



Dan Price
Cheshire
Police & Crime
Commissioner



Cheshire
Constabulary

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

STATEMENT OF ACCOUNTS 2024/25

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NARRATIVE REPORT

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

1. Purpose and Legal Framework

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

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

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

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

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

Organisational Overview

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

Workforce and Structure

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

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

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

Leadership and Governance

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



Chief Constable Mark Roberts with PCC Dan Price

Strategic Planning

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

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

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

- Listen to the public
- Modernise
- Reduce crime

Police and Crime Plan 2024-28

Listen to the Public

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

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

Modernise

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

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

Reduce Crime

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

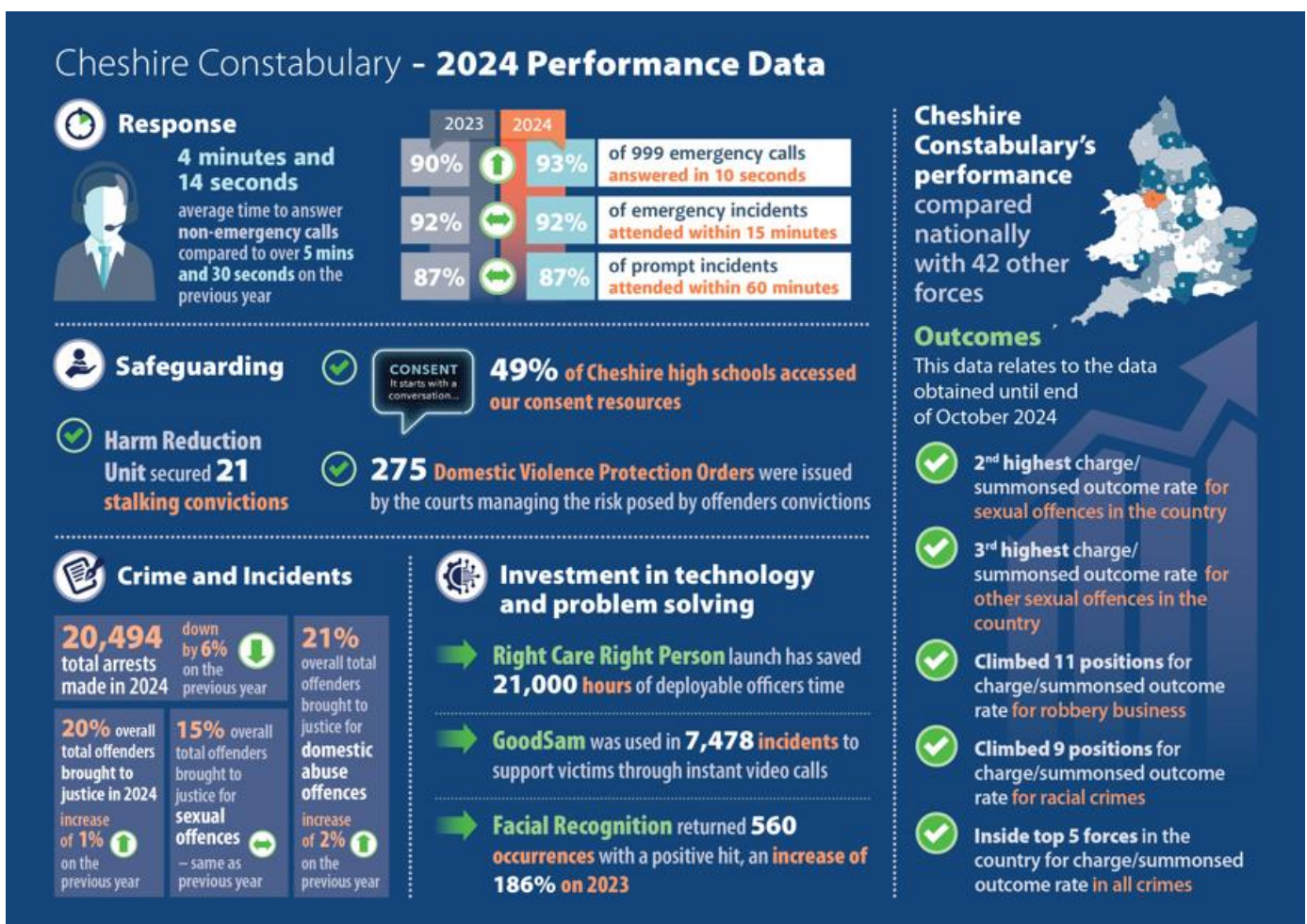
The Commissioner's Plan also includes a keen focus on violence against women and girls and driving up the reporting of domestic abuse incidents, to ensure the service provided to victims is the best it can be, and that those most at risk of harm are protected.

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

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

Strategic and Performance Report

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



HMICFRS Inspection Results

The **2023–2025 PEEL inspection** rated Cheshire:

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

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

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

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

domestic abuse (i.e. the proportion of reported abuse crimes that result in a charge or other positive outcome).

- **Knife Crime Operation (Op Sceptre):** As part of the national Operation Sceptre week in May 2024, Cheshire Police recovered 450+ knives from the streets in one week and made 8 arrests related to weapon possession. Officers conducted 70 weapons sweeps and over 140 stop-searches across the county. Cheshire's knife crime rate remains among the lowest nationally, and the force's intensified enforcement (including surrender bins and community education events) removed a significant number of lethal weapons.
- **Neighbourhood Policing Uplift:** Cheshire Constabulary secured additional resources to strengthen local policing. In early 2025, the Home Office awarded Cheshire a special £3 million Neighbourhood Policing grant, which is being used to put 48 more police officers into community policing roles on our streets. The force created a new Assistant Chief Constable post to lead Neighbourhood Policing, underscoring the priority given to local visibility. By year-end, recruitment processes were underway for the additional officers.



Financial Review

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

Managing Financial Pressures

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

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

These measures ensured financial balance while protecting frontline services.

3. Income Sources

Cheshire's funding mix in 2024/25 included:

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

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

4. Financial Outlook

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

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

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

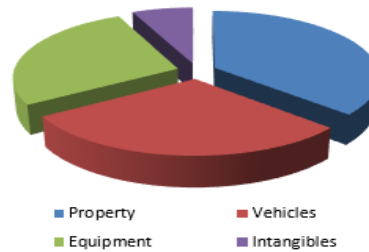
The CC gets all of its funding from the PCC. The sources of that funding are detailed in the Statement of Accounts of the PCC and Group.

