue £000	Capital £000	31-Mar £000	Revenue £000	Capital £000	31-Mar £000	Revenue £000	Capital £000	31-Mar £000	Revenue £000	Capital £000	31-Mar £000	Revenue £000	Capital £000	31-Mar £000		
<b>General Reserve / Contingency:</b>																		
Police Fund - General Reserve	£5,773	£0	£0	£5,773	£0	£0	£5,773	£0	£0	£5,773	£0	£0	£5,773	£0	£0	£5,773		
MTFS Reserve	£2,483	£0	£0	£2,483	£0	£0	£2,483	£0	£0	£2,483	£0	£0	£2,483	£0	£0	£2,483		
	£8,256	£0	£0	£8,256	£0	£0	£8,256	£0	£0	£8,256	£0	£0	£8,256	£0	£0	£8,256		
<b>Funding for Projects/Programmes - current MTFS</b>																		
Armed Police Alliance Reserve	£452	-£422	£0	£29	£0	£0	£29	£0	£0	£29	£0	£0	£29	£0	£0	£29		
Capital Receipts	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0		
Capital Reserve - Unapplied Grant	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0		
Carry Forwards Reserve	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0		
Dog Alliance Reserve	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0		
ESN Reserve	£226	£0	£0	£226	£0	£0	£226	£0	£0	£226	£0	£0	£226	£0	£0	£226		
POCA Reserve	£560	-£147	£0	£413	-£18	£0	£395	-£18	£0	£377	£0	£0	£377	£0	£0	£377		
Hardship Loan Reserve	£50	£0	£0	£50	£0	£0	£50	£0	£0	£50	£0	£0	£50	£0	£0	£50		
Pay and Pensions Reserve	£147	-£128	£0	£19	£0	£0	£19	£0	£0	£19	£0	£0	£19	£0	£0	£19		
HQ IT Reserve	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0		
IT Reserve	£291	£0	£0	£291	£0	£0	£291	£0	£0	£291	£0	£0	£291	£0	£0	£291		
Local Resilience Forum Reserve	£353	£0	£0	£353	£0	£0	£353	£0	£0	£353	£0	£0	£353	£0	£0	£353		
MFSS Development Fund	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0		
National Blue Light Procurement	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0		
Redundancy Reserve	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0		
Revenue Reserve for Capital	£755	£3,747	-£4,502	£0	£3,551	-£3,551	£0	£3,478	-£3,478	£0	£4,631	-£4,631	£0	£5,020	-£4,546	£474		
UWSU Reserve	£1,011	£0	-£80	£931	£0	£0	£931	£0	£0	£931	£0	£0	£931	£0	£0	£931		
Major Investigations Reserve	£1,125	-£562	£0	£562	-£562	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0		
NWAP Collaboration	£30	£0	£0	£30	£0	£0	£30	£0	£0	£30	£0	£0	£30	£0	£0	£30		
Council Tax Deficit Reserve	£769	£0	£0	£769	£0	£0	£769	£0	£0	£769	£0	£0	£769	£0	£0	£769		
Estates Strategy Reserve	£500	-£500	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0		
Road Safety Initiatives Reserve	£342	£0	£0	£342	£0	£0	£342	£0	£0	£342	£0	£0	£342	£0	£0	£342		
Commissioning Reserve	£219	-£219	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0		
	£6,830	£1,769	-£4,582	£4,015	£2,971	-£3,551	£3,435	£3,460	-£3,478	£3,417	£4,631	-£4,631	£3,417	£5,020	-£4,546	£3,891		
<b>TOTAL RESERVES</b>	<b>£15,086</b>	<b>£1,769</b>	<b>-£4,582</b>	<b>£12,271</b>	<b>£2,971</b>	<b>-£3,551</b>	<b>£11,691</b>	<b>£3,460</b>	<b>-£3,478</b>	<b>£11,673</b>	<b>£4,631</b>	<b>-£4,631</b>	<b>£11,673</b>	<b>£5,020</b>	<b>-£4,546</b>	<b>£12,147</b>		

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**JOINT MANAGEMENT BOARD**

**DECISION NO. 2025/03**

**DATE: 29 JANUARY 2025**

**MEDIUM TERM FINANCIAL STRATEGY 2025-2030**

**Executive Summary:**

The Commissioner is required to set an annual balanced budget and precept (the Commissioner's share of Council Tax) taking into account Government funding, precept regulations and organisational demands. This requirement is supported by the production of a Medium-Term Financial Strategy (MTFS) with the annual budget forming the first year of the Strategy. The creation and maintenance of the MTFS is fundamental in promoting good financial planning and delivery of value for money.

The MTFS is supported by the Reserves Strategy which highlights the reserves held, their usage in support of delivering the Commissioner's Police & Crime Plan and the Chief Constable's Plan on a Page, and the appropriateness of the amounts held.

Based on the Provisional Grant Settlement announced on 17 December 2024 setting out the funding and precept flexibility for 2025/26, the MTFS has been updated as set out in appendix 1.

**Recommendation:**

- 1) That the updated Medium Term Financial Strategy for 2025-2030 be approved.

I have reached the following decision:

Approval of the recommendation.

My rationale for this decision is:

The Medium-Term Financial Strategy 2025-2030 is fundamental in promoting good financial planning, the delivery of value for money, ensuring operational threats and risks are addressed and managed to protect front line policing and make Cheshire's communities even safer.

**Signature**



**Date 29 January 2025**

**Police & Crime Commissioner**



# Medium-Term Financial Strategy 2025-2030

January 2025



Cheshire  
Police & Crime  
Commissioner



Cheshire  
Constabulary

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# Foreword

This is the Medium-Term Financial Strategy (MTFS) and covers a period of five years. It will be reviewed every six months to reflect the dynamic nature of both policing and changes in funding. It describes the financial direction of the organisation and outlines financial pressures. Without the confidence of knowing what we can afford it is impossible to make balanced judgements about where we need to invest and where we can make efficiencies. We have had to manage the challenging and changing financial situation facing all public services whilst ensuring we meet local policing needs, and the priorities set out in the Commissioner's new Police and Crime Plan.

