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Cheshire
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Cheshire
Constabulary

POLICE & CRIME COMMISSIONER FOR CHESHIRE AND GROUP STATEMENT OF ACCOUNTS 2025/26

STATEMENT OF ACCOUNTS 2025/26

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NARRATIVE REPORT

The Group accounts reflect the combined financial position of the Police and Crime Commissioner and Chief Constable.
Transactions between the two entities have been eliminated on consolidation.

Narrative Report 2025/26 – Cheshire Police Group (PCC and Chief Constable)

Introduction

I am pleased to present the Narrative Report and Statement of Accounts for the Cheshire Police Group for the financial year ending 31 March 2026.

This report summarises the Group's financial position, operational performance and delivery against priorities during 2025/26. It explains how public funds have been used to support policing across Cheshire, highlighting key achievements, challenges and risks.

During 2025/26, Cheshire Constabulary continued to deliver strong performance, with reductions in crime, improved outcomes for victims and nationally recognised operational effectiveness. Cheshire OPCC has continued to provide funding for essential services that support victims of crime, help prevent offending and improve community safety. This includes specialist victim support, early intervention programmes and initiatives that help people feel safe and remain safe. This reflects sustained investment in neighbourhood policing, safeguarding and modern technology, alongside strong governance and financial management. Sustaining such high performance is a tremendous achievement, particularly given ongoing uncertainty around funding arrangements and inflationary pressures.

This report should be read alongside the Statement of Accounts and Annual Governance Statement, which together provide a comprehensive view of the Group's financial stewardship and organisational performance.

1. Purpose and Legal Framework

This Narrative Report provides a detailed overview of the activities, performance and financial position of the Cheshire Police Group for the financial year ending 31 March 2026. The Group comprises two closely connected but legally distinct corporations sole: the Police and Crime Commissioner (PCC) for Cheshire and the Chief Constable of Cheshire Constabulary.

The report is published alongside the Statement of Accounts in accordance with the Accounts and Audit Regulations 2015 and has been prepared having regard to the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom.

In preparing this report, account has been taken of operational activity, governance developments and strategic priorities published during the year through internal communications, the Cheshire Constabulary website and publications and website of the Office of the Police and Crime Commissioner. These sources ensure the report reflects developments and outcomes during the year.

These include county-wide neighbourhood policing initiatives such as participation in the national Safer Streets Summer programme (June–September 2025), the first live deployment of Live Facial Recognition capability in Chester during March 2026, progress in modernising the police estate through the opening of the UK's first Passivhaus-accredited police station at Wilmslow, and community engagement activity including the Museum of Policing in Cheshire receiving the King's Award for Voluntary Service in November 2025.

Cheshire is also leading the way in creating phone-free schools to reduce online buying and harmful exposure as well as support young people to learn, focus and thrive. Additionally, the Commissioner continues to roll out his Citizens Assemblies across all Local Policing Units to give the public of Cheshire a voice in local policing, has continued to provide grants to the community through his SWAP fund and rolled out key initiatives such as Fresh Start and Prisoners Building Homes to reduce re-offending.

The purpose of the Narrative Report is to help explain how the Group (which refers to Cheshire Constabulary and Cheshire OPCC) has performed during the year, how public money has been managed and how strategic objectives have been delivered. It also outlines key risks, governance arrangements and the future outlook.

Policing governance in Cheshire operates within the framework of the Police Reform and Social Responsibility Act 2011, which established the PCC and the Chief Constable as distinct legal entities. The PCC is responsible for securing the maintenance of an efficient and effective police service, setting strategic priorities through the Police and Crime Plan, determining the policing budget and precept, and holding the Chief Constable to account. The Chief Constable retains operational independence and is responsible for the direction and control of policing services.

In accordance with statutory requirements, separate Statements of Accounts are prepared for the PCC and the Chief Constable, together with Group Accounts that reflect the economic substance of these arrangements. The financial statements have been prepared in accordance with proper accounting practices and International Financial Reporting Standards (IFRS) as interpreted for the public sector. This Narrative Report should be read alongside those statements and the accompanying Annual Governance Statement, which provides assurance on governance and internal control arrangements during the year. National inspection findings and sector-wide developments have also been considered to ensure the report reflects both local performance and the broader policing context.

2. Organisational Overview

Geographical and Operational Context

Cheshire Constabulary is one of 43 territorial police forces in England and Wales, serving a population of approx. 1.1 million residents across the local authority areas of Cheshire East, Cheshire West and Chester, Warrington and Halton. The policing area includes a diverse mix of urban centres, market towns, rural communities and significant transport infrastructure, including major motorway routes and rail corridors. This creates a varied demand profile, ranging from volume crime and antisocial behaviour to serious and organised crime, safeguarding vulnerabilities and road-related risks.

The Constabulary’s mission is to keep Cheshire safe and make the county hostile to criminals. This is delivered through local policing supported by specialist capabilities in investigation, public protection, roads policing and regional collaboration.

Workforce and Structure

At 31 March 2026, Cheshire Constabulary had a total workforce headcount of 4,313, providing a balanced and resilient mix across operational, support and volunteer roles. This comprised 2,432 police officers (including Tier 1 and Tier 2 officers), 1,577 police staff, 147 Special Constables, 85 Police Community Support Officers (PCSOs) and 72 volunteers.

Employee type	Headcount at 31.03.2026
Officers*	2432
Staff*	1577
Specials	147
PCSOs	85
Volunteers	72
Total	4313

*includes Tiers 1 and 2

Police officers represent the largest proportion of the workforce, accounting for just over half of total headcount. This level of officer establishment supports neighbourhood visibility, investigative capacity and emergency response capability across the force area. Police staff play a critical role in enabling frontline delivery, providing specialist expertise in investigations, intelligence, digital forensics, finance, human resources, call handling and victim services.

Special Constables and volunteers make an important contribution to community engagement, resilience and prevention activity, providing additional capacity and strengthening links with local communities. The PCSO workforce remains a key element of neighbourhood policing, supporting reassurance, problem-solving and engagement alongside warranted officers.

Overall workforce numbers remained stable during 2025/26, maintaining organisational resilience while allowing targeted investment in priority roles. The workforce is organised into nine Local Policing Units (LPUs), supported by specialist departments covering crime investigation, public protection, intelligence, digital policing and operational support. Ethical behaviour and legitimacy continue to underpin workforce activity, with officers, staff and volunteers operating in accordance with the Code of Ethics, supported by robust vetting, professional standards and governance arrangements.