Capital Investment

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

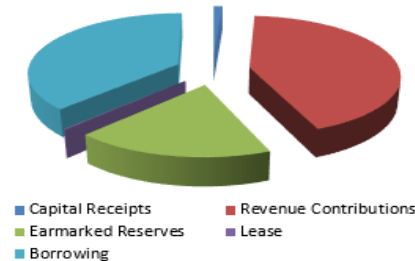
Capital Expenditure

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



Capital Financing

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



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

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

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

Treasury and Pensions

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

Financial Governance

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

Governance Structure

Cheshire Constabulary operates under a clear governance framework:

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

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

Risk Management

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

Accountability and Transparency

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

Collaboration and Joint Governance

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

Audit and Inspection

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

Annual Governance Statement (AGS)

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

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

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

Governance Assurance

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

Looking Ahead

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

Principal Risks

Financial and Economic Risks

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

Workforce and Wellbeing Risks

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

Operational and Crime Risks

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

Terrorism and Public Order

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

Legitimacy and Reputational Risks

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

Governance and Legal Risks

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

Future Outlook:

Positive Trajectory

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

Striving for Excellence

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

New Police and Crime Plan

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

Key Projects and Infrastructure

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



Crewe Police Station Design

Financial Sustainability and Impact on Future Service Position

In line with paragraph 3.1.1.15 of the CIPFA/LASAAC Code of Practice on Local Authority Accounting 2024/25, the Commissioner and Chief Constable have assessed the financial sustainability of the Group and the impact on future service provision.

a) Cash Flows and Future Liquidity

During 2024/25, the Group recorded a net cash outflow from operating activities of £10.557m, compared to £9.435m in 2023/24. This reflects the net deficit on the provision of services, adjusted for non-cash movements such as depreciation (£12.0m) and pensions (£36.6m).

Investing activities generated an inflow of £8.813m, primarily reflecting the timing of capital expenditure and funding receipts. Financing activities generated an inflow of £3.499m. Overall, there was a net decrease in cash and cash equivalents of £1.755m, leaving a year-end cash balance of £19.0m (2023/24: £20.8m).

Future cash flows will be influenced by the delivery profile of the capital programme (including the Wilmslow and Crewe station developments), the timing of grant receipts, interest rate movements, and working capital fluctuations. Treasury management policies are in place to maintain sufficient liquidity and to ensure that cash resources are managed prudently.

b) Key Commitments, Significant Matters, and Major Assets/Liabilities

The Medium-Term Financial Strategy (MTFS) incorporates significant capital and operational commitments, including:

A £9.0m capital investment programme in 2024/25, including £3.5m on estates (Wilmslow & Crewe builds, custody refurbishments), £2.7m on fleet and equipment, £2.2m on IT and digital infrastructure, and £0.8m on operational assets.

Future commitments linked to the delivery of new operational bases at Wilmslow (Passivhaus standard) and Crewe Police Station (build starting 2025/26).

Long-term borrowing liabilities of £26.9m, supported by a prudent Minimum Revenue Provision policy.

Pension liabilities of £1.662bn under IAS 19 (2023/24: £1.840bn), which represent long-term obligations under statutory arrangements and are backed by government funding for police pensions.

Provisions of £0.7m set out in Note 27 and contingent liabilities set out in Note 35, covering legal and operational matters.

These commitments and liabilities are fully incorporated into the MTFS and are closely monitored through financial governance frameworks.

c) Future Budget Pressures and Mitigation Plans

The 2024/25 revenue budget of £288.7m (net £249.8m) was delivered with a £1.0m underspend, representing a 0.4% variance. Looking ahead, the MTFS identifies a cumulative funding gap driven by pay awards, inflation, National Insurance increases (to 15% from April 2025), and ongoing demand pressures.

Mitigation plans include:

Targeted efficiency savings through procurement reviews, priority-based budgeting, vacancy management, and service transformation.

Strategic use of reserves to manage timing differences and investment requirements.

Active lobbying for a fairer national funding formula to reflect Cheshire's operational needs.

Continued focus on modernisation, including digital transformation and estate rationalisation to reduce running costs.

The PCC's budget decisions for 2025/26 will continue to balance service delivery with long-term financial sustainability.

d) Consideration of Section 114 Risk

As required by the 2024/25 Code, the Chief Finance Officer has formally assessed the risk that a Section 114 notice may be required in the near or medium term.

As at 31 March 2025, the Group holds usable reserves of £19.6m, comprising General Fund and earmarked reserves, supported by robust financial governance. The MTFS sets out clear actions to address future budget pressures, and the organisation has a strong track record of financial control and balanced outturns.

Based on current forecasts, the risk of issuing a Section 114 notice is assessed as low. This assessment considers reserves adequacy, financial forecasts, governance arrangements, and identified savings plans. The position will continue to be closely monitored through Senior Business Command Team, Joint Management Board and scrutiny by the Joint Audit Advisory Committee.

Summary

The Commissioner and Chief Constable recognise that the financial environment remains challenging, with sustained cost pressures and funding uncertainties. However, the Group has a clear strategy to maintain financial resilience, supported by prudent cash management, strategic use of reserves, active risk monitoring, and medium-term planning. This provides assurance that the Group is well placed to continue delivering policing services sustainably into the future.

Acknowledgements:

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



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

Further Information

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

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

Narrative Reports Footnotes:

- Financial and performance data are drawn from Cheshire Constabulary's internal records and the Draft Statement of Accounts 2024/25. Crime statistics are from the Office for National Statistics release (year to Sept 2024) and Cheshire Constabulary performance reports.
- Inspection findings are from HMICFRS publications: *PEEL 2023-25 Cheshire* (Feb 2025), the *Crime Investigations National Report* (Mar 2025), and the *Policing Impartiality Inspection* (Sept 2024).
- Highlights of good practice (youth engagement, advisory group governance, staff welfare considerations) are referenced from Cheshire Constabulary news articles and HMICFRS reports.
- Police & Crime Plan 2024-28 as published on Cheshire PCC Website: <https://www.cheshire-pcc.gov.uk/what-the-commissioner-does/police-and-crime-plan/>
- The neighbourhood policing uplift funding was announced by the Home Office in Jan 2025 and confirmed by PCC in Apr 2025.
- Wilmslow Police Station development details are from project press releases.
- Precept and budget consultation outcomes are documented in the PCC's budget leaflet and media releases.
- Any forward-looking statements about plans and initiatives are based on current strategies and subject to change with emerging circumstances.

STATEMENT OF RESPONSIBILITIES

Responsibilities of the Commissioner for Cheshire

The Commissioner is required to:

- make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. For the Office of the Commissioner, that officer is the Chief Finance Officer, Office of the Police & Crime Commissioner.
- manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets.
- approve the Statement of Accounts.

I approve this Statement of Accounts.

