



POLICE & CRIME COMMISSIONER & CHIEF CONSTABLE FOR CHESHIRE

Financial Performance Statement 2022/23

This Financial Performance Statement provides an analysis of the Commissioner and Chief Constable's financial performance and position over the last 12 months.

1. **Financial Performance Statement**

We have a responsibility to feed back to you, as a local resident or taxpayer, on how we spend and manage the Police and Crime Commissioner's (the Commissioner) for Cheshire and the Chief Constable's resources.

The financial performance statement compares the budget (what we planned to spend) with what we actually spent and explains the changes. If we have over or under spent, we have explained why. As well as our annual expenditure, this statement also includes information about our longer-term financial sustainability. This is important so that you know the resources we have available to provide services into the future. The summary shows you what is owned and what is owed together with what is put aside to make sure we can deliver services beyond this year.

You can have confidence in the figures in this report because we have to follow regulations and standards in compiling them and the information from our accounts is independently audited. This information is consistent with that reported in the audited accounts that are available from our respective websites.

2. **About Cheshire Police**

The Commissioner is usually elected by the public every four years to secure the maintenance of an efficient and effective police force and to hold the Chief Constable to account. In line with this, elections were due to be held in May 2020 but were postponed because of the Covid-19 pandemic. Consequently, the term for the current Commissioner elected in May 2021 is three years. Following his election, the Commissioner launched his Police and Crime Plan for 2021-24. The Plan sets out the Commissioner's vision for policing, crime and community safety in Cheshire for his term in office, as well as setting out how he will hold the Chief Constable to account to ensure that our police service delivers on these priorities. In addition to outlining the Commissioner's wider vision, the Plan sets out the strategic direction for Cheshire Constabulary. Based upon feedback from the public of Cheshire, the Commissioner refreshed his Police and Crime Plan in 2022.

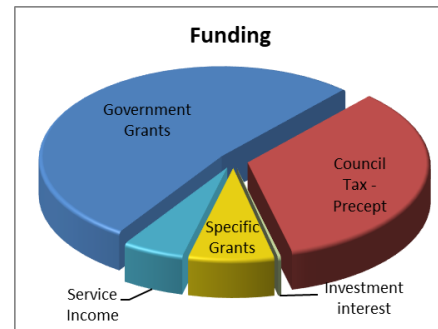
The Chief Constable is responsible for delivering operational policing for the county of Cheshire and reports to the Commissioner. We both work closely with Cheshire East, Cheshire West and Chester, Halton and Warrington Councils, Cheshire Fire and Rescue Service, other local partners and other police forces and Commissioners.

3. **Where we get our funding from**

We primarily get our money from council tax and grants from the government. We have to make sure that when we set the budget for the year, we can afford to pay for the services we offer. This includes any plans we make where we need to include longer-term commitments. We must balance our budgets each year (make sure expenditure can be fully paid for) and setting council tax is an important part of this process.

Our total funding for 2022/23 is shown below:

	Funding £000	
Government Grants	(139,776)	52.3%
Council Tax - Precept	(91,617)	34.3%
Investment Interest	(766)	0.3%
Specific Grants	(20,207)	7.6%
Service Income	(14,658)	5.5%
	(267,024)	100.0%



4. Analysis of Financial Performance

The 2022/23 outturn shows an underspend of £0.1m after taking into account £1.2m of approved carry-forward commitments into 2023/24, this relates to projects and plans that are not fully concluded by year end and require funding to be carried forward to allow for delivery in 2023/24.

The following table shows the detail of this underspend against the service headings which are explained in full within the Outturn Report presented to the Joint Management Board in July 2023 – please see the Commissioner’s website.