During the year, workforce planning remained a key focus in response to financial pressures and changing demand. This included reviewing the balance between police officers, PCSOs and staff to ensure resources continue to align with frontline priorities, particularly neighbourhood policing and safeguarding.

Leadership and Strategic Direction

During 2025/26, Dan Price continued in his role as Police and Crime Commissioner for Cheshire, with Chief Constable Mark Roberts leading operational delivery. The Police and Crime Plan 2024–28 sets the strategic priorities for policing in Cheshire, with the Chief Constable responsible for delivering these priorities through operational policing.

The Plan continues to provide a clear strategic framework, supported by public scrutiny and engagement to ensure priorities reflect community needs and emerging risks.

The Police and Crime Plan 2024–28 continued to provide a clear strategic framework, supported by regular public scrutiny meetings and engagement activity to ensure that policing priorities reflect public expectations and emerging risks. Engagement activities during 2025/26 included the hosting of further Citizens Assemblies in Runcorn, Widnes, Macclesfield and Congleton, giving the Cheshire public a voice in local policing.

Police & Crime Commissioner Dan Price

Chief Constable Mark Roberts

Police and Crime Commissioner Dan Price hosting a Citizen Assembly during 2025/26.

3. Police and Crime Commissioner Commissioning and Community Funding

2025/26 saw the launch of several high-profile initiatives led by Dan and the OPCC. These included:

- Commissioning of victim support services, including domestic abuse, sexual violence and restorative justice provision, which collectively supported over 16,500 victims of crime across Cheshire during the year.

- **Phone Free Education Campaign** - This ambitious initiative aims to make Cheshire the first county in the UK where every state high school is phone free during the school day.

- **The SWAP Fund (Safety, Working Together, Action and Prevention)** continued to play a key role in supporting community-led crime prevention and safeguarding initiatives. The fund reinvests money seized from criminal activity into positive community projects. During the year, 260 applications were received, with 71 organisations being awarded funding to deliver projects aligned to the fund's objectives. These initiatives have strengthened local capacity to address community safety issues, supported vulnerable individuals, and tackled the root causes of crime and anti-social behaviour. The fund was extended this year to include a Summer SWAP Scheme to enable organisations to support young people and their families over the school holiday period. The fund's targeted investment supports delivery against policing priorities by enhancing prevention, reducing demand on services, and promoting safer, more resilient communities.

SWAP FUND
Turning criminal money into positive action
Dan Price | Cheshire Police & Crime Commissioner

- Targeted commissioning to address the underlying drivers of serious violence and deliver sustained, long-term impact across Cheshire communities. This included a strong focus on early intervention and prevention for children and young people, alongside reducing reoffending through employment, skills, and education pathways. Collectively, these interventions aimed to reduce vulnerability, strengthen life opportunities, and divert individuals away from violence, harm, and high-risk behaviours. Tackle serious youth violence and inequality, including a continued partnership with Active Cheshire and Cheshire Community Foundation, resulting in £175,000, invested in 8 community organisations delivering sports-based and mentoring programmes for vulnerable young people.

- Fresh Start initiative - There is strong evidence that securing stable and secure employment can play a crucial role in reducing the likelihood of an offender reoffending as a job can provide financial stability, structure, and a positive sense of personal identity. Consequently, we are keen to support projects that seek to provide young and adult offenders with employment opportunities. The Police and Crime Commissioner is leading this initiative to support people subject to probation supervision into employment. The initiative is fully supported by Probation and the Department of Work and Pensions.

- Investment in innovation and prevention, including funding secured from national sources to develop an artificial-intelligence-enabled tool to identify patterns of stalking behaviour at an earlier stage, supporting proactive safeguarding.