Police & Crime Commissioner for Cheshire

Responsibilities of the Chief Finance Officer, Office of Commissioner

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

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

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

Chief Finance Officer's Certificate

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

Clare Hodgson
Chief Finance Officer (s151), Office of the Police & Crime Commissioner
12th December 2025

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

Report on the audit of the financial statements

Opinion on financial statements

We have audited the financial statements of the Police and Crime Commissioner for Cheshire (the 'Police and Crime Commissioner') and its subsidiary, the Chief Constable, (the 'Group') for the year ended 31 March 2025, which comprise the Group and Police and Crime Commissioner Comprehensive Income and Expenditure Statement, the Group and Police and Crime Commissioner Movement in Reserves Statement, the Group and Police and Crime Commissioner Balance Sheet, the Group and Police and Crime Commissioner Cash Flow Statement and notes to the financial statements, including a summary of material accounting policy information, and include the Police Pension Fund comprising the Fund Account and Net Asset Statement. The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2024/25.

In our opinion the financial statements:

- give a true and fair view of the financial position of the Group and of the Police and Crime Commissioner as at 31 March 2025 and of the Group's and the Police and Crime Commissioner's expenditure and income for the year then ended;
- have been properly prepared in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2024/25; and
- have been prepared in accordance with the requirements of the Local Audit and Accountability Act 2014.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law, as required by the Code of Audit Practice (2024) ("the Code of Audit Practice") approved by the Comptroller and Auditor General. Our responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the financial statements' section of our report.

We are independent of the Group and the Police and Crime Commissioner in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

The Chief Finance Officer has prepared the financial statements on the going concern basis as they have not been informed by the relevant government body of the intention to dissolve the Police and Crime Commissioner without the transfer of its services to another public sector entity. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements.

In auditing the financial statements and having regard to the guidance provided in Practice Note 10 Audit of financial statements and regularity of public sector bodies in the United Kingdom (Revised 2024) on the application of ISA (UK) 570 Going Concern to public sector entities, we have concluded that the Chief Finance Officer's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group and the Police and Crime Commissioner's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Chief Finance Officer with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the Statement of Accounts, other than the financial statements and our auditor's report thereon. The Chief Finance Officer is responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Other information we are required to report on by exception under the Code of Audit Practice

Under the Code of Audit Practice published by the National Audit Office in November 2024 on behalf of the Comptroller and Auditor General (the Code of Audit Practice) we are required to consider whether the Annual Governance Statement does not comply with 'Delivering Good Governance in Local Government Framework 2016 Edition' published by CIPFA and SOLACE, or is misleading or inconsistent with the information of which we are aware from our audit. We are not required to consider whether the Annual Governance Statement addresses all risks and controls or that risks are satisfactorily addressed by internal controls.

We have nothing to report in this regard.

Opinion on other matters required by the Code of Audit Practice

In our opinion, based on the work undertaken in the course of the audit of the financial statements, the other information published together with the financial statements in the Statement of Accounts for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

Under the Code of Audit Practice, we are required to report to you if:

- we issue a report in the public interest under section 24 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or
- we make a written recommendation to the Police and Crime Commissioner under section 24 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or
- we make an application to the court for a declaration that an item of account is contrary to law under Section 28 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or;
- we issue an advisory notice under Section 29 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or
- we make an application for judicial review under Section 31 of the Local Audit and Accountability Act 2014, in the course of, or at the conclusion of the audit.

We have nothing to report in respect of the above matters.

Responsibilities of the Police and Crime Commissioner and the Chief Finance Officer

As explained more fully in the Statement of Responsibilities, the Police and Crime Commissioner is required to make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. That officer is the Chief Finance Officer. The Chief Finance Officer is responsible for the preparation of the Statement of Accounts, which includes the financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2024/25, for being satisfied that they give a true and fair view, and for such internal control as the Chief Finance Officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Chief Finance Officer is responsible for assessing the Police and Crime Commissioner's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they have been informed by the relevant national body of the intention to dissolve the Police and Crime Commissioner without the transfer of its services to another public sector entity.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud.

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- We have considered the nature of the sector, control environment and financial performance;
- We have considered the results of enquiries with management, internal audit and the Police and Crime Commissioner in relation to their own identification and assessment of the risk of irregularities within the entity, and whether they were aware of any instances of non-compliance with laws and regulations or whether they had any knowledge of actual, suspected or alleged fraud;
- We have reviewed the documentation of key processes and controls and performed walkthroughs of transactions to confirm that the systems are operating in line with documentation;
- Any matters identified having obtained and reviewed the Police and Crime Commissioner's documentation of their policies and procedures relating to:
 - Identifying, evaluation and complying with laws and regulations and whether they were aware of any instances of non-compliance;
 - Detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud;
 - The internal controls established to mitigate risks of fraud or non-compliance with laws and regulations;
- We have considered the matters discussed among the audit engagement team regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.

In common with all audits under ISAs (UK) we are required to perform specific procedures to respond to the risk of management override.

We have also obtained an understanding of the legal and regulatory frameworks that the Group and the Police and Crime Commissioner operates in, focusing on provisions of those laws and regulations that had a direct effect on the determination of material amounts and disclosures in the financial statements. The key laws and regulations we considered in this context are those related to the reporting frameworks (the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2024/25, the Local Audit and Accountability Act 2014, the Accounts and Audit Regulations 2015 (as amended by the Accounts and Audit (Amendment) Regulations 2024), the Local Government Act 2003, Local Government Finance Act 1988 (as amended by the Local Government Finance Act 1992 and the Local Government Finance Act 2012), the Police Reform and Social Responsibility Act 2011, the Public Service Pensions Act 2013, the Police Pension Fund Regulations 2006 and the Police Pensions Regulations 2015).

In addition, we considered the provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which may be fundamental to the Police and Crime Commissioner's ability to operate or avoid a material penalty. These include data protection regulations, health and safety regulations, employment legislation, and money laundering legislation.

Our procedures to respond to risks identified included the following:

- Reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- Performing analytical procedures to identify unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- Reviewing Committee meeting minutes;
- Enquiring of management in relation to actual and potential claims or litigations;
- Challenging assumptions and judgements made by management in its significant accounting estimates in respect of valuation of land and buildings and the valuation of defined benefit pensions liability; and
- In addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgments made in accounting estimates are indicative of potential bias; and evaluating the business rationale of significant transactions that are unusual or outside the normal course of business.

We also communicated identified laws and regulations and potential fraud risks to all members of the engagement team and remained alert to possible indicators of fraud or non-compliance with laws and regulations throughout the audit.

