



Dan Price
Cheshire
Police & Crime
Commissioner



Cheshire
Constabulary

POLICE & CRIME COMMISSIONER FOR CHESHIRE AND GROUP STATEMENT OF ACCOUNTS 2023/24

STATEMENT OF ACCOUNTS 2023/24

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NARRATIVE REPORT

Introduction

Welcome to the 2023/24 Statement of Accounts for Cheshire Police.

On 25 January 2023, the Commissioner approved a gross revenue budget of £266.5m (net £236.8m), funded by government grants and the police share of council tax (known as the precept) together with a programme of capital investment totalling £8.127m.

One of the Commissioner's key responsibilities is to set out the public's priorities for policing alongside the strategic priorities for Cheshire Constabulary during his term in office. Based on feedback received from the public, the Plan sets out the Commissioner's vision for policing, crime, and community safety in Cheshire, as well as setting out how he will hold the Chief Constable to account to ensure that our police service delivers on these priorities.

The six key priorities for policing and crime in Cheshire from now until 2024 are to:

- Prevent and tackle crime
- Make Cheshire's roads safer
- Deliver justice for victims of crime
- Protect vulnerable and at-risk people
- Improve public confidence in policing
- Modernise our police service

This budget provided funding to support the delivery of this Police and Crime Plan together with meeting the obligations of the national Strategic Policing Requirement. Further details of 2023/24 financial performance, expenditure and financing are provided in these accounts.

Group Accounts

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

Any interactions between the Commissioner and the Chief Constable are removed from the group accounts in accordance with the Accounts and Audit Regulations and consolidated on a line-by-line basis. Further details are included in Note 4.

Primary Statements

The Primary Statements within the Statement of Accounts include the Movement in Reserves Statement; Comprehensive Income and Expenditure Statement; Balance Sheet; and Cashflow Statement. These Primary Statements are complemented by an Expenditure and Funding Analysis note.

The Movement in Reserves Statement shows the movement from the start of the year to the end on the different reserves held by the Commissioner, analysed into 'usable reserves' (i.e., those that can be used to fund expenditure or reduce local taxation) and other 'unusable' reserves. It shows how the movements in year are broken down between gains and losses incurred in accordance with generally accepted accounting practices and the statutory adjustments required to calculate the amounts chargeable to council tax for the year. This Statement has a strong link to the Comprehensive Income and Expenditure Statement and the Expenditure and Funding Analysis note.

The Comprehensive Income and Expenditure Statement shows the cost for the year of providing services in accordance with generally accepted accounting practices, rather than the amount to be funded from taxation. It essentially captures the inflow and outflow of resources for the financial year up to 31 March, which have been received or incurred as part of the ordinary activities of the Commissioner and Constabulary. The main figure to understand from this Statement is the Surplus/Deficit on Provision of Services for which there was a deficit of £40.1m in the Group Accounts. This deficit is due to including within this statement a number of accounting entries that are not cash based and are explained in more detail within the Expenditure and Funding Analysis note. The most significant of these accounting entries relates to recognising the actuarial cost of pensions in the year which totals around £33.8m for 2023/24. This is explained further in note 33 to these accounts. Without these accounting entries, the overall outturn position shows a balanced budget.

The Balance Sheet is a statement showing the Commissioner's assets and liabilities i.e., what is owned and what is owed as at 31 March. The net impact of this is funded by Reserves, which is the residual interest in the assets of the Commissioner after deducting all of the liabilities. The 'net worth' is calculated by deducting total liabilities from total assets. In the Group Accounts this was £1,692m as at 31 March 2024 (£1,699m 31 March 2023).

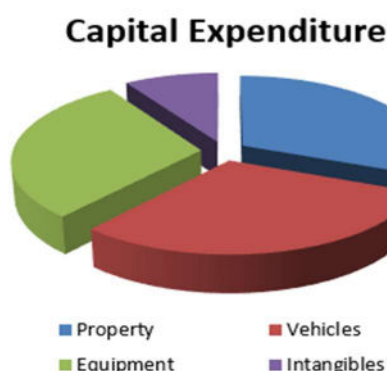
The final Primary Statement is the Cashflow Statement. This shows the changes in cash and cash equivalents of the Commissioner during the financial year. The statement shows how the Commissioner generates and uses cash by classifying cash flows as operating, investing and financing activities. The amount of net cash flows arising from operating activities is a key indicator of the extent to which the operations of the Commissioner are funded by way of taxation and grant income or from the recipients of services provided by the Commissioner. Investing activities represent the extent to which cash outflows have been made for resources which are intended to contribute to the Constabulary's service delivery. Cashflows arising from financing activities are useful in predicting claims on future cash flows by providers of capital (i.e., borrowing) to the Commissioner.

Financial Position as at 31 March 2024

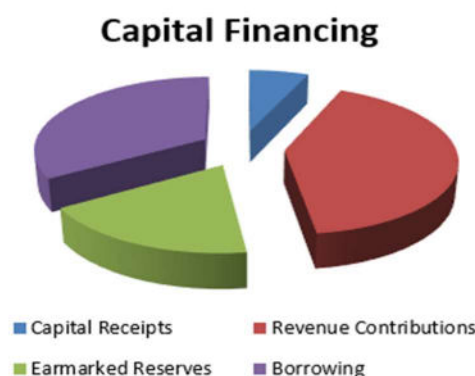
Capital Expenditure and Financing

At the start of 2023/24 the capital programme included investment in estates, digital/information technology, vehicles, and equipment totalling £8.127m. The programme was reviewed, amended and changes approved throughout the year as necessary with the year-end position shown below together with details of how this was funded.

Capital Expenditure	£000	
Property	2,526	31.0%
Vehicles	2,477	30.4%
Equipment	2,403	29.4%
Intangibles	747	9.2%
Total	8,153	100.0%



Capital Financing	£000	
Capital Receipts	527	6.5%
Revenue Contributions	3,376	41.4%
Earmarked Reserves	1,495	18.3%
Borrowing	2,755	33.8%
Total	8,153	100.0%



Financial Performance

The 2023/24 outturn shows a balanced budget after taking into account £1.719m of approved carry-forward commitments into 2024/25. As part of the Police Uplift Programme, the Constabulary agreed to and recruited, an additional 15 officers above target and received the full grant allocation accordingly. The following table shows the detail of the outturn against the service headings which are explained in full within the Outturn Report presented to the Joint Management Board on 3 July 2024 – please see Commissioner’s website.

	Full Year Budget	Outturn Actual	Carry Forwards	Total Outturn	Outturn Variance	
	£000	£000	£000	£000	£000	%
Police Pay	126,969	126,348	0	126,348	(621)	(0%)
Overtime	3,798	3,804	15	3,819	21	1%
Crime	11,982	11,498	90	11,588	(394)	(3%)
Protecting Vulnerable Persons & Criminal Justice	5,459	5,390	14	5,404	(55)	(1%)
Local Policing	6,965	7,222	150	7,372	407	6%
Force Operations	16,062	15,338	32	15,370	(692)	(5%)
Centrally Delivered Services	7,000	7,259	184	7,443	443	6%
Business Services	44,808	45,070	879	45,949	1,141	2%
Collaborations	11,313	10,993	70	11,063	(250)	(2%)
Corporate Costs	5,334	5,148	186	5,334	0	0%
Total Constabulary Costs	239,690	238,070	1,620	239,690	0	0%
Office of the Police & Crime Commissioner	938	931	7	938	0	0%
Commissioning	1,239	1,147	92	1,239	0	0%
OPCC Total	2,177	2,078	99	2,177	0	0%
Total Service Costs	241,867	240,148	1,719	241,867	0	0%

Review of 2023/24

During 2022, more than any other year for some considerable time, inflation hit the headlines with the UK reporting a 40-year high of 10.1% in July, increasing further to a reported 11.1% in October. Over the last decade, inflation has remained around the 2% target rate, accompanied by near-zero interest rates. As such, the rapid increase in inflation proved challenging, unforeseen in most cases and generally un-funded. However, it was not just the UK, inflation was a huge problem on a global scale and the pressure increased with conflict detrimental to food, energy, and commodity prices, making the outlook challenging to predict. It was in this setting that the 2023/24 budget was set and the impact cannot be underestimated in terms of costs and service provision.

Despite these challenges, additional resources were allocated to Vulnerability and Safeguarding Team and investment was made to support the Constabulary in becoming an intelligence led organisation better serving our communities through insight and provision of timely data.

This was only achieved by rigorous reviews of spend and considerable savings. However, as the above table shows, this was delivered within budget and as the next graphic shows, performance has improved again in 2023, demonstrating the commitment to make Cheshire hostile to criminals and protect the most vulnerable in our society.

Cheshire Constabulary - 2023 Performance Data



Response



5 minutes and 30 seconds
average time to answer non-emergency calls compared to over 6 mins on the previous year.

2022	2023	
89%	90%	of 999 emergency calls answered in 10 seconds
91%	92%	of emergency incidents attended within 15 minutes
81%	87%	of prompt incidents attended within 60 minutes

Cheshire Constabulary's performance compared nationally with 42 other forces



Safeguarding



Hollie Guard
Personal Safety App



Safer Streets

- ✓ **6462 people** supported by the safety buses.
- ✓ **1361 vouchers** given to vulnerable women and girls for free enhanced access to **Hollie Guard** safety app.
- ✓ **114 schools** completed safer streets training.



Crime and Incidents



21,828
Total arrests made in 2023

Up by **11%**
on the previous year

8,596 Domestic Abuse arrests made in 2023
Up by **6%** on the previous year

Overall action taken rate for Domestic Abuse **20%** (19% in 2022)



Investment in technology and problem solving

- ➔ Launch of **NICE - Investigate** to manage digital evidence and improve standards of investigation.
- ➔ Over **1300 officers** completed PVP (Protecting Vulnerable People) training using revolutionary VR technology.

Outcomes

This data relates to the data obtained until end of October 2023

- ✓ **Highest charge rate for other sexual crimes in the country**
- ✓ **Highest charge rate for violence against the person in the country**
- ✓ **2nd highest charge rate for all sexual offences**
- ✓ **2nd highest charge rate for stalking and harassment**
- ✓ **2nd highest charge rate for burglary of business and community**

Cheshire Constabulary deals with 3,000 stalking offences per year, and the Harm Reduction Unit is a collaboration between police, health, probation, and victim advocacy partners. It is responsible for protecting victims of stalking, bringing offenders to justice. In April 2023, the Harm Reduction Unit benefited from over £1 million in extra funding through the OPCC, which was used to invest in the GPS tags and provide an enhanced service to those experiencing stalking. In January 2024, Cheshire Constabulary's Harm Reduction Unit successfully secured a five-year stalking protection order (SPO) with the stipulation that the perpetrator must wear a GPS tag – the first of its kind in the county. The tag alerts the police if the offender goes within a certain distance of the victim.

Another significant development in 2023/24 saw the phased introduction of Right Care, Right Person. Right Care, Right Person is an operational model developed by Humberside Police that changes the way the emergency services respond to calls involving concerns about mental health. It is aimed at making sure the right agency deals with health-related calls. It has been shown to improve outcomes, reduce demand on all services, and make sure the right care is being delivered by the right person. The police are not the right agency to attend these calls, we are not trained, and do not have the correct equipment. Despite the greatest care our attendance can be detrimental to the patient. It does not stop the police continuing to perform their key role of keeping people safe and where there is a real and immediate risk to life or of serious harm – whether that be a person seeking to harm themselves or harm others – officers will respond swiftly as we currently do.



Cheshire has continued to successfully attract and recruit officers as part of the Police Uplift Programme not only achieving the allocated total but exceeding it. The latest intake of police officers celebrated their passing out ceremony on 23 March 2024, taking our officer numbers above 2,400 for the first time in more than a decade.

During 2023/24, capital investment of £8.2m was spent including 21 single cell vans distributed across the county.



Future Developments

Contractors have begun work on Wilmslow's new police station, which is set to become operational in March 2025. The new station will be built on the same plot of land on Hawthorn Street as the existing station. Wilmslow's current police station is too large for current and predicted future operational use and a more modern, carbon neutral and fit-for-purpose building will enable the police to deliver a more effective service for the public.

Cheshire Constabulary's Chief Constable, Mark Roberts said:

"This development is a positive step for our officers and the local community, providing a policing hub that allows us to provide an even better service to the residents of Wilmslow. It also underlines our commitment to maintaining an operational deployment station in the town. This will have a positive impact on our local officers who will have a new, modern station to work from. I very much looking forward to visiting in the autumn when it is up and running."



Further Information

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

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

STATEMENT OF RESPONSIBILITIES

Responsibilities of the Commissioner for Cheshire

The Commissioner is required to:

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

I approve this Statement of Accounts.



Police & Crime Commissioner for Cheshire
23rd January 2025

Responsibilities of the Chief Finance Officer, Office of Commissioner

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

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

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

Chief Finance Officer's Certificate

I certify that the Statement of Accounts presents a true and fair view of the financial position of the Commissioner as at 31 March 2024 and of the expenditure and income for the year ended 31 March 2024.



Clare Hodgson
Chief Finance Officer, Office of the Police & Crime Commissioner
23rd January 2025

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

Report on the audit of the financial statements

Opinion on financial statements

We have audited the financial statements of the Police and Crime Commissioner for Cheshire (the 'Police and Crime Commissioner') and its subsidiary, the Chief Constable, (the 'Group') for the year ended 31 March 2024, which comprise the Group and Police and Crime Commissioner Comprehensive Income and Expenditure Statement, the Group and Police and Crime Commissioner Balance Sheet, the Group and Police and Crime Commissioner Movement in Reserves Statement, the Group and Police and Crime Commissioner Cash Flow Statement and notes to the financial statements, including a summary of significant accounting policies and include the Police Pension Fund Account and notes to the Police Pension Fund Account. The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2023-24.

In our opinion the financial statements:

- give a true and fair view of the financial position of the Group and of the Police and Crime Commissioner as at 31 March 2024 and of the Group's and the Police and Crime Commissioner's expenditure and income for the year then ended;
- have been properly prepared in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2023-24; and
- have been prepared in accordance with the requirements of the Local Audit and Accountability Act 2014.

Basis for opinion

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

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

Conclusions relating to going concern

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

In auditing the financial statements and having regard to the guidance provided in Practice Note 10 Audit of financial statements and regularity of public sector bodies in the United Kingdom (Revised 2022) on the application of ISA (UK) 570 Going Concern to public sector entities, we have concluded that the Chief Finance Officer's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

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

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

Other information

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

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

We have nothing to report in this regard.

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

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

We have nothing to report in this regard.

Opinion on other matters required by the Code of Audit Practice

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

Matters on which we are required to report by exception

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

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

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

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

As explained more fully in the Statement of Responsibilities, the Police and Crime Commissioner is required to make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. That officer is the Chief Finance Officer. The Chief Finance Officer is responsible for the preparation of the Statement of Accounts, which includes the financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2023-24, for being satisfied that they give a true and fair view, and for such internal control as the Chief Finance Officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

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

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

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

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

We have also obtained an understanding of the legal and regulatory frameworks that the Group and the Police and Crime Commissioner operates in, focusing on provisions of those laws and regulations that had a direct effect on the determination of material amounts and disclosures in the financial statements. The key laws and regulations we considered in this context are those related to the reporting frameworks (the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2023-24, the Local Audit and Accountability Act 2014, the Accounts and Audit Regulations 2015 (as amended by the Accounts and Audit (Amendment) Regulations 2024), the Local Government Act 2003, Local Government Finance Act 1988 (as amended by the Local Government Finance Act 1992 and the Local Government Finance Act 2012), the Police Reform and Social Responsibility Act 2011, the Public Service Pensions Act 2013, the Police Pension Fund Regulations 2006 and the Police Pensions Regulations 2015).

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

Our procedures to respond to risks identified included the following:

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

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

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

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

Report on other legal and regulatory matters

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

Under the Code of Audit Practice, we are required to report to you if, in our opinion, we have not been able to satisfy ourselves that the Police and Crime Commissioner has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2024.

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

Responsibilities of the Police and Crime Commissioner

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

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

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

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

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

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

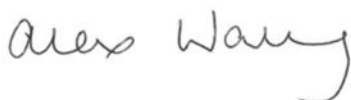
We cannot formally conclude the audit and issue an audit certificate for Group and of the Police and Crime Commissioner for Cheshire for the year ended 31 March 2024 in accordance with the requirements of Local Audit and Accountability Act 2014 and the Code of Audit Practice until we have:

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

We are satisfied that this work does not have a material effect on the financial statements for the year ended 31 March 2024.

Use of our report

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



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

Bristol
23 January 2025

COMPREHENSIVE INCOME and EXPENDITURE STATEMENT (Group)

2022/23				2023/24			Notes
£000	£000	£000		£000	£000	£000	
Expenditure	Income	Net	Police Services ^(a) :	Expenditure	Income	Net	
137,290	(4,773)	132,517	Police Pay	116,897	(6,061)	110,837	
21,736	(8,589)	13,147	Crime (b)	18,578	(10,150)	8,428	
6,637	(882)	5,755	Protecting Vulnerable Persons & Criminal Justice (b)	5,445	(954)	4,491	
7,810	(296)	7,514	Local Policing (b)	6,410	(247)	6,163	
21,040	(5,779)	15,261	Force Operations (b)	18,398	(6,101)	12,298	
7,585	(837)	6,748	Centrally Delivered Services (b)	6,786	(648)	6,137	
49,689	(6,318)	43,371	Business Services (b)	43,055	(6,330)	36,726	
12,437	(399)	12,037	Collaborations	10,229	(76)	10,153	
3,701	(2,112)	1,589	Corporate Costs (b)	4,252	(2,106)	2,145	
952	0	952	Office of Police & Crime Commissioner	800	0	800	
5,573	(4,880)	693	Office of Police & Crime Commissioner - Commissioning	7,345	(6,198)	1,147	
274,449	(34,865)	239,584	Cost of Services	238,195	(38,871)	199,325	9
		130	Other Operating Expenditure & Income			157	9
		70,785	Financing & Investment Income & Expenditure			84,229	9
		(231,393)	Taxation & Non-Specific Grant Income			(243,618)	9
		79,105	Deficit / (Surplus) on Provision of Services			40,093	9
		(8,392)	(Surplus)/Deficit on revaluation of fixed assets			(32,262)	17
		0	(Surplus)/Deficit on revaluation of "available for sale" assets			0	
		(839,288)	Actuarial (gains)/losses on pension assets/ liabilities			(14,789)	33
		(847,680)	Other Comprehensive Income and Expenditure			(47,051)	
		(768,575)	Total Comprehensive Income and Expenditure			(6,958)	

(a) The above expenditure and income shown against services such as 'police pay' are calculated in accordance with proper accounting practices and include several items that are not cash related. For example, the above includes depreciation which represents the indicative value of the assets consumed in year but for which no cash has been spent. These are explained in detail within the Expenditure and Funding Analysis note. However, the actual expenditure in cash terms is shown in the table at the top of page 5 in the Narrative Report where you can see as an example 'police pay' cash spend including overtime is £130,167k (£124,381k 2022/23).