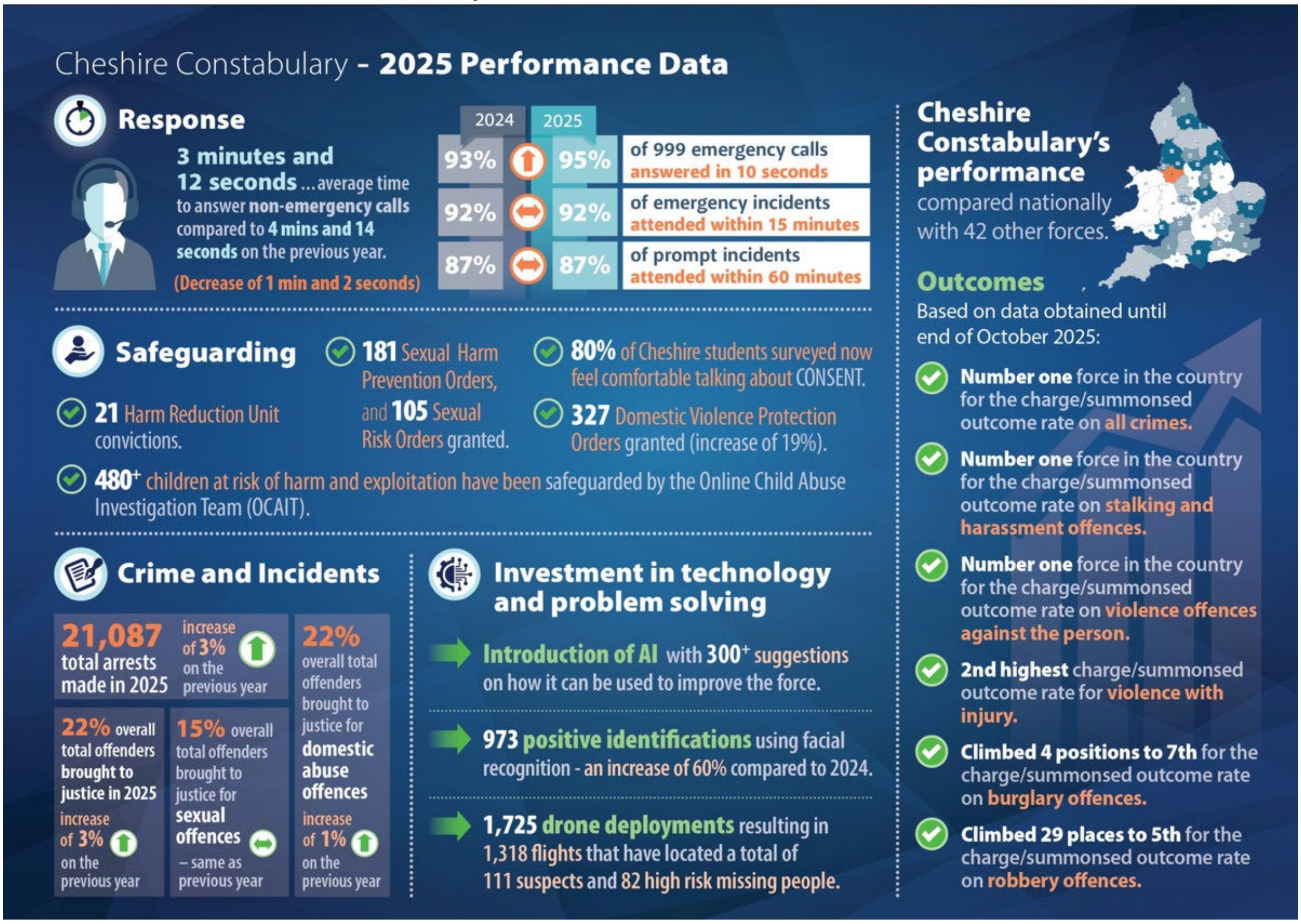
Wider Social Value and Engagement

Social value was also delivered through wider engagement and partnership activity, including the continued rollout of citizens' assemblies to support public involvement in policing priorities. Programmes such as Fresh Start contribute to rehabilitation and long-term crime reduction by supporting individuals into sustainable employment. Volunteering and heritage activity was also recognised, including the Museum of Policing in Cheshire receiving the King's Award for Voluntary Service for its contribution to policing education and community engagement.

Overall Impact

Overall, these initiatives support prevention, reduce harm and strengthen community safety. They also contribute to public confidence by demonstrating how resources are reinvested to deliver positive outcomes for communities.

4. Overview of Performance in 2025/26



Demand and Operating Environment

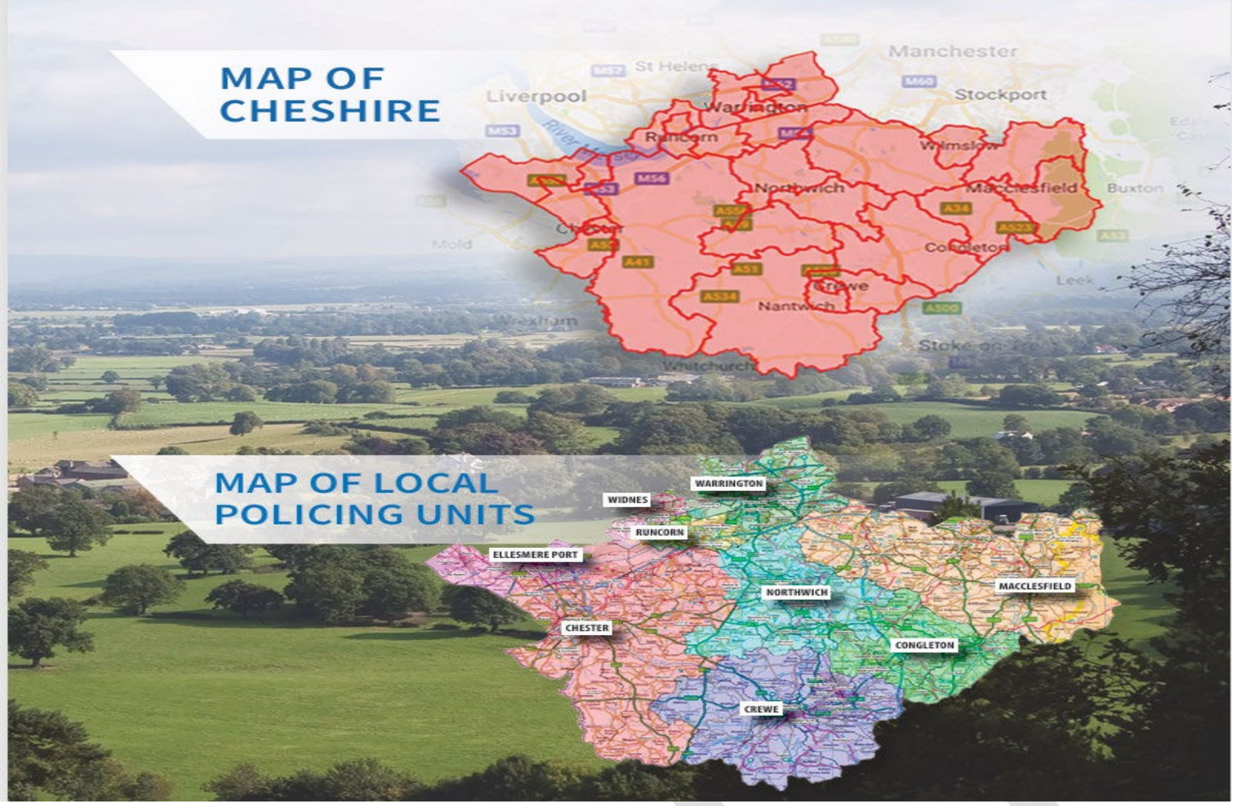
Throughout 2025/26, Cheshire Constabulary operated in a busy and increasingly complex environment, responding to high levels of demand alongside growing safeguarding needs and public expectations for a timely, high-quality service.

While overall incident demand remained broadly stable, there was continued growth in vulnerability-related demand, including domestic abuse, safeguarding of children and adults at risk, mental health incidents and serious violence. These cases are more time-intensive and often require specialist skills and partnership working.

This mirrors national trends reported by the Office for National Statistics. Overall crime volumes have remained broadly stable at around 9.6 million incidents for the year ending 31 December 2025, but the nature of demand continues to shift towards more complex and higher-harm offences. Theft-related offences have fallen overall, particularly burglary and vehicle crime, while fraud remains high at an estimated 4.4 million incidents.

The Constabulary maintained a strong operational response through continued investment in neighbourhood policing, technology, safeguarding and control room resilience.