As a result of the inherent limitations of an audit, there is a risk that not all irregularities, including material misstatements in the financial statements or non-compliance with regulation, will be detected by us, even though the audit is properly planned and performed in accordance with the ISAs (UK). The risk increases the further removed compliance with a law or regulation is from the events and transactions reflected in the financial statements, given we will be less likely to be aware of it, or should the irregularity occur as a result of fraud rather than a one-off error, as this may involve intentional concealment, forgery, collusion, omission or misrepresentation.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Report on other legal and regulatory matters

Matter on which we are required to report by exception – the Police and Crime Commissioner's arrangements for securing economy, efficiency and effectiveness in its use of resources

Under the Code of Audit Practice, we are required to report to you if, in our opinion, we have not been able to satisfy ourselves that the Police and Crime Commissioner has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2025.

We have nothing to report in respect of the above matter.

Responsibilities of the Police and Crime Commissioner

The Police and Crime Commissioner is responsible for putting in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources.

Auditor's responsibilities for the review of the Police and Crime Commissioner's arrangements for securing economy, efficiency and effectiveness in its use of resources

We are required under Section 20(1)(c) of the Local Audit and Accountability Act 2014 to be satisfied that the Police and Crime Commissioner has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. We are not required to consider, nor have we considered, whether all aspects of the Police and Crime Commissioner's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

We have undertaken our review in accordance with the Code of Audit Practice, having regard to the guidance issued by the Comptroller and Auditor General in November 2024 and related statutory guidance. We considered whether the Police and Crime Commissioner has proper arrangements in place to ensure financial sustainability, proper governance and the use of information about costs and performance to improve the way it manages and delivers its services.

We document our understanding of the arrangements the Police and Crime Commissioner has in place for each of these three specified reporting criteria, gathering sufficient evidence to support our risk assessment and commentary in our Auditor's Annual Report. In undertaking our work, we consider whether there is evidence to suggest that there are significant weaknesses in arrangements.

Report on other legal and regulatory requirements – Delay in certification of completion of the audit

We cannot formally conclude the audit and issue an audit certificate for the Group and the Police and Crime Commissioner for Cheshire for the year ended 31 March 2025 in accordance with the requirements of Local Audit and Accountability Act 2014 and the Code of Audit Practice until we have:

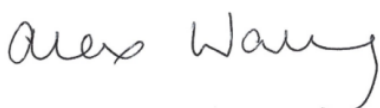
- confirmation from the National Audit Office that no additional work (beyond submission of the Assurance Statement) will be required in respect of the Whole of Government Accounts exercise.

We are satisfied that this work does not have a material effect on the financial statements for the year ended 31 March 2025.

Use of our report

This report is made solely to the Police and Crime Commissioner, as a body, in accordance with Part 5 of the Local Audit and Accountability Act 2014. Our audit work has been undertaken so that we might state to the Police and Crime Commissioner those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Police and Crime Commissioner, as a body, for our audit work, for this report, or for the opinions we have formed.

Signature



Alex Walling, Key Audit Partner
for and on behalf of Bishop Fleming Audit Limited
Chartered Accountants and Statutory Auditors

Bristol

15 December 2025

COMPREHENSIVE INCOME and EXPENDITURE STATEMENT (Group)

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

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

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

MOVEMENT IN RESERVES STATEMENT (Group)

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

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

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

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

BALANCE SHEET AS AT 31 MARCH 2025 (Group)

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

Clare Hodgson, Chief Finance Officer (s151), Office of the Police & Crime Commissioner
Date: 12th December 2025

CASHFLOW STATEMENT (Group)

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

Details of the above are included in Note 31

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

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

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

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

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

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

Clare Hodgson, Chief Finance Officer (s151), Office of the Police & Crime Commissioner
Date: 12th December 2025

CASHFLOW STATEMENT

(Police & Crime Commissioner for Cheshire)

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

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EXPENDITURE AND FUNDING ANALYSIS NOTE 2024/25 (Group)

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

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

EXPENDITURE AND FUNDING ANALYSIS NOTE 2023/24 (Group)

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

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

EXPENDITURE AND FUNDING ANALYSIS NOTE 2024/25

(Police & Crime Commissioner)

| | 2024/25 | | |
|--|--|--|--|
| | Net Expenditure Chargeable to the General Fund £000 | Adjustments between the Funding and Accounting Basis £000 | Net Expenditure Comprehensive Income and Expenditure Statement £000 |
| <u>Police Services</u> | | | |
| Police Pay | (8,781) | 0 | (8,781) |
| Crime | (10,250) | 0 | (10,250) |
| Operations | (9,197) | 0 | (9,197) |
| Centrally Delivered Services | (4,489) | 0 | (4,489) |
| Collaborations | (363) | 0 | (363) |
| Corporate Costs | (7,022) | 635 | (6,387) |
| Office of the Police & Crime Commissioner | 970 | (125) | 845 |
| Office of the Police & Crime Commissioner - Commissioning | 1,078 | 0 | 1,078 |
| | (38,055) | 510 | (37,546) |
| Funding to Cheshire Constabulary | 289,688 | 8,514 | 298,201 |
| Net Cost of Services | 251,632 | 9,023 | 260,657 |
| Other Income & Expenditure | 0 | 186 | 186 |
| Financing & Investment Income & Expenditure | 1,053 | 0 | 1,053 |
| Taxation & Non-Specific Grant Income | (248,832) | (6,089) | (254,921) |
| | 3,853 | 3,120 | 6,972 |
| (Surplus) or Deficit | | | |
| Opening General Fund | (23,315) | | |
| Less/Plus (Surplus) Deficit on General Fund in Year | 3,853 | | |
| Closing General Fund at 31 March | 19,463 | | |

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

EXPENDITURE AND FUNDING ANALYSIS NOTE 2023/24

(Police & Crime Commissioner)

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

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

FURTHER NOTES TO THE ACCOUNTS

Note 1: Accounting Policies and Principles

1.1 General Principles

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

1.1.1 Accounting Conventions

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

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

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

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

1.2 Cash and Cash Equivalents

Cash is defined as cash in hand and deposits with financial institutions repayable on demand without penalty. Cash Equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Only investments maturing in three months or less from acquisition are treated as cash equivalents. Bank overdrafts that are repayable on demand and form an integral part of cash management are netted against cash and cash equivalents for reporting purposes.

