

# JOINT AUDIT ADVISORY COMMITTEE



**Date:** Wednesday 2 March 2022

**Time:** 13:00

**Venue:** Virtual Meeting/CR3, Cheshire Constabulary Headquarters, Clemonds Hey, Winsford, CW7 2UA

Any member of the public who wishes to observe this meeting is asked to register their interest by midday on Monday 28<sup>th</sup> February 2022 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 to all attendees in advance of the meeting.

## AGENDA

### Part 1 - Public Items

	<i>Contact</i>	<i>Page</i>
<b>1 MINUTES OF THE AUDIT ADVISORY COMMITTEE</b> To approve the minutes of the Joint Audit Advisory Committee held on 1 <sup>st</sup> December 2021.	<i>P Bearpark</i>	<i>2</i>
<b>2 POLICE &amp; CRIME COMMISSIONER UPDATE</b>	-	-
<b>3 EXTERNAL AUDIT: AUDIT PROGRESS REPORT SECTOR UPDATE</b> To consider the attached report from the External Auditor.	<i>L Luddington</i>	<i>8</i>
<b>4 INTERNAL AUDIT: (a) INTERNAL AUDIT PROGRESS REPORT (b) FINANCIAL SYSTEMS FINAL REPORT (c) NFI BRIEFING (d) DRAFT INTERNAL AUDIT PLAN 2022-2023 (e) ESTATES STRATEGY TERMS OF REFERENCE (f) LPU PERFORMANCE MANAGEMENT TERMS OF REFERENCE</b> To consider the attached reports and approve the draft internal audit plan from the Internal Auditor.	<i>A Harrop</i>	<i>32</i>
<b>5 SERVICE ASSURANCE PLAN</b> To consider the attached report by the Chief Constable.	<i>L Willis</i>	<i>72</i>
<b>6 JOINT STRATEGIC RISK REGISTER</b> To consider the attached report by the Chief Constable	<i>L Willis</i>	<i>79</i>
<b>7 2022/23 BUDGET AND MEDIUM TERM FINANCIAL STRATEGY</b> To receive the attached report approved by the Management Board on 26 January 2022.	<i>C Hodgson W Bebbington</i>	<i>80</i>
<b>8 REVIEW OF JOINT AUDIT ADVISORY COMMITTEE TERMS OF REFERENCE</b> To receive the attached report by the OPCC CFO	<i>C Hodgson</i>	<i>112</i>
<b>9 JAAC FORWARD PLAN REVIEW</b> To consider the attached plan for future meeting topics	<i>P Bearpark</i>	<i>113</i>
<b>10 ANY OTHER BUSINESS</b>	<i>P Bearpark</i>	-



## Minutes of the Joint Audit Advisory Committee Virtual Meeting 1<sup>st</sup> December 2021

**Present:** Phil Bearpark [Chair]  
David Gilbert [Vice Chair]  
Jean Gleave [JAAC Member]

Office of the Police & Crime Commissioner:  
John Dwyer, Police & Crime Commissioner  
Clare Hodgson, OPCC Chief Finance Officer

Cheshire Constabulary:  
Mark Roberts, Chief Constable  
Julie Gill, Assistant Chief Officer  
Wendy Bebbington, Head of Finance  
Jerry Faulkner, Chief Accountant  
David Bryan, Head of Legal Services  
Paul Woods, Head of Planning and Performance

Internal Audit  
Anne-Marie Harrop, Assistant Director (Mersey Internal Audit Agency)

External Audit  
Michael Green, Director (Grant Thornton)  
Liz Luddington (Grant Thornton)

**Apologies:** Tony Snape [JAAC Member]

### Part 1 - Public Items

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

- 1.1 The minutes from the JAAC meeting of 28<sup>th</sup> September 2021 were approved by the Committee.
- 1.2 An Action from the last meeting regarding HMICFRS value for money profiles 2021 for Paul Woods is ongoing. **Paul Woods, Head of Planning and Performance**, confirmed that an email had been sent in to HMICFRS to obtain some clarity, however, no reply so far, he will therefore chase this up.

**Action: Already logged, however, Log will be updated to show that this item is being chased up.**

#### 2. Matters Arising from the Previous Joint Audit Advisory Committee Meeting

- 2.1 An Action Log is to be created going forward to monitor the ongoing/outstanding actions as suggested by Jean Gleave.

**Action: Action Log to be created to accompany the Minutes of the Meetings.**

### 3. Police and Crime Commissioner and Chief Constable Update

- 3.1 **John Dwyer, Police & Crime Commissioner**, confirmed that the appointment of his Chief Executive, Damon Taylor, went ahead on the 1<sup>st</sup> November 2021.
- 3.2 **The PCC** explained that he has spent 6 months putting structures and people in place and as from 1<sup>st</sup> November the OPCC will now move forward in a more forthright way.
- 3.3 **The PCC** stated that the Police and Crime Plan was launched on the 1<sup>st</sup> November 2021 after going through the various processes with the Police and Crime panel. A copy of the plan will be given to all members of the committee, either in person at the meeting or it will be sent to them through the post if they are not in attendance.
- 3.4 **The PCC** confirmed that his Autumn Survey was issued on the 8<sup>th</sup> November 2021. This is a letter from the PCC to every household (520,000). To date we have had 17,000 returned, just over 3% response. Comments made by the public in these returns will reflect in the Police and Crime Plan in the future. One of the questions in the survey was in relation to the precept increase, it is too early to provide information on this, however, the PCC reported that he is pleased that we have now engaged with large numbers of our community across Cheshire regarding what we are doing with the Police and Crime Plan and the precept going forward. The draft precept will be set sometime during January 2022. This is to enable it to go before the Police and Crime Panel on 4<sup>th</sup> February 2022, and an informal meeting is being held on the 26<sup>th</sup> January 2022.
- 3.5 **Phil Bearpark, Chairman**, stated this will be more of a challenge this year as Cheshire East have announced 1.99% increase every year for the next 4 years plus 1% Social Care increase. 3% before the Police costs are included. The PCC commented that we are all aware of how difficult things are financially at the present time for people.
- 3.6 **Mark Roberts, Chief Constable**, stated that Cheshire is one of the 10th cheapest levels of precepts in the country.
- 3.7 **Phil Bearpark** said that it would be good to see the Medium Term Financial Strategy (MTFS) and the benchmarking at the next meeting. **The Chief Constable** confirmed this information would be listed in the MTFS report. **John Dwyer, PCC**, said there was a graph presented to him this morning that showed although we were the 10<sup>th</sup> cheapest force there are a lot of forces at/around the same level of £300 per month for a year's policing.
- 3.8 **Mark Roberts** stated there had been some good news for the force. DCC Armitt received an OBE this month, he already has the Queens Police Medal. The OBE is in recognition of his service to The Civil Nuclear Industry.
- 3.9 ACC Jenny Simms is moving to Merseyside on a lateral move, her last working day is on Friday, 3<sup>rd</sup> December 2021. A full recruitment process is to take place in due course, however, in the interim Bill Dutton, Chief Superintendent for local policing operations will take over as ACC.
- 3.10 **Crimes and Incidents.**

#### **Incidents**

Return of 999 calls back to pre-pandemic levels, an average of 13,500 emergency calls per month since the end of lockdown compared to 12,300 in the same period in 2019. Demand has gone up quite significantly, calls are added to with calls from the Ambulance Service when they have run out of ambulances and capacity, this is an ongoing issue for us and nationally.

#### **Crime**

Up to the 12 months to October 2021 we recorded 85,000 crimes which is a 4% reduction on the previous year, of note some crimes are seen as 'hidden harm' crime where we need to encourage people to come forward i.e., domestic abuse, however, these are now being reported by the public which is positive and encouraging as we are treating domestic abuse as one of our priorities. Good news in relation to acquisitive crime which is much more visible and shows that in the last 12 months we have had a 28% reduction in burglary, 34% reduction in vehicle crime, a 19% reduction in robbery and 42% reduction in shop lifting. Clearly some of these figures may be due to shops being closed and people being at home more etc. but these figures compared with 2019 figures are encouraging.

- 3.11 In terms of the Pandemic, we continue to report a 'healthy' position around absences due to sickness, although the new variant may change the current situation.
- 3.12 National commitments saw well over 100 officers deployed in Glasgow for COP26, this was around peak demand nights (mischief and bonfire night). We had 7 officers deployed in Qatar in November as part of PAN UK support during preparation for the World Cup which was a multi-national exercise called RATAN where they were joined by colleagues from GMP and Lancashire.
- 3.13 There is ongoing work around the PEEL inspection programme, C-Ran Data Integrity and The National Child Protection Inspection Programme.  
We were recently inspected as one of the forces in relation to violence against women and girls and Cheshire were highlighted as having good practice in a couple of areas when the report was published in September.  
We had operation Guardian specifically targeting domestic abuse.  
We have also been deploying plain clothed patrols around schools to try to deter people behaving inappropriately, particularly towards schoolgirls walking to and from school.  
There are concerning levels of sexual abuse amongst pupils at some of the local schools and we are therefore working with the schools.  
We are also taking overt and covert action around the night-time economy in relation to spiking and inappropriate behaviour in general terms.  
The Chief Constable confirmed we are one of only a few public bodies in England and Wales that have met the September deadline for the audited Annual Statement of Account, which is positive and a testament to Wendy and the team.
- 3.14 **Phil Bearpark** said that the Committee would also like to pass their thanks on to all that were involved in the Accounts for all their hard work not only recently but over the whole year. Well done to Wendy and the Team and the external auditors. Considering there were only 10% submitted to the deadline nationally, this is a massive achievement.
- 3.15 The Commissioner and Chief Constable have positive news around the awarding of grants.  
There is a £1.1 million grant awarded through the governments Safer Streets fund. We have the joint highest award of monies in the country which is a testament to the quality of the bid.  
First will be used in the Warrington town centre area and secondly in a partnership with the University of Chester. The Chief Constable gave more detail on the work around violence against women and girls and Op Guardian, which was a 72-hour operation that saw over 60 people arrested who were wanted for domestic abuse. We also had diversionary schemes in custody for both perpetrators and victims. Enforcement around Civil Orders and bail conditions was also carried out.  
The PCC also mentioned the SWAN fund (Safety of Women at Night) which is Home Office sponsored. We made a bid for this fund and we were awarded £300,000. Part of this will be spent on a piece of software called 'Good Sam' which allows an individual who is feeling vulnerable to dial 999 into the control room and they send a video link back which will start to record any incident taking place around this person. This can be extended to any person, anywhere, who is feeling vulnerable. There is a team in the PCCs office who are really first class at making these bids which helps us with these projects.
- 3.16 **Prosecutions and Jobs of Note**  
We have seen the successful conviction of a father who murdered his 26-month-old baby at Liverpool Crown in October.  
After a major importation of cannabis, the offender was caught and convicted, resulting in £73,000 being raised from proceeds of crime - money which can be reinvested into financial investigators.  
Kirsty Smith working for Cheshire West and Cheshire Council as a care worker was convicted of theft, receiving a 28-month sentence after abusing her position of trust and stealing £90,000 from 3 elderly victims. Financial investigators managed to find information that she had money in a property which was then sold and the £80,000 was paid back to the victims.

There are a lot more examples, however, in summary we have a good combination of our serious and organised crime unit and at ground level the local policing teams with their good local knowledge who are also making this a very hard area for county lines gangs to operate, and intelligence tells us that several of our towns are becoming known for being unable to 'deal' in.

#### 4) External Audit Value for Money Report

- 4.1 **Michael Green, Director, Grant Thornton**, introduced the report stating that this is the first of the new style 'value for money report' which is contained within the Auditors annual report. This report has replaced the old annual audit letter and summarises the work of external audit across the year with a focus on the value for money work. This work has moved away from a binary qualified/unqualified opinion and looks at the three core criteria. It is now based around recommendations which range from improvement recommendations to statutory ones which would require the authority to respond publicly and action. We have concluded our work within the three-month timetable. The report is very positive and will provide reassurance to the members regarding the core areas. There are a couple of improvement recommendations to be considered, however, they are not linked to any issues or concerns and are more in relation to best practice.
- 4.2 **Liz Luddington, Grant Thornton**, went through the through the report in further detail.

*Pages 6-24* look at the financial sustainability. There is no risk of significant weakness within these arrangements and no improvement recommendations have been identified. In terms of Governance – risk management, informed decisions etc. No risk of significant weakness in this area, however, we have raised an improvement recommendation in respect of integrated reporting.

*Pages 13-16* cover Economy, Efficiency and Effectiveness and we found arrangements to be effective around local collaboration, partnership and procurement. We identified a potential risk around MFSS Business Services Futures we reported in the previous audit committee the work we had done, and it was concluded that there was not a risk of significant weakness. We have put an improvement recommendation in respect of this, however, we are very conscious that this is being looked at and you are monitoring this closely.

*Pages 17-23* are in relation to arrangements for Covid 19 and again there were no significant weaknesses identified.

*Pages 18 of 24* give the unmodified opinion on the financial statements, nothing significant, a couple of recommendations.

*Appendices A, B, C and D* were explained.

- 4.3 **The Chair** thanked Liz Luddington for the report and added another thanks to the team for working a month ahead.
- 4.4 **David Gilbert, Vice Chair** thanked the Auditors for looking at PFI and the assurance given. He commented that although a number of years away, if we do keep the building, then the estates strategy would need something put into the plan around the 5–7 year mark to look at how we would cover the costs of maintenance etc. of a then, 30-year-old building at the time of take over. **The Chief Constable** said that the PCC has asked for a review around the different options around this and a separate piece of work has been commissioned. **Jean Gleave** commented that the format of the report was much clearer.
- 4.5 **Phil Bearpark** asked if the external auditors were expecting a formal management response in relation to the recommendations. **Michael Green** confirmed that they have received these responses and confirmed that the recommendations are accepted, and actions will be taken accordingly, some are already underway. **The Chief Constable** confirmed that the Priority Based Budgeting [PBB] process has been a very worthwhile exercise, for example, the protection of children and vulnerable people is now reported on a monthly basis due to the demand going up. MFSS now has a dedicated ACC to manage the dissolution.

We are seeing significant demand on the 101 call volume, and this is not just the number of calls but the length of calls when assessing vulnerability etc. **The PCC** confirmed that in September there were more resources added and early indications are that those resources have already improved the situation and there are more resources to put in place going forward.

**Wendy Bebbington, Head of Finance**, confirmed that they have commenced looking at the integration of individual departments at their monthly and quarterly meetings in relation to finances and performance reporting.

## 5. JAAC Annual Report

- 5.1 **The Chair** asked if there were any comments or questions in relation to the report. No items were raised. It was agreed by the Committee that the report would go to a future Joint Management Board to note.

**Action: Report to be added to future Joint Management Board agenda to note.**

- 5.2 **The Chair** confirmed the Single Point of Contact Roles as discussed at the previous meeting.

## 6. Internal Audit

**Anne-Marie Harrop, Assistant Director**, gave updates on the Internal Audit.

### a] MIAA Progress Report

**The Assistant Director** confirmed we are on track in terms of delivery of the audit contract.

- Work finalised on cybercrime
- Body worn video at draft report stage
- Financial systems work is ongoing
- National Fraud initiative Data matching work is being finalised
- Estate's review and Performance Management LPU work moved to Q4 as agreed previously

**The Chair** asked if there were any questions in relation to the above, none were raised.

### b] Terms of Reference – Key Financial Systems

**The Assistant Director** confirmed that the Terms of Reference for Key Financial Systems have been signed off by the appropriate leads and issued out for consultation and work is underway.

**Jean Gleave** asked about the level of testing in all the areas as there are so many and if payroll was included in these checks. **The Assistant Director** gave information in relation to how sample size was used to carry out the testing across the areas and stated that although payroll was not included in the sample testing this year as it would be a separate audit that is not in this years' checks but that is looked at periodically. **Jean Gleave** asked Michael Green if this caused any problems for his team, **Michael Green** stated this did not affect the external audit testing.

## 7. Strategic Risk Register

- 7.1 This will be considered in Part 2 of the meeting.

## 8. Service Assurance Plan

8.1 The Chair stated that this document is very well presented and very clear to read. There were no questions raised by the Committee.

## 9. JAAC Forward Plan Review

- 9.1 **The Chair** confirmed that the next meeting will be held on 2<sup>nd</sup> March 2022. He asked if the 'Value for Money' profiles have been addressed. **Clare Hodgson, OPCC Chief Finance Officer**, confirmed that this issue links in with the HMICFRS answer we are awaiting so we cannot confirm if this will be on the agenda at the moment, if not it will be put on the July agenda.
- 9.2 **The Chair** asked if there were any questions, **Jean Gleave** queried if the review of our own Terms of Reference should be on the agenda and could this be looked at this at the next meeting. David Gilburt stated that he agreed that these should be on the agenda for annual review. **The Chair** asked if everyone was in agreement, they were, therefore it will be added to the next agenda.

**Action: Terms of Reference Review to be added to the next meeting agenda.**

## 10. Any Other Business

- 10.1 **The Chair** asked if we had a plan in place in relation to Public Sector Auditor Appointments [PSAA] and the External Audit position as the decision needs to be made at the end of March next year. **Julie Gill, Assistant Chief Officer** confirmed that there is a plan in place and a report is being prepared which they will feedback. **The Chair** requested be copied in to view the report when complete.

**Action: Copy of report to be sent to The Chair.**

*Duration of meeting: The meeting commenced at 13:00 and finished at 14:40.*

# Police and Crime Commissioner and Chief Constable for Cheshire Audit Progress Report and Sector Update

**Year ending 31 March 2022**

Presented at JAAC Meeting 2 March 2022



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The contents of this report relate only to the matters which have come to our attention, which we believe need to be reported to you as part of our audit planning process. It is not a comprehensive record of all the relevant matters, which may be subject to change, and in particular we cannot be held responsible to you for reporting all of the risks which may affect the entity or all weaknesses in your internal controls. This report has been prepared solely for your benefit and should not be quoted in whole or in part without our prior written consent. We do not accept any responsibility for any loss occasioned to any third party acting, or refraining from acting on the basis of the content of this report, as this report was not prepared for, nor intended for, any other purpose.

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# Key Grant Thornton team members



## Michael Green

Key Audit Partner

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Michael will have ultimate responsibility for the delivery of your audit service. Specifics of the role include:

- leading our relationship with the Police and Crime Commissioner and Chief Constable, ensuring you have access to Grant Thornton's full service offering;
- being a key contact for the Chief Finance Officers and the Joint Audit Advisory Committee, meeting frequently with key members of management;
- taking overall responsibility for delivering high quality audits which meet professional standards;
- agreeing with you the annual joint audit plan, and a timetable for delivering the work;
- reviewing the audit file, giving particular focus to any key areas of risk or critical judgements exercised during the audits;
- reviewing and signing off all audit reports;
- attending Joint Audit Advisory Committee to discuss key issues arising from our work and any recommendations;
- acting as a 'sounding board' on key decisions relevant to our responsibilities as your auditors; and
- sharing good practice identified at other organisations.



## Liz Luddington

Audit Manager

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Liz will ensure that all work allocated is carried out on a timely basis in accordance with the firm's professional standards and to the satisfaction of clients and engagement lead.

As the key contact Liz will be responsible for building and maintaining good working relationships with all colleagues and clients.

To support delivery of the testing strategy she will:

- assist the engagement lead in establishing audit objectives and overall scope;
- ensure key matters which arise during the audits which were not identified at the planning stage are properly assessed and dealt with;
- review the work of in-charge auditor and the wider fieldwork team;
- finalise our draft reports to management;
- manage, motivate and coach team members; and
- control the audits in relation to timescales, budgets and risk management procedures.