The growing complexity of demand has also had a direct financial impact, contributing to pressures in areas such as police overtime, public protection, forensics and legal services. These pressures are reflected in the revenue outturn and highlight the importance of continued investment in prevention, early intervention and efficient service delivery.



Emergency and Non-Emergency Response

Call handling and response performance improved considerably during the year, reflecting focused operational management, investment in staff capability and improvements in digital systems.

In 2025:

- The average time to answer non-emergency (101) calls reduced to 3 minutes and 12 seconds, compared with 4 minutes and 14 seconds in the previous year, an improvement of 1 minute and 2 seconds.
- 95% of 999 emergency calls were answered within 10 seconds, an increase from 93% in 2024.
- 92% of emergency incidents were attended within 15 minutes, maintaining strong year-on-year performance.
- 87% of prompt incidents were attended within 60 minutes, consistent with the previous year.

These trends mirror wider changes in policing demand, where complexity and risk are increasing despite broadly stable incident volumes, placing greater pressure on specialist resources and partnership working. Overall performance is now in line with leading forces, reflecting sustained investment in contact management, workforce capability and digital technology and delivers on the priorities set out in the Commissioner’s Police and Crime Plan.

Safeguarding and Protecting the Vulnerable

Safeguarding remained a core operational priority in 2025/26, with targeted resources delivering strong outcomes for vulnerable people across Cheshire. During the year:

- 21 Harm Reduction Unit convictions were secured.
- 181 Sexual Harm Prevention Orders and 105 Sexual Risk Orders were granted, helping to manage offenders posing ongoing risk.
- 327 Domestic Violence Protection Orders were granted, representing a 19% increase compared with the prior year.
- More than 480 children at risk of harm or exploitation were safeguarded through the work of the Online Child Abuse Investigation Team (OCAIT).
- Preventative education activity showed positive impact, with 80% of Cheshire students surveyed reporting that they now feel comfortable talking about consent.
- The annual Youth Commission report surveyed 1400 14–25-year-olds on county lines and drugs; cybercrime; domestic and sexual violence and serious violence. The results are informing the PCCs engagement strategy with young people.

During the year, preventative safeguarding work was further strengthened through partnership-led initiatives aimed at reducing online harm to children and young people. As part of the Police and Crime Commissioner's phone-free education programme, additional external funding of £250,000 was secured from the Duke of Westminster to support the roll-out of lockable phone pouches across Cheshire's state high schools.

This additional funding complements £150,000 of investment from proceeds of crime, reducing financial barriers for schools and accelerating progress toward county-wide adoption. Evidence from early-adopting schools indicates significant reductions in online safeguarding incidents and improvements in wellbeing, behaviour and educational engagement, supporting long-term crime prevention and victim protection objectives.

These outcomes reflect the effectiveness of specialist safeguarding teams, robust investigative practice and strong partnership working.

Police and Crime Commissioner Dan Price with Duke of Westminster and students at Birchwood Community High School in Warrington as part of Commissioner's phone-free education programme. February 2026

Crime, Incidents and Enforcement Activity

Enforcement activity remained strong throughout 2025, with:

- 21,087 arrests made, representing a 3% increase on the previous year.
- 22% of all offenders brought to justice, an increase of 3% year-on-year.
- 22% of domestic abuse offenders brought to justice, up 1% on the prior year.
- 15% of sexual offence offenders brought to justice, consistent with the previous year despite falling crime levels.

These figures show sustained investigative productivity alongside reductions in crime demand. Performance was supported by strong multi-agency partnerships, which remain critical to managing complex safeguarding demand.

This was delivered within a challenging national context characterised by financial pressure, increasing demand complexity and heightened public scrutiny. The Out of Court Resolution panel (OOCR) led by the Commissioner’s office added an additional layer of scrutiny to strengthen that which was already in place.

The Constabulary also delivered strong performance in specialist regulatory functions during 2025/26. The Firearms Licensing Team was ranked 1st nationally for processing applications, with 99% of firearm and shotgun licence applications completed within four months.

The Disclosure and Barring Service (DBS) unit was graded outstanding in the latest PEEL inspection, recognising its strong commitment to safeguarding children and vulnerable adults.

Cheshire is now among the leading forces for firearms licensing across England and Wales, supporting public protection through timely and thorough assessment of applicants and early identification of risk.

Technology, Innovation and Problem Solving

Investment in technology continued to support operational effectiveness and productivity and deliver on the Commissioner’s priority to modernise and make the best use of technology and AI. Key developments during the year included:

- The introduction of artificial intelligence capability, generating more than 300 suggestions on how technology could be deployed to improve policing services.
- 973 positive identifications using facial recognition technology, representing a 60% increase compared with 2024.
- 1,725 drone deployments, resulting in 1,318 flights which assisted in locating 111 suspects and 82 high-risk missing persons.
- Work is underway on the AI business plan which will deliver efficiencies and more effective ways of working.

These tools improved situational awareness, officer safety and investigative effectiveness.

National Performance and Outcomes

Based on nationally published data up to October 2025, Cheshire Constabulary delivered exceptional criminal justice outcomes when compared with other forces in England and Wales:

- Ranked 1st nationally for charge/summonsed outcome rates for all crime.
- Ranked 1st nationally for charge rates in stalking and harassment and violence against the person.
- 2nd highest charge rate nationally for violence with injury.
- Improved national rankings to 7th for burglary (up four places) and 5th for robbery (up 29 places).

Overall Assessment

Overall performance during 2025/26 reflects a highly effective policing service, with improved response times, strong safeguarding outcomes, sustained enforcement activity and leading criminal justice results. This has been achieved while maintaining public confidence and responding to increasing complexity in demand, providing a strong foundation for continued improvement.

Performance during the year was also supported by strong partnership working, community engagement and focused prevention activity, contributing to sustained outcomes across policing services.

External Inspection and Recognition

During the year, Cheshire Constabulary's performance continued to be recognised through independent inspection. HMICFRS identified the Constabulary as outstanding in protecting vulnerable people and highlighted areas of innovative practice. National data also confirmed that Cheshire achieved leading charge rate performance across England and Wales, reinforcing its position as one of the most effective forces in delivering criminal justice outcomes.

