



JOINT AUDIT ADVISORY COMMITTEE

DATE: Wednesday 25 February 2026

TIME: 1.00pm

VENUE: Conference Room 9, Cheshire Constabulary HQ, Clemonds Hey, Oakmere Road,
Winsford, CW7 2UA

Any member of the public who wishes to observe this meeting is asked to register their interest no later than midday on Tuesday 24 February 2026 via email: pcc@cheshire-pcc.gov.uk . A link to enable access to the meeting and joining instructions will then be provided in advance of the meeting.

AGENDA

PART 1 – PUBLIC ITEMS

	<i>CONTACT</i>	<i>PAGE</i>
1. Minutes of the Joint Audit Advisory Committee To approve the minutes of the Joint Audit Advisory Committee held on 26 November 2025.	S Bleckly	4
2. Action Log To consider the attached action log update.	S Bleckly	9
3. Deputy Police & Crime Commissioner and Chief Constable Update Verbal update	G Southern M Roberts	-

PART 1 – PUBLIC ITEMS – FOR ADVICE

4. JAAC Chair’s Annual Report 2025 To note the attached report from the Joint Audit Advisory Committee.	S Bleckly	10
5. Draft Internal Audit Plan 2026/2027 To advise upon the attached plan from the Internal Auditor.	A Harrop	16
6. Forward Plan To agree the attached forward plan.	S Bleckly	30



PART 1 – PUBLIC ITEMS – FOR INFORMATION

<p>7. Internal Audit To note the attached reports from the internal auditor: (a) Internal Audit Progress Report (b) Key Financial Systems Review 2025/26 – Final Report (c) Victim Support Review Terms of Reference 2025/26</p>	<p>A Harrop 31</p>
<p>8. 2026/2027 Budget & Medium-Term Financial Strategy To receive the attached reports approved by the Joint Management Board on 28 January 2026.</p>	<p>C Hodgson/ B Malloy 56</p>
<p>9. Service Assurance Plan To receive the attached report by the Chief Constable.</p>	<p>D Gillett 129</p>
<p>10. JAAC Dates 2026/27 and JAAC Recruitment To discuss dates for 2026/27 JAAC meetings and recruitment of JAAC members.</p>	<p>C Hodgson -</p>
<p>11. JAAC Single Point Of Contact Roles To discuss the attached draft SPOC roles for JAAC members.</p>	<p>B Malloy/ C Hodgson 136</p>
<p>12. Any Other Business</p>	<p>S Bleckly -</p>

PART 2 – PRIVATE ITEMS

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

Item	Section
Minutes of the Joint Audit Advisory Committee	(31) Law Enforcement
Action Log	(31) Law Enforcement
Strategic Risk Register	(31) Law Enforcement (43) Commercial Interests

<p>13. Minutes of the Joint Audit Advisory Committee To approve the minutes of the Joint Audit Advisory Committee held on 26 November 2025.</p>	<p>S Bleckly</p>
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14. Action Log

To consider the attached log update.

S Bleckly

PART 2 – PRIVATE ITEMS – FOR ADVICE

15. Strategic Risk Register

To consider the attached report by the Chief Constable/
Police & Crime Commissioner.

D Gillett

PART 2 – PRIVATE ITEMS – FOR INFORMATION

16. Any Other Business

S Bleckly -

**For further information about this Agenda, please contact:
Clare Hodgson on 01606 364000**





Cheshire
Constabulary



Dan Price
Cheshire
Police & Crime
Commissioner

MINUTES OF THE JOINT AUDIT ADVISORY COMMITTEE HELD ON 26 NOVEMBER 2025 IN CONFERENCE ROOM 9, CHESHIRE CONSTABULARY HQ, CLEMONDS HEY, OAKMERE ROAD, WINSFORD, CW7 2UA

Present: Joint Audit Advisory Committee

S Bleckly (Chair)
E Smith
P Birtles
D Sibbet

Office of the Police & Crime Commissioner

G Southern, Deputy Police and Crime Commissioner
D Taylor, Chief Executive
A Murphy, Governance Officer

Cheshire Constabulary

M Roberts, Chief Constable
B Malloy, Chief Finance Officer (Constabulary)
P Woods, Head of Planning and Performance
B Jones, Chief Accountant

Internal Audit

C Black, Delivery Manager (MIAA)
A-M Harrop, Regional Assurance Lead (MIAA)

External Audit

A Walling, Public Sector Audit Director (Bishop Fleming)

Apologies: Joint Audit Advisory Committee

Dr V Karthikeyan

Office of the Police & Crime Commissioner

C Hodgson, Chief Finance Officer

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

Part 1 - Public items

1. Minutes of the Joint Audit Advisory Committee

1.1. The Part 1 minutes of the meeting held on 24 September 2025 were approved.

2. Action Log

2.1. The Joint Audit Advisory Committee Part 1 Action Log was noted. Actions 2025/06, 2025/07 and 2025/09 to remain open until February JAAC meeting. Remaining actions closed.

3. Police & Crime Commissioner and Chief Constable Update

3.1. The Deputy Police and Crime Commissioner provided an update to the Committee in respect of;

- Police and Crime Commissioner role change in 2028 due to devolution
- 'Business as usual' in the Office of the Police and Crime Commissioner
- Early budget conversations have started
- PCSO consultation – no confirmation of numbers affected or final decision until final budget confirmed

3.2. The Chair raised a query around devolution and lack of co-terminosity with police boundaries which was answered by the Chief Executive of the OPCC. He advised that a White Paper is expected soon which should clarify the future for Cheshire.

3.3. The Chief Constable updated the Committee in relation to;

- The importance of transitional arrangements following changes in police governance
- The pressures on policing budget in particular officer and staff pay
- The financially punitive system in police uplift around the maintenance of officers
- Neighbourhood policing targets – met in Cheshire through increasing officer numbers
- Every line in budget has been reviewed – police staff numbers offer only budget flexibility
- Increasingly the public wants enforcement which requires warranted powers
- The Constabulary is committed to neighbourhood policing – reductions in PCSO numbers will be replaced in neighbourhood teams with police officers
- General performance is good with outcomes good relative to other forces
- Increase in policing demand expected towards the festive period

3.4. DS raised a query around public statements in the press around force consolidation, and the debate around the optimum size of a police force. The Chair asked about recruitment of police officers. These queries were answered by the Chief Constable.

4. Statement of Accounts

4.1. The Chief Finance Officer (Constabulary) provided an overview of the draft accounts and Annual Governance Statement. He advised on adjustments made to the accounts as a result of the audit including a new section on financial sustainability and impact on future service provision.

4.2. PB asked for consideration to be given by the author to replace the word 'ransomware' on page 123 to a generic term for cyber threats.

4.3. The External Auditor reflected on how easy it had been working with the Constabulary finance team and expressed her thanks.

4.4. The Committee recommend that, subject to the completion of External Audit work (there remain a small number of outstanding issues), the Commissioner and the Chief Constable should sign the Statement of Accounts 2024/25.

Action: Term 'ransomware' to be amended to reflect overarching cyber threats

5. External Audit Completion Report and Letters of Representation

5.1. The External Auditor presented the completion report and advised on work outstanding in the areas of IFRS16, pension employer contributions, and follow up queries. She advised that the report is nearly finalised and well on track with no causes for concern currently identified. She added that the relationship between the external auditors and the finance team is positive and mature with challenge, and staff have made themselves available throughout the process.

- 5.2. PB asked for clarity on the figure in Section 5 on Audit Adjustments at Note 33 on Employee Benefits (page 141). He said that the commentary implies that the figures have been adjusted from 35,410k to 31,540k, but £35k remains the total.
- 5.3. The Committee noted that the auditors were awaiting management comment in response to the External Audit recommendations for: i) Supporting evidence for asset valuations; and ii) Nil Net Book Value Assets. The Chief Accountant confirmed that the Constabulary agreed with the recommendations, a management comment would be provided accordingly and that there would be no impact upon the accounts.
- 5.4. The Chair asked the External Auditor about the audit fee. The External Auditor explained that there will be no additional fees except around IFRS16 as this is a new financial reporting standard incurring additional workload. The Chair asked if the fees structure would include this additional work in future years.

Action: AW to follow up with PB to look into the figure quoted and provide clarity to the committee.

Action: AW to check on fees structure for future years and provide clarity to the committee.

6. External Auditor's Annual Report (including VFM)

- 6.1. The Director of Bishop Fleming presented the draft Annual Report setting out the external audit opinion on the Constabulary's value for money. She advised that all the work was carried out under the NEA Code.
- 6.2. While it was agreed that the traffic light system is not sophisticated, the Director of Bishop Fleming explained that a green rating shows where arrangements are in place and an amber rating demonstrates where improvement recommendations have been given.
- 6.3. The Director of Bishop Fleming said that it was another good report with no significant weaknesses.
- 6.4. The Chair noted that there was one recommendation around financial sustainability where arrangements in place could be improved and asked for the Director of Bishop Fleming's view on how the Constabulary and Commissioner are dealing with this aspect.
- 6.5. The Director of Bishop Fleming said that there used to be benchmarks for reserves, but auditors have moved away from that measurement. She advised that Cheshire Police are in a better position than many other forces nationally. She said that those honest and difficult discussions are happening, and she has no concerns about the position.
- 6.6. The Chief Accountant advised that the CIPFA Prudential Code for Treasury Management sets out a minimum 3% net budget as general reserves, and that the Constabulary has at least that covered. He added that the Constabulary also has earmarked reserves.
- 6.7. The Chief Accountant also advised that financial pressures have been significant, but that the Constabulary is operating within prudential reserve limits.
- 6.8. The Chair agreed that efficiencies have to be delivered hand in hand with managing reserves. He said that he looked forward to final sign off in the near future.

7. JAAC Forward Plan

- 7.1. The Joint Audit Advisory Committee Forward Plan was noted.

Part 1 – Public Items – For Information

8. Internal Audit

(a) Internal Audit Progress Report

The committee received an update from the Delivery Manager at MIAA showing progress made against the internal audit plan. Progress was shown to be on track.

(b) MIAA Final Report Professional Standards Review

The committee received an update from the Delivery Manager at MIAA. There are two medium priority recommendations both of which have been accepted to be addressed by February 2026.

(c) Rollout of Microsoft 365 Terms of Reference

The Delivery Manager at MIAA presented the terms of reference for an assessment of the effectiveness of the control framework begin exercised over the Office 365 implementation which were noted. A typo was noted on pack page 202 ('pharmacy').

Action: MIAA to amend typo

(d) Key Financial Transactional Processing Review Terms of reference

The Terms of Reference for the Key Financial Transactional Processing Review were noted.

9. Medium Term Financial Strategy 2025-2030: Mid-Year Update

The Chief Finance Officer (Constabulary) provided an overview of the report, which was approved at Joint Management board on 5 November 2025.

9.1. He advised about the budget savings going forward - £6.5 million due this year and £11.8 million in the next three years.

9.2. The emerging risks were also discussed in particular the settlement for next year.

9.3. The Chief Constable said that the Constabulary was impacted by the policing pay increase which was not fully funded for Cheshire as it was based on NRE rather than headcount. He explained that it is the unpredictability of policing which can present financial challenges.

9.4. The Chair asked about examples of demand pressures and was answered by the Chief Constable making reference to the rolling programme of replacement in fleet, the challenge of fleet electrification, as well as increased arrest rates leading to increased resource pressures.

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

10. HMICFRS Value for Money Profiles

10.1. The HMICFRS Value for Money Profiles were presented by the Head of Planning and Performance who advised that the report shows how the force compares to other forces and gives contextual information in high level business areas e.g. cost of call handling. He advised that it is a useful tool for the leadership team as they are used to pull together the Force Management Statement.

10.2. PB asked if there is anything in the profiles very high or very low. The Head of Planning and Performance advised that a few years ago the report was showing that Cheshire was an outlier on the Force Control Centres. He said that investment in that area has led to the

costs going up in the models, but performance has also gone up, so the force could demonstrate that reorganisation and investment has improved outcomes.

10.3. The Chair asked about IT investment and the Chief Finance Officer (Constabulary) talked to investment in the Force Control Centre, cybersecurity investment, and future considerable investment in AI.

10.4. It was noted that the data relate to force budgets and not expenditure.

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

11. Service Assurance Plan

11.1. The Service Assurance Plan was presented by the Head of Planning and Performance who explained that it covers information on various reviews being undertaken through the year. The Chair said that it would be helpful for the document to be laid out with some sort of RAG rating to support the committee's review of the document.

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

Action: D Gillett to consider RAG rating for the Service Assurance Plan.

12. AOB

12.1 Nothing to report.

Date of Meeting	Action Number	Action Details	Responsible for Action?	Status	Notes
24/09/2025	2025/06	CFO(Constabulary) to circulate more details on SPOC roles to committee members.	B. Malloy	Propose Closure	February Update - Initial paper is on the February Agenda for discussion and agreement
24/09/2025	2025/07	CFO(OPCC) to circulate table to show committee members current terms of office.	C. Hodgson	Propose Closure	February Update - Table will be circulated in advance of the February JAAC meeting where this is tabled for discussion.
26/11/2025	2025/11	Term 'ransomware' in Statement of Accounts to be amended to reflect overarching cyber threats	B. Malloy	Propose Closure	February Update - The reference to "ransomware" has been updated to the broader term "cyber attack". This ensures the terminology reflects the full range of cyber threats rather than a single attack type.
26/11/2025	2025/12	External Auditor to follow up with PB to look into the figure quoted and provide clarity to the committee.	A. Walling	Propose Closure	February Update - Response sent to P. Birtles after the JAAC meeting
26/11/2025	2025/13	External Auditor to check on fees structure for future years and provide clarity to the committee.	A. Walling	Propose Closure	February Update - PSAA Scale Fees published November 2025, link can be sent to JAAC members if required
26/11/2025	2025/14	Internal Auditors to amend typo in ToR for Microsoft 365 Rollout	C. Black	Propose Closure	February Update - Typo has been amended and report reissued
26/11/2025	2025/15	The Inspection & Assurance Manager to consider RAG rating for the Service Assurance Plan.	D. Gillett	Propose Closure	February Update - A simple RAG rating has been added to the Service Assurance Plan.



Dan Price
Cheshire
Police & Crime
Commissioner



**Cheshire
Constabulary**

Joint Audit Advisory Committee

Annual Report 2025

Chair's Foreword

Welcome to the 2025 annual report of the Cheshire Police and Crime Commissioner and Chief Constable's Joint Audit Advisory Committee ['the Committee'].

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

The Chartered Institute of Public Finance and Accountancy (CIPFA) provides guidance on the role of the Committee. The Terms of Reference for the Committee are closely aligned to all aspects of the CIPFA guidelines and are reviewed and formally adopted annually (most recently in September 2025).

Membership of the Committee

Membership of the Committee is as follows:

Chair

Simon Bleckly was a Chartered Public Finance Accountant with over 30 years' experience in the public sector until his retirement in December 2025. His most recent roles were as Head of Audit, Risk & Insurance with Warrington Borough Council and Head of Internal Audit at Salford City Council. These roles also included responsibility for counter fraud, procurement, and business continuity activities. Simon was a member of the Fighting Fraud and Corruption Locally Oversight Board (which owned the national local government counter fraud strategy) and has been a frequent speaker at both regional and national events on audit, governance, and counter fraud topics.

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

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

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

David Sibbet is an experienced commercial professional, having held leadership roles in public and private sector organisations. David has spent much of his career working for technology companies in the UK and in the USA, with an emphasis on enterprise software solutions and business process outsourcing. As a senior civil servant, David played a role in the UK government's response to the COVID pandemic. An associate of the Chartered Governance Institute, David continues to work with the civil service and with a multi-academy trust in addition to his role on the Joint Audit Advisory Committee. Members of the Committee bring with them a wide range of experience and skills which cover the various aspects of the Committee's work. Training has been available for members over the last 12 months which has ensured all members can contribute fully to the work of the Committee and fulfil their roles professionally.

At the end of March 2025, Phil Bearpark, the previous Committee Chair, and Jean Gleave stood down from the Committee, being replaced by Simon and David. On behalf of the other members, I wish to express my thanks to Phil and Jean for their service and their contributions towards improving the effectiveness and profile of the Committee.

2025 highlights

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

The Committee has noted the Commissioner's budget proposals and has received regular updates during the year on the budget and the Medium-Term Financial Strategy position. We agreed the plans of both internal and external auditors and received their reports which we have examined to ensure that Cheshire Constabulary maintains the high standards of governance, finance, and audit that the people of Cheshire would expect.

We have received copies of Internal Audit Reports prepared by the Mersey Internal Audit Agency (MIAA) and have monitored the implementation of the agreed management actions arising from these reports. Topics covered included: Professional Standards, Business Continuity Planning, THRIVE SC Risk Assessment, Key Financial Systems, Pensions, and the Central Ticket Office. The constabulary and PCC office have made excellent progress in closing actions raised by the internal audit reports and the Committee was pleased to note that there were no adverse opinions on any of the completed audit engagements.

The Committee also considered the Commissioner's and the Chief Constable's Statements of Accounts and Annual Governance Statements to provide assurance that they complied with the relevant requirements.

The work of the External Auditors has also been reviewed by the Committee to provide additional assurance that all relevant processes have been followed by the Commissioner and Chief Constable. The draft and final accounts were presented to the Committee and were very clearly explained to us. External Audit services have been provided by Bishop Fleming, 2024-25 being the second year of the new contract. The teams from the auditors, Constabulary and PCC office have worked well together. Audit of the accounts was completed ahead of the statutory deadline, and the accounts are now published on the PCC website. In the context of the significant audit backlog currently being experienced across most of the rest of the public sector, it is a major source of assurance to the Committee to be able to rely on timely audited accounts. The Committee was also provided with the copies of the Constabulary and PCC responses to the letters sent by Bishop Fleming to those charged with governance. These provided additional assurance around arrangements in place to mitigate the risk of fraud or other non-compliance with legal requirements.

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

Effectiveness of the Committee

Committee Self-Assessment

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

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

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

From the exercise, the Committee considered that it has performed well against most of the requirements of the CIPFA guidance and is therefore operating effectively. Strengths highlighted by the Committee were: the level of engagement with a wide range of leaders and managers via thematic reviews and the creation of “Specified Point of Contact” roles and the work carried out on reviewing and updating the Annual Governance Statement. No significant improvements were identified but given the changes occurring in Committee membership in 2025, we are currently repeating the self-assessment exercise. This will be used to inform any additional training and development requirements for Committee members.

Both new members who joined the Committee in 2025 have attended the “Introduction to Police Audit Committee” training course provided by CIPFA, to ensure familiarity with the requirements of a police audit committee and the relevant governance arrangements.

The Committee considers the PCC / Constabulary Strategic Risk Register at each meeting and identifies any areas that may be the subject of a “deep dive” review. In 2025, we requested and received an informative presentation on cyber risk.

New Global Internal Audit Standards (GIAS) came into force in April 2025, replacing the Public Sector Internal Audit Standards (PSIAS). The Committee requested and received a briefing from Mersey Internal Audit Agency on the key changes contained in the GIAS, noting particularly where the new Standards may not be applicable to an audit committee that is solely advisory.

External Audit View

When evaluating the Constabulary’s governance arrangements, the external auditor considers the effectiveness of the Audit Committee and will make recommendations for improvement if they have any significant concerns. No recommendations for improvement have been received. Their Annual Report for 2024/25 commented that there is “active discussion of relevant issues” at Committee meetings and provided assurance that the Committee meets the obligations in its Terms of Reference to monitor the operation of risk management in the PCC and the Constabulary and to monitor progress in addressing risk-related issues reported to the Committee.

The future

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

The government has recently announced plans for significant change to the delivery of policing in England and Wales. These include:

- Significantly reducing the number of police forces by the end of the current parliament.
- Abolishing Police and Crime Commissioners in 2028, transferring police governance to Strategic Authority Mayors and local council leaders through Policing and Crime Boards.

The Committee will continue to operate until 2028 and will support any transition to new organisational structures and changes to systems of governance.

The term of office for some of the Committee members expires in 2026. We intend to recruit to replace any retiring members, to ensure that the Committee remains quorate and effective until the proposed changes come into effect.