## Chelsey Taylor

Audit Incharge

T 0151 224 2425

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Chelsey will work as part of the team, leading the on site audit team, providing a service which meets or exceeds client expectations and supports the engagement lead / manager team. Specifics of the role include:

- taking an active part in the audit planning discussions to identify audit risks and appropriate audit strategy;
- communicating any issues relating to the audit with the engagement manager or engagement lead;
- overseeing all aspects of audit fieldwork and completion;
- addressing and discussing queries in respect of technical and audit issues identified during the course of the audit;
- maintaining good working relationships with client staff; and
- delegating work to other members of the audit team, ensuring they understand their responsibilities and have received appropriate on-the-job training / coaching.

# Introduction & headlines

This paper provides the Joint Audit Advisory Committee with a report on progress in delivering our responsibilities as your external auditors

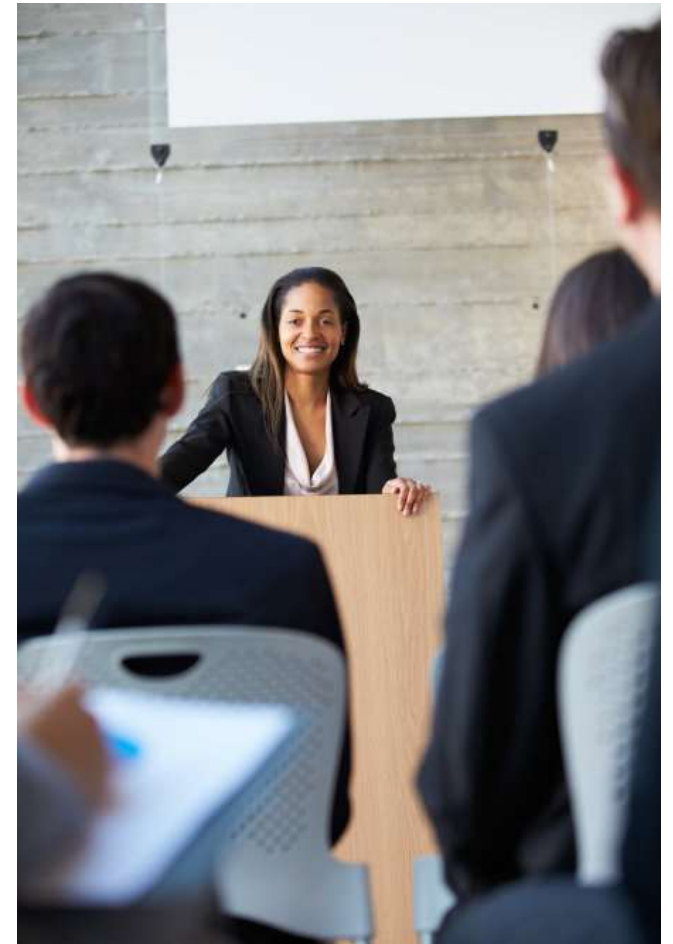
The paper also includes a summary of emerging national issues and developments that may be relevant to you.

Members of the Joint Audit Advisory Committee can find further useful material on our website where we have a section dedicated to our work in the public sector. Here you can download copies of our publications.

If you would like further information on any items in this briefing or would like to register with Grant Thornton to receive regular email updates on issues that are of interest to you, please contact either your Engagement Lead or Engagement Manager.

We continue to bring specialists to our update conversations where appropriate to share any learning from our position as a leading audit supplier to the police sector.

You will also have access to our annual Chief Accountant Workshops and any other networking opportunities we create for the various stakeholders.



# The auditor's statutory responsibilities

## Opinion on the audited body's financial statements

Our work enables us to give an opinion as to whether the financial statements:

- give a true and fair view of the financial position of the audited body and its expenditure and income; and
- have been prepared properly in accordance with the relevant accounting and reporting framework as set out in legislation, applicable accounting standards and other directions.

Our planning will document our understanding of your key risks, your control environment and inform our testing strategy. This will continue until we begin our final accounts testing.

Since we last reported we have:

- continued to have regular discussions with management discussing issues identified in previous audits, and emerging themes which are expected to impact on the current audits;
- reviewed meeting papers and the latest financial and operational performance reports ensuring we understand your current challenges;
- met with management to discuss business services future; and
- considered any reports from regulators regarding your operational effectiveness.

We expect to issue our joint audit plan summarising our approach to key risks on the audit in April. We will report any key findings from the planning and interim audit visit in our progress reports to Joint Audit Advisory Committee.

We will deliver our final accounts audits in July - September and summarise our work in the Auditors' Annual Report.

## Work on value-for-money arrangements

Under the 2020 Audit Code of Practice, we are required to undertake sufficient work to satisfy ourselves that the Police and Crime Commissioner and Chief Constable "has made proper arrangements for securing economy, efficiency and effectiveness in their use of resources."

Our initial risk assessment will build on our understanding of your arrangements, taking into account any findings from previous work on value for money. We will report our risk assessment to you at your next Joint Audit Advisory Committee against the following reporting criteria:

- Financial sustainability: how the body plans and manages its resources to ensure it can continue to deliver its services;
- Governance: how the body ensures that it makes informed decisions and properly manages its risks; and
- Improving economy, efficiency and effectiveness: how the body uses information about its costs and performance to improve the way it manages and delivers its services.

We will keep our risk assessment under continuous review. Where appropriate, we will update our risk assessment to reflect emerging risks or findings and report this to you. Our final commentary in the Auditors' Annual Report will include:

- a summary of our findings on any risks identified during our work;
- our judgements on the adequacy of the Police and Crime Commissioner and Chief Constable's arrangements for each of the three reporting criteria, as set out above;
- any recommendations made to management as a result of our work; and
- a follow up of progress against any recommendations raised in previous audits.

# The auditor's statutory responsibilities

## Other responsibilities

We are required to give an opinion on whether:

- other information published together with the financial statements is consistent with the financial statements.

We are also required to:

- consider whether the Annual Governance Statement complies with relevant disclosure requirements and whether it is consistent with the information we are aware of from our audit; and
- examine and report on the consistency of 'Whole of Government Accounts' consolidation schedules with the financial statements.

We will complete this work as part of our financial statements visit.

## Other statutory duties

The Local Audit and Accountability Act 2014 ('the Act') also requires us to:

- report to you if we have applied any of the additional powers and duties ascribed to us under the Act; and
- to certify the closure of the audits.

Our work to date has not required us to report any such matters to you.

## Added value

Grant Thornton has a large Public Sector practice and is a key supplier to the market. As a valued audit client, you will receive:

- an annual invitation to our free Chief Accountant Workshop. This will provide an opportunity to work through new accounting standards or reporting requirements prior to the year end pressure as well as networking with other Chief Accountants;
- the opportunity to access support from experienced technical colleagues. This means you will be at the forefront of accounting developments. Through this relationship we also ensure that communication works both ways and feed issues back from our clients.;
- insight from our regular meetings within the sector where we discuss emerging developments. We will also raise any areas of concern that you have over policy, procedure, or regulation with your regulators; and
- technical and sector updates for the Joint Audit Advisory Committee.



# 2020/21 deliverables

2020/21 Deliverables	Planned Date	Status
<p><b>Accounts Audit Plan</b></p> <p>We are required to issue a detailed accounts audit plan to the Joint Audit Advisory Committee setting out our proposed approach in order to give an opinion on the 2020/21 financial statements.</p>	April 2021	Complete
<p><b>Audit Findings (ISA260) Report</b></p> <p>The Audit Findings Report will be reported to the Joint Audit Advisory Committee.</p>	September 2021	Complete
<p><b>Auditor's Report</b></p> <p>This is the opinion on your financial statements and annual governance statement.</p>	September 2021	Complete
<p><b>Auditor's Annual Report</b></p> <p>The key output from local audit work on arrangements to secure VFM is an annual commentary on arrangements, which will be published as part of the Auditor's Annual Report (AAR).</p>	December 2021	Complete

# 2021/22 deliverables

2021/22 Deliverables	Planned Date	Status
<p><b>Accounts Joint Audit Plan</b></p> <p>We are required to issue a detailed accounts joint audit plan to the Joint Audit Advisory Committee setting out our proposed approach in order to give our opinions on the 2021-22 financial statements.</p>	April 2022	Not due yet
<p><b>Joint Audit Findings (ISA260) Report</b></p> <p>The Joint Audit Findings Report will be reported to the September Joint Audit Advisory Committee.</p>	September 2022	Not due yet
<p><b>Auditors Reports</b></p> <p>These are the opinions on your financial statements and annual governance statements.</p>	September 2022	Not due yet
<p><b>Auditor's Annual Report</b></p> <p>The key output from local audit work on arrangements to secure VFM is an annual commentary on arrangements, which will be published as part of the Auditor's Annual Report (AAR). A draft of the AAR will be taken to the December Joint Audit Advisory Committee.</p>	*December 2022	Not due yet

\* We currently understand that, as in 2021, the deadline for completing the VFM work and issuing the Annual Auditors Report will be de-coupled from the main financial statements audit and, again, will need to be completed within three months of the financial statements audit opinion being issued. We will ensure that any changes to the timetable are discussed with Management and your delivery timescales are agreed

# Financial Reporting Council annual report

On 29 October, the Financial Reporting Council (FRC) published its annual report setting out the findings of its review of the work of local auditors. The report summarises the results of the FRC's inspections of twenty audit files for the last financial year. A link to the report is here:

[FRC AQR Major Local Audits October 2021](#)

Grant Thornton are one of seven firms which currently delivers local audit work. Of our 330 local government and NHS audits, 87 are currently defined as 'major audits' which fall within the scope of the AQR. This year, the FRC looked at nine of our audits.

## Our file review results

The FRC reviewed nine of our audits this year. It graded six files (67%) as 'Good' and requiring no more than limited improvements. No files were graded as requiring significant improvement, representing an impressive year-on-year improvement. The FRC described the improvement in our audit quality as an 'encouraging response by the firm to the quality findings reported in the prior year.' Our Value for Money work continues to be delivered to a high standard, with all of the files reviewed requiring no more than limited improvement. We welcome the FRC findings and conclusions which demonstrate the impressive improvement we have made in audit quality over the past year.

The FRC also identified a number of good practices including effective challenge of management's valuer, use of an auditor's expert to assist with the audit of a highly specialised property valuation, and the extent and timing of involvement by the audit partner on the VFM conclusion.

Our "Opinion" results over the past three years are shown in the table below:

Grade	Number 2020/21	Number 2019/20	Number 2018/19
Good with limited improvements (Grade 1 or 2)	6	1	1
Improvements required (Grade 3)	3	5	2
Significant improvements required (Grade 4)	0	0	1
<b>Total</b>	<b>9</b>	<b>6</b>	<b>4</b>

Our "VFM" results over the past two years are shown in the table below. The FRC did not review VFM in 2018/19:

Grade	Number 2020/21	Number 2019/20
Good with limited improvements (Grade 1 or 2)	6	6
Improvements required (Grade 3)	0	0
Significant improvements required (Grade 4)	0	0
<b>Total</b>	<b>6</b>	<b>6</b>

# Financial Reporting Council annual report (cont.)

## Quality Assurance Department (QAD) Reviews

In addition to the reviews undertaken by the FRC on major local audits, the QAD team from the ICAEW undertake annual reviews of non-major local audits as well as reviews of Foundation Trusts on behalf of NHSE&I.

The QAD reviewed five of our audits this year and graded all of them (100%) as 'Satisfactory / generally acceptable' for both the financial statements and VFM elements of the audit, which is the highest grading.

Grade	Number 2020/21	Number 2019/20	Number 2018/19
Satisfactory / generally acceptable	5	6	2
Improvement required	0	1	0
Significant improvement required	0	0	0
<b>Total</b>	<b>5</b>	<b>7</b>	<b>2</b>

## Our continued commitment to Audit quality and continuous improvement

Our work over the past year has been undertaken during the backdrop of COVID-19, when the public sector has faced the huge challenge of providing essential services and helping safeguard the public during the pandemic. Local government, in particular, have been at the forefront of supporting local communities and businesses.

As auditors we have had to recognise the competing priorities and challenges facing the finance teams and the whole local government sector whilst staying focused on the principles of good governance and financial management, things which are more important than ever. We are very proud of the way we have worked effectively with audited bodies, demonstrating empathy in our work whilst still upholding the highest audit quality.

Over the coming year we will make further investments in audit quality including strengthening our quality and technical support functions, and increasing the level of training, support and guidance for our audit teams. We will address the specific improvement recommendations raised by the FRC, including:

- Enhanced training for local auditors on key assumptions within property valuations, and how to demonstrate an increased level of challenge
- Formalising our arrangements for the consideration of complex technical issues by Partner Panels.

As part of our enhanced Value for Money programme, we will focus on identifying the scope for better use of public money, as well as highlighting weaknesses in governance or financial stewardship where we see them.

## Conclusion

Local audit plays a critical role in the way public sector audits and society interact, and it depends on the trust and confidence of all those who rely on it. As a firm we're proud to be doing our part to promote good governance, effective stewardship and appropriate use of public funds.

# Sector Update

Policing services are rapidly changing. Increased demand from the public and more complex crimes require a continuing drive to achieve greater efficiency in the delivery of police services. Public expectations of the service continue to rise in the wake of recent high-profile incidents, and there is an increased drive for greater collaboration between Forces and wider blue-light services.

Our sector update provides you with an up to date summary of emerging national issues and developments to support you. We cover areas which may have an impact on your organisation, the wider Police service and the public sector as a whole. Links are provided to the detailed report/briefing to allow you to delve further and find out more.

Our public sector team at Grant Thornton also undertake research on service and technical issues. We will bring you the latest research publications in this update. We also include areas of potential interest to start conversations within the organisation and with audit committee members, as well as any accounting and regulatory updates.

- **Grant Thornton Publications**
- **Insights from sector specialists**
- **Accounting and regulatory updates**

More information can be found on our dedicated public sector and police sections on the Grant Thornton website by clicking on the logos below:

A teal rectangular button with the text "Public Sector" in white, sans-serif font.

Public Sector

A dark purple rectangular button with the text "Police" in white, sans-serif font.

Police

# HMICFRS



## HMICFRS's proposed 2021/22 policing inspection programme and framework

HMICFRS published the policing inspection programme and framework for 2021/22 in July 2021.

This can be found at the following link - [Policing inspection programme and framework 2021/22](#)

The document, which has been laid before parliament, sets out HMICFRS's programme of policing inspections for this financial year. It also details those inspections already taking place.

## Pandemic has intensified vulnerability and increased demand on police

In his annual assessment of policing in England and Wales, Sir Thomas Winsor described how crime patterns have changed over the last year, with more crime committed online. He said there is a case for greater sanctions in the Online Safety Bill to protect vulnerable people online.

The Chief Inspector said the pandemic had also increased vulnerability in other ways, such as the lockdown leading to more calls for help from those suffering from domestic abuse.

In his 2020 report, Sir Thomas Winsor said some public services, including mental health, keep on failing. Unless the health and social care system is fixed and people can get the support they need, more people will continue to be vulnerable and enter the criminal justice system unnecessarily, he said.

The Chief Inspector recognised that the chronic backlog in court cases has increased as a result of the pandemic, but he questioned why waiting times have become inexcusably long when the number of cases going into the system is at the lowest level for decades.

The report can be accessed [here](#).

# HMICFRS



## Progress against recommendations issued in 2018/19

HMICFRS has published police forces' progress against recommendations for the first time. The recommendations included in this first release are from the 2018/19 Integrated PEEL Assessment inspection reports.

The status of recommendations shown is a snapshot as at 19 October 2021.

This will be updated in batches throughout the year.

Progress can be found [here](#).

## Summary of consultation responses: Policing inspection programme and framework 2021/22

HMICFRS have published the summary of consultation responses to the policing inspection programme and framework 2021/22.

The responses can be found [here](#).

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# Home Office

## Police and local authorities given extra £23.5 million for safer streets

Police forces and local authorities across England and Wales, are to receive a share of £23.5 million to make public spaces safer for all through projects to help women and girls feel safer on our streets as part of the government's Safer Streets Fund.

Created with the objective of tackling local acquisitive crimes like car theft and burglary, the latest round of the Safer Streets Fund has a particular emphasis on the safety of women and girls. The investment will go to police forces and local authorities across England and Wales as well as the British Transport Police to spend in the 2021 to 2022 financial year.

Crimes which take place in public places such as sexual harassment disproportionately affect women. Recipients of funding have submitted bids for innovative plans to increase the safety of public spaces, including projects which emphasise changing attitudes and behaviours in local communities.

Since its inception, the government has committed £70 million to the Safer Streets Fund to support local areas across England and Wales to introduce initiatives aimed at stopping offences happening in the first place.

Round two saw 50 projects across England and Wales awarded a total of £18.4 million to go towards measures proven to cut crime, including simple changes to the design of streets such as locked gates around alleyways, increased street lighting and the installation of CCTV.

The full article can be found [here](#).



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# Home Office

## Over 11,000 police hired with more women than ever before

The Home Office have confirmed that more than half of the promised 20,000 additional police officers have now been recruited, with an increasing number of women signing up to join forces across England and Wales.

An extra 11,053 officers have been hired across England and Wales as part of the Police Uplift Programme to help bring crime down and keep neighbourhoods safer, meaning that the government is now 55% of the way to meeting its recruitment target of 20,000 additional officers by March 2023.

Forces saw more women joining the ranks to tackle criminals and protect the public from harm between July and September 2021 – with female officers accounting for 45% (1,451) of all new joiners during that time. And over the last year eight forces – Derbyshire, Lancashire, Greater Manchester, Staffordshire, Sussex, Thames Valley, Kent and Suffolk – have hired more women than men. This means more officers on the streets bringing down drugs gangs, bearing down on violent crime and tackling anti-social behaviour.

There are also more Black, Asian and minority ethnic officers employed across forces than at any other time in the country's history, now making up 7.9% (10,690) of all officers.

The full article can be found [here](#).



# Home Office

## Policing to receive up to £1.1 billion extra to cut crime

Policing will receive a funding boost of up to £1.1 billion next year to drive down crime and deliver safer streets for all the Home Secretary confirmed.

The 2022/23 funding package represents a 7% cash increase on last year and means policing will receive up to £16.9 billion in total in 2022/23.

The boost in resources will help support the delivery of the Beating Crime Plan, which set out the government's mission to deliver fewer victims, safer neighbourhoods, and a more secure country. In particular, the plan focuses on driving down homicide, serious violence and neighbourhood crime – to ensure that everyone can benefit from the security that a safe home, street and country provides.

- The additional funding will allow police forces to continue the work already being done to target criminals, which has seen:
- a 14% fall in overall crime (excluding fraud and computer misuse) between June 2019 and June 2021
- 11,053 additional officers hired across England and Wales – 55% of the target of 20,000 extra police officers by March 2023
- over 1,500 county lines closed, over 7,400 arrests, £4.3m in drugs seized and more than 4,000 vulnerable people safeguarded, thanks to our investment in shutting down county lines since 2019.
- almost 16,000 knives and other dangerous weapons removed from the streets last year thanks to police use of stop and search powers.
- 300,000 at risk young people reached through Violence Reduction Units, set up across the country thanks to £105.5m in funding. This forms part of the £242m we've invested since 2019 to zone in on serious violence and homicide hotspots.
- Within the total package, forces will also be given £550 million more from government grants, including funding for hiring the 20,000 extra officers promised by the government by the end of March 2023. The successful recruitment campaign has already seen more than 11,000 additional police officers join up and make a difference in communities across England and Wales.

The full article can be found [here](#).



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# Association of Police and Crime Commissioners

## Association of Police and Crime Commissioners Response To Budget Announcements

APCC Chair, Marc Jones, and APCC Finance Lead, Roger Hirst have issued a response to the Autumn Budget.

The full response can be found [here](#).



# Annual Transparency Report – Grant Thornton

As auditors of several listed entities as well as nearly one hundred major local audits, we are required as a firm to publish an annual transparency report.