	Full Year Budget	Outturn Actual	Carry Forwards	Total Outturn	Outturn Variance	
	£000	£000	£000	£000	£000	%
Police Pay	121,583	120,169	0	120,169	(1,414)	(1%)
Overtime	3,378	4,212	0	4,212	834	25%
Contact, Response & Resolution	13,153	13,231	0	13,231	78	1%
Crime	9,328	8,942	29	8,971	(357)	(4%)
Neighbourhoods	7,666	7,661	73	7,734	68	1%
Public Protection	7,605	7,668	0	7,668	63	1%
Centrally Delivered Services	6,689	6,715	187	6,902	213	3%
Business Services	44,202	44,525	181	44,706	504	1%
Collaborations	10,843	10,783	234	11,017	174	2%
Corporate Costs	2,058	1,767	0	1,767	(291)	(14%)
Total Constabulary Costs	226,505	225,673	704	226,377	(128)	(0%)
Office of the Police & Crime Commissioner	939	895	24	919	(20)	(2%)
Commissioning	1,134	693	441	1,134	0	0%
OPCC Total	2,073	1,588	465	2,053	(20)	(1%)
Total Service Costs	228,578	227,261	1,169	228,430	(148)	(0%)

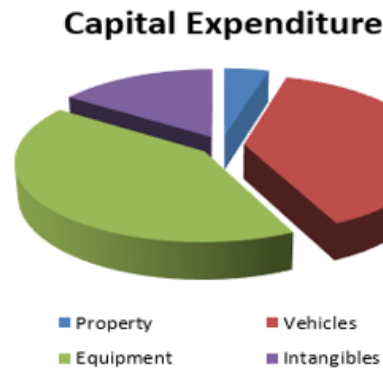
The main points to note are:

- The Constabulary has had another successful year in achieving its target to increase police officer numbers. On 31 March 2023, 2,361 police officers were in post compared with the targeted establishment of 2,347. Overall, the Constabulary have recruited and trained 269 officers in the year including replacement of leavers and retirements. There is an underspend £1.4m (1%) on Police pay mainly due to changes in both the profile of starters and leavers, secondments of some officers out of force and the mixture of ranks.
- The overspend of £0.8m relating to overtime is due a number of operations both locally and nationally resulting in increased spend.
- There is an overspend of £0.5m (1%) on Business Services. Within Fleet Services there is an overspend of £1.2m which is mainly due to increased fuel costs and settlement of historic insurance claims following the clearing of case backlogs in the courts. Within Estates there is a net £0.5m business rates refund from two successful rating valuation appeals.

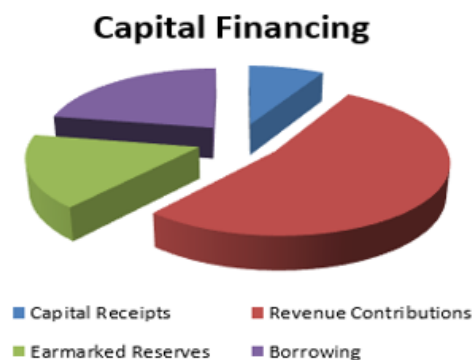
5. Capital Expenditure and Financing

In 2022/23 capital investment in new technology, fleet replacement, estate management and equipment were identified in the approved Budget Report which required funding of £12.6m. The programme was reviewed, amended and changes approved throughout the year as necessary with the year-end position shown below together with details of how this was funded.

<u>Capital Expenditure</u>	£000	
Property	374	4.4%
Vehicles	3,310	38.6%
Equipment	3,562	41.4%
Intangibles	1,336	15.6%
Total	8,582	100.0%



<u>Capital Financing</u>	£000	
Capital Receipts	711	8.3%
Revenue Contributions	4,553	53.1%
Earmarked Reserves	1,409	16.4%
Borrowing	1,909	22.2%
Total	8,582	100.0%



6. Summary Financial Position

The Commissioner and Chief Constable use your money to provide necessary local services. The summary financial position below (also known as the balance sheet) represents a summary, or 'snapshot', of our financial position at a single point in time. Each year, on 31 March, it sets out what the Commissioner and Chief Constable (known collectively as the Group) own and how much is owed and the resources it has left to support the provision of future services.