Further information

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

Simon Bleckly – BA, MSc

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



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

Draft Internal Audit Plan *2026/27*

Contents

Your Internal Audit Team

1. Internal Audit Plan On A Page
2. Executive Summary
3. Supporting you through Adding Value
4. Understanding Your Vision, Objectives & Risks
5. Internal Audit Risk Assessment
6. Operational Internal Audit Plan 2026/27

Appendix A: Strategic Three Year Internal Audit Plan

Appendix B: Internal Audit Key Performance Indicators



Louise Cobain
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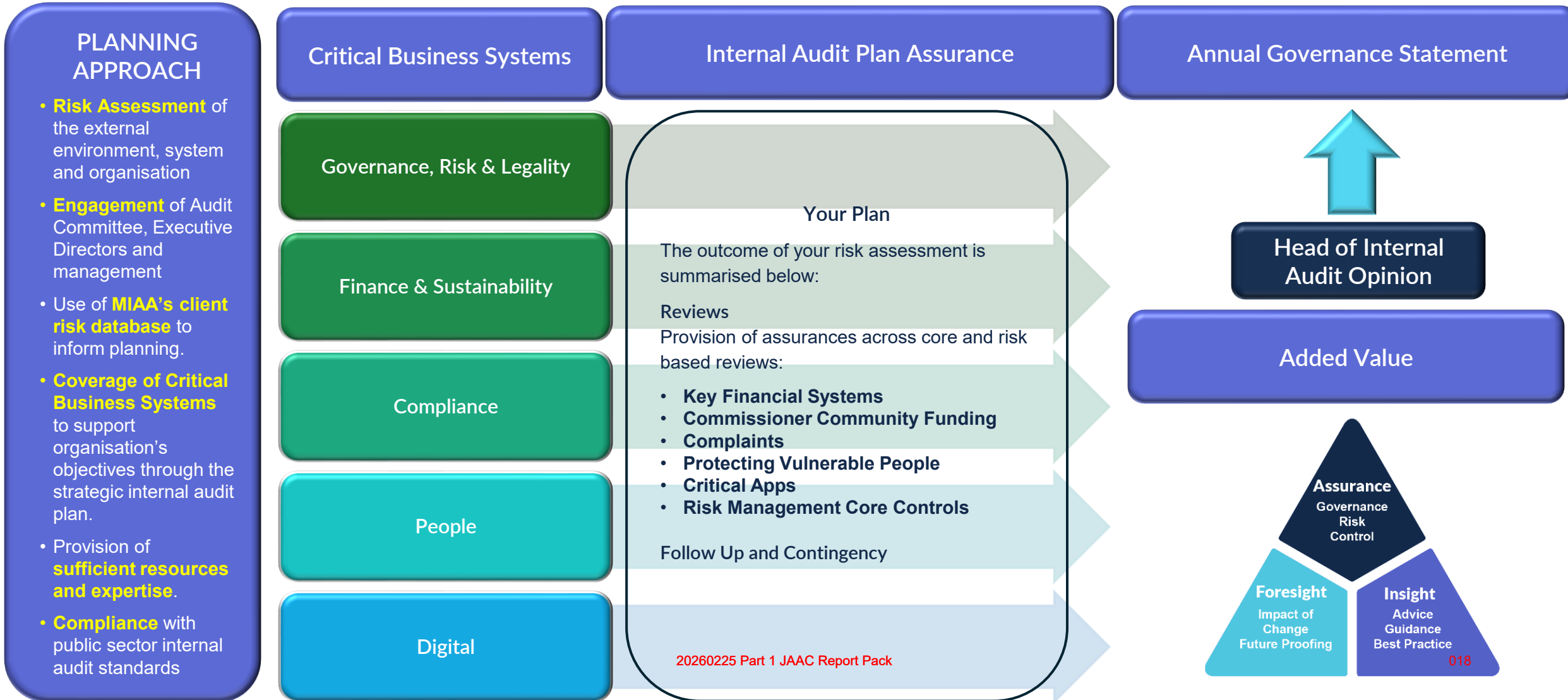


Anne-marie Harrop
Engagement Lead
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1 Internal Audit Plan on a Page

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






2 Executive Summary

2.1 MIAA's Strategy - Working in partnership with you

MIAA Assurance, providing cost effective assurance, insight and foresight. These services are delivered in partnership with you to ensure they are personal and responsive, ensuring the best possible customer experience. Our current MIAA wide strategy is summarised below:

Our Vision	MIAA will be the provider of choice of public and 3 rd sector clients, supporting them to deliver value and improve services for the benefit of the people and communities they serve.				
Our Mission	To drive value and improve outcomes through excellence and professionalism				
Our Values	 TRUST	 RESPECT & COMPASSION	 COMMITMENT TO INNOVATION & EXCELLENCE		
Our Strategic Objectives	FINANCE Ensure MIAA is sustainable and continues to grow its client base, products and service offers	QUALITY & ADDED VALUE SERVICES Ensure MIAA demonstrates added value, delivers quality and professional services for our clients	PEOPLE Continue to recruit, develop, support, retain and reward our people to maximise their potential	GOVERNANCE & ACCOUNTABILITY Ensure we demonstrate effective and appropriate governance and accountability to our stakeholders	INNOVATION Continue to lead and innovate across all our services



2.2 Your Risk Assessment

A strong risk assessment underpins the Internal Audit Plan. This has focused upon your assurance framework as this represents **Cheshire Constabulary and the Office of the Police and Crime Commissioner for Cheshire's** own assessment of the risks to achieving its strategic objectives. These are summarised in Appendix A. We have clearly set out the risks which have been prioritised within the audit plan and those which are not.

Where available and appropriate we have considered the work of other assurance providers in developing your plan.

2.3 Your Internal Audit Plan

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

Your operational annual plan in Section 6 forms part of the organisation's three year Strategic Plan (shown in Appendix A). This will be reviewed as part of our ongoing risk assessment process to ensure that it remains focused on the organisation's key risks and challenges and adds value.

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

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

Fees for 26/27 are yet to be confirmed but will be based on 25/26 fees uplifted in line with the NHS pay award.





3 Supporting you through Adding Value

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

Individual Organisation Level

- Client Focused: Relationships & Engagement
- Specialist services
- Local presence
- Flexibility and ability to respond
- Sharing of best practice / aligning of audit review approaches and scopes where appropriate
- Access to MIAA Insights and Benchmarking, events

National Level

- Involvement and representation on national bodies
- National publications, Insights and contributions

System Level

- Regional based teams
- Significant experience and knowledge: extensive client base
- Benchmarking, shared learning & best practice
- Regional & system groups



4 Understanding Your Vision, Objectives & Risks

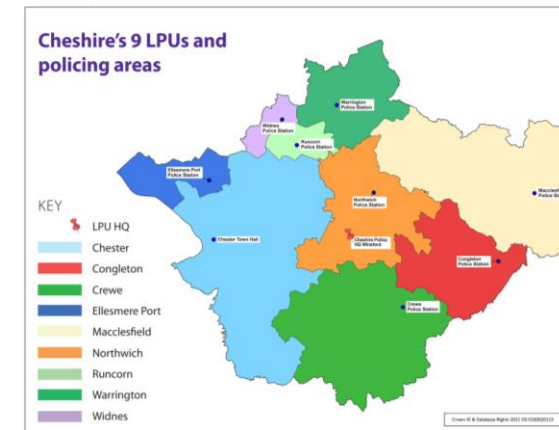
Understanding Your Vision, Objectives and Risks

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

Assurance Built Around Your Risks

- *Financial sustainability*
- *Professional Standards*
- *Delivery of Police and Crime priorities and programmes*
- *Workforce*
- *Cyber and IT resilience*

We map your strategic objectives and strategic risks to the 3 Year Strategic Internal Audit Plan (Appendix A).





5 Internal Audit Risk Assessment

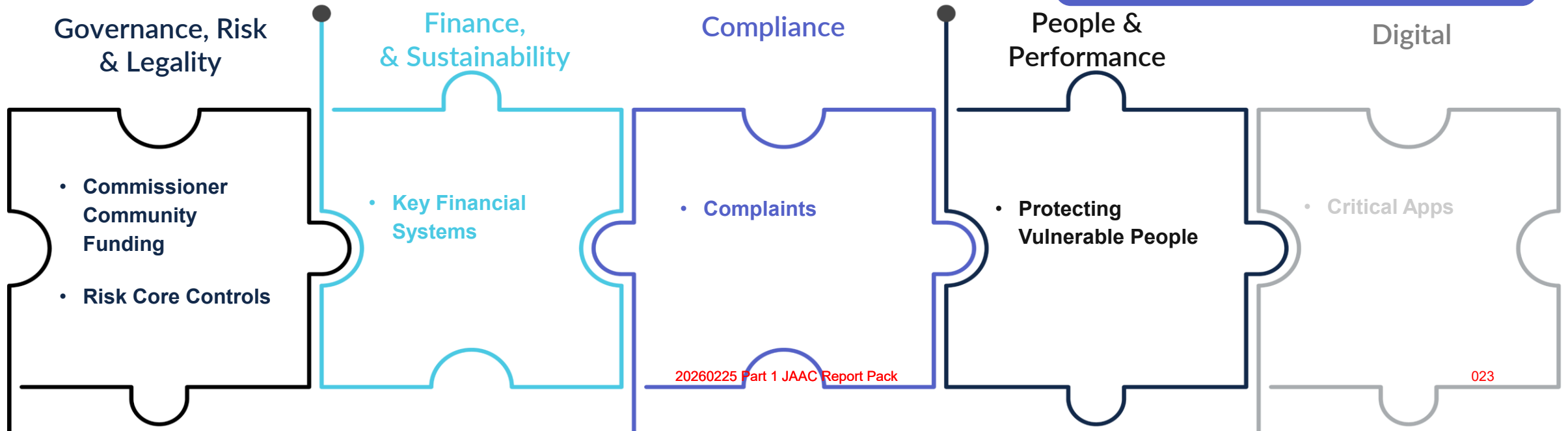
The Cheshire Constabulary and the Office of the Police and Crime Commissioner for Cheshire’s internal audit plan is built from a risk assessment which has considered national and local system risks, place based developments and your local strategic risk assessment, along with our breadth of experience and understanding of the challenges you face.

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

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

- **Organisation intelligence** – including review of your Strategic Risk Register, Police and Crime Plan and operational plans and performance.
- **Benchmarking and national Police Audit Group (PAG) mapping** – MIAA are part of the PAG where we gain insight and share learning across audit providers working with the police sector.
- **Assurance mapping** – utilisation of the 3 lines of assurance model and professional standards to ensure focused coverage. Where relevant, we have considered expected third party assurances to enable coordination of services and m
- **Previous Internal Audit coverage** – we have reviewed your previous Internal Audit coverage to ensure the proposed plan does not duplicate coverage.
- **Mandated assurance** – including core systems assurances and public sector internal audit standards requirements.
- **Follow Up** – Internal Audit coverage will also include follow up of outstanding internal audit actions.

Prioritised risks are presented below. Non-prioritised risk areas are detailed in Section 6 of this document





6 Operational Internal Audit Plan 2026/27

Review & Scope	Risk / Rationale	Planned Delivery	Executive Lead
Governance, Risk & Legality			
Community Commissioner Funding: To provide assurance that key controls are established and maintained in relation to community Commissioner funding.	Risk Assessment / Management Request	Q1	OPCC
Risk Management Core Controls: To provide assurance that core risk management controls have established and maintained.	HOIA Opinion Requirement/ Internal audit standards requirement	Q4	OPCC / Chief Constable
Finance & Sustainability			
Key Financial Systems – Deep Dive Budgetary Control: To provide assurance that the key budgetary controls are appropriately designed and operating effectively.	Core Assurance/ Strategic Risk	Q3	OPCC / Chief Constable
National Fraud Initiative (NFI): Preparation for the release and investigation of the outcome of the NFI data match exercise.	Mandated Requirement	Q3	OPCC / Chief Constable
Compliance			
Complaints: To provide assurance that key controls are established and maintained in relation to complaints made to the Constabulary.	Risk Assessment/ Police and Crime Plan Priority	Q2	OPCC / Chief Constable
People & Performance			
Protecting Vulnerable People: To provide assurance over the effectiveness of the force's arrangements for identifying, safeguarding, and supporting vulnerable people.	Risk Assessment/ Police and Crime Plan Priority	Q4	OPCC / Chief Constable



Review & Scope	Risk / Rationale	Planned Delivery	Executive Lead
Digital			
Critical Apps: provide assurance over the adequacy and effectiveness of the force's governance, security, resilience, and continuity arrangements for its critical applications.	Risk Assessment /Police and Crime Plan Priority	Q3	OPCC / Chief Constable
Follow up & Contingency			
Follow up and Contingency	Internal audit standards requirement	Q1 – Q4	OPCC / Chief Constable
Planning, Reporting and Added Value			
Planning, Management, Reporting & Meetings	Internal audit standards requirement	Q1 – Q4	OPCC / Chief Constable
Added Value including Events and MIAA Insights programme			



Exclusion from the Internal Audit Plan 2026/27

The following audits have been recommended by MIAA for review in 2026/27 but not included in the plan

Recommended Review	Reason for non-inclusion in the plan
AI Governance	Other risk areas prioritised / Consider for 2027/28
Estates	Police and Crime Plan priority area but other risk areas prioritised

Risks in the Strategic Risk Register not covered by reviews in the plan

Strategic Risk Reference	Reason for non-inclusion in the plan
Data Quality - Niche	Specialist skills required and other assurance mechanisms in place

Areas requested by Audit Committee members or officers which have not been included in the plan

Review Area	Reason for non-inclusion in the plan
N/A	N/A

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



Appendix A – 3 Year Strategic Internal Audit Plan

We have mapped your strategic objectives and strategic risks to the 3 Year Strategic Internal Audit Plan. This aligns to our overarching strategy referenced in Section 2. This will be reviewed as part of the risk assessment process to ensure that it remains focused on the organisation's key risks and challenges and adds value.

2026/27	2027/28	2028/29
Governance, Risk and Legality		
Commissioner Community Funding	Neighbourhood Policing Grants	Estates
Finance and Sustainability		
Key Financial Systems National Fraud Initiative	Key Financial Systems National Fraud Initiative	Key Financial Systems National Fraud Initiative
Compliance		
Complaints	Crime Recording	Vetting
People and Performance		
Protecting Vulnerable People	Health and Wellbeing	Absence Management
Digital		
Critical Apps	Artificial Intelligence Governance	IT Asset Management

Appendix B – Internal Audit Key Performance Indicators



Cheshire
Constabulary



Cheshire
Police & Crime
Commissioner

An efficient and effective internal audit service is delivered in partnership. It is important that clear expectations are established and a range of KPIs are in place to support this. It is important that organisations ensure an effective Internal Audit Service. Whilst input and process measures offer some assurance, the focus should be on outcomes and impact from the service. Our annual Head of Internal Audit Opinion will provide you with a range of impact and effectiveness measures, as well as confirmation of our compliance with public sector internal audit standards and accreditations.

In addition, the following operational KPIs have been proposed for you.

Operational KPI	Target	Measurement and Frequency
Agreement of Annual Plan prior to the start of the year	100%	Annual (measured as per agreed Audit Committee date / Audit Committee Workplan)
Completion of annual plan within agreed timetable and budget	100%	Annual (measured through HOIA opinion) plus in year reporting to Audit Committee
Presentation of the Head of Internal Audit Opinion to the Audit Committee	100%	Annual (measured as per agreed Audit Committee date / Audit Committee Workplan)
Delivery of audit reports to audit committee as per the plan	100%	Quarterly (measured as per annual operational delivery plan)
Terms of reference agreed with management at least 10 working days before commencement of audit	100%	Quarterly (measured as per MIAA's Electronic Working Paper (EWP) system) – requires MIAA and organisation to deliver KPI (for urgent requests this may be shorter depending on the nature of the request)
Draft reports issued within 10 days of completion meeting	100%	Quarterly (measured as per MIAA's EWP system)
Final audit report issued within 10 days of receiving management response	100%	Quarterly (measured as per MIAA's EWP system)
Final audit reports are agreed by the nominated executive director, who will ensure consultation has taken place with relevant officers	100%	Quarterly (measured as per annual operational delivery plan)
Receipt of all internal audit reports in accordance with timelines for Audit Committee publication with completed cover sheets as required	100%	Quarterly (measured as per agreed Audit Committee dates)
Proportion or recommendations accepted by management	95%	Quarterly (measured as per MIAA's EWP system) – the target allows for advisory recommendations (we would expect 100% of high risk recommendations).
Monitor and Follow Up implementation of accepted recommendations by due date	95%	Quarterly (measured through follow up reports) - requires organisation and MIAA to deliver KPI
Issue of client satisfaction survey following completion of each review	100%	Quarterly (measured as per agreed Audit Committee dates)
Operation of systems to ISO Quality Standards and compliance with public sector internal audit standards.	100%	Quarterly (measured as per agreed Audit Committee dates)
Commitment to training and development of audit staff. Maintenance of 65% Qualified (CCAB, IIA etc) 35% Part Qualified	100%	Quarterly (measured as per agreed Audit Committee dates)

Global Internal Audit Standards in the UK Public Sector

This Plan is compliant with the requirements of the Global Internal Audit Standards as they apply in the UK Public Sector which came into effect on 1st April 2025.

Limitations

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

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



Overview of topics to be covered during the period February 2026 to November 2026

Part 1 Items	Feb-26	Jul-26	Sep-26	Nov-26
Minutes of Joint Audit Advisory Committee	✓	✓	✓	✓
Matters Arising from Previous JAAC Meetings	✓	✓	✓	✓
Briefing from Police and Crime Commissioner & Chief Constable	✓	✓	✓	✓
JAAC Annual Report and Effectiveness Review	✓			
Single Point of contact roles for 2026/27	✓			
Review of JAAC Terms of Reference				✓
External Audit Plan		✓		
External Audit Interim Report (verbal)			✓	
External Audit Completion Report and Letter of Representation				✓
External Audit Auditor's Annual Report (inc. VFM)				✓
Internal Audit Progress Reports	✓	✓	✓	✓
Head of Internal Audit Opinion		✓		
Internal Audit Final Reports	✓	✓	✓	✓
Internal Audit Charter		✓		
Internal Audit Terms of Reference (Tor)	✓	✓	✓	✓
Internal Audit Plan		✓		
NFI Data Matching	Draft	Final		
Statement of Accounts		Draft		Final
Annual Governance Statement (inc. Counter Fraud)		Draft		Final
Budget and Medium Term Financial Strategy	✓			
Mid-Year Medium Term Financial Strategy Update				✓
Value for Money profiles				✓
Service Assurance Plan	✓	✓	✓	✓
Part 2 Items	Feb-26	Jul-26	Sep-26	Nov-26
Minutes of Joint Audit Advisory Committee	✓	✓	✓	✓
Matters Arising from Previous JAAC Meetings	✓	✓	✓	✓
Strategic Risk Register	✓	✓	✓	✓
Annual Risk Report		✓		
Internal Audit ToR/Reports	✓	✓	✓	✓

Internal Audit Progress Report Joint Audit Advisory Committee (February 2026)

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

Contents

1 Introduction

2 Key Messages for Joint Audit Advisory Committee Attention

Appendix A: Contract Performance

Appendix B: Performance Indicators

Appendix C: Assurance Definitions and Risk Classifications

Global Internal Audit Standards (UK public sector)

Our work was completed in accordance with Global Internal Audit Standards (UK public sector).

1 Introduction

This report provides an update to the Audit Committee in respect of the progress made against the Internal Audit Plan for 2025/26. It brings to your attention matters relevant to your responsibilities as members of the Joint Audit Advisory Committee (JAAC).

This progress report provides a summary of Internal Audit activity and complies with the requirements of the Global Internal Audit Standards (UK public sector).

This progress report covers the period 1st November 2025 – 31st January 2026.

2 Key Messages for Joint Audit Advisory Committee Attention

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

2025/26 Audit Reviews

The following reviews have been finalised:

- Key Financial Transactional Processing Controls (**High Assurance**)

The full report has been included separately within the JAAC papers.

The following reviews are in progress:

- National Fraud Initiative (**Fieldwork – matches being reviewed**)
- Expenses Briefing (**Draft Report**)
- Victim Support (**Fieldwork**)
- Rollout of M365 (**Fieldwork**)

Audit Plan Changes

The Joint Advisory Audit Committee will be notified of any amendments to the original plan and highlighted separately below to facilitate the monitoring process.

Follow Up

A summary of the current status of all follow-up activity will be brought to the July 2026 meeting.