The report contains a variety of information which we believe is helpful to audit committees as well as wider stakeholders. The Financial Reporting Council (FRC) in their thematic review of transparency reporting noted that they are keen to see more Audit Committee Chairs actively engaging and challenging their auditors on audit quality based on the information produced in Transparency reports on a regular basis. We agree with the FRC and are keen to share our transparency report and discuss audit quality with you more widely.

The transparency report provides details of our:

- Leadership and governance structures
- Principle risks and Key Performance Indicators
- Quality, risk management and internal control structure
- Independence and ethics processes
- People and culture
- Compliance with the Audit Firm Governance code and EU Audit directive requirements

We have made significant developments in the year as part of our Local Audit Investment Plan to improve our audit quality. We welcome an opportunity to discuss these developments and our transparency report should you wish.



The full report is available here:

[Transparency report 2020 \(grantthornton.co.uk\)](https://www.grantthornton.co.uk/transparency-report-2020)

# Public Accounts Committee (PAC) – Local auditor reporting on local government in England & government response

The PAC inquiry examined the timeliness of auditor reporting on English local public bodies' financial statements covering 2019-20. The National Audit Office (NAO) report, on which this inquiry is based, found that “delays in the delivery of audit opinions beyond the deadlines for publishing local authority accounts, alongside concerns about audit quality and doubts over audit firms' willingness to continue to audit local public bodies, highlight that the situation needs urgent attention.”

The PAC report found “Without urgent action from government, the audit system for local authorities in England may soon reach breaking point. With approximately £100 billion of local government spending requiring audit each year, the Ministry of Housing, Communities & Local Government (the Department) has become increasingly complacent in its oversight of a local audit market now entirely reliant upon only eight firms, two of which are responsible for up to 70% of local authority audits. This has not been helped by the growing complexity of local authority accounts, with audit firms now asked to carry out more work in each audit, comply with new regulatory demands and adapt to the new multifaceted landscape in which local authorities operate, while also struggling to hire and retain experienced auditors.”

Key conclusions were:

- The marked decline in the timeliness of external audit undermines accountability and hampers effective decision-making.
- There is a pressing risk of market collapse due to an over reliance on a small number of audit firms and significant barriers to entry.
- The commercial attractiveness to audit firms of auditing local authorities has declined.

- The rapidly diminishing pool of suitably qualified and experienced staff increases the risks to the timely completion of quality audits.
- We are not convinced that the recently announced new local audit arrangements will meet the pressing need for effective system leadership now.
- Unless local authority accounts are useful, relevant and understandable they will not aid accountability.

The report made recommendations in each of these areas. The government response was published on 28 October.

The PAC report and response can be found here:

[Timeliness of local auditor reporting on local government in England - Committees - UK Parliament](#)



House of Commons  
Committee of Public Accounts

**Local auditor reporting on local government in England**

Eleventh Report of Session 2021–22

# 2020/21 audited accounts – Public Sector Audit Appointments

Public Sector Audit Appointments (PSAA) has reported that only 9% of local government audits for 2020/21 were completed by the end of September. This is a sharp contraction on the 45% filed on time for 2019-20, and is the third successive year where the number of accounts produced on schedule has reduced.

PSAA state “The challenges posed by COVID-19 have contributed to the current position. However, a range of further pressures documented in the Redmond Report are also continuing to impact performance. In particular there is a shortage of auditors with the knowledge and experience to deliver the required higher quality audits of statements of accounts, which increasingly reflect complex structures and transactions, within the timeframe expected. The growing backlog of audits is also a concern, with 70 of the 2019/20 audits still incomplete.”

Grant Thornton commented “Audit quality remains a priority for our firm and we continue to work hard with local audit stakeholders to ensure the delivery of high quality audits in as timely a fashion as is practicable. Unfortunately, much of this work will be delivered past the 30 September target date, owing to ongoing constraints posed by the COVID-19 pandemic and the backlog this has caused. We remain committed to public sector audit and are now focused on delivering the majority of our local audits by December 2021.”



The news article can be found here:

<https://www.psaa.co.uk/2021/10/news-release-2020-21-audited-accounts-psaa/>

# 2023-24 audit appointments – Public Sector Audit Appointments

Following a consultation exercise Public Sector Audit Appointments (PSAA) has invited all principal local government including police and fire bodies to become opted-in authorities. At the same time it published its procurement strategy and prospectus for the national scheme from April 2023. Both documents have evolved in response to the feedback provided by the market engagement exercise and consultation on the draft prospectus undertaken during June 2021.

PSAA state “Our primary aim is to secure the delivery of an audit service of the required quality for every opted-in body at a realistic market price and to support the drive towards a long term competitive and more sustainable market for local public audit services.

The objectives of the procurement are to maximise value for local public bodies by:

- securing the delivery of independent audit services of the required quality;
- awarding long term contracts to a sufficient number of firms to enable the deployment of an appropriately qualified auditing team to every participating body;
- encouraging existing suppliers to remain active participants in local audit and creating opportunities for new suppliers to enter the market;
- encouraging audit suppliers to submit prices which are realistic in the context of the current market;
- enabling auditor appointments which facilitate the efficient use of audit resources;
- supporting and contributing to the efforts of audited bodies and auditors to improve the timeliness of audit opinion delivery; and

- establishing arrangements that are able to evolve in response to changes to the local audit framework.

PSAA set out the proposed timeline, which anticipates contracts being awarded in August 2022.



The news article can be found here:

<https://www.psa.co.uk/2021/09/psaa-publishes-its-prospectus-and-procurement-strategy-and-invites-eligible-bodies-to-opt-in-from-april-2023/>

The procurement strategy can be found here:

<https://www.psa.co.uk/about-us/appointing-person-information/appointing-period-2023-24-2027-28/procurement-strategy/>

# Guide to support Value for Money (VfM) analysis for public managers – CIPFA

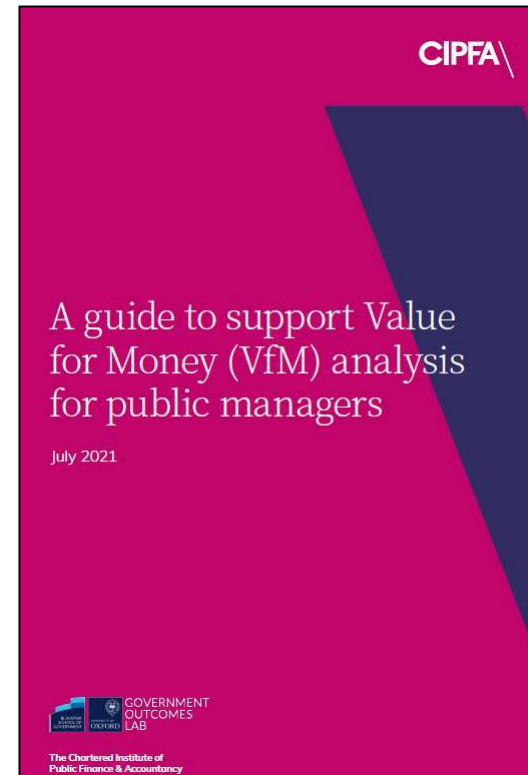
The Chartered Institute of Public Finance and Accountancy (CIPFA) has published this guide which complements a VfM toolkit which has been published separately. Both were developed under a collaborative project between Government Outcomes Lab (GO Lab) and CIPFA.

CIPFA state “The guide is aimed at public managers planning to assess Value for Money (VfM) of outcomes-based contract (OBC) programmes, or any other type of programme with an outcome-focus, using prospective information. This involves assessing economic validity of the programme with respect to ‘doing nothing’ as well as the closest comparator.”

CIPFA explain that the guide:

- Describes what VfM represents in public provision of social services with a special focus on outcome-based contracts (OBCs). In particular the guide emphasises the link between economy and effectiveness criteria.
- Promotes thinking about longer-term effects of interventions, such as outcomes and impact, at the design/ planning stage of programmes. This means that having a good appreciation for efficiency is helpful but not necessary, especially when outcomes are both identifiable and measurable.
- Explain how it could be used to appraise public programmes with respect to anticipated costs and value of them using prospective information.

The guide is available to CIPFA members through the website.



# Cyber and information security: Good practice guide – NAO

The National Audit Office (NAO) has published this guide to help Audit Committees scrutinise cyber security arrangements. To aid them, this guidance complements government advice by setting out high-level questions and issues for audit committees to consider.

The NAO state “Audit committees should gain the appropriate assurance for the critical management and control of cyber security and information risk.

Cyber security is the activity required to protect an organisation’s data, devices, networks and software from unintended or unauthorised access, change or destruction via the internet or other communications systems or technologies. Effective cyber security relies on people and management of processes as well as technical controls.

Our guide supports audit committees to work through this complexity, being able to understand and question the management of cyber security and information risk.

It takes into account several changes which affect the way in which we interact with and manage our information and can drive increased risk. These include changes to the way we work and live due to the COVID-19 pandemic and the ongoing demand to digitise and move to cloud-based services.

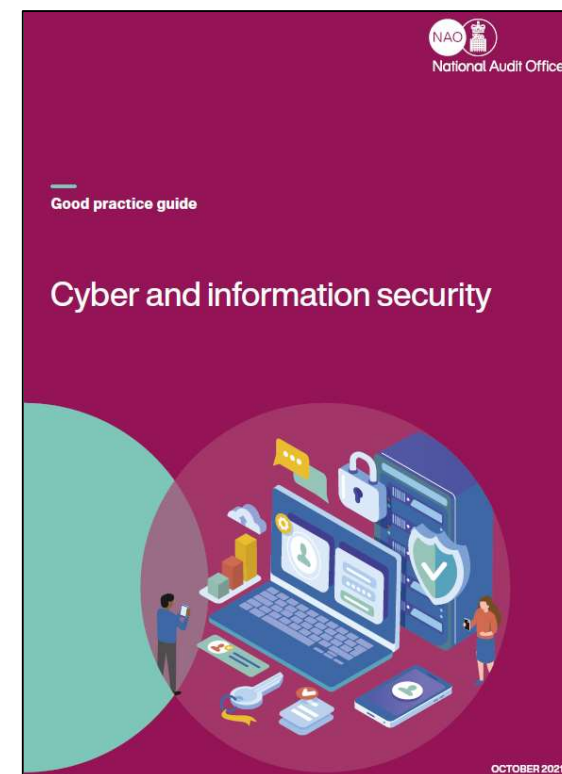
The strategic advice, guidance and support provided by government has also been updated to keep pace with these changes, detailing the impact and risks on the management of cyber security and information risk.

The guide provides a checklist of questions and issues covering:

- The overall approach to cyber security and risk management
- Capability needed to manage cyber security
- Specific aspects, such as information risk management, engagement and training, asset management, architecture and configuration, vulnerability management, identity and access management, data security, logging and monitoring and incident management.”

The report can be found here:

<https://www.nao.org.uk/report/cyber-security-and-information-risk-guidance/>





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# Internal Audit Progress Report Audit Advisory Committee (March 2022)

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

# Contents

## 1 Introduction

## 2 Key Messages for Audit Advisory Committee Attention

### Appendix A: Contract Performance

### Appendix B: Performance Indicators

## Your Team

Name	Role	Contact Details
Anne-marie Harrop	Engagement Lead	Anne-marie.harrop@miaa.nhs.uk 07920 150313

## 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.

## Public Sector Internal Audit Standards

Our work was completed in accordance with Public Sector Internal Audit Standards.

## 1 Introduction

This report provides an update to the Joint Audit Advisory Committee in respect of the progress made in against the Internal Audit Plan for 2021/22 and brings to your attention matters relevant to your responsibilities as members of the 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.

Comprehensive reports detailing findings, recommendations and agreed actions are provided to Committee Members. In addition a consolidated follow up position is reported on a periodic basis to the Audit Advisory Committee.

This progress report covers the period December 2021 to February 2022

## 2 Executive Summary

Since the last meeting we have focused on the following areas:

<p>2021/22 Audit Reviews</p>	<p>The following reviews have been finalised:</p> <ul style="list-style-type: none"> <li>• Body Worn Video.</li> <li>• Financial Systems.</li> <li>• National Fraud Initiative.</li> </ul> <p>The reviews below are currently in progress:</p> <ul style="list-style-type: none"> <li>• Performance Management – Local Policing Units</li> <li>• Estates Strategy</li> </ul>
<p>Follow Up</p>	<p>We provided an update at the last Committee and a further report will be issued in Q4.</p>
<p>Audit Plan Changes</p>	<p>There are no further amendments to the audit plan.</p>
<p>Insights</p>	<p><b>Briefings</b></p> <p>Our latest briefings/blogs are:</p> <ul style="list-style-type: none"> <li>• MIAA Supporting Safe Transition to Integrated Care Systems</li> <li>• Interns reflect on their year at MIAA.</li> </ul> <p><b>Audit Committee Chairs Webinars</b></p> <p>We are continuing to hold webinars with groups of client Audit Committee Chairs focusing upon governance challenges and other key issues.</p> <p><b>Collaborative Masterclass Events</b></p>

- Behaviour Change: What Works? (11th March 2022)
- Outlook for the public sector (31st March 2022)

Events are free for MIAA client and can be booked via our website [www.miaa.nhs.uk](http://www.miaa.nhs.uk)

## 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 21/22:

HOIA Opinion Area	Status	Assurance Level
<b>Core/ Mandated Assurances</b>		
Key Financial Controls	Complete	High
National Fraud Initiative	Complete	N/A
<b>Risk Based Assurances</b>		
Collaboration & Partnerships – NW Motorway Policing Governance review	Complete	Substantial
Estates Strategy	TOR Agreed	
Covid – 19	Complete	Substantial
Performance Management – Local Policing Units	Fieldwork	
Cyber Crime	Complete	Moderate
Body Worn Video Usage (Carry Forward 2020/ 21)	Complete	Substantial
<b>Follow Up</b>		
Qtr 1	Complete	N/A
Qtr 4	Qtr 4	N/A

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

## Appendix B: Performance Indicators

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

Element	Reporting Regularity	Status	Summary
Delivery of the Head of Internal Audit Opinion (Progress against Plan)	Each Audit Committee	Green	There is ongoing engagement and communications regarding delivery of key reviews to support the Head of Internal Audit Opinion.
Issue a Client Satisfaction Questionnaire following completion of every audit.	Each Report	Green	All final reports contain a link to post audit questionnaire.
Percentage of recommendations raised which are agreed	Each Audit Committee	Green	Noted in all final reports
Percentage of recommendations which are implemented	Twice per audit year	Green	Follow Up report provided twice per year.
Qualified Staff	Annual	Green	MIAA have a highly qualified and diverse workforce which includes 75% qualified staff. The Senior Team delivering the Internal Audit Service are CCAB/IIA qualified.
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.



# Financial Systems Review Assignment Report 2021/22 (Final)

Police and Crime Commissioner and Chief Constable for Cheshire

Report Ref: 301CPCC\_2122\_001

Date of Issue: January 2022

# Contents

- 1 Executive Summary
- 2 Engagement Objectives and Scope
- 3 Detailed Findings and Recommendations

## Appendix A: Assurance Definitions and Risk Classifications

### 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.

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## Report Distribution

Name	Title
Clare Hodgson	Chief Finance Officer (OPCC)
Wendy Bebbington	Head of Finance
Julie Gill	Assistant Chief Officer
Louise Willis	Planning, Performance and Risk Manager
Damon Taylor	Chief Executive (OPCC)
David McNeilage	Deputy Commissioner (OPCC)
Chris Armitt	Deputy Chief Constable
John Dwyer	Police and Crime Commissioner
Mark Roberts	Chief Constable
External Audit	
Joint Audit Advisory Committee	

## Audit Team

Name	Contact Details	
Charles Black	<a href="mailto:Charles.Black@miaa.nhs.uk">Charles.Black@miaa.nhs.uk</a>	07554332410
Anne-Marie Harrop	<a href="mailto:Anne-marie.Harrop@miaa.nhs.uk">Anne-marie.Harrop@miaa.nhs.uk</a>	07920150313

## 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 Audit Manager. To discuss any other issues then please contact the Director. MIAA would be grateful if you could complete a short survey using the link below to provide us with valuable feedback to support us in continuing to provide the best service to you.

[https://www.surveymonkey.com/r/MIAA\\_Client\\_Feedback\\_Survey](https://www.surveymonkey.com/r/MIAA_Client_Feedback_Survey)

# 1 Executive Summary

## 1.1 Objective

As part of the Internal Audit Plan for 2021/22, the Joint Audit and Advisory Committee approved a review of the financial systems.

This audit focused on the key controls within financial systems and involved review of the most significant controls within: General Ledger, Accounts Payable, Accounts Receivable and Treasury Management.

## 1.2 Opinion

<b>High Assurance</b>	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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## 1.3 Key Findings

The following provides a summary of the key themes.

Sub Objective	Key Themes
General Ledger	Areas of good practice: <ul style="list-style-type: none"> <li>• Balance sheet control account reconciliations are completed monthly. Completion is recorded and evidenced which shows the status of each control account.</li> <li>• Audit testing undertaken on a sample of control account reconciliations (Sales, Purchases and Bank Account) for July – September 2021, identified that adequate segregation of duties was in place between the persons preparing and authorising the reconciliation. All accounts reviewed were adequately reconciled to the general ledger and trial balance, and these were all completed within a timely manner.</li> <li>• Audit review of journals identified that segregated approval is not required within the oracle system. Audit testing of Journals raised between the periods July –</li> </ul>

Sub Objective	Key Themes
	<p>October 2021 identified that in all instances there were no segregation of duties in place between the person preparing and authorising the journal. This issue was raised as part of the 2019/20 review, however management confirmed that they were content with the compensating controls that only finance staff have the ability to post journals.</p>
Accounts Payable	<p>Areas of good practice:</p> <ul style="list-style-type: none"> <li>• The Constabulary maintain an Authorised Signatory List (ASL) which is an automated excel spreadsheet maintained by the principal accountant. Our review and a demonstration of the spreadsheet confirmed that all members of the finance team are recorded with their limits within the spreadsheet and have been allocated approval limits.</li> <li>• Audit testing of a sample of 10 purchase orders (PO) confirmed that there was adequate segregation of duties between the person requesting and authorising a purchase order. All orders reviewed were approved appropriately by a member of management.</li> <li>• Our review of the invoice payment process highlighted payments are processed online through BACS. A payment report is run and checked by 2 senior members of Finance staff, prior to payment processing. A clear audit trail to support the payment run is retained and was evidenced.</li> <li>• MIAA testing highlighted that amendment to supplier details is controlled through MFSS. Through discussion and demonstration, it was confirmed that supplier bank details changes are confirmed and logged through phone calls and e-mail trails which was evidenced through an audit walkthrough.</li> </ul>
Accounts Receivable	<p>Areas of good practice:</p> <ul style="list-style-type: none"> <li>• A process is in place for the approval of write offs which is outlined within the Constabulary financial delegations. Discussions confirmed that no write offs had occurred this financial year.</li> </ul>

Sub Objective	Key Themes
	<ul style="list-style-type: none"> <li>• Audit review identified that as of November 2021 total aged debt was £1,830,107.55. of which 20% is 60 days + overdue.</li> <li>• During our 2020/21 review we identified that there was 'Referral to legal' noted on a number of invoices dating back to 2017, 2018 and 2019. However, evidence was provided during this review to assure that appropriate follow up of the debt had taken place and was clearly documented within the appropriate monitoring spreadsheets.</li> </ul>
Treasury Management	<p>Areas of good practice:</p> <ul style="list-style-type: none"> <li>• Audit review of the current bank mandate in place identified there have been no changes in signatories this financial year.</li> <li>• Evidence was in place to demonstrate that the financial forecast outturn, including cash flow which is reported on a quarterly basis to the Joint Management Committee.</li> </ul>

### 1.4 Recommendation Summary

The table below summarises the prioritisation of recommendations in respect of this review.