1.3 Changes in Accounting Policies, Estimates and Errors

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

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

1.4 Charges to Revenue for Non-Current Assets

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

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

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

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

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

1.6 Employee Benefits

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

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

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

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

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

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

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

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

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

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

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

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

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

1.7 Events After the Reporting Period

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

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

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

1.8 Financial Instruments

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

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

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

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

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

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

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

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

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

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

1.9 Government Grants and Contributions

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

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

1.10 Intangible Assets

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

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

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

1.11 Inventories (Stock)

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

1.12 Joint Operations

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

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

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

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

1.13 Leases (IFRS 16)

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

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

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

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

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

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

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

1.14 Overheads and Support Services

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

1.15 Property, Plant and Equipment (PPE)

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

1.16 Private Finance Initiative (PFI) and Similar Contracts

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

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

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

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

1.17 Provisions, Contingent Liabilities and Contingent Assets

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

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

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

1.18 Reserves

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

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

1.19 Revenue Expenditure Funded from Capital under Statute (REFCUS)

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

1.20 Value Added Tax (VAT)

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

2. Accounting Standards issued, not yet adopted

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

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

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

3. Critical Judgements in applying Accounting Policies

In applying the accounting policies set out in Note 1, the Commissioner has had to make certain judgements about complex transactions or those involving uncertainty about future events. The critical judgements made in the Statement of Accounts are:

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

The key judgements are:

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

4. Group Accounts

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

Basis of Consolidation

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

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

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

5. Assumptions made about the future & other major sources of estimation uncertainty

The Statement of Accounts contains estimated figures that are based on assumptions made by the Commissioner about the future or that are otherwise uncertain. Estimates are made taking into account historical experience, current trends and other relevant factors. However, because balances cannot be determined with certainty, actual results could be materially different from the assumptions and estimates.

The items in the Commissioner's Balance Sheet at 31 March 2025 for which there is a significant risk of material adjustment in the forthcoming financial year, are as follows:

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

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

6. Post Balance Sheet events

There are no post balance sheet events to report.

7. Note to the Expenditure and Funding Analysis

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

| Adjustments from GF to arrive at the Comprehensive Income & Expenditure Statement 2024/25 | Adjustments for Capital Purposes £000 | Net Change for Pension Adjustments £000 | Other Differences £000 | Total Adjustments £000 |
|---|--|--|---------------------------|---------------------------|
| Police Pay | 6,194 | (25,508) | 79 | (19,235) |
| Crime | 1,215 | (5,003) | 16 | (3,772) |
| Operations | 2,192 | (9,028) | 28 | (6,807) |
| Centrally Delivered Services | 849 | (7,721) | 24 | (6,847) |
| Collaborations | 529 | (2,178) | 7 | (1,642) |
| Corporate Costs | (2,003) | 0 | 0 | (2,003) |
| OPCC | 40 | (166) | 1 | (125) |
| OPCC – Commissioning | 0 | 0 | 0 | 0 |
| Net cost of services | 9,017 | (49,604) | 154 | (40,432) |
| Other Operating Income & Expenditure | 186 | | | 186 |
| Financing & Invest. Income & Expenditure | 0 | 86,211 | 0 | 86,211 |
| Taxation & Non-Specific Grant Income | (5,525) | | (564) | (6,089) |
| Difference between GF surplus/ deficit and CIES surplus/ deficit | 3,678 | 36,607 | (409) | 39,875 |

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

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

8. Material items of income and expenditure

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

9. Expenditure and Income Analysed by Nature

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

2024/25

2023/24

Subjective Analysis of Expenditure PCC

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

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

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

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

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

| Taxation and Non-Specific Grant Income (Group & PCC) | 2024/25 £000 | 2023/24 £000 |
|---|-------------------------|-------------------------|
| Police Grant | (82,175) | (75,549) |
| Formula Funding | (55,148) | (54,038) |
| Precept on Council Tax Collection Funds | (104,481) | (98,469) |
| Movement on Collection Fund Debtors/Creditors | (333) | 300 |
| Legacy Council Tax Grants | (8,256) | (8,256) |
| Pay Award Grant | (2,463) | (4,966) |
| PFI Grant – Interest Element | (1,906) | (1,577) |
| Capital Grants and Contributions | (157) | (1,062) |
| Total | (254,921) | (243,618) |

10. Members' Allowances & Expenses

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

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

11. Officer Remuneration

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

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

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

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

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

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

For the Office of the Police & Crime Commissioner:

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

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

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

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

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

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

¹ Left 7th January 2024,

For Cheshire Constabulary :**Senior Officers and Relevant Police Officers emoluments exceeding £50,000**

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

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

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

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

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

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

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

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

Further information on the above is included in Note 33.

12. External Audit Costs

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

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

There is a further £33k of fees paid to Grant Thornton in 2023/24 for 2022/23 which are not included above

13. Partnerships & Operational Collaborations

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

Northwest Regional Organised Crime Unit (NWROCU)

NWROCU consists of the Regional Organised Crime Team (ROCT); Regional Intelligence Unit (RIU); Operational Security (OPSY); Regional Confidential Unit (RCU); Regional Technical Surveillance Unit (RTSU); Regional Prison Intelligence Unit (RPIU); Business Support; Pooled resources including Airbox; Premises; Covert Operations 1-3, Police Officer Uplift 1, 2 and 3, Digital Transformation; Operation Falcon and Financial Pressures. The combined unit serves the areas of Cheshire, Greater Manchester, Merseyside, Lancashire, Cumbria, and North Wales. It is staffed by police officers and support staff from the six constituent forces with the overall expenditure being met from the six forces above with OPSY, ROCT, RIU, RCU, (TSU - two separate percentage figures for revenue and capital charges), PIU, Year 1-3 Uplift programme and Ops 3 part funded by Home Office Grant. The amount reflected in Cheshire's accounts 2024/25 overall is £2.9m (£2.4m in 2023/24).

Northwest Police Underwater Search and Marine Unit

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

Northwest Motorway Policing Group

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

Northwest Armed Policing Collaboration

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

Cheshire and North Wales Police Alliance

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

Cheshire Road Safety Group

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

Northwest Strategic Roads Automatic Number Plate Recognition

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

Northwest Regional Disaster Victim Co-ordinator

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

Northwest Regional Chronicle Collaboration

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

Regional ACC Lead

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

Telecoms SPOC Collaboration

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

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

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

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

14. Grant Income

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

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

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

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

15. Adjustments between Accounting Basis and Funding Basis under Regulations

This note details the adjustments that are made to the total comprehensive income and expenditure recognised by the Commissioner in the year in accordance with proper accounting practice to the resources that are specified by statutory provisions as being available to the Commissioner to meet future capital and revenue expenditure.

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

General Fund

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

Capital Receipts Reserve

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

Unapplied Capital Grants Reserve

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

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

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

16. Usable Reserves

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

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

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

Revenue Reserves

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Revenue Reserves held for Capital Purposes

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

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

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

Capital Reserves

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

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

17. Property, Plant & Equipment

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

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

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

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

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

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

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

Depreciation

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

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

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

Significant commitments under capital contracts

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

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

Revaluation

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

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

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

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

18. Intangible Assets

The Commissioner accounts for software as intangible assets, to the extent that the software is not an integral part of a particular IT system and accounted for as part of the hardware item or property, plant and equipment. The intangible assets reflect the purchased software licences.