(b) Crime, Protecting Vulnerable Persons & Criminal Justice, Local Policing, Force Operations, Centrally Delivered Services, Business Services and Corporate Costs reorganised in 2023/24, 2022/23 figures restated to reflect the new structure – previously Contact, Response & Resolution £14,428k net; Crime £9,839k net; Neighbourhoods £8,162k net; Public Protection £8,415k net; Centrally Delivered Services £7,184k; Business Services £46,637k net; Corporate Costs £(1,280)k net

MOVEMENT IN RESERVES STATEMENT (Group)

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

2022/23	General Fund (incl. earmarked) Reserve £000	Capital Receipts Reserve £000	Total Usable Reserves £000	Unusable Reserves £000	Total Reserves £000
Balance at 1 April 2022	28,222	686	28,909	(2,496,689)	(2,467,780)
Total Comprehensive Expenditure and Income	(79,105)	0	(79,105)	847,680	768,575
Adjustments between accounting basis & funding basis under regulations – see Note 15	75,464	(686)	74,777	(74,777)	0
Increase/(Decrease) in year	(3,641)	(686)	(4,328)	772,903	768,575
Balances at 31 March 2023	24,581	0	24,581	(1,723,786)	(1,699,206)

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

BALANCE SHEET AS AT 31 MARCH 2024 (Group)

31 March 2023 £000		31 March 2024 £000 £000		Notes
141,543	Property, Plant & Equipment	171,274		
4,071	Intangible Assets	4,119		18
738	Long Term Debtors	585		
146,352	Long Term Assets		175,978	
733	Stock	724		
24,656	Short Term Debtors	28,835		23
21,354	Cash and Cash Equivalents	20,805		24
0	Assets (held for sale)	0		25
46,743	Current Assets		50,364	
(2,356)	Short Term Borrowing	(2,385)		22
(25,352)	Short Term Creditors	(35,430)		26
(27,708)	Current Liabilities		(37,815)	
(15,006)	Long Term Creditors	(13,029)		29
(489)	Provisions	(679)		27
(27,918)	Long Term Borrowing	(26,889)		22
(1,821,179)	Other Long-Term Liabilities	(1,840,176)		33
(1,864,592)	Long Term Liabilities		(1,880,773)	
(1,699,205)	Net Liabilities		(1,692,246)	
Represented By:				
24,581	Usable Reserves		23,316	16
(1,723,786)	Unusable Reserves		(1,715,563)	30
(1,699,205)	Total Reserves		(1,692,246)	



Clare Hodgson, Chief Finance Officer, Office of the Police & Crime Commissioner
Date: 23rd January 2025

CASHFLOW STATEMENT (Group)

31 March 2023 £000		31 March 2024 £000	Notes
79,105	Net (surplus) or deficit on the provision of services	40,093	
	Adjust net (surplus) or deficit on the provision of services for non-cash movement:		
(9,927)	Depreciation	(10,228)	
(74,606)	Pensions - actuarial movement	(33,839)	
641	Movement in Creditors	(6,442)	
721	Movement in Debtors	3,964	
125	Movement of Stock	(9)	
185	Other non-cash items	(2,974)	
0	Adjust for items included in the net (surplus) or deficit on the provision of services that are investing and financing activities	0	
(3,755)	Net cash flow from operating activities	(9,435)	
8,558	Investing Activities	8,032	31
1,316	Financing Activities	1,952	31
6,118	Net (increase) or decrease in cash and cash equivalents	549	
(27,472)	Cash and cash equivalents at the beginning of the reporting period	(21,354)	24
(21,354)	Cash and cash equivalents at the end of the reporting period	(20,805)	24
6,118	Net (increase) or decrease in cash and cash equivalents	549	

Details of the above are included in Note 31

POLICE PENSION FUND

(Group & Police & Crime Commissioner)

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

2022/23 £000	FUND ACCOUNT	2023/24 £000
	Contributions Receivable from:	
(27,191)	Employer at 31% of pensionable pay	(29,263)
(1,116)	Early Retirements	(1,780)
(11,658)	From current employees	(12,622)
(39,965)		(43,666)
	Transfers in from other Police & Crime Commissioners	0
(355)	Transfers in from other pension schemes	(341)
(40,320)		(44,006)
	Benefits Payable:	
54,345	Pensions	60,211
12,825	Commutations and lump sum retirement benefits	14,521
0	Lump sum death benefits	280
	Payments to and on account of leavers	
6	Transfers out to other schemes	250
49	Refunds of contributions	143
	Other Payments	
0	Pension Admin and Interest Charges	0
67,225		75,404
26,905	Net amount payable for the year	31,398
(26,905)	Additional contribution from the Commissioner ¹	(31,398)
Nil	Net balance on fund in year	Nil
	NET ASSET STATEMENT	
0	Unpaid Pensions Due	0
0	Amount Owing to General Fund	0
0		0

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

COMPREHENSIVE INCOME and EXPENDITURE STATEMENT (Police & Crime Commissioner for Cheshire)

2022/23			2023/24			Notes
£000	£000	£000	£000	£000	£000	
Expenditure	Income	Net	Expenditure	Income	Net	
Police Services:						
0	(4,773)	(4,773)	Police Pay	0	(6,061)	(6,061)
0	(8,589)	(8,589)	Crime (a)	0	(10,150)	(10,150)
0	(882)	(882)	Protecting Vulnerable Persons & Criminal Justice (a)	0	(954)	(954)
0	(296)	(296)	Local Policing (a)	0	(247)	(247)
0	(5,779)	(5,779)	Force Operations (a)	0	(6,101)	(6,101)
0	(837)	(837)	Centrally Delivered Services (a)	0	(648)	(648)
0	(6,318)	(6,318)	Business Services (a)	0	(6,330)	(6,330)
0	(399)	(399)	Collaborations	0	(76)	(76)
9,479	(12,039)	(2,560)	Corporate Costs	11,319	(12,335)	(1,016)
952	0	952	Office of Police & Crime Commissioner	800	(0)	799
5,573	(4,880)	693	Office of Police & Crime Commissioner - Commissioning	7,345	(6,198)	1,147
16,003	(44,792)	(28,789)		19,464	(49,099)	(29,636)
262,730	-	262,730	Funding to Cheshire Constabulary	277,040		277,040
	233,941		Cost of Services		247,405	
	130		Other Operating Expenditure & Income		157	9
	2,132		Financing & Investment Income & Expenditure		714	9
	(231,393)		Taxation & Non-Specific Grant Income		(243,618)	9
	4,810		Deficit / (Surplus) on Provision of Services		4,658	
	(8,392)		(Surplus)/Deficit on revaluation of fixed assets		(32,262)	17
	0		(Surplus)/Deficit on revaluation of "available for sale" assets		0	
	760		Actuarial (gains)/losses on pension assets/ liabilities		(2)	
	(7,632)		Other Comprehensive Income and Expenditure		(32,264)	
	(2,822)		Total Comprehensive Income and Expenditure		(27,605)	

(a) Crime, Protecting Vulnerable Persons & Criminal Justice, Local Policing, Force Operations and Business Services reorganised in 2023/24, 2022/23 figures restated to reflect the new structure – previously Contact, Response & Resolution £(5,779)k net; Crime £(5,271)k net; Neighbourhoods £(296)k net; Public Protection £(4,200)k net; Centrally Delivered Services £(724)k net; Business Services £(6,431)k net.

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

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

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

2022/23	General Fund (incl. earmarked) Reserve £000	Capital Receipts Reserve £000	Total Usable Reserves £000	Unusable Reserves £000	Total Reserves £000
Balance at 1 April 2022	28,222	686	28,909	90,424	119,333
Total Comprehensive Expenditure and Income	(4,810)		(4,810)	10,586	5,776
Adjustments between accounting basis & funding basis under regulations	1,169	(686)	482	(482)	0
Increase/(Decrease) in year	(3,641)	(686)	(4,328)	10,104	5,776
Balances at 31 March 2023	24,581	0	24,581	100,527	125,108

BALANCE SHEET AS AT 31 MARCH 2024

(Police & Crime Commissioner for Cheshire)

31 March 2023 £000		31 March 2024 £000	£000	Notes
141,543	Property, Plant & Equipment	171,274		17
4,071	Intangible Assets	4,119		18
738	Long Term Debtors	585		
146,352	Long Term Assets		175,978	
733	Stock	724		
24,656	Short Term Debtors	28,835		23
21,354	Cash and Cash Equivalents	20,805		24
0	Assets (held for sale)	0		25
46,743	Current Assets		50,364	
(2,356)	Short Term Borrowing	(2,385)		22
(21,499)	Short Term Creditors	(29,981)		
(23,855)	Current Liabilities		(32,366)	
(15,006)	Long Term Creditors	(13,029)		29
(489)	Provisions	(679)		27
(27,918)	Long Term Borrowing	(26,889)		22
(719)	Other Long-Term Liabilities	(666)		
(44,132)	Long Term Liabilities		(41,263)	
125,108	Net Assets		152,713	
	Represented By:			
24,581	Usable Reserves		23,316	16
100,527	Unusable Reserves		129,397	30
125,108	Total Reserves		152,713	



Clare Hodgson, Chief Finance Officer, Office of the Police & Crime Commissioner
Date: 23rd January 2025

CASHFLOW STATEMENT

(Police & Crime Commissioner for Cheshire)

31 March 2023 £000		31 March 2024 £000	Notes
4,810	Net (surplus) or deficit on the provision of services	4,658	
	Adjust net (surplus) or deficit on the provision of services for non-cash movement:		
(9,927)	Depreciation	(10,228)	
(311)	Pensions - actuarial movement	(14,789)	
641	Movement in Creditors	(4,846)	
721	Movement in Debtors	3,964	
125	Movement of Stock	(9)	
185	Other non-cash items	11,815	
0	Adjust for items included in the net (surplus) or deficit on the provision of services that are investing and financing activities	0	
(3,755)	Net cash flow from operating activities	(9,435)	
8,558	Investing Activities	8,032	31
1,316	Financing Activities	1,952	31
6,118	Net (increase) or decrease in cash and cash equivalents	549	
(27,472)	Cash and cash equivalents at the beginning of the reporting period	(21,354)	24
(21,354)	Cash and cash equivalents at the end of the reporting period	(20,805)	24
6,118	Net (increase) or decrease in cash and cash equivalents	549	

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EXPENDITURE AND FUNDING ANALYSIS NOTE 2023/24 (Group)

	As reported for Resource Management £000	Adjust for Earmarked Reserve Movements £000	Net Expenditure Chargeable to the General Fund £000	Adjustments between the Funding and Accounting Basis (a) £000	Net Expenditure Comprehensive Income and Expenditure Statement £000
Police Pay	130,167	15	130,152	(19,316)	110,837
Crime	11,588	90	11,498	(3,070)	8,428
Protecting Vulnerable Persons & Criminal Justice	5,405	14	5,391	(900)	4,491
Local Policing	7,372	150	7,222	(1,059)	6,163
Force Operations	15,370	32	15,338	(3,040)	12,298
Centrally Delivered Services	7,443	184	7,258	(1,121)	6,137
Business Services	45,947	757	45,190	(8,464)	36,726
Collaborations	11,064	(659)	11,723	(1,570)	10,153
Corporate Costs	4,620	653	3,967	(1,822)	2,145
Office of the Police & Crime Commissioner	939	7	932	(132)	799
Office of the Police & Crime Commissioner - Commissioning	1,239	92	1,147	0	1,147
Net Cost of Services	241,153	1,335	239,818	(40,494)	199,325
Other Income & Expenditure	0	0	0	157	157
Financing & Investment Income & Expenditure	714	0	714	83,515	84,229
Taxation & Non-Specific Grant Income	(241,905)	(2,638)	(239,267)	(4,351)	(243,618)
(Surplus) or Deficit	(38)	(1,303)	1,266	38,827	40,093
Opening General Fund			(24,581)		
Less/Plus (Surplus) Deficit on General Fund in Year			1,266		
Closing General Fund at 31 March			(23,315)		

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

EXPENDITURE AND FUNDING ANALYSIS NOTE 2022/23 (Group)

	As reported for Resource Management £000	Adjust for Earmarked Reserve Movements £000	Net Expenditure Chargeable to the General Fund £000	Adjustments between the Funding and Accounting Basis (a) £000	Net Expenditure Comprehensive Income and Expenditure Statement £000
Police Pay	124,381	0	124,381	8,136	132,517
Crime (b)	11,888	29	11,859	1,288	13,147
Protecting Vulnerable Persons & Criminal Justice (b)	5,362	0	5,362	393	5,755
Local Policing (b)	7,124	73	7,051	463	7,514
Force Operations (b)	14,014	0	14,014	1,247	15,261
Centrally Delivered Services (b)	6,365	86	6,279	468	6,748
Business Services (b)	41,591	282	41,309	2,062	43,371
Collaborations	11,017	(341)	11,358	679	12,037
Corporate Costs (b)	2,521	(804)	3,325	(1,736)	1,589
Office of the Police & Crime Commissioner	919	24	895	57	952
Office of the Police & Crime Commissioner - Commissioning	1,134	441	693	0	693
Net Cost of Services	226,316	(210)	226,526	13,057	239,584
Other Income & Expenditure	0	0	0	130	130
Financing & Investment Income & Expenditure	2,113	0	2,113	68,672	70,785
Taxation & Non-Specific Grant Income	(228,578)	(3,580)	(224,998)	(6,395)	(231,393)
(Surplus) or Deficit	(148)	(3,790)	3,641	75,464	79,105
Opening General Fund			(28,222)		
Less/Plus (Surplus) Deficit on General Fund in Year			3,641		
Closing General Fund at 31 March			(24,581)		

The Expenditure and Funding Analysis demonstrates to the readers of the accounts how the funding available to the Commissioner (i.e., Government Grants, Council Tax and income) for the year has been used in providing services in comparison with those resources consumed or earned in accordance with generally accepted accounting practices. The Expenditure and Funding Analysis also shows how this expenditure is allocated for decision making purposes between the departments shown above. Income and expenditure accounting under generally accepted accounting practices is presented more fully in the Comprehensive Income and Expenditure Statement. (a) Further details on the adjustments between the funding and accounting basis are included in Note 7. (b) Crime, Protecting Vulnerable Persons & Criminal Justice, Local Policing, Force Operations, Centrally Delivered Services, Business Services and Corporate Costs reorganised in 2023/24, 2022/23 figures restated to reflect the new structure – previously Contact, Response & Resolution £14,428k net; Crime £9,839k net; Neighbourhoods £8,162k net; Public Protection £8,415k net; Centrally Delivered Services £7,184k net; Business Services £46,637k net; Corporate Costs £(1,280)

EXPENDITURE AND FUNDING ANALYSIS NOTE 2023/24

(Police & Crime Commissioner)

	2023/24		
	Net Expenditure Chargeable to the General Fund £000	Adjustments between the Funding and Accounting Basis £000	Net Expenditure Comprehensive Income and Expenditure Statement £000
<u>Police Services</u>			
Police Pay	(6,061)	0	(6,061)
Crime	(10,150)	0	(10,150)
Protecting Vulnerable Persons & Criminal Justice	(954)	0	(954)
Local Policing	(247)	0	(247)
Force Operations	(6,101)	0	(6,101)
Centrally Delivered Services	(648)	0	(648)
Business Services	(6,330)	0	(6,330)
Collaborations	(76)	0	(76)
Corporate Costs	(2,106)	1,091	(1,016)
Office of the Police & Crime Commissioner	932	(132)	799
Office of the Police & Crime Commissioner - Commissioning	1,147	0	1,147
	(30,594)	959	(29,636)
Funding to Cheshire Constabulary	270,412	6,628	277,040
Net Cost of Services	239,818	7,587	247,406
Other Income & Expenditure	0	157	157
Financing & Investment Income & Expenditure	714	0	714
Taxation & Non-Specific Grant Income	(239,267)	(4,351)	(243,618)
(Surplus) or Deficit	1,266	3,393	4,658
Opening General Fund	(24,581)		
Less/Plus (Surplus) Deficit on General Fund in Year	1,266		
Closing General Fund at 31 March	(23,315)		

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

EXPENDITURE AND FUNDING ANALYSIS NOTE 2022/23

(Police & Crime Commissioner)

	2022/23		
	Net Expenditure Chargeable to the General Fund £000	Adjustments between the Funding and Accounting Basis £000	Net Expenditure Comprehensive Income and Expenditure Statement £000
<u>Police Services</u>			
Police Pay	(4,773)	0	(4,773)
Crime (a)	(8,589)	0	(8,589)
Protecting Vulnerable Persons & Criminal Justice (a)	(882)	0	(882)
Local Policing (a)	(296)	0	(296)
Force Operations (a)	(5,779)	0	(5,779)
Centrally Delivered Services (a)	(837)	0	(837)
Business Services (a)	(6,318)	0	(6,318)
Collaborations	(399)	0	(399)
Corporate Costs	(2,560)	0	(2,560)
Office of the Police & Crime Commissioner	895	56	952
Office of the Police & Crime Commissioner - Commissioning	693	0	693
	(28,845)	56	(28,789)
Funding to Cheshire Constabulary	255,371	7,358	262,729
Net Cost of Services	226,526	7,414	233,941
Other Income & Expenditure	0	130	130
Financing & Investment Income & Expenditure	2,113	19	2,132
Taxation & Non-Specific Grant Income	(224,998)	(6,395)	(231,393)
	3,641	1,169	4,810
(Surplus) or Deficit			
Opening General Fund	(28,222)		
Less/Plus (Surplus) Deficit on General Fund in Year	3,641		
Closing General Fund at 31 March	(24,581)		

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

(a) Crime, Protecting Vulnerable Persons & Criminal Justice, Local Policing, Force Operations Centrally Delivered Services and Business Services reorganised in 2023/24, 2022/23 figures restated to reflect the new structure – previously Contact, Response & Resolution £(5,779)k net; Crime £(5,271)k net; Neighbourhoods £(296)k net; Public Protection £(4,200)k net; Centrally Delivered Services £(724)k net; Business Services £(6,431)k net

FURTHER NOTES TO THE ACCOUNTS

1. Accounting Policies and Principles

1.1 General Principles

This Statement of Accounts summarises the Police and Crime Commissioner's (the Commissioner) transactions for the 2023/24 financial year and the position at 31 March 2024. The Commissioner is required to prepare an Annual Statement of Accounts by the Accounts & Audit (England) Regulations 2015, which require such accounts to be prepared in accordance with proper accounting practices. These practices under Section 21 of the 2003 Act primarily comprise the Code of Practice of Local Authority Accounting in the United Kingdom 2023/24, supported by International Financial Reporting Standards (IFRS) and International Accounting Standards (IAS). Where notes to the Financial Statements are presented, these are the notes to the Group Financial Statements unless there is a material difference between the Group and Commissioner's Statements.

1.1.1 Accounting Conventions

These financial statements have been prepared under the historical cost convention, modified by the revaluation of certain categories of non-current assets and where material, financial instruments as determined by the relevant accounting standard.

Activity is accounted for in the year that it takes place, not simply when cash payments are made or received. In particular:

- Revenue from contracts with service recipients, whether for services or the provision of goods, is recognised when (or as) the goods or services are transferred to the service recipient in accordance with the performance obligations in the contract.
- Supplies are recorded as expenditure when they are consumed. Where there is a gap between the date supplies are received and their consumption they are carried as stock on the Balance Sheet.
- Expenses in relation to services received (including services provided by employees) are recorded as expenditure when the services are received rather than when payments are made.
- Interest receivable on investments and payable on borrowings is accounted for respectively as income and expenditure on the basis of the effective interest rate for the relevant financial instrument rather than the cashflows fixed or determined by the contract.
- Where revenue and expenditure have been included in the Comprehensive Income and Expenditure Statement, but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet. Where debts may not be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected.

In addition, this Statement of Accounts assumes the Commissioner and Chief Constable will continue in operational existence for the foreseeable future under the 'Going Concern' concept as a statutory Corporations Sole.

1.2 Cash and Cash Equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

In both the Balance Sheet and Cashflow Statement, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Commissioner's cash management.

1.3 Prior Period Adjustments, Changes in Accounting Policies and Estimates and Errors

Prior period adjustments may arise as a result of a change in accounting policies or to correct a material error. Changes in accounting estimates are accounted for prospectively, i.e., in the current and future years affected by the change and do not give rise to a prior period adjustment.

Changes in accounting policies are only made when required by proper accounting practices or the change provides more reliable or relevant information about the effect of transactions, other events and conditions on the Commissioner's financial position or financial performance. Where a change is made, it is applied retrospectively (unless otherwise stated) by adjusting opening balances and comparative amounts for the prior period as if the new policy has always been applied.

Material errors discovered in prior period figures are corrected retrospectively by amending opening balances and comparative amounts for the prior period.

Items are material if they could, individually or collectively, influence the decisions or assessments of users made on the basis of the financial statements. Materiality depends on the nature and/or size of the omission or misstatement judged in the surrounding circumstances.

1.4 Charges to Revenue for Non-Current Assets

Services are debited with the following amounts to record the cost of holding non-current assets during the year:

- Depreciation attributable to the assets used by the relevant service.
- Revaluation and impairment losses on assets used by the service where there are no accumulated gains in the Revaluation Reserve against which the losses can be written off.
- Amortisation of intangible assets attributable to the service.

The Commissioner is not required to raise council tax (via their precept) to fund depreciation, revaluation and impairment losses or amortisation. However, they are required to make an annual contribution from revenue towards the reduction in its overall borrowing requirement equal to an amount calculated on a prudent basis determined by the Commissioner in accordance with statutory guidance, known as the Minimum Revenue Provision.

Depreciation, revaluation and impairment losses and amortisation are therefore replaced by the Minimum Revenue Provision contribution in the General Fund Balance by way of an adjusting transaction within the Capital Adjustment Account in the Movement in Reserves Statement for the difference between the two.

1.5 Council Tax and Non-domestic Rates

The four local authorities within Cheshire act as agents, collecting council tax and non-domestic rates on behalf of the major preceptors – including the Commissioner for council tax. The authorities are required by statute to maintain a separate fund (called the Collection Fund) for the collection and distribution of amounts due in respect of council tax and non-domestic rates. Under the legislative framework for the Collection Fund, the local authorities, preceptors (including the Commissioner) and central Government share proportionately the risks and rewards should the amount collected be more or less than predicted.

The council tax income included in the Comprehensive Income and Expenditure Statement (CIES) is the Commissioner's share of accrued income for the year. However, regulations determine the amount of council tax that must be included in the Commissioner's General Fund. Therefore, the difference between the income included in the Comprehensive Income and Expenditure Statement and the amount required by regulation to be credited to the General Fund is taken to the Collection Fund Adjustment Account (an unusable reserve) and included as a reconciling item in the Movement of Reserves Statement.

The Balance Sheet includes the Commissioner's share of the end of year balances in respect of council tax relating to arrears, impairment allowances for doubtful debts, overpayments and prepayments together with appeals.

Where debtor balances for the above are identified as impaired because of a likelihood arising from a past event that payments due under the statutory arrangements will not be made (fixed or determinable payments), the asset is written down and a charge made to the Financing and Investment Income line in the CIES. The impairment loss is measured as the difference between the carrying amount and the revised future cash flows.

1.6 Employee Benefits

Benefits payable during employment

Short-term employee benefits are those to be settled within 12 months of the year end. They include such benefits as salaries and wages, paid annual leave, paid sick leave, bonuses and non-monetary benefits (for example cars) for current employees and are recognised as an expense for the service in the year in which employees render service to the Commissioner. An accrual is made for the cost of holiday entitlements, flexi leave and time off in lieu earned by employees but not taken before the year end, which employees can carry forward into the next financial year. The accrual is made at the salary rates applicable at year end. The accrual is charged to the Surplus or Deficit on the Provision of Services but then reversed out through the Movement in Reserves Statement so that such benefits are charged to revenue in the financial year in which the benefit occurs.