Over the period of this MTFS, we will continue to innovate and engage widely with the public of Cheshire to deliver on key local and national priorities and work with a broad range of partners to address the root causes of crime and anti-social behaviour to create a safer, more cohesive community through prevention and intervention.

The MTFS is intrinsically linked to the Force Management Statement (FMS) which is a self-assessment of current and future demand, performance and how we will adapt to meet such demand. It also includes details of the funding the Constabulary expects to have to fulfil this.

On the 17 December 2024, the Home Secretary published the Provisional Police Grant Report 2025/26 – a one-year settlement as Phase 1 of their spending review. The Government also announced the total level of funding planned for Phase 2, which will conclude and be published in late spring of 2025. As such, for this MTFS, funding has been held at 2025/26 levels throughout due to the uncertainty of what funding will be available from 2026/27. Once Phase 2 has been published, the MTFS will be updated and republished.



**Chief Constable**  
**Mark Roberts QPM**



**Police and Crime Commissioner**  
**Dan Price**

## MEDIUM TERM FINANCIAL STRATEGY 2025 TO 2030

### 1 INTRODUCTION

- 1.1. The purpose of the Medium-Term Financial Strategy (MTFS) is to provide the Police and Crime Commissioner, Chief Constable, officers, staff, the public and other stakeholders with information on the financial outlook and the estimated available financing over the next five years. The strategy takes into account future high-level potential revenue and capital expenditure over the period based upon current information.
- 1.2. The Commissioner's new Police and Crime Plan contains a wide range of innovative initiatives to deliver the following three key pillars;
- Listen to the Public
  - Modernise
  - Reduce Crime

#### Listen to the Public

- 1.3 The Commissioner has set out his plans to engage widely with the public through the hosting of citizens assemblies in each of the nine Local Policing Units (LPUs) across the Constabulary area. This will enable the Commissioner and his team to hear the voices of local people and enable local policing teams to be better informed on the views of local residents.
- 1.4 The Commissioner's Plan includes a wide range of support for victims of crime, by commissioning tailored services to best meet their needs. By regularly reviewing police performance and holding the Chief Constable to account, the Commissioner will ensure that the police are using all the tools available to them. He will retain a sharp focus on the Constabulary handling victims with care, respect and sensitivity.

#### Modernise

- 1.5 The Commissioner is keen to drive efficiencies and explore how artificial intelligence and data analytics can help drive forward many of the priorities contained within his Plan. Innovative technology will be embraced to ensure that the service is well equipped to deal with current and emerging threats and ensuring the police are present when and where they are needed most. This will be supported by a culture which is open to new ideas and new ways of working. Wherever possible, the Commissioner will look to secure additional funding and work with key stakeholders to build on the successes already achieved.
- 1.6 This MTFS also makes provision for funding to ensure that the Constabulary estate is modernised and, despite the challenging financial context and the age and size of the estate, invest in existing properties in a sustainable and economic way to enable them to remain effective policing bases best placed to serve our communities. This will also include provision for the development of new, state of the operational bases in Wilmslow and Crewe.

### Reduce Crime

- 1.7 Through his citizens assemblies, the Commissioner is clear how important neighbourhood policing, and a visible police presence is to all our communities and will support and review the development of the neighbourhood policing model where all communities will have a named contact. Through his scrutiny process, the Plan also sets out how response and call handling times will be monitored. The budget will support the continued use of tools such as Dytask which will ensure that hotspot areas are properly policed, and that communities and businesses can be best supported at times when they may need additional resources to address such issues as ASB. The Commissioner is currently developing the County's first stakeholder funded hotspot policing programme.
- 1.8 The Commissioner's Plan also includes a keen focus on violence against women and girls and driving up the reporting of domestic abuse incidents, to ensure the service provided to victims is the best it can be, and that those most at risk of harm are protected.
- 1.9 The MTFS supports the Plan's focus on the prevention agenda and efforts to steer people away from criminal activity, looking to commission educational programmes where appropriate to tackle the scourge of knife crime and other serious violence, but also working with perpetrators and ex-offenders to rehabilitate them into our communities and deter them from further criminality. This MTFS also sets out the contributions that will be made to regional policing operations which focus on serious and organised crime and counter terrorism, for which the Commissioner and his regional counterparts will provide oversight and scrutiny.
- 1.10 The Plan sets out the work which will be undertaken with local community groups, utilising money seized through the Proceeds of Crime Act to develop projects which support local communities to tackle crime and anti-social behaviour.
- 1.11 The Commissioner's Police & Crime Plan is the key document in local policing which has helped develop this MTFS and set out policing priorities for the coming four years.
- 1.12 The Force Management Statement is a self-assessment that Chief Constables prepare and give to His Majesty's Inspectorate of Constabulary and Fire & Rescue Services (HMICFRS) each year. It is the Chief Constable's statement and explanation of:
- the demand the force expects to face in the next four years;
  - how the Constabulary will change and improve its workforce and other assets to cope with that demand;
  - how the Constabulary will improve its efficiency to make sure the gap between future demand and future capability is as small as it can reasonably be; and
  - the money the Constabulary expects to have to do all this.