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

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

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

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

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

19. Capital Expenditure & Financing

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

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

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

20. Capitalisation of Borrowing Costs

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

21. Impairment Losses

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

22. Financial Instruments (including Borrowing)

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

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

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

Fair Values of Assets and Liabilities

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

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

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

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

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

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

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

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

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

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

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

Credit Risk

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

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

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

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

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

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

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

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

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

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

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

Liquidity Risk

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

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

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

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

Re-financing and Maturity Risk

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

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

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

Market Risk

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

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

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

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

Premiums and Discounts on Early Repayment of Debt

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

Foreign Exchange Rates / Stock Markets

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

23. Analysis of Debtors (including Prepayments etc.)

Analysis of debtors and prepayments are shown below.

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

24. Cash and Cash Equivalents

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

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

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

Police Property Act – At the 31 March 2025, the Commissioner held £0.331m (£0.224m in 2023/24) under the Police Property Act 1997. The Act applies to property that is in the possession of police where the owner of the property cannot be identified and where no order of a competent court has been made. The proceeds, after defraying the costs of handling the property, are available for distribution each year to local charities as directed by the Chief Constable.

Proceeds of Crime and Misuse of Drugs Acts – At the 31 March 2025, the Commissioner held £2.246m (£1.451m in 2023/24) under the Proceeds of Crime Act 2002 and the Misuse of Drugs Act. This is money seized in connection with possible criminal activity and held pending a decision, by the courts, on the lawful owner, or distribution if no legal owner is identified.

25. Assets Held for Sale

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

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

26. Analysis of Creditors

Analysis of short-term creditors is shown below.

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

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

27. Provisions

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

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

28. Leases: Finance and Operating

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

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

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

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

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

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

Arrangements between the Police and Crime Commissioner and the Chief Constable for usage of assets are deemed not to create a lease under IFRS 16 even though there is a fair usage charge to the Chief Constable. Legally only the Police and Crime Commissioner can own property and enter contracts (as per the Police Reform and Social Responsibility Act 2011) therefore all assets are owned by the Police and Crime Commissioner who retains control over their use. The Chief Constables use of the assets is therefore not considered to be a lease under IFRS16.

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

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

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

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

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

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

Operating Leases

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

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

29. Private Finance Initiative

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

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

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

Assets

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

| | Land £000 | Property £000 | Equipment £000 | Total £000 |
|--|----------------------|--------------------------|---------------------------|-----------------------|
| Gross Book Value on 1 April 2024 | 3,315 | 43,620 | 403 | 47,338 |
| Additions | 0 | 0 | 0 | 0 |
| Revaluations | 166 | 110 | 0 | 276 |
| Gross Book Value on 31 March 2025 | 3,481 | 43,730 | 403 | 47,614 |
| Depreciation on 1 April 2024 | 0 | 0 | (403) | (403) |
| Charge for the year | 0 | (4,847) | 0 | (4,847) |
| Revaluation | 0 | 4,847 | 0 | 4,847 |
| Depreciation on 31 March 2025 | 0 | 0 | (403) | (403) |
| Net Book Value on 1 April 2024 | 3,315 | 43,620 | 0 | 46,935 |
| Net Book Value on 31 March 2025 | 3,481 | 43,730 | 0 | 47,211 |

Liabilities

At the start of the PFI contract the former Authority's liability was equal to the cost of the assets now recognised on the Balance Sheet. This was initially reduced by the Commissioner making a prepayment of £6.49m and further reduced each year by the element of the unitary payment attributable to the capital expenditure. This is shown in the accounts under the Minimum Revenue Provision and for 2024/25 equated to £1.025m. The liability at 31 March 2025 is £13.029m. The long term creditors figure £12.098m shown in the balance sheet is the Long term PFI liability £11.918m plus the Long term liability on IFRS16 Leases £0.180m

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

Payments due

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

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

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

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

30. Unusable Reserves

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

Unusable Reserves Summary

| | 2024/25 | 2023/24 |
|------------------------------------|------------------|------------------|
| | £000 | £000 |
| Revaluation Reserve | (108,081) | (107,236) |
| Capital Adjustment Account | (25,724) | (22,529) |
| IAS19 Pension Reserve | 1,661,760 | 1,839,510 |
| Collection Fund Adjustment Account | (217) | 347 |
| Accumulated Absences Reserve | 5,623 | 5,469 |
| Total Unusable reserves | 1,533,362 | 1,715,561 |

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

Revaluation Reserve (Unusable)

The Revaluation Reserve contains the gains arising from increases in the value of Property, Plant and Equipment. The balance is reduced when assets with accumulated gains are:

- revalued downwards or impaired and the gains are lost;
- used in the provision of services and the gains are consumed through depreciation; or
- disposed of and the gains realised.

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

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

Capital Adjustment Account (Unusable)

The Capital Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for the consumption of non-current assets and for financing the acquisition, construction or enhancement of those assets under statutory provisions. The Account is debited with the cost of acquisition, construction or enhancement and depreciation, impairment losses and amortisations are charged to the Comprehensive Income & Expenditure Statement (with reconciling postings from the Revaluation Reserve to convert fair value into historical cost). The Account is credited with the amounts set aside to finance the cost of acquisition, construction, or enhancement.

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

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

IAS19 Pension Reserve (Unusable)

The Pension Reserve absorbs the timing differences arising from the different arrangements for accounting for post-employment benefits and for funding those benefits in accordance with statutory provisions. Post-employment benefits are accounted for in the Comprehensive Income and Expenditure Statement as the benefits earned by employees accruing years of service, updating the liabilities recognised to reflect inflation, changing assumptions and investment returns on any resources set aside to meet the costs. Statutory arrangements, however, require benefits earned to be financed as the Commissioner makes employer's contributions to pension funds or eventually pay any pensions for which he is directly responsible. The debt balance on the Pension Reserve therefore shows a substantial shortfall in the benefits earned by past and current employees and the resources set aside to meet them. The statutory arrangements will ensure that funding will have been set aside by the time the benefits come to be paid.

| 2023/24 £000 | | 2024/25 £000 |
|-------------------------------|--|-------------------------------|
| 1,820,460 | Balance at 1 April | 1,839,510 |
| (14,789) | Remeasurements of the net defined benefit liability/(asset) | (214,357) |
| 111,907 | Reversal of items relating to retirement benefits debited or credited to the surplus or deficit on the provision of services in the Comprehensive Income and Expenditure Statement | 114,141 |
| (78,068) | Employer's pensions contributions and direct payments to pensioners payable in the year | (77,534) |
| 1,839,510 | Balance at 31 March | 1,661,760 |

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

Collection Fund Adjustment Account (Unusable)

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

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

Accumulated Absences Reserve (Unusable)

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

| 2023/24 | | 2024/25 |
|----------------|---|----------------|
| £000 | | £000 |
| 3,871 | Balance at 1 April | 5,469 |
| 1,599 | Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements | 154 |
| 5,469 | Balance at 31 March | 5,623 |

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

31. Notes to the Cashflow Statement

The cashflow include the following items:

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

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

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

32. Related Parties

The Commissioner is required to disclose material transactions with related parties (i.e. bodies or individuals that have the potential to control or influence the Commissioner or be controlled or influenced by the Commissioner). Disclosure of these transactions allows readers to assess the extent to which the Commissioner might have been constrained in his ability to operate independently or might have secured the ability to limit another party's ability to bargain freely with the Commissioner.