Termination benefits

Termination benefits are amounts payable as a result of a decision by the Commissioner to terminate employment before the normal retirement date or an employee's decision to accept voluntary redundancy. These costs are charged on an accruals basis to the Comprehensive Income and Expenditure Statement when the Commissioner is demonstrably committed to the termination of the employment or making an offer to encourage voluntary redundancy.

Where termination benefits involve the enhancement of pensions, statutory provisions require the General Fund Balance to be charged with the amount payable by the Commissioner to the pension fund or pensioner in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement appropriations are required to and from the Pensions Reserve to remove the notional debits and credits for pension enhancement termination benefits and replace them with the debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year-end.

Post-employment benefits

The Commissioner's employees may be members of one of two separate pension schemes:

- Police Staff - the Local Government Pension Scheme administered by Cheshire West and Chester Council; or
- Police Officers - the Police Pension Schemes for Police Officers; the Police Pension Schemes are unfunded schemes (Police Pension Fund Regulations 2007 (SI2007/1932) and subsequent updates), meaning there are no investment assets built up to meet the pensions' liabilities and cash has to be generated to meet actual pensions payments as they eventually fall due. The costs of the scheme are supported by an employer's contribution based on the costs of serving officers and central government grant.

Both schemes provide defined benefits to members (retirement lump sums and pensions) earned as employees of the Commissioner. The impact of these two pension schemes is identified separately in the Comprehensive Income and Expenditure Statement and Balance Sheet and in the Notes to the Accounts.

The Local Government Pension Scheme

The Local Government Pension Scheme is accounted for as a defined benefits scheme with the liabilities attributable to the Commissioner included in the Balance Sheet on an actuarial basis using the projected unit method. This is an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates etc. and projections of projected earnings for current employees.

Liabilities are discounted to their value at current prices in line with the actuary's agreed discount rate as stated in the relevant Note to the Accounts. The assets attributable to the Commissioner are also included in the Balance Sheet at fair value:

- Quoted securities – current bid price
- Unquoted securities – professional valuation
- Utilised securities – current bid price
- Property – market value

The change in the net pensions' liability is analysed as follows:

- Current service cost – the increase in liabilities as a result of years of service earned this year. This is charged to the Comprehensive Income and Expenditure Statement and is apportioned across service headings according to numbers of employees.

- Past service cost – the increase in liabilities as a result of a scheme amendment or curtailment whose effect relates to years of service earned in earlier years and charged to the relevant service heading in the Comprehensive Income and Expenditure Statement.
- Net Interest – on the net defined benefit liability (asset), i.e. the net interest expense for the Commissioner – the change during the period in the net defined benefit liability (asset) that arises from the passage of time charged to the Financing and Investment Income and Expenditure line of the Comprehensive Income and Expenditure Statement. This is calculated by applying the discount rate used to measure the defined benefit obligation at the beginning of the period to the net defined benefit liability (asset) at the beginning of the period – taking into account any changes in the net defined benefit liability (asset) during the period as a result of contribution and benefit payments.
- The re-measurements comprise of:
 - The return on plan assets – excluding amounts included in net interest on the net defined benefit liability (asset) – charged to the Pensions Reserve as Other Comprehensive Income and Expenditure.
 - Actuarial gains and losses – changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions – charged to the Pensions Reserve as Other Comprehensive Income and Expenditure.
- Contributions paid to the pension fund – cash paid as employer’s contributions to the pension fund in settlement of liabilities, not accounted for as an expense.

In relation to retirement benefits, statutory provisions require the General Fund Balance to be charged with the amount payable by the Commissioner to the pension fund or directly to pensioner in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, this means that there are appropriations to and from the IAS19 Pension Reserve to remove the notional debits and credits for the retirement benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year-end. The negative balance that arises on the IAS19 Pension Reserve thereby measures the beneficial impact to the General Fund of being required to account for the retirement benefits on the basis of cashflows rather than as benefits that are earned by employees.

Discretionary benefits – Local Government Pension Scheme

The Commissioner also has restricted powers to make discretionary awards of retirement benefits in the event of early retirements. Any liabilities estimated to arise as a result of such an award are accrued in the year in which the decision was taken and accounted for using the same policies as applied to the Local Government Pension Scheme.

Injury awards – The Police Pension Scheme

Injury awards under The Police (Injury Benefits) Regulations 2006 are not part of the Police Pensions Scheme and are funded direct from the Comprehensive Income and Expenditure Statement. However, liabilities in respect of injury awards are disclosed in the Statement of Accounts as part of the Commissioner’s overall liability and are measured on an actuarial basis, using the projected unit method.

1.7 Events after the Reporting Period

Events after the Balance Sheet date are those events both favourable and unfavourable that occur between the end of the reporting period and the date when the Statement of Accounts is authorised for issue. Two types of events can be identified:

- Those that provide evidence of conditions that existed at the end of the reporting period – the Statement of Accounts is adjusted to reflect such events.
- Those that are indicative of conditions that arose after the reporting period – the Statement of Accounts is not adjusted to reflect such events but, where a category of events would have a material effect, disclosure is made in the Notes of the nature of the events and their estimated financial effect.

Events taking place after the date of authorisation of issue are not reflected in the Statement of Accounts.

1.8 Financial Instruments

Financial liabilities

Financial liabilities are recognised on the Balance Sheet when the Commissioner becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value and are carried at their amortised cost. Annual charges to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement for interest payable are based on the carrying amount of the liability, multiplied by the effective rate of interest for the instrument. The effective interest rate is the rate that exactly discounts estimated future cash payments over the life of the instrument to the amount at which it was originally recognised.

For most of the borrowings that the Commissioner has, this means that the amount presented in the Balance Sheet is the outstanding principal repayable (plus accrued interest); and interest charged to the Comprehensive Income and Expenditure Statement is the amount payable for the year according to the loan agreement.

Where premiums and discounts have been charged to the Comprehensive Income and Expenditure Statement, regulations allow the impact on the General Fund Balance to be spread over future years. The Commissioner has a policy of charging the full effect of premiums and discounts to the Comprehensive Income and Expenditure Statement in the year in which they are incurred.

Financial Assets

Financial assets are classified based on a classification and measurement approach that reflects the business model for holding the financial assets and their cashflow characteristics. There are three main classes of financial assets measured at:

- Amortised cost,
- Fair value through profit or loss (FVPL), and
- Fair value through other comprehensive income (FVOCI).

The Commissioner's business model is to hold investments to collect contractual cash flows. Financial assets are, therefore classified as amortised cost, except for those whose contractual payments are not solely payment of principal and interest (i.e., where the cash flows do not take the form of a basic debt instrument).

Financial Assets Measured at Amortised Cost

Financial assets measured at amortised cost are recognised on the Balance Sheet when the Commissioner becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value. They are subsequently measured at their amortised cost. Annual credits to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement for interest receivable are based on the carrying amount of the asset multiplied by the effective rate of interest for the instrument. For most of the financial assets held by the Commissioner, this means that the amount presented in the Balance Sheet is the outstanding principal receivable plus accrued interest, and the interest credited to the Comprehensive Income and Expenditure Statement is the amount receivable for the year in the loan agreement.

Any gains and losses that arise on the de-recognition of an asset are credited or debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

Expected Credit Loss Model

The Commissioner recognises expected credit losses on all of its financial assets held at amortised cost, either on a 12 month or lifetime basis. The expected credit loss model also applies to lease receivables and contract assets. Only lifetime losses are recognised for trade receivables (debtors) held by the Commissioner.

Impairment losses are calculated to reflect the expectation that the future cash flows might not take place because the borrower could default on their obligations. Credit risk plays a crucial part in assessing losses. Where risk has increased significantly since an instrument was initially recognised, losses are assessed on a lifetime basis. Where risk has not increased significantly or remains low, losses are assessed on the basis of 12 month expected losses.

Financial assets measured at fair value through other comprehensive income (FVOCI)

Financial assets that are measured at FVOCI are recognised on the balance sheet when the Commissioner becomes a party to the contractual provisions of a financial instrument and are initially measured and carried at fair value. Fair value gains and losses are recognised as they arise in other comprehensive income. Financial assets are classified in this way if they are held in a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets.

Financial assets measured at fair value through profit or loss (FVPL)

Financial assets that are measured at FVPL are recognised on the balance sheet when the Commissioner becomes a party to the contractual provisions of a financial instrument and are initially measured and carried at fair value. Fair value gains and losses are recognised as they arise in the surplus or deficit on the provision of services. Financial assets not held in the amortised cost or fair value through other comprehensive income model are measured at fair value through profit or loss.

Fair value measurements of financial assets

Fair value of an asset is the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date.

The fair value measurements of the financial assets are based on the following techniques:

- Instruments with quoted market prices – the market price.
- Other instruments with fixed and determinable payments – discounted cash flow analysis.

The inputs to the measurement techniques are categorised in accordance with the following three levels:

- Level 1 – inputs are quoted prices in active markets for identical assets and liabilities.
- Level 2 – inputs are other than quoted prices in Level 1 that are observable for the asset or liability either directly or indirectly.
- Level 3 – inputs are unobservable inputs for the asset or liability.

Any gains and losses that arise on the de-recognition of the asset are credited or debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

1.9 Government Grants and Contributions

Whether paid on account, by instalments or in arrears, government grants and third-party contributions and donations are recognised as due to the Commissioner when there is reasonable assurances that:

- The Commissioner will comply with the conditions attached to the payments, and
- The grants or contributions will be received.

Amounts recognised as due to the Commissioner are not credited to the Comprehensive Income and Expenditure Statement until conditions attached to the grant or contribution have been satisfied. Conditions are stipulations that specify that the future economic benefits or service potential embodied in the asset in the form of the grant or contribution are required to be consumed by the recipient as specified or future economic benefits or service potential must be returned to the transferor.

Monies advanced as grants and contributions for which conditions have not been satisfied are carried in the Balance Sheet as creditors. When conditions are satisfied, the grant or contribution is credited to the appropriate service line or Taxation and Non-specific Grant Income (for non-ring-fenced grants and all capital grants) in the Comprehensive Income and Expenditure Statement.

Where capital grants are credited to the Comprehensive Income and Expenditure Statement, they are reversed out of the General Fund Balance in the Movement in Reserves Statement. Where the grant has not been used to finance capital expenditure it is posted to the Capital Grants Unapplied Reserve. Where it has been used to finance capital expenditure it is posted to the Capital Adjustment Account. Amounts in the Capital Grants Unapplied Reserve are transferred to the Capital Adjustment Account once they have been used to finance capital expenditure.

1.10 Intangible Assets

Expenditure on non-monetary assets that do not have physical substance but are controlled by the Commissioner as a result of past events (e.g., software licences), are capitalised when it is expected that future economic benefits or service potential will flow from the intangible asset to the Commissioner.

Internally generated assets are capitalised where it is demonstrable that the project is technically feasible and is intended to be completed (with adequate resources being available) and the Commissioner will be able to generate future economic benefits or deliver service potential by being able to sell or use the asset. Expenditure is capitalised where it can be measured reliably as attributable to the asset and is restricted to that incurred during the development phase. Research expenditure cannot be capitalised. Expenditure on the development of websites is not capitalised if the website is solely or primarily intended to promote or advertise the Commissioner's services.

Intangible assets are measured initially at cost. Amounts are only re-valued where the fair value of the assets held can be determined by reference to an active market. In practice no intangible asset held by the Commissioner meets this criterion and they are therefore carried at amortised cost. The depreciable amount of an intangible asset is amortised over its useful life to the relevant service lines in the Comprehensive Income and Expenditure Statement. An asset is tested for impairment whenever there is an indication that the asset might be impaired – any losses recognised are posted to the relevant service in the Comprehensive Income and Expenditure Statement. Any gain or loss arising on the disposal or abandonment of an intangible asset is posted to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement.

Where expenditure on intangible assets qualifies as capital expenditure for statutory purposes, amortisation, impairment losses and disposal gains and losses are not permitted to impact on the General Fund Balance. The gains and losses are, therefore reversed out of the General Fund Balance in the Movement in Reserves Statement and transferred to the Capital Adjustment Account or for any sale proceeds over £10,000, the Capital Receipts Reserve.

1.11 Stock

Stock is valued at the lower of cost or current replacement cost where it is held for distribution at no charge. The stock reflected in the Balance Sheet relates predominantly to uniforms and equipment which is distributed to officers as appropriate.

1.12 Joint Operations

Joint operations are arrangements where the parties that have joint control of the arrangement have rights to the assets and obligations for the liabilities relating to the arrangement. The activities undertaken by the Commissioner and/or Chief Constable in conjunction with other joint operators involve the use of the assets and resources of those joint operators. In relation to its interest in a joint operation, the Commissioner and/or Chief Constable as a joint operator recognises, if material:

- Its assets, includes its share of any asset held jointly.
- Its liabilities, including its share of any liabilities incurred jointly.
- Its revenue from the sale of its share of the output arising from the joint operation.
- Its share of the revenue from the sale of the output by the joint operations.
- Its expenses, including its share of any expenses incurred jointly.

1.13 Leases

Leases are classified as finance leases where the terms of the lease transfer substantially all the risks and rewards incidental to ownership of the property, plant or equipment from the lessor to the lessee. All other leases are classified as operating leases. Where a lease covers both land and buildings, the land and building elements are considered separately for classification.

Arrangements that do not have legal status of a lease but convey a right to use an asset in return for payment are accounted for under this policy where fulfilment of the arrangement is dependent on the use of specific assets.

Finance Leases (taken out by the Commissioner)

Property, plant and equipment held under finance leases are recognised on the Balance Sheet at the commencement of the lease at its fair value measured at the lease's inception or the present value of the minimum lease payments if this is lower. The asset recognised is matched by a liability for the obligation to pay the lessor. Initial direct costs of the Commissioner are added to the carrying amount of the asset. Premiums paid on entry into a lease are applied to writing down the lease liability. Contingent rents are charged as expenses in the periods in which they are incurred.

Lease payments are apportioned between:

- A charge for the acquisition of the interest in the property, plant or equipment – applied to write down the lease liability, and
- A finance charge (debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement).

Property, plant and equipment recognised under finance leases is accounted for using the policies applied generally to such assets, subject to depreciation being charged over the lease term if this is shorter than the asset's estimated useful life (where the ownership of the asset does not transfer to the Commissioner at the end of the lease period).

The Commissioner is not required to raise council tax to fund depreciation or revaluation and impairment losses arising from leased assets. Instead, a prudent annual contribution is made from revenue funds towards the deemed capital investment in accordance with statutory requirements. Depreciation, revaluation and impairment losses are therefore substituted by a revenue contribution in the General Fund by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement for the difference between the two.

Operating Leases

Rentals paid under operating leases are charged to the Comprehensive Income and Expenditure Statement as an expense of the services benefiting from use of the lease property, plant and equipment. Charges are made on a straight-line basis over the life of the lease, even if this does not match the pattern of payments (for example if there is a rent free period at the start or end of the lease). This will change from 1 April 2024 when IFRS16 is enacted.

1.14 Overheads and support services

The costs of overheads and support services are charged to the service segments in accordance with the organisation's arrangements for accountability and financial performance.

1.15 Property, Plant and Equipment

Assets that have physical substance and are held for use in the production or supply of goods or services, for rental to others, or for administration purposes and that are expected to be used during more than one financial year are classified as property, plant and equipment in line with International Accounting Standard (IAS) 16 and International Public Sector Accounting Standard (IPSAS) 17.

Recognition of the asset

Expenditure on the acquisition, creation or enhancement of property, plant and equipment is capitalised on an accruals basis, provided that it is probable that the future economic benefits or service potential associated with the asset will flow to the Commissioner and the cost of the asset can be measured reliably. Expenditure that maintains but does not add to the asset's potential to deliver economic benefits or service potential (i.e., repairs and maintenance) is charged as an expense when it is incurred. The Commissioner's policy is also to capitalise only those assets which have a material value where the cost is £10,000 or more (de-minimis level).

Measurement of the asset

Assets are initially measured at cost, comprising:

- the purchase price;
- any costs directly attributable to bringing the asset to the location and condition for it to be capable of operating in the manner intended by the Commissioner, including any directly attributable salary costs of the Commissioner's employees; and
- the initial estimate of the costs of dismantling and removing the items and restoring the site on which it is located.

The Commissioner does not capitalise borrowing costs incurred whilst assets are under construction.

The cost of assets acquired other than by purchase is deemed to be its fair value, unless the acquisition does not have commercial substance (i.e., it will not lead to a variation in the cashflows of the Commissioner). In the latter case where an asset is acquired via an exchange, the cost of the acquisition is the carrying amount of the asset given up by the Commissioner.

Donated assets are measured initially at fair value. The difference between fair value and any consideration paid is credited to the Taxation and Non-specific Grant Income line in the Comprehensive Income and Expenditure Statement unless the donation has been made conditionally. In such cases until the conditions are satisfied the gain is held in the Donated Assets Account. Where gains are credited to the Comprehensive Income and Expenditure Statement, they are reversed out of the General Fund Balance to the Capital Adjustment Account in the Movement in Reserves Statement.

Assets are carried in the Balance Sheet using the following measurement bases:

- Assets under construction – depreciated historical cost (actual expenditure incurred) until operational and then at fair value.
- All other assets – current value, determined as the amount that would be paid for the asset in its existing use.

Where market based evidence of fair value is not available because of the specialist nature of an asset, Depreciated Replacement Cost (DRC) will be used as an estimate of current value.

For non-property assets which have short useful lives, low value or both, depreciated historical cost will be used as a proxy for current value.

Assets included in the Balance Sheet at current value are re-valued sufficiently regularly to ensure that their carrying amount is not materially different from their current value at year end, but at a minimum of every five years. Increases in valuations are matched by credits to the Revaluation Reserve to recognise unrealised gains. Exceptionally, gains might be credited to the Surplus or Deficit on the Provision of Services where they arise from the reversal of a loss previously charged to a service.

Where decreases in value are identified, they are accounted for as follows:

- where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance up to the amount of the accumulated gains.
- where there is no balance in the Revaluation Reserve or an insufficient balance, the carrying amount of the asset is written down against the relevant service lines in the Comprehensive Income and Expenditure Statement.

The Revaluation Reserve contains revaluation gains recognised since 1 April 2007 only; the date of its formal implementation. Gains arising before that date have been consolidated into the Capital Adjustment Account.

Impairment

Assets are assessed at each year-end as to whether there is any indication that an asset may be impaired. Where indications exist and any possible differences are estimated to be material, the recoverable amount of the asset is estimated and where this is less than the carrying amount of the asset, an impairment loss is recognised for the shortfall.

Where impairment losses are identified, they are accounted for as follows:

- where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance up to the amount of the accumulated gains.
- where there is no balance in the Revaluation Reserve or an insufficient balance, the carrying amount of the asset is written down against the relevant service lines in the Comprehensive Income and Expenditure Statement.

Where an impairment loss is reversed subsequently, the reversal is credited to the relevant service lines in the Comprehensive Income and Expenditure Statement up to the amount of the original loss and adjusted for depreciation that would have been charged if the loss has not been recognised.

Depreciation

Depreciation is provided for on all property, plant and equipment assets by the systematic allocation of their depreciable amounts over their useful lives. An exception is made for assets without a determinable finite useful life (i.e., freehold land) and assets that are not yet available for operational use (i.e., assets under construction).

Depreciation is calculated on the following bases:

- Land – no depreciation applied.
- Property (not land) – straight-line allocation over the life of the property as estimated by the valuer.
- Plant and Equipment – straight-line allocation over the life of the asset as advised by a suitably qualified officer.

Where an item of property, plant and equipment has major components (with different useful lives from the rest of the asset), whose cost is significant in relation to the total cost of the item, the components are depreciated separately. Further details are included in the componentisation policy below.

Revaluation gains are also depreciated with an amount equal to the difference between current value depreciation charged on assets and the depreciation that would have been chargeable based on their historical cost being transferred each year from the Revaluation Reserve to the Capital Adjustment Account.

Componentisation

The Commissioner identifies any properties where it is considered that componentisation is appropriate and provides separate valuation of such components. Componentisation is only applied routinely to new buildings or refurbishments completed after 1 April 2010 onwards and will not apply to historical assets that have not been refurbished.

Specifically, componentisation is considered for:

- all properties over £1m;
- those which have been the subject of significant refurbishment or improvement during the year;
- those properties which are expected to be the subject of significant refurbishment or improvement during the next two years.

In this context significant expenditure is defined as 'greater than 25% of the total cost of the asset; and greater than £100,000'.

Disposals and non-current Assets held for Sale

When it becomes probable that an asset will be sold it is reclassified as an Asset held for Sale. The asset is re-valued immediately before reclassification and then carried at the lower of this amount and fair value less costs to sell. Where there is a subsequent decrease to fair value less costs to sell, the loss is posted to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement. Gains in fair value are recognised only up to the amount of any previous losses recognised in the Surplus or Deficit on Provision of Services. Depreciation is not charged on Assets held for Sale.