- 1.13 As such the Force Management Statement and MTFs are integral to each other. One to provide details on the demand and shape of the Constabulary going forward and the other to reflect the monetary impact.
- 1.14 In addition, there is the Strategic Policing Requirement (SPR). This was first issued in July 2012 under Section 77 of the Police Reform and Social Responsibility Act 2011. The Home Secretary has produced this setting out how Commissioners and Chief Constables contribute to national policing issues. There is a statutory requirement for all forces to deliver the SPR alongside problem solving local issues. It was last updated in February 2023 to introduce Child Sexual Abuse (CSA) as an additional national threat. The latest SPR currently covers the following issues:
- Violence Against Women and Girls
  - Terrorism
  - Serious and organised crime
  - National Cyber Event
  - Child sexual abuse
  - Public disorder
  - Civil emergencies
- 1.15 As part of the overall budget process, the Chief Constable must satisfy himself and the Commissioner that the requirements of the SPR are achievable within the financial scenarios.
- 1.16 In the Chief Constable's plan on a page, he sets out his vision and priorities for the Constabulary as follows:



## 2 DEMAND AND PERFORMANCE

- 2.3 While the above set the priorities for the Constabulary both nationally and locally, there has to be a recognition within this Medium-Term Financial Strategy, of the demand placed on the service and the performance required to meet that demand.
- 2.4 On 19th November 2024, at the NPCC and APCC annual conference, Home Secretary Yvette Cooper set out her plans to deliver major policing reforms which included:
- A new Police Performance Unit to track national data on local performance and drive-up standards
  - A Neighbourhood Policing Guarantee to get policing back to basics and rebuild trust between local forces and the communities they serve
  - A new National Centre of Policing to harness new technology and forensics, making sure policing is better equipped to meet the changing nature of crime
- 2.5 To drive excellence across policing, the Home Secretary and police system leaders will establish a new National Centre of Policing. While work is underway to determine the scope and scale of the unit, it is expected to include specialist and supportive functions like forensics, aviation and IT, which have become fragmented and underpowered over the last decade. National arrangements on procurement will also generate savings to reinvest into frontline policing.
- 2.6 A new Police Performance Framework will be drawn up between policing and the Home Office to make sure standards are upheld across the country. This framework will meet a long-standing recommendation of the police inspectorate and has the support of the College of Policing and the National Police Chiefs' Council.
- 2.7 This framework will be underpinned by a new Police Performance Unit in the Home Office, using data to determine force-level improvements and end the postcode lottery on standards.
- 2.8 The Home Office will create a new central database of high-quality force-level data tracking local performance in priority areas like knife crime and violence against women and girls. Ministers will work in collaboration with the College of Policing, His Majesty's Inspectorate of Constabulary and Fire & Rescue Services and PCCs to ensure there is effective intervention when forces are failing.
- 2.9 It was also announced that they are committed to delivering an additional 13,000 police officers, PCSOs and special constables in neighbourhood policing roles, and will set out further steps in the coming weeks.

### 3 THE MEDIUM-TERM FINANCIAL STRATEGY

3.3 With the above plans, statements and objectives in mind, the purpose of this strategy is to provide a basis for determining:

- The level of funding available in the future to deliver national and local priorities;
- The future demands upon the revenue budget;
- The impact of external factors;
- The financial implications of collaborations;
- The amount of capital investment which is required to achieve corporate objectives;
- The revenue consequences of such capital investment;
- The future reserve levels;
- The impact of additional demands on the level of council tax; and
- The main financial risks facing the organisation.

3.4 The above determines the level of funding and demands on finances over the MTFS period enabling strategic financial planning processes to address the challenges and outcomes.

3.5 The following set out the key principles for that planning process:

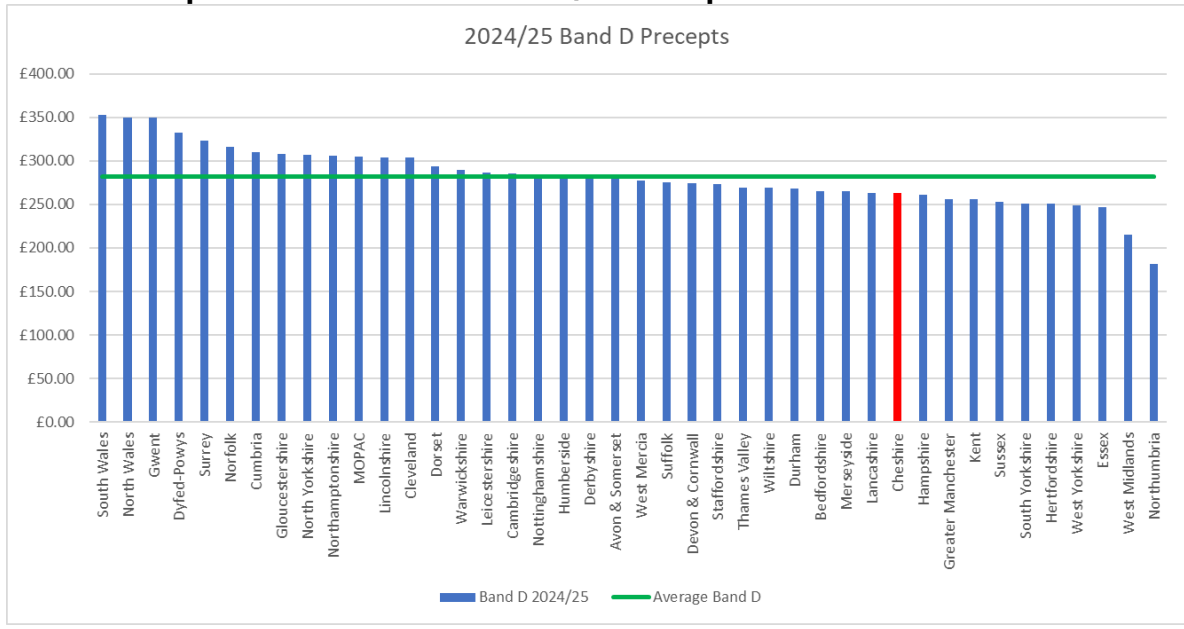
- Ensure that plans contribute to improved outcomes in support of set priorities;
- Set a comprehensive, timely, balanced, and realistic budget;
- Take into account pay and price inflation and achievability of savings;
- Complies with the approved treasury management strategy;
- Complies with the approved reserves strategy;
- Raise awareness of and communicate key financial messages both internally and externally;
- Ensure budgets set are affordable and do not jeopardise financial stability either in the short or long term;
- All spending plans will need to demonstrate that they can achieve value for money;
- Spending will be agreed only when the necessary funding is identified and approved;
- External funding will be sought wherever it can be used in a sustainable manner that does not lead to unforeseen costs; and
- Budget proposals will be publicised and consulted upon with stakeholders in an open and transparent manner.