Critical	High	Medium	Low	Total
0	0	0	0	0

## 2 Engagement Objectives and Scope (Terms of Reference)

### 2.1 Objective

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

### 2.2 Scope

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

- General Ledger
- Accounts Payable
- Accounts Receivable
- Treasury Management

The controls reviewed related to the 2021-22 financial year to date.

MIAA also considered any changes to the control environment due to COVID-19.

### 2.3 Approach

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

- We fully recognised that a number of staff are working flexibly, as such, we will work with you to agree our information requirements in advance, including at key points during the audit. This will include the timetable for delivery and availability of key contacts.
- We will confirm the designated contact point at your organisation, to support the provision of the identified information requirements and to assist the audit process as required. This may include providing access to the organisations systems, including the intranet, if required.
- We will use software such as Skype/ MS Teams to conduct virtual meetings and to share screens to support the auditor in documenting and assessing the controls and operating effectiveness of the system being reviewed.
- Whilst working remotely, we will ensure that regular contact is maintained throughout the audit process to feedback on progress and matters arising.
- We are aware that there may be restrictions which could potentially impact on the delivery of the review. We will ensure that any potential issues are escalated appropriately.

## Appendix A: 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 could 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.

## NFI Briefing

**To:** Julie Gill, Assistant Chief Officer (Cheshire Constabulary)  
Clare Hodgson, Chief Finance Officer (Office of the Police and Crime Commissioner)  
Wendy Bebbington, Joint Head of Finance (Cheshire Constabulary and Cheshire Fire and Rescue Service)  
Jerry Faulkner, Principal Accountant (Cheshire Constabulary and Cheshire Fire and Rescue Service)  
Dawn Edwards, Management Accountant  
Louise Willis, Planning , Performance and Risk Manager

**From:** Anne-Marie Harrop, Regional Director  
Simon Davies, Audit Manager  
Jeanette Sharp, Anti-Fraud Officer

**Date:** February 2022

**Re:** National Fraud Initiative 20/21 - Update 1/2/2022

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### 1 Introduction and Background



This 'Briefing Note' provides a summary of Cheshire Constabulary data matches reviewed, outstanding matches and any overpayments identified as part of the National Fraud Initiative round for 2020/21. It provides an update on the previous briefing paper which was issued in April when the data matches were released.

### 2 Matches Actioned


This participation offers a range of matches (payroll and creditors) designed to target fraud as well as providing assurance on a range of corporate governance issues. In addition, the inclusion of your data helps identify overpayments and uncovers fraud at participating bodies. The table below shows the matches reviewed and outcomes so far.

## AFS's Data Matching Information as at 1<sup>st</sup> February 2022

Report Name	Priority Status*	Number of Matches received	Number of Matches closed	Matches requiring investigation	Responsible person	Overpayments Identified (£)
52 - Pensions/Pension Gratitude to DWP Deceased	High	15	15	0	AFS/Client	£0
53 - Deferred Pensions to DWP deceased	Low	1	1	0	AFS/Client	£0
54 - Pensions to Payroll	Low	99	99	0	AFS/Client	£0
55 - Pensions to Payroll	Low	6	6	0	AFS/Client	£0
58 - Pensions to Injury Benefits	High	7	7	0	AFS/Client	£0
66 – Payroll to Payroll between bodies 	High	16	16	0	AFS/Client	£0
68.1 – Payroll to Payroll (B) – Phone Number	High	11	11	0	AFS/Client	£0
78 – Payroll to Pensions [for information only]	N/A	9	9	0	AFS/Client	£0
701 – Duplicate creditors by creditors name	High	3	3	0	AFS/Client	£0
702 – Duplicate creditors by address details	High	26	26	0	AFS/Client	£0
703 – Duplicate creditors by bank account number	High	13	13	0	AFS/Client	£0

Report Name	Priority Status*	Number of Matches received	Number of Matches closed	Matches requiring investigation	Responsible person	Overpayments Identified (£)
708 – Duplicate records by invoice amount and creditor reference 	High	219	219	0	AFS/Client	£6,949.25 (3 overpayments identified by the NFI matching exercise)
711 – Duplicate records by invoice number and amount but different creditor reference and name	High	6	6	0	AFS/Client	£0
750 – Procurement – Payroll to companies house (Director) 	High	5	5	0	AFS/Client	£0
752 – Procurement – Payroll to Companies House (Director)	N/A	1	1	0	AFS/Client	£0

\* Each report is colour coded distinguishing between, high quality (red), medium quality (amber), reports containing matches based on addresses (blue) and information reports (light turquoise).

 Certain reports have a flag (gold key) to note which reports the NFI team considers a priority

### 3 Action Plan – Outstanding Matches

All matches identified as a result of the NFI exercise have been investigated and now closed.



Office of the Police and Crime Commissioner for  
Cheshire / Cheshire Constabulary  
Internal Audit Plan (DRAFT)  
2022/2023

# Contents

1. Executive Summary
2. Transforming Internal Audit
3. Internal Audit Risk Assessment
4. Internal Audit Plan On A Page
5. Operational Internal Audit Plan 2022/23



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[@MIAANHS](https://twitter.com/MIAANHS)

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**MIAA Assurance** - provision of cost effective assurance (governance, risk and control) Insight (advice and best practice) and foresight (supporting clients on up and coming issues).

These services are delivered in partnership with you to ensure they are personal and responsive, ensuring the best possible customer experience.

# 1 Executive Summary

## 1.1 Working in partnership with you

MIAA Assurance, providing cost effective assurance, insight and foresight. These services are delivered in partnership with you to ensure they are personal and responsive, ensuring the best possible customer experience.



### Working with you

- ✓ Strong relationships
- ✓ In depth knowledge and understanding of organisation
- ✓ Strong risk assessment
- ✓ Tailored plan focused on your risks
- ✓ Focus on areas for improvement
- ✓ Flexible and responsive
- ✓ Strong service KPIs and delivery
- ✓ Events and Networking
- ✓ Advisory support
- ✓ Fully compliant External Quality Assessment

## 1.2 Your Risk Assessment

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

## 1.3 Your Internal Audit Plan

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

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

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

**Your fees for 2022/23 are £32,200.**

## 1.4 Your Internal Audit Team



**Steve Connor**  
*Engagement Lead*  
 07768 131785  
 Steve.Connor@miaa.nhs.uk



**Anne-marie Harrop**  
*Engagement Manager*  
 07920 150313  
 Anne-marie.harrop@mjaa.nhs.uk

## 2 Transforming Internal Audit

### Internal Audit, Assurance and Solution Plans

We have always been quick to respond to changes in our clients operating environment and this has been evident in our delivery throughout the Covid19 pandemic which saw our teams work with flexibility and agility to deliver your internal audit service.

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

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

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



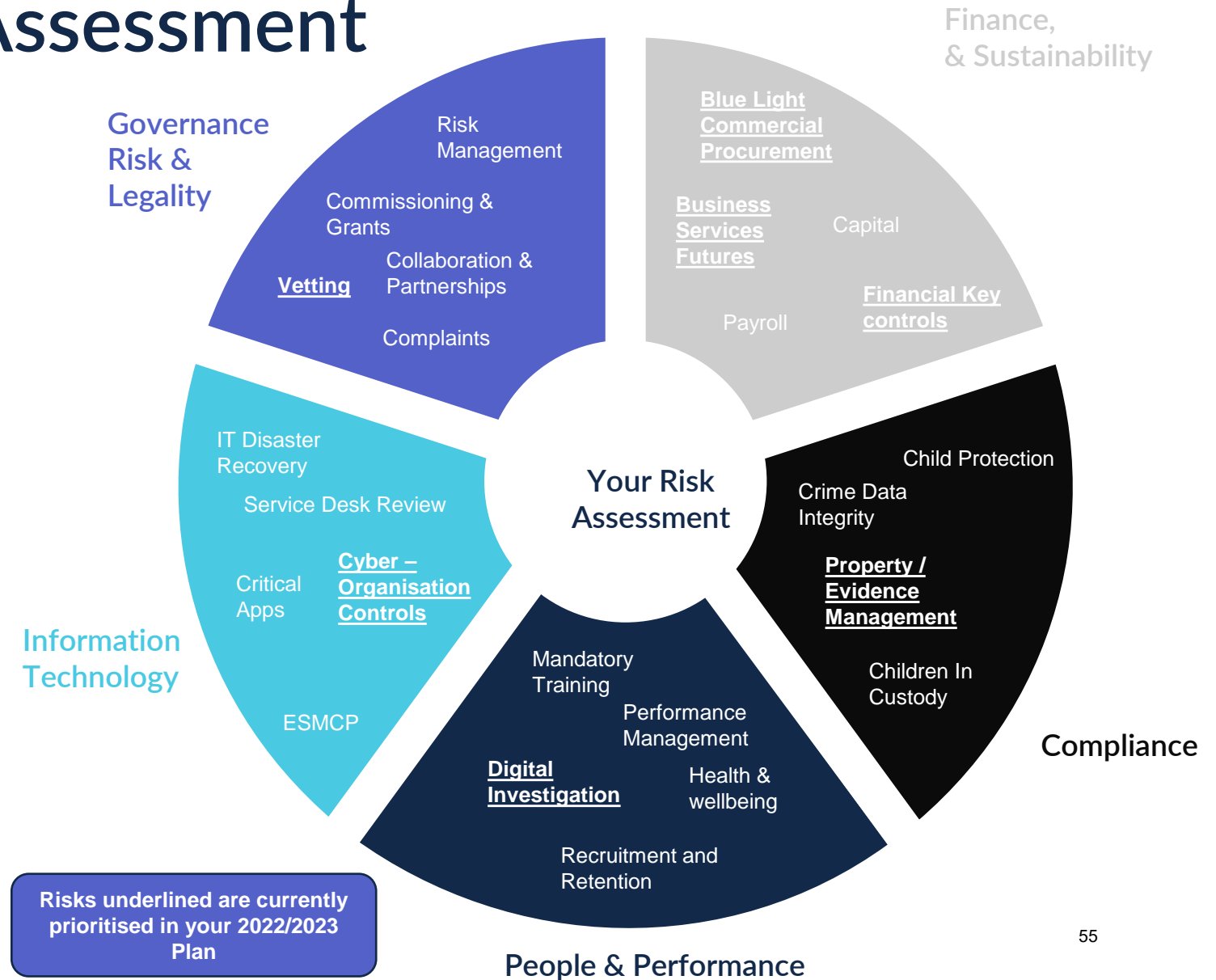
# 3 Internal Audit Risk Assessment

The internal audit plan is built from a risk assessment which has considered national and local system risks and your local strategic risk assessment, along with our breadth of experience and understanding of the challenges you face.

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

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

- **Organisation intelligence** – including review of your Strategic Risk Register, Police and Crime Plan 2021 – 2024 and operational plans and performance.
- **Benchmarking and national Police Audit Group mapping** – MIAA are part of the Police Audit Group (PAG) where we gain insight and share learning across audit providers working within the police sector.
- **Mandated assurance** – including core systems assurances to provide a Head of Internal Audit Opinion and Public Sector Internal Audit Standards requirements.
- **Previous Internal Audit coverage** – we have reviewed your previous Internal Audit coverage to ensure the proposed plan does not duplicate coverage.
- **Follow Up** – Internal Audit coverage will also include follow up of outstanding internal audit actions.



# 4 Your plan on a Page

## Planning Approach

- Risk Assessment of the external environment, system and organisation (including the Strategic Risk Register and Police and Crime Plan ).
- Engagement of Senior Management of the OPCC and Constabulary and Audit Advisory Committee to influence the plan Use of MIAA's client risk database to inform planning.
- Coverage of Critical Business Systems to support organisation's objectives through the strategic internal audit plan.
- Provision of sufficient resources and expertise.
- Compliance with Public Sector Internal Audit Standards (PSIAS).

## Your Plan

The outcome of your risk assessment is summarised below:

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

- Property / Evidence Management
- Vetting
- Business Services Futures
- Key Financial Controls
- Digital Investigation
- Blue Light Commercial Procurement
- Cyber – Organisation Controls

## Follow Up and Contingency

## Outcomes

Head of  
Internal Audit  
Opinion to  
inform the  
AGS

Assignment  
assurance  
levels

Recommendations,  
advice, and guidance  
to enhance the control  
environment

Insights through  
briefings, thought  
leadership events and  
benchmarking.

# 5 Operational Internal Audit Plan 22/23

Review & Scope	Strategic Risk Ref / Rationale	Audit Days	Planned Delivery	Lead
<b>Governance , Risk and Legality</b>				
<b>Vetting:</b> To evaluate the efficiency and effectiveness of the vetting function against the Authorised Professional Practice (APP)	<b>Management Request/Police and Crime Plan</b>	12	Q1	Supt Alison Ross
<b>Finance &amp; Sustainability</b>				
<b>Key Financial Controls:</b> To provide assurance that the most significant key controls are appropriately designed and operating effectively in practice.	<b>Core Assurance</b>	12	Q4	Wendy Bebbington Head of Finance
<b>Business Services Futures:</b> Audit days are allocated to support the BSF programme and evaluation of control environment, process maps and data transfer	<b>Strategic Risk 1.5/ Police and Crime Plan</b>	9	Q1 - 3	ACO Julie Gill
<b>Blue Light Commercial Procurement:</b> To evaluate the effectiveness of procurement arrangements via Blue Light Commercial.	<b>OPCC request/ Police and Crime Plan</b>	12	Q2	Anita Gibbs
<b>Operational Compliance</b>				
<b>Property/Evidence Management:</b> To provide assurance that Cheshire Constabulary is dealing professionally with all evidence and property, safeguarding its integrity to support the prevention and detection of crime.	<b>Management Request/Police and Crime Plan</b>	12	Q1	Supt Simon Parsonage

Review & Scope	Strategic Risk Ref / Rationale	Audit Days	Planned Delivery	Lead
<b>People and Performance</b>				
<b>Digital Investigation:</b> Digital investigations are high on the national and local agenda with cases increasing year on year. This review will evaluate how Cheshire Constabulary are responding to these risks and the plans in place to manage increased caseloads and the workforce demands and skill sets required.	<b>Strategic Risk 1.3/ Police and Crime Plan</b>	12	Q2	DCI Gavin Day
<b>Information and Technology</b>				
<b>Cyber – Organisational Controls :</b> The National Cyber Security Centre Cyber (NCSC), in recognising the strategic importance of cyber security published a toolkit for board assurance. This review will evaluate the effectiveness of the current cyber control framework arrangements in place. Against that framework .	<b>Strategic Risk 1.8/ Police and Crime Plan</b>	12	Q3	Stuart Rogers
<b>Follow up &amp; Contingency</b>				
<b>Follow up and Contingency</b>	<b>PSIAS requirement</b>	7	Q1 – Q4	
<b>Planning &amp; Reporting</b>				
<b>Planning, Management, Reporting &amp; Meetings</b>	<b>PSIAS requirement</b>	12	Q1 – Q4	

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

The following Strategic risk areas were identified as part of the annual risk assessment (refer above), but are **not currently prioritised** within the Internal Audit Plan coverage.

Risk Area	AF Risk / Score	Rationale
Emergency Services Mobile Communications Programme (ESMCP)	Strategic Risk Register 1.2	Originally in 3 year audit plan but due to delays to national rollout audit at this time is not appropriate
Crime Recording - Crime Data Integrity (CDI) Compliance	Strategic Risk Register 1.4	Specialist review covered by HMICFRS
Child Protection / Children in Custody	Strategic Risk Register 2	HMICFRS inspection covered

## Public Sector Internal Audit Standards

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

## Limitations

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

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



# Estates Strategy Review Draft Terms of Reference

Police and Crime Commissioner and Chief Constable for Cheshire

## 1 Introduction and Background

This Estates Strategy audit is to be conducted in accordance with the requirements of the 2021/22 Internal Audit Plan, as approved by the Joint Audit Advisory Committee.

A well thought-out Estates Strategy is essential to the provision of safe, secure, high-quality buildings capable of supporting current and future policing service needs. An Estate Strategy cannot be developed in isolation but should be an integral part of business planning.

In October 2021, at Joint Management Board the Police and Crime Commissioner for Cheshire and the Chief Constable approved The Estates Strategy 2021 – 2031. The Estates Strategy sets out how the Commissioner and the Chief Constable will work to ensure Cheshire has fit for purpose facilities which are required to deliver effective operational policing, are connected to communities and which house support functions suitable to serve the public. That they are provided in a way to support policing and enhance community engagement.

This Strategy will form the basis for our review.

## 2 Audit Objective

The overall objective of the review is to confirm whether the organisation has an Estates Strategy which is aligned to the strategic objectives and the Police and Crime Plan 2021-2024. The review will also evaluate the effectiveness of governance arrangements in place to support ongoing delivery of the strategy including any property acquisitions, disposals and maintenance of the estate.

## 3 Audit Scope

The sub-objectives of the review are as follows:

Sub Objective	Risk
An approved Estates Strategy is in place which is aligned to the Police and Crime Plan and other relevant strategies within the Constabulary.	Lack of overarching direction and strategy for the estate aligned to objectives and plans leads to ad hoc and siloed decision making.
Roles and responsibilities in relation to the Estates Strategy have been formally defined and communicated.	Accountability and responsibility for delivery is unclear and not widely understood.
Governance arrangements are in place to ensure value for money and the delivery of the Estates Strategy adheres to guidance and statutory requirements. Including any property acquisitions, disposals and ongoing maintenance of the estate.	Lack of assurance in respect of Estates Strategy delivery, performance and compliance.

MIAA will also consider any changes to the control environment due to COVID-19.

The limitations to scope are as follows:

*Given the infancy of the Estates Strategy we recognise that there will be limited evidence of strategy delivery and as such an evaluation of performance against plan will not be included.*

## 4 Audit Approach

Following discussion with management, it has been agreed that the review is to be undertaken via a mixture of onsite and remote working. As such, we have set out below key points as to how we will conduct the audit and our expectations in undertaking the work remotely:

*We fully recognised that a number of staff are working flexibly, as such, we will work with you to agree our information requirements in advance, including at key points during the audit. This will include the timetable for delivery and availability of key contacts.*

*We will confirm the designated contact point at your organisation, to support the provision of the identified information requirements and to assist the audit process as required. This may include providing access to the organisations systems, including the intranet, if required.*

*We will use software such as Skype/ MS Teams to conduct virtual meetings and to share screens to support the auditor in documenting and assessing the controls and operating effectiveness of the system being reviewed.*

*Whilst working remotely, we will ensure that regular contact is maintained throughout the audit process to feedback on progress and matters arising.*

*We are aware that there may be restrictions which could potentially impact on the delivery of the review. We will ensure that any potential issues are escalated appropriately.*

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 Management lead. The conclusion of all final reports are 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 maybe 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:

*Estates Strategy*

*Governance documentation to support sign off and ongoing review*

## 6 Proposed Timescales

Stage	Proposed Date
Fieldwork commences	Feb 2022
Discussion document to client	March 2022
Responses by client	March 2022
Final report	March 2022

## 7 Key Contacts and Report Distribution

Name	Title	Report
Mark Roberts	Chief Constable	Final
Chris Armitt	Deputy Chief Constable	Final
Julie Gill	Assistant Chief Officer	Draft & Final
Steve McGlade	Head of Estates and Facilities	Draft & Final
Louise Willis	Planning, Performance and Risk Manager	Draft & Final
John Dwyer	Police and Crime Commissioner	Final
Clare Hodgson	Chief Finance Officer (OPCC)	Draft & Final
David McNeilage	Deputy Police and Crime Commissioner	Draft & Final
Damon Taylor	Chief Executive (OPCC)	Draft & Final
Audit Advisory Committee		Final

## 8 Data Protection and Freedom of Information

MIAA takes its responsibility for the security and protection of information acquired and use 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 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 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 controller for that information and, thus are subject to the requirements of the Data Protection Act and the EU General Data Protection Regulation, where personally indefinable 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 regulation in respect of our control of the data but will also be responsible for any appropriate disclosure under the Acts.