If assets no longer meet the criteria to be classified as Assets held for Sale, they are reclassified back to non-current assets and valued at the lower of their carrying amount before they were classified as held for sale; adjusted for depreciation, amortisation or revaluations that would have been recognised had they not been classified as held for sale and their recoverable amount at the date of the decision not to sell.

Assets that are to be abandoned or scrapped are not reclassified as Assets held for Sale.

When an asset is disposed of or decommissioned the carrying amount of the asset in the Balance Sheet (whether property, plant and equipment or assets held for sale) is written off to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. Receipts from disposals (if any) are credited to the same line in the Comprehensive Income and Expenditure Statement also as part of the gain or loss on disposal (i.e. netted off against the carrying value of the asset at the time of disposal). Any revaluation gains accumulated for the disposed asset in the Revaluation Reserve are transferred to the Capital Adjustment Account.

Amounts received for a disposal in excess of £10,000 are categorised as capital receipts and are required to be credited to the Capital Receipts Reserve. These can only then be used to fund new capital expenditure or set aside to reduce the Commissioner's underlying need to borrow (the capital financing requirement). Receipts are appropriated to the Reserve from the General Fund Balance via the Movement in Reserves Statement.

All assets with a net present value of £nil (i.e., fully depreciated) will be reviewed annually and any unsubstantiated assets will be recorded as 'disposed of or scrapped'.

The written off value of disposals is not a charge against the council tax as the cost of non-current assets is fully provided for under separate arrangement for capital financing. Amounts are appropriated to the Capital Adjustment Account from the General Fund Balance in the Movement in Reserves Statement.

1.16 Private Finance Initiative (PFI)

PFI and similar contracts are agreements to receive services where the responsibility for making available the property, plant and equipment needed to provide the services passes to the PFI contractor. As the Commissioner is deemed to control the services that are provided under its PFI scheme and as ownership of the property, plant and equipment will pass to the Commissioner at the end of the contract, the Commissioner carries the assets used under the contract on its Balance Sheet as part of property, plant and equipment.

The original recognition of these assets at fair value (based on the cost to purchase) was balanced by the recognition of a liability for the amounts due to the scheme operator to pay for the capital investment. Non-current assets recognised on the Balance Sheet are re-valued and depreciated in the same way as property, plant and equipment owned by the Commissioner.

The amounts payable to the PFI operator each year are analysed as follows:

- fair value of the services received during the year – charged to the Comprehensive Income and Expenditure Statement;
- finance cost – an interest charge on the outstanding Balance Sheet liability charged to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement;
- contingent rent – increases in the amount to be paid for the property arising during the contract and charged to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement;
- payment towards liability – applied to write down the Balance Sheet liability towards the PFI operator (the profile of write downs is calculated using the same principles as for a finance lease);

- lifecycle replacement costs – a proportion of the amounts payable is posted to the Balance Sheet as a prepayment and then recognised as additions to property, plant and equipment when the relevant works are eventually carried out.

1.17 Provisions, Contingent Assets and Liabilities

Provisions

Provisions are made when an event has taken place that gives the Commissioner a legal or constructive obligation that probably requires settlement of that obligation and a reasonable estimate of the amount can be made. For example, the Commissioner may be involved in a court case that could eventually result in the making of a settlement or the payment of compensation.

Provisions are charged to the Comprehensive Income and Expenditure Statement in the year in which the Commissioner becomes aware of the obligation, based on the best estimate of the likely settlement taking into account relevant risks and uncertainties. When payments are eventually made, they are charged to that provision in the Balance Sheet. Estimated settlements are reviewed at the end of each financial year and where it becomes more likely than not that a settlement is no longer required (or a lower settlement than anticipated is made), the provision is adjusted and credited back to the Comprehensive Income and Expenditure Statement.

Where some or all of the payment required to settle an obligation is expected to be met by another party (e.g., from an insurance claim) it is only recognised as income in the Comprehensive Income and Expenditure Statement when it is virtually certain that reimbursement will be received.

Contingent Assets

A contingent asset arises where an event has taken place that gives the Commissioner a possible asset whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the Commissioner. Contingent assets are not recognised in the Balance Sheet but are disclosed in a Note to the Accounts where it is probable that there will be an inflow of economic benefits or service potential.

Contingent Liability

A contingent liability arises where an event has taken place that gives the Commissioner a possible obligation whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the Commissioner. Contingent liabilities also arise in circumstances where a provision would otherwise be made but either it is not probable that an outflow of resources will be required or the amount of the obligation cannot be measured reliably. Contingent liabilities are not recognised in the Balance Sheet but are disclosed in a Note to the Accounts.

1.18 Reserves

The Commissioner sets aside amounts as reserves for specific policy purposes through appropriations in the Movement of Reserves Statement. Expenditure funded by such reserves is charged directly to the Comprehensive Income and Expenditure Statement with the transfer from the reserve shown separately and accounted for in the Movement of Reserves Statement.

Certain reserves are held to manage the accounting processes of assets; council tax collection; employee benefits and retirement benefits and do not represent usable resources for the Commissioner – these reserves are explained in the relevant policies.

1.19 Revenue Expenditure Funded from Capital under Statute

Expenditure incurred during the year that may be capitalised under statutory provisions, but which does not result in the creation of a non-current asset has been charged as expenditure to the relevant service in the Comprehensive Income and Expenditure Statement in the year. Where the Commissioner has determined to meet the cost of this expenditure from existing capital resources or by borrowing, a transfer in the Movement in Reserves Statement from the General Fund Balance to the Capital Adjustment Account then reverses out the amounts charged so that there is no impact on the level of council tax.

1.20 Value Added Tax (VAT)

VAT payable is included as an expense only to the extent that it is not recoverable from His Majesty's Revenue and Customs. VAT receivable is excluded from income.

2. Accounting Standards issued, not yet adopted

The Code of Practice for Local Authority Accounting in the UK 2023/24 (the Code) requires changes in accounting policy to be applied retrospectively unless alternative transitional arrangements are specified in the Code. The Code requires an authority to disclose information relating to the impact of an accounting change that will be required by a new standard that has been issued but not yet adopted for the relevant financial year. The additional disclosures that may be relevant for additional disclosures that will be required in the 2023/24 and 2024/25 financial statements in respect of accounting changes that are introduced in the 2024/25 Code (i.e., that are relevant to the requirements of paragraph 3.3.4.3) are:

- IFRS 16 Leases issued in January 2016 to be implemented in 2024/25.
- Classification of Liabilities as Current or Non-current (Amendments to IAS 1) issued in January 2020.
- Lease Liability in a Sale and Leaseback (Amendments to IFRS 16) issued in September 2022.
- Non-current Liabilities with Covenants (Amendments to IAS 1) issued in October 2022.
- International Tax Reform: Pillar Two Model Rules (Amendments to IAS 12) issued in May 2023. Pillar Two applies to multinational groups with a minimum level of turnover.
- Supplier Finance Arrangements (Amendments to IAS 7 and IFRS 7) issued in May 2023.

The above changes have no impact on these accounts but will be reviewed during 2024/25 and any amendments required will be clearly shown in the 2024/25 Statement of Accounts.

3. Critical Judgements in applying Accounting Policies

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

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

The key judgements are:

- All income and grants are recognised in the Commissioner's Statement of Account.
- All day-to-day expenditure outside of those properly charged to the Office of the Police & Crime Commissioner are recognised in the Chief Constable's Statement of Accounts.

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

4. Group Accounts

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

Basis of Consolidation

The group accounts comprise of those of the Commissioner and his wholly owned subsidiary the Chief Constable as at 31 March 2024.

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

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

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

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

The items in the Commissioner's Balance Sheet at 31 March 2024, for which there is a significant risk of material adjustment in the forthcoming financial year, are as follows:

Item	Uncertainties	Effect if actual results differ from assumptions
Property, Plant and Equipment	Assets are depreciated over useful lives and are dependent on assumptions about the level of repairs & maintenance that will be incurred.	Each 5% change in the value of Land & Buildings assets would have an impact of £8.8m on their Net Book Value at 31st March 2024.

Item	Uncertainties	Effect if actual results differ from assumptions
	The current economic climate makes it uncertain that the Commissioner will be able to sustain current spending on repairs and maintenance, bringing into doubt the useful lives assigned to assets.	If the useful life of assets is reduced, depreciation increases and the carrying amount of the assets falls. It is estimated that the annual depreciation charge would increase by £2.037m for every year that useful lives have to be reduced.
Pensions Liability	Estimation of net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets (where applicable). The Government's Actuary Department is engaged to provide the Commissioner with expert advice about the assumptions to be applied for Police Pensions and Cheshire West & Chester Council provide information on the Local Government Pension Scheme.	The effects on the net pension liability of changes in individual assumptions can be measured. For instance, a 0.1% decrease in the discount rate assumption would result in a decrease in the pension liability of £7.084m for the Local Government Pension Scheme. However, the assumptions interact in complex ways. Where assumptions do change these are reported as actuarial gains and losses within the 'Other Income and Expenditure' line in the Comprehensive Income and Expenditure Statement. These changes only impact on the Pension Reserve & Liability & have no impact on general reserve.

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

6. Post Balance Sheet events

There are no post balance sheet events to report.

7. Note to the Expenditure and Funding Analysis

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

Adjustments from GF to arrive at the Comprehensive Income & Expenditure Statement 2023/24	Adjustments for Capital Purposes	Net Change for Pension Adjustments	Other Differences	Total Adjustments
	£000	£000	£000	£000
Police Pay	5,304	(25,438)	819	(19,316)
Crime	843	(4,043)	130	(3,070)
Protecting Vulnerable Persons & Criminal Justice	247	(1,185)	38	(900)
Local Policing	291	(1,395)	45	(1,059)
Force Operations	835	(4,004)	129	(3,040)
Centrally Delivered Services	308	(1,477)	48	(1,121)
Business Services	1,111	(9,893)	318	(8,464)
Collaborations	431	(2,067)	67	(1,570)
Corporate Costs	(1,822)	0	0	(1,822)
OPCC	36	(174)	6	(132)
OPCC – Commissioning	0	0	0	0
Actuarial Pension costs - McCloud Judgement	0	0	0	0
Net cost of services	7,584	(49,676)	1,599	(40,494)
Other Operating Income & Expenditure	157			157
Financing & Invest. Income & Expenditure	0	83,515		83,515
Taxation & Non-Specific Grant Income	(5,277)		926	(4,351)
Difference between GF surplus/ deficit and CIES surplus/ deficit	2,463	33,839	2,525	38,827

Adjustments from GF to arrive at the Comprehensive Income & Expenditure Statement 2022/23	Adjustments for Capital Purposes	Net Change for Pension Adjustments	Other Differences	Total Adjustments
	£000	£000	£000	£000
Police Pay	5,044	3,016	76	8,136
Crime (a)	799	477	12	1,288
Protecting Vulnerable Persons & Criminal Justice (a)	244	146	4	393
Local Policing (a)	287	172	4	463
Force Operations (a)	773	462	12	1,247
Centrally Delivered Services	290	174	4	468
Business Services (a)	816	1,215	31	2,062
Collaborations	421	252	6	679
Corporate Costs	(1,736)	0	0	(1,736)
OPCC	36	20	1	57
OPCC – Commissioning	0	0	0	0
Actuarial Pension costs - McCloud Judgement	0	0	0	0
Net cost of services	6,974	5,934	149	13,057
Other Operating Income & Expenditure	130	0	0	130
Financing & Invest. Income & Expenditure	0	68,672	0	68,672
Taxation & Non-Specific Grant Income	(5,963)	0	(432)	(6,395)
Difference between GF surplus/ deficit and CIES surplus/ deficit	1,141	74,606	(283)	75,464

(a) Crime, Protecting Vulnerable Persons & Criminal Justice, Local Policing, Force Operations and Business Services reorganised in 2023/24, 2022/23 figures restated to reflect the new structure – previously Contact, Response & Resolution £1,197k total; Crime £896k total; Neighbourhoods £501k total; Public Protection £748k total; Business Services £2,111k total.

8. Material items of income and expenditure

There are no material items of income and expenditure to report for 2023/24.

9. Expenditure and Income Analysed by Nature

Subjective Analysis of Expenditure Group

	2023/24	2022/23
	£000	£000
Employees - Police Pay and Allowances	141,657	132,780
- Civilian Pay and Allowances	70,679	67,502
- Other Pay and Allowances	3,870	3,469
Premises	11,461	9,061
Transport	4,777	4,848
Supplies & Services	28,490	26,112
Third Party Payments	14,982	14,667
IAS19 Pension costs	(49,676)	5,934
Depreciation and Amortisation of Assets	10,358	9,927
Movement in Accumulated Absences Reserve	1,599	149
Total Service Expenditure	238,195	274,449
Service Income (<i>see below</i>)	(38,871)	(34,865)
Net Cost of Service	199,325	239,584
(Profit)/Loss on Disposal of Assets	157	130
Interest Payable and Similar Charges	2,573	2,879
Interest and Investment Income	(1,859)	(766)
IAS19 Pension Net Interest Cost	83,515	68,672
Net Operating Expenditure	283,711	310,498
Police Grant	(75,549)	(75,287)
Formula Funding	(54,038)	(53,851)
Precept on Council Tax Collection Funds	(98,169)	(91,617)
Legacy Council Tax Grants	(8,256)	(8,256)
Police Pay Award Grant – see below*	(4,966)	0
PFI Grant - interest element	(1,577)	(1,867)
Council Tax Collection Fund related grants	0	0
Capital Grants	0	0
Capital Contributions	(1,062)	(515)
Deficit / (Surplus) on Provision of Services	40,093	79,105
Subjective Analysis of Service income		
Fees & Charges	6,365	5,775
Sales	357	157
Reimbursements:		
Casualty Reduction Partnership, Hypothecated Fines	1,211	1,117
Secondments	13	11
Private Finance Initiative reimbursements	280	252
Asset Recovery	157	145
Other Reimbursements	4,606	3,743
Grants:		
Private Finance Initiative	5,652	5,362
Pensions Uplift grant	2,108	2,108
Counter Terrorism	1,670	1,758
Victims and Restorative Justice Grant	2,301	2,249
National Officer Uplift Grant	4,813	2,031
Police Pay Award Grant – see above*	0	1,053
Major Investigation Grants	2,899	2,755
Commissioning Grants	2,603	1,874
Other Grants	1,246	1,017
Other Income:		
Mutual Aid	531	979
External Agency Funding	1,383	1,936
Proceeds of Crime Act	675	542
Total Service Income	38,871	34,865

Subjective Analysis of Expenditure PCC		2023/24	2022/23
		£000	£000
Employees - Police Pay and Allowances		0	0
- Civilian Pay and Allowances		988	879
- Other Pay and Allowances		9	22
Premises		0	0
Transport		0	30
Supplies & Services		7,272	5,555
Third Party Payments		6	0
IAS19 Pension costs		917	(446)
Depreciation and Amortisation of Assets		10,358	9,927
Fair Usage of Assets		(10,321)	(9,892)
Movement in Accumulated Absences Reserve		6	1
Total Service Expenditure		9,235	6,076
Service Income (<i>see below</i>)		(38,871)	(34,865)
Funding to Constabulary		277,040	262,730
Net Cost of Service		247,405	233,941
(Profit)/Loss on Disposal of Assets		157	130
Interest Payable and Similar Charges		2,573	2,879
Interest and Investment Income		(1,859)	(766)
IAS19 Pension Net Interest Cost		0	19
Net Operating Expenditure		248,276	236,203
Police Grant		(75,549)	(75,287)
Formula Funding		(54,038)	(53,851)
Precept on Council Tax Collection Funds		(98,169)	(91,617)
Legacy Council Tax Grants		(8,256)	(8,256)
Police Pay Award Grant – see below*		(4,966)	0
PFI Grant - interest element		(1,577)	(1,867)
Council Tax Collection Fund related grants		0	0
Capital Grants		0	0
Capital Contributions		(1,062)	(515)
Deficit / (Surplus) on Provision of Services		4,658	4,810
Subjective Analysis of Service income			
Fees & Charges		6,365	5,775
Sales		357	157
Reimbursements:			
Casualty Reduction Partnership, Hypothecated Fines		1,211	1,117
Secondments		13	11
Private Finance Initiative reimbursements		280	252
Asset Recovery		157	145
Other Reimbursements		4,606	3,743
Grants:			
Private Finance Initiative		5,652	5,362
Pensions Uplift grant		2,108	2,108
Counter Terrorism		1,670	1,758
Victims and Restorative Justice Grant		2,301	2,249
National Officer Uplift Grant		4,813	2,031
Police Pay Award Grant – see above*		0	1,053
Major Investigation Grants		2,899	2,755
Commissioning Grants		2,603	1,874
Other Grants		1,246	1,017
Other Income:			
Mutual Aid		531	979
External Agency Funding		1,383	1,936
Proceeds of Crime Act		675	542
Total Service Income		38,871	34,865

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

Other Operating Expenditure (Group & PCC)	2023/24 £000	2022/23 £000
(Profit)/Loss on Sale of Fixed Assets	157	130
Home Office Top Up Grant – Police Pensions	(31,398)	(26,905)
Police & Crime Commissioner contribution to Pension Account	31,398	26,905
Total	157	130

Financing and Investment Income and Expenditure (Group)	2023/24 £000	2022/23 £000
Interest and Investment Income	(1,859)	(766)
Interest Payable and Similar Charges	2,573	2,879
Pension Net Interest	83,515	68,672
Total	84,229	70,785

Financing and Investment Income and Expenditure (PCC)	2023/24 £000	2022/23 £000
Interest and Investment Income	(1,859)	(766)
Interest Payable and Similar Charges	2,573	2,879
Pension Net Interest	0	19
Total	714	2,132

Taxation and Non-Specific Grant Income (Group & PCC)	2023/24 £000	2022/23 £000
Police Grant	(75,549)	(75,287)
Formula Funding	(54,038)	(53,851)
Precept on Council Tax Collection Funds	(98,469)	(91,219)
Movement on Collection Fund Debtors/Creditors	300	(398)
Legacy Council Tax Grants	(8,256)	(8,256)
Pay Award Grant	(4,966)	0
PFI Grant – Interest Element	(1,577)	(1,867)
Capital Grants and Contributions	(1,062)	(515)
Total	(243,618)	(231,393)

10. Members' Allowances & Expenses

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

	2023/24 £000	2022/23 £000
Basic Allowances	6	11
Expenses	0	0
Total	6	11

11. Officer Remuneration

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

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

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

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

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

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

For the Office of the Police & Crime Commissioner:

Remuneration Band	Number of Employees		
	2023/24	2022/23	2021/22
£50,000 - £54,999	3	4	0
£55,000 - £59,999	0	0	0
£60,000 - £64,999	0	0	1
£65,000 - £69,999	1	0	1
£70,000 - £74,999	0	0	1
£75,000 - £79,999	1	1	0
£80,000 - £84,999	0	0	0
£85,000 - £89,999	0	0	0
£90,000 - £94,999	0	1	0
£95,000 - £99,999	1	0	0
Total	6	6	3

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

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

¹ Left 7th January 2024,

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

2022/23	Salary incl. Fees & Allowances £	Severance £	Benefits in Kind £	Total Remuneration excl. Pension Contributions 2022/23 £	Pension Contributions £	Total Remuneration incl. Pension contributions 2022/23 £
Post title						
Chief Executive	93,979	0	0	93,979	18,014	111,993
Police & Crime Commissioner	78,242	0	0	78,242	15,492	93,734
Chief Finance Officer	53,505	0	0	53,505	10,594	64,099
Principal Governance & Compliance Officer	51,883	0	0	51,883	9,800	61,683
Deputy Police & Crime Commissioner	51,000	0	0	51,000	10,098	61,098
Principal Scrutiny & Planning Officer	50,471	0	0	50,471	9,993	60,464
Principal Commissioning & Partnerships Officer	49,780	0	0	49,780	9,406	59,186

Senior Officers and Relevant Police Officers emoluments >£150,000

2023/24 Post Title	Salaries, Fees and Allowances	Bonuses	Severance	Benefits in Kind	Total Remuneration excluding Pension Contributions	Employers Pension Contribution	Total Remuneration including Pension Contributions
Chief Constable – Mark Roberts	168,227	0	0	0	168,227	51,172	219,399

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

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

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

Senior Officers and Relevant Police Officers emoluments >£150,000

2022/23	Salaries, Fees and Allowances	Bonuses	Severance	Benefits in Kind	Total Remuneration excluding Pension Contributions	Employers Pension Contribution	Total Remuneration including Pension Contributions
Post Title							
Chief Constable	160,957	0	0	0	160,957	48,919	209,876

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

2022/23	Salaries, Fees and Allowances	Bonuses	Severance	Benefits in Kind	Total Remuneration excluding Pension Contributions	Employers Pension Contribution	Total Remuneration including Pension Contributions
Post Title							
Assistant Chief Constable ¹	123,430	0	0	0	123,430	37,333	160,763
Assistant Chief Constable	110,857	0	0	6,600	117,457	34,366	151,822
Assistant Chief Constable	109,673	0	0	5,007	114,680	33,766	148,446
Deputy Chief Constable	135,386	0	0	7,110	142,496	0	142,496
Assistant Chief Officer	113,856	0	0	0	113,856	21,949	135,805
Chief Superintendent	99,686	0	0	0	99,686	30,238	129,924
Chief Superintendent	94,646	0	0	0	94,646	28,786	123,432
Chief Superintendent	94,510	0	0	0	94,510	28,631	123,141
Chief Superintendent	89,889	0	0	0	89,889	27,194	117,083
Chief Superintendent	89,487	0	0	0	89,487	27,049	116,536
Chief Superintendent ²	85,025	0	0	0	85,025	25,991	111,016
Head of Legal Services	91,143	0	0	0	91,143	18,046	109,189
Head of People Services	85,383	0	0	0	85,383	16,906	102,289
Head of IT	85,383	0	0	0	85,383	16,906	102,289
Head of Finance	85,383	0	0	0	85,383	16,906	102,289
Head of Estates	80,343	0	0	0	80,343	15,837	96,180
Head of Strategic Change	79,983	0	0	0	79,983	15,837	95,820
Head of Planning & Performance	79,983	0	0	0	79,983	15,837	95,820
Head of Comms & Engagement	78,261	0	0	0	78,261	15,496	93,757
Head of Fleet	64,246	0	0	0	64,246	12,721	76,966
Head of Forensics	62,776	0	0	0	62,776	12,430	75,206
Head of Procurement	53,049	0	0	0	53,049	10,504	63,553
Chief Superintendent ³	34,755	0	0	0	34,755	10,223	44,979

¹ Seconded Out for Force from Jan 2023, ² Retired March 2023, ³ Retired August 2022

Remuneration Band	Number of Employees		
	2023/24	2022/23	2021/22
£50,000 - £54,999	401	311	247
£55,000 - £59,999	223	158	122
£60,000 - £64,999	132	83	55
£65,000 - £69,999	51	18	9
£70,000 - £74,999	16	11	10
£75,000 - £79,999	7	10	10
£80,000 - £84,999	7	7	5
£85,000 - £89,999	10	7	3
£90,000 - £94,999	5	3	5
£95,000 - £99,999	5	2	1
£100,000 - £104,999	2	0	0
£105,000 - £109,999	1	1	0
£110,000 - £114,999	1	2	1
£115,000 - £119,999	1	0	1
£120,000 - £124,999	2	1	0
£125,000 - £129,999	1	0	0
£130,000 - £134,999	0	0	0
£135,000 - £139,999	1	1	0
£140,000 - £144,999	0	0	0
£145,000 - £149,999	1	0	1
£150,000 - £154,999	0	0	0
£155,000 - £159,999	0	0	0
£160,000 - £164,999	0	1	0
£165,000 - £169,999	1	0	0
Total	868	616	470

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

Exit package cost band (including special payments)	Number of compulsory redundancies		Number of other agreed departures		Total number of exit packages by cost band		Total cost of exit packages in each band	
	2023/24	2022/23	2023/24	2022/23	2023/24	2022/23	2023/24	2022/23
£nil - £40,000	0	0	1	14	1	14	£23,437	£295,662
£40,001 - £60,000	0	0	0	5	0	5	£0	£237,596
£60,001 - £150,000	0	0	3	3	3	3	£261,707	£259,021
£150,000+	0	0	3	0	3	0	£601,311	£0
Total	0	0	7	22	7	22	£886,455	£792,279

Further information on the above is included in Note 33.