5. Crime Reduction and Criminal Justice Outcomes

Strategic Focus and Investment

Crime reduction remained a central priority for Cheshire Constabulary throughout 2025/26, supported by targeted investment in neighbourhood policing, proactive operations, offender management and cross-border enforcement activity. Resources were directed toward both prevention and enforcement, ensuring that reductions in crime were accompanied by strong criminal justice outcomes and improved victim confidence.

Crime Trends and Public Safety

Performance data for the year demonstrates that Cheshire continues to be one of the safest counties in the United Kingdom, with sustained and significant reductions across a broad range of offence categories. During 2025/26:

- Overall recorded crime reduced by 4%
- Shoplifting reduced by 15%, compared with a 1% reduction nationally
- Knife crime reduced by 27%
- Burglary reduced by 8%
- Vehicle crime reduced by 7%

These reductions were driven by visible neighbourhood policing, intelligence-led targeting of repeat offenders, hotspot patrols, partnership working and cross-border operations targeting travelling offenders.

Neighbourhood officers continued to work closely with residents and businesses, not only to identify and apprehend offenders but also to provide crime prevention advice, reassurance and early intervention.

This ensured enforcement activity was balanced with engagement and prevention, contributing to sustained reductions and public confidence.
Outcomes were achieved against a national backdrop of continued pressure on policing services, highlighting the effectiveness of Cheshire's proactive and intelligence-led approach.

Criminal Justice Outcomes and Charge Rates
In addition to reducing crime, Cheshire Constabulary delivered strong criminal justice outcomes during 2025/26. Data published by the Office for National Statistics shows that Cheshire achieved the highest overall charge rate for crime in England and Wales during the year.
The Constabulary also achieved the highest charge rates nationally for:

- Violence against the person
- Stalking and harassment
- Sexual offences

Cheshire also recorded some of the highest charge rates for burglary, vehicle crime and theft offences. This is particularly notable given the simultaneous reduction in overall crime levels and reflects a sustained focus on investigative quality, supervision and evidence-led case building.
Shoplifting and theft offences reduced by approximately 10% over the past 12 months, contrasting with national trends where such offences have generally increased.
This reflects enhanced partnership working with retailers and local authorities, alongside increased use of digital evidence, including CCTV and facial recognition technology, to identify offenders and strengthen investigations. These approaches have improved detection rates and the ability to identify repeat offenders, contributing to sustained reductions in acquisitive crime.

Operational Impact and Deterrence
The strong performance outlined above reflects the commitment and professionalism of officers and staff, supported by improvements in investigative processes, digital capability and supervision.
Cross-border operations continue to play an important role in deterring offenders seeking to exploit transport links into the county, maintaining Cheshire's reputation as a hostile environment for criminal activity.
Achieving one of the highest charge rates nationally, alongside falling crime levels, provides a clear deterrent to offenders and reassurance to communities. It reinforces that those who commit crime in Cheshire are increasingly likely to be identified, arrested and brought to justice.

Continued focus on serious and organised crime, including cross-border offending, has ensured resilience to external threats linked to the county's transport infrastructure.

Targeted enforcement activity was delivered through operations such as Operation Crossbow, which focused on identifying and arresting wanted offenders across the county. This coordinated activity resulted in the arrest of more than 50 individuals and disrupted criminal activity.

This approach is supported by wider proactive policing, combining intelligence-led targeting with visible enforcement to deter offending and protect communities.

The Constabulary's approach to tackling serious and organised crime is further illustrated by Operation Apollo, which targets county lines drug networks. During the year, the operation secured over 300 years of custodial sentences, alongside numerous arrests and the closure of multiple drug supply lines. This work plays a key role in protecting vulnerable people and disrupting organised criminal networks.

Safeguarding activity was also strengthened through initiatives such as Operation Guardians, a coordinated operation focused on protecting children and vulnerable people. This brought together specialist teams and partners, resulting in 48 arrests and extensive engagement with schools and at-risk individuals, supporting early intervention and prevention.

Footage from Operation Crossbow, February 2026

Overall Assessment

Taken together, the crime reductions and charge rate performance achieved in 2025/26 underline the effectiveness of Cheshire Constabulary's approach to crime reduction and criminal justice. The county continues to be one of the safest places to live in the UK, with falling crime, rising outcomes for victims, and strong enforcement activity that protects residents, businesses and communities across Cheshire.

6. Innovation, Technology and Modern Policing

Investment in Technology
Investment in technology and digital capability during 2025/26 totalled £2.5m across capital and revenue budgets, supporting modernisation, improved productivity and enhanced service delivery.
All developments were supported by robust governance arrangements, ensuring compliance with legal, ethical and data protection requirements, alongside appropriate public engagement.

Technology-Enabled Policing
Live Facial Recognition (LFR) technology saw expanded operational use during the year, contributing to 973 positive identifications, a 60% increase compared with 2024.
The Joint OPCC/Constabulary Independent Ethics Panel has reviewed the use of both retrospective and live facial recognition and offered useful input into its future deployment.

Digital working continued to expand, with more frontline officers equipped with enhanced mobile devices, helping to reduce duplication, streamline investigations and increase frontline availability.
Call handling performance also improved during the year (as outlined in Section 3), reflecting continued investment in staffing, training and enabling technology.
As part of wider modernisation activity, £300,000 was secured from the national Science and Technology in Policing (STAR) Fund to support the development of an artificial intelligence-enabled capability to identify stalking behaviours at an earlier stage. This supports earlier safeguarding intervention, improved risk identification and more proactive management of high-harm offenders.
Overall, these developments strengthen both preventative and investigative capability across the Constabulary.

7. Neighbourhood Policing and Community Confidence

Neighbourhood policing remained at the heart of service delivery during 2025/26. Targeted internal and external investment of approximately £4.0m, including the Neighbourhood Policing Fund and Safer Streets funding, increased local policing capacity.

This investment supported the recruitment of 48 additional full-time equivalent neighbourhood police officers, increasing visible patrol capacity and strengthening ownership of local issues. Officers were deployed to hotspot locations and areas experiencing repeat antisocial behaviour and demand. Some of this investment is supported by time-limited external funding, and the long-term sustainability of these resources remains an important consideration for future financial planning.

Targeted hotspot patrols and multi-agency problem-solving activity were delivered across priority areas. While outcomes vary locally, these interventions have contributed to reductions in antisocial behaviour and sustained levels of public confidence.