### 4 FINANCIAL SCENARIO

4.3 It is imperative that the MTFS takes account of the regional, national, and global economic climates and the short to medium term impact of the inflationary pressures both in service delivery and financial outlook. It is also noted that this mid-year review of the MTFS comes after both local and national elections resulting in a new Police and Crime Commissioner and Central Government.

- 4.4 The Commissioner receives his main funding from two sources – Government grants and local council tax (known as a precept). Government grants account for around 58% with local council tax funding covering the remaining 42%. The following paragraphs sets out the current financial scenarios for both.
- 4.5 Government funding is the aggregate amount of grants for police purposes comprising of the Home Office Police Core Grant, the Department for Levelling Up, Housing & Communities (DLUHC) Formula Funding Grant, and Legacy Council Tax Grants.
- 4.6 A precept is levied on the Council Tax for the policing in Cheshire and it is the responsibility of the Commissioner to set the level of precept as part of the annual budget setting process. To calculate the level of funding, each local authority calculates the taxbase (the assimilated number of council tax bills issued) taking into account changes in the number of houses, council tax benefits, discounts etc. These vary each year and the MTFS includes assumptions for these changes based on discussions and forecasts supplied by the local authorities.
- 4.7 Each December, the Government sets out the council tax referendum principles. These principles set the maximum increase permitted on a Band D property for the following financial year, before a local referendum is required. However, it is for the Commissioner to decide the level of precept annually. To aid understanding of the context in which the precept is set, the actual level of council tax levied by each Police & Crime Commissioner for 2024/25 is shown below (Band D equivalent).

**Chart 1: Comparison of Police Force 2024/25 Precept Levels**



- 4.8 Each year Council Tax income is calculated based on assumed levels of collection rates by the local authorities. This means that, at the end of each year, an adjustment has to be made to reflect the actual collection rates. This can lead to a one-off surplus or deficit on the fund which is accounted for within the calculation of the following year's

net budget requirement, but the actual amounts are not declared until mid-January each year.

## 5 FINANCIAL ASSUMPTIONS

5.3 The level of expenditure incurred increases each year based on several factors such as pay awards, inflation, changing priorities and additional demands or burdens. The following lists the financial assumptions that are included within the current MTFS:

- Pay inflation – while the actual pay award is subject to annual negotiation, for September 2025 the provisional offer of 2.8% has been included, with future years including a forecast 2% pay award. Cheshire is a Living Wage Foundation employer and will support the proposed increases accordingly.
- Pensions - Every three years the Local Government Pension Scheme (LGPS) is valued, and the following three year's employers' contribution rates are set accordingly. The last valuation was in 2022 and new annual rates have been included within the MTFS. The next valuation is due in 2025 and estimates of the impact of that valuation have also been included.
- Police Pension Scheme - Changes in the employer contribution rates were due to be implemented from April 2023 for most unfunded public service pension schemes, including police officers. Due to various complex reasons, these were delayed until April 2024. Specific grant funding was awarded in 2024/25 and again in 2025/26 to support this additional cost. However, this has not been transferred as yet into the base funding and therefore has no certainty for future years. The assumption within this MTFS is for this funding to continue as a specific grant.
- Price inflation – Based on the Office of National Statistics inflation data, non-pay expenditure is increased annually in line with inflationary targets. The exceptions to this are those items that have specific annual increases in accordance with their contractual arrangements or known rates, and these are reflected within the MTFS.
- Borrowing – Additional borrowing is required to meet the planned capital programme, although the exact timing will depend on spend and interest rate movement. Interest payable is based on forecast interest rates. Additionally, funding (known as the Minimum Revenue Provision or MRP) must be set aside to repay debt over time and as new borrowing is undertaken this amount will increase. Estimated MRP amounts have also been built into the figures in this MTFS.
- Funding – The Spending Review 2025 is taking place in two phases - at the Autumn Budget on 30 October 2024, the Chancellor set out the outcome of Phase 1 of the Spending Review, which confirmed departmental budgets for 2024/25 and set budgets for 2025/26.

The Government also announced the total level of funding planned for Phase 2, which will conclude and be published in late spring of 2025. As such, for this MTFS, funding has been held at 2025/26 levels throughout due to the uncertainty of what funding will be available from 2026/27. Once Phase 2 has been published, the MTFS will be updated and republished.

- Precept – On the 28 November 2024, the Government issued a statement on council tax referendum principles which stated that these must strike a balance between the burden on the taxpayer and funding local authority need, whilst acting as an additional local democratic check and balance. For policing the Government has set a council tax referendum principle of £14 at Band D. It is assumed flexibility will continue, but at £10 (Band D) throughout the rest of the MTFS period.

## 6 FINANCIAL CHALLENGES AND OPPORTUNITIES

- 6.3 While headline inflation such as CPI has fallen from the high levels experienced over the last few years and is predicted to return to the 2% target level within the MTFS period, there are still some areas where inflation remains stubbornly high. For example, the cost of insurance continues to show yearly increases in double figures. Similarly, higher pay awards contribute to financial pressures, with Government funding going some way to mitigate the impact.
- 6.4 Opportunities to improve the impact of the financial forecasts come in the form of improved efficiencies, increased productivity, and modernisation.