12. External Audit Costs

Bishop Fleming LLP (2023/24) and Grant Thornton LLP (2022/23), the external auditors received the following fees.

	2023/24 £000	2022/23 £000
Police and Crime Commissioner	95	47
Chief Constable	48	21
Total Fees payable to Bishop Fleming LLP or Grant Thornton LLP with regard to external audit services carried out by the appointed Auditor	143	68

Included above are £5k of additional fees for 2022/23 recommended but not yet paid at 31 March 2024. There is a further £33k of fees paid to Grant Thornton for 2022/23 which are not included above

13. Partnerships & Operational Collaborations

The Commissioner worked with a number of partners during 2023/24. Service level agreements exist to define the role of each of the bodies involved. In all of these agreements each party is responsible for their own liabilities, and these cannot be passed or transferred to the other parties involved. They operate as joint operations in accordance with International Accounting Standard (IAS31).

Northwest Regional Organised Crime Unit (NWROCU)

NWROCU consists of the Regional Organised Crime Team (ROCT); Regional Intelligence Unit (RIU); Operational Security (OPSY); Regional Confidential Unit (RCU); Regional Technical Surveillance Unit (RTSU); Regional Prison Intelligence Unit (RPIU); Business Support; Pooled; Premises; Covert Operations 1-3, Police Officer Uplift 1, 2 and 3, Digital Transformation and Operation Falcon. The combined unit serves the areas of Cheshire, Greater Manchester, Merseyside, Lancashire, Cumbria, and North Wales. It is staffed by police officers and support staff from the six constituent forces with the overall expenditure being met from the six forces above with OPSY, RIU, RCU, RTSU (two separate percentage figures for revenue and capital charges), PIU, Regional Business Support and Ops 3 part funded by Home Office Grant. The amount reflected in Cheshire's accounts 2023/24 overall is £2.4m (£2m in 2022/23).

Northwest Police Underwater Search and Marine Unit

The Northwest Police Underwater Search and Marine Unit (UWMSU) serves the areas of Cheshire, Greater Manchester, Merseyside, Lancashire, Cumbria, and North Wales and is staffed by police officers and one part-time support staff from five of the six constituent police forces with the overall expenditure being met by those forces. For 2023/24, the Police and Crime Commissioner for Cheshire charged expenditure on the provision of police officers, police staff, equipment, vehicles, and transport to the collaboration. For 2023/24 the total cost of the UWMSU collaboration was £1.1m (£1.1m in 2022/23) and apportioned based on each Commissioner's police grant allocation. Cheshire's contribution amounted to £0.1m (£0.1m in 2022/23).

Northwest Motorway Policing Group

The Northwest Motorway Policing Group serves the areas of Cheshire, Merseyside, and Greater Manchester. It is staffed by 1 Inspector, 1 Sgt and 4 Constables and police staff with the overall expenditure being met by the three constituent police forces. All costs are apportioned based on the geographic share of the motorways being policed, population and the number of incidents occurring. In 2022/23 Chief Officers agreed to formalise the Regional Commercial Vehicle Unit (RCVU) as part of the Northwest Motorway Policing Group. In 2023/24 Cheshire charged the collaboration expenditure of £1.4m (£1.0m in 2022/23) with Cheshire's contribution amounting to £0.4m (£0.3m in 2022/23).

Northwest Armed Policing Collaboration

The NW Armed Policing Collaboration (NWAPC) has been operating as a 5-force collaboration (North Wales, Cheshire, Greater Manchester, Cumbria, Merseyside) since 2018 and obtained a full College of Policing (CoP) Firearms Training Licence in 2019, under which it operated until 1st April 2024. From this point, NWAPC operates as a 4-force collaboration with Greater Manchester exiting. The new NWAPC has already secured a full training license for armed policing. NWAPC also hold the license for Taser training across the 4 forces. This is currently an interim license (which most forces are under) given the relatively new requirement to operate under a license. The collaboration team comprises of 2 Police Officers and 11 Police Staff who deliver this regional training and interoperability functionality. In addition, the Collaboration support the operational interoperability and governance of the Northwest regional armed policing and Taser business via Practitioner and Management Boards, (including Lancashire, GMP, BTP, CNC, MDP, NCA), and represent the Northwest forces at national armed policing and less lethal weapons forums. For 2023/24, the total cost of NW Armed Policing Collaboration was £0.8m (£0.7m in 2022/23). This collaboration is apportioned based on each Commissioner's police grant allocation. Cheshire's Contribution amounted to £0.10m (£0.09m in 2022/23).

Cheshire and North Wales Police Alliance

The Cheshire and NWP Alliance provide armed officers and dog handlers to both Cheshire and North Wales in a fully integrated joint force team since 2014 (dogs joined in 2016). It is both an armed policing and dog alliance that serves the areas of Cheshire and North Wales and is staffed by police officers and support staff from the two constituent police forces with the overall expenditure being met by those forces. For 2023/24, Cheshire charged expenditure on the provision of police officers, police staff, equipment, vehicles, and transport to the collaboration amounting to £6.8m (£6.2m in 2022/23). The total cost of the Alliance was £10.0m (£9.6m in 2022/23) and apportioned based on each Commissioner's Police grant allocation. Cheshire's contribution amounted to £5.8m (£5.5m in 2022/23).

Cheshire Road Safety Group

The Cheshire Road Safety Group commenced in April 2011 and succeeds the former Cheshire Safer Roads Partnership. Financially contributing organisations are Cheshire East Council, Cheshire West and Chester Council and Warrington Borough Council. Halton Borough Council contribute a fixed amount of £20,000 per year. Cheshire Fire is the only non-financial contributing party. The aim of the partnership is to reduce the number of people seriously injured or killed on the roads through the operation and maintenance of speed and red-light safety cameras on roads with a history of vehicle collisions. In 2023/24 costs of £0.579m were incurred which were fully reimbursed by the Group.

Northwest Strategic Roads Automatic Number Plate Recognition

This collaboration commenced in 2008 with collaborative forces of Cheshire, Cumbria, Lancashire with Merseyside, and Greater Manchester joining a short time later. The collaboration was reviewed and reaffirmed at Regional ACPO in April 2011 with North Wales joining in January 2012. However, NWP left the collaboration in 2020 and a formal S22 agreement was published for the remaining partners in 2023. The collaboration has strong links to the Northwest Motorway Policing Group as Automatic Number Plate Recognition (ANPR) is identified as an effective method of providing protective services across the region's strategic road network. Bids secured funding amounting to £1.8m has enabled the ANPR infrastructure to be developed and supported over the last 12 years. The total cost of the collaboration in 2023/24 was £0.07m (£0.06m in 2022/23) and Cheshire's contribution amounted to £0.01m (£0.01m in 2022/23).

Northwest Regional Disaster Victim Co-ordinator

At the Northwest NPCC on 12 April 2018, the Chief Constables of the 6 Forces in the region agreed to fund the above position as a regional post. The agreement was that the cost of the post would be split equally between the 6 Forces. The Police and Crime Commissioner for Lancashire is the lead force. The total cost of the collaboration in 2023/24 was £0.07m (£0.07m 2022/23) and Cheshire's share of costs amounting to £0.01m (£0.01m 2022/23).

Northwest Regional Chronicle Collaboration

Chronicle is a software system utilised to provide every police force with their training records, accreditation evidence, operational data and operational records for the training and use of firearms. In addition to this, it provides capability for every other training module and these modules can be bought independently or as a full Chronicle module system by forces. Within the Northwest this collaboration works across all 6 NW forces and has a central team who manage the central function. The cost in 2023/24 was shared between all 6 forces as per the police precept and included costs for a Police Sergeant, 3 staff and IT cloud costs. Cheshire hold the full Chronicle suite and have their own team within Cheshire supporting the day-to-day function. In 2023/24 it was approved to include JML Cloud annual and one-off implementation costs totalling £0.10m. For 2023/24 the total cost of NW Regional Chronicle Collaboration was £0.29m (£0.19m in 2022/23) with Cheshire's share of costs amounting to £0.03m (£0.02m in 2022/23).

Regional ACC Lead

The NW Joint Oversight Committee agreed on the 20 January 2017 that a regional Assistant Chief Constable would be recruited with an equal split of the funding between the 6 NW partner forces. This role has responsibility for all the regional collaborations including NWROCU, Armed Policing Collaboration, Motorway Policing Group, NW UWMSU and ANPR. For 2023/24 the total cost of the NW Regional ACC lead was £0.2m (£0.2m in 2022/23) shared equally between the NW police forces of which Cheshire's share of costs amounting to £0.03m (£0.03m in 2022/23).

Telecoms SPOC Collaboration

The Telecoms SPOC collaboration Section 22 agreement between North Wales Police and Cheshire Constabulary is for a 24/7 telecommunications single point of contact service for the acquisition of communications data under the Investigatory Powers Act 2016 with North Wales Police as Lead Force. On the 1st October 2021 the Telecoms SPOC Collaboration progressed to phase three with the setting up of a single unit across the respective forces with parity on the grades prior to moving to a 24/7 provision during the course of Financial Year 2022/23. In 2023/24 the telecommunications service providers costs were brought in-scope of the collaboration (£0.5m). North Wales Police are the lead force and are holding a total of £93k in reserves on behalf of the collaboration. For 2023/24 the total cost of the Telecoms SPOC collaboration was £1.4m (£0.8m in 2022/23) with Cheshire's share of the costs amounting to £0.8m (£0.4m in 2022/23).

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

In February 2019, the Tri-Force collaborating forces of Cheshire, Merseyside and North Wales delivered a single instance of the Niche Records Management System (RMS). This single instance provides immediate access to all operational officers and staff to the combined information and intelligence of the three forces. This is a significant step forward in protecting vulnerable people, managing serious threats, and tackling cross border criminality. During 2020/21 a new single networked Niche Business as Usual (BAU) Support Team was agreed and implemented with a centralised and co-ordinated management structure. In 2022/23 costs included the BAU and project teams and automation costs (AMASS). The Police and Crime Commissioner for Merseyside is the lead force. For 2023/24 the total cost of the West Coast Collaboration was £1.4m (£2.1m in 2022/23) of which the project team costs are shared between 4 partners (Cheshire, Merseyside, North Wales, and Dyfed Powys) and the BAU team and AMASS costs shared between 3 partners (Cheshire, Merseyside, and North Wales). Cheshire's share of costs is £0.40m (£0.55m in 2022/23).

COLLABORATION / PARTNERSHIP	2023/24 Spend	Cheshire Contribution	%
Northwest Regional Organised Crime Unit (NWROCU)			
Regional Confidential Unit	£2.65m	£0.277m	10.43
Regional Intelligence Unit	£0.24m	£0.025m	10.43
Operational Security (OPSY)	£0.03m	£0.004m	17.32
Regional Organised Crime Unit	£4.11m	£0.428m	10.43
Regional Technical Surveillance	£3.48m	£0.357m	10.43/8.70
Regional Prison Intelligence	£0.94m	£0.098m	10.43
Business Support	£0.92m	£0.096m	10.43
Covert Operations 1	£2.06m	£0.000m	0
Covert Operations 2	£1.77m	£0.144m	8.15
Covert Operations 3	£1.15m	£0.064m	5.56
UPLIFT Year 1	£2.96m	£0.289m	9.76
UPLIFT Year 2	£4.33m	£0.406m	9.38
UPLIFT Year 3	£1.73m	£0.163m	9.38
Digital Transformation	£0.25m	£0.024m	9.38
Operation Falcon	£0.01m	£0.001m	10.43
Pooled	£0.38m	£0.039m	10.43
Premises	£0.24m	£0.025m	10.43
TOTAL NWROCU 2023/24	£27.25m	£2.440m	
West Coast Collaboration – Project Team	£0.23m	£0.060m	25.53
West Coast Collaboration – BAU	£1.02m	£0.300m	29.53
West Coast Collaboration - AMASS	£0.12m	£0.037m	30.30
TOTAL WEST COAST COLLABORATION 2023/24	£1.37m	£0.397m	
NW Regional Underwater Search Unit	£1.10m	£0.117m	10.57
NW Regional Motorway Policing Group	£1.35m	£0.409m	30.22
NW Armed Policing Collaboration	£0.75m	£0.096m	12.77
Cheshire & North Wales Alliance	£10.03m	£5.763m	57.48
Cheshire Road Safety Group	£0.58m	0	0
NW Strategic Roads ANPR	£0.07m	£0.008m	11.36
NW Disaster Victim Co-Ordinator	£0.07m	£0.012m	16.67
NW Regional Chronicle Collaboration	£0.29m	£0.030m	10.57
NW Regional ACC Lead	£0.19m	£0.032m	16.67
SPOC Telecoms Collaboration	£1.40m	£0.795m	57.00
TOTAL 2023/24	£44.45m	£10.099m	

14. Grant Income

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

	2023/24	2022/23
	£000	£000
<u>Credited to Taxation & Non-Specific Grant Income</u>		
Police Grant (Home Office)	75,549	75,287
DCLG Funding	54,038	53,851
Legacy Council Tax Grants	8,256	8,256
Home Office - Pay Award	4,966	0
PFI Grant – Interest Element	1,578	1,868
Council Tax Collection Fund related grants	0	0
<u>Capital Grants</u>		
General Capital Grant (Home Office)	0	0
Miscellaneous Capital Grants (Home Office)	0	0
Miscellaneous Capital Contributions (Partner Forces)	1,062	515
Total	145,449	139,777
<u>Credited to Other Operating Expenditure</u>		
Police Pension Grant (Home Office)	31,398	26,905
Total	31,398	26,905
<u>Credited to Services</u>		
Private Finance Initiative	5,652	5,362
Pensions Uplift Grant	2,108	2,108
Counter Terrorism	1,670	1,758
PCC Victim Services, RJ and Sexual/Domestic Violence	2,301	2,249
Home Office - Pay Award	0	1,053
National Officer Uplift grant	4,813	2,031
Major Investigation Grants	2,899	2,755
Commissioning Grants	2,603	1,874
Other Grants	1,246	1,017
Total	23,293	20,207

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

Grants Received in Advance (Revenue Grants)	2023/24	2022/23
	£000	£000
Emergency Services Network	(585)	(585)
Automatic Number Plate Recognition Phase 1&2	(32)	(57)
Safety of Women at Night Fund	(50)	(77)
Total	(667)	(719)

15. Adjustments between Accounting Basis and Funding Basis under Regulations

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

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

General Fund

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

Capital Receipts Reserve

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

Unapplied Capital Grants Reserve

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

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

	General Fund Balance	Earmarked Reserves	Capital Receipts Reserve	Total Usable Reserves	Movement in Unusable Reserves	Total Reserves
2022/23	£000	£000	£000	£000	£000	£000
Adjustments Primarily Involving the Capital Adjustment Account						
<i>Reversal of items debited or credited to the Comprehensive Income & Expenditure Statement</i>						
Depreciation	(9,927)			(9,927)	9,927	(0)
Revaluation Gain/(Loss)	0			0	0	0
<i>Insertion of items not debited or credited to the CIES</i>						
Statutory Provision for repayment of debt	2,953			2,953	(2,953)	0
Capital Grant Applied	0	0		0	0	0
Revenue Contribution to Capital Reserve	2,500	(2,500)		0	0	0
Earmarked Reserves Applied		5,963		5,963	(5,963)	0
Adjustments Primarily involving the Capital Grants Unapplied Account						
General Capital Grant	0	0		0		0
Specific Capital Grants/Contributions	515	(515)		0		0
Adjustments Primarily involving the Capital Receipts Reserve						
(Gain)/Loss on Sale of Assets	(130)		(24)	(154)	154	0
Capital Receipts Applied			711	711	(711)	0
Adjustments Primarily involving the Pensions Reserve						
Current Service Costs	(74,505)			(74,505)	74,505	0
Employers Contributions under IAS19	67,648			67,648	(67,648)	0
Past Service Costs	(342)			(342)	342	0
Curtailments	1,265			1,265	(1,265)	0
Pensions – Interest less Return on Assets	(68,672)			(68,672)	68,672	0
Collection Fund Adjustment Account	432			432	(432)	0
Accumulated Absences Account	(149)			(149)	149	0
Total	(78,412)	2,948	686	(74,777)	74,777	0

16. Usable Reserves

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

Usable Reserves	Balance as at 31 March 2022	Transfers Out 2022/23	Transfers In 2022/23	Balance as at 31 March 2023	Transfers Out 2023/24	Transfers In 2023/24	Balance as at 31 March 2024
	£000	£000	£000	£000	£000	£000	£000
Revenue Reserves							
General Fund	5,773	0	0	5,773	0	0	5,773
Medium Term Financial Strategy	3,252	0	148	3,400	0	38	3,438
Carry Forward	3,874	(3,524)	1,169	1,519	(1,285)	2,419	2,652
Underwater Search Unit	850	0	254	1,104	(69)	0	1,036
Local Resilience Forum	389	(28)	98	459	(37)	0	422
Redundancy	546	(79)	0	467	(396)	0	71
Multi Force Shared Service	776	(549)	0	227	(227)	0	0
Armed Police Alliance	709	(304)	407	812	(361)	0	451
Dog Alliance	360	(360)	0	0	0	0	0
National Blue Light Procurement	169	(148)	0	21	(21)	0	0
POCA Reserve	581	(150)	3	434	(31)	276	679
Hardship Loan Reserve	50	0	0	50	0	0	50
N. West Armed Police Collaboration Reserve	42	(11)	0	31	(14)	0	17
Major Investigations Reserve	1,019	0	208	1,227	0	148	1,375
Pay and Pensions Reserve	886	(153)	0	733	(361)	0	372
Council Tax Deficit Reserve	1,615	(35)	0	1,580	(580)	0	1,000
Estates Strategy Reserve	500	0	0	500	0	0	500
Road Safety Initiatives Reserve	970	(404)	0	566	(114)	0	452
Community Safety Reserve	0	0	228	228	0	210	438
IT Reserve	0	0	0	0	0	291	291
Total Revenue Reserves	22,361	(5,744)	2,515	19,132	(3,496)	3,382	19,018
Revenue Reserves for Capital Purposes							
Revenue Reserve for Capital Expenditure	3,051	(4,550)	3,858	2,358	(4,566)	5,086	2,878
ESN Reserve	2,810	(652)	932	3,090	(1,670)	0	1,420
IT Reimbursement	0	(252)	252	0	(280)	280	0
Total Rev. Reserves for Capital Purposes	5,861	(5,455)	5,043	5,448	(6,516)	5,366	4,298
Capital Reserves							
Capital Receipts Reserve	686	(711)	24	0	(527)	527	0
Unapplied Capital Grants	0	0	0	0	(25)	25	0
Total Capital Reserves	686	(711)	24	0	(553)	553	0
Total Usable Reserves	28,909	(11,909)	7,582	24,581	(10,566)	9,301	23,316

The Commissioner holds both revenue and capital usable reserves for a number of reasons, they provide a source of assurance to ensure the Commissioner is financially stable, investment funds for future initiatives and allow balances to be set aside to fund known cost pressures that will occur in later years. The overall movements show a net £1.3m reduction in reserves during 2023/24 reflecting the decisions made by the Commissioner to utilise funding towards a number of in progress commitments and for capital expenditure plans including 'invest to save' initiatives, implementation costs and other one-off costs such as the impact of the McCloud/Sargeant pensions judgement. Decisions on collaboration reserves are agreed by the Joint Oversight Committee which includes all partner forces.