## 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).

## 10 MIAA Key Contacts

Name	Charles Black	Name	Anne-marie Harrop
Title	Principal Auditor	Title	Regional Assurance Director
	07554332410		07920150313
	Charles.Black@miaa.nhs.uk		Anne-marie.harrop@miaa.nhs.uk



# Local Policing Units -Performance Management Review Draft Terms of Reference

Police and Crime Commissioner and Chief Constable for Cheshire

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## 1 Introduction and Background

The Police and Crime Commissioner has a duty to listen to, and use the views of the public to set and shape the strategic priorities of the police service through the Police & Crime Plan. The Police and Crime Plan 2021- 2024 details these priorities and also confirms the policing model in place to deliver the plan.

The current policing model within Cheshire Constabulary consists of nine Local Policing Units (LPUs) each headed by a Chief Inspector whose police officers, Police Community Support Officers (PCSOs) and staff work to solve problems and crimes at a local level.

The Chief Superintendent for Local Policing is Martin Cleworth and the constabulary have restructured so that Superintendents are also aligned to Local Authority Areas as follows:

- Supt Mike Evans – Warrington Borough Council
- Supt Gary Smith – Halton Borough Council
- Supt Gareth Wrigley – Cheshire West and Chester Council
- Supt Peter Crowcroft – Cheshire East Council

As part of the three-year audit plan MIAA have introduced a rolling programme of LPU audits to assess performance management against strategic objectives.

During this review, we will cover the following LPUs;

- Ellesmere Port
- Chester
- Runcorn
- Congleton

## 2 Audit Objective

The overall objective of the audit is to evaluate the systems in place within the Constabulary's LPU's Performance Management regime and the adoption of the 'raising the bar' principles to ensure the delivery of the objectives outlined within the Police and Crime Plan. This will consider the key performance metrics reported together with the capture, accuracy, validation and availability of data along with the current systems in place to support effective challenge and scrutiny of performance and reporting.

In addition our review will evaluate the effectiveness of arrangements within local policing for utilisation of the SARA approach to problem solving and sharing of good practice.

### 3 Audit Scope

As part of our work we will interview key officers to ascertain the nature of the systems in operation and their views on the effectiveness of arrangements.

We will perform a desktop evaluation of the framework, policies, procedures and mechanisms for performance reporting and monitoring.

The sub-objectives of the review are as follows:

Sub Objective	Risk
Quarterly Performance Reviews (QPR) and Area Performance meetings (APR) are aligned to the Police and Crime Plan 2021 – 2024 priorities and the ‘raising the bar’ strategic objectives;	The Performance Management framework is not consistently applied or in place.
Accurate recording and reporting within the QPRs and APRs.	Inaccurate recording and reporting of information.
Roles and responsibilities in relation to accountability and the performance management framework have been formally defined and communicated,	Accountability and responsibility for the performance management framework is unclear and not widely understood,
Processes are in place to record and take action to mitigate existing and emerging risks using the problem solving model SARA within local policing.	Failure to share best practice and apply appropriate problem solving techniques within local policing.

MIAA will also consider any changes to the control environment due to COVID-19.

### 4 Audit Approach

Following discussion with management, it has been agreed that the review is to be undertaken via a mixture of onsite and remote working. As such, we have set out below key points as to how we will conduct the audit and our expectations in undertaking the work remotely:

*We fully recognised that a number of staff are working flexibly, as such, we will work with you to agree our information requirements in advance, including at key points during the audit. This will include the timetable for delivery and availability of key contacts.*

*We will confirm the designated contact point at your organisation, to support the provision of the identified information requirements and to assist the audit process as required. This may include providing access to the organisations systems, including the intranet, if required.*

*We will use software such as Skype/ MS Teams to conduct virtual meetings and to share screens to support the auditor in documenting and assessing the controls and operating effectiveness of the system being reviewed.*

*Whilst working remotely, we will ensure that regular contact is maintained throughout the audit process to feedback on progress and matters arising.*

*We are aware that there may be restrictions which could potentially impact on the delivery of the review. We will ensure that any potential issues are escalated appropriately.*

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 Management lead. The conclusion of all final reports are reported to the Joint Audit Advisory Committee.

## 5 Proposed Timescales

Stage	Proposed Date
Fieldwork commences	February 2022
Discussion document to client	March 2022
Responses by client	March 2022
Final report	March 2022

## 6 Key Contacts and Report Distribution

Name	Title	Report
Bill Dutton	Chief Superintendent	Draft / Final
Gareth Wrigley	Superintendent Chester LPU	Draft / Final
Gary Smith	Superintendent Runcorn LPU	Draft / Final
Gareth Wrigley	Superintendent Ellesmere Port LPU	Draft / Final
Peter Crowcroft	Superintendent Congleton LPU	Draft / Final
Mike Ankers	Chief Inspector Chester LPU	Draft / Final

Brian Green	Chief Inspector Ellesmere Port LPU	Draft / Final
Claire Jesson	Chief Inspector Congleton LPU	Draft / Final
Paul Woods	Head of Performance and Planning	Draft / Final
Wendy Bebbington	Head of Finance	Draft / Final
Louise Willis	Planning, Performance and Risk Manager	Draft / Final
Mark Roberts	Chief Constable	Final
Julie Gill	Assistant Chief Officer	Draft & Final
John Dwyer	Police and Crime Commissioner	Final
David McNeilage	Deputy Police and Crime Commissioner	Draft & Final
Clare Hodgson	Chief Finance Officer (OPCC)	Draft & Final
Damon Taylor	Chief Executive (OPCC)	Draft & Final
Audit Advisory Committee		Final

## 7 Data Protection and Freedom of Information

MIAA takes its responsibility for the security and protection of information acquired and use 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 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 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 controller for that information and, thus are subject to the requirements of the Data Protection Act and the EU General Data Protection Regulation, where personally indefinable 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 regulation in respect of our control of the data but will also be responsible for any appropriate disclosure under the Acts.

## 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).

## 9 MIAA Key Contacts

Name	Charles Black	Name	Anne-marie Harrop
Title	Principal Auditor	Title	Regional Assurance Director
	07554332410		07920150313
	Charles.Black@miaa.nhs.uk		Anne-marie.harrop@miaa.nhs.uk

## Cheshire Constabulary Service Assurance Plan – 2021/22

Review / Audit Team	Title and Reason for Audit	High Level scope	Status / Audit Date	Update	Board / Committee to receive Reports
MIAA	Collaboration and Partnerships – North West Motorway Policing Group	A rolling programme of reviews to evaluate the effectiveness of systems to govern and performance manage collaboration arrangements, to assure value for money.	Q1 10 days	The NWMPG Audit has been completed. Final report circulated.	Audit Advisory Committee Sept 2021
MIAA	Key Financial Controls	To provide assurance on the operation of the key financial controls within the organisation.	Q3 12 days	Draft TOR to WB for approval on 19.10.21 Final report circulated Feb 2022	Audit Advisory Committee March 2022
MIAA	Estates Strategy	To provide assurance that the Estates Strategy is aligned to the organisations strategic objectives and to evaluate the effectiveness of arrangements in place to support any property acquisitions, disposals and ongoing maintenance of the estate.	Q3/4 10 days	<b>January 2022 update:</b> MIAA developing TOR with Steve McGlade with a view to progressing the audit in Feb	Audit Advisory Committee
MIAA	Covid19	To provide assurance in respect of the Constabulary's response to Covid 19 focusing on governance, risk management, evaluation of what has worked well and lessons learned thus far. We will also consider how the constabulary is building on the new and innovative ways of working introduced during the pandemic to secure improvements and changes for the longer term.	Q1 12 days	<b>June 2021 update:</b> ToR has been circulated May 21, field work also commenced in May 21. Final Draft report circulated for Management Responses Aug 21.	Audit Advisory Committee Sept 2021
MIAA	National Fraud Initiative (NFI) Data Matching	Evaluation and investigation of the outcome of the NFI data match exercise.	Q3 10 days	<b>May 2021 update:</b> Match report received. Investigation to be progressed throughout this year. <b>November 2021 update:</b> Work completed and MIAA are preparing a briefing. <b>January 2022 update:</b> NFI Briefing received 02/12/21. Outstanding matches to be reported no later 28/02/22, any which remain open and under	Information Management & Risk Board

Review / Audit Team	Title and Reason for Audit	High Level scope	Status / Audit Date	Update	Board / Committee to receive Reports
				investigation will need to be updated no later than 31 March 22. <b>February 2022 update:</b> All matches identified in the NFI exercise for 20/21 have now been all investigated and closed.	
MIAA	Performance Management - Local Policing Units (LPU)	A rolling programme of reviews across the eight local policing units to assess performance management against Business Plan objectives and compliance with the key corporate procedures e.g. Financial, HR, Duty of Care and Service Delivery. Three LPUs in 2021.	Q4 15 days (previously Q2)	Jan 2022 TOR being developed. Feb 2022 TOR drafted and circulated for agreement.	Audit Advisory Committee
MIAA	Cyber Crime Investigation	Cybercrime and digital investigations are high on the national and local agenda with cases of cyber crime increasing year on year. This review will evaluate how Cheshire Constabulary are responding to Cybercrime and the plans in place to manage increased caseloads and the workforce demands and skill sets required.	Q2 12 days	TOR being drawn up Aug 21. TOR circulated Sept 2021. <b>November 2021:</b> Final Draft Report received from MIAA. <b>January 2022 update:</b> Final report received for Cyber Investigation.	Audit Advisory Committee
MIAA	Body Worn Video Usage (carry forward 20/21)	Evaluation of compliance in line with the requirements of the Surveillance Camera Code of Practice and Home Office guidance for Body worn video device management.	Q3 12 days	<b>January 2022 update:</b> a draft report is currently out for management responses. <b>February 2022:</b> Final report has been circulated for comments and will be shared with Audit Advisory Committee on 02/03/22	Audit Advisory Committee

## On-going Regular Monitoring Activity – 2021/22

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 2021	Audits of Sexual, Domestic and Violence incidents continue to be subject to FCR audits with regular reporting to, based on perceived risk, to the Strategic Crime Recording User meeting chaired by ACC Sims. Such audits were undertaken in June, together with an additional audit of ASB - Personal which will be reported to the 'We Care Victim Board' and onward transmission to SCRUM.	Force Performance Day  Strategic Crime Recording User Group
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 2021	Audits of Sexual, Domestic and Violence incidents continue to be subject to FCR audits with regular reporting to, based on perceived risk, to the Strategic Crime Recording User meeting chaired by ACC Sims. Such audits were undertaken in August, together with an additional audit of ASB - Personal which will be reported to the 'We Care Victim Board' and onward transmission to SCRUM	Force Performance Day  Strategic Crime Recording User Group
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 2021	Audits of Sexual, Domestic and Violence incidents continue to be subject to FCR audits with regular reporting, based on perceived risk, to the Strategic Crime Recording User Meeting chaired by an ACC. Such an audit is being undertaken currently examining crime recorded in December 2021, together with an additional audit of ASB (Personal) which will be reported to the 'We Care Victim Board' and onward transmission to SCRUM. In November 2021, HMICFRS undertook	Force Performance Day  Strategic Crime Recording User Group

				an inspection of Crime Data Integrity.	
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 2022		Force Performance Day  Strategic Crime Recording User Group
Information Compliance	PNC Transaction Monitoring (#TE)	PNC 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 Transaction Monitoring (#TE) Ongoing reviews being completed with compliance reported quarterly. Any issues are raised to PSD or Line Manager (as appropriate on an individual basis).	Any issues identified are reported to Line Manager and PSD if required.
Information Compliance	Police National Database (PND) Auditing and Transaction Monitoring	To ensure the security and integrity of this national CONFIDENTIAL system, forces are required to undertake transactional monitoring of Constabulary users. Monthly reports to the PND Governance Group chaired by Director of Intelligence.	Quarterly	Police National Database (PND) Auditing and Transaction Monitoring Ongoing reviews with compliance reported quarterly. Reports are issued to the PND Governance Group which is chaired by the Director of Intelligence.	Reports to the PND Governance Group chaired by Director of Intelligence.

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.	On-going	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	PNB – transfer to new process (Transferred from 20-21)	To provide assurance that physical PNB are centrally stored and information is compliant post implementation of the electronic solution.	Q4 2021-22	Interim report presented in Q3. Follow up required post project roll out. Ongoing monitoring of progress.	Information & Risk Management Board
Information Compliance	Refresh and complete data flow audit (Transferred from 20-21)	Refresh mandatory Record of Processing Activities and identify areas of risk or non-compliance. Mandatory requirement under DPA 2018	Q4 2021-22 (reforecast from Q2)	People Services (made up of 9 departments) started March 2021 People Services now complete. PPD scheduled next. <b>Oct 2021 update:</b> PPD review underway, report pending. <b>November 2021:</b> The 3 outstanding data flow audits are in progress (LPU, People Services and PPD) and include the additional data recommended by the ICO audit. Expected completion for these is by end November due to the volume of data. Then the other 21 will be refreshed and expected to be complete by end of January 2022. <b>February 2022:</b> The 3 outstanding data	Information & Risk Management Board

				flow audits were completed in November 2021. The other 21 are being refreshed and expected to be fully completed by April 2022.	
Information Compliance	PPD – domestic violence disclosures (Transferred from 20-21)	To provide assurance that disclosure process ensures compliance with MOPI and Data Protection requirements	Q4 2022	Currently scoping phase – scheduled post completion of ROPA and Family Court Disclosure <b>Update: September 21</b> - ICO data pro audit actions – to be completed by Audit team, so PPD audit delayed until Q4 2022. <b>February 2022:</b> Due to the prioritisation of ICO Data Protection audit actions this audit has been delayed until later in 2022.	Information & Risk Management Board
Information Compliance	Body Worn Video and DEMS Unknown User Review 2021	A light touch audit review of the recordings to understand the usage and impact of BWV camera footage attributed to 'Unknownuser' on DEMS, compliance with force procedure and any possible risks.		<b>01/12/21:</b> Data Protection and the APP Information Management Audit Report review, findings and recommendations completed.	Information Management & Risk Board Jan 2022
Governance Of Collaborations	Qtrly	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>April 2021 update:</b> A report on NWMPG was submitted to SCT in March and reports on Alliance Policing & NWUWSU are due at SCT in April. <b>May 2021 update:</b> No collaboration updates due in May. <b>June 2021 update:</b> No collaboration reports due in June to SCT. The NWROCU report is due to go to SCT in July 21. <b>Sept 2021 update:</b> NWROCU report went to SCT in July 21. No reports in August, NWMPG Report due to go to SCT in Sept 21. <b>Oct 2021:</b> Waiting for the report to be approved by ACC Sims to go to the SCT Business meeting 27/10/21	Chief Officer Group

				<p><b>Nov 2021:</b>The NWMPG Collaboration update went to SCT Business meeting on 27.10.21</p> <p><b>Feb 2022:</b> Regional Insourcing Forensics went t to SCT meeting on 9.2.22. West Coast Collaboration &amp; ESN papers due to go to SCT on 23.2.22</p>	
Taser Downloads	Governance and compliance monitoring	Audit of completion of Taser downloads	Taser's downloaded every 6 weeks, <b>Audited quarterly</b>	There are some delays with the downloads of Tasers during this period. The CI Uniform Ops is aware of this delay and it is being addressed.	Procedural Justice Meeting
Finance - Compliance with GPC Cards Guidance Manual	Annually due June 2021	Dip sample to ensure compliance in the use of GPC Cards guidance against MFSS reports on GPC card use.	Annually	<p><b>June 2021 update:</b> Dip sample completed in June 2021, awaiting approval from Head of Finance.</p> <p>Sept 2021: Approved and shared with OPCC.</p>	Information & Risk Management Board

## STRATEGIC RISK REGISTER

*The appendix and part two of this report will be considered in private on the grounds that it involves the likely disclosure of exempt information as defined in the Freedom of Information Act 2000 and in accordance with the Section 31 of the Act in relation to Law Enforcement and Section 43 Commercial Interest.*

## PURPOSE OF THE REPORT

1. To provide an update on the Constabulary Strategic Risk Register.

## BACKGROUND

2. The Strategic Risk Register documents all risks that the Chief Constable and Police & Crime Commissioner identify as having the potential to prevent the Constabulary & OPCC achieving the strategic objectives as detailed within the Police & Crime Plan.
3. Consultation has been undertaken with risk owners/action owners of existing risks.
4. The Risk Register dated February 2022 was agreed by the Constabulary Strategic Command Team on 9<sup>th</sup> February but will not formally be agreed by the Joint Management Board until 2 March 2022 it is detailed in Part Two.
5. The impact assessments/implications/risks are detailed for each risk on the Strategic Risk Register along with action updates in respect of each risk.

## RECOMMENDED:

That the Strategic Risk Register, be considered by the Audit Advisory Committee.

MARK ROBERTS  
CHIEF CONSTABLE

## REVENUE BUDGET AND COUNCIL TAX 2022/23

### PURPOSE OF THE REPORT

1. The purpose of this report is to enable the Commissioner to finalise the budget for 2022/23 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 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 2022 to 2027 with the first three years covered by the Spending Review as announced by the Chancellor in October 2021, with the final two years being estimated. 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 MTFS is available on the Commissioner's website via the following link – [www.cheshire-pcc.gov.uk](http://www.cheshire-pcc.gov.uk).

### COVID-19 PANDEMIC

4. Before proceeding to the budget setting report in detail, it is important to set out the impact the pandemic continues to have on both expenditure and funding. Additional funding continues to be provided to support PPE and additional work demands. Included in the 2021/22 budget were a number of schemes and commitments that have not proceeded in the timeline expected due to on-going supply issues and delays. As such, there will be an overlap between the 2021/22 and 2022/23 financial years and funding has been carried forward to support this.
5. Since the outbreak and initial restrictions put in place, policing has been at the forefront of ensuring the public follow the rules and stay safe. This has required additional patrols, the use of personal protective equipment (PPE), social distancing and all the while continuing with operational policing, using the following strategy:
  - Engage people in a friendly manner
  - Explain why we and the Government are asking them to take the action
  - Encourage people to take the appropriate action
  - Enforce only when necessary

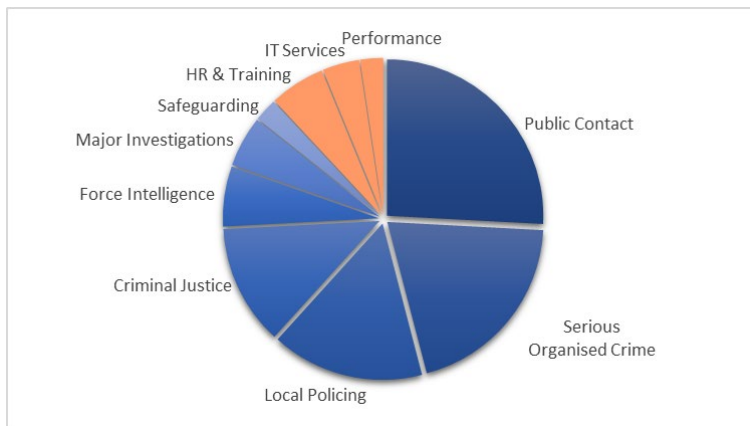
## FINANCIAL BACKGROUND

6. The Minister of State (Minister for Crime and Policing) on the 16 December 2021 presented a Written Ministerial Statement setting out police funding for 2022/23 together with confirmation of the precept flexibility of £10 Band D increase.
7. In summary, the statement outlined that the overall funding for policing will rise by up to £1.1 billion compared to the 2021/22 funding settlement, bringing the total up to £16.9 billion. Within this, funding to Police and Crime Commissioners (PCCs) will increase by up to an additional £796 million, assuming full take-up of precept flexibility. This would represent an increase to PCC funding in cash terms of 5.8% on top of the 2021/22 police funding settlement.
8. This settlement supports the police to:
  - Successfully complete the 20,000 officer Police Uplift Programme by March 2023, building on the outstanding progress to date.
  - Accelerate progress on the Government's key policing priorities: reducing crime, ensuring the Criminal Justice System works for all, driving forward improvements in the service the public receive, and transforming critical capabilities and infrastructure.
  - Ensure an increase in productivity using enhanced technology and investigative tools. In return for this significant investment, we expect police leaders to become more efficient and effective with officers' time, and in the fight against national threats.
9. Finally, the Statement included a comment on the efficiencies expected from policing, by stating 'While we continue to invest in policing, it is only right that the Government holds the policing sector, as with other public services, to account on delivering for the public. The police must demonstrate to taxpayers that they are using this funding effectively, meeting the needs of their community and ensuring the public receive the highest possible quality of service. As part of the Spending Review settlement, the Government will expect to see over £100 million of cashable efficiency savings delivered from force budgets by 2024/25. For 2022/23, we expect to see £80 million of efficiency savings - which have been reflected in the funding set out as part of the settlement.'