Added Value






Events


- [Leading the public sector workforce towards AI readiness \(11th February 2026\)](#): This interactive masterclass explores how public sector organisations in the North West can embrace artificial intelligence (AI) in a way that is ethical, impactful, and sustainable. Designed for leaders and practitioners navigating digital transformation, the session demystifies AI, outlines governance and risk considerations, and showcases real-world use cases from health and local government.
- [Unlocking Sustainable Productivity \(19th March 2026\)](#): This masterclass will help health, social care and public sectors leaders reframe productivity as a driver of sustainable improvements in care quality, not just a mechanism for meeting financial targets. Building on the NHS Productivity Commission's call for a new narrative, the session will explore how productivity gains can enhance outcomes, staff experience, and system resilience.

Appendix A: Contract Performance

The Global Internal Audit Standards (UK public sector) state that 'In the UK public sector, a chief audit executive must prepare such an overall conclusion at least annually in support of wider governance reporting, mindful of any specific sector obligations or processes. This overall conclusion must encompass governance, risk management and control.'

Below confirms the delivery of your Head of Internal Audit Opinion for 25/26:

HOIA Opinion Area	TOR Agreed	Status	Assurance Level	Joint Audit Advisory Committee Reporting
Core/ Mandated Assurances				
Key Financial Transactional Processing Controls		Final Report	High	February 2026
National Fraud Initiative	N/A	Fieldwork		July 2026
Risk Based Audits				
Central Ticket Office		Final Report	Substantial	September 2025
Professional Standards		Final Report	Substantial	November 2025
Expenses Briefing		Draft		July 2026
Victim Support		Fieldwork		July 2026

HOIA Opinion Area	TOR Agreed	Status	Assurance Level	Joint Audit Advisory Committee Reporting
Rollout of M365		Fieldwork		July 2026
Follow Up				
Q1 / Q2	N/A	Complete	N/A	September 2025
Q3 / Q4	N/A	Fieldwork		July 2026

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

Appendix B: Performance Indicators

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

Element	Reporting Regularity	Status	Summary
Delivery of the Head of Internal Audit Opinion (Progress against Plan)	Each Joint Audit Advisory Committee	Green	There is ongoing engagement and communications regarding delivery of key reviews to support the Head of Internal Audit Opinion.
Issue a Client Satisfaction Questionnaire following completion of every audit.	Every Final report includes a questionnaire for client feedback	Green	
Percentage of recommendations raised which are agreed	Each Joint Audit Advisory Committee	Green	
Percentage of recommendations which are implemented	Follow Up will be reported twice per year	Green	
Qualified Staff	Annual	Green	MIAA have a highly qualified and diverse workforce which includes 75% qualified staff.
Quality	Annual	Green	MIAA operate systems to ISO Quality Standards. MIAA conforms with the Global Internal Audit Standards (UK public sector).

Appendix C: Assurance Definitions and Risk Classifications

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

Risk Rating	Assessment Rationale
Critical	Control weakness that could have a significant impact upon, not only the system, function or process objectives but also the achievement of the organisation's objectives in relation to: <ul style="list-style-type: none"> the efficient and effective use of resources the safeguarding of assets the preparation of reliable financial and operational information compliance with laws and regulations.
High	Control weakness that has or is likely to have a significant impact upon the achievement of key system, function or process objectives. This weakness, whilst high impact for the system, function or process does not have a significant impact on the achievement of the overall organisation objectives.
Medium	Control weakness that: <ul style="list-style-type: none"> has a low impact on the achievement of the key system, function or process objectives; has exposed the system, function or process to a key risk, however the likelihood of this risk occurring is low.
Low	Control weakness that does not impact upon the achievement of key system, function or process objectives; however implementation of the recommendation would improve overall control.

Limitations

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

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

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

Anne-Marie Harrop

Regional Assurance Director

Tel: 07920150313

Email: Anne-marie.Harrop@miaa.nhs.uk

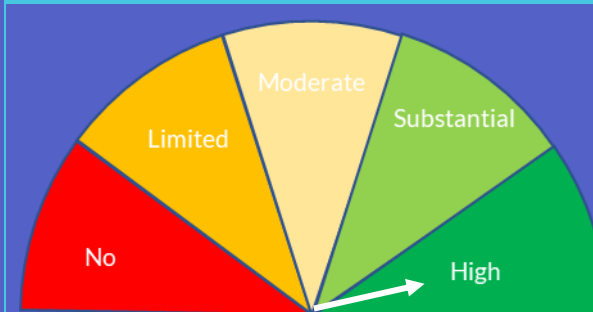
Key Financial Transactional Processing Controls Review

Assignment Report 2025/26 (Final)

Police and Crime Commissioner and Chief Constable for Cheshire

301CPCC_2526_001

Overall Assurance Opinion



There is a strong system of internal control which has been effectively designed to meet the system objectives, and that controls are consistently applied in all areas reviewed.

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1 Executive Summary

2 Findings and Management Action

Appendix A: Engagement Scope

Appendix B: Assurance Definitions and Risk Classifications

Appendix C: Report Distribution

Acknowledgement and Further Information

MIAA would like to thank all staff for their co-operation and assistance in completing this review.

This report has been prepared as commissioned by the organisation, and is for your sole use. If you have any queries regarding this review please contact the Engagement Manager. To discuss any other issues then please contact the Director.

1 Executive Summary

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

Key Findings/Conclusion

Overall, the Constabulary has a strong system of internal control which has been effectively designed to meet the system objectives, and that controls are consistently applied in all areas reviewed.. Areas of good practice were found in our sample testing and documentation review, in particular authorisation and segregation of duties requirements.

We have raised one low risk recommendation with regards to the use of Non-Purchase Orders which may result in non-compliance with the Scheme of Delegation.

Objectives Reviewed	RAG Rating
General Ledger	Green
Accounts Payable	Amber
Accounts Receivable	Green
Treasury Management	Green
Overall Rating	HIGH

Recommendations		
Risk Rating	Control Design	Operating Effectiveness
Critical	0	0
High	0	0
Medium	0	0
Low	0	1
Total	0	1

Areas of Good Practice

- Control account reconciliations are completed monthly. Audit testing undertaken on control account reconciliations between September – November 2025 confirmed that adequate segregation of duties was in place between the persons preparing and authorising the reconciliation. All accounts reviewed were adequately reconciled and this was completed within a timely manner.
- Audit testing on a sample of 20 Journals raised this financial year confirmed that in all instances there was segregation of duties in place between the person preparing and authorising the journal.
- Authorised limits have been established within Unit 4 and are maintained. Our analysis confirmed that limits were consistent with the Chief Constable’s Scheme of Delegation.
- Appropriate segregation of duties was in place for a sample of 10 paid invoices supported by a purchase order and 10 paid invoices not automatically matched.
- There is a documented, standard operating procedure in place for setting up new suppliers and amendments to bank detail changes for current suppliers within Unit 4. Our review confirmed that any changes to a supplier including bank details needs to be approved by senior members of staff and the approval is required within Unit 4. Notes are made within Unit 4 via attached documents which outline the contact made with the supplier to ensure the request to change bank details is legitimate and minimises the risk of Fraud.
- Sample testing of 10 sales invoices highlighted appropriate approval and supporting backing documentation. Audit review of 10 credit notes confirmed valid reasons were provided for the cancellation of the debt.

- Review of the bank mandate confirmed that entitled officers listed were current and appropriate.
- Aged debt monitoring is in place within Unit 4 where aged debt is outlined in detail with 30, 60 and 90-day breakdown. Testing on a sample of 10 outstanding invoices evidenced actions and comments for the following up and the chasing of debt. Outstanding debt is reported to the Joint Management Board.
- BACS runs are confirmed in Unit 4 by a Member of the Finance Services Management Team to ensure necessary segregation of duties and to allow any additional checks to be completed.
- The Scheme of Delegation was last reviewed in February 2025 to ensure this was up to date and relevant. Within this, limit and approvers are evidenced for requisitions, changes to the revenue and capital budgets. This includes the budget manager and budget approver limits.
- The financial position against the approved budget is reported to the Joint Management Board on a quarterly basis, with the most recent being November 2025.
- Evidence was in place to demonstrate that the financial forecast outturn, including cash flow is monitored on a live basis which is reported quarterly to the Joint Management Board.

Key Findings – Issues Identified

Low	1.1 Testing of key financial systems identified that 24% of invoices were processed without an associated purchase order (PO).
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2 Findings and Management Action

1. Use of Non-Purchase Orders		Risk Rating: Low
Operating Effectiveness		
<p>Key Finding – Testing of key financial systems identified that 24% of invoices were processed without an associated purchase order (PO). This is non-compliant with the organisation’s Scheme of Delegation, which states:</p> <p>“Remember the rule of No Purchase Order, No Pay of invoice – please use a purchase order for all items.”</p>	<p>Specific Risk – Lack of compliance with the Scheme of Delegation.</p>	<p>Recommendation – The Constabulary should look to reduce the number of invoices being processed without a PO. A No-PO, No Pay Policy may help to expedite this.</p>
<p>Management Response – The Constabulary operates a strict No PO, No Pay policy for goods and services that we purchase from suppliers, these are referred to in the Scheme of Delegation as “items”. However there are agreed exceptions to this for other payments that we make through the AP system which include business rates, utility and telephony bills, confiscation orders, legal claim costs, charitable donations and direct debit charges to name just a few. Purchase orders would not be raised for these types of payments. The wording on the Scheme of Delegation will be updated to "Remember the rule of No Purchase Order No Pay of invoice – please use a purchase order for all items, unless they are an agreed exception"</p> <p>Responsible Officer – Fiona Aston – Finance Services Manager</p> <p>Implementation Date – February 2026</p>		<p>Evidence to confirm implementation – The review of the approval limits and Scheme of delegation will be shared.</p>

Appendix A: Engagement Scope

Scope

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

General Ledger

- Control Accounts Reconciliation
- Journals

Accounts Payable

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

Accounts Receivable

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

Treasury Management

- Cash Flow Reporting
- Control of Bank Accounts

- Bank Reconciliations

Approach

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

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

Scope Limitations

The controls reviewed relate to the 2025-26 financial year to date. IT system administration and management is not within the scope of this review.

Limitations

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

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

Appendix B: Assurance Definitions and Risk Classifications

Level of Assurance	Description
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Risk Rating	Assessment Rationale
Critical	Control weakness that could have a significant impact upon, not only the system, function or process objectives but also the achievement of the organisation's objectives in relation to: <ul style="list-style-type: none"> the efficient and effective use of resources the safeguarding of assets the preparation of reliable financial and operational information compliance with laws and regulations.
High	Control weakness that has or is likely to have a significant impact upon the achievement of key system, function or process objectives. This weakness, whilst high impact for the system, function or process does not have a significant impact on the achievement of the overall organisation objectives.
Medium	Control weakness that: <ul style="list-style-type: none"> has a low impact on the achievement of the key system, function or process objectives; has exposed the system, function or process to a key risk, however the likelihood of this risk occurring is low.
Low	Control weakness that does not impact upon the achievement of key system, function or process objectives; however implementation of the recommendation would improve overall control.

Appendix C: Report Distribution

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

Charles Black

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Anne-Marie Harrop

Regional Assurance Director
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Limitations

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

Public Sector Internal Audit Standards

Our work was completed in accordance with Global Internal Audit Standards (UK Public Sector).



Victim Support Review

Terms of Reference 2025/26 (Final)

Police and Crime Commissioner and Chief Constable for
Cheshire

301CPCC_2526_009

1 Introduction and Background

This victim support review will be conducted in accordance with the requirements of the 2025/26 Internal Audit Plan.

The Ministry of Justice (MoJ) Victim Services Commissioning Guidance, published December 2024, aims to prioritise improving commissioning support for victims of crime. This focuses on key areas including effective collaboration and co-commissioning with other local agencies, services for children and young people (CYP), and services for victims from marginalised groups. And the Victims Funding Strategy, published in 2022, outlines its three strategic aims as funding the victim support sector more strategically, removing barriers to access and to implement clear and consistent outcomes.

The MoJ Code of Practice for Victims of Crime in England and Wales summarises victim’s rights and sets out the enhanced rights for victims under the age of 18 and those affected of certain serious crimes. The code defines victims have the right to be treated with respect, dignity, sensitivity, compassion and courtesy. Support should be available for witnesses and all victims regardless of their resident status.

2 Audit Objective

The overall objective of the review is to evaluate victim support services.

3 Audit Scope

The following sub-objectives have been identified:

Sub Objective	Risk
---------------	------

The Constabulary has policies and procedures in place for victim’s rights and victim support service arrangements with local authorities.	Non-compliance with mandatory requirements and the Code of Practice for Victims of Crime in England and Wales.
Roles and responsibilities have been clearly set out in signed contracts/ service level agreements (SLAs) in place for victim support services procured.	Roles and responsibilities are not clearly defined resulting in a lack of system oversight and overall accountability.
The Constabulary have processes in place for recording, actioning and lessons learnt from victim feedback.	Lack of a mechanism to develop victim support services and make continuous improvements.
There is training resources available for front line officers as well as specialised staff / officer groups involved with victims of crime and the Constabularies victim support services.	Lack of knowledge in relation to the victim’s code and the Constabularies victim support services may lead to non-compliant investigations and reduced public confidence.
Contract management measures such as Key Performance Indicators (KPIs) are in place and are monitored.	Where contracts are not appropriately managed there may lack of suitable oversight of compliance leading to a risk of legal/ regulatory liability, financial loss and or reputational damage.

Governance structures are clearly defined to manage Victim Support risks.	Failure to define a governance structure to oversee Victim Support risks.
---	---

The limitations to scope are as follows:

- The scope of this review focused on the objectives detailed in appendix above and was limited to the controls in operation at the organisation.

4 Audit Approach

The audit process will involve:

- Discussions with key members of staff to ascertain the nature of the systems in operation.
- A desktop review of records against the criteria of effectiveness, accuracy and appropriateness.
- Desktop review of existing contracts, policies, procedures, national guidelines to confirm that they are up to date, communicated across the service and compliance with the policies.

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

5 Information Requirements

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

- Service line agreements (SLAs)/ contracts for victim support services
- Strategy, policies and procedures for victim support services
- Training resources and monitoring arrangements
- Copies of feedback arrangements
- Performance and monitoring meeting minutes and papers

6 Proposed Timescales

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

7 Key Contacts and Report Distribution

Name	Title	Report
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Daniel Gillett	Inspection and Assurance Manager / HMICFRS Liaison Officer	Draft / Final
Mark Roberts	Chief Constable	Draft / Final
Alison Ross	Assistant Chief Constable	Draft / Final
Temporary Assistant Chief Constable	Carlos Brunes	Draft / Final
Michael Evans	Deputy Chief Constable	Draft / Final
Anna Keefe	Chief Inspector	Draft / Final
Claire Jesson	Detective Chief Superintendent/ Head of Protecting Vulnerable People	Draft / Final
Carly Marshall-Humphries	Criminal Justice Detective Superintendent	Draft / Final
Daniel Price	Police and Crime Commissioner	Draft / Final

Gemma Southern	Deputy Police and Crime Commissioner	Draft / Final
Clare Hodgson	Chief Finance Officer (OPCC)	Draft / Final
Damon Taylor	Chief Executive (OPCC)	Draft / Final

8 Data Protection and Freedom of Information

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

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

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

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

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

9 Your Acceptance

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



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JOINT MANAGEMENT BOARD

DECISION NO. 2026/05

DATE: 28 JANUARY 2026

BUDGET AND COUNCIL TAX PRECEPT 2026/27

Executive Summary:

The Commissioner is required by law, to set an annual budget and issue a precept (the Commissioner's element of council tax), taking into account Government grant funding, operational demands, and the economic inflationary pressures. Full details of the 2026/27 budget are presented in Appendix 1.

Recommendation: that

- (1) the Police & Crime Panel be notified that it is proposed to increase the police element of council tax by 6.68% (£18.50 p.a. for an average Band D equivalent property for 2026/27; an uplift from £276.94 to £295.44; i.e., by £1.54 per month);
- (2) the net budget requirement for the financial year commencing 1 April 2026 be set at £292.91m.
- (3) This budget is based on the one-off exceptional flexibility granted to Cheshire for 2026/27, allowing the Police and Crime Commissioner to increase the Band D police precept by £18.50. The Home Office has confirmed this uplift in writing; however, final council tax levels for 2026/27 will be formally confirmed through the Department for Levelling Up, Housing and Communities' (DLUHC/MHCLG) Council Tax Report, which is laid before Parliament in February 2026.

The proposed 2026/27 precepts be as follows:

	Number of Band D equivalent houses	Precept on Collection Fund £
Cheshire East	165,549.87	48,910,054
Cheshire West and Chester	132,128.50	39,036,044
Halton	37,115.00	10,965,256
Warrington	73,439.00	21,696,818
Total	408,232.37	120,608,172


Band	Proposed 2026/27 £	Actual 2025/26 £	Change per year £	Change per month £
A	196.96	184.63	12.33	1.03
B	229.79	215.40	14.39	1.20
C	262.61	246.17	16.44	1.37
D	295.44	276.94	18.50	1.54
E	361.09	338.48	22.61	1.88
F	426.75	400.02	26.73	2.23
G	492.40	461.57	30.83	2.57
H	590.88	553.88	37.00	3.08

- (4) the surplus of collection funds allocated to the Commissioner of £307k included in the budget be noted;
- (5) the Legal & Unavoidable Commitments of £3.141m and Operational demands and pressures of £6.289m as set out in tables 3 and 4 of the report, be approved;
- (6) the savings proposals totalling £4.949m and funding & accounting measures of £1.796m, as set out in tables 5 and 6 in the budget report, be approved;
- (7) the financial health targets for monitoring purposes as set out below, be approved:
- (i) *Reserves*
That the level of general reserves, after allowing for potential financial risks be maintained, at no lower than 3% of the net budget and that this be monitored by the Commissioner on a quarterly basis.
 - (ii) *Revenue Spending*
That the Chief Constable maintains revenue spending within 1% of the net budget and that this is monitored by the Commissioner on a quarterly basis.
 - (iii) *Capital Programme Management*
That the Chief Constable maintains the projected capital outturn at a level that does not vary from the original capital programme by more than 20%. The total capital programme includes the new schemes and those schemes brought forward from previous years. This target is to be monitored by the Commissioner on a quarterly basis.
 - (iv) *Debt*
That the Chief Constable collects at least 50% of debtor income within one month of the invoice being raised.
 - (v) *Prudential Indicators*
That the actual prudential indicators be monitored by the Commissioner on an annual basis against the indicators set in the budget.
- (8) the Capital Strategy and Reserves Strategy as set out in appendices 5 and 6 be approved.

I submit these recommendations for approval

Signature

Date 28 January 2026



Deputy Chief Constable

I have reached the following decision:

Approval of the Recommendations

My rationale for this decision is:

Agreeing the 2026/27 budget will allow the Chief Constable to deliver the priorities contained within my Police and Crime Plan and provide the appropriate level of resources for Cheshire Constabulary for the next financial year.

Signature

Date 28 January 2026



Police & Crime Commissioner

PART 1 – NON-CONFIDENTIAL FACTS AND ADVICE

INTRODUCTION AND BACKGROUND

1. The purpose of this report is to enable the Commissioner to finalise the 2026/27 budget and meet their statutory duty to set a precept.
2. The Commissioner receives funding from two main sources – Government grants and local council tax (known as a precept). Government grants account for around 56% with local council tax funding covering the remaining 44%.
3. On 18 December 2025, the Home Secretary published the *Provisional Police Grant Report 2026/27* alongside the Minister of State for Crime, Policing and Fire's Written Ministerial Statement. The provisional statement indicated that total funding for territorial police forces in 2026/27 would be up to £18.3 billion, representing an increase of £746 million compared with 2025/26, equating to a 4.2% cash increase and a 2.0% real-terms increase. It also confirmed that, for Police and Crime Commissioners in England, the council tax referendum threshold would be £15 for a Band D property.
Following this, the final Police Funding Settlement, published on 28 January 2026, confirmed that total funding for territorial police forces will be up to £18.4 billion in 2026/27—an increase of £796 million, equivalent to a 4.5% cash increase and a 2.3% real-terms increase.
On 28 January 2026, the Home Office also confirmed additional exceptional precept flexibility of £3.50 to bring the council tax referendum threshold to £18.50 for a Band D property.

Full details of both the provisional and final settlements are available on the Home Office GOV.UK pages.
4. Full details of the proposed 2026/27 budget are set out in appendix 1. A consultation exercise was undertaken between 9 January and 23 January 2026, details of which are reported in appendix 1.
5. In addition to the budget, the Commissioner is asked to approve the Capital Strategy and Reserves Strategy as set out in appendices 5 and 6.