## 7 FINANCIAL FORECASTS 2025 to 2030

- 7.3 It is important to note that the MTFS is a high-level strategy document that summarises plans over the medium term as they stand based upon current projections and assumptions. As additional updated information becomes available these plans will be subject to change and updated accordingly. A certain amount of detailed budget information is presented, and this should be regarded as indicative and illustrative only. Any budget shortfall is assumed to be cleared for the following year's budget. This document will inform the Commissioner's budget setting process, as will other tools such as consultation with residents.
- 7.4 Based on current information, priorities and assumptions, the following table sets out indicative budgets for 2025 to 2030 recognising the volatility and uncertainty of funding and the flexibility or not afforded to Commissioners to uplift the council tax.

<b>Table 1 – MTFS Revenue Budgets</b>	2025/26	2026/27	2027/28	2028/29	2029/30
	£'000	£'000	£'000	£'000	£'000
Base budget (Gross)	290,495	305,213	310,711	316,303	322,079
Inflation	13,655	7,013	6,076	6,198	6,354
Commitments & Unavoidable Demand	7,523	3,184	2,966	1,379	500
Savings identified	-6,288	0	0	0	0
<b>Gross Expenditure</b>	<b>305,385</b>	<b>315,410</b>	<b>319,753</b>	<b>323,880</b>	<b>328,933</b>
Income and specific grants	-42,786	-42,627	-42,615	-42,665	-42,716
	262,599	272,783	277,138	281,215	286,217
Transfer to/(from) reserves	0	0	0	0	0
<b>Net Budget to be funded</b>	<b>262,599</b>	<b>272,783</b>	<b>277,138</b>	<b>281,215</b>	<b>286,217</b>
Government grant	-142,424	-142,424	-142,424	-142,424	-142,424

Legacy Council Tax Grant	-8,256	-8,256	-8,256	-8,256	-8,256
Council tax – Precept	-111,919	-117,404	-123,008	-128,734	-134,583
Council tax – Collection Fund	0	0	0	0	0
<b>Net Budget Requirement</b>	<b>-262,599</b>	<b>-268,084</b>	<b>-273,688</b>	<b>-279,414</b>	<b>-285,263</b>
<b>Budget Gap / (Surplus)</b>	<b>0</b>	<b>4,699</b>	<b>3,450</b>	<b>1,801</b>	<b>954</b>

- 7.5 Each year there are commitments and unavoidable demands that require funding. These are in addition to inflation and form part of the standstill budget proposal. For example, the financial impact of borrowing – interest and repayment.
- 7.6 Please note that all the budget gaps or surpluses are prior to any additional growth or demands not currently identified and therefore these will increase when amounts are known and the MTFS updated accordingly. It is assumed that any significant growth will be matched by appropriate savings each year. With the current financial uncertainties, future years are speculative and subject to considerable change.
- 7.7 All budgets are subject to rigorous review. In addition to the standard priority-based budgeting process, a thematic review of all budgets including underlying processes and contractual specifications will take place to ensure they remain fit for purpose and current, providing value for money whilst maintaining service performance and delivery within available funding.

## 8 SENSITIVITY ANALYSIS

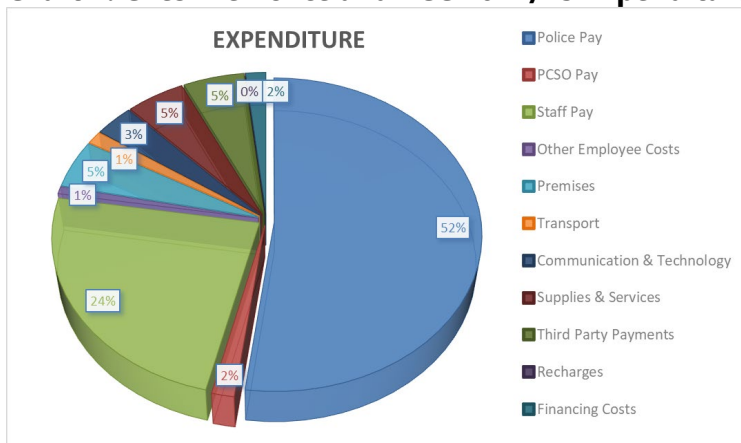
- 8.3 As with any assumptions, there are risks that the actual outcome will be different. There are three key assumptions included within this MTFS that could impact significantly upon the figures presented in table 1 above. These are the level of Government funding, the amount of council tax payable towards local police funding and the level of pay awards agreed nationally. As such, the following details the financial impact of changes to the levels assumed in these tables. It is also important to note that these changes would be cumulative as they represent a change to base level funding.
- For each change of 0.5% in the level of government funding, the impact would be either a reduction or increase in the budget gap of around £0.8m.
  - For every 0.5% increase or decrease in council tax would have a potential impact of £0.6m per annum.
  - Within the MTFS, it is assumed that the council taxbase will marginally increase each year in line with local authorities' forecasts. A 0.5% overall increase in the taxbase results in £0.6m of additional funding.
  - A 0.5% movement in the pay award would have a potential £1.2m impact on the budget gap.

- 8.4 To put the above figures into context, a change in funding or additional costs of £0.6m per annum would equate to ten police constables per annum based upon average salary costs.

## 9 CONTEXT

- 9.3 As part of the ongoing review of expenditure and the search for further efficiencies and savings, it is important to understand how the Commissioner and Constabulary currently spend their funding. The following chart shows that 78% is spent on pay with the remaining funding spread over premises, transport etc.