Public engagement was further strengthened through the introduction of citizens' assemblies, making Cheshire the first policing area nationally to adopt this approach. These assemblies brought together residents, victims and people with lived experience to help shape policing priorities and inform decision-making, ensuring activity remains grounded in community needs.

Maintaining visible neighbourhood policing remained a key priority, with mitigation measures focused on preserving frontline presence and community engagement.

8. Victim-Focused Policing and Service Quality

Investment in Victim Services

Investment during 2025/26 supported victim services, safeguarding teams and digital case management tools, aligned to the Victims' Code and PCC priorities.

Service Quality and Outcomes

Victims' Code compliance was achieved in 79.97% of monitored cases (62.02% in 2024/25), supporting improved transparency and trust. This ensures that victims receive timely updates, support and clear communication throughout the criminal justice process.

Outcomes also improved in high-harm offence areas, including domestic abuse, where the charge rate reached 22%. This reflects focused training, specialist investigative roles and strong partnership working with support services.

9. Estates, Sustainability and Asset Management

Capital investment during 2025/26 supported the continued modernisation of the Cheshire police estate, ensuring that buildings are fit for purpose, efficient and environmentally sustainable. Total capital expenditure on estates during the year amounted to £11.1m.

A significant milestone was the opening of the new Wilmslow Police Station in July 2025. The facility is the first police station in the UK and the first public building in Cheshire to achieve Passivhaus accreditation.

Passivhaus design focuses on low energy demand through high-performance insulation, airtight construction and efficient ventilation systems. These features are expected to reduce energy consumption by up to 90% compared with a conventional building, delivering long-term reductions in carbon emissions and running costs. This will help mitigate future energy price volatility and maximise resources available for frontline services.

The Wilmslow station provides modern, efficient accommodation for officers and staff, supporting wellbeing, productivity and service delivery. It also forms part of a wider estates strategy to modernise facilities and improve environmental performance across the force area, with further developments planned in locations including Crewe. Construction of a new police station at Basford East in Crewe commenced in January 2026, representing a key milestone in the delivery of modern, fit-for-purpose facilities across the area. The development will provide a strategically located and operationally efficient base, supporting improved response capability and enhanced working environments for officers and staff. Completion is expected in 2027, subject to build progress.

In line with the wider estates approach, there remains a clear commitment to maintaining accessibility and public engagement, with a police base to be retained within Crewe town centre to ensure continued visibility and delivery of front-facing services.

Alongside these projects, additional investment supported custody refurbishments, health and safety compliance work and targeted upgrades to operational buildings. These investments ensure the estate continues to meet operational requirements and provides value for money.

Overall, estates investment during 2025/26 enhanced sustainability while delivering modern policing infrastructure that supports long-term financial resilience. These developments are also expected to reduce ongoing running and maintenance costs, strengthening the Group's medium-term financial position.

Chief Constable Mark Roberts, Police and Crime Commissioner Dan Price and members of St John's Church of England Primary School at the opening of Wilmslow Police Station, October 2025.

10. Workforce, Leadership and Organisational Development

Workforce development continued to support operational performance during 2025/26, with investment in recruitment, training, leadership capability and wellbeing. Leadership and performance frameworks remained embedded across the organisation, supporting accountability and continuous improvement.

Cheshire Constabulary continues to provide a well-established wellbeing offer to staff. Between May 2025 and April 2026, there were 1,168 management referrals to the Occupational Health provider (Optima), with 100% triaged and actioned within a two-day service level agreement. Despite anticipated seasonal increases in absence, overall sickness levels remained below the force target of 4.6% for much of the year, reflecting effective early intervention and workforce support.

Workforce retention improved during the year, with overall attrition reduced to 5.1%, the lowest level in four years. The Constabulary's national and regional position strengthened significantly, moving from 13th highest attrition rate to 32nd. The resignation rate of 2.7% is now below the national average.

Since 2023, the Constabulary has recruited 56 additional detectives, increasing investigative capacity from 73% to 87%, representing the highest staffing level across the North West.

Like all police forces, Cheshire continues to operate in a competitive labour market, with ongoing challenges relating to recruitment, retention and specialist skills. Workforce planning remains focused on ensuring resources are aligned to demand and that the organisation is able to respond effectively to future pressures. Workforce wellbeing also remains a priority, particularly in high-demand areas such as safeguarding and vulnerability.

11. Community Investment and Social Value

The Group continues to deliver wider social value through community investment, commissioned victim and prevention services, and the reinvestment of recovered funds.

A total of £50,000 was distributed through the Cheshire Constabulary in the Community initiative, funded from monies recovered under the Police Property Act. These funds, which cannot be used for operational purposes, were reinvested into local projects aligned with policing priorities, including domestic abuse support, youth engagement and services for vulnerable individuals.

This activity supports prevention and early intervention, helping to reduce demand and strengthen community resilience alongside core policing services.

Chief Constable Mark Roberts delivering a cheque through the Cheshire Constabulary in the Community initiative

12. Governance, Risk Management and Assurance

Strong governance and assurance arrangements operated throughout 2025/26. Performance, risk and financial management were subject to regular scrutiny through established governance forums, including senior leadership boards and independent audit oversight.

Key strategic risks during the year included financial sustainability, workforce capacity and capability, increasing digital and cyber-related demand, and rising complexity in safeguarding. These risks were monitored through the Strategic Risk Register, with mitigation plans regularly reviewed by senior leadership.

The organisation also responded to increased national scrutiny relating to police legitimacy, transparency and the use of powers, maintaining a clear focus on ethical standards and public confidence.

Governance and accountability were strengthened through a programme of regular public scrutiny meetings, led by the Police and Crime Commissioner during 2025/26. These meetings provided open examination of force performance and enabled public insight into decision-making through live online hosting, supporting transparency and trust in policing governance. [cheshire-pcc.gov.uk]

The Constabulary also monitored trends in public complaints and use of police powers, ensuring that learning is identified and that policing remains fair, proportionate and transparent. Complaints have gone up but the IOPC recognises the constabulary positively for its complaint management processes.

13. Financial Outlook and Future Challenges

The Group achieved a balanced revenue outturn for 2025/26, representing a £1.4m favourable movement from the position reported at the third quarter. This reflects strong financial management in the context of sustained operational pressures.