FINANCIAL COMMENTS

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

LEGAL COMMENTS

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

EQUALITY COMMENTS

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

Public access to information

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

Is there a Part 2 form – No

Contact Officer: Bill Malloy, Chief Finance Officer (Constabulary)

Tel. No.: 07879470810

Email: william.malloy@cheshire.police.uk

CHIEF OFFICER DECLARATION (Constabulary Chief Finance Officer):

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

Signature *Bill Malloy*

Date: 28 January 2026

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

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

Signature



Date: 28 January 2026

REVENUE BUDGET AND COUNCIL TAX 2026/27

PURPOSE OF THE REPORT

1. The purpose of this report is to enable the Commissioner to finalise the budget for 2026/27 and meet their statutory duty to set a precept. An overview of the statutory requirements regarding the budget and precept setting including the timing of decision-making and interaction with the Police and Crime Panel is attached in Appendix 2.

INTRODUCTION

2. The Commissioner is required to set an annual balanced budget and precept, taking into account Government funding, precept regulations and organisational demands. This requirement is supported by the production of a Medium-Term Financial Strategy (MTFS) with the annual budget forming the first year of the Strategy. The creation and maintenance of the MTFS is fundamental in promoting good financial planning and delivery of value for money.
3. The MTFS covers the period 2026 to 2031 and is based on several assumptions as set out within the report. In addition to the MTFS, there are a number of other financial strategies relating to reserves, capital, and treasury management that both inform and support the budget process. The current documents are available on the Commissioner's website via the following link – www.cheshire-pcc.gov.uk.

COMMISSIONER'S PRIORITIES FOR POLICING

4. This budget is being set against the ongoing delivery of the Commissioner's Police and Crime Plan 2024-28. The budget proposal contained in this report will help ensure that the Plan and its objectives continue to be delivered, and the communities of Cheshire kept safe. The Commissioner's Plan includes the following three key pillars:
 - Listen to the Public
 - Modernise
 - Reduce Crime

Listen to the Public

5. During the last 12 months, the Commissioner has actioned the plans he set out 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. Citizens' Assemblies have now been completed in Crewe and Nantwich, Runcorn, Widnes and Macclesfield. Five more are planned before 2028. Citizens' assemblies enable the Commissioner and his team to hear the voices of a representative section of local people and enable local policing teams to be better informed.
6. The Commissioner's Plan includes a wide range of support for victims of crime, by commissioning tailored services to best meet their needs. By regularly reviewing police performance and holding the Chief Constable to account, the Commissioner will ensure that the police are using all the tools available to them. He will retain a sharp focus on the Constabulary handling victims with care, respect and sensitivity.

Modernise

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

Reduce Crime

9. Through his citizens' assemblies, the Commissioner is clear how important neighbourhood policing, and a visible police presence is to all our communities and will support and review the development of the neighbourhood policing model where all communities will have a named contact. Through his scrutiny process, the Plan also sets out how response and call handling times will be monitored. The budget will support the continued use of tools such as Dytask which will ensure that hotspot areas are properly policed, and that communities and businesses can be best supported at times when they may need additional resources to address such issues as ASB.
10. The Commissioner's Plan also includes a keen focus on violence against women and girls and driving up the reporting of domestic abuse incidents, to ensure the service provided to victims is the best it can be, and that those most at risk of harm are protected. For example, 2025 saw a pilot launch of a multi-agency approach to engage both perpetrators and those impacted by domestic violence in prevention programmes with the aim to cut the generational cycle of domestic abuse.
11. The budget supports the Plan's focus on the prevention agenda and efforts to steer people away from criminal activity, looking to commission educational programmes where appropriate to tackle the scourge of knife crime and other serious violence, but also working with perpetrators and ex-offenders to rehabilitate them into our communities and deter them from further criminality. The Commissioner's 'Fresh start' programme working with the Department for Work and Pensions (DWP) and Probation partners has now seen 15 offers of employment since its launch in September 2025. This budget also sets out the contributions that will be made to regional policing operations which focus on serious and organised crime and counter

terrorism, for which the Commissioner and his regional counterparts will provide oversight and scrutiny.

12. The Plan sets out the work which will be undertaken with local community groups, utilising money seized through the Proceeds of Crime Act to develop projects which support local communities to tackle crime and anti-social behaviour. 192 local community organisations have benefited from small pots of funding so far and there is a further pledge of funding to support Phone Free Education in Cheshire to reduce online safeguarding incidents in mainstream state high schools and prevent more young people entering the criminal justice system.
13. The Commissioner's Police & Crime Plan is the key document in local policing which has helped develop this budget proposal and set out policing priorities for the forthcoming years.

FINANCIAL BACKGROUND

14. On 18 December 2025, the Minister of State for Policing and Crime published the Provisional Police Funding Settlement 2026/27, followed by the Police Grant Report (England and Wales) 2026/27, formally laid before Parliament on 28 January 2026.

The key points from the statement are set out below.

15. The Government has set out the policing funding settlement for the forthcoming financial year. Total funding for (territorial) police forces will be up to £18.4 billion in 2026-27, an increase of up to £796 million compared to the 2025-26 police funding settlement. This equates to a 4.5% cash increase and a 2.3% real terms increase for police forces.

Full details of the Settlement can be found on the Home Office gov.uk pages.

16. In addition to government funding, policing also receives a share of council tax (known as a precept). The Government confirmed that in Cheshire, the Police & Crime Commissioner will have the flexibility to raise the police precept by £18.50 for a Band D property for 2026/27. The Home Office have confirmed the precept in writing however, final council tax levels will be confirmed in MHCLG's council tax report in February.
17. In 2024 the Government set out what it expects from Policing as part of the Prime Minister's Plan for Change. The priorities are:
 - Increasing the number of officers, PCSOs and special constables in neighbourhood policing teams
 - Tackling violence against women and girls
 - Reducing knife crime
 - Cracking down on antisocial behaviour; and
 - By doing these things, increase public confidence in policing

18. To deliver these priorities, the Constabulary must maintain effective neighbourhood policing, protect vulnerable people, prevent crime and harm, and tackle anti-social behaviour. These responsibilities place ongoing pressure on resources and have been considered in the development of the budget proposals.
19. This budget proposal supports the above whilst taking into account the limiting financial factors.

2026/27 BUDGET PROPOSALS

20. The preparation of the 2026/27 budget commenced in 2025/26 utilising a planning process that had at its core the following key documents - the Commissioner's Police & Crime Plan; the Force Management Statement; the Chief Constable's Plan on a Page; local, regional, and national commitments; and the Strategic Policing Requirement. Recognising both demand and risks together with the Value for Money profiles, the Constabulary set out the key principles for that planning process:
 - Ensure the plans and proposals align to the priorities and demands as set out in the key documents, fully utilising the priority-based budgeting (PBB) process which examines all areas of the budget and matches resources according to priorities and risk;
 - Identify savings and efficiencies which can be made through the PBB process in support of the budget and spending plans.
 - Set a comprehensive, timely, balanced, and realistic budget;
 - Takes into account pay and price inflation and achievability of savings;
 - Complies with the approved treasury management strategy;
 - Complies with the approved reserves strategy;
 - Raises awareness of and communicates key financial messages both internally and externally;
 - Ensure budgets set are affordable and do not jeopardise financial stability either in the short or long term;
 - All spending plans will need to demonstrate that they can achieve value for money;
 - Spending will be agreed only when the necessary funding is identified and approved;
 - External funding will be sought wherever it can be used in a sustainable manner that does not lead to unforeseen costs; and
 - Budget proposals will be publicised and consulted upon with stakeholders in an open and transparent manner.

PROPOSED REVENUE BUDGET 2026/27

21. Table 1 shows the outcome of the budget planning process with the proposed revenue budget for 2026/27. The impact of the threats and demands placed upon policing; commitments required; proposed savings and the total funding available to the Commissioner are reflected within these proposals.

22. The proposed revenue budget is considered vital by the Chief Constable to deliver a viable, sustainable police service to the public of Cheshire and to deliver the priorities and demands placed on the Constabulary.

Table 1: Proposed Revenue Budget	2026/27 £000
2026/27 Gross Expenditure Budget	307,654
Pay and Price Inflation (Table 2)	13,131
Legal & Unavoidable Commitments (Table 3)	3,141
Operational Demands and Pressures (Table 4)	6,289
Savings (Table 5)	-4,949
Funding & Accounting Measures (Table 6)	-1,796
Use of Reserves	-181
2026/27 Gross Expenditure Budget	323,289
Other income and specific grants	-30,377
2026/27 Net Budget Requirement	292,912
Financed by:	
Government Police Grant & Formula Funding	-163,741
Legacy Council Tax Grant	-8,256
Council Tax Precept (assuming £18.50 increase Band D)	-120,608
(Surplus)/Deficit on Collection Funds	-307
2026/27 Net Budget Requirement	-292,912

INFLATION

23. Inflation in both pay and price terms is applied to budgets where appropriate. For 2026/27 the details are: pay awards are negotiated nationally and the increase is mandated for all forces. The proposed budget includes an estimated 3.0% pay award for September 2026 and the full year impact of the 4.2% pay award from September 2025.
24. For non-pay items, the inflation applied is based on the Office of National Statistics Inflation Report using the most applicable inflation factor. However, the proposed budget acknowledges that certain non-pay items such as energy costs are significantly more expensive and additional inflation has been applied to those areas, together with contractual obligations for inflation based on specified indices. The following table shows the inflation applied.

Table 2: Inflation	2026/27 £000
Pay inflation (estimated)	10,555
Price (non-pay) inflation provision	2,576
Total Inflation	13,131

LEGAL & UNAVOIDABLE COMMITMENTS

25. Legal and unavoidable commitments come from two sources, the impact of decisions taken in previous years that have a financial impact in the forthcoming financial year and the financial impact of external decisions and changes such as the introduction of a new financial burden – for example the change to national insurance contributions or change in legislation. The following table shows those items included in the 2026/27 budget proposal.

Table 3: Legal & Unavoidable Commitments		2026/27 £000
Police Uplift Programme		1,994
AI Investment		500
Increase in borrowing (capital)		400
Accreditation costs		113
Prior Year Decisions		109
NPCC Contributions		25
	Total	3,141

26. Police Uplift Programme. The budget includes £1.994m to reflect the ongoing cost of the Police Uplift Programme. This relates to the full-year impact of previously agreed officer recruitment, including pay, pension contributions, training, and associated support costs. While the initial recruitment was supported by Government funding, the ongoing employment costs remain a permanent commitment within the revenue budget. These costs are unavoidable and must be provided for to maintain officer numbers and operational capability.
27. Artificial Intelligence (AI) Investment. An additional £0.5m has been allocated to support investment in artificial intelligence and digital capability, in line with the Commissioner’s Police and Crime Plan. This investment is focused on improving productivity, enhancing data analysis, and supporting more efficient service delivery. The funding reflects the growing importance of technology in modern policing and the need to maintain systems that are secure, compliant, and fit for purpose.
28. Increased Borrowing and Capital Financing Costs. The budget includes £0.4m to meet the increased revenue costs associated with borrowing for the capital programme. As general capital grant funding is no longer available, the Constabulary relies on borrowing to fund major investments such as estates, vehicles, and IT infrastructure. This creates unavoidable revenue commitments in the form of interest payments and Minimum Revenue Provision (MRP) to repay debt over time.
29. Accreditation Costs. The budget includes £0.113m to meet mandatory accreditation requirements. These relate to national standards, regulatory compliance, and professional assurance processes that the Constabulary must maintain. Accreditation is essential to ensure service quality, public confidence, and compliance with national policing frameworks.

30. Prior Year Decisions. A sum of £0.109m has been included to reflect the financial impact of decisions taken in previous years that now affect the 2026/27 budget. These include contractual commitments, staffing decisions, and service changes that carry forward into future financial years. As these decisions have already been approved and implemented, the associated costs are unavoidable.
31. NPCC Contributions. A contribution of £0.025m is included to meet Cheshire Constabulary's obligations to the National Police Chiefs' Council (NPCC). These contributions support national coordination, specialist capabilities, policy development, and shared services that benefit all forces. The costs are unavoidable as part of Cheshire's participation in national policing arrangements.
32. Under Sections 22B and 22C of the Police Reform and Social Responsibility Act 2011, Chief Officers and Commissioners have a duty to keep collaboration opportunities under review and to collaborate where it is in the interests of the efficiency or effectiveness of their own and other police force areas. This is in recognition that there are certain services required, which are not affordable by individual forces alone – e.g., firearms provision. The above costs reflect the additional uplift requirements to the collaborations Cheshire is involved in, subject to partner forces full agreement.

OPERATIONAL DEMANDS AND PRESSURES

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

Table 4 – Operational Demands & Pressures	2026/27 £000
Neighbourhood Policing Grant Costs	1,515
Gauke Sentencing Review	1,500
Increased Investigative Activity and Case Building	1,008
Workforce Health and Wellbeing	588
Public Liability, Legal and Court Costs	503
Increased support costs to meet demand	336
Investment in prevention work	318
Investment in Call Handling	276
Increase in Dangerous Dogs Costs	200
GoodSam (Communication Platform)	45
Total	6,289

34. The cost of delivering the neighbourhood policing grant in 2026/27 is estimated at £1.515m based on the targets received in a Home Office letter on 16th January 2026. The costs also reflect the staffing, supervision, training, and support costs required to maintain visible, accessible policing across all communities, including named local contacts and proactive engagement activity. While Government funding has been indicated to support neighbourhood policing, the full operational cost remains a

significant pressure within the revenue budget. A total of £5.503m has been confirmed to support Neighbourhood Policing next year under a Neighbourhood Policing Ringfence Grant however this includes elements of existing workforce grants previously included in the budget, the true increased funding for us in 2026/27 is only £0.752m.

35. In addition, the anticipated impact of the Gauke Sentencing Review is expected to increase operational demand on the Constabulary, with an estimated cost of £1.5m. Early indications from the National Police Chiefs' Council suggest that changes to sentencing and criminal justice processes are likely to result in increased workloads for frontline officers, custody, investigation teams, and offender management services. This includes longer case durations, additional evidential requirements, and greater involvement in post-sentence supervision and compliance activity.
36. Increased Investigative Activity and Case Building: An estimated £1.08m has been included to reflect increased activity in arrests, file preparation, and investigative case building. This pressure arises from rising complexity in criminal investigations, higher evidential standards, digital forensics requirements, and more time-intensive court processes. These factors increase the demand on investigative teams, criminal justice units, and specialist support functions, resulting in higher staffing and support costs.
37. Workforce health, wellbeing and operational safety pressures are also reflected in the MTFs, with an estimated cost of £0.588m. This includes the financial impact of health-related workforce exits, absence, rehabilitation support, and operational safety incidents. Maintaining workforce resilience and capacity is essential to sustaining service delivery, but these pressures continue to place demands on the revenue budget.
38. Legal, Court, and Public Protection Costs. Public liability, legal, and court-related costs are forecast to increase by £0.503m. Policing continues to experience higher levels of litigation, including claims arising from operational activity, custody processes, and road traffic incidents. These costs include legal representation, court fees, settlements, and associated administrative support. The trend reflects both increased case complexity and higher external legal costs.
39. The Constabulary also faces increased support costs to meet operational demand, estimated at £0.336m. This includes additional requirements for professional services, back-office support, ICT, and corporate functions that enable frontline delivery. As operational activity increases, these enabling services must scale accordingly to maintain performance and compliance.
40. Investment in prevention and early intervention work, totalling £0.318m, supports efforts to reduce long-term demand by addressing the root causes of crime. This includes education, diversionary programmes, and partnership activity aimed at preventing serious violence, knife crime, and repeat offending. While preventative work does not always deliver immediate savings, it plays an important role in managing future demand pressures.

41. An additional £0.276m has been allocated to support call handling services. Demand on contact centres continues to rise due to increased public reporting, safeguarding referrals, and incident complexity. Maintaining timely response times and service quality requires sufficient staffing, training, and digital infrastructure.
Specialist and Emerging Demand Pressures
42. The cost of managing dangerous dogs and related public safety activity is forecast to increase by £0.2m. This reflects rising kennelling fees, veterinary costs, legal processes and classifications, and specialist officer time required to manage dangerous dog cases safely and lawfully. These pressures can fluctuate significantly depending on incident volumes and court outcomes.
43. Finally, £0.045m has been allocated for the GoodSAM communication platform. This system enhances operational response by enabling real-time communication with trained responders and providing improved situational awareness during incidents. The investment supports faster decision-making, officer safety, and more effective deployment of resources.

SAVINGS, FUNDING & ACCOUNTING MEASURES

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

Table 5 – Savings	2026/27 £000
Workforce:	
PCSO reductions (30 voluntary redundancies)	-1,323
Workforce Planning Efficiencies	-1,065
Vacancy Management	-868
LGPS Employer Contribution Reduction	-566
Non-Pay:	
Airwave Savings	-450
Non-pay expenditure review	-287
Contract reviews and reductions	-253
PFI rates review	-77
National Systems Costs	-60
Total	-4,949

45. PCSO Reductions (30 voluntary redundancies). This saving is achieved through the reduction of 30 PCSO posts via a voluntary redundancy programme. While PCSOs provide valuable community engagement and reassurance, this proposal reflects the limited remaining options for achieving savings without reducing frontline police officer numbers, which are protected through national funding and policy commitments.

46. Workforce Planning Efficiencies. These savings arise from a review of establishment levels, role alignment, and vacancy controls across support functions. The focus is on ensuring posts are aligned to operational priorities and removing duplication where possible.
47. Vacancy Management. This reflects tighter controls over recruitment timelines and the management of vacant posts. This delivers recurring savings through more disciplined workforce planning. As part of the 2026/27 budget, the vacancy factor has been kept at 6% having been benchmarked with other forces the previous year.
48. LGPS Employer Contribution Reduction. The proposed reduction in the LGPS employer contribution rate from 20.6% to 19.6% from 1st April 2026 generates a recurring saving, reflecting updated actuarial assessments of pension liabilities.
49. Airwave Savings. Savings achieved through contract and usage optimisation of legacy communications systems as the Force transitions towards newer digital platforms.
50. Non-Pay Expenditure Review. A comprehensive review of discretionary non-pay budgets, including supplies, services, and operational support costs. This reflects tightening of spending controls rather than service expansion.
51. Contract Reviews & Reductions. Renegotiation and rationalisation of supplier contracts where value for money can be improved without compromising operational delivery.
52. PFI Rates Review. Savings achieved through reassessment of PFI financing assumptions and indexation where contractually permitted.
53. National Systems Costs. Efficiencies achieved through national collaboration and cost-sharing arrangements for shared systems.

Table 6 – Funding & Accounting Measures	2026/27 £000
Revenue Contribution to Capital	-1,746
Capitalised Costs	-50
Total	-1,796

54. Revenue Contribution to Capital. This reflects the use of revenue funding to support the capital programme, thereby reducing the need for borrowing or reserves. While this reduction supports short-term budget balancing, it does not reduce underlying cost pressures.
55. Capitalised Costs. Certain eligible costs are treated as capital expenditure in line with accounting standards, spreading the financial impact over future years rather than the current revenue budget.

RISKS AND SENSITIVITY ANALYSIS

56. At this stage, there remains significant uncertainty within the 2026/27 funding position, as several key grant allocations and clarifications—most notably the final Neighbourhood Policing Grant and associated conditions—have not yet been confirmed by the Home Office. As a result, both the draft budget and the proposed precept level may be subject to change once the final settlement is received. In addition, the application for exceptional precept flexibility for 2026/27 has been submitted but has not yet been determined. The outcome of this request will have a direct impact on the authority's ability to set a balanced and sustainable budget. Any further information or required amendments arising from these outstanding decisions will be reported to the Commissioner at the earliest opportunity, together with the necessary adjustments to the financial plans.
57. As with any assumptions, there are risks that the actual outcome will be different. There are key assumptions included within this proposed budget that could significantly affect the proposed budget such as pay awards where a 0.5% movement in the pay award would have a potential £1.4m impact on the budget. Inflationary pressures have been reflected in this proposed budget, but with such volatility at present, the estimates made may change.
58. Reserves are held to provide flexibility in-year for such incidences and the Reserves Strategy included within this report covers this in more detail.