Revenue Reserves

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Revenue Reserves held for Capital Purposes

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

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

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

Capital Reserves

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

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

17. Property, Plant & Equipment

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

2023/24	Property	Vehicles	Equipment	Assets Under Construction	Total
<u>Cost or Valuation</u>	£000	£000	£000	£000	£000
At 1 April 2023	129,759	16,897	24,220	48	170,925
Additions	2,114	2,477	2,403	412	7,407
Revaluations	26,612	0	0	0	26,612
Disposals	(189)	(1,991)	(1,890)	0	(4,070)
Reclassifications	0	0	0	0	0
At 31 March 2024	158,296	17,383	24,732	460	200,873
<u>Depreciation</u>					
At 1 April 2023	(228)	(11,564)	(17,592)	0	(29,382)
Charge in year	(5,520)	(1,880)	(2,129)	0	(9,529)
Disposals	189	1,713	1,890	0	3,792
Revaluations	5,520	0	0	0	5,520
Reclassifications	0	0	0	0	0
At 31 March 2024	(38)	(11,730)	(17,831)	0	(29,599)
Net Book Value at 1 April 2023	129,533	5,333	6,628	48	141,543
Net Book Value at 31 March 2024	158,259	5,653	6,901	460	171,274

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

2022/23	Property	Vehicles	Equipment	Assets Under Construction	Total
<u>Cost or Valuation</u>	£000	£000	£000	£000	£000
At 1 April 2022	126,191	15,184	28,883	0	170,258
Additions	281	3,309	3,607	48	7,246
Revaluations	3,287	0	0	0	3,287
Disposals	0	(1,596)	(8,270)	0	(9,866)
Reclassifications	0	0	0	0	0
At 31 March 2023	129,759	16,897	24,220	48	170,925
<u>Depreciation</u>					
At 1 April 2022	(181)	(11,045)	(23,660)	0	(34,886)
Charge in year	(5,152)	(1,977)	(2,184)	0	(9,313)
Disposals	0	1,459	8,253	0	9,712
Revaluations	5,105	0	0	0	5,105
Reclassifications	0	0	0	0	0
At 31 March 2023	(228)	(11,564)	(17,592)	0	(29,382)
Net Book Value at 1 April 2022	126,010	4,139	5,223	0	135,372
Net Book Value at 31 March 2023	129,533	5,333	6,628	48	141,543

Included in the above assets are £247k (NBV) of vehicles and equipment held by Cheshire Constabulary on behalf of the Underwater Search Unit collaboration, together with £580k (NBV) of vehicles for the Firearms Alliance collaboration. Details of these two collaborations can be found in Note 13.

Depreciation

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

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

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

Significant commitments under capital contracts

At the 31 March 2024, the Commissioner has entered into a number of contracts for the construction or enhancement of property, plant and equipment in 2024/25 and future years budgeted to cost £4.8m. Similar commitments at 31 March 2023 were £2.0m. The major commitments are:

- Fleet Vehicles – £2.2m
- Estates Strategy - £2m

Revaluation

Property (land and buildings) are revalued in detail every five years in accordance with the relevant standards and guidance issued by the Royal Institute of Chartered Surveyors. A full valuation was carried out on 31st March 2021 by Bruton Knowles. At 31 March 2024, this was updated based on a desktop review.

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

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

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

18. Intangible Assets

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

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

The carrying amount of intangible assets is amortised on a straight-line basis. The amortisation of £0.7m charged to revenue in 2023/24 has been allocated across the CIES heading.

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

<u>Carrying Amount</u>	2023/24	2022/23
	£000	£000
Balance at start of year	8,150	13,605
Additions	747	1,336
Disposals	(158)	(6,791)
Balance at end of year	8,739	8,150
<u>Amortisation</u>		
Balance at start of year	(4,079)	(10,257)
Charge for the year	(699)	(614)
Disposals	158	6,791
Balance at end of year	(4,620)	(4,079)
Net Book Value at 1 April	4,071	3,349
Net Book Value at 31 March	4,119	4,071

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

19. Capital Expenditure & Financing

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

	2023/24	2022/23
	£000	£000
Opening capital financing requirement	45,650	46,693
<u>Capital Expenditure in year:</u>		
Property	2,526	329
Plant (e.g., vehicles)	2,477	3,310
Equipment	2,403	3,607
Intangibles	747	1,336
	8,153	8,582
<u>Less: Capital Financing</u>		
Capital Grants	0	0
Capital Receipts	527	711
Contribution from reserves	1,495	1,409
Revenue and Other contributions	3,376	4,553
Total Capital Financing	5,398	6,674
<u>Less: Sums Set Aside from Revenue</u>		
Revenue Provision for Repayment of Debt	2,774	2,953
Early Repayment of Debt	0	0
	2,774	2,953
Closing capital financing requirement	45,631	45,650
<u>Explanation of movement in year:</u>		
	2023/24	2022/23
	£000	£000
Decrease in underlying need to borrow (supported by Government direct funding)	(1,239)	(1,504)
Increase in underlying need to borrow (not supported by Government direct funding)	1,220	460
Increase/(Decrease) in Capital Financing Requirement	(19)	(1,044)

20. Capitalisation of Borrowing Costs

In line with the accounting policies, the Commissioner does not capitalise borrowing costs incurred whilst assets are under construction. During 2023/24 no borrowing costs were capitalised.

21. Impairment Losses

An impairment review was undertaken by the Commissioner's Estates Department. The outcome of the review showed no impairments during 2023/24.

22. Financial Instruments (including Borrowing)

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

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

	Long-term		Current	
	31 March 2024 £000	31 March 2023 £000	31 March 2024 £000	31 March 2023 £000
<u>Cash and Cash Equivalents</u>				
Imprest and cash	0	0	20,805	21,354
Total cash and cash equivalents	0	0	20,805	21,354
<u>Debtors</u>				
Debtors at Amortised Cost	585	738	6,786	8,222
Items not classed as Financial Instruments	0	0	22,049	16,434
Total Debtors	585	738	28,835	24,656
<u>Borrowings</u>				
Financial Liabilities	26,889	27,918	2,385	2,356
Total included in borrowings	26,889	27,918	2,385	2,356
<u>Creditors</u>				
Financial Liabilities		0	15,918	11,955
Items not classed as Financial Instruments	666	723	18,487	13,397
Total Creditors	666	723	34,405	25,352
<u>Other Long-term Liabilities</u>				
PFI & Finance Leases	13,029	13,642	1,025	1,364
Total other long-term liabilities	13,029	13,642	1,025	1,364

Fair Values of Assets and Liabilities

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

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

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

The rates quoted in this valuation were obtained by Link from the market on 31 March 2023, using bid prices where applicable.

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

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

	31 March 2024		31 March 2023	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
	£000	£000	£000	£000
<u>Financial Liabilities</u>				
Borrowings	29,274	19,191	30,274	23,556
Creditors	16,943	16,943	11,955	11,955
PFI & Finance Leases	14,054	16,662	15,006	18,400
	60,271	52,796	57,235	53,911
<u>Financial Assets</u>				
Cash and Cash Equivalents	20,805	20,805	21,354	21,354
Loans and Receivables	7,372	7,372	8,960	8,960
	28,177	28,177	30,314	30,314

The fair value of the liabilities is lower than the carrying amount because the Commissioner's portfolio of loans includes a number of fixed rate loans where the interest rate payable is lower than the rates available for similar loans in the market at the balance sheet date. This shows a notional future profit (based on economic conditions at 31 March 2024) arising from a commitment to pay interest to lenders below current market rates.

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

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

- Credit Risk – the possibility that other parties might fail to pay amounts due to the Commissioner.
- Liquidity Risk – the possibility that the Commissioner might not have funds available to meet its commitments and payments.
- Re-financing Risk – the possibility that the Commissioner might be requiring to renew a financial instrument on maturity at disadvantageous interest rates or terms.

- Market Risk – the possibility that financial loss might arise for the Commissioner as a result of changes in measures such as interest rates, foreign exchange rates or stock market movements.

The overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the resources available to fund police services. Risk management is carried out under policies approved by the Commissioner in the annual Treasury Management Strategy which was approved on 25 January 2023 and is published each year. The Strategy provides written principles for overall risk management as well as written policies covering specific areas such as interest rate risk, credit risk and the investment of surplus cash.

Credit Risk

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

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

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

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

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

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

The Investment Strategy for 2023/24 was approved by the Commissioner on 25 January 2023 and is available on the Commissioner's website.

As at 31 March 2024 the Commissioner had £20.8m of deposits with Major UK Banks (£8.8m) and Money Market Funds (£12.0m). Under IFRS 9 the Expected Credit Loss on these is negligible.

In respect of debtors, action is taken when payments become overdue and may lead to legal action to recover the debt. The Commissioner provides for bad debts each year based on agreed debt management policy (non-statutory debt only). The amount provided for in 2023/24 was £0.1m (£0.1m in 2022/23).

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

	31 March 2024 £000	31 March 2023 £000
Current (0-30 days)	943	1,399
1 Month	23	40
2 Months +	206	282
Total	1,172	1,721

Liquidity Risk

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

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

The following table shows the long-term borrowing outstanding at 31 March 2024. The overall value has reduced by £1.0m due to the repayment of a loan in September 2023. No new loans have been taken during 2023/24. All existing loans are maturity loans with the first repayment due in April 2024.

	31 March 2024 £000	31 March 2023 £000
Analysis of loans by type		
• Public Works Loans Board (PWLB)	23,274	24,274
• Money Market	6,000	6,000
Total Outstanding	29,274	30,274
Analysis of loans by maturity		
• Less than 1 year	2,385	2,356
• Between 1 and 2 years	0	1,029
• Between 2 and 5 years	0	0
• Between 5 and 10 years	0	0
• More than 10 years	26,889	26,889
Total Outstanding	29,274	30,274

Re-financing and Maturity Risk

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

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

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

Market Risk

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

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

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

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

Premiums and Discounts on Early Repayment of Debt

The Commissioner did not make any early repayment of debt in 2023/24.

Foreign Exchange Rates / Stock Markets

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

23. Analysis of Debtors (including Prepayments etc.)

Analysis of debtors and prepayments are shown below.

	31 March 2024 £000	31 March 2023 £000	31 March 2022 £000
Central Government Bodies	12,030	8,004	12,111
Other Local Authorities	5,095	5,878	5,686
NHS Bodies	8	68	5
Council Tax Collection Fund	4,012	3,845	3,644
Other entities and individuals	7,828	6,952	2,174
LESS: Provision for Credit Losses	(137)	(91)	(135)
Total	28,835	24,656	23,485

24. Cash and Cash Equivalents

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

	31 March 2024 £000	31 March 2023 £000	31 March 2022 £000
Cash held	25	26	32
Operational Current Accounts	8	(1,592)	(1,308)
Short-term deposits	20,772	22,920	28,748
Total	20,805	21,354	27,472

For the year ending 31st March 2024 the operational current accounts include £1.675m held under the following Acts. These funds are also included in creditors. In previous years these have been excluded from both the bank accounts and creditors.

Police Property Act – At the 31 March 2024, the Commissioner held £0.224m (£0.193m in 2022/23) under the Police Property Act 1997. The Act applies to property that is in the possession of police where the owner of the property cannot be identified and where no order of a competent court has been made. The proceeds, after defraying the costs of handling the property, are available for distribution each year to local charities as directed by the Chief Constable.

Proceeds of Crime and Misuse of Drugs Acts – At the 31 March 2024, the Commissioner held £1.451m (£1.410m in 2022/23) under the Proceeds of Crime Act 2002 and the Misuse of Drugs Act. This is money seized in connection with possible criminal activity and held pending a decision, by the courts, on the lawful owner, or distribution if no legal owner is identified.

25. Assets Held for Sale

The Commissioner's Estates Strategy is to review all property held and when advantageous to do so place surplus property for sale. When classified as "for sale" the asset is no longer subject to depreciation. There were no Assets Held for Sale in 2022/23 or 2023/24

26. Analysis of Creditors

Analysis of short-term creditors is shown below.

	31 March 2024 £000	31 March 2023 £000	31 March 2022 £000
Central Government Bodies	(5,480)	(4,424)	(5,254)
Other Local Authorities	(4,850)	(3,860)	(4,933)
NHS Bodies	(117)	(688)	(326)
Council Tax Collection Fund	(4,358)	(3,265)	(3,497)
Other entities and individuals	(20,625)	(13,115)	(12,028)
Total	(35,430)	(25,352)	(26,038)

Of the above £5,449k belongs to the Chief Constable as set out in his individual accounts

27. Provisions

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

	2023/24 £000	2022/23 £000
<u>National Claim Provision</u>		
Balance at 1 April	0	0
Provision in the year	191	0
Balance at 31 March	191	0
<u>Allard Claims Provision</u>		
Balance at 31 March – No movement in year	394	394
<u>Small ad-hoc provisions</u>		
Balance at 31 March – No movement in year	94	94
Total provisions at 31 March	679	488

28. Leases: Finance and Operating

Finance Leases

IAS 17 requires the minimum lease payments to be reported. The following table shows the minimum lease payments relating to PFI.

	2023/24 £000	2022/23 £000
Not later than one year	2,707	3,159
Later than one year, not later than five years	10,384	12,541
Later than five years	10,875	17,504
Total	23,966	33,204

Operating Leases

The Commissioner rents properties and equipment, mostly on short term leases, which are accounted for as operating leases. The rentals payable in 2023/24 and 2022/23 were £0.40m and £0.40m respectively. The Commissioner was committed at 31 March 2024 to making payments of £0.772m under operating leases as follows:

	Property £000	Equipment £000	Total £000
Not later than one year	171	94	265
Later than one year, not later than five years	263	128	391
Later than five years	116	0	116
Total	550	222	772

29. Private Finance Initiative

In 2002 the former Police Authority entered into a long-term contractual agreement under a Private Finance Initiative (PFI) for its headquarters facilities. Under the agreement the contractor is responsible for providing the buildings and facilities at Headquarters in Winsford for a period of 30 years. The annual unitary charge is £7.875m (2023/24) and is subject to annual increases using indexation data agreed within the contract. The services provided under the contract are subject to periodic market testing.

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

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

Assets

The land and buildings at Headquarters, together with the associated equipment are included in property, plant and equipment shown on the Balance Sheet and Note 17. The costs, depreciation and valuations undertaken during 2023/24 are detailed below:

	Land £000	Property £000	Equipment £000	Total £000
Gross Book Value on 1 April 2023	3,026	37,255	403	40,685
Additions		98		98
Revaluations	289	6,267		6,556
Gross Book Value on 31 March 2024	3,315	43,620	403	47,338
Depreciation on 1 April 2023	0	0	(403)	(403)
Charge for the year	0	(3,735)	0	(3,735)
Revaluation	0	3,735	0	3,735
Depreciation on 31 March 2024	0	0	(403)	(403)
Net Book Value on 1 April 2023	3,026	37,255	0	40,281
Net Book Value on 31 March 2024	3,315	43,620	0	46,935

Liabilities

At the start of the PFI contract the former Authority's liability was equal to the cost of the assets now recognised on the Balance Sheet. This was initially reduced by the Commissioner making a prepayment of £6.49m and further reduced each year by the element of the unitary payment attributable to the capital expenditure. This is shown in the accounts under the Minimum Revenue Provision and for 2023/24 equated to £0.952m. The liability at 31 March 2024 is £14.054m.

PFI Liability	31 March 2024 £000	31 March 2023 £000	31 March 2022 £000
Balance at 1 April	15,006	16,223	17,380
Movement in year	(952)	(1,217)	(1,157)
Balance at 31 March	14,054	15,006	16,223

Payments due

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

Analysis of payments due within:	Service Charges £000	Finance Charges £000	Reduction to Liability £000	Total £000
1 year	5,060	1,682	1,025	7,767
2 to 5 years	21,306	5,398	4,986	31,690
6 to 10 years	26,534	2,833	8,042	37,409
11 to 15 years	0	0	0	0
Total due	52,900	9,913	14,053	76,866

30. Unusable Reserves

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

Revaluation Reserve (Unusable)

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

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

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

	2023/24	2022/23	2021/22
	£000	£000	£000
Balance at 1 April	(79,826)	(74,859)	(58,659)
Movement in year	(27,410)	(4,967)	(16,200)
Balance at 31 March	(107,236)	(79,826)	(74,859)

Capital Adjustment Account (Unusable)

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

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

	2023/24	2022/23	2021/22
	£000	£000	£000
Balance at 1 April	(20,140)	(17,169)	(17,973)
Depreciation & Amortisation	10,228	9,927	9,990
Revaluation losses and write down	(4,723)	(3,425)	(3,056)
Impact of disposals/sale of assets	278	154	149
Capital Financing – see Note 19	(5,399)	(6,674)	(3,687)
Minimum Revenue Provision/Debt Repayment	(2,774)	(2,953)	(2,592)
Balance at 31 March	(22,529)	(20,140)	(17,169)

IAS19 Pension Reserve (Unusable)

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

	2023/24	2022/23	2021/22
	£000	£000	£000
Balance at 1 April	1,820,460	2,585,142	2,582,946
Movement in year	19,050	(764,682)	2,196
Balance at 31 March	1,839,510	1,820,460	2,585,142

* Note: The Police and Crime Commissioner's element of the IAS19 Pension reserve is £0m in 2023/24 (£0m 2022/23)

Collection Fund Adjustment Account (Unusable)

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

	2023/24	2022/23	2021/22
	£000	£000	£000
Balance at 1 April	(579)	(147)	592
Movement in year	926	(432)	(739)
Balance at 31 March	347	(579)	(147)

Accumulated Absences Reserve (Unusable)

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

	2023/24	2022/23	2021/22
	£000	£000	£000
Balance at 1 April	3,871	3,722	4,807
Movement in year	1,599	149	(1,085)
Balance at 31 March	5,469	3,871	3,722

* Note: The Police and Crime Commissioner's element of the Accumulated Absences reserve is £21k in 2023/24 (£18k in 2022/23)

	2023/24	2022/23	2021/22
	£000	£000	£000
Total All Unusable Reserves	1,715,563	1,723,785	2,496,689

* Note: The Police and Crime Commissioner's element of total Unusable Reserves is £129.4m in 2023/24 (£100.5m 2022/23)

31. Notes to the Cashflow Statement

The cashflow include the following items:

Other Operating Expenditure	2023/24	2022/23
	£000	£000
Interest received	(1,859)	(766)
Interest paid	2,600	2,879
Total	741	2,113

Investing Activities	2023/24 £000	2022/23 £000
Purchase of Property, Plant & Equipment & Intangible Assets	8,153	8,582
Proceeds from sale of assets	(121)	(24)
Total	8,032	8,558

Financing Activities	2023/24 £000	2022/23 £000
Cash receipts of short and long-term borrowing	0	0
Cash payments for the reduction of outstanding liabilities relating to finance leases and on-balance sheet PFI contracts	952	1,217
Repayment of short and long-term borrowing	1,000	99
Total	1,952	1,316

32. Related Parties

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

Central Government

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

The Police Reform & Social Responsibility Act 2011

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

Office of the Police & Crime Commissioner

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

Officers and Staff

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

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

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

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

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

There are no other related party transactions to report.

33. Employee Benefits

Termination Benefits

The Commissioner and Chief Constable terminated the contracts of 7 employees in 2023/24 incurring liabilities of £0.886m (£0.792m in 2022/23). These relate to service efficiencies as a result of root and branch reviews.

Participation in Pensions Schemes

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

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

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

Transactions relating to retirement benefits

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

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

However, since operating under these regulations, pension schemes have generally reported a net liability, but the Local Government Pension Scheme is currently valued with a net asset (as it was in 2022/23). The standard states that when there is a pension surplus reported under IAS19, the rules of IFRIC14 should be followed and should the strict criteria, labelled as an asset ceiling, not be met, the accounting entries must be adjusted accordingly.