**Chart 2: Cheshire Police and PCC 2024/25 Expenditure by Type**



## 10 PLANS TO ADDRESS THE FINANCIAL FORECASTS

- 10.3 Priority based budgeting (PBB) is a method of planning for and assigning effort and money to best achieve the Commissioner's priorities for policing Cheshire and tackle the key areas of threat and demand as identified within the Force Management Statement. During PBB managers and staff consider the relative benefits of future expenditure to ensure money and effort are directed to achieve the required outcomes. To ensure efficiencies are driven out of the PBB process, HMICFRS's Value for Money Profiles are used to challenge and benchmark individual service areas and ensure best value is achieved, together with operational demand and performance data.
- 10.4 PBB for 2025/26 had budget managers submitting their proposals both in terms of efficiencies, unavoidable demands, and growth together with service level impacts of reduced funding. The Government has confirmed that the restrictions over the maintenance of officer numbers will remain in place. A full thematic review has been carried out on non-pay expenditure and while there are efficiencies the amounts involved are now limited.
- 10.5 Using the priorities of the Commissioner, the Force Management Statement; the Chief Constable's Plan on a Page; and the SPR, the outcome of the PBB process will allow resources to be allocated accordingly and within the legal requirement to balance the budget. In addition, there is a robust vacancy management process led by the Deputy Chief Constable and HR, which is now fully embedded within the Constabulary. This

process reviews all vacancies as they arise to understand the options available which, ultimately, may include the removal of the vacant post. This will continue throughout 2025/26.

10.6 While the plans and actions stated above will provide a budget solution, it must be recognised that the delivery of efficiencies and savings have been part of budget planning from the beginning, but with austerity followed by the coronavirus pandemic, it has brought challenges and opportunities, which were previously inconceivable. However, this has meant that any initial opportunities have already been delivered and any future efficiencies and savings harder to achieve.

## 11 RESERVES

11.3 Sections 32 and 43 of the Local Government Finance Act 1992 require billing and precepting authorities in England and Wales to have regard to the level of reserves needed for meeting estimated future expenditure when preparing budgets. In establishing reserves, the Commissioner must comply with the Code of Practice on Local Authority Accounting in the United Kingdom (the Code). The Chief Finance Officer (OPCC) is required as part of the budget setting process to provide a statement on the adequacy of reserves.

11.4 In addition, the Home Office Financial Management Code of Practice requires the Commissioner to publish a Reserves Strategy on an annual basis. This Strategy provides an explanation for each reserve held along with details on the current and forecast values. The Reserve Strategy is published on the Commissioner's website as follows: [Strategies \(cheshire-pcc.gov.uk\)](https://www.cheshire-pcc.gov.uk/strategies)

11.5 The following table shows the level of reserves forecast over the MTFS period.

<b>RESERVES FORECAST</b>	31-Mar-25	31-Mar-26	31-Mar-27	31-Mar-28	31-Mar-29	31-Mar-30
	£000	£000	£000	£000	£000	£000
Revenue Reserve for Capital	-755	0	0	0	0	-474
Capital Receipts	0	0	0	0	0	0
Unapplied Capital Grants	0	0	0	0	0	0
IT Reimbursement Reserve	0	0	0	0	0	0
ESN Reserve	-226	-226	-226	-226	-226	-226
<b>Earmarked Capital Reserves</b>	<b>-981</b>	<b>-226</b>	<b>-226</b>	<b>-226</b>	<b>-226</b>	<b>-700</b>
Carry forward Reserve	0	0	0	0	0	0
Redundancy Reserve	0	0	0	0	0	0
Medium Term Finance Strategy Reserve	-2,483	-2,483	-2,483	-2,483	-2,483	-2,483
POCA Reserve	-560	-413	-395	-377	-377	-377
Hardship Loan Reserve	-50	-50	-50	-50	-50	-50
Pay and Pensions Reserve	-147	-19	-19	-19	-19	-19
Major Investigations Reserve	-1,125	-562	0	0	0	0
Council Tax Deficit Reserve	-769	-769	-769	-769	-769	-769
Estates Strategy Reserve	-500	0	0	0	0	0
Road Safety Initiatives Reserve	-342	-342	-342	-342	-342	-342
Commissioning Reserve	-219	0	0	0	0	0
IT Reserve	-291	-291	-291	-291	-291	-291
Actuarial Valuation Reserve	0	0	0	0	0	0
<b>Earmarked Revenue Reserves</b>	<b>-6,486</b>	<b>-4,929</b>	<b>-4,349</b>	<b>-4,331</b>	<b>-4,331</b>	<b>-4,331</b>
Police Fund - General Reserve	-5,773	-5,773	-5,773	-5,773	-5,773	-5,773
<b>Total Reserves</b>	<b>-13,240</b>	<b>-10,928</b>	<b>-10,348</b>	<b>-10,330</b>	<b>-10,330</b>	<b>-10,804</b>

- 11.6 The Strategy addresses specific (earmarked) and general reserves both for capital and revenue expenditure and considers the principles that should be applied to their usage. The Strategy requires the transfer of monies between reserves in future periods in order that those identified risks and issues are adequately provided for.
- 11.7 A key principle should be the avoidance or minimisation of extreme changes to available funding arising from one-off costs. Therefore, whilst the strategy should not be subject to frequent change the specific reserves should be dynamic and responsive to changing circumstances. The dynamic use of reserves can be an effective tool in medium term financial planning, if maintained at reasonable levels reflective of the scale of risk.
- 11.8 Use of reserves in supporting the revenue budget can also be an effective tool in allowing change to be implemented in a measured way to achieve future savings. However, it is important to recognise that without future savings, using reserves in this way only delays addressing budget shortfalls rather than providing solutions.

11.9 Cheshire Constabulary acts as lead force for several collaborations and where appropriate, holds reserves on behalf of all partners. Details can be found in the Reserves Strategy and Statement of Accounts.

## 12 HORIZON SCANNING

12.3 Although this current MTFS covers the period 2025 to 2030, there are a number of financial challenges that need to be considered within the context of this timeframe. The principal three are the Private Finance Initiative (PFI) contract for Headquarters, the delivery of the Estates Strategy and the Government's review of the formula funding.