COUNCIL TAX PRECEPT

59. A precept is levied on the Council Tax for policing in Cheshire. It is the responsibility of the Commissioner to set the level of precept as part of the budget setting process. On 17 December 2025, the Secretary of State published a draft of the Referendums Relating to Council Tax Increases (Principles) (England) Report 2026-27 which set out the council tax referendum principles. These principles set the maximum increase permitted before a local referendum is required. For policing this was set at £15 on a Band D property for 2026/27. However, it is for the Commissioner to decide the level of precept annually.
60. For 2026/27, Police and Crime Commissioners were also given the opportunity by the Government to bid for exceptional precept flexibility where additional increases on the police precept are viewed as critical to maintaining financial sustainability. The Commissioner requested this flexibility in Cheshire to enable the budget gap to be closed without reductions in PCSO numbers and the higher amount was reflected in the precept consultation. The Government granted an additional £3.50 on top of the £15. For 2026/27 the Commissioner proposed to increase the precept at £18.50 on a Band D property. This represents a 6.7% increase from 2025/26.
61. To calculate the level of Council Tax funding, each local authority calculates the taxbase (the assimilated number of council tax bills issued) taking into account changes in the number of houses, council tax benefits etc. Compared to 2025/26, the overall taxbase has increased by 4106.87 compared to last year when the increase was

6767.78. The following table shows the proposed level of precepts for each local authority and the individual amount levied per each Council Tax band.

	Number of Band D Equivalentents	Precept on Collection Fund £
Cheshire East	165,549.87	48,910,054
Cheshire West & Chester	132,128.50	39,036,044
Halton	37,115.00	10,965,256
Warrington	73,439.00	21,696,818
TOTAL	408,232.37	120,608,172

Band	Proposed 2026/27 £	Actual 2025/26 £	Change per year £	Change per month £
A	196.96	184.63	12.33	1.03
B	229.79	215.40	14.39	1.2
C	262.61	246.17	16.44	1.37
D	295.44	276.94	18.50	1.54
E	361.09	338.48	22.61	1.88
F	426.75	400.02	26.73	2.23
G	492.40	461.57	30.83	2.57
H	590.88	553.88	37.00	3.08

Basis of precept consultation

Basis of Government increase calculations

62. In addition to the above precept, each of the four local authorities holds a council tax collection fund; this is a separate fund that records the income and expenditure relating to council tax. Any surplus or deficit on the fund is due to or paid for by the individual authorities, the Police & Crime Commissioner and Cheshire Fire Authority respectively. The net surplus amount declared and payable to the Commissioner in 2026/27 amounts to £307k.

COMMISSIONING

63. For the 2026/27 financial year, the commissioning strategy will continue to prioritise support for victims of crime, ensuring that services are in place to help individuals cope with their experiences and achieve the best possible recovery outcomes. The Commissioner will draw on insights from the Cheshire Victims' Needs Assessment and the Serious Violence Needs Assessment to identify priority areas for development. In addition, the recently completed Sexual Abuse Needs Assessment, will further inform commissioning decisions. The core service for victims across Cheshire remains as Cheshire CARES, which receives all crime reports from the Constabulary. Cheshire CARES provides support from the earliest point of contact and throughout the victim's

journey to help them cope and recover. This provision is strengthened by enhanced support for victims of Hate Crime, delivered by Remedi, ensuring tailored assistance for those with specific needs.

64. The Commissioner has additional responsibilities to have specialist services available, e.g., to support victims of rape and sexual abuse, child sexual abuse and domestic abuse as well as to provide a restorative justice (RJ) service. The costs of victims' services commissioned, are funded through an allocation provided from the Ministry of Justice. The core funding allocation for the 2026/27 Victims Grant has been confirmed and is now approximately £1.2m but as in previous years, opportunities to attract further funding to support will be explored. The Commissioner will continue to work with partners across all sectors to identify and address gaps and/or emerging areas for victims' services and to drive the effectiveness of the service commissioned through the Victim's Grant Fund in 2026/27. The Restorative Justice services delivered by Remedi will continue to reduce the likelihood of future offending whilst also meeting the needs of victims of crime.
65. A further £1.8 Million (approx.) has been obtained by the Commissioner for 2026/27 over and above the core grant to support front line Domestic Abuse and Sexual Abuse services, this not only supports front line victims but will also deliver pan Cheshire Domestic Abuse Perpetrator interventions. This funding has been reduced this year, but the Commissioner is working hard to explore opportunities for collaboration and sourcing additional funding to support this important work.
66. The Commissioner will look to further expand and embed a prevention-first culture by working proactively to prevent crime through community partnerships and stakeholder engagement. During 2026/27, the Commissioner's team will be working closely with partners to move forward a proposal to have a pan-Cheshire CSP with effect from 1 April 2027. Work is currently ongoing to identify strategic priorities across the four partnerships with a view to developing a pan-Cheshire community safety strategy for 2027 and beyond.
67. The Commissioner will look to further expand and embed a prevention-first culture by working proactively to prevent crime through community partnerships and stakeholder engagement. As part of this, the Commissioner will continue to support the work of Community Safety Partnerships in the 4 local authority areas and providing them with funding of just over £500,000 to deliver community safety initiatives locally in 2026/27.
68. As part of the Commissioner's commitment to tackle the root causes of criminality, particular focus will be given to initiatives which concentrate on rehabilitation of people who have offended or those at risk of offending, working with a wide range of stakeholders the Commissioner will look to co-commission a number of programmes across Cheshire.

CAPITAL PROGRAMME

69. In addition to the revenue budget, a programme of capital investment is proposed for 2026/27. This programme links to the major strategies such as Estates, Digital

Business Technology and Fleet together with the annual replacement cycle for assets such as equipment.

70. Funding for this investment, is no longer supported through Government grants and therefore is now covered by capital receipts (the net proceeds from the sales of assets), reserves held by the Commissioner, contributions and borrowing. The contributions include funding set aside within the general budget each year. A summary of the proposed programme and associated funding is shown below.

Table 8: Capital Strategy	2026/27 £000
Annual Replacement Schemes:	
Fleet Vehicles	4,000
IT and Communications	1,470
New Schemes:	
Estates - Maintenance & Environmental	882
Estates Strategy 2021-2031	12,062
IT and Communications	1,513
Operational Equipment	179
Collaboration/Funded Vehicles	419
Capital Expenditure	20,525

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

Table 9: Capital Financing	2026/27 £000
Capital Receipts	5,500
Revenue Contributions to Capital	2,502
Revenue and Capital Reserves	178
External Contributions to Capital	107
HQ IT Reserve	294
Borrowing	11,944
Total Funding	20,525

ROBUSTNESS OF ESTIMATES

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

RESERVES

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

CONSULTATION WITH THE PUBLIC AND BUSINESS RATEPAYERS

75. A formal consultation exercise on the police precept was undertaken between 9 January and 23 January 2026. The survey was carried out mainly online with face-to-face consultations occurring on various trains across Cheshire and a busy bus route in Warrington.
76. Residents were encouraged to complete the survey via social media platforms e.g Facebook, LinkedIn and Instagram, as well as via Cheshire Police Alert, the Cheshire Police and Crime Commissioner website and media activity.
77. All the parish and town councils in Cheshire were written out to requesting their support in promoting the survey to their communities. Many parish councils helped to spread the word, by promoting on their own social media or newsletters.
78. Local business chambers of commerce and all four local authorities were reached out to, asking them to complete and promote the survey to their networks and communities.
79. The key messages provided via the survey and its promotion were that supporting a larger increase (£25.76 per year Band B (£33 per year Band D)) than the current precept cap could help to save the PCSOs from risk of redundancy. Details around what would be provided in the event of a policing precept freeze or increase of £11.67 per year (Band B) which equates to £15 per year (Band D) were also made available.
80. Before accessing the survey, respondents were directed to a landing page on the PCC website which gave them access to a number of frequently asked questions, which included a table detailing the impact of each option on each Council Tax Band. A link was also provided so that people could check their Band if they were unsure. When respondents clicked on the survey link, they saw a graphic which detailed examples of services that could be cut or retained due to the increase. The question read:

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

Cut back - Pay no more for policing in 2026/27

*Manage - Pay £0.97 more each month for policing in 2026/27**

*Do more - Pay £2.14 more each month for policing in 2026/27**

** Based on a Band B council tax property*

81. At the close of the survey on 23rd January, a total of 6,169* responses showed the following:

Do more 3502 (57%)

Manage 984 (16%)

Cut back 1683 (27%)

*in assessing the responses received, there was clear evidence of a number of duplicate responses which we believe had been automatically generated. These have been removed based on IP address and time pattern of response, not option chosen. The results are being presented to the Independent Ethics Panel for its consideration

Following verification, the full results of this survey will be published on the Cheshire PCC website at www.cheshire-pcc.gov.uk/get-involved/have-your-say/outcomes-and-results/.

BUDGET AND PRECEPT SETTING TIMETABLE

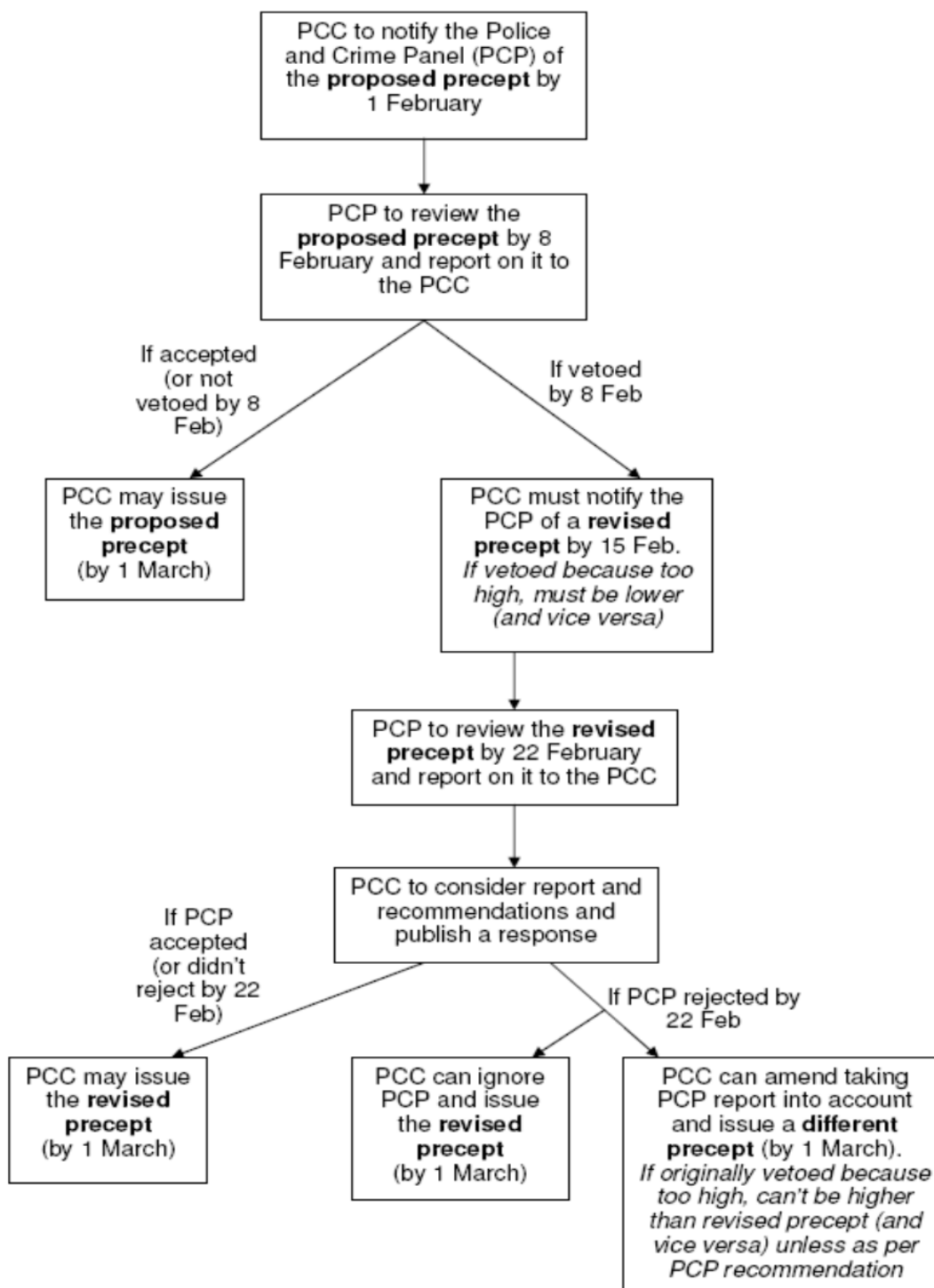
PURPOSE

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

STATUTORY REQUIREMENTS

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

PCC PRECEPT APPROVAL (Final Regulations)



ROBUSTNESS OF ESTIMATES

1. Section 25 of the Local Government Act 2003 places a requirement on Chief Finance Officers to report on the robustness of the estimates used in preparing the budget.
2. The Commissioner has a policy and expenditure planning process that takes account of the service scenario and financial scenario in some detail for 2026/27. Alongside this, future capital programmes have been produced taking into account forecast Government funding, borrowing limits and council tax. For 2026/27 borrowing levels are also guided by the prudential indicators as set out in the Treasury Management Strategy.
3. For 2026/27, full consideration of these issues had led to:
 - Policy and expenditure proposals that reflect the Government's Provisional Police Grant Settlement together with the on-going revenue impact of new capital projects, whilst recognising the outstanding issues and uncertainties.
 - A proposed capital-financing budget based on 2026/27 capital programme.
4. When using estimates in preparing the budget every effort is taken to ensure that they take into account the most up to date data. However, it should be noted that there are a number of areas where the actual impact could vary from the estimates used in setting the budget. The principal areas are:
 - Pay awards, pension increases, national reviews of pay & inflation
 - Service financial performance (i.e., variances on budgets)
 - Ability to achieve projected savings
 - Operational demands
5. To provide for all potential scenarios that may arise would be prohibitively expensive and result in demands on council taxpayers considerably higher than likely need. For 2026/27 £13.131m has been provided for pay and price increases.
6. Many factors can affect financial performance in year including under or over-achievement of efficiency savings, income, and other financial targets. The Commissioner takes a number of steps to minimise the impact by:
 - Seeking wherever possible to explore in full the implications and achievability of policy and expenditure options before the budget is set.
 - Promoting a robust approach to financial management requiring budget holders to monitor expenditure against budget and to take prompt action in reporting and responding to projected variances.
 - Quarterly reporting of the projected budgetary outturn supplemented by monthly exception reports to prompt remedial action if necessary.
 - Creation of appropriate and proportionate contingencies.
7. It should be noted that while every effort is taken to ensure the budget is balanced, there is always the possibility of variances to the budget occurring. The Commissioner holds reserves to mitigate this as set out in the Reserves Strategy.

CAPITAL PROGRAMME 2026/27	
<u>Prior Year Schemes</u>	£'000
Estates Strategy - Major Projects - Crewe	10,078
Estates Strategy - Major Projects Wilmslow	34
Custody Refurbishment Project	10
ABE suite at CSH	30
Ref areas, welfare rooms – CSH, Arpley St, Runcorn (Phase 1)	17
Mitel Handset Replacement - Teams	50
Armed Alliance Vehicle Replacements	78
UWSU	8
Workshop Capital Equipment	50
Total Prior Year Starts	10,355
<u>New Schemes</u>	
<u>Property & Construction</u>	
Estates Essential Maintenance	100
Electric Fleet charging points at LPU's	300
Decarbonisation Measures *	250
Refurbishment of HQ ground floor meeting spaces	100
TTC Range targets replacements	75
Estates Strategy - Major Projects - Northern Stations*	1,950
<u>IT & Communications</u>	
Technology Refresh - Devices	1,080
Technology Refresh - Infrastructure (Servers/Network)	250
Technology Refresh - Teams Rooms Devices	100
Collision Investigation Storage	100
Upgrade/Replace Network Switches	200
ESN Equipment	1,163
Technology Refresh – E-Forensics	40
<u>Equipment</u>	
MAV Rapier ANPR Camera Replacements	98
<u>Vehicles</u>	
Annual Vehicle Replacement Programme	4,000
Armed Alliance Vehicle Replacements	163
UWSU Replacements	170
Workshop Capital Equipment	31
Total New Schemes	10,170
TOTAL FORECAST CAPITAL EXPENDITURE	20,525

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

Capital Strategy 2026-2031



Cheshire
Police & Crime
Commissioner

20260225 Part 1 JAAC Report Pack



Cheshire
Constabulary

081

Introduction

Welcome to the 2026-31 Capital Strategy.

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

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



**Chief Constable
Mark Roberts QPM**



**Police and Crime Commissioner
Dan Price**

1. INTRODUCTION

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

2. DEFINITION

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

3. CONTEXT

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

- 3.2. One of the three key pillars of the Commissioner's Police and Crime Plan is 'Modernise', the other two being 'Listen to the Public' and 'Reduce Crime'. The capital strategy incorporates the Modernise pillar through the police estate and technology and innovation.
- 3.3. The Commissioner maintains rolling medium-term revenue and capital plans (summarised in a Medium-Term Financial Strategy – MTFS) that usually extend for 4-5 years. The plans are drawn up, reassessed and extended annually and if required, re-prioritised to enable the Constabulary to achieve the aims and objectives established in the Commissioner's Police and Crime Plan and to support national drivers like the Home Office national priorities.
- 3.4. Historically, capital grant funding was allocated by the Government, but this is no longer the case. As a result, the Commissioner now relies primarily on revenue contributions, capital receipts and reserves to fund essential annual replacement programmes such as vehicles, ICT, operational equipment and estate maintenance. However, these funding sources are not sufficient to meet the full capital requirement, and the availability of revenue contributions can vary from year to year depending on wider budget pressures. Consequently, the need to borrow has increased, with borrowing carrying ongoing costs in the form of interest payments and the statutory requirement to set aside funding for repayment. While the Commissioner continues to prioritise revenue contributions to reduce reliance on borrowing, their level cannot be guaranteed in future years. As such, borrowing will remain necessary and will generally be restricted to schemes that deliver clear operational benefits, efficiencies, or longer-term savings.
- 3.5. Key focuses of the Capital Programme plans, all aligned to achieving the Commissioners pillars above are:
- To ensure the property estate remains modern and fit for the future; at the heart of and accessible to our communities, promoting police engagement in our communities, effective collaborative and partnership working and being innovative, economic, efficient, and sustainable.
 - To support front line operations by delivering high quality vehicles which are safe, fit for purpose and meet the needs of modern-day policing.
 - The replacement and upgrade of other core assets where necessary, e.g., operational equipment and communication infrastructure.
 - Development of improved capability and responsiveness.

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

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

- 4.10. Monitoring progress against capital schemes is reported on at least a quarterly basis to the SCT Business Meeting and to the Joint Management Board.
- 4.11. Once projects have been completed the programme or project manager completes a post-implementation review for the major capital projects. The post-project report is reviewed by the appropriate programme board and the Senior Command Team, if required.
- 4.12. This information can then be used to learn lessons and make any improvements identified during project implementation.