Below we show the group financial position at the year-end, which is a summary of the balance sheet in the audited accounts. This information supports the assessment of whether or not the group has a sustainable financial position and is able to support and maintain services on an on-going basis. The net financial position helps inform future financial planning and sustain the services we deliver.

Table 1: Summary of Balance Sheet	2022/23 £m	2021/22 £m	Movement £m
What we own (held as 'assets')	193	191	2
What we owe (held as 'liabilities') – General	(72)	(73)	1
What we owe (held as 'liabilities') - Pension Liability * ¹	(1,820)	(2,586)	766
Net Financial Position (assets less liabilities)	(1,699)	(2,468)	769

The net financial position is held in reserves as follows:

Table 2: Summary of Reserves	2022/23 £m	2021/22 £m	Movement £m
General Reserves available for future spend	25	29	(4)
Other Reserves held for statutory and/or specific purposes *2	96	89	7
IAS19 Pension Reserve *1	(1,820)	(2,586)	766
Total Reserves	(1,699)	(2,468)	769

*1 Statutory arrangements require pension 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 pension liability and Pension Reserve balances therefore show 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.

*2 The in-year movement relates mainly to an increase in the statutory Revaluation Reserve as a result of the increase in value of Land and Building asset values along with movements in a number of other statutory accounting reserves, none of which have any direct financial impact on either the Commissioner or council taxpayers

7. Financial Sustainability - The ability to plan for the future

We have to plan for the long term to ensure that we can continue to deliver our services in future years and be able to deal with any unexpected events. As a result, it is important that our financial standing (or sustainability) is robust.

We have a medium-term financial strategy which includes looking at risks and future demands on services. The biggest risks identified are likely to be:

- Funding – the current spending review ends in 2024/25 but the lack of confirmed future force level funding allocations makes medium term planning more challenging.
- McCloud Pension Remedy – due to recent changes in the way pensions are calculated, the increased cost of the pension schemes is one of our biggest budget pressure areas for the foreseeable future.
- Inflation risks – Pay and other general high inflation levels currently being experienced have introduced significant budget pressure to our medium-term financial strategy.

8. More about our Reserves

Table 3 sets out a breakdown of the general reserves on the balance sheet. These are split into two types of reserves – earmarked, reserves which are planned to fund specific projects or other commitments; and unallocated, reserves held to support future service provision and manage risk.

Table 3 – General Reserves	31 Mar 23 £m	31 Mar 22 £m	Movement £m
Earmarked reserves	19	23	(4)
Unallocated reserves	6	6	0
Total general reserves	25	29	(4)