12.4 The PFI contract ends in 2033 when the Headquarters building, and services are handed over to the Commissioner for a nominal fee. There are considerable estates, procurement, legal and financial work required in preparation for this and a PFI Board has been created to facilitate this change. PFI contracts when originally created were accompanied by specific Government grant and this will also conclude at the end of the contract. Provision will need to be made within the MTFS as it moves forward to recognise this and the change to associated costs.

12.5 As part of the funding proposals for the Estates Strategy, borrowing is required. The financial impact of this needs to be covered within the Capital, Medium Term Financial and Treasury Management Strategies going forward to ensure borrowing is taken at the optimum point and the consequential costs of interest and repayment built into the revenue budget.

12.6 Government funding is allocated to individual forces based on a formula which includes data such crime, population, and road networks. However, this formula has been in place for many years and has not been updated. Previous Governments have proposed that the formula is reviewed. Whether this is beneficial or adverse to the Constabulary is entirely down to how any new formula is created and implemented.

## 13 INDICATIVE CAPITAL PROGRAMME

13.3 In addition to the revenue budget, there is a proposed capital investment programme to maintain essential buildings, equipment, IT and vehicles together with new investment in priority areas. The funding of this programme comes from several sources including revenue funding set aside for capital purposes, use of reserves and other contributions. However, if this is not sufficient to fund the programme, any shortfall can be met by borrowing – although there is an annual cost to this in terms of interest and Minimum Revenue Provision (MRP) - setting aside funds to repay the loan.

13.4 As with the revenue budget, assumptions are required over the level of funding available for capital investment. General capital grant funding is no longer provided, and this is expected to be the case throughout the MTFS period. Therefore, funding will come from revenue contributions, capital receipts, reserves and borrowing. These have an impact on the revenue budget and are reflected in the figures shown in Table 1.

- 13.5 In line with the Capital Strategy, supported by specific strategies such as Estates and IT, the following table shows the proposed capital investment programme together with the associated funding. Final approval for each year's capital programme remains with the Commissioner as part of his budget setting process each January.

<b>Table 2 Capital Strategy</b>	<b>2025/26</b>	<b>2026/27</b>	<b>2027/28</b>	<b>2028/29</b>	<b>2029/30</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Annual Replacement Schemes:					
Fleet Vehicles	2,684	2,913	1,409	3,485	1,435
IT and Communications	1,345	1,470	1,545	1,570	1,445
New Schemes:	0	0	0	0	0
Estates - Maintenance & Environmental	635	950	525	325	100
Estates Strategy 2021-2031	5,900	7,730	0	0	0
IT and Communications	2,000	923	1,962	9,045	1,556
Operational Equipment	0	150	150	150	150
Collaboration/Funded Vehicles	801	422	392	500	340
<b>Capital Expenditure</b>	<b>13,365</b>	<b>14,558</b>	<b>5,983</b>	<b>15,075</b>	<b>5,026</b>
Financed by:					
General/Specific capital grants	0	0	0	0	0
Capital Receipts	4,320	4,375	500	0	0
Revenue Contributions to Capital	4,173	3,418	3,918	4,418	4,444
Revenue and Capital Reserves	26	280	0	0	100
External Contributions to Capital	329	60	167	213	102
HQ IT Reserve	280	280	280	280	280
Borrowing	4,237	6,145	1,118	10,164	100
<b>Total Funding</b>	<b>13,365</b>	<b>14,558</b>	<b>5,983</b>	<b>15,075</b>	<b>5,026</b>

- 13.6 All new capital bids are subject to the same rigour as revenue bids under PBB, together with challenge over existing capital programmes.

## 14 RISK ASSESSMENT

- 14.3 This Strategy contains the most up to date information and data available at the time of writing. However, it is important to note that the financial environment in which this is created is volatile and subject to material change. There are a number of financial risks that could alter key assumptions and therefore change the financial outlook. An assessment of these risks is set out below.

	<b>Risk</b>	<b>Likelihood</b>	<b>Impact</b>	<b>Mitigating Action</b>
1	Pay awards and inflation are higher than forecast	Possible	Very High	National negotiations and bids for funding to cover additional costs
2	Specific Government grants reduced/removed	Probable	High	Liaison with Home Office, review service provision linked to grants. Contribute to the Spending Review.

	<b>Risk</b>	<b>Likelihood</b>	<b>Impact</b>	<b>Mitigating Action</b>
3	Formula Funding Review	Probable	High	Regular monitoring of the national review; transitional arrangement
4	Capital Strategy – costs higher than expected	Possible	Medium	Projects reviewed to ensure costs are affordable. Borrowing costs match current interest forecasts
5	Ability to deliver planned savings	Possible	High	Clear processes are in place to monitor planned savings accepting in year demands and pressures. Monthly budget reports enable decisions to be made in a timely manner as required
6	PFI Expiry	Probable	Medium	Headquarters is a PFI building, with its contract ending 2033/34. Custody Suites were PFI, and that contract was ended a number of years ago. PFI grants for both schemes end in 2033/34. A PFI Expiry Board has been created to manage process chaired by Chief Executive.
7	Electric Vehicles & charging points – required infrastructure	Probable	High	Build into the relevant strategies and capital funding proposals
8	Emergency Services Network (ESN) – potentially by 2030	Possible	High	Build into the relevant strategies and capital funding proposals

14.4 Not all risks are identified here, the Strategic Risk Register is the primary document for the organisational risks, and it is maintained and reported on a regular basis. The table shows the main risk areas currently identified that could materially impact on the MTFS only.

## 15 CONCLUSION AND NEXT STEPS

15.3 The use of priority-based budgeting with its flexibility to increase or decrease services to match funding, in a way that clearly links to the Commissioner's priorities; Force Management Statement; demands and the Strategic Policing Requirement, allows more considered planning even in uncertain times.