5. FUNDING STREAMS

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

6. CAPITAL PROGRAMME

6.1. The following table shows the Commissioner's overall capital programme and how it is to be funded from 2026 to 2031. Please note that the figures quoted include both in-year approvals and schemes rolled forward from previous years. As such the table represents estimates of total capital expenditure in each year:

Table 1: Capital Strategy	2026/27 £000	2027/28 £000	2028/29 £000	2029/30 £000	2030/31 £000
Annual Replacement Schemes:					
Fleet Vehicles	4,000	3,578	4,060	1,647	3,493
IT and Communications	1,470	2,182	1,570	1,545	1,445
New Schemes:					
Estates - Maintenance & Environmental	882	825	600	500	400
Estates Strategy 2021-2031	12,062	935	0	0	0
IT and Communications	1,513	2,100	9,021	4,319	977
Operational Equipment	179	303	305	150	150
Collaboration/Funded Vehicles	419	1,295	33	81	725
Capital Expenditure	20,525	11,218	15,589	8,242	7,190
Financed by:					
Capital Receipts	5,500	1,670	0	0	0
Revenue Contributions to Capital	2,502	4,748	5,248	4,292	5,840
Revenue and Capital Reserves	178	450	0	0	0
External Contributions to Capital	107	384	15	37	329
HQ IT Reserve	294	294	294	294	294
Borrowing	11,944	3,672	10,032	3,619	727
Total Funding	20,525	11,218	15,589	8,242	7,190

7. AFFORDABILITY

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

- 7.2. Full details and commentary on the prudential indicators are found within the Commissioner's Treasury Management Strategy 2026/27. Along with controls and limits relating to levels of capital expenditure and resulting borrowing requirements, these prudential indicators also include a specific affordability indicator, below, which provides an indication of the impact of the above capital expenditure plans and their financing proposals on the overall finances and precept (council tax):

Treasury Management Strategy 2026/27

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

2024/25 Estimate	2025/26 Estimate	2026/27 Estimate	2027/28 Estimate	2028/29 Estimate	2029/30 Estimate	2030/31 Estimate
1.13%	1.10%	1.56%	1.60%	1.81%	2.26%	2.44%

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

- 8.4. The Chief Finance Officers (OPCC & Constabulary) will report jointly on the deliverability, affordability and risk associated with this Capital Strategy and the associated capital programme. Where appropriate they will have access to specialised advice to enable them to reach their conclusions.
- 8.5. Credit Risk - The risk that an organisation with which we have contracted to deliver capital projects becomes insolvent and cannot complete the agreed contract. We will ensure that robust due diligence procedures cover the appointment of partners and contractors relating to capital programme delivery. Where possible contingency plans will be identified at the outset.
- 8.6. Liquidity Risk - This is the risk that the timing of any cash inflows from a project will be delayed, for example if other organisations do not make their contributions when agreed. There is also a risk that the cash inflows will be less than expected, for example due to the effects of inflation, interest rates or exchange rates. Our exposure to this risk will be monitored via the revenue and capital budget monitoring processes and mitigating actions taken promptly where appropriate.
- 8.7. Interest and Exchange Rate Risk - This is the risk that interest rates or exchange rates will move in a way that has an adverse effect on the value of capital expenditure or the expected financial returns from a project. Rates will be reviewed as part of the ongoing monitoring arrangements to identify such adverse effects. As far as possible our exposure to this risk will be mitigated via robust contract terms and when necessary, contract re-negotiations.
- 8.8. Inflation Risk - This is the risk that rates of inflation will move in a way that has an adverse effect on the value of capital expenditure or the expected financial returns from a project. Rates of inflation will be reviewed as part of the ongoing monitoring arrangements to identify such adverse effects. As far as possible our exposure to this risk will be mitigated via robust contract terms and when necessary, contract re-negotiations.
- 8.9. Legal and Regulatory Risk - This is the risk that changes in laws or regulation make a capital project more expensive or time consuming to complete, make it no longer cost-effective or make it illegal or not advisable to complete. Before entering into capital expenditure or making capital investments, the Commissioner will understand the powers under which the investment is made. Forthcoming changes to relevant laws and regulations will be kept under review and factored into any capital bidding and programme monitoring processes.

8.10. Fraud, Error, and Corruption - This is the risk that financial losses will occur due to errors or fraudulent or corrupt activities. Officers involved in any of the processes around capital expenditure or funding are required to follow the agreed Code of Corporate Governance. The Constabulary has a strong ethical culture, which is evidenced through our values, principles, and appropriate behaviour. This is supported by the national Code of Ethics and detailed policies such as Anti-Fraud and Corruption and Declaration of Interests.

9. ENVIRONMENTAL, SOCIAL & GOVERNANCE (ESG) CONSIDERATIONS

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

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

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

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

10. CONCLUSION AND FUTURE ACTIONS

10.1. This Capital Strategy currently looks ahead over the next five years to 2031 together with the associated funding. Included is the current Estates Strategy 2021-2031 which recognises that planned changes to the estate's footprint require additional capital financing. The latest forecast cost in respect of the in-progress Crewe project, which will be completed during the period covered by the Capital Strategy, have been included. Also included are the costs for the upgrade of the Northern Stations. Any further major schemes associated with the strategy will be subject to

future business cases and no financial provision is therefore contained within this strategy. Provisional costs for the national ESN project have also been included as it may be completed in the next 5 years but there is significant uncertainty around costs and timing.

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

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Cheshire
Constabulary

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Reserves Strategy 2026-27



Cheshire
Police & Crime
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20260225 Part 1 JAAC Report Pack



Cheshire
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Introduction

Welcome to the 2026/27 Reserve Strategy.

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

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

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

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



**Chief Constable
Mark Roberts QPM**



**Police and Crime Commissioner
Dan Price**

RESERVE STRATEGY 2026/27

1. In addition to the requirements covering the robustness of estimates, Section 25 of the Local Government Act 2003 also requires the OPCC Chief Finance Officer to present a report assessing the adequacy of the unallocated reserves in the context of policing threats and demands together with corporate and financial risks facing the organisation. The Commissioner needs to balance the necessity for reserves against the cost to council taxpayers and arrive at a level that is both prudent and adequate for the current climate but not excessive.
2. The Reserves Strategy sets out the reserves held, their intended usage and the strategy for ensuring the funds are maintained at an appropriate level. Reserves are held for three main purposes:
 - a. To cover unforeseen risks and expenditure that may be incurred outside of planned budgets – known as a general reserve
 - b. To set-aside funds for specific purposes, known or predicted pressures or future liabilities – known as earmarked reserves
 - c. To hold capital receipts from sale of assets. The use of which is restricted under legislation to the purchase of new assets or the repayment of debt.
3. In addition to the above reserves, Cheshire Constabulary act as lead force for a number of regional collaborations for which it holds reserves. These reserves are owned by all regional partners on an agreed share basis in line with each collaboration agreement.
4. Over the past few years, the level of reserves held by all forces have been under scrutiny by the Home Office and it is now considered best practice to produce a reserve strategy covering the medium-term financial strategy (MTFS) period. The status of each reserve will be reported to Joint Management Board as part of the quarterly financial reports.
5. Based on the audited 2024/25 Statement of Accounts, £19.6m was held in reserves of which £2.1m belongs to the regional collaborations (of which Cheshire Constabulary is a partner and therefore part owner) and £2.1m was temporary funding carried forward (Carry Forward Reserve). Annex 1 sets out the proposed usage of the reserves over the next four years in line with MTFS plans together with other known commitments and liabilities. Reserves are forecast to decrease to £14.1m by the end of March 2026 (including

collaborations reserves at £1.2m) and be at £14.8m by March 2031 (including collaborations reserves of £1.2m).

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

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

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

Please note: Reserves with a nil balance and no expected ongoing purpose are not included in this strategy.

General Reserves

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

Basis of Transactions:

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

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

Medium Term Financial Strategy (MTFS) Reserve

The origins of this reserve dates back to the start of the austerity programme and has been successfully used to support transition, implementation costs of transformational changes together with 'invest to save' projects. With increasing demands, the implementation of Digital Policing and the level of

uncertainty over future funding, this reserve will provide some mitigation to these risks and challenges. This reserve also forms part of the 3% calculation as stated in the General Reserves above.

Basis of Transactions:

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

Earmarked Reserves:

Proceeds of Crime Community Fund Reserve

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

Basis of Transactions:

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

The second call will remain as the Commissioner's Community Fund (SWAP Fund). A contribution of £200,000 was agreed for 2025/26 and this level is carried forward to 2026/27. This reflects the commitment to community projects.

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

monies remain at the discretion of the Commissioner as the recipient of funding.

Pay and Pensions Reserve

There are currently several issues in relation to pay and pensions that could impact on the revenue funding, including the McCloud ruling (see financial risks below). The level of administration to service these is considerable and the uncertainty of ongoing costs resulted in this reserve being created. A further £515k of funding has been set aside in 2026/27 to cover the remaining costs of the McCloud ruling and also future uncertainties around pay and pension costs.

Basis of Transactions:

Utilisation of this funding is linked to the costs and support required in both HR and Finance to service the McCloud issues. Approval is granted each year as part of the budget setting process. Additional use in year of this reserve for other pay and pension issues will be presented to SCT Business Meeting for initial endorsement and then through Joint Management Board for approval from the Commissioner.

Major Investigations Reserve

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

Basis of Transactions:

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

Council Tax Deficit Reserve

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

Basis of Transactions:

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

Estates Strategy Reserve

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

Basis of Transactions:

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

Road Safety Initiatives Reserve

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

Basis of Transactions:

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

Commissioning Reserve

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

Basis of Transactions:

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

Emergency Services Network (ESN) Reserve

The Emergency Services Network (ESN) programme is a national initiative to replace the existing Airwave communication system with a new 4G-based critical communications service. The programme continues to experience significant delays, and current national planning indicates that implementation is now expected towards the end of the decade, rather than within the original timescales.

Airwave, which had been scheduled for closure in 2026, has now been extended until 2029, with the Home Office confirming that the service will remain operational for as long as necessary to ensure continuity of critical communications during the transition period. As a result, there is no immediate requirement to utilise this reserve, and it is anticipated that it will not be called upon in the short to medium term.

Given the level of uncertainty that remains around the national programme's timetable, procurement approach and future funding model, the reserve will be retained until a clearer position is established and any future local obligations become known.

Basis of Transactions:

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

Revenue Reserve for Capital

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

Basis of Transactions:

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

Collaboration Reserves:

Armed Police Alliance

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

Local Resilience Forum

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

Underwater Search Unit

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

North West Armed Policing (NWAP)

Held to support our regional obligations within the North West Armed Policing collaboration. This reserve ensures that we can meet unforeseen operational costs, partnership commitments, and contributions arising from joint armed policing activity across the North West region.

For all Collaboration Reserves – Basis of Transactions:

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

KEY RISKS

8. There are a number of uncertainties and risks over the next few years that hold the potential of significant financial impact including the on-going effect of the coronavirus pandemic. Uncertainty over funding as a result makes planning difficult and reserves are a key tool in providing flexibility to deal with this challenge.
9. The following set out key financial risks that may impact on reserves:
 - a. Government funding remains uncertain in the medium term. Although a Spending Review was conducted in June 2025, the forthcoming Police Reform White Paper (expected January 2026) introduces further potential changes and therefore uncertainty. As a result, the MTFS continues to be challenging, with significant risks in an unsettled economic environment. Reserves will be required to support the budget and to deliver savings targets.
 - b. Claims of unlawful discrimination were made in relation to the changes to the Judiciary and Firefighters Pension regulations and in December 2018 the Court of Appeal (McCloud / Sargeant) ruled that the 'transitional protection' offered to some members as part of the reform to public sector pensions amounts to unlawful discrimination. Significant work is required to facilitate the fallout of this ruling and there is a degree of uncertainty over the costs and funding going forward. Initial costings are now known, and the Pay and Pensions reserve utilised to fund these. However, there are further costs expected including 'compensation'. The value of these and their ultimate funding remains uncertain.

FORWARD STRATEGY

10. The foremost principle of holding reserves remains affordability versus risk. To set aside reserves for all potential risks scenarios that may arise would be prohibitively expensive and result in demands on council taxpayers considerably higher than likely need.
11. The strategy for General Reserves is to maintain the reserve at a level equivalent to approximately 3% of the net revenue budget, recognising this as an appropriate balance between financial resilience and efficient use of public funds. The level of the reserve will be reviewed annually following the agreement of the budget for the forthcoming financial year.
Where the balance of General Reserves exceeds the target level, the surplus may be released to support capital investment, thereby reducing the need for borrowing and mitigating associated revenue impacts. Conversely, if the reserve falls below the target, the shortfall will be addressed through future financial planning, including consideration as a first call on any in-year underspends or through budget proposals in subsequent years.
It is recognised, however, that operational priorities, in-year pressures and the wider financial environment may mean that adjustments are not always achievable within a single budget cycle. In such circumstances, the General Reserve will be managed to return to target levels over a pragmatic and sustainable timeframe.
12. Earmarked reserves are reviewed quarterly and reported to the Commissioner as part of the formal financial reviews. The reviews will consider the purpose of the reserve, the risks they are designed to mitigate and the current and future demands. Any reserve deemed no longer required will be returned to general reserves.
13. Strategic risks are monitored through SCT Business Meeting, Joint Management Board and Joint Audit Advisory Committee. Any new risk or significant change to existing risks will be monitored with any impact on reserves presented to SCT Business Meeting for recommendation to the Commissioner for the creation or adjustment to Earmarked Reserves.
14. Capital reserves are the primary source of funding for all capital investments and are therefore linked to the approved capital strategy. The use of such reserves is designed to cover short-life assets, limiting the need to borrow over short periods.

15. Capital receipts of more than £10,000 from the sale of assets can only be used to fund future capital investment or the repayment of debt. Receipts of less than £10,000 can be returned to revenue budget.

16. General capital grants have not been allocated for several years, it is, therefore, appropriate to forward plan on that basis. To meet the minimum asset replacement cycles, a revenue contribution is made each year into Revenue Reserve for Capital reserve and used towards financing that year's capital programme, subject to the availability of revenue resources.

RESERVES HELD

	2025/26			2026/27			2027/28			2028/29			2029/30			2030/31		
	Revenue £000	Capital £000	31-Mar £000	Revenue £000	Capital £000	31-Mar £000	Revenue £000	Capital £000	31-Mar £000	Revenue £000	Capital £000	31-Mar £000	Revenue £000	Capital £000	31-Mar £000	Revenue £000	Capital £000	31-Mar £000
General Reserves: Revenue																		
Police Fund - General Reserve	£0	£0	£5,773	£0	£0	£5,773	£0	£0	£5,773	£0	£0	£5,773	£0	£0	£5,773	£0	£0	£5,773
MTFS Reserve	-£116	£0	£2,965	£0	£0	£2,965	£0	£0	£2,965	£0	£0	£2,965	£0	£0	£2,965	£0	£0	£2,965
	-£116	£0	£8,738	£0	£0	£8,738	£0	£0	£8,738	£0	£0	£8,738	£0	£0	£8,738	£0	£0	£8,738
Earmarked Reserves: Revenue																		
Carry Forwards Reserve	-£2,071	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0
POCA Reserve	-£252	£0	£452	£0	£0	£452	£0	£0	£452	£0	£0	£452	£0	£0	£452	£0	£0	£452
Hardship Loan Reserve	-£50	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0
Pay and Pensions Reserve	-£101	£0	£200	£515	£0	£715	£0	£0	£715	£0	£0	£715	£0	£0	£715	£0	£0	£715
Major Investigations Reserve	£300	£0	£1,481	-£537	£0	£944	£0	£0	£944	£0	£0	£944	£0	£0	£944	£0	£0	£944
Council Tax Deficit Reserve	-£73	£0	£696	£307	-£1,003	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0
Estates Strategy Reserve	£0	£0	£500	£0	£0	£500	£0	£0	£500	£0	£0	£500	£0	£0	£500	£0	£0	£500
Road Safety Initiatives Reserve	-£100	£0	£248	-£125	£0	£123	-£123	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0
Commissioning Reserve	-£250	£0	£277	-£100	£0	£177	-£100	£0	£77	£0	£0	£77	£0	£0	£77	£0	£0	£77
IT Reserve	-£291	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0
	-£2,888	£0	£3,854	£60	-£1,003	£2,911	-£223	£0	£2,688	£0	£0	£2,688	£0	£0	£2,688	£0	£0	£2,688
Earmarked Reserves: Capital																		
Capital Receipts	£0	-£112	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0
ESN Reserve	£0	£0	£226	£0	£0	£226	£0	£0	£226	£0	£0	£226	£0	£0	£226	£0	£0	£226
Revenue Reserve for Capital	£1,593	-£3,171	£0	£2,609	-£2,609	£0	£5,132	-£5,132	£0	£5,263	-£5,263	£0	£5,785	-£4,329	£1,456	£6,577	-£6,169	£1,864
	£1,593	-£3,283	£226	£2,609	-£2,609	£226	£5,132	-£5,132	£226	£5,263	-£5,263	£226	£5,785	-£4,329	£1,682	£6,577	-£6,169	£2,090
Collaboration Reserves:																		
Armed Police Alliance Reserve	-£123	£0	£343	£0	£0	£343	£0	£0	£343	£0	£0	£343	£0	£0	£343	£0	£0	£343
Local Resilience Forum Reserve	-£380	£0	£28	£0	£0	£28	£0	£0	£28	£0	£0	£28	£0	£0	£28	£0	£0	£28
UWSU Reserve	£13	-£318	£837	£0	£0	£837	£0	£0	£837	£0	£0	£837	£0	£0	£837	£0	£0	£837
NWAP Collaboration	-£10	£0	£40	£0	£0	£40	£0	£0	£40	£0	£0	£40	£0	£0	£40	£0	£0	£40
	-£500	-£318	£1,248	£0	£0	£1,248	£0	£0	£1,248	£0	£0	£1,248	£0	£0	£1,248	£0	£0	£1,248
TOTAL RESERVES	-£1,911	-£3,601	£14,066	£2,669	-£3,612	£13,123	£4,909	-£5,132	£12,900	£5,263	-£5,263	£12,900	£5,785	-£4,329	£14,356	£6,577	-£6,169	£14,764

RESERVES HELD - Home Office classification

	2025/26			2026/27			2027/28			2028/29			2029/30			2030/31		
	Revenue £000	Capital £000	31-Mar £000	Revenue £000	Capital £000	31-Mar £000	Revenue £000	Capital £000	31-Mar £000	Revenue £000	Capital £000	31-Mar £000	Revenue £000	Capital £000	31-Mar £000	Revenue £000	Capital £000	31-Mar £000
General Reserve / Contingency:																		
Police Fund - General Reserve	£0	£0	£5,773	£0	£0	£5,773	£0	£0	£5,773	£0	£0	£5,773	£0	£0	£5,773	£0	£0	£5,773
MTFS Reserve	-£116	£0	£2,965	£0	£0	£2,965	£0	£0	£2,965	£0	£0	£2,965	£0	£0	£2,965	£0	£0	£2,965
	-£116	£0	£8,738	£0	£0	£8,738	£0	£0	£8,738	£0	£0	£8,738	£0	£0	£8,738	£0	£0	£8,738
Funding for Projects/Programmes - current MTFS																		
Armed Police Alliance Reserve	-£123	£0	£343	£0	£0	£343	£0	£0	£343	£0	£0	£343	£0	£0	£343	£0	£0	£343
Capital Receipts	£0	-£112	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0
Carry Forwards Reserve	-£2,071	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0
ESN Reserve	£0	£0	£226	£0	£0	£226	£0	£0	£226	£0	£0	£226	£0	£0	£226	£0	£0	£226
POCA Reserve	-£252	£0	£452	£0	£0	£452	£0	£0	£452	£0	£0	£452	£0	£0	£452	£0	£0	£452
Hardship Loan Reserve	-£50	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0
Pay and Pensions Reserve	-£101	£0	£200	£515	£0	£715	£0	£0	£715	£0	£0	£715	£0	£0	£715	£0	£0	£715
IT Reserve	-£291	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0
Local Resilience Forum Reserve	-£380	£0	£28	£0	£0	£28	£0	£0	£28	£0	£0	£28	£0	£0	£28	£0	£0	£28
Revenue Reserve for Capital	£1,593	-£3,171	£0	£2,609	-£2,609	£0	£5,132	-£5,132	£0	£5,263	-£5,263	£0	£5,785	-£4,329	£1,456	£6,577	-£6,169	£1,864
UWSU Reserve	£13	-£318	£837	£0	£0	£837	£0	£0	£837	£0	£0	£837	£0	£0	£837	£0	£0	£837
Major Investigations Reserve	£300	£0	£1,481	-£537	£0	£944	£0	£0	£944	£0	£0	£944	£0	£0	£944	£0	£0	£944
NWAP Collaboration	-£10	£0	£40	£0	£0	£40	£0	£0	£40	£0	£0	£40	£0	£0	£40	£0	£0	£40
Council Tax Deficit Reserve	-£73	£0	£696	£307	-£1,003	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0
Estates Strategy Reserve	£0	£0	£500	£0	£0	£500	£0	£0	£500	£0	£0	£500	£0	£0	£500	£0	£0	£500
Road Safety Initiatives Reserve	-£100	£0	£248	-£125	£0	£123	-£123	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0
Commissioning Reserve	-£250	£0	£277	-£100	£0	£177	-£100	£0	£77	£0	£0	£77	£0	£0	£77	£0	£0	£77
	-£1,795	-£3,601	£5,328	£2,669	-£3,612	£4,385	£4,909	-£5,132	£4,162	£5,263	-£5,263	£4,162	£5,785	-£4,329	£5,618	£6,577	-£6,169	£6,026
TOTAL RESERVES	-£1,911	-£3,601	£14,066	£2,669	-£3,612	£13,123	£4,909	-£5,132	£12,900	£5,263	-£5,263	£12,900	£5,785	-£4,329	£14,356	£6,577	-£6,169	£14,764

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Medium-Term Financial Strategy 2026-2031

January 2026



Cheshire
Police & Crime
Commissioner



Cheshire
Constabulary

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Foreword

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

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

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

On 28 January 2025, the Minister of State for Policing and Crime published the Final Police Funding Settlement, confirming total annual funding for territorial police forces in 2026/27. In parallel, on 26 January 2026, the Government published the *Police Reform White Paper, From Local to National: A New Model for Policing*, setting out major structural reforms including the creation of a National Police Service and a renewed emphasis on neighbourhood policing. In the absence of financial certainty beyond 2026/27, this MTFS continues to apply flat real-terms funding assumptions for later years. This uncertainty reinforces the importance of maintaining a strong focus on financial sustainability, affordability, and risk management across the medium term.