## OUR MISSION: 'DELIVERING EVEN SAFER COMMUNITIES FOR THE WHOLE OF CHESHIRE'

10. Our people are key to delivering our mission and prioritising where our resources are placed is a major aspect within the budget setting process. With the Police Uplift programme (PUP), 120 more officers will be recruited in 2022/23 bringing the total to 2,347. In addition, with the support of the public and the Commissioner, the precept uplift will also fund the addition of a further 82 staff roles – 63 in frontline areas and the remaining providing the additional support required.

11. Overall, 88% of these additional resources will be in front-line roles directly aimed at delivering on our priorities to the public (shown in blue in the chart below). The remaining 12% (shown in orange) are predominately in HR & Training to enable recruitment to take place and ensure the highest level of training is provided together with IT Services who enable and support the use of technology.



12. These additional resources, along with some further movement, have been allocated in line with the priorities set out in the Commissioner’s Police and Crime Plan, the Chief Constable’s Plan on a Page and all national and regional priorities, threats and demands, as follows:

129 	
Officers reallocated to priority roles	
Serious and Organised Crime	30
Local Policing	30
Criminal Justice	26
Public Contact	19
Major Investigations	11
Safeguarding	5
Training	5
Roads and Crime	1
Uniform Operations	1
IT Services	1

82 	
Additional staff	
Public Contact	35
Force Intelligence	13
Serious and Organised Crime	12
Major Investigations	2
Partnerships	1
HR and Training	7
IT Services	7
Strategic Change	3
Planning & Performance	2

13. The Beating Crime Plan recognises that home is not a safe place for everyone. Crimes such as child sexual abuse and exploitation, violence against women and girls (including domestic abuse and sexual violence) and modern slavery typically take place behind closed doors, hidden from view. These crimes are deeply damaging and can have a long-term physical and psychological impact on victims and survivors. The Commissioner and Constabulary are committed to providing the best service to support these vulnerable victims of crime and bring the perpetrators to justice. As these crimes impact across the whole of Cheshire, officers have been assigned to each area in Local Policing but linked across the county through Safeguarding to focus on this key priority. This recognises that increasingly policing is having to move from simply managing the public space to tackling hidden harms and as such, we need to develop our workforce and operating model to respond to that evolving threat.

14. Economic, cyber and online crime affects all of society, harming people, businesses, and government. As the amount of time people spend online increases, the opportunities for criminals multiply. Together, fraud and cybercrime represent over 50% of crime. To help address this significant issue, additional resources will be placed in the Economic Crime Unit funded by the proceeds of crime seized from the criminals themselves.
15. Tackling county lines drugs dealing gangs and the exploitation, violence and misery they bring to Cheshire is a priority for the Commissioner and the Constabulary. We know that county lines gangs are exploiting an increasing number of children across Cheshire and we want to do everything we can to stop offenders from being able to carry out their criminality in our communities. The exploitation of children and young people by county lines gangs is a growing concern and something that many people across the Constabulary are working to tackle. This proposed budget will see significant investment in Intelligence and Serious and Organised Crime Unit to ensure every effort is made to find and bring to justice those who blight our communities.

## 2022/23 BUDGET PROPOSALS

16. The preparation of the 2022/23 budget commenced in 2021 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 and regional commitments; and the Strategic Policing Requirement. Recognising both demand and risks, 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;
  - 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 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.

## PROPOSED REVENUE BUDGET 2022/23

17. Table 1 shows the outcome of the budget planning process with the proposed revenue budget for 2022/23. 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. 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 requirements placed on the Constabulary.

Table 1: Proposed Revenue Budget	2022/23 £000
<b>2021/22 Gross Expenditure Budget</b>	<b>240,853</b>
Pay and Price Inflation	4,483
Police Uplift Programme 2022/23	3,655
Legal & Unavoidable Commitments	5,039
Operational Demands and Pressures	5,452
Temporary Growth - funded from reserves	1,954
Savings	-4,053
Use of Reserves	-2,108
<b>2022/23 Gross Expenditure Budget</b>	<b>255,275</b>
Other income and specific grants	-26,696
<b>2022/23 Net Budget Requirement</b>	<b>228,579</b>
Financed by:	
Government Police Grant & Formula Funding	-129,138
Legacy Council Tax Grant	-8,256
Council Tax Precept	-91,219
Deficit on Collection Funds	34
<b>2022/23 Net Budget Requirement</b>	<b>-228,579</b>

## RISKS AND SENSITIVITY ANALYSIS

18. For 2022/23, there is a reasonable degree of certainty based on the Provisional Grant Settlement published on 16 December 2021. However, there remain some outstanding issues affecting next year such as the counter terrorism 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.
19. 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 £1m impact on the budget. Inflation for the forthcoming year is expected to be higher than in previous years and while key areas of spend such as energy, have received additional inflation there is still a risk that the actual costs may increase higher than forecast.

20. Reserves are held to provide flexibility in-year for such incidences and the Reserves Strategy included within this report covers this in more detail.
21. Finally, based on the Government’s Spending Review (SR21), Police and Crime Commissioners in England have the flexibility to increase funding in each year of the SR21 period with a £10 council tax referendum limit. Should this flexibility be taken for the full three years and then revert to 2% – a total of £21.6m additional funding would be provided over the five years of the Medium Term Financial Strategy.

## INFLATION

22. Inflation in both pay and price terms is applied to budgets where appropriate. Pay awards are negotiated nationally, but the proposed budget includes an estimated 3% pay award for September 2022.
23. 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. The following table shows the inflation applied.

Table 2: Inflation	2022/23 £000
Pay inflation (estimated at 3% - Sept 2022 award)	3,388
Price (non-pay) inflation	1,095
<b>Total Inflation</b>	<b>4,483</b>

## POLICE UPLIFT PROGRAMME (PUP)

24. The Government set out a Police Uplift Programme to recruit nationally 20,000 additional police officers. In 2021/22 Cheshire recruited 88 PUP officers with a further two added in December 2021. For 2022/23, a final 120 have been allocated to Cheshire of which six will be to support the Regional Organised Crime Unit.

## LEGAL & UNAVOIDABLE COMMITMENTS

25. 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 or change in legislation. The following table shows those items included in the 2022/23 budget proposal.

Table 3: Legal & Unavoidable Commitments	2022/23 £000
Prior year decisions - 2022/23 impact	-160
Police Pay: Full Year Effect 2021/22 PUP Officers & rank changes	1,893
Op Hummingbird - grant incl. in Other Income & Specific Grants	1,259
Collaborations	539
Helpdesk Regrades	208
Impact of National Insurance increase - estimate	1,300
<b>Total</b>	<b>5,039</b>

26. 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.

#### OPERATIONAL DEMANDS AND PRESSURES

27. The following table sets out the additional investments included within the proposed budget and linked to the priorities set out earlier in the report.

Table 4 – Operational Demands & Pressures	2022/23 £000
Public Contact – Force Contact Centre	1,348
Neighbourhood & Road Safety	172
Prevention and Early Intervention	223
Serious and Organised Crime	544
Major Investigation Team	115
Intelligence	544
Safeguarding	64
Criminal Records and Evidential Property	109
Forensics	187
Firearms Licencing	33
Police Uplift Programme	578
Infrastructure	645
Data Protection and Analysis	194
Training	127
Psychological Services	163
Project Support	141
Other support services	265
<b>Total</b>	<b>5,452</b>

## TEMPORARY GROWTH

28. Most years there are temporary one-off items that require funding. If such funding was taken from the general on-going funds, savings would be required to meet these costs. For 2022/23, these will be funded from reserves protecting the general funding and allowing it to be used for on-going investments mentioned earlier.
29. The impact of Covid remains and a small residual amount of the specific funding provided will be carried forward to 2022/23 to support the on-going activities.
30. The current contract for the Multi-force Shared Service (MFSS) ends in November 2022 and partners agreed not to renew. As such, the Constabulary are currently in the process of transitioning to new systems and processes. 2022/23 will be a transition year and will require temporary funding to support this.
31. With the additional 120 new officers and the need to recruit to cover these on top of normal officer turnover, funding is to be carried forward to support this process.
32. Finally, there are further temporary resources required to support the implementation of the Estates Strategy and Digital Security. Income from partners through the MFSS will be lower during transition; this will be permanently resolved in the 2023/24 budget setting process.

Table 5 – Temporary Growth etc.	2022/23 £000
Covid related	60
Business Services / MFSS Transition	1,042
Unison Representative – one year	33
Police Now and Diploma Entry recruitment	280
Estates Strategy	146
Digital Security	65
	1,626
Loss of Income	328
<b>Total</b>	<b>1,954</b>

## SAVINGS

33. 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 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 6 – Savings	2022/23 £000
PCSOs Review	-1,300
Reversal of previous year's one-year road safety initiatives	-996
Helpdesk Review - estimated, subject to consultation	-327
Vacancy Factor adjustment	-360
Review of contracts	-576
Efficiency Savings incl. HR & Estates	-225
Restructures	-124
Subscriptions	-53
Other non-pay items	-92
<b>Total</b>	<b>-4,053</b>

34. In Cheshire, the policing style is based on the ethos of neighbourhood policing. This means that policing is delivered within local communities with police officers and police staff working with local people to solve local issues. PCSOs provide a vital role in this, but there are other areas of demand that require additional resources. As highlighted above, nationally we are seeing volumes of complex, often hidden crime growing exponentially and need to realign our resources to the evolving threat. The Constabulary remains committed to the 122 community based PCSOs supported by locally based officers. This review will enable resources to be released to provide vital support to areas such as Crime Prevention, protecting children, strengthening the numbers of officers with warranted powers in neighbourhoods to conduct enforcement activity and meeting increased demand into the Force Contact Centre.
35. The 2021/22 budget included a one-year allocation towards the cost of road safety initiatives. This funding has been partially used to create a Road Safety reserve for future initiatives and the remainder on road safety priorities in-year.
36. In a digital world, it is important that Cheshire residents can contact the police in a variety of ways, through traditional methods such as, by calling 999 or 101 but also via digital channels including the website, and social media. Through all of these public contact methods, it is paramount that people receive a seamless service and that vulnerability can be identified at an early stage in order to provide an appropriate response. In recent years, the ways to contact Cheshire Police have increased, with the ability now to report crime online through the Cheshire Police website. A review of helpdesks will be undertaken and the public will be asked about their preference on getting in touch with the police to ensure our public contact methods reflect public need and there is a broad range of contact options available.

#### COUNCIL TAX PRECEPT

37. 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. While the decision is the Commissioner's, the Government's spending review set out the flexibility for Commissioner's over the next three years at a maximum increase of £10 per year on Band D. This is equivalent to 4.4% for Cheshire (2021/22 - 7.13%) which is less than the current inflation. Cheshire's council tax remains in the 10<sup>th</sup> cheapest of all police forces.

38. 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 2021/22, the overall taxbase has increased by 6,711.68 compared to last year when the increase was 595. The following table shows the proposed level of precepts for each local authority and the individual amount levied per each Council Tax band.

	Number of Band D Equivalents	Precept on Collection Fund £
Cheshire East	156,607.48	36,871,665
Cheshire West & Chester	125,464.60	29,539,385
Halton	35,831.00	8,436,051
Warrington	69,538.00	16,372,027
<b>TOTAL</b>	<b>387,441.08</b>	<b>91,219,128</b>

Band	Proposed 2022/23 £	Actual 2021/22 £	Change per year £	Change per week £p
A	156.96	150.29	6.67	0.13
B	183.12	175.34	7.78	0.15
C	209.28	200.39	8.89	0.17
D	235.44	225.44	10.00	0.19
E	287.76	275.54	12.22	0.23
F	340.08	325.64	14.44	0.28
G	392.40	375.73	16.67	0.32
H	470.88	450.88	20.00	0.38

39. 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.
40. The net amount declared deficit and payable by the Commissioner in 2022/23 amounts to £34k. The pandemic had a significant impact on the council tax collection funds and for 2021/22, there were considerable deficits reported for inclusion in the budget and while grants were provided for some of the income loss, some remained to be recovered locally. The Government also issued Regulations that allowed a proportion of these deficits to be spread over three years rather than fully recovered in 2021/22. The net 2022/23 deficit includes the second year of the three years spread.

## COMMISSIONING

41. In 2022/23, 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 refreshed Cheshire Victims Needs Assessment alongside national developments to prioritise areas for development. The initial supporting service for victims across Cheshire is Cheshire CARES, to which all reports of crime to the Constabulary are referred. However, this service can be accessed by victims of crime whether or not they make a formal complaint to the police. Cheshire CARES supports victims from the outset and throughout their journey through cope and recovery.
42. 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 service. The costs of victims services commissioned are funded through an allocation provided from the Ministry of Justice. The core funding allocation for the 2022/23 Victims Grant is approximately £1.2m 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 2022/2023. As a result, of these efforts significant developments are anticipated this year in enhancing Restorative Justice and Mediation support services in particular the extension of those services to play a key role in the Criminal Justice System across Cheshire with an emphasis on reducing future offending.
43. During 2021/22, a further £1,068,560 was obtained to support front line Domestic Abuse and Sexual Abuse services, this not only supported front line victims but also delivered pan Cheshire Domestic Abuse Perpetrator interventions. These schemes were additional to anything that previously existed and have provided significant further support for victims. Furthermore, the Domestic Abuse Workplace scheme working in partnership with Women's Aid has started and this initiative continues to be delivered across the County. This will build capacity within our workforces to better recognise and support victims of abuse. The commitment to support victims of Domestic Abuse will continue throughout 2022/2023.
44. In 2021/22, a further £1,972,000 has been secured by the Commissioner under the Safer Streets and Safety of Women at Night Funds; this year the Commissioner will continue to explore any opportunities to support Women and Girls who suffer from Violence. The forthcoming year's commissioning will build upon existing services and aim to maximise opportunities, both singularly and in partnership, to provide value for money and better outcomes for our communities.

45. Partnership working will continue to be crucial in achieving shared objectives for Cheshire residents. This will include continued close working with partners across the criminal justice and community safety arena, the local voluntary and community sector as well as the county’s Youth Justice Service. It is anticipated the Local Criminal Justice Board partnership will play a key role in developments for victims this year under the chair of the Commissioner as we seek to ensure the commitments of the Victims Code are delivered. Working in partnership the Commissioner will seek to allocate funding to deliver even better and more measurable outcomes from residents of Cheshire.
46. During 2022/2023, the Commissioner will seek to stimulate new Road Safety initiatives across the Cheshire to address the clear and obvious concerns that exist around speed on our roads. A range of initiatives is to be examined to provide a suite of interventions that can be utilised in appropriate areas to respond to public concern and keep communities safe.

#### CAPITAL PROGRAMME

47. In addition to the revenue budget, a programme of capital investment is proposed for 2022/23. This programme links to the ‘invest to save’ programmes such as new technology and the annual replacement cycle for assets such as vehicles.
48. Funding for these comes from Government general and specific grants, reserves held by the Commissioner, contributions and borrowing. Given that borrowing will need to increase to support this level of investment, it is vital that capital expenditure is prioritised to generate savings for future years, to help protect local policing services. A summary of the proposed programme and associated funding is shown below.

Table 8: Capital Programme	2022/23 £000
Annual Replacement Schemes:	
Fleet Vehicles	4,230
IT and Communications	565
New Schemes:	
Estates	2,891
IT and Communications	3,299
Operational Equipment	1,148
Collaboration/Funded Vehicles	464
<b>Capital Expenditure</b>	<b>12,597</b>

49. 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 9: Capital Financing	2022/23 £000
General/Specific capital grants	61
Capital Receipts	634
Revenue Contributions to Capital	5,086
External Contributions to Capital	198
ESN Reserve	0
HQ IT Reserve	231
Borrowing	6,387
<b>Total Funding</b>	<b>12,597</b>

## ROBUSTNESS OF ESTIMATES

50. 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

51. 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.
52. 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

53. In November and December 2021, the Commissioner sought residents' views in his Autumn Survey - the largest consultation exercise ever carried out by Cheshire's PCC with nearly 19,000 responses. Preliminary results of this survey gave the Commissioner the understanding that people wanted more officers, better call response times, and more of a focus on road safety and tackling anti-social behaviour. Over 87% of respondents to a question about the precept in this survey supported an increase above standstill.
54. A formal consultation exercise on the precept was undertaken between 4 January and 25 January 2022 to seek the public's approval for a rise in the precept of approximately 83p per month (£10 per year). The survey was carried out online and paper copies were also printed and distributed to people who requested them, as well as to local police stations so that local teams could distribute to residents who were not able to have their say online.

55. Residents were encouraged to complete the survey via social media platforms e.g. Facebook, Twitter, LinkedIn and Instagram, as well as via Cheshire Police Alert and the Commissioner’s newsletter.
56. Ten public consultation roadshow sessions were held around the county – The most held by Cheshire’s PCC during a budget consultation period. Here people could complete the survey in person or take a copy to return via freepost if they wished.
57. An online consultation event was also held for residents who did not have the chance to speak to the Commissioner at a roadshow or preferred to communicate this way in light of concerns around the Omicron variant of COVID-19. The online event also included the Chief Constable and gave residents the opportunity to ask questions about the budget and issues affecting their area.
58. These events took place at the times/locations detailed below:

<b>Date</b>	<b>Location</b>	<b>Time</b>
Tuesday 4 January	<b>Crewe</b> – Tesco	10:30 - 12:30
Tuesday 4 January	<b>Nantwich</b> - Sainsbury's	13:30 - 14:30
Thursday 6 January	<b>Macclesfield</b> – Tesco	10:00 - 12:00
Friday 7 January	<b>Ellesmere Port</b> - Ellesmere Port Market	10:00 - 12:00
Friday 7 January	<b>Chester</b> – Tesco	13:30 - 15:30
Tuesday 11 January	<b>Northwich</b> – Aldi	13:00 - 15:00
Tuesday 11 January	<b>Congleton</b> – Morrisons	16:00 - 18:00
Monday 17 January	<b>Online (MS Teams)</b>	19:00 - 20:30
Tuesday 18 January	<b>Warrington</b> - Golden Square Shopping Centre	10:00 - 12:00
Tuesday 18 January	<b>Widnes</b> – Morrisons	13:00 - 15:00
Tuesday 18 January	<b>Runcorn</b> – ASDA	16:00 - 18:00

59. The key message provided via the survey and at consultation roadshows was that the Commissioner understood people’s priorities based on feedback he had received since returning to office, and in his Autumn Survey, and that this budget will deliver on those priorities. The public were asked if they would be willing to back a precept increase of approximately 83p per month (£10 per year) in order to support this budget.
60. People were asked their view on the following question:

*In order for the Constabulary to hire the largest number of officers in modern times, put more 101/999 call operators in the control room, and invest more in road safety and tackling anti-social behaviour, would you be willing to pay approximately 83p more per month (for the average Band D household) as part of your local council tax?*
61. The consultation ended at midday on Tuesday 25 January 2022. A total number of 3,738 responses were received – This is the largest ever response to a precept consultation in Cheshire carried out by the PCC. It represents an increase of 64% compared to last year and 47% compared to the previous largest response.