Central Government

Central Government has effective control over the general operations of the Commissioner – it is responsible for providing the statutory framework within which the Commissioner operates, provides the majority of the Commissioner's funding in the form of grants and prescribes the terms of many of the transactions that the Commissioner has with other parties (e.g., council tax bills). Grants received from Government departments are set out in Note 14.

The Police Reform & Social Responsibility Act 2011

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

Office of the Police & Crime Commissioner

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

Officers and Staff

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

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

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

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

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

There are no other related party transactions to report.

33. Employee Benefits

Termination Benefits

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

Participation in Pensions Schemes

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

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

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

Transactions relating to retirement benefits

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

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

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

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

| <u>IFRIC14 Adjustments</u> | 2024/25 | | | 2023/24 | | |
|--|-----------------------|----------------------|-------------------------|-----------------------|----------------------|-------------------------|
| | IAS19 £000 | Adjs £000 | IFRIC14 £000 | IAS19 £000 | Adjs £000 | IFRIC14 £000 |
| Net Interest Expense: reversal of IFRIC14 prior year | 3,067 | (3,028) | 39 | 1,945 | (1,950) | (5) |
| Asset Ceiling: | | | | | | |
| Reversal of IFRIC14 prior year | | 65,467 | | | 43,011 | |
| IFRIC14 current year | | (117,023) | | | (62,439) | |
| <i>Total Post Employment Benefit Charged to the Comprehensive Income & Expenditure Statement</i> | 49,813 | (51,556) | (1,743) | 19,636 | (19,428) | 208 |
| Net liability arising from defined benefit obligation | 117,023 | (117,023) | 0 | 62,439 | (62,439) | 0 |

Comprehensive Income & Expenditure Statement (Pensions)

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

Movement in Reserves Statement (Pensions)

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

Pension Assets and Liabilities Recognised in the Balance Sheet

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

#1 IFRIC 14 applies, please refer to the section on page 92 for details

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

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

Reconciliation of present value of scheme liabilities

| | <u>Funded liabilities</u> | | | | <u>Unfunded liabilities</u> | | | | | | TOTAL | |
|--|---------------------------------|------------------|------------------------------|--------------------|------------------------------|-----------------|------------------------------|------------------|-----------------------------|-----------------|--------------------|--------------------|
| | Local Government Pension Scheme | | Police Pension Scheme (1987) | | Police Pension Scheme (2006) | | Police Pension Scheme (2015) | | Police Injury Awards Scheme | | | |
| | 2024/25 £000 | 2023/24 £000 | 2024/25 £000 | 2023/24 £000 | 2024/25 £000 | 2023/24 £000 | 2024/25 £000 | 2023/24 £000 | 2024/25 £000 | 2023/24 £000 | 2024/25 £000 | 2023/24 £000 |
| Opening balance at 1 April | (315,705) | (307,726) | (1,554,800) | (1,565,820) | (56,700) | (54,230) | (193,500) | (163,290) | (34,510) | (37,120) | (2,155,215) | (2,128,186) |
| Current service cost | (9,884) | (10,976) | 0 | 0 | 0 | 0 | (16,980) | (15,990) | (610) | (550) | (27,474) | (27,516) |
| Interest cost | (15,442) | (14,793) | (72,120) | (71,140) | (2,690) | (2,520) | (9,860) | (8,180) | (1,580) | (1,670) | (101,692) | (98,303) |
| Contribution from scheme participants | (3,723) | (3,590) | 0 | 0 | 0 | 0 | (13,560) | (11,680) | 0 | | (17,283) | (15,270) |
| Re-measurement gains/(losses) | | | | | | | | | | | | |
| ▫ Actuarial gains/losses arising from changes in demographic assumptions | 550 | 1,966 | 1,530 | 0 | 180 | 0 | 980 | 0 | 210 | 0 | 3,450 | 1,966 |
| ▫ Actuarial gains/losses arising from changes in financial assumptions | 59,100 | 22,009 | 154,320 | 9,260 | 11,490 | (20) | 43,320 | 3,440 | 4,070 | 1,900 | 272,300 | 36,589 |
| ▫ Other | 2,828 | (9,675) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 2,828 | (9,675) |
| Past service costs | (456) | (906) | 0 | 30 | 0 | 0 | 0 | 0 | 0 | 0 | (456) | (876) |
| Losses/(gains) on curtailment | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Liabilities assumed on entity combinations | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Benefits paid | 8,160 | 7,986 | 73,710 | 72,870 | 190 | 70 | 2,190 | 2,200 | 2,960 | 2,930 | 87,210 | 86,056 |
| Liabilities extinguished on settlements | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Closing balance at 31 March | (274,572) | (315,705) | (1,397,360) | (1,554,800) | (47,530) | (56,700) | (187,410) | (193,500) | (29,460) | (34,510) | (1,936,332) | (2,155,215) |

Local Government Pensions Scheme assets comprised:

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

Basis for Estimating Assets and Liabilities

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

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

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

Remedy

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

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

Impact on pension liability

Allowing for all eligible members to accrue benefits from their legacy scheme during the remedy period would lead to an increase in the Police Pension Scheme liabilities. Scheme actuaries originally estimated the potential increase in scheme liabilities for Cheshire to be approximately 4.4% or £99.6m of pension schemes liabilities. This increase was reflected in the IAS 19 disclosure as a past service cost in the 2018/19 accounts. In 2019/20, the estimated increase was a further £13.8m reflecting an additional years' benefits from the remedy and a reduction of £17.5m resulting from the eligibility criteria for members set out in HM Treasury's consultation. In 2020/21, the estimated increase was a further £15.9m reflecting an additional years' benefits from the remedy. The actuaries have highlighted that these estimates are based on the potential impact of any difference in the profile of the force's membership compared with the scheme as a whole and that the figures are highly sensitive to assumptions around short term earnings growth. From 2021/22 the current service cost allows for the higher expected cost of accrual under McCloud.