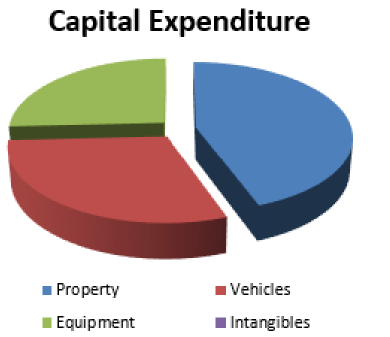
	Full Year Budget	Outturn Actual	Carry Forwards	Total Outturn	Outturn Variance	
	£000	£000	£000	£000	£000	%
Police Pay	146,168	146,657	0	146,657	489	0%
Overtime	3,343	4,240	0	4,240	897	27%
Crime	20,755	21,504	0	21,504	749	4%
Operations	46,317	45,713	109	45,822	(495)	(1%)
Centrally Delivered Services	36,683	37,157	0	37,157	474	1%
Collaborations	12,211	11,877	0	11,877	(334)	(3%)
Contingency (a)	29	(344)	0	(344)	(373)	N/A
Corporate Costs	(5,718)	(7,138)	13	(7,125)	(1,407)	25%
Total Constabulary Costs	**259,788**	**259,666**	**122**	**259,788**	**0**	**0%**
Office of the Police & Crime Commissioner	1,404	1,404	0	1,404	0	0%
Commissioning	1,334	981	353	1,334	0	0%
OPCC Total	**2,738**	**2,385**	**353**	**2,738**	**0**	**0%**
Total Service Costs	**262,526**	**262,051**	**475**	**262,526**	**0**	**0%**

(a) Percentage variance is not shown for contingency due to the small base budget and the non-recurring nature of the provision release.

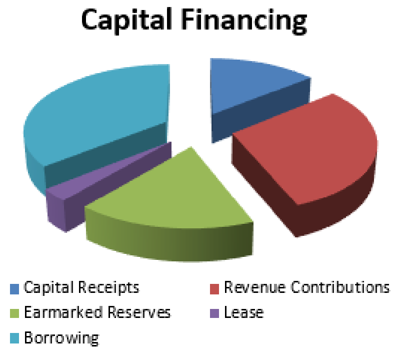
Cost pressures were most evident in police pay, overtime and local policing, driven by increased demand, workforce changes and higher abstraction requirements. These pressures were largely offset through favourable corporate financing, including higher investment income, additional grant funding and underspends across a number of support services, enabling the position to be managed within the overall budget. A proportion of the favourable outturn relates to non-recurring items, including additional investment income and grant funding. This reinforces the importance of delivering sustainable savings to address underlying cost pressures in future years.

The capital programme delivered £11.4m of investment during the year against a revised budget of £15.4m, with £3.8m of slippage primarily relating to multi-year estates schemes. This reflects the timing of major projects rather than any reduction in scope or delivery.

Capital Expenditure	£000	
Property	5,078	44.4%
Vehicles	3,401	29.8%
Equipment	2,947	25.8%
Intangibles	0	0.0%
Total	11,426	100.0%



Capital Financing	£000	
Capital Receipts	1,614	14.1%
Revenue Contributions	3,402	29.8%
Earmarked Reserves	1,981	17.3%
Lease	341	3.0%
Borrowing	4,088	35.8%
Total	11,426	100.0%



Overall, the financial outturn demonstrates the Group's ability to manage demand-led pressures while maintaining financial stability and continuing to invest in priority areas.
The financial environment remains challenging, with inflationary pressures, pay awards and increased employer National Insurance contributions affecting future cost forecasts. In addition, uncertainty around future funding settlements continues to present a risk to medium-term financial planning.

The Group has developed a robust Medium-Term Financial Strategy, identifying savings and efficiency opportunities while protecting frontline services. Public consultation continues to inform decisions on the policing precept, supporting transparency and alignment with community priorities.
Maintaining investment in neighbourhood policing, safeguarding and technology while ensuring financial sustainability will remain a key challenge in 2026/27 and beyond.
Resources continue to be aligned to priorities, delivering value for money and improved outcomes for the public.

General reserves at 31 March 2026 remained above the minimum financial health threshold at 3% of net revenue expenditure, providing some resilience against future risks. However, headroom remains limited, reinforcing the need for continued financial discipline and sustainable medium-term planning.
Carry forward requests totalling £0.473m have been identified to support delivery of committed activity in 2026/27, reflecting the phasing of multi-year estates schemes and not a reduction in delivery.
Group figures include income and activity managed by the PCC, which is not reflected in the Chief Constable accounts.

The medium-term financial outlook remains challenging, with ongoing uncertainty around funding levels and continued demand pressures.

Maintaining financial sustainability will require continued efficiency, prioritisation of resources, and careful management of reserves.

14. Summary

In summary, 2025/26 has been a strong year for operational delivery, with continued investment in modern policing and recognition at a national level. Cheshire Constabulary has reduced crime, improved outcomes for victims and maintained public confidence while responding to increasing demand and financial pressures. The organisation is well placed to build on this progress and respond to emerging risks and challenges.

This performance has been delivered alongside a balanced financial position, demonstrating effective stewardship of public funds, robust scrutiny through enhanced mechanisms implemented by the Commissioner. However, the medium-term outlook remains challenging, with ongoing pressures from inflation, pay awards and funding uncertainty. Maintaining financial resilience while protecting frontline services will remain a key priority in the years ahead.

Further Information

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

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

STATEMENT OF RESPONSIBILITIES

Responsibilities of the Commissioner for Cheshire

The Commissioner is required to:

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

I approve this Statement of Accounts.

Police & Crime Commissioner for Cheshire

Responsibilities of the Chief Finance Officer, Office of Commissioner

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

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

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

Chief Finance Officer's Certificate

I certify that the Statement of Accounts presents a true and fair view of the financial position of the Commissioner as at 31 March 2026 and of the expenditure and income for the year ended 31 March 2026.