62. 88% (3,301) of respondents gave their views on the policing precept as part of the online survey and 12% (437) completed the survey at a consultation roadshow or returned the survey via freepost.
63. 70% (2,624) of respondents agreed to support an increase of approximately 83p per month to the precept. The table below shows the breakdown of responses.

<b>Survey completed via:</b>	<b><i><u>In favour of a precept rise of approximately 83p per month</u></i></b>	<b><i><u>Against a precept rise of approximately 83p per month</u></i></b>	<b>Total</b>
Online	2,239	1,062	3,301
Roadshow/Freepost	385	52	437
<b>Total</b>	2,624	1,114	3,738
<b>Percentage</b>	<b>70%</b>	<b>30%</b>	

## BUDGET AND PRECEPT SETTING TIMETABLE

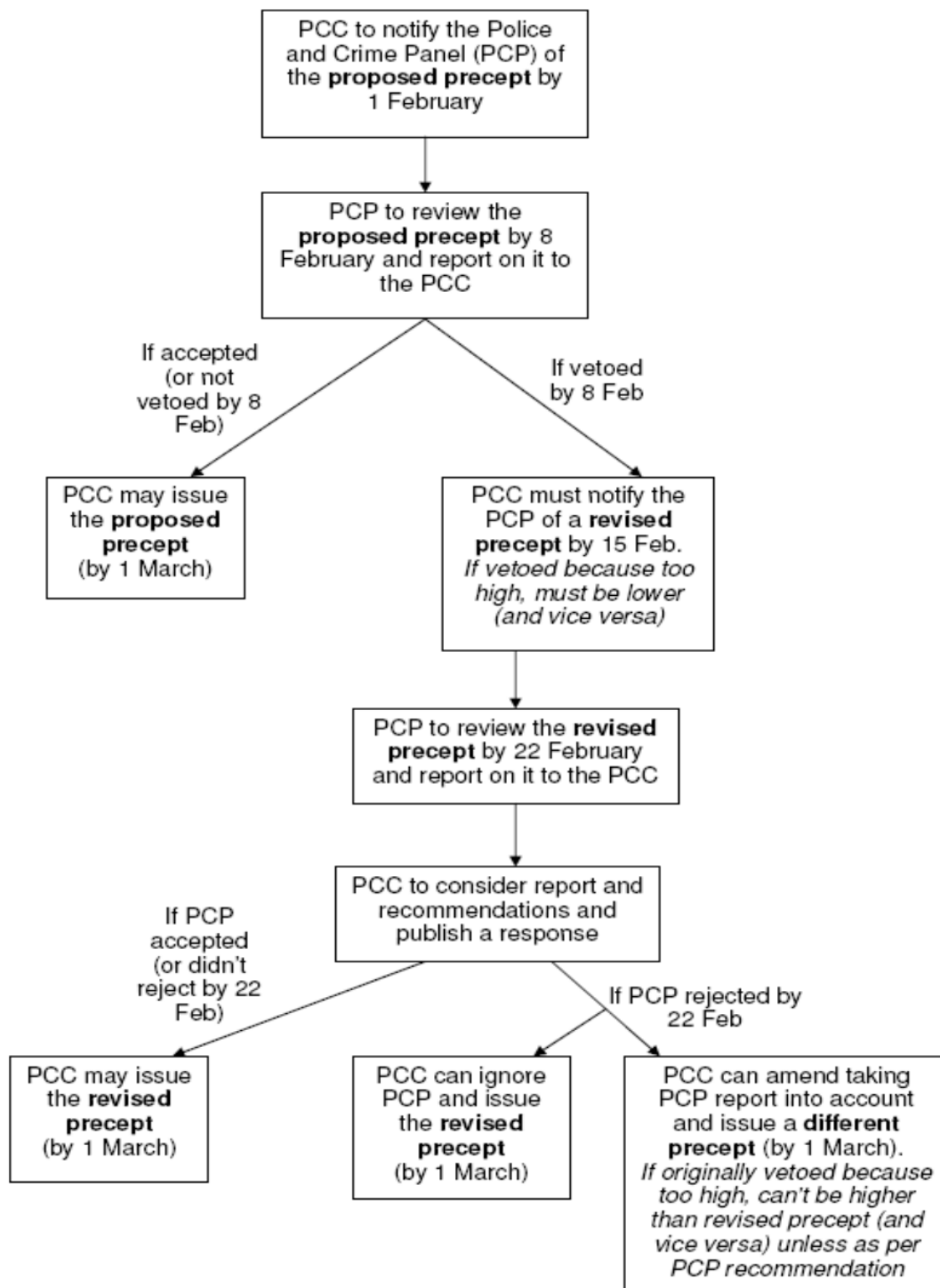
### PURPOSE

- 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 2022/23. Alongside this, future capital programmes have been produced taking into account forecast Government funding, borrowing limits and council tax. For 2022/23 borrowing levels are also guided by the prudential indicators as set out in the Treasury Management Strategy.
- c. For 2022/23, 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 2022/23 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 main 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 2022/23 £4.4m 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 early 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>2022/23 £000</b>
<b>Prior Year Schemes</b>	
Replacement Chiller Units - Blacon PS	36
Replacement Chiller Units - 3 x Custody Suites	150
Building property management system (Estates)	20
Congleton PS relocation *	50
Security Upgrade ay HQ	350
Welfare improvements (various sites)	60
Helpdesk Private Space for Public Reporting*	75
Force Control System	97
Network Refresh	358
Digital Enabled Courts	52
On-Premise Archiving	50
ESN - Control room software (Balance)	60
Replacement of Body Armour	300
ANPR related Schemes	125
Business Services Futures	-778
Annual Vehicle Replacement Programme	1,800
UWSU Vehicles	173
Armed Vehicle Alliance Replacement Vehicles	117
	<b>3,095</b>
<b>New Scheme</b>	
Replacement Chiller Units - Blacon PS	50
Replacement Chiller Units - 3 x Custody Suites	100
Electric Fleet charging points at LPU's	100
Decarbonisation Measures *	100
Estates Strategy - Major Projects *	1,800
Technology Refresh – Network, Servers, Laptop, Desktop	525
On-Premise Archiving	200
FCS Storage	300
Technology Refresh – E-Forensics	40
Business Services Futures	2,960
Cheshire EVOx ANPR Camera Refresh - Year 3 of 3	39
Motorway EVO8 ANPR Camera Refresh	35
Under Water Search Unit Equipment	12
In-Car ANPR/Video Refresh - Cheshire Vehicles	516
In-Car ANPR/Video Refresh - Alliance Vehicles	77
ANPR expanded capability match funding	30
Annual Vehicle Replacement Programme	2,520
LESS Saving due to Vehicle Telematics	-90
Workshop Capital Equipment	14
Armed Vehicle Alliance Replacement Vehicles	174
	<b>12,597</b>

## MEDIUM TERM FINANCIAL STRATEGY 2022 TO 2027

### 1. INTRODUCTION

- 1.1. The purpose of the Medium Term Financial Strategy (MTFS) is to provide the Police & 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. In setting the Police and Crime Plan, the Commissioner stated ‘Cheshire residents’ views have been paramount in developing this Plan. Whether you’ve spoken to me face-to-face, written to me via email or letter or taken part in a consultation, your views have been considered as I developed the Plan’s priorities to ensure they reflect yours.’ The full plan is available on the Commissioner’s website ([www.cheshire-pcc.gov.uk/what-i-do/making-cheshire-safer/police-and-crime-plan](http://www.cheshire-pcc.gov.uk/what-i-do/making-cheshire-safer/police-and-crime-plan)).
- 1.3. The Police and Crime Plan sets out the priorities Cheshire Constabulary will deliver between 2021 to 2024, to make Cheshire even safer.



- 1.4. In addition to the Commissioner's Police and Crime Plan there are three further key documents that support the MTFS. Firstly, is the Force Management Statement which is a self-assessment that Chief Constables prepare and give to Her 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.
- 1.5. 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.
- 1.6. Secondly, is the Strategic Policing Requirement (SPR). This was first issued in July 2012, in accordance with Section 77 of the Police Reform and Social Responsibility Act 2011. The Home Secretary has produced this strategy in regards to how Commissioners and Chief Constables should contribute to national policing issues. Due to the complexity of modern-day policing, there is a statutory requirement for all forces to deliver the SPR alongside problem solving local issues. It was last updated in 2015 to introduce Child Sexual Abuse (CSA) as an additional national threat. The latest SPR currently covers the following issues:
- Terrorism
  - Serious and organised crime
  - Cyber security
  - Public disorder
  - Civil emergencies
  - Child sexual abuse
- 1.7. Thirdly, the Home Office has set out a series of national priorities to achieve significant reductions in crime and restore the public's confidence in the criminal justice system, including the Beating Crime Plan. The priorities are:
- Reduce murder and other homicide
  - Reduce serious violence
  - Disrupt drugs supply and county lines
  - Reduce neighbourhood crime
  - Improve satisfaction among victims, with a particular focus on victims of domestic abuse
  - Tackle cyber crime
  - Tackle acquisitive crime including burglary and theft
- 1.8. In July 2021, the Home Secretary produced a strategy 'Tackling violence against women and girls' which sets out a clear ambition to increase support for victims and survivors, increase the number of perpetrators brought to justice and reduce the prevalence of violence against women and girls in the long term. This is fully echoed by both the Commissioner and Chief Constable.
- 1.9. 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.

## 2. THE BUDGET STRATEGY 2022/23

2.1. 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.

2.2. The above determines the level of funding and demands on finances over the MTF5 period enabling strategic financial planning processes to address the challenges and outcomes. 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.

## 3. FINANCIAL SCENARIO

3.1. It is imperative that the MTF5 takes account of the regional, national and global economic climates and the short to medium term impact of the coronavirus pandemic both in service delivery and financial outlook.

3.2. The Commissioner receives his main funding from two sources – Government grants and local council tax (known as a precept). Government grants account for around 57% with local council tax funding covering the remaining 43%. The following paragraphs sets out the current financial scenarios for both.

3.3. Government funding is the aggregate amount of grants for police purposes comprising of the Home Office Police Core Grant, the Ministry of Levelling Up, Communities, and Local Government (MLUCLG) Formula Funding Grant; and Legacy Council Tax Grants.

3.4. On 27 October 2021, the Chancellor issued his Autumn Budget and Spending Review 2021 (SR21). This set out the Government's financial plans for the next three years. SR21 confirmed that total departmental spending is set to grow in real terms at 3.8% a year, on average over the current Parliament – a cash increase of over £150 billion a year by 2024-25 (£90 billion in real terms).

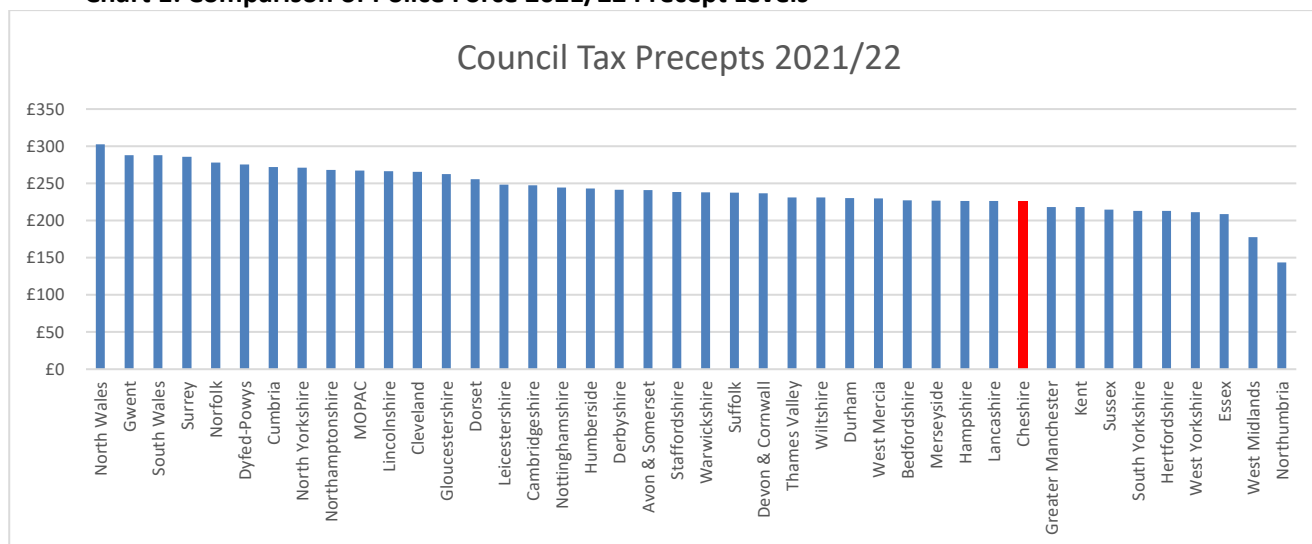
- 3.5. The Home Office settlement provides a £4.2 billion cash increase over the Parliament, to £16.5 billion in 2024-25, which is equivalent to a real-terms growth rate of 1.9% per year on average over the SR21 period.
- 3.6. The settlement supports the police to fight crime, and delivers the Government commitment of 20,000 additional officers by 2023, providing:
- an extra £540 million by 2024-25 to complete recruitment of the final 8,000 officers, taking the total to 148,000 officers by 2023. This will be a 16% increase compared to 2019
  - £42 million for new programmes that reduce crime and drugs misuse, on top of £108 million to continue existing programmes. This brings total investment to £150 million a year to continue and expand programmes that prevent crime and keep our communities safe, including continuing the Safer Streets Fund and more enforcement to tackle drug misuse, including through the County Lines programme and Project ADDER
  - new investment of £18 million in 2022-23 and £12 million in both 2023-24 and 2024-25 for tackling money laundering and fraud. This is alongside the introduction of the Economic Crime (Anti-Money Laundering) Levy, which will provide additional funding from 2023-24, and will deliver the reforms in the Economic Crime Plan and stop criminals laundering money in the UK.
- 3.7. The Minister of State (Minister for Crime and Policing) on the 16 December 2021 presented a Written Ministerial Statement setting out police funding for 2022/23 together with confirmation of the precept flexibility of £10 Band D increase as stated in the Spending Review.
- 3.8. In summary, the statement outlined that the overall funding for policing will rise by up to £1.1 billion compared to the 2021/22 funding settlement, bringing the total up to £16.9 billion. Within this, funding to Police and Crime Commissioners (PCCs) will increase by up to an additional £796 million, assuming full take-up of precept flexibility. This would represent an increase to PCC funding in cash terms of 5.8% on top of the 2021/22 police funding settlement.
- 3.9. This settlement supports the police to:
- Successfully complete the 20,000 officer Police Uplift Programme by March 2023, building on the outstanding progress to date.
  - Accelerate progress on the Government's key policing priorities: reducing crime, ensuring the Criminal Justice System works for all, driving forward improvements in the service the public receive, and transforming critical capabilities and infrastructure.
  - Ensure an increase in productivity using enhanced technology and investigative tools. In return for this significant investment, we expect police leaders to become more efficient and effective with officers' time, and in the fight against national threats.
- 3.10. Finally, the Statement included a comment on the efficiencies expected from policing, by stating 'While we continue to invest in policing, it is only right that the Government holds the policing sector, as with other public services, to account on delivering for the public. The police must demonstrate to taxpayers that they are using this funding effectively, meeting the needs of their community and ensuring the public receive the highest possible quality of service. As part of the Spending Review settlement, the Government will expect to see over £100 million of cashable efficiency savings delivered from force budgets by 2024/25. For 2022/23, we expect to see £80 million of efficiency savings - which have been reflected in the funding set out as part of the settlement.'
- 3.11. 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.

3.12. As a result of the coronavirus pandemic, the taxbases, for the first time, fell in 2021/22 due to increases in benefits claimed, anticipated collection rate and bad debt provisions, all of which impact on the taxbase calculation. It is anticipated that it will take a number of years for the annual growth to return to pre-Covid levels. This is being carefully monitored with the four local authorities and future forecasts kept in line with their predictions.

3.13. 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 2021/22 is shown below (Band D equivalent). Cheshire still has one of the lowest ten band D equivalent charges of all forces nationally.

**Chart 1: Comparison of Police Force 2021/22 Precept Levels**



3.14. 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. Given the impact of the pandemic on the economy and therefore, on the ability of local authorities to recover council tax, there is a clear risk to the collection funds achieving their forecast income levels. In past MTFs, assumptions were that each of the four local authorities would declare surpluses for which the Commissioner would receive his share. However, this is no longer appropriate given the pandemic and as such, the MTFs now reflects the forecast deficits from 2020/21, spread over three years in line with the Government’s regulations and no further surpluses or deficits during the MTFs period until further data is received.

#### 4. FINANCIAL ASSUMPTIONS

4.1. The level of expenditure incurred increases each year based on a number of 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 – although it was confirmed that no pay award would be granted in 2021, assumptions within the MTFs include an annual pay rise for each year from 2022. Based on the forecast inflationary pressures for 2022, 3% has been included in the initial year of this MTFs with 2% thereafter. Cheshire is a Living Wage Foundation employer.
- National Insurance – on 7 September 2021, the Prime Minister announced an increase in national insurance contributions by 1.25% to support social care. The impact of this on the Constabulary is estimated at around £1.3m and this is now included within the MTFs.

- Local Government Pension Scheme (LGPS) employer contribution increases are included in line with the previous actuarial review. The current actuarial review was completed in March 2019 with no change to the employer rate for the next three years. Beyond then a maximum uplift of 0.5% is forecast in line with the Pension Fund policy of not changing rates higher than 0.5% in any year.
- Police Pension Scheme - The Government Actuary Department (GAD) valuation reported the employer's rate increases from 22.1% to 31% in April 2019. As part of the 2019/20 Government Settlement, general funding was increased to meet approximately half of these additional costs with a specific pension grant to cover the remaining increase. The 2021/22 settlement also included the pension grant at the same amount, but there is no indication as to whether this will continue. For the purpose of this MTFs, the assumption is that this grant will continue without any increase, due to the impact the outcome will have on forces should it cease.
- Price inflation – in line with the Office of National Statistics (Consumer Price Index - CPI) and known specific increases where applicable, for example contractual increases or high inflationary items such as energy.
- 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 per Link, the Commissioner's professional Treasury Management Advisors. Additionally, funding (known as the Minimum Revenue Provision or MRP) has to 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 – indicative figures for policing were provided in the Spending Review and included within this MTFs accordingly. For the final two years of the MTFs, it is assumed that funding will increase by 1.5%. Precept increases were also permitted in the Spending Review at £10 per year (4.4%), subject to Commissioner approval. The final two years include estimated precept rises of 2%.