Chief Constable
Mark Roberts QPM



Police and Crime Commissioner
Dan Price

MEDIUM TERM FINANCIAL STRATEGY **2026 TO 2031**

1 INTRODUCTION

1.1. The purpose of the Medium-Term Financial Strategy (MTFS) is to provide the Police and Crime Commissioner, Chief Constable, officers, staff, the public and other stakeholders with information on the financial outlook and the estimated available financing over the next five years. The strategy takes into account future high-level potential revenue and capital expenditure over the period based upon current information.

1.2. The Commissioner's Police and Crime Plan contains a wide range of innovative initiatives to deliver the following three key pillars;

- Listen to the Public
- Modernise
- Reduce Crime

Listen to the Public

1.3 During the last 12 months, the Commissioner has actioned the plans he set out 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. Citizens' Assemblies have now been completed in Crewe and Nantwich, Runcorn, Widnes and Macclesfield. Five more are planned before 2028. Citizens' assemblies enable the Commissioner and his team to hear the voices of a representative section of local people and enable local policing teams to be better informed.

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

Modernise

1.5 The Commissioner is keen to drive efficiencies and explore how artificial intelligence and data analytics can help drive forward many of the priorities contained within his Plan. Innovative technology will be embraced to ensure that the service is well equipped to deal with current and emerging threats and ensuring the police are present when and where they are needed most. This relates to operational technology such as emerging drone technology and facial recognition technology, as well as automation in office-based systems where this can improve efficiency. This will be supported by an employment culture which is open to new ideas and new ways of working. Wherever possible, the Commissioner will look to secure additional funding and work with key stakeholders to build on the successes already achieved.

1.6 This budget also makes provision for funding to ensure that the Constabulary estate is modernised and, despite the challenging financial context and the age and size of the estate, invest in existing properties in a sustainable and economic way to enable them to remain effective policing bases best placed to serve our communities. The

development of new, state of the art and environmentally sustainable operational bases in Wilmslow, which recently opened, and Crewe is ongoing.

Reduce Crime

- 1.7 Through his citizens' assemblies, the Commissioner is clear how important neighbourhood policing, and a visible police presence is to all our communities and will support and review the development of the neighbourhood policing model where all communities will have a named contact. Through his scrutiny process, the Plan also sets out how response and call handling times will be monitored. The budget will support the continued use of tools such as Dytask which will ensure that hotspot areas are properly policed, and that communities and businesses can be best supported at times when they may need additional resources to address such issues as ASB.
- 1.8 The Commissioner's Plan also includes a keen focus on violence against women and girls and driving up the reporting of domestic abuse incidents, to ensure the service provided to victims is the best it can be, and that those most at risk of harm are protected. For example, 2025 saw a pilot launch of a multi-agency approach to engage both perpetrators and those impacted by domestic violence in prevention programmes with the aim to cut the generational cycle of domestic abuse.
- 1.9 The MTFs supports the Plan's focus on the prevention agenda and efforts to steer people away from criminal activity, looking to commission educational programmes where appropriate to tackle the scourge of knife crime and other serious violence, but also working with perpetrators and ex-offenders to rehabilitate them into our communities and deter them from further criminality. The Commissioner's 'Fresh start' programme working with the Department for Work and Pensions (DWP) and Probation partners has now seen 15 offers of employment since its launch in September 2025. This budget also sets out the contributions that will be made to regional policing operations which focus on serious and organised crime and counter terrorism, for which the Commissioner and his regional counterparts will provide oversight and scrutiny.
- 1.10 The Plan sets out the work which will be undertaken with local community groups, utilising money seized through the Proceeds of Crime Act to develop projects which support local communities to tackle crime and anti-social behaviour. 192 local community organisations have benefited from small pots of funding so far and there is a further pledge of funding to support Phone Free Education in Cheshire to reduce online safeguarding incidents in mainstream state high schools and prevent more young people entering the criminal justice system.
- 1.11 The Commissioner's Police & Crime Plan is the key document in local policing which has helped develop this MTFs and set out policing priorities for the forthcoming years.
- 1.12 The Force Management Statement is a self-assessment that Chief Constables prepare and give to His Majesty's Inspectorate of Constabulary and Fire & Rescue Services (HMICFRS) each year. It is the Chief Constable's statement and explanation of:

- the demand the force expects to face in the next four years;
- how the Constabulary will change and improve its workforce and other assets to cope with that demand;
- how the Constabulary will improve its efficiency to make sure the gap between future demand and future capability is as small as it can reasonably be; and
- the money the Constabulary expects to have to do all this.

1.13 As such the Force Management Statement and MTFs are integral to each other. One to provide details on the demand and shape of the Constabulary going forward and the other to reflect the monetary impact.

1.14 In addition, there is the Strategic Policing Requirement (SPR). This was first issued in July 2012 under Section 77 of the Police Reform and Social Responsibility Act 2011. The Home Secretary has produced this setting out how Commissioners and Chief Constables contribute to national policing issues. There is a statutory requirement for all forces to deliver the SPR alongside problem solving local issues. It was last updated in February 2023 to introduce Child Sexual Abuse (CSA) as an additional national threat. The latest SPR currently covers the following issues:

- Violence Against Women and Girls
- Terrorism
- Serious and organised crime
- National Cyber Event
- Child sexual abuse
- Public disorder
- Civil emergencies

1.15 As part of the overall budget process, the Chief Constable must satisfy himself and the Commissioner that the requirements of the SPR are achievable within the financial scenarios.

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



2 DEMAND AND PERFORMANCE

- 2.3 While strategic priorities provide direction, this MTFS must also reflect the scale and complexity of demand facing the Constabulary and the performance required to meet that demand.
- 2.4 Nationally, Government policy continues to emphasise visible neighbourhood policing, improved performance oversight, and greater productivity. The Home Office has confirmed the development of a Police Performance Framework and the intention to publish a Police Reform White Paper, expected to set out longer-term reforms to modernise policing through technology, innovation, and structural change.
- 2.5 These national expectations are likely to increase performance monitoring, data requirements, and service standards. The Constabulary will continue to monitor and respond to these developments, ensuring that local delivery remains aligned to national priorities.
- 2.6 At a local level, demand for policing services remains high, with increasing complexity across areas such as vulnerability, safeguarding, serious violence, digital crime, and mental health-related incidents. The FMS sets out how the Constabulary will adapt its workforce, skills, and assets to meet this demand within the financial constraints set out in this MTFS.

3 THE MEDIUM-TERM FINANCIAL STRATEGY

- 3.3 With the above plans, statements and objectives in mind, the purpose of this strategy is to provide a basis for determining:
- The level of funding available in the future to deliver national and local priorities;
 - The future demands upon the revenue budget;
 - The impact of external factors;

- The financial implications of collaborations;
- The amount of capital investment which is required to achieve corporate objectives;
- The revenue consequences of such capital investment;
- The future reserve levels;
- The impact of additional demands on the level of council tax; and
- The main financial risks facing the organisation.

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

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

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

4 FINANCIAL SCENARIO

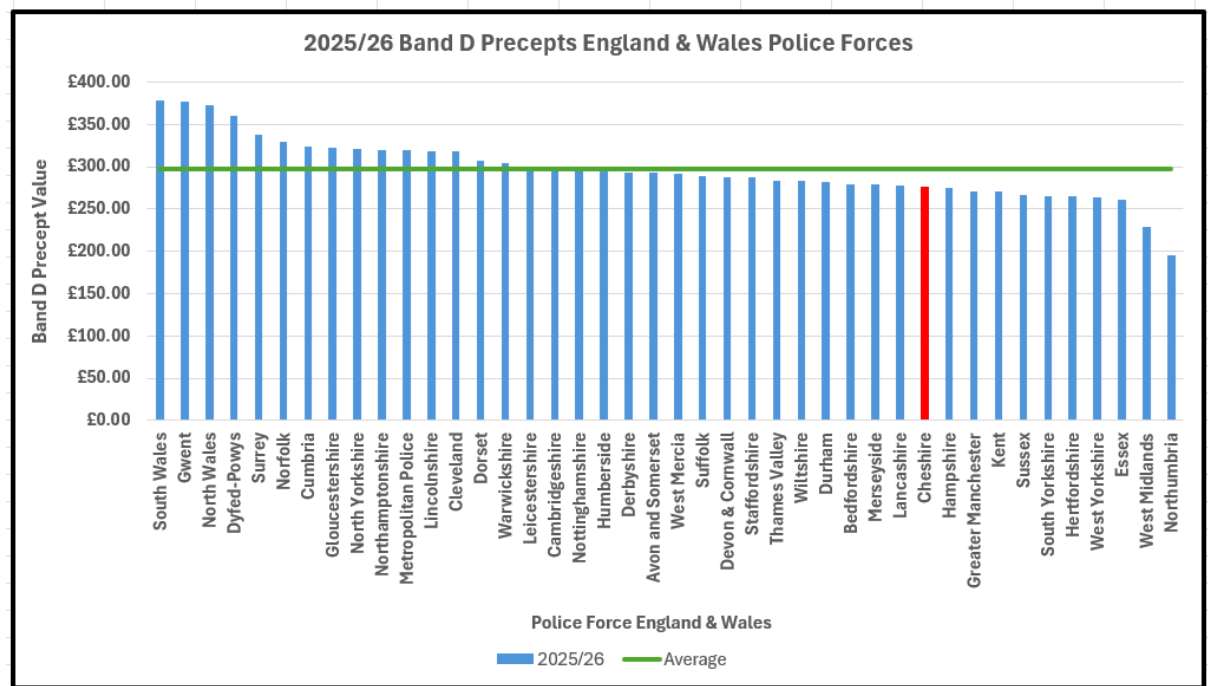
4.3 It is imperative that the MTFS takes account of the regional, national, and global economic climates and the short to medium term impact of the inflationary pressures both in service delivery and financial outlook. It is also noted that this mid-year review of the MTFS comes after both local and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

4.4 The Commissioner receives his main funding from two sources – Government grants and local council tax (known as a precept). Government grants account for around 56% with local council tax funding covering the remaining 44%. The following paragraphs sets out the current financial scenarios for both.

4.5 Government funding is the aggregate amount of grants for police purposes comprising of the Home Office Police Core Grant, the Department for Levelling Up, Housing & Communities (DLUHC) Formula Funding Grant, and Legacy Council Tax Grants.

- 4.6 A precept is levied on the Council Tax for the policing in Cheshire and it is the responsibility of the Commissioner to set the level of precept as part of the annual budget setting process. To calculate the level of funding, each local authority calculates the taxbase (the assimilated number of council tax bills issued) taking into account changes in the number of houses, council tax benefits, discounts etc. These vary each year and the MTFS includes assumptions for these changes based on discussions and forecasts supplied by the local authorities.
- 4.7 Each December, the Government sets out the council tax referendum principles. These principles set the maximum increase permitted on a Band D property for the following financial year, before a local referendum is required. However, it is for the Commissioner to decide the level of precept annually. To aid understanding of the context in which the precept is set, the actual level of council tax levied by each Police & Crime Commissioner for 2025/26 is shown below (Band D equivalent).

Chart 1: Comparison of Police Force 2025/26 Precept Levels



- 4.8 Each year Council Tax income is calculated based on assumed levels of collection rates by the local authorities. This means that, at the end of each year, an adjustment has to be made to reflect the actual collection rates. This can lead to a one-off surplus or deficit on the fund which is accounted for within the calculation of the following year's net budget requirement, but the actual amounts are not declared until mid-January each year.

5 FINANCIAL ASSUMPTIONS

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

- Pay inflation – while the actual pay award is subject to annual negotiation, for September 2025 the confirmed offer of 4.2% has been included, with future years including a forecast 3% pay award in 2026/27 and 2.5% thereafter per advice from the NPCC. Cheshire is a Living Wage Foundation employer and will support the proposed increases accordingly.
- Pensions - Every three years the Local Government Pension Scheme (LGPS) is valued, and the following three year's employers' contribution rates are set accordingly. The last valuation was in 2025 and the next is due in 2028 and estimates of the impact of that valuation have been included.
- Police Pension Scheme - Changes in the employer contribution rates were due to be implemented from April 2023 for most unfunded public service pension schemes, including police officers. Due to various complex reasons, these were delayed until April 2024. Specific grant funding was awarded in 2024/25 and again in 2025/26 to support this additional cost. However, this has not been transferred as yet into the base funding and therefore has no certainty for future years. The assumption within this MTFS is for this funding to continue as a specific grant but for 2026/27 this is not yet confirmed from Government.
- Price inflation – Based on the Office of National Statistics inflation data, non-pay expenditure is increased annually in line with inflationary targets. The exceptions to this are those items that have specific annual increases in accordance with their contractual arrangements or known rates, and these are reflected within the MTFS.
- Borrowing – Additional borrowing is required to meet the planned capital programme, although the exact timing will depend on spend and interest rate movement. Interest payable is based on forecast interest rates. Additionally, funding (known as the Minimum Revenue Provision or MRP) must be set aside to repay debt over time and as new borrowing is undertaken this amount will increase. Estimated MRP amounts have also been built into the figures in this MTFS.
- Funding – The Government's Spending Review in June 2025 set out national funding intentions for policing; however, the subsequent Provisional Police Grant Settlement did not fully reflect the level of funding anticipated from that review. The resulting settlement for Cheshire Constabulary was lower than expected, increasing financial uncertainty and limiting the organisation's ability to absorb rising cost pressures. This MTFS therefore adopts cautious funding assumptions beyond 2026/27 at flat-cash until further information on future years funding is provided.
- Precept – In January 2026 the Home Office confirmed that Cheshire would be authorised to increase the precept by £18.50 in 2026/27 without a referendum. This uplift has been fully incorporated into the MTFS tables within this document, where its impact on income forecasts and the overall financial position for 2026/27 and future years is shown. Whilst the Home Office have confirmed the precept in writing,

final council tax levels will be confirmed in MHCLG's council tax report in February 2026.

6 FINANCIAL CHALLENGES AND OPPORTUNITIES

- 6.3 While headline inflation such as CPI has fallen from the high levels experienced over the last few years and is predicted to return to the 3% target level within the MTFS period, there are still some areas where inflation remains stubbornly high. For example, the cost of insurance continues to show yearly increases in double figures. Similarly, higher pay awards contribute to financial pressures, with Government funding going some way to mitigate the impact.
- 6.4 Opportunities to improve the impact of the financial forecasts come in the form of improved efficiencies, increased productivity, and modernisation.

7 FINANCIAL FORECASTS 2026 to 2031

- 7.3 It is important to note that the MTFS is a high-level strategy document that summarises plans over the medium term as they stand based upon current projections and assumptions. As additional updated information becomes available these plans will be subject to change and updated accordingly. A certain amount of detailed budget information is presented, and this should be regarded as indicative and illustrative only. Any budget shortfall is assumed to be cleared for the following year's budget. This document will inform the Commissioner's budget setting process, as will other tools such as consultation with residents.
- 7.4 Based on current information, priorities and assumptions, the following table sets out indicative budgets for 2026 to 2031 recognising the volatility and uncertainty of funding and the flexibility or not afforded to Commissioners to uplift the council tax.

Table 1 - MTFS Revenue Budgets

	2026/27 £'000	2027/28 £'000	2028/29 £'000	2029/30 £'000	2030/31 £'000
Base budget (Gross)	307,654	323,470	329,352	336,498	343,775
Inflation	13,131	8,686	9,477	9,832	10,139
Commitments & Unavoidable Demand	9,430	5,578	1,508	1,297	898
Savings identified	-6,745	-126	0	0	0
Gross Expenditure	323,470	337,609	340,336	347,627	354,812
Income and specific grants	-30,377	-29,768	-29,808	-29,850	-29,893
	293,093	307,841	310,528	317,777	324,919
Transfer to/(from) reserves	-181	0	0	0	0
Net Budget to be funded	292,912	307,841	310,528	317,777	324,919
Government grant	-163,741	-163,741	-163,741	-163,741	-163,741
Legacy Council Tax Grant	-8,256	-8,256	-8,256	-8,256	-8,256
Council tax - Precept	-120,608	-127,587	-134,693	-141,928	-149,295
Council tax - Collection Fund	-307	0	0	0	0
Total Funding	-292,912	-299,584	-306,690	-313,925	-321,292
Budget Gap	0	8,257	3,838	3,852	3,627
Total Cumulative Budget Gap 2026-2031					19,574

* Savings & Funding Measures includes a combination of savings proposals and funding/accounting measures, including a reduction in revenue contributions to capital (-£1,746k) and the capitalisation of eligible costs (-£50k), to support a balanced budget position.

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

8 SENSITIVITY ANALYSIS

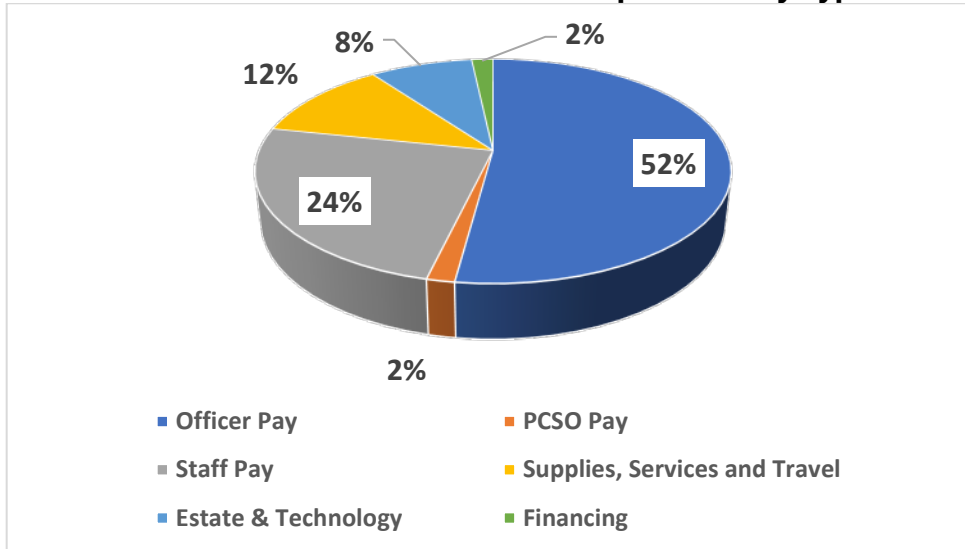
8.3 As with any assumptions, there are risks that the actual outcome will be different. There are three key assumptions included within this MTFS that could impact significantly upon the figures presented in table 1 above. These are the level of Government funding, the amount of council tax payable towards local police funding and the level of pay awards agreed nationally. As such, the following details the financial impact of changes to the levels assumed in these tables. It is also important to note that these changes would be cumulative as they represent a change to base level funding.

- For each change of 0.5% in the level of government funding, the impact would be either a reduction or increase in the budget gap of around £0.8m.
- For every 0.5% increase or decrease in council tax would have a potential impact of £0.6m per annum.
- Within the MTFS, it is assumed that the council taxbase will marginally increase each year in line with local authorities' forecasts. A 0.5% overall increase in the taxbase results in £0.6m of additional funding.
- A 0.5% movement in the pay award would have a potential £1.2m impact on the budget gap.
- In January 2026 the Home Office confirmed that we could increase our Band D Precept in 2026-27 by £18.50. This has resulted in a £1.4m increase in our expected precept income next year.

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

9 CONTEXT

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

Chart 2: Cheshire Police and PCC 2025/26 Expenditure by Type

10 PLANS TO ADDRESS THE FINANCIAL FORECASTS

10.1 Priority based budgeting (PBB) is a method of planning for and assigning effort and money to best achieve the Commissioner's priorities for policing Cheshire and tackle the key areas of threat and demand as identified within the Force Management Statement. During PBB managers and staff consider the relative benefits of future expenditure to ensure money and effort are directed to achieve the required outcomes. To ensure efficiencies are driven out of the PBB process, HMICFRS's Value for Money Profiles are used to challenge and benchmark individual service areas and ensure best value is achieved, together with operational demand and performance data.

10.2 PBB during 2025/26 had budget managers submitting their proposals both in terms of efficiencies, unavoidable demands, and growth together with service level impacts of reduced funding. The Government has confirmed that the restrictions over the maintenance of officer numbers will remain in place. A full thematic review has been carried out on non-pay expenditure and while there are efficiencies the amounts involved are now limited.