## Contact

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**Cheshire  
Constabulary**

## 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	<b>Key Financial systems</b>	To provide assurance that the most significant key financial controls are appropriately designed and operating effectively in practice.	Q3	<b>Feb 2025:</b> Draft report circulated.	Joint Audit Advisory Committee
MIAA	<b>HR / Pensions</b>	To provide an assessment of the effectiveness of the procedures in place with the pensions provider and associated HR processes and policies.	Q2	<b>July 2024:</b> Draft TOR circulated internally for agreement/ comment. <b>Oct 2024:</b> Fieldwork ongoing	Joint Audit Advisory Committee
MIAA	<b>Business Continuity</b>	To provide assurance that the Constabulary have developed and implemented robust Business Continuity planning arrangements.	Q4	<b>Feb 2025:</b> Fieldwork due to commence wc 3 <sup>rd</sup> March 2025	Joint Audit Advisory Committee
MIAA	<b>THRIVE Risk Assessments</b>	To provide assurance of the systems and processes in place with regards to the appropriate application and recording of THRIVE	Q1	<b>June 2024:</b> Meeting arranged in June to discuss TOR for the audit. <b>Nov 2024:</b> Audit TOR to be revised due to feedback from HMICFRS VSA Inspection. <b>Jan 2025:</b> ToR being drafted	Joint Audit Advisory Committee
MIAA	<b>Custody Referral Pathways</b>	To provide an assessment of the effectiveness of the processes in place regarding custody referral pathways.	Q1	<b>June 2024:</b> TOR circulated and agreed. Fieldwork has commenced. <b>August 2024:</b> Management responses to audit sent to MIAA. <b>Sept 2024:</b> Final report circulated. <b>Jan 2025:</b> Compliance evidence reviewed.	Joint Audit Advisory Committee
MIAA	<b>Neighbourhood Policing Framework &amp; Problem Solving:</b>	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	<b>July 2024:</b> TOR sent to Supt Heath for review. <b>Sept 2024:</b> Fieldwork in progress. <b>Nov 2024:</b> Final report circulated.	Joint Audit Advisory Committee
MIAA	<b>National Fraud Initiative</b>	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	<p>The appointment of a new FCR took place in July 2024 which led to a review of the audit process and capacity. Previously all four areas, sexual, violence, domestic abuse and ASB were completed in one audit with a consistent sample size with findings published in a report. A trial audit of the violence category using a statistically significant sample size was completed in September to determine whether it would provide more meaningful data, the result is pending evaluation before a formal decision is made.</p> <p>The audit schedule will be determined using a risk matrix but will contain flexibility to allow ad hoc, bespoke audits when required.</p> <p>Findings will be shared with the same boards and committees by way of a presentation at those meetings.</p>	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.	December 2024	First of the enhanced audits looking at Outcome 1a will be completed in February 2025. The next audit to be undertaken will be focused on Violence Offences.	Strategic CDI Board (TBC)  Crime Accountability Meeting  Relevant Thematic Threat Management Group Meeting (TMG)
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		Strategic CDI Board (TBC)  Crime Accountability Meeting  Relevant Thematic Threat Management Group Meeting (TMG)
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.

Review / Audit Team	Title and Reason for Audit	High Level scope	Status / Audit Date	Update	Board / Committee to receive Reports
Information Compliance	Police National Database (PND) Auditing and Transaction Monitoring	To ensure the security and integrity of this national CONFIDENTIAL system, forces are required to undertake transactional monitoring of Constabulary users. Monthly reports to the PND Governance Group chaired by Director of Intelligence.	Quarterly	Police National Database (PND) Auditing and Transaction Monitoring Ongoing reviews with compliance reported quarterly. Reports are issued to the PND Governance Group which is chaired by the Director of Intelligence.	Reports to the PND Governance Group chaired by Director of Intelligence.
Information Compliance	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. 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.

Review / Audit Team	Title and Reason for Audit	High Level scope	Status / Audit Date	Update	Board / Committee to receive Reports
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 2024: TOR circulated. Aug 2024: Due to commence testing. Sept 2024: Testing completed. Report currently in draft. Nov 2024: Final report disseminated to stakeholders, Dec 24: Submitted to IRG	Information & Risk Management Board
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	July – Audit currently being scoped and Terms of Reference produced. Dec 24 – due to staffing abstractions which will continue through 2025, this audit is currently on hold.	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	<b>May &amp; November 2024:</b> Collaboration Board held and scrutiny applied by DCC as Chair of the Board.  Next Board scheduled for May 2025.	Senior Command Team
Taser Downloads	Governance and compliance monitoring	Audit of completion of Taser downloads	Taser's downloaded every 8 weeks (Feb, April, June, Aug, Oct, Dec) <b>Audited</b>	Compliance checks completed and confirmed as 100% compliant as of October 2024. Data for December 2024 and February 2025 are not currently available.	Procedural Justice Meeting

Review / Audit Team	Title and Reason for Audit	High Level scope	Status / Audit Date	Update	Board / Committee to receive Reports
			quarterly		
Planning, Performance & Risk Management	Policy & Procedure Monitoring	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.  It is important that these Policies & Procedures are kept up to date and reviewed on a regular basis.	Ongoing	Ongoing regular monitoring and reviews, any overdue policies or procedures or issues are raised directly with the Policy Owner, Author and Business Area Leads.	Status reported at Information & Risk Governance Board twice yearly (April & September, or more frequently should there be any concerns).
Planning, Performance & Risk Management	Business Continuity Plan Monitoring & Exercising	Business Continuity Plans are essentially contingency planning and ensuring our service to the public can continue in the event of a loss of systems, premises or human resources.	Ongoing	Business continuity plans in place. All plans are reviewed annually. Tier 1 plans are tested (live or tabletop) every 12 months Tier 2 plans are tested (live or tabletop) a minimum of every 24 months. Compliance is reported to the Information & Risk Board.	Information & Risk Governance Board