## 5. FINANCIAL CHALLENGES AND OPPORTUNITIES

- 5.1. The way in which Information Technology is procured is changing. In the past, software and its associated hardware would be funded through capital and the costs spread over the number of years it was to be utilised. This gave access to capital funding including grants, capital receipts and borrowing (although the latter has an impact on the revenue budget). Since the creation of Cloud based software, most are now purchased as 'software as a service (SaaS)' which is more of a subscription based approach and as such, no longer eligible for capital funding. This has placed additional annual burdens on the revenue budget and continues to do so as we move further into digital policing. This fundamental change in expenditure has yet to be recognised in Government funding and therefore, has to be accommodated within existing budgets or through savings. The IT strategy guides the deployment of this funding, and the direction of travel for future investment and for innovation in this fast moving environment.
- 5.2. The planned move to a new National Emergency Services Network (ESN) is a major Government led project currently experiencing significant delays and challenges, which will impact on both local and national financing, expenditure and funding plans. It is inevitable that there will be a mixture of new equipment costs, savings opportunities and impacts on future national funding levels that are still unknown at this point. Currently the MTFs does provide for significant investment in new equipment and its funding which will be necessary upon transfer to the new network. It should be recognised, however, that the final costs could be significantly higher and funding would need to be clarified at that point. The Government's Spending Review did allocate £121 million capital funding for the Emergency Services Mobile Communications Programme over the SR21 period – how this will impact individual forces remains uncertain at this point.
- 5.3. At the Joint Management Board on 6 October 2021, the Commissioner approved the Estates Strategy, Environmental Strategy and Fleet Strategy. The Estates Strategy 2021-2031 sets the direction for the estate over the next 10 years to deliver the benefits of a modern, fit for purpose,

environmentally efficient and cost effective estate. The Environmental Strategy 2021-2031 recognises and reflects Government targets and sets out enhanced targets for Cheshire Constabulary in line with the aspirations of the Constabulary and Commissioner to reduce the Constabulary's environmental footprint. The Fleet Strategy 2021-24 focuses on improved fleet utilisation, cost savings and vehicle emission reduction. It aims 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 financial impact of these strategies has been included in this MTFS.

## 6. FINANCIAL FORECASTS 2022 to 2027

6.1. 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. It is also assumed that any significant growth will be matched by appropriate savings each year. This document will inform the Commissioner's budget setting process, as will other tools such as consultation with residents.

6.2. Based on current information, priorities and assumptions, the following table sets out indicative budgets for 2022 to 2027 recognising the volatility and uncertainty of funding and the flexibility or not afforded to Commissioners to uplift the council tax.

	2022/23	2023/24	2024/25	2025/26	2026/27
	£000	£000	£000	£000	£000
<b>Table 1 – MTFS Revenue Budgets</b>					
Base budget (Gross)	240,853	257,383	262,374	268,161	273,253
Inflation	4,483	5,592	4,896	4,830	4,932
Commitments & Unavoidable Demand	16,100	-986	38	576	559
Savings identified (2022/23 only)	<u>-4,053</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<b>Gross Expenditure</b>	<b>257,383</b>	<b>261,989</b>	<b>267,308</b>	<b>273,567</b>	<b>278,744</b>
Income and specific grants	-26,696	-24,407	-24,212	-23,972	-24,044
	230,687	237,582	243,096	249,595	254,700
Transfer to/(from) reserves	-2,108	-1,000	0	0	0
<b>Net Budget to be funded</b>	<b>228,579</b>	<b>236,582</b>	<b>243,096</b>	<b>249,595</b>	<b>254,700</b>
Government grant	-129,138	-132,669	-134,669	-136,669	-138,669
Legacy Council Tax Grant	-8,256	-8,256	-8,256	-8,256	-8,256
Council tax - Precept	-91,219	-96,076	-101,024	-104,356	-107,797
Council tax - Collection Fund	34	34	0	0	0
<b>Net Budget Requirement</b>	<b>-228,579</b>	<b>-236,967</b>	<b>-243,949</b>	<b>-249,281</b>	<b>-254,722</b>
<b>Savings required/(Investment Options)</b>	<b>0</b>	<b>-385</b>	<b>-853</b>	<b>314</b>	<b>-22</b>

6.3. Please note that all of the budget gaps are pre any additional growth or demands and therefore will increase when amounts are known and the MTFS updated accordingly.

6.4. 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, in 2022/23 this includes the cost of the increase in national insurance and the full year effect of the Police Uplift Programme officers recruited throughout 2021/22.

## 7. RISKS & SENSITIVITY ANALYSIS

7.1. 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 £0.6m.
- For every 0.5% increase or decrease in council tax would have a potential impact of £0.4m 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 £0.4 of additional funding.
- A 0.5% movement in the pay award would have a potential £0.9m impact on the budget gap.

7.2. To put the above figures into context, a reduction in funding or additional costs that need to be met of £0.11m per annum would equate to a reduction of two police constables per annum based upon average salary costs.

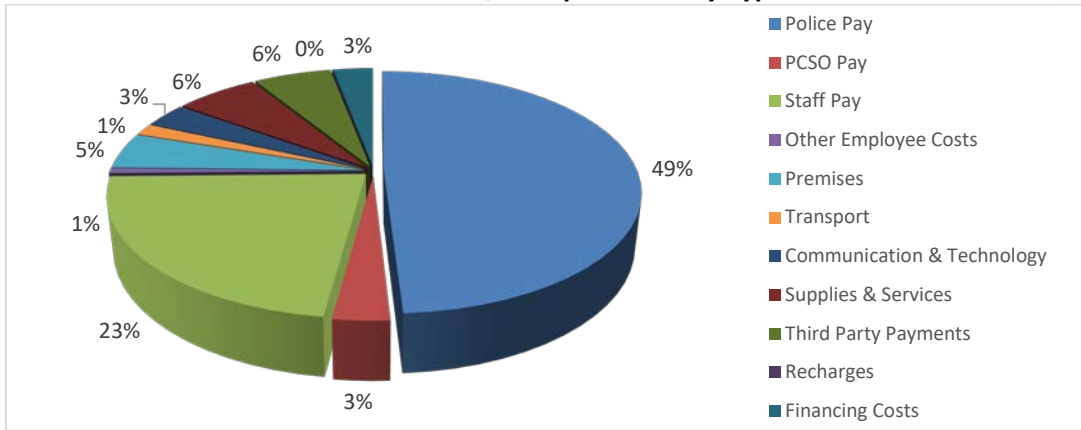
7.3. Pension Reform for existing and new public sector pension schemes was first proposed in the 2011 Hutton Review and enacted through the 2013 Public Sector Pension Act, with resulting 2015 Police Pension Scheme Regulations. Protection was provided for all those within ten years of their normal pension age as at April 2012. This protection led to class action challenge in a number of schemes including Police with over 12,000 Police claimants. Chief Constables were named as respondents alongside the Home Secretary and defended the claims that the transitional arrangements were discriminatory. This was eventually determined in the McCloud case heard in the Supreme Court. The McCloud judgement has resulted in a change (or remedy) to the specific transitional protection arrangements to the new pension schemes, but not to the new pension scheme arrangements themselves.

7.4. As a consequence of this judgement, the associated costs will be integrated into the 2020 Police Pension Valuation process, the impact of which will be on police budgets in 2023/24. At this time, the actual cost per force is unknown nor how it will be funded. The judgement will also impact on the Local Government Pension Scheme (LGPS). Both are being closely monitored and the MTFS will be updated when further data becomes available.

## 8. CONTEXT

8.1. 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 75% is spent on pay with the remaining funding spread over premises, transport etc.

**Chart 2: Cheshire Police and PCC 2021/22 Expenditure by Type**



**9. PLAN TO ADDRESS THE FINANCIAL FORECASTS**

9.1. Priority based budgeting (PBB) is a method of planning for and assigning effort and money to best achieve the Police & Crime Plan priorities for policing Cheshire and tackle the key areas of threat 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, HMIC’s Value for Money Profiles are used to challenge and benchmark individual service areas and ensure best value is achieved.

9.2. In the Chief Constable’s plan on a page, he sets out his vision and priorities for the Constabulary as follows:

- Prevent and tackle crime
- Make Cheshire’s roads safer
- Deliver justice for victims of crime
- Protect vulnerable people
- Modernise our police force

9.3. Using these priorities and linking in with the Commissioner’s Police and Crime Plan, the outcome of the PBB process will allow resources to be allocated accordingly and within the legal requirement to balance the budget.

9.4. The delivery of efficiencies and savings have been part of budget planning from the beginning, but with austerity followed by the pandemic, it has brought challenges and opportunities previously unthinkable. However, this has meant that any easy wins have already been delivered and any future efficiencies and savings harder to achieve.

9.5. Building on the National Audit Office report ‘Efficiency in Government’ (July 2021), the Constabulary efficiency plans and proposals will follow the principles set out below:

Identify efficiency gains

- Consider the potential gains that can be achieved over the long term, including those that may have additional upfront costs
- Recognise the relationship between short-term efficiencies and resilience to deal with unexpected events
- Understand service users and what they value, to reduce unnecessary activity and predict how they will react when services change
- Be aware of the links between different parts of organisation and the risk that attempted efficiencies in one area inadvertently increase costs somewhere else

#### Planning to achieve efficiency gains

- Be aware of optimism bias and learn from past experiences
- Identify risks and plan how to manage them
- Ensure there is sufficient capability to achieve the efficiency gains
- Measure progress towards realising efficiency gains and plan to learn lessons for the future

#### Embedding efficiencies

- Focus on continuous improvement

### 10. ESTABLISHMENT

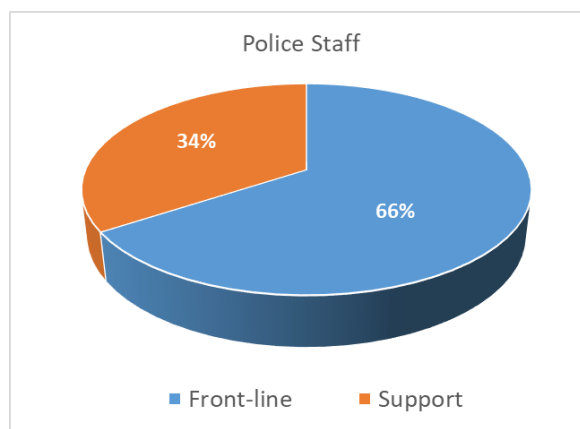
- 10.1. At the Joint Management Board on 21 September 2021, the Commissioner approved the People Strategy. The Strategy has been developed to support the Chief Constable's strategic vision and the Commissioner's Police and Crime Plan and makes a clear statement about how the Constabulary values and treats its people, and the culture it wishes to foster to enable everyone to achieve outstanding and sustain excellence in all areas of policing activity. It aims to ensure that the Constabulary is an employer of choice with a culture, policies and procedures that set high performance expectations, whilst providing a stimulating and rewarding environment for its people and the communities it serves.
- 10.2. It is recognised that the people working for Cheshire Constabulary are our greatest asset. From police officers and PCSOs to police staff and volunteers, everyone plays a vital role in keeping Cheshire safe. The Government's Police Uplift Programme will bring increased investment to the frontline. The following paragraphs set out the key establishment details.

#### **Police Officers**

For the 2022/23 financial year, the Constabulary are entering into their third year of the Police Uplift Programme with the largest uplift of officers scheduled. In line with the original forecast, the Constabulary are looking to appoint approximately 120 officers as part of the uplift with decisions regarding the numbers to be allocated to regional teams such as Regional Organised Crime Unit and Counter-terrorism Teams yet to be defined. In addition to the uplift, the Constabulary are entering in to a specifically high period of natural attrition through forecast retirements of 125. This total recruitment of 245 officers will result in the Constabulary ending 2022/23 with a total Police Officer establishment of 2345. Due to the increased number of officers across the Constabulary, the Constabulary have to consider the level of supervision to support the uplift in officer numbers and consequently, the profile of officers' ranks, specifically Sergeants and Inspectors, are being reviewed including the financial impact.

#### **Police Staff**

The police staff establishment comprises numerous roles including PCSOs, civilian investigators, emergency call takers and many others that work on front-line policing. These roles have continued to increase year on year with dedicated posts in areas such as analytical capabilities and specialist civilian investigators supporting our most complex cases. The Constabulary is supported by roles in the enabling services such as HR, Training and IT. Overall, the split of front-line staff to support staff 66% to 34% as shown in the following chart.



## Specials and Volunteers

The Constabulary continues to strive to maximise the number of Special Constables that it maintains each year focusing to achieve a 10% ratio to budgeted officers. As the Constabulary are increasing Officer numbers to 2345, the focus is on achieving an establishment of 235 Specials in 2022/23. This will require a continual replacement and training programme across the year maximising intakes of 30 where possible.

## 11. RESERVES

11.1. The Reserves Strategy ensures that the Commissioner's reserves are sufficient to meet the known risks and issues facing the Constabulary without holding excessive amounts. The view of the Government is that reserves are a valid tool in sound financial management, but their steer is that they should be utilised and not held indefinitely. The Strategy addresses specific (earmarked) and general reserves both for capital and revenue expenditure and considers the principles that should be applied that support the Police & Crime Plan. Reserves support the Police & Crime Plan by ensuring there is sufficient financial resilience to mitigate the impact of significant demands on funding. Such demands could include the cost of a prolonged major inquiry or an 'invest to save' capital programme.

11.2. The Strategy requires the transfer of monies between reserves in future periods in order that those identified risks and issues are adequately provided for. In considering future risks two horizons have been considered, a shorter-term horizon of three years where it is proposed all known issues and risks are provided for if sufficient funds are available and a longer horizon of five years where certain provisions may not be fully made but will be considered. 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.

11.3. At the end of March 2021, the following table shows the level of reserves held.

<b>Table 3 - Reserves</b>	£000	£000
<b>General Fund</b>		<b>5,773</b>
<b>Earmarked Revenue Reserves</b>		
Medium Term Financial Strategy Reserve	3,563	
Carry Forward Reserve	2,812	
Redundancy Reserve	783	
POCA Reserve	456	
Major Crime Reserve	923	
Hardship Loan Reserve	50	
Pay and Pension Reserve	830	<b>9,417</b>
<b>Earmarked Capital Reserves</b>		
Revenue Reserve for Capital Expenditure	1,955	
ESN Reserve	1,555	
Capital Receipts	856	
Unapplied Capital Grants Reserve	0	<b>4,366</b>
<b>Total Cheshire Reserves</b>		<b>19,556</b>

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

## 12. INDICATIVE CAPITAL PROGRAMME

12.1. In addition to the revenue budget, there is a proposed capital investment programme to both maintain essential buildings, equipment, IT and vehicles together with new investment in priority areas including preparation for Policing 2025. The funding of this programme comes from a number of sources including government grant, revenue funding set aside for this purpose, 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 MRP (setting aside funds to repay the loan).

12.2. As with the revenue budget, assumptions are required over the level of funding available for capital investment. Over the last decade, the level of government grant allocated to Cheshire has fallen to £0.17m in 2020/21. The Provisional Settlement confirmed that there would be no further direct allocation of capital grant and the Capital Strategy has been updated to reflect this. Equally, with borrowing being required over the MTFs period, assumptions are made on both the interest rates applicable at the time of the loan and the length of the loan. Both have direct impact on the revenue budget and have been included in the revenue projections earlier in this Strategy.

12.3. 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>2022/23 £000</b>	<b>2023/24 £000</b>	<b>2024/25 £000</b>	<b>2025/26 £000</b>	<b>2026/27 £000</b>
Annual Replacement Schemes:					
Fleet Vehicles	4,230	2,170	2,330	2,500	2,500
IT and Communications	565	565	565	565	565
New Schemes:					
Estates	2,891	8,700	12,700	9,200	600
IT and Communications* <sup>1</sup>	3,299	5,000	0	0	0
Operational Equipment	1,148	438	760	200	200
Collaboration/Funded Vehicles	464	0	0	0	
<b>Capital Expenditure</b>	<b>12,597</b>	<b>16,873</b>	<b>16,355</b>	<b>12,465</b>	<b>3,865</b>
Financed by:					
General/Specific capital grants	61	0	0	0	0
Capital Receipts	634	4,000	0	3,550	0
Revenue Contributions to Capital	5,085	3,131	3,000	3,000	3,000
External Contributions to Capital	198	37	32	0	0
ESN Reserve	0	4,000	0	0	0
HQ IT Reserve	231	231	231	231	231
Borrowing	6,387	5,474	13,092	5,684	634
<b>Total Funding</b>	<b>12,597</b>	<b>16,873</b>	<b>16,355</b>	<b>12,465</b>	<b>3,865</b>

\*1 Includes estimated cost of the new Emergency Services Network (ESN) devices, although actual timing remains uncertain.

### 13. CONCLUSION

13.1. 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 priorities of the Police and Crime Plan; Force Management Statement and Strategic Policing Requirement, allows more considered planning even in uncertain times. The provision of a three-year spending review has enabled a clearer direction of travel in the short-term, although there are a number of areas that still need to be refined and clarified. With the publication of the Provisional Police Settlement on 16 December, the funding for 2022/23 at force level was confirmed, but at this detailed level is still for one year only.

### 14. NEXT STEPS

14.1. With the 2022/23 budget being confirmed, the budget setting process will be rolled forward and preparation will be made to commence the 2023/24 budget cycle. Should any major changes occur which impact on this Strategy in the meantime; further updates will be made accordingly.

## **Update on JAAC Terms of Reference**

**2<sup>nd</sup> March 2022**

### Introduction

The Terms of Reference (ToR) for the Joint Audit Advisory Committee (JAAC) were last reviewed and revised in early 2020. The ToR are based upon the core principles set out in the CIPFA Position Statement on Audit committees in Local Authorities and Police 2018, which provides practical guidance for local authorities and police audit committees. At the JAAC meeting on 1<sup>st</sup> December 2021 Members of the JAAC requested a review of the current terms to be added to the agenda for their next meeting on 2<sup>nd</sup> March 2022. There is no requirement within the terms of reference for reviews to be held however it is recognised that it is good practice to ensure the terms of reference reflect relevant current guidance.

### Update

The 2018 CIPFA position statement upon which the current ToR are based is the most recent guidance available for Police Audit Advisory Committees. At the Police and Crime Commissioners Treasurers Society (PACCTS) meeting in December 2021, the CIPFA representative gave an update which stated that CIPFA are undertaking a major rewrite of the Guidance for Audit Committees which will begin shortly. Should there be an opportunity for JAAC Members to feed into this process, the OPCC CFO will circulate details to the committee.

Given the forthcoming major rewrite by CIPFA and the fact that the current ToR are based upon the most recent guidelines available, a review of the JAAC ToR will take place once the new guidance is available from CIPFA.

## Overview of topics to be covered during the period March 2022-December 2022

Part 1 Items	Mar-22	Jul-22	Sep-22	Dec-22
Minutes of Joint Audit Advisory Committee	✓	✓	✓	✓
Matters Arising from Previous JAAC Meetings	✓	✓	✓	✓
Briefing from Police and Crime Commissioner & Chief Constable	✓	✓	✓	✓
JAAC Annual Report				✓
Single Point of contact roles			✓	
External Audit Findings Report			✓	
External Audit Plan		✓		
Informing the Audit Risk Assessment		✓		
External Audit Progress Report	✓			
External Audit VFM Report				✓
Annual Accounts		Draft	Final	
Annual Governance Statement		Draft	Final	
External Audit Letter of Representation				✓
Internal Audit Annual Plan	Draft	Final		
Internal Audit Progress Reports	✓	✓	✓	✓
Internal Audit Follow Up Report		✓		✓
Head of Internal Audit Opinion		✓		
Internal Audit Final Reports	✓	✓	✓	✓
NFI Data Matching	✓			
Internal Audit Terms of Reference (Tor)	✓	✓	✓	✓
Value for Money profiles		✓		
Service Assurance Plan	✓	✓	✓	✓
2022/23 Budget & Medium Term Financial Strategy	✓			
Part 2 Items	Feb-22	Jul-22	Sep-21	Dec-21
Minutes of Joint Audit Advisory Committee	✓	✓	✓	✓
Matters Arising from Previous JAAC Meetings	✓	✓	✓	✓
Strategic Risk Register	✓	✓	✓	✓
Internal Audit ToR/Reports	✓	✓	✓	✓
Updates on Business Services Futures Programme	✓	✓	✓	✓