10.3 Using the priorities of the Commissioner, the Force Management Statement; the Chief Constable's Plan on a Page; and the SPR, (alongside the Police and Crime Plan and the Commissioner's hosting of Citizens Assemblies) the outcome of the PBB process will allow resources to be allocated accordingly and within the legal requirement to balance the budget. In addition, there is a robust vacancy management process led by the Deputy Chief Constable and HR, which is now fully embedded within the Constabulary. This process reviews all vacancies as they arise to understand the options available which, ultimately, may include the removal of the vacant post. This will continue throughout 2026/27.

10.4 While the plans and actions stated above will provide a budget solution, it must be recognised that the delivery of efficiencies and savings have been part of budget planning from the beginning, but with austerity followed by the coronavirus pandemic,

it has brought challenges and opportunities, which were previously inconceivable. However, this has meant that any initial opportunities have already been delivered and any future efficiencies and savings harder to achieve.

11 RESERVES

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

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

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

	31 March 2026 £'000	31 March 2027 £'000	31 March 2028 £'000	31 March 2029 £'000	31 March 2030 £'000	31 March 2031 £'000
<u>General Reserves</u>						
Police Fund	5,773	5,773	5,773	5,773	5,773	5,773
MTFS Reserve	2,965	2,965	2,965	2,965	2,965	2,965
	8,738	8,738	8,738	8,738	8,738	8,738
<u>Revenue Earmarked Reserves</u>						
POCA Reserve	452	452	452	452	452	452
Pay and Pensions Reserve	200	715	715	715	715	715
Major Investigations Reserve	1,481	944	944	944	944	944
Council Tax Deficit Reserve	696	0	0	0	0	0
Estates Strategy Reserve	500	500	500	500	500	500
Road Safety Initiatives Reserve	248	123	0	0	0	0
Commissioning Reserve	277	177	77	77	77	77
	3,854	2,911	2,688	2,688	2,688	2,688
<u>Capital Earmarked Reserves</u>						
Revenue Reserve for Capital Expenditure	0	0	0	0	1,456	1,864
Emergency Services Network Reserve	226	226	226	226	226	226
	226	226	226	226	1,682	2,090
<u>Collaboration Reserves (See 11.7)</u>	1,248	1,248	1,248	1,248	1,248	1,248
Total Reserves	14,066	13,123	12,900	12,900	14,356	14,764

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

12 HORIZON SCANNING

- 12.1 Although this current MTFS covers the period 2026 to 2031, there are a number of financial challenges that need to be considered within the context of this timeframe. The principal three are the Private Finance Initiative (PFI) contract for Headquarters, the delivery of the Estates Strategy and the Government's review of the formula funding.
- 12.2 The PFI contract ends in 2033 when the Headquarters building, and services are handed over to the Commissioner for a nominal fee. There are considerable estates, procurement, legal and financial work required in preparation for this and a PFI Board has been created to facilitate this change. PFI contracts when originally created were accompanied by specific Government grant and this will also conclude at the end of the contract. Provision will need to be made within the MTFS as it moves forward to recognise this and the change to associated costs.
- 12.3 As part of the funding proposals for the Estates Strategy, borrowing is required. The financial impact of this needs to be covered within the Capital, Medium Term Financial and Treasury Management Strategies going forward to ensure borrowing is taken at the optimum point and the consequential costs of interest and repayment built into the revenue budget.
- 12.4 Government funding is allocated to individual forces based on a formula which includes data such crime, population, and road networks. However, this formula has been in place for many years and has not been updated. Previous Governments have proposed that the formula is reviewed. Whether this is beneficial or adverse to the Constabulary is entirely down to how any new formula is created and implemented.

12.5 In November 2025, the UK Government announced that the role of Police and Crime Commissioners (PCCs) in England and Wales will be abolished at the end of the current electoral cycle in May 2028, with new governance arrangements to be introduced thereafter. PCC functions and accountability are expected to transfer to directly elected mayors in areas with combined authorities and to alternative local governance models elsewhere. For the purposes of this MTFS, financial planning and strategic assumptions have been developed based on the current PCC governance framework through 2028. However, the anticipated transition to new arrangements may have implications for strategic priorities, oversight structures and commissioning decisions in the later years of this strategy period. The Constabulary will continue to monitor developments and ensure that future updates to the MTFS reflect any changes in governance or accountability requirements.

12.6 On 26 January 2026, the Government published the Police Reform White Paper, *From Local to National: A New Model for Policing*. This sets out major plans to modernise policing across England and Wales. A central part of the proposals is the creation of a new National Police Service, which will bring together specialist areas such as serious and organised crime, counter-terrorism and digital forensics. This is intended to reduce duplication, improve coordination between forces, and ensure all areas of the country can access the latest technology and specialist expertise. The White Paper also places a strong focus on neighbourhood policing, with commitments to increase the visibility of local officers, reduce unnecessary paperwork, and strengthen the connection between communities and their local police teams. The Government is also proposing changes to the way policing is organised and overseen nationally, aiming to make the system simpler, more consistent and better able to respond to modern crime, particularly the rapid rise in digitally-enabled offending. While our Medium-Term Financial Strategy is based on the current arrangements, these reforms may affect how policing is organised and funded in the future. The Constabulary and the Office of the Police and Crime Commissioner will continue to follow developments closely and will update future plans as more detail becomes available.

13 INDICATIVE CAPITAL PROGRAMME

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

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

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

Table 3: Capital Strategy	2026/27 £000	2027/28 £000	2028/29 £000	2029/30 £000	2030/31 £000
Annual Replacement Schemes:					
Fleet Vehicles	4,000	3,578	4,060	1,647	3,493
IT and Communications	1,470	2,182	1,570	1,545	1,445
New Schemes:					
Estates - Maintenance & Environmental	882	825	600	500	400
Estates Strategy 2021-2031	12,062	935	0	0	0
IT and Communications	1,513	2,100	9,021	4,319	977
Operational Equipment	179	303	305	150	150
Collaboration/Funded Vehicles	419	1,295	33	81	725
Capital Expenditure	20,525	11,218	15,589	8,242	7,190
Financed by:					
Capital Receipts	5,500	1,670	0	0	0
Revenue Contributions to Capital	2,502	4,748	5,248	4,292	5,840
Revenue and Capital Reserves	178	450	0	0	0
External Contributions to Capital	107	384	15	37	329
HQ IT Reserve	294	294	294	294	294
Borrowing	11,944	3,672	10,032	3,619	727
Total Funding	20,525	11,218	15,589	8,242	7,190

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

14 RISK ASSESSMENT

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

	Risk	Likelihood	Impact	Mitigating Action
1	Pay awards and inflation are higher than forecast	Possible	Very High	National negotiations and bids for funding to cover additional costs
2	Specific Government grants reduced/removed	Probable	High	Liaison with Home Office, review service provision linked to grants. Contribute to the Spending Review.
3	Formula Funding Review	Probable	High	Regular monitoring of the national review; transitional arrangement
4	Capital Strategy – costs higher than expected	Possible	Medium	Projects reviewed to ensure costs are affordable. Borrowing costs match current interest forecasts
5	Ability to deliver planned savings	Possible	High	Clear processes are in place to monitor planned savings accepting in year demands and pressures. Monthly budget reports enable decisions to be made in a timely manner as required
6	PFI Expiry	Probable	Medium	Headquarters is a PFI building, with its contract ending 2033/34. Custody Suites were PFI, and that contract was ended several years ago. PFI grants for both schemes end in 2033/34. A PFI Expiry Board has been created to manage process chaired by Chief Executive.
7	Electric Vehicles & charging points – required infrastructure	Probable	High	Build into the relevant strategies and capital funding proposals
8	Emergency Services Network (ESN) – potentially by 2030	Possible	High	Build into the relevant strategies and capital funding proposals
9	PCC – Office proposed to be discontinued in 2028	Confirmed	Medium	The Constabulary will monitor national developments, engage with local partners and ensure future MTFS updates reflect any confirmed governance changes. The Government as yet has not announced what PCC's will be replaced by.

	Risk	Likelihood	Impact	Mitigating Action
10	Police Reform White Paper published 26 th January 2026	Confirmed	Medium	The Constabulary will assess the financial implications if any reforms and incorporate them into future budget and MTFS planning.

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

15 CONCLUSION AND NEXT STEPS

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

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**Cheshire
Constabulary**

CHESHIRE CONSTABULARY SERVICE ASSURANCE PLAN 2025/26

*Enabling the constabulary to understand and continuously improve service delivery by
focusing on proactive monitoring and problem identification & resolution.*



Cheshire Constabulary Service Assurance Plan – 2025/26

Key to RAG Assessment:

GREEN: No significant issues identified

AMBER: Significant issues identified but mitigation in place

RED: Significant issues identified, no mitigation in place

GREY: Not applicable / not assessed

Review / Audit Team	Audit Title and RAG Assessment	High Level scope	Status / Audit Date	Update	Board / Committee to receive Reports
MIAA	Business Continuity	To provide assurance that the Constabulary have developed and implemented robust Business Continuity planning arrangements.	Q4 (2024/25)	Mar 2025: Fieldwork completed Apr 2025: Draft report circulated July 2025: Final report Sept 2025: 2 out of 3 recommendations closed following progress review.	Joint Audit Advisory Committee
MIAA	THRIVE Risk Assessments	To provide assurance of the systems and processes in place with regards to the appropriate application and recording of THRIVE	Q4 (2024/25)	Apr 2025: Fieldwork completed May 2025: Draft report circulated July 2025: Final report Sept 2025: 2 out of 3 recommendations closed following progress review.	Joint Audit Advisory Committee
MIAA	Central Ticket Office	To provide assurance on the effectiveness, efficiency and outcomes of the recently implemented Public Access System (PAS).	Q1	Aug 2025: Fieldwork completed, awaiting draft report. Sept 2025: Final report presented at JAAC	Joint Audit Advisory Committee
MIAA	Professional Standards	To provide assurance that the constabulary has developed and implemented robust procedures.	Q2	Aug 2025: Audit in planning phase. Sept 2025: Final terms of reference received Nov 2025: Final report presented at November JAAC. Feb 2026: Recommendations closed following evidence review.	Joint Audit Advisory Committee

MIAA	Key Financial Systems Including Expenses	To provide assurance that key financial controls including expenses are appropriately designed and operating effectively.	Q3	Nov 2025: ToR agreed. Feb 2026: Final report presented at JAAC in February.	Joint Audit Advisory Committee
MIAA	Rollout of Microsoft 365	Evaluation of the deployment and rollout of M365 and its impact on information management and working practices.	Q3	Oct 2025: Draft terms of reference received Nov 2025: ToR agreed. Feb 2026: Updated to be provided by MIAA at JAAC.	Joint Audit Advisory Committee
MIAA	Victim Support	To provide as assessment of the effectiveness of the processes in place to support victims of crime	Q4	Jan 2026: Draft ToR circulated. Fieldwork planned for February 2026.	Joint Audit Advisory Committee

On-going Regular Monitoring Activity – 2025/26

Review / Audit Team	Audit Title and RAG Assessment	High Level scope	Status / Audit Date	Update	Board / Committee to receive Reports
Force Crime Registrar	Enhanced crime recording and outcome assurance reviews.	Audits to ensure that we comply with the PEEL assessment framework and our enduring AFIs and advisory notes relating to crime data integrity and application of crime outcomes.	Q1	Outcome 1a audit of 230 records completed May 2025 reported to Investigations Board. Ongoing review of N100 incidents reported to RASSO gold. Due to staff availability, the audit plan for the next quarter is currently being revised.	Investigations Board RASSO Gold
Force Crime Registrar	Enhanced crime recording and outcome assurance reviews.	Audits to ensure that we comply with the PEEL assessment framework and our enduring AFIs and advisory notes relating to crime data integrity and application of crime outcomes.	Q2	Audits on ASB, outcome 8 (community resolution) and outcome 21 completed. Sexual offences and N100 audits completed.	Volume Crime Gold Investigations Board RASSO Gold
Force Crime Registrar	Enhanced crime recording and outcome assurance reviews.	Audits to ensure that we comply with the PEEL assessment framework and our enduring AFIs and advisory notes relating to crime data integrity and application of crime outcomes.	Q3	Domestic abuse audit was completed. Outcome 1 (charge or summons) and Outcome 16 (victim has withdrawn or does not support police action) were audited. The ability to identify DA cases has been built into <u>all</u> crime and outcome audits. This information is specifically documented within the audit report and shared with Head of PVP; force DA leads and all SLT.	DA Performance meeting. Volume Crime Gold meeting.

Force Crime Registrar	Enhanced crime recording and outcome assurance reviews.	Audits to ensure that we comply with the PEEL assessment framework and our enduring AFIs and advisory notes relating to crime data integrity and application of crime outcomes.	Q4	Audits relating to sexual offences, strategy meeting occurrences, Outcomes 15 (evidential difficulties) and 1A, (charged with alternate offence) are planned.	
Information Compliance	PNC & LEDS (Law Enforcement Data Service) Transaction Monitoring (#TE)		Quarterly	PNC & LEDS Transaction Monitoring (#TE) Ongoing reviews being completed with compliance reported quarterly. Any issues are raised to PSD or Line Manager (as appropriate on an individual basis).	Any issues identified are reported to Line Manager and PSD if required.
Information Compliance	Police National Database (PND) Auditing and Transaction Monitoring	To ensure the security and integrity of this national CONFIDENTIAL system, forces are required to undertake transactional monitoring of Constabulary users. Monthly reports to the PND Governance Group chaired by Director of Intelligence.	Quarterly	Police National Database (PND) Auditing and Transaction Monitoring Ongoing reviews with compliance reported quarterly. Reports are issued to the PND Governance Group which is chaired by the Director of Intelligence.	Reports to the PND Governance Group chaired by Director of Intelligence.
Information Compliance	Automatic Number Plate Recognition (ANPR) Transaction Monitoring	ANPR data is currently accessed through three systems: Northgate, Cleartone and the National ANPR Service (NAS). National audit guidelines have been issued and a National Auditor appointed, in preparation for all Forces to move to the NAS.	Ongoing	Ongoing reviews completed, any issues are raised with the Line Manager or PSD (as deemed appropriate on an individual basis).	Any issues identified are reported to Line Manager and PSD if required.

Information Compliance	Child Abuse Indecent Images (CAID) transaction monitoring.	Transaction Monitoring commenced Feb 2022. It is a requirement to audit to ensure compliance and integrity with national policy and codes of connection.	Ongoing	Ongoing reviews completed, any issues are raised with the Line Manager or PSD (as deemed appropriate on an individual basis).	Any issues identified are reported to Line Manager and PSD if required.
Information Compliance	VCOP Review	Data quality review of victim person data.	Q1	June 2025: Upon completion report will be sent to Planning & Performance & Cheshire Cares. Aug 2025: Audit completed.	Planning and Performance Cheshire Cares
Information Compliance	Achieving Best Evidence (ABE) – Victim Video Interview Audit	Data quality review of associated ABE and associated documents.	Q3	October 2025: In Progress. November 2025: Report being prepared. Feb 2026: Draft report circulated for final QA.	
Governance Of Collaborations	Quarterly	To review collaborations of which Cheshire Constabulary is a party and check that performance reports have been received and given transparency at the relevant Force/ Regional Meeting.	Bi-annually	November 2025: Collaboration Board held, and scrutiny applied by ACC Innovations as Chair of the Board. From November 2025, the Collaborations Board will be held quarterly to accommodate a new programme of annual reviews of all active collaborations. Next Board scheduled for March 2026.	Senior Command Team
Taser Downloads	Governance and compliance monitoring	Audit of completion of Taser downloads	TASERs downloaded every 8 weeks (Feb, April, June, Aug, Oct, Dec) Audited quarterly	Feb 2026: A process is underway to physically account for all legacy devices prior to the rollout of the new T10 devices. Improvements to Taser governance, storage and security will be implemented as part of the rollout of the new devices.	Procedural Justice Meeting Monthly TASER Governance Meeting

Planning, Performance & Risk Management	Policy & Procedure Monitoring	Cheshire Constabulary's Policy & Procedures are published when the National Guidelines laid down by College of Policing – Authorised Professional Practice (APP) do not have adequate detail, specifically in respect of Cheshire local practices. It is important that these Policies & Procedures are kept up to date and reviewed on a regular basis.	Ongoing	Ongoing regular monitoring and reviews, any overdue policies or procedures or issues are raised directly with the Policy Owner, Author and Business Area Leads.	Status reported at Information & Risk Governance Board twice yearly (April & September, or more frequently should there be any concerns).
Planning, Performance & Risk Management	Business Continuity Plan Monitoring & Exercising	Business Continuity Plans are essentially contingency planning and ensuring our service to the public can continue in the event of a loss of systems, premises or human resources.	Ongoing	Business continuity plans in place. All plans are reviewed annually. Tier 1 plans are tested (live or tabletop) every 12 months Tier 2 plans are tested (live or tabletop) a minimum of every 24 months. Compliance is reported to the Information & Risk Board.	Information & Risk Governance Board

Joint Audit Advisory Committee (JAAC)

SPOC Roles

Introduction

The Joint Audit Advisory Committee (JAAC) is established to satisfy the statutory requirements of the Financial Management Code of Practice for the Police Forces of England and Wales issued by the Home Office. There are a number of statutory duties, regulations, and standards relating to financial reporting, governance, and audit that Police must comply with, and an audit committee is best placed to advise on these.

JAAC members are appointed with specialist knowledge and experience that can be utilised to mitigate risk factors in key areas. In so doing, they can provide the JAAC with a higher level of assurance. These key areas are:

- Procurement
- IT and Innovation
- Financial Planning and Audit
- Effectiveness

For each of these key areas, where possible, a Single Point of Contact (SPOC) will be identified. Each SPOC will have responsibility to use their knowledge, experience and skills to provide a deeper level of assurance to the JAAC on their key subject areas.

SPOC Role Requirements

The requirements for this will be as follows:

General Requirements:

- Review the strategies and policies associated with the specific subject area
- Act as a point of contact for deep dives into specific issues to provide JAAC with assurance
- To advise officers and JAAC on the efficacy of their proposals, identifying risks and the adequacy of mitigating actions.

Specific Requirements:

Procurement -

- Gain assurance that the organisation's procurement strategy is aligned to public sector procurement requirements
- Gain assurance that the organisation operates within its scheme of delegation
- Gain assurance that public sector transparency requirements are being met.

IT and Innovation -

- Gain assurance that the organisation has properly identified and evaluated the cyber security risk.
- Gain assurance that there are controls to protect from, detect and respond to cyber security attacks/incidents
- Gain assurance that the organisation has suitably skilled and experienced staff, or access to such staff to deal with cyber incidents and to maximise innovation.
- Gain assurance that there is suitable awareness and ongoing training within the organisation on the risk from cyber-attack
- Gain assurance that

Financial Planning and Audit

- Gain assurances on the accuracy of the Medium Term Financial Plan (MTFP), given generally accepted assumptions for the organisation.
- Gain assurances on the effectiveness of financial reporting
- Gain assurance from year-end financial statements on the deliverability of the MTFP
- Gain assurance that the internal audit strategy and plan is appropriate for delivery of reasonable assurance on the whole of governance, risk management and control
- Gain assurance from internal audit reports that their audit recommendations have been accepted by management and are implemented
- Gain assurance that there is appropriate co-operation between the internal and external auditors
- Gain assurance that the level of fees is appropriate for work to be undertaken
-

Effectiveness -

- Gain assurance that JAAC is meeting its purpose in line with its terms of reference
- Gain assurance that the knowledge, skills and experience of JAAC members enables JAAC to perform its duties
- Identify any key gaps in knowledge, skills or experience that can be overcome with appropriate training and development

Reporting

The key element of each SPOC role is to provide assurance to the JAAC on their specialist areas. It is recognised that JAAC members have limited time available within which to fulfil their roles and as such are not required to submit written reports to JAAC.

They will however, be required to take responsibility for assuring JAAC on papers and items being submitted. To gain this assurance, they may be required to read papers and digest more

information than other JAAC members. Officers within the organisation may consult the SPOC on the content of papers and presentations to gain their advice and guidance.

Training and Development

JAAC members may be unfamiliar with some of the specialist activities carried out by the Constabulary and OPCC and therefore, how they impact the role of JAAC and its members. JAAC members and SPOC's in particular, will be offered the opportunity for training and development to enhance their effectiveness as JAAC members.