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

IFRIC14 Adjustments	2023/24			2022/23		
	IAS19 £000	Adjs £000	IFRIC14 £000	IAS19 £000	Adjs £000	IFRIC14 £000
Net Interest Expense: reversal of IFRIC14 prior year	1,945	(1,950)	(5)			
Asset Ceiling:						
Reversal of IFRIC14 prior year		43,011				
IFRIC14 current year		(62,439)			(41,061)	
<i>Total Post Employment Benefit Charged to the Comprehensive Income & Expenditure Statement</i>	19,636	(19,428)	208	134,208	(41,061)	93,147
Net liability arising from defined benefit obligation	62,439	(62,439)	0	41,061	(41,061)	0

Comprehensive Income & Expenditure Statement (Pensions)

	Local Government Pension Scheme #1		Police Pension Scheme (1987)		Police Pension Scheme (2006)		Police Pension Scheme (2015)		Police Injury Awards Scheme		TOTAL	
	2023/24	2022/23	2023/24	2022/23	2023/24	2022/23	2023/24	2022/23	2023/24	2022/23	2023/24	2022/23
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
<i>Cost of Services:</i>												
• Current Service Costs	(10,976)	(23,855)	0	0	0	0	(15,990)	(49,430)	(550)	(1,220)	(27,516)	(74,505)
• Past Service Costs	(906)	(342)	30	(32,000)	0	(2,570)	0	34,570	0	0	(876)	(342)
• Settlements & Curtailments	0	1,265	0	0	0	0	0	0	0	0	0	1,265
<i>Financing and Investment Income & Expenditure:</i>												
• Net Interest Expense	1,945	(2,332)	(71,140)	(53,920)	(2,520)	(2,750)	(8,180)	(8,360)	(1,670)	(1,310)	(81,565)	(68,672)
<i>Total Post Employment Benefit Charged to the Surplus or Deficit on the Provision of Services</i>	(9,937)	(25,264)	(71,110)	(85,920)	(2,520)	(5,320)	(24,170)	(23,220)	(2,220)	(2,530)	(109,957)	(142,254)
<i>Other Post Employment Benefit Charged to the Comprehensive Income & Expenditure Statement</i>												
• Return on plan assets (not included in net interest expense)	5,337	(41,828)	0	0	0	0	0	0	0	0	5,337	(41,828)
• Actuarial Gains and Losses arising from changes in demographic assumptions	1,966	4,364	0	16,830	0	4,430	0	19,670	0	170	1,966	45,464
• Actuarial Gains and Losses arising from changes in financial assumptions	22,009	201,370	9,260	489,480	(20)	49,080	3,440	153,500	1,900	12,980	36,589	906,410
• Other	(9,676)	(29,698)	0	0	0	0	0	0	0	0	(9,676)	(29,698)
<i>Total Post Employment Benefit Charged to the Comprehensive Income & Expenditure Statement</i>	19,636	134,208	9,260	506,310	(20)	53,510	3,440	173,170	1,900	13,150	34,216	880,348

Movement in Reserves Statement (Pensions)

	Local Government Pension Scheme #1		Police Pension Scheme (1987)		Police Pension Scheme (2006)		Police Pension Scheme (2015)		Police Injury Awards Scheme		TOTAL	
	2023/24	2022/23	2023/24	2022/23	2023/24	2022/23	2023/24	2022/23	2023/24	2022/23	2023/24	2022/23
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Reversal of net charges made to the Surplus and Deficit for the Provision of Services for post-employment benefits in accordance with the Code	9,937	25,264	71,110	85,920	2,520	5,320	24,170	23,220	2,220	2,530	109,957	142,254
Actual expenditure met from council tax through the General Fund												
Employer's contributions payable to the scheme	11,678	10,868	72,870	64,530	70	100	(9,480)	(10,060)	2,930	2,210	78,068	67,648

Pension Assets and Liabilities Recognised in the Balance Sheet

	Local Government Pension Scheme #1		Police Pension Scheme (1987)		Police Pension Scheme (2006)		Police Pension Scheme (2015)		Police Injury Awards Scheme		TOTAL	
	2023/24	2022/23	2023/24	2022/23	2023/24	2022/23	2023/24	2022/23	2023/24	2022/23	2023/24	2022/23
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Present value of defined benefit obligation	(315,705)	(307,726)	(1,554,800)	(1,565,820)	(56,700)	(54,230)	(193,500)	(163,290)	(34,510)	(37,120)	(2,155,215)	(2,128,186)
Fair value of plan assets	378,144	348,787	0	0	0	0	0	0	0	0	378,144	348,787
Sub-total	62,439	41,061	(1,554,800)	(1,565,820)	(56,700)	(54,230)	(193,500)	(163,290)	(34,510)	(37,120)	(1,777,071)	(1,779,399)
Other movements in the liability	0	0	0	0	0	0	0	0	0	0	0	0
Net liability arising from defined benefit obligation	62,439	41,061	(1,554,800)	(1,565,820)	(56,700)	(54,230)	(193,500)	(163,290)	(34,510)	(37,120)	(1,777,071)	(1,779,399)

#1 IFRIC 14 applies, please refer to the section on page 80 for details

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

Local Government Pension Scheme

2023/24 **2022/23**

£000 **£000**

Opening fair value of scheme assets

348,787 **374,821**

Interest income

16,738 10,397

Re-measurement gain/(loss)

▫ The return on plan assets, excluding the amount included
in the net interest expense

5,337 (41,828)

▫ Other

0 (1,445)

The effect of changes in foreign exchange rates

0 0

Contributions from employer

11,678 10,868

Contributions from employees

3,590 3,451

Benefits paid

(7,986) (6,234)

Assets extinguished on settlements

0 (1,243)

Other

0 0

Closing fair value of scheme assets

378,144 **348,787**

Reconciliation of present value of scheme liabilities

	Funded liabilities				Unfunded liabilities							
	Local Government Pension Scheme		Police Pension Scheme (1987)		Police Pension Scheme (2006)		Police Pension Scheme (2015)		Police Injury Awards Scheme		TOTAL	
	2023/24 £000	2022/23 £000	2023/24 £000	2022/23 £000	2023/24 £000	2022/23 £000	2023/24 £000	2022/23 £000	2023/24 £000	2022/23 £000	2023/24 £000	2022/23 £000
Opening balance at 1 April	(307,726)	(453,572)	(1,565,820)	(2,050,740)	(54,230)	(102,520)	(163,290)	(303,180)	(37,120)	(49,950)	(2,128,186)	(2,959,962)
Current service cost	(10,976)	(23,855)	0	0	0	0	(15,990)	(49,430)	(550)	(1,220)	(27,516)	(74,505)
Interest cost	(14,793)	(12,729)	(71,140)	(53,920)	(2,520)	(2,750)	(8,180)	(8,360)	(1,670)	(1,310)	(98,303)	(79,069)
Contribution from scheme participants	(3,590)	(3,451)	0	0	0	0	(11,680)	(11,990)		0	(15,270)	(15,441)
Re-measurement gains/(losses)		0		0		0		0		0		
▫ Actuarial gains/losses arising from changes in demographic assumptions	1,966	4,364	0	16,830	0	4,430	0	19,670	0	170	1,966	45,464
▫ Actuarial gains/losses arising from changes in financial assumptions	22,009	201,370	9,260	489,480	(20)	49,080	3,440	153,500	1,900	12,980	36,589	906,410
▫ Other	(9,675)	(28,253)	0	0	0	0	0	0	0	0	(9,675)	(28,253)
Past service costs	(906)	(342)	30	(32,000)	0	(2,570)	0	34,570	0	0	(876)	(342)
Losses/(gains) on curtailment	0	0	0	0	0	0	0	0	0	0	0	0
Liabilities assumed on entity combinations	0	0	0	0	0	0	0	0	0	0	0	0
Benefits paid	7,986	6,234	72,870	64,530	70	100	2,200	1,930	2,930	2,210	86,056	75,004
Liabilities extinguished on settlements		2,508	0	0	0	0	0	0	0	0	0	2,508
Closing balance at 31 March	(315,705)	(307,726)	(1,554,800)	(1,565,820)	(56,700)	(54,230)	(193,500)	(163,290)	(34,510)	(37,120)	(2,155,215)	(2,128,186)

Local Government Pensions Scheme assets comprised:

	Fair value of scheme assets	
	2023/24 £000	2022/23 £000
Cash and cash equivalents	4,331	15,369
Equity instruments: <i>by industry type</i>		
• Consumer	1,829	1,579
• Manufacturing	1,906	1,612
• Energy and utilities	0	0
• Financial institutions	395	0
• Health and care	696	547
• Information technology	12,664	8,971
• Other	982	1,136
Sub-total equity	18,471	13,844
Bonds: <i>by sector</i>		
• Corporate	0	0
• Government	0	0
• Other	0	0
Sub-total bonds	0	0
Property: <i>by type</i>		
• United Kingdom	26,517	29,059
• Overseas	507	462
Sub-total property	27,023	29,521
Private equity:		
• All	25,701	24,310
Sub-total private equity	25,701	24,310
Other investment funds:		
• Equities	109,148	103,083
• Bonds	142,924	122,597
• Hedge Fund	26,869	23,163
• Infrastructure	6,168	2,304
• Other	17,508	14,597
Sub-total other investment funds	302,617	265,744
Derivatives:		
• All	0	0
Total Assets	378,144	348,787

Basis for Estimating Assets and Liabilities

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

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

In respect of the McCloud Pension case, claimants have lodged claims for compensation under two active sets of litigation, Aarons and Penningtons. Government Legal Department settled the injury to feelings claims for Aarons on behalf of Chief Officers without seeking any financial contributions. Pecuniary loss claims have been stayed until the remedy is brought into force from 1 October 2023. The settlement of the injury to feelings claims for Aarons sets a helpful precedent, therefore no liability in respect of compensation claims is recognised in these accounts. As at 31 March 2024, it is not possible to reliably estimate the extent or likelihood of Penningtons claims being successful, and therefore no liability in respect of compensation claims is recognised in these accounts.

Remedy

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

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

Impact on pension liability

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

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

Local Government Pension Scheme (LGPS)

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

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

	Local Government Pension Scheme		Police Pension Schemes	
	2023/24	2022/23	2023/24	2022/23
	Yrs	Yrs	Yrs	Yrs
<u>Mortality assumptions:</u>				
Longevity at 65 (police), 65 (LGPS) for current pensioners:				
Men	20.7	21.3	21.9	21.9
Women	23.7	23.9	23.6	23.5
Longevity at 65 (police), 65 (LGPS) for future pensioners:				
Men	21.6	22.6	23.6	23.5
Women	25.5	26.2	25.1	25.0
<u>Other assumptions:</u>				
	%	%	%	%
Rate of Inflation – RPI / CPI	3.10/2.75	3.15/2.95	2.6	2.6
Rate of increase in salaries – Long Term/Short Term	6.45	3.65	3.85	3.85
Rate of increase in pensions	2.75	2.95	2.6	2.6
Rate of CARE revaluation	-	-	3.85	3.85
Rate of commutation allowance	65	65	0	-
Rate for discounting scheme liabilities	4.85	4.75	4.75	4.65

Note: RPI figure not provided by pension administrator.

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

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

	Local Govt Pension Scheme		Police Pension Scheme (1987)		Police Pension Scheme (2006)		Police Pension Scheme (2015)		Police Injury Benefit Scheme	
	%	£000	%	£000	%	£000	%	£000	%	£000
0.5% decrease in Real Discount Rate	2.0	7,084	-7.0	(108,000)	-13.5	(8,000)	-13.5	(26,000)	-9.5	(3,000)
0.5% increase in salary increase	0.0	864	1.0	13,000	7.0	4,000	0.0	0	3.0	1,000
0.5% increase in pension increase	2.0	6,344	6.5	105,000	8.5	5,000	16.0	31,000	8.0	3,000
1 year increase in life expectancy	4.0	12,628	2.5	39,000	2.0	1,000	2.0	4,000	1.5	1,000

Impact on the Commissioner's cash flow

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

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

For 2023/24, the weighted average duration of the defined benefit obligation for scheme members is 15 years (Police Pension 1987); 31 years (Police Pension 2006); 30 years (Police Pension 2015).

34. Notes Relating to the Police Pension Fund

34.1 Basis of Fund

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

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

and for the Secretary of State to:

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

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

34.2 Accounting policies

The Police Pension Fund's accounting policies are set out in the main Statement of Accounting Policies as set out from page 27.

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

34.3 Status of the pension fund

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

34.4 Administration of the Fund

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

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

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

34.5 Benefits payable to and from the Fund

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

Income

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

Expenditure

- Pension payments to retired police officers and other beneficiaries.
- Inter-Commissioner adjustments for 1966 and 1974 reorganisations.
- Refund of pension contributions.
- Outgoing transfers to other pension schemes.

- Payments by the Commissioner to HMRC on behalf of an officer under regulation 84 or regulation 85 of the Police Pension Regulations 2006.
- Other authorised expenditure – to be specified by the Commissioner in the accounts.
- Payments to the police fund (operating account) to clear a surplus at the end of the accounting year.

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

35. Contingent Assets & Liabilities

Assets

There are no contingent assets at 31 March 2024.

Liabilities

In respect of the McCloud Pension case, claimants have lodged claims for compensation under two active sets of litigation, Aarons and Penningtons. Government Legal Department settled the injury to feelings claims for Aarons on behalf of Chief Officers without seeking any financial contributions. Pecuniary loss claims have been stayed until the remedy is brought into force from 1 October 2023. The settlement of the injury to feelings claims for Aarons sets a helpful precedent, therefore no liability in respect of compensation claims is recognised in these accounts. As at 31 March 2024, it is not possible to reliably estimate the extent or likelihood of Penningtons claims being successful, and therefore no liability in respect of compensation claims is recognised in these accounts.

36. Authorisation of Accounts

Under the Accounts and Audit (England) Regulations 2015 the audited Statement of Accounts were signed by the relevant officers and released for publication on 23rd January 2025

ANNUAL GOVERNANCE STATEMENT 2023/24

1. Scope of Responsibilities

- 1.1 Governance is about how the Police & Crime Commissioner and the Chief Constable ensure they are doing the right things in the right way for the right people in a timely, inclusive, open and accountable manner that is built on a foundation of integrity. It comprises the systems, processes, culture and values by which the Commissioner and the Chief Constable direct and manage together, along with the activity through which they account to and engage with the people of Cheshire.
- 1.2 The Commissioner's role is set out in the Police Reform and Social Responsibility Act 2011. The Commissioner is responsible for securing the maintenance of the police force for their area and securing that the police force is efficient and effective. The Commissioner holds the Chief Constable to account for the exercise of their functions and the functions of those under the Chief Constable's direction and control. The Commissioner is accountable to the people of Cheshire who elected him to represent their views on policing.
- 1.3 The Chief Constable is accountable under law for the exercise of police powers and to the Commissioner for the delivery of efficient and effective policing in Cheshire. While the Chief Constable discharges their responsibilities in support of the Commissioner's Police & Crime Plan, they remain at all times operationally independent.
- 1.4 Production of an Annual Governance Statement (AGS) is a requirement under the Accounts and Audit Regulations (England) 2015 and ensures that a reliable system of internal controls can be demonstrated. The AGS meets the requirements of Regulation 6 (1) (b) of the Accounts and Audit (England and Wales) Regulations 2015, which requires all relevant bodies to prepare an AGS. The AGS also demonstrates the Police and Crime Commissioner and Chief Constables' commitment to the principles of good governance as identified in the Chartered Institute of Public Finance and Accountancy (CIPFA) Delivering Good Governance in Local Government Framework 2016 where applicable to policing bodies.
- 1.5 In March 2022, CIPFA published an advisory note setting out key messages surrounding recent governance failures identified in statutory and non-statutory reviews and public interest reports. While Cheshire has not been part of these reviews or reports, there are lessons to be learned for all organisations that take governance seriously. One key message relates to the AGS - this is a key document for any organisation, and when completed correctly and with rigour, it can be used to identify failings of governance and provide an opportunity internally to improve and thereby reduce risk. It should normally be approved at the same time or no later than the statement of accounts and should be regarded as a vital tool by those charged with governance and the leadership team.
- 1.6 The AGS is and always has been, a key corporate document in Cheshire, which provides an accurate representation of the corporate governance arrangements and controls in place that have supported the delivery of organisational objectives during the year. The AGS provides information about where arrangements have been effective and notes where any improvements are required.
- 1.7 The governance framework detailed below has been in place for the year ended 31 March 2024 and up to the date of approval of the Statement of Accounts.

2. The Governance Framework

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

- 2.4 In line with Home Office guidelines, the Commissioner and Chief Constable have established an independent Joint Audit Advisory Committee (JAAC). This committee consider internal and external audit reports and advise and provide assurance to the Commissioner and Chief Constable according to good governance and accountability principles and proper practices. The terms of reference for the Committee were revised during 2022/23 in line with the CIPFA Position Statement 2022 relating to police audit committees and are subject to annual review.
- 2.5 During 2023/24 inflationary pressures have continued to affect pay and prices and therefore considerable scrutiny has been applied to the Constabulary to ensure it is both efficient and effective. Savings have been identified through a rigorous review of all areas to contribute to the overall budget and mitigate the impact as far as possible.

3. Internal Financial Controls

- 3.1 The objective of the internal financial controls is to maintain sound and proper financial arrangements; to explain why safeguards and controls are important and necessary; to profile a framework for financial management, which will enable, wherever possible, managerial and financial responsibilities to be aligned and safeguard all officers and staff.
- 3.2 The key documents that set out the internal financial controls are:
- Financial Regulations – as set out above
 - Scheme of Delegation – as set out above
 - Treasury Management Strategy – approved annually by the Commissioner. This sets out the Annual Investment Strategy, Borrowing Strategy and Minimum Revenue Provision Statement
 - Treasury Management Practices – which set out the detailed processes and practices to be followed in order to deliver the Treasury Management Strategy
 - Reserves Strategy – which details the reserves held, their intended usage and the strategy for ensuring the funds are maintained at an appropriate level.
- 3.3 In addition to the above, there are a series of governance checks and controls carried out through the Finance and HR teams to ensure financial systems are operating effectively.
- 3.4 These are supported by periodic Internal and External Audit reviews to provide appropriate assurance to those charged with governance or produce actions plans where necessary. The Director of Internal Audit's Opinion and their annual report for 2023/24 provide substantial assurance that there is a good system of internal controls designed to meet the organisation's objectives and that controls are generally being consistently applied. The Director of Internal Audit carries out their role in accordance with guidance issued in the CIPFA Statement on the Role of the Head of Internal Audit (2019).
- 3.5 CIPFA published 'The Financial Management Code' (FM Code) in 2019. It is designed to support good practice in financial management and to assist local authorities in demonstrating their financial sustainability. The FM Code, for the first time, sets the standards of financial management for local authorities including police. The FM Code is based on a series of principles supported by specific standards which are considered necessary to provide the strong foundation to:

- financially manage the short, medium and long-term finances of a local authority;
- manage financial resilience to meet unforeseen demands on services; and - manage unexpected shocks in their financial circumstances.

- 3.6 Each organisation designated to apply the FM Code must demonstrate that the requirements of the code are being satisfied. Demonstrating compliance with the FM Code is a collective responsibility of the Commissioner, Chief Constable, their respective chief finance officers (CFO) and their professional colleagues in the leadership team. Both CFOs are professionally qualified and are members of their respective leadership teams. Senior finance and leadership representatives sit on all key decision-making boards (e.g., Change Board and Programme Board).
- 3.7 The documents within the governance framework within which the Constabulary and OPCC operate are updated regularly to ensure that controls and procedures satisfy the requirements of the code and demonstrate good governance. The framework was reviewed and updated by the Constabulary and OPCC statutory officers during 2023/24 and the revised documents were signed off at Joint Management Board. Controls are reviewed by external audit as part of their work on the Statement of Accounts and by Internal Audit in line with their annual audit plan.
- 3.8 A whistle blowing policy is in place which is managed and investigated by the Professional Standards Department (PSD), this policy is updated regularly (last review June 2024). The force has a corruption and control strategy which is formulated by a local and regional corruption threat assessment. These documents are available on the force intranet and all cases of non-compliance would be dealt with on an individual basis following assessment by PSD, these are reported to those charged with governance via regular meetings.
PSD also approve and record business interests and ensure compliance with the [Gifts Gratuities and Hospitality](#) policy which is available on the Constabulary website.
- 3.9 The OPCC has an ethical framework and code of conduct for the Commissioner and for staff in place as well as a confidential reporting (whistleblowing) policy. These are reviewed regularly and are available on the [PCC website](#). Any non-compliance would be reported to the PCC via senior management meetings. The OPCC also has a register of [Interests, Gifts and Hospitality](#).
- 3.10 Further assurance is provided by HM Inspectorate of Constabularies, Fire and Rescue Services (HMICFRS) who carry out a police effectiveness, efficiency and legitimacy (PEEL) assessment of the effectiveness with which Cheshire Constabulary keep people safe and reduce crime. The most recent review was completed in 2020/21 and results have been published [Cheshire PEEL Assessments 2020/2021](#) . A further PEEL review is due to be undertaken during 2024/25 and will be reported in a [future AGS](#).
- 4. Good Governance in the Police**
- 4.1 In 2016, CIPFA, in association with various groups including the Association of Police and Crime Commissioners, issued best practice guidance on Delivering Good Governance. It sets out seven principles of good governance which are illustrated below:



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

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

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

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

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

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

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

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

- 5.3 Cheshire Constabulary has fully adopted the Code of Ethics from its inception in 2014 and this has been embedded into everyday decision-making.
- 5.4 The Professional Standards Department is responsible for the receipt, recording and, where relevant, investigation of public complaints against the conduct of officers and/or members of police staff as well as investigating allegations of misconduct within the Cheshire Constabulary. The behaviour and integrity of police officers and members of police staff are at the very core of the Constabulary's values and service ethos and the department engages widely within the Constabulary to promote and uphold these exacting standards with mandatory training for staff and officers as and when required. The Department is responsible for the Constabulary's anti-fraud and corruption arrangements together with their whistle blowing procedures. In addition, the Department records all gifts and hospitality and business interests to ensure the integrity and transparency against any conflicts of interests.
- 5.5 The Policing and Crime Act 2017 and supporting regulations made significant changes to the complaints and disciplinary systems that took effect from 01 February 2020. They introduced a number of changes designed to achieve a more customer-focused complaints system. Local accountability was enhanced through changes to the role of local policing bodies (Police & Crime Commissioners) which now have a statutory responsibility to hold their Chief Constable to account for the performance of the complaints system locally and for ensuring there are appropriate processes in place for dealing with conduct and death or serious injury (DSI) matters.
- 5.6 In addition, all local policing bodies now have certain duties in relation to the handling of complaints, some of which are mandatory and now a statutory responsibility. For example, from 01 February 2020, the Police & Crime Commissioner became a relevant review body (RRB) for complaints (recorded on or after 01 February 2020) and assumed responsibility for determining whether the outcome of a complaint was reasonable and proportionate. This change aimed to increase independence and transparency, particularly at a local level.
- 5.7 It should be noted that depending on the circumstances of the initial complaint, the Independent Office for Police Conduct (IOPC) may be the relevant review body. The determination in relation to the relevant review body will be made by the Professional Standards Department.
- 5.8 The Appropriate Authority for a complaint that relates to the Chief Constable is the local policing body with responsibility for that police force area. As such, the Police & Crime Commissioner is responsible for handling complaints against the Chief Constable of Cheshire Constabulary.
- 5.9 Both the Commissioner and Chief Constable have Monitoring Officers whose role is to advise on the rule of law and ensure decision-making is legally sound and compliant with the Governance Framework. Any breaches are reported to the Commissioner and Chief Constable – no breaches were reported during 2023/24.