The impact of an increase in scheme liabilities arising from McCloud/Sargeant judgment will be measured through the pension valuation process, which determines employer and employee contribution rates. The impact of an increase in annual pension payments arising from McCloud/Sargeant is determined through the Police Pension Fund Regulations 2007. These require a Police and Crime Commissioner to maintain a police pension fund into which officer and employer contributions are paid and out of which pension payments to retired officers are made. If the police pension fund does not have sufficient funds to meet the costs in year, the amount required to meet the deficit is then paid to the Commissioner in the form of a central Government top-up grant.

Local Government Pension Scheme (LGPS)

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

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

| | Local Government Pension Scheme | | Police Pension Schemes | |
|---|---------------------------------|-----------|------------------------|---------|
| | 2024/25 | 2023/24 | 2024/25 | 2023/24 |
| <u>Mortality assumptions:</u> | Yrs | Yrs | Yrs | Yrs |
| Longevity at 65 (police), 65 (LGPS) for current pensioners: | | | | |
| Men | 20.6 | 20.7 | 21.9 | 21.9 |
| Women | 23.6 | 23.7 | 23.9 | 23.6 |
| Longevity at 65 (police), 65 (LGPS) for future pensioners: | | | | |
| Men | 21.5 | 21.6 | 23.3 | 23.6 |
| Women | 25.4 | 25.5 | 25.2 | 25.1 |
| <u>Other assumptions:</u> | % | % | % | % |
| Rate of Inflation – RPI / CPI | 3.05/2.75 | 3.10/2.75 | 2.7 | 2.6 |
| Rate of increase in salaries – Long Term/Short Term | 3.45 | 3.45 | 3.45 | 3.85 |
| Rate of increase in pensions | 2.75 | 2.75 | 2.7 | 2.6 |
| Rate of CARE revaluation | - | - | 3.95 | 3.85 |
| Rate of commutation allowance | 65 | 65 | 0 | 0 |
| Rate for discounting scheme liabilities | 5.8 | 4.85 | 5.65 | 4.75 |

Note: RPI figure not provided by pension administrator.

The estimation of the defined benefit obligations is sensitive to the actuarial assumptions set out in the table above. The sensitivity analyses below have been determined based on reasonably possible changes of the assumptions occurring at the end of the reporting period and assumes for each change that the assumption analysed changes while all the assumptions remain constant. The assumptions in longevity, for example, assume that life expectancy increases or decreases for men and women. In practice, this is unlikely to occur and changes in some assumptions may be interrelated. The estimations in the sensitivity analysis have followed the accounting policies for the scheme i.e., on an actuarial basis using the projected unit credit method. The methods and types of assumptions used in preparing the sensitivity analysis below did not change from those used in the previous period.

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

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

Impact on the Commissioner's cash flow

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

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

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

34. Police Pension Fund and related notes

POLICE PENSION FUND (Group & Police & Crime Commissioner)

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

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

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

34.1 Basis of Fund

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

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

and for the Secretary of State to:

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

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

34.2 Accounting policies

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

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

34.3 Status of the pension fund

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

34.4 Administration of the Fund

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

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

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

34.5 Benefits payable to and from the Fund

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

Income

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

Expenditure

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

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

35. Contingent Assets & Liabilities

Assets

There are no contingent assets at 31 March 2025.

Liabilities

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

36. Authorisation of Accounts

Under the Accounts and Audit (England) Regulations 2015 the audited Statement of Accounts were signed by the relevant officers and released for publication on 12 December 2025.

ANNUAL GOVERNANCE STATEMENT 2024/25

Scope of Responsibilities

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

2. The Governance Framework

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

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

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

3. Internal Financial Controls

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

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

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

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

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

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

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

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

4. Good Governance in the Police

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



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

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

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

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

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

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

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

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

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

6. Principle B: Ensuring openness and comprehensive stakeholder engagement

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

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

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

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

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

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

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

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

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

12. Review of Effectiveness

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

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

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

13. Areas for Action in 2024/25

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

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

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

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

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

14. Areas for Action in 2025/26

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

15. Summary

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

Signed

Dan Price
Police & Crime Commissioner

Mark Roberts
Chief Constable

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

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

GLOSSARY OF TERMS

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

- Fair Value** - The price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.
- Financial Instrument** - A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity of another.
- General Reserve** - This is the Commissioner's main revenue reserve to which all revenue receipts are credited and from which all revenue liabilities are discharged. The movement shown in the fund represents the excess of expenditure over revenue within the 2012/13 revenue account.
- Income** - Amounts which the Commissioner receives, or expects to receive, from any source. Income includes fees, charges, sales, capital receipts, government grants, the precept on Council Tax collection funds, Revenue Support Grant and National Non-Domestic Rate.
- Long-Term Borrowing** - Long-term borrowing relates to loans taken out by the Commissioner from the Public Works Loan Board and commercial banks.
- National Non-Domestic Rate** - The government levies a standard rate on all properties and cannot increase it by more than the Retail Price Index. The rates are collected on behalf of the government by district councils and are then redistributed nationally.
- Net Debt** - This comprises cash in hand, cash overdrawn, short term investments and long term borrowing.
- Pension – Defined Benefit Scheme** - A pension or other retirement benefit scheme other than a defined contribution scheme. The scheme rules define the benefits independently of the contribution payable, and the benefits are not directly related to the investments of the scheme. The scheme may be funded or unfunded.
- Pension Assets – Expected Rate of Return** - For a funded defined benefits scheme, the average rate of return, including both income and changes in fair value but net of scheme expenses, expected over the remaining life of the related obligation on the actual assets held by the scheme.
- Pension – Interest Costs** - For a defined benefit scheme, the expected increase during the period in the present value of the scheme liabilities because the benefits are one period closer to settlement.
- Pension – Past Service Costs** - For a defined benefit scheme, the increase in the present value of the scheme liabilities related to employee service in prior periods arising in the current period as a result of the introduction of, or improvement to, retirement benefits.
- Police Services** – these are services as set out in the CIPFA Service Reporting Code of Practice.
- Precept** - The amount of money the Commissioner has to raise from Council Tax payers (via unitary collection funds) to pay for police services. Each collection fund pays a standard amount per Band D equivalent property.
- Provisions** – Provisions represent sums set aside for liabilities or losses which are certain to arise but owing to their inherent nature cannot be quantified with any certainty. The Commissioner's main provisions relate to insurances and pensions.
- Public Works Loan Board (PWLB)** - A government agency which provides longer term loans to Local Authorities at interest rates only slightly higher than those at which the government itself can borrow.
- Reserves** - There are two types of reserve; those which are available to meet revenue or, in some cases, capital expenditure and those which are not available to finance revenue or capital expenditure. Most revenue reserves are capable of being used to finance revenue or capital expenditure.
- Revenue Expenditure** - Amounts which the Commissioner pays or expects to pay to any source - includes the cost of employees, premises, transport, supplies and services.
- Revenue Support Grant** - General government grant support towards the Commissioner's expenditure.

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

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