9. Raising debt to finance investment

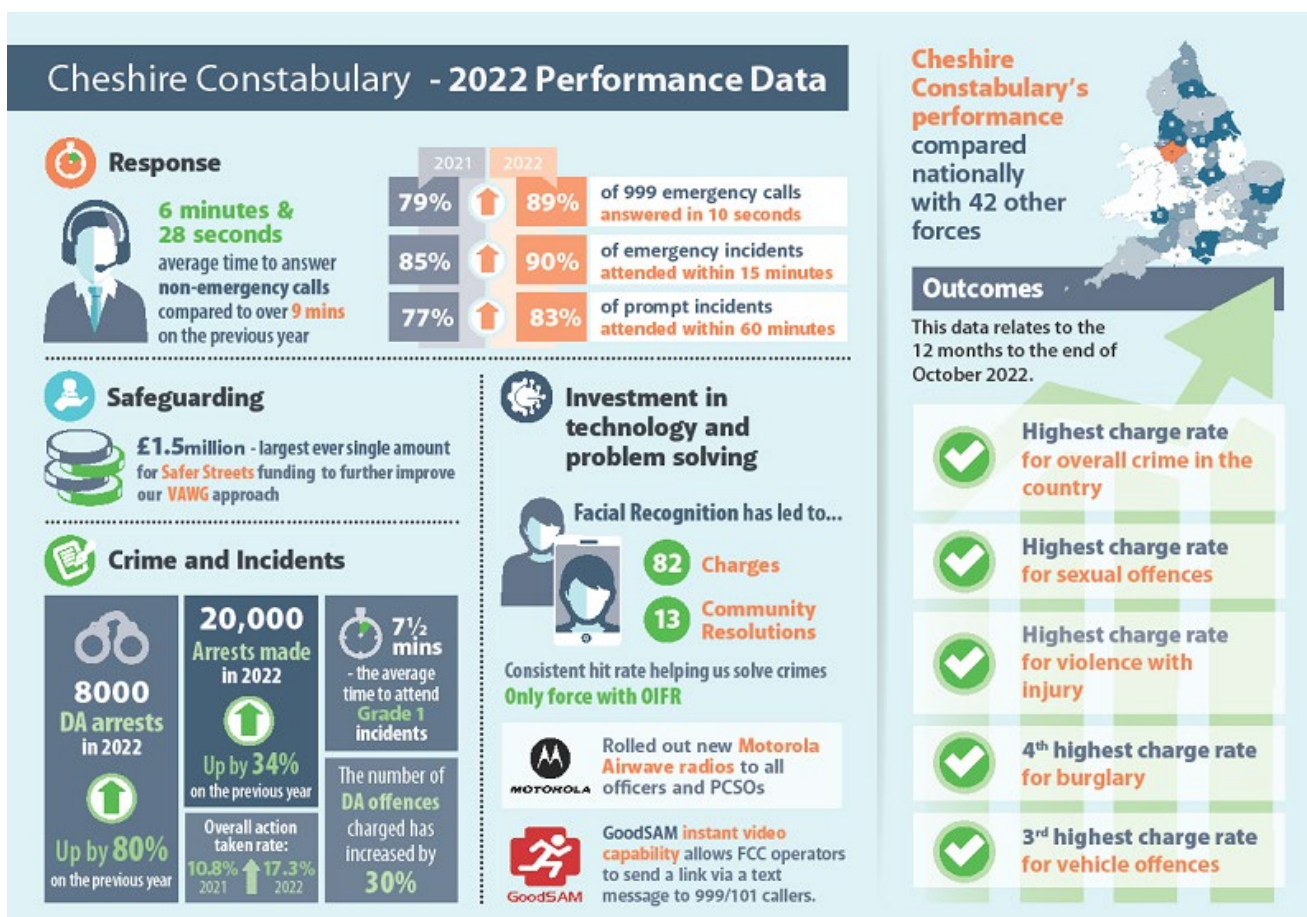
The Commissioner can borrow to invest in property or other infrastructure that supports the delivery of services, but we must ensure that we can pay this amount back. The current level of borrowing is £30.3m (2021/22 £30.4m).

We must set aside a prudent amount of resources each year so we can pay back the borrowing and this must be affordable when compared to our annual income. We compare what this is costing against the funding we receive from council tax and grants to show you what proportion of funding is used for this purpose. For 2022/23 this amounted to 0.87% (2021/22 1.14%).

Further details are available in the Treasury Management Strategy on the Commissioner's website.

Performance Data 1 April 2022 to 31 March 2023

The Commissioner holds the Chief Constable to account for their performance. Details are published on the Commissioner's website with the latest details at time of preparing the accounts shown below.



Further Information

Every effort has been made to ensure that the information provided in this document is clear and informative. Should you require any further information or if you have any comments, please contact Clare Hodgson, Chief Finance Officer, Office of the Police & Crime Commissioner, on telephone number 01606 364109 or Wendy Bebbington, Head of Finance, Cheshire Constabulary on telephone number 01606 362035 or via the Office of the Police & Crime Commissioner, Cheshire Police Headquarters, Clemonds Hey, Oakmere Road, Winsford, Cheshire, CW7 2UA.