6. **Principle B: Ensuring openness and comprehensive stakeholder engagement**

- 6.1 Public views on policing, their priorities and their experiences both in terms of crime and interaction with the Constabulary has and continues to have, a direct impact on the Commissioner's Police and Crime Plan and priorities.
- 6.2 As part of the budget and precept setting process, the Commissioner undertakes public consultation on his proposed council tax precept increase on an annual basis. The budget and precept proposals are also subject to scrutiny by the independent Police and Crime Panel on behalf of the public. Councillor members of the panel represent all local authorities across Cheshire.
- 6.3 In January 2024, the consultation on the Commissioner's precept proposal received 4,346 responses and 79% supported raising the precept at least in line with the Commissioner's eventual proposal.
- 6.4 As part of the precept consultation, the Commissioner invited people to share their views on community safety.
- 6.5 The Constabulary runs a 'residents voice' campaign to gather views of the public on local policing and priorities. This is an innovative online survey tool, which allows the public to complete a short online survey giving their views on crime, anti-social behaviour and policing within their local community. Officers and PCSOs provide members of the public with a 'QR code' which is scannable on a mobile device and takes the resident straight to the survey. The data obtained is then made available to local beat officers through a Power Bi dashboard where it can be filtered, analysed, and understood on a community basis. This powerful tool allows officers to canvass and respond to needs particular to a specific area. During 2023/24 there were almost 27,000 responses provided from across the Force area which were used to inform local operational priorities.
- 6.6 The Constabulary also undertakes telephone surveys of a small number of victims to gather feedback and inform service improvement.
- 6.7 As part of the virtual meeting arrangements originally brought in as a response to the pandemic, the ability of the public to have online access to public meetings has continued and has become standard practice on request. All public meetings are publicised together with the agendas, on the PCC's website.

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

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

- 7.3 Alongside this overarching document are the more detailed Capital Strategy and Reserves Strategy. All of these financial strategies are directly linked to the Estates, Fleet and IT strategies which are reviewed and signed off at Joint Management Board (JMB) meetings. All strategies are published on the PCC's website.
- 7.4 Clear reference is made to achieving value for money (VFM) in the annual budget and relevant strategic documents and the Constabulary and PCC have a clear and consistent understanding of VFM and how this is measured and monitored. Annual reports on VFM which consider the HMICFRS VFM indicators are reviewed by the JAAC and senior leadership.
- 7.5 Prudential indicators are set in line with the CIPFA Prudential Code, and these are included in the Annual Treasury Management Strategy. They are monitored by the s151 officers and reported to JMB in the Treasury Management Update report which is available on the Commissioner's website.
- 7.6 An Asset Management Strategy and Plan are in place and are reviewed and updated regularly. The plan aims to ensure that the authority's property, plant and equipment contribute effectively to service delivery and the achievement of key objectives.
- 7.7 The Procurement Strategy sets out the organisation's position with regards to social value and ethical procurement. The strategy outlines the ethical responsibilities and core objectives of the Commissioner and the Chief Constable in relation to their supply chain and in regard to human rights (including modern slavery), social value, equality and diversity, environment and sustainability and fraud, corruption and bribery.
- 7.8 The Commissioner's Modern Slavery Transparency Statement is published on his website [Modern Slavery Statement 2023-24](#). This sets out the steps we have taken and are planning to take to address the risk of modern slavery and human trafficking occurring within our own organisation and those of our partners and supply chains.
- 8. Principle D: Determining the interventions necessary to optimise the achievement of the intended outcomes**
- 8.1 The Scheme of Corporate Governance sets out a decision-making framework which ensures that all decisions taken by the Commissioner and Chief Constable are supported by all relevant information, including financial, legal and other appropriate professional advice, that available options are considered and that internal and external stakeholders are consulted. All decisions are formally recorded and published subject to confidentiality requirements, including the provisions of the Freedom of Information Act 2000.
- 8.2 The Commissioner has a statutory duty and electoral mandate to hold the Chief Constable to account on behalf of the public of Cheshire. The Commissioner does this by scrutinising, supporting and challenging the performance of the Constabulary, including against the priorities in the Police and Crime Plan. The Commissioner undertakes this role at Scrutiny Board. These meetings consider performance against the priorities identified in the Police and Crime Plan as well as a wide range of performance information relating to all aspect of policing. Performance data can be found on the Commissioner's website [Scrutiny \(cheshire-pcc.gov.uk\)](#).

- 8.3 HMICFRS produce Value for Money profiles, which are available via their website. These profiles benchmark Cheshire's costs and resources both operationally and for support services against our most similar forces and policing as a whole. These profiles are reviewed and used to support resource allocation debates and as part of the budget setting process.
- 8.4 Key risks to financial sustainability are highlighted in the annual budget and MTFS. These are also reported in the strategic risk register which is reviewed regularly at SLT and JMB. The latest strategic risk register is also considered at each JAAC meeting. Throughout the year, revenue and capital monitoring reports are prepared and reviewed at SLT and JMB. These reports highlight potential issues and suggest appropriate remedial actions.
9. **Principle E: Developing the entity's capacity, including the capability of its leadership and the individuals within it**
- 9.1 Cheshire Constabulary is a high performing organisation offering a range of career opportunities. It provides a broad range of police and police staff roles with career pathways to develop. It is structured and provides progression and fast track opportunities. Support and advice are provided to assist everyone in their career journey. Overall, it is recognised that as professionals it is our responsibility to be as good as we can be and in doing so ensure we invest time to learn and develop to meet the changing needs of the communities we serve.
- 9.2 Cheshire Constabulary has a key priority for organisational learning. As an organisation, the vision is:
- To be a learning organisation through the creation, retention, sharing and using of knowledge.
 - This Organisational Learning area is the Constabulary's hub where practitioners learn through the creation, retention, sharing and using of knowledge.
 - The Organisational Learning area is the gateway to the Constabulary's What Works programme, where practitioners can learn about evidence-based practice, its practical application and view examples of effective problem solving.
- 9.3 The Constabulary now has an additional 300 as part of the original police officer uplift programme (PUP), with a further 15 PUP officers joining in 2023/24 in addition to the usual recruitment programme. The Constabulary continues to invest in the skills of its workforce, including areas such as detective training to ensure resilience and future capacity. Cheshire has fully met their national Police Officer Uplift target. Officer numbers are subject to scrutiny on a regular basis and returns are submitted to the Home Office quarterly.
10. **Principle F: Managing risks & performance through robust internal control and strong public financial management**
- 10.1 The role of the Commissioner and the Chief Constable at the Joint Management Board is to scrutinise and approve the risk register on a quarterly basis as part of the approved Risk Management Framework. The role of Joint Audit Advisory Committee is to review and advise the Commissioner and the Chief Constable on the adequacy of action plans and actions taken to mitigate each risk on a quarterly basis. Risks provide a forward look at upcoming issues such as the Formula Funding Review as well as reflecting the current situation and are regularly reviewed and updated. All areas of operational, governance and financial risk are reflected in the register and there are sections for Constabulary risks, OPCC risks and joint risks.

- 10.2 During 2023/24, the JAAC provided independent assurance to those charged with governance on the adequacy of the risk management framework, the internal control environment and the integrity of the financial reporting and governance processes within the Constabulary and OPCC.
- 10.3 The review and subsequent update/amendment to the risk register ensures that there is a joined-up approach between the Commissioner and the Chief Constable and that the key risks are evaluated, managed, mitigated, scrutinised and reported top down and bottom up through both Leadership Teams.
- 10.4 The Constabulary has a comprehensive performance management framework in place known as 'Raising the Bar'. This outlines the performance management approach including key meetings and structures and indicators which ensure delivery of the objectives set out in the Police and Crime Plan and other key local and national priorities.
- 10.5 Performance is monitored through regular 1-2-1 meetings, Area Performance Meetings, Quarterly Performance Meetings and a monthly Force Performance Day as well as through regular Scrutiny Meetings with the PCC. Actions from meetings are recorded and progress against them is monitored.
- 10.6 Performance is scrutinised by the Commissioner at regular scrutiny meetings and actions are identified at these meetings, which are kept under review and progress reported to the Commissioner.
- 10.7 Cashflow, short and long-term borrowing, investments and the use of reserves and balances are monitored by both s.151 officers and are reported to the Commissioner and Chief Constable in Treasury Management updates at Joint Management Board.
- 10.8 Processes are in place to ensure Officers and staff are aware of the threat of cyber-crime and can recognise potential cyber security threats and take appropriate action. Plans are in place to ensure this information is kept continuously up-to-date and is disseminated across the organisation.
- 10.9 Where processes or system arrangements show areas requiring improvement, action is taken to ensure internal control and financial management is complied with.
11. **Principle G: Implementing good practices in transparency, reporting and audit to deliver effective accountability**
- 11.1 All key joint decisions are taken collectively by the Constabulary's Senior Command Team and the Joint Management Board. The Joint Management Board is where decisions are made, and Scrutiny Board is where the Commissioner holds the Chief Constable to account. Both meetings publish papers in advance of their meetings and the meetings themselves are open to the public. All key PCC decisions of significant public interest are published on the Commissioner's website.
- 11.2 The Police and Crime Panel (PCP), which is a statutory body, independent of the Office of the Police and Crime Commissioner, oversees the work of the Commissioner. Its role includes reviewing the Commissioner's proposals for the amount of council tax local people pay towards policing. It has the power to veto these proposals if it considers the amount is inappropriate; considering the Police and Crime Plan and Annual Report; considering the appointments of the Commissioner's Deputy Police and Crime Commissioner, Chief Executive and Chief Finance Officer; considering the Commissioner's proposals for the appointment of a new Chief Constable, with the power to veto; and handling

complaints about the Commissioner. Cheshire East Council hosted the PCP for 2023/24 and details of these meetings can be found on their website.

- 11.3 Both the Commissioner and Chief Constable have Publication Schemes on their respective websites listing information available and a means of contact should the information required not be included.
- 11.4 The Constabulary's Information Management team co-ordinate all information held to ensure compliance with all the appropriate requirements including Freedom of Information requests and Data Protection. The OPCC liaises closely with the Information Management team in relation to Freedom of Information requests and Data Protection issues, however, within the OPCC these are managed by the OPCC Principal Governance and Compliance Officer to ensure that organisational independence is maintained.
- 11.5 Assurance on the effectiveness of governance and controls is also provided by the Joint Audit Advisory Committee. The organisation's governance and controls are subject to review from bodies such as HMICFRS, External Audit and Internal Audit and reviews of the framework are undertaken by Joint Management Board. The governance framework and internal and external audit opinions are published on the Commissioner's website.

12. Review of Effectiveness

- 12.1 As part of the on-going governance roles, each of the above principles is reviewed and evidence sourced to show effectiveness in terms of communications, actions, policies and procedures. This evidence is scrutinised and is subject to challenge by the Commissioner's S.151 Officer and Chief Executive, the Constabulary S.151 Officer and Monitoring Officer.
- 12.2 The Constabulary report quarterly on their performance against key national priorities and advise on areas of focus for the forthcoming quarter. This information is shared publicly on the PCC's website.
- 12.3 External assurance in terms of accountability is provided by both Internal and External Audit, HMICFRS reviews and partner forces reviews of collaborations. Assurance is also provided by volunteers including Independent Custody Visitors (ICVs) who make unannounced visits to police stations to check on the rights, wellbeing and treatment of detainees, the Independent Advisory Group (IAG) which advises on all aspects of equality and diversity; the Independent Ethics Panel which considers ethical issues in policing and the Community Cohesion Group (CCG) which reviews policies and procedures and provides advice on ways to improve service delivery to all communities.
- 12.4 Assurance was provided on 2022/23 statement of accounts and Value for Money (VFM) by External Audit and their annual audit findings report and audit letter are available on the Commissioner's website [Audit \(cheshire-pcc.gov.uk\)](https://www.cheshire-pcc.gov.uk/Audit).
- 12.5 The overall Internal Audit opinion for the period 1st April 2023 to 31st March 2024 provides Substantial Assurance, that that there is a good system of internal control designed to meet the organisation's objectives, and that controls are generally being applied consistently.
- 12.6 All audit reports are presented to the Joint Audit Advisory Committee and published on the websites. Public notices in relation to the accounts are also published on the websites in line with statutory requirements. Outstanding actions from relevant reviews are reported to each JAAC meeting in the Service Assurance Plan and follow up reports from internal and external audit also go to JAAC meetings.

- 12.7 Procurement savings are tracked internally through the Strategic Procurement Group and are reported to Blue Light Commercial on a quarterly basis. Cashable savings are reviewed during the annual Priority Based Budget (PBB) process and removed from the annual revenue budget.

13. Report on Areas for Action during 2023/24

- 13.1 Within the 2022/23 Annual Governance Statement, the review of effectiveness identified two areas where further action was required. The following re-visits the actions which have satisfactorily addressed the issues raised and reports on the outcomes in 2023/24.

Action 1: Cyber-Security – Continue to invest in cyber-security and training in recognition of the ongoing cyber and ransomware risk to policing systems. Attacks on Police Forces and other Public Sector organisations along with suppliers of services to public organisations are becoming more frequent and are definitely a deliberate target of some countries and criminal organisations/individuals (Owner: Deputy Chief Constable).

Update: - The Force continues to take the threat from cyber seriously and constantly reviews and updates security controls/products. We work closely with a number of national agencies and have further enhanced our protective monitoring capabilities and implemented additional controls to protect against ransomware. The threat from social engineering and e-mail borne attacks is a high consideration and we continue to invest in monthly cyber security and phishing simulations for all staff, as well as providing specific training for high-value spear phishing targets. We regularly review our infrastructure and ensure software/infrastructure remains up-to-date and have decommissioned a number of systems that have become end-of-life. In addition, we continue to remove data from our network that has reached its retention threshold, minimising any potential compromise should an attacker gain a foothold.

Action 2: Joint Audit Advisory Committee – The Committee has three new members with no prior audit committee experience. Internal workshops and external training will be provided as part of their induction to the Committee and ongoing support will be made available (Owner: OPCC Chief Finance Officer).

UPDATE: A workshop was provided to all JAAC members by the Constabulary Head of Finance and the two s151 officers in May 2023 to go through the draft Statement of Accounts and answer any queries. The new members also attended CIPFAs Introduction to Police Audit Committees webinar in May 2023. Further update sessions and training will be provided as and when required.

14. Areas for Action in 2024/25

- 14.1 The governance framework, internal controls and application of the principles have been reviewed during 2023/24 with the following areas highlighted as risks together with the mitigating actions required.

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

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

15. Summary

- 15.1 We are satisfied that the governance framework and arrangements in place during 2023/24 and up to the date the accounts were signed are adequate and fit for purpose. The arrangements are subject to independent review and assurance from various sources as noted in paragraphs 12.3.
- 15.2 We propose over the coming year to take steps to address the issues identified in paragraph 14.1 above to further enhance the governance arrangements. Additional actions can be taken in-year through the business planning and objective setting processes. We are satisfied that these steps will address the need for improvement as identified in the review of effectiveness and will monitor their implementations and operation as part of the next annual review.

Signed



Dan Price
Police & Crime Commissioner



Mark Roberts
Chief Constable



Clare Hodgson
Chief Finance Officer, OPCC

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

GLOSSARY OF TERMS

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Fair Value - The price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Financial Instrument - A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity of another.

General Reserve - This is the Commissioner's main revenue reserve to which all revenue receipts are credited and from which all revenue liabilities are discharged. The movement shown in the fund represents the excess of expenditure over revenue within the 2012/13 revenue account.

Income - Amounts which the Commissioner receives, or expects to receive, from any source. Income includes fees, charges, sales, capital receipts, government grants, the precept on Council Tax collection funds, Revenue Support Grant and National Non-Domestic Rate.

Long-Term Borrowing - Long-term borrowing relates to loans taken out by the Commissioner from the Public Works Loan Board and commercial banks.

National Non-Domestic Rate - The government levies a standard rate on all properties and cannot increase it by more than the Retail Price Index. The rates are collected on behalf of the government by district councils and are then redistributed nationally.

Net Debt - This comprises cash in hand, cash overdrawn, short term investments and long term borrowing.

Pension – Defined Benefit Scheme - A pension or other retirement benefit scheme other than a defined contribution scheme. The scheme rules define the benefits independently of the contribution payable, and the benefits are not directly related to the investments of the scheme. The scheme may be funded or unfunded.

Pension Assets – Expected Rate of Return - For a funded defined benefits scheme, the average rate of return, including both income and changes in fair value but net of scheme expenses, expected over the remaining life of the related obligation on the actual assets held by the scheme.

Pension – Interest Costs - For a defined benefit scheme, the expected increase during the period in the present value of the scheme liabilities because the benefits are one period closer to settlement.

Pension – Past Service Costs - For a defined benefit scheme, the increase in the present value of the scheme liabilities related to employee service in prior periods arising in the current period as a result of the introduction of, or improvement to, retirement benefits.

Police Services – these are services as set out in the CIPFA Service Reporting Code of Practice.

Precept - The amount of money the Commissioner has to raise from Council Tax payers (via unitary collection funds) to pay for police services. Each collection fund pays a standard amount per Band D equivalent property.

Provisions – Provisions represent sums set aside for liabilities or losses which are certain to arise but owing to their inherent nature cannot be quantified with any certainty. The Commissioner's main provisions relate to insurances and pensions.

Public Works Loan Board (PWLB) - A government agency which provides longer term loans to Local Authorities at interest rates only slightly higher than those at which the government itself can borrow.

Reserves - There are two types of reserve; those which are available to meet revenue or, in some cases, capital expenditure and those which are not available to finance revenue or capital expenditure. Most revenue reserves are capable of being used to finance revenue or capital expenditure.

Revenue Expenditure - Amounts which the Commissioner pays or expects to pay to any source - includes the cost of employees, premises, transport, supplies and services.

Revenue Support Grant - General government grant support towards the Commissioner's expenditure.

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

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

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

In our auditor's report issued on 23 January 2025, we explained that we could not formally conclude the audit and issue an audit certificate for the Police and Crime Commissioner for Cheshire (the 'Police and Crime Commissioner') and its subsidiary, the Chief Constable for the year ended 31 March 2024, in accordance with the requirements of the Local Audit and Accountability Act 2014 and the Code of Audit Practice, until we had:

- confirmation from the NAO that no additional work (beyond submission of the Assurance Statement) would be required in respect of the Whole of Government Accounts exercise. We have now had this confirmation.

Opinion on the financial statements

In our auditor's report for the year ended 31 March 2024 issued on 23 January 2025 we reported that, in our opinion the financial statements:

- give a true and fair view of the financial position of the Group and of the Police and Crime Commissioner as at 31 March 2024 and of the Group's and the Police and Crime Commissioner's expenditure and income for the year then ended;
- have been properly prepared in accordance with the CIPFA/LASAAC Code of practice on local authority accounting in the United Kingdom 2023-24; and
- have been prepared in accordance with the requirements of the Local Audit and Accountability Act 2014.

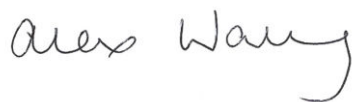
No matters have come to our attention since that date that would have a material impact on the financial statements on which we gave this opinion.

Report on other legal and regulatory requirements – Audit certificate

We certify that we have completed the audit of the Police and Crime Commissioner for Cheshire for the year ended 31 March 2024 in accordance with the requirements of the Local Audit and Accountability Act 2014 and the Code of Audit Practice.

Use of our report

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



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

Bristol

30 July 2025