Clare Hodgson
Chief Finance Officer (s151), Office of the Police & Crime Commissioner
30th June 2026

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

Report on the audit of the financial statements

Opinion on financial statements

To Follow

Opinion on financial statements

To Follow

Opinion on financial statements

To Follow

Opinion on financial statements

To Follow

Opinion on financial statements

To Follow

COMPREHENSIVE INCOME and EXPENDITURE STATEMENT (Group)

2024/25 £000 Expenditure	2024/25 £000 Income	2024/25 £000 Net	Police Services [a]:	2025/26 £000 Expenditure	2025/26 £000 Income	2025/26 £000 Net	Notes
129,881	(8,781)	**121,099**	Police Pay	135,286	(11,308)	**123,978**	
25,474	(10,250)	**15,223**	Crime	25,886	(9,504)	**16,382**	
45,966	(9,197)	**36,769**	Operations	46,140	(9,608)	**36,532**	
35,032	(4,489)	**30,542**	Centrally Delivered Services (b)	33,167	(4,305)	**28,862**	
11,312	(363)	**10,949**	Collaborations	10,429	(94)	**10,335**	
0	0	**0**	Contingency (c)	(344)	0	**(344)**	
1,716	(7,022)	**(5,306)**	Corporate Costs (b)	1,574	(10,485)	**(8,911)**	
846	(1)	**845**	Office of Police & Crime Commissioner	1,226	(65)	**1,160**	
7,722	(6,644)	**1,078**	Office of Police & Crime Commissioner - Commissioning	7,565	(6,584)	**981**	
257,948	**(46,749)**	**211,200**	**Cost of Services**	**260,929**	**(51,953)**	**208,976**	9
		186	Other Operating Expenditure & Income			2,657	9
		87,264	Financing & Investment Income & Expenditure (d)			93,437	9
		(254,921)	Taxation & Non-Specific Grant Income			(266,561)	9
		43,728	**Deficit / (Surplus) on Provision of Services (e)**			**38,508**	9
		(7,701)	(Surplus)/Deficit on revaluation of PPE			(40,281)	17
		0	(Surplus)/Deficit on revaluation of "available for sale" assets			0	
		(214,357)	Actuarial (gains)/losses on pension assets/ liabilities			(51,340)	33
		(222,058)	**Other Comprehensive Income and Expenditure**			**(91,621)**	
		(178,330)	**Total Comprehensive Income and Expenditure**			**(53,113)**	

(a) Expenditure and income are prepared in accordance with accounting standards and include non-cash items such as depreciation. These do not reflect actual cash spend. Further detail is provided in the Expenditure and Funding Analysis. Cash-based spend is shown in the Narrative Report (e.g. police pay including overtime £150,897k; £140,334k in 2024/25).

(b) Centrally Delivered Services and Corporate Costs reorganised in 2025/26, 2024/25 figures restated to reflect the new structure – Centrally Delivered Services £31,962k net and Corporate Costs £(6,725)k net

(c) The negative contingency expenditure of £(344)k in 2025/26 relates to the release of a provision previously recognised for potential legal claims. Following a review of the underlying cases and updated legal advice, the provision is no longer required and has been released to revenue in year. See note 27.

(d) Group figures include treasury management and investment activity undertaken by the PCC.

(e) The reported deficit of £38.5m is prepared in accordance with accounting standards and includes non-cash items such as pension adjustments and asset revaluations.
These items do not impact the amount required to be funded from Council Tax or Government grant. The actual movement on the General Fund is shown in the Movement in Reserves Statement and reflects the true funding position.

MOVEMENT IN RESERVES STATEMENT (Group)

2025/26	General Fund (incl. earmarked) Reserve £000	Capital Receipts Reserve £000	**Total Usable Reserves £000**	Unusable Reserves £000	**Total Reserves £000**
Balance at 1 April 2025	**19,463**	**112**	**19,575**	**(1,533,362)**	**(1,513,788)**
Total Comprehensive Expenditure and Income	**(38,508)**		**(38,508)**	**91,621**	**53,113**
Adjustments between accounting basis & funding basis under regulations – see Note 15	35,649	(112)	**35,538**	(35,538)	**0**
Increase/(Decrease) in year	**(2,859)**	**(112)**	**(2,970)**	**56,083**	**53,113**
Balances at 31 March 2026	**16,604**	**0**	**16,604**	**(1,477,279)**	**(1,460,675)**

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

Unusable reserves opening balance and adjustments between accounting and funding includes adjustment of £128k for IFRS16 opening balances. This reflects a prior year reassessment of lease classifications and opening right-of-use asset balances following the implementation of IFRS 16. Details of the above reserves are in Note 16 & 30.

BALANCE SHEET AS AT 31 MARCH 2026 (Group)

31 March 2025 £000		31 March 2026 £000	31 March 2026 £000	Notes
173,871	Property, Plant & Equipment	210,149		17
1,014	Right of Use Assets	1,272		28
3,967	Intangible Assets	3,195		18
0	Long Term Debtors	0		
178,852	**Long Term Assets**		214,616	
910	Stock	1,033		
21,199	Short Term Debtors	20,054		23
19,049	Cash and Cash Equivalents	23,929		24
1,872	Assets (held for sale)	0		25
43,030	**Current Assets**		45,016	
0	Short Term Borrowing	0		22
(33,624)	Short Term Creditors	(43,580)		26
(33,624)	**Current Liabilities**		(43,580)	
(12,098)	Long Term Creditors	(11,077)		29
(679)	Provisions	(335)		27
(26,889)	Long Term Borrowing	(26,889)		22
(1,662,380)	Other Long-Term Liabilities (a)	(1,638,427)		33
(1,702,046)	**Long Term Liabilities**		(1,676,728)	
(1,513,788)	**Net Liabilities**		**(1,460,675)**	
	Represented By:			
19,575	Usable Reserves	16,604		16
(1,533,362)	Unusable Reserves	(1,477,279)	(1,460,675)	30
(1,513,788)	**Total Reserves**		**(1,460,675)**	

(a) *Group pension liabilities include both Constabulary and OPCC staff liabilities; the Chief Constable accounts include only Constabulary staff.*
This pension liability of £1.638bn reflects the long-term estimated cost of pension benefits earned by employees, calculated in accordance with national accounting standards.
This liability is not required to be funded immediately and is managed over the long term through Government funding and employer contributions.

BALANCE SHEET AS AT 31 MARCH 2026 (Group)

Clare Hodgson, Chief Finance Officer (s151), Office of the Police & Crime Commissioner
Date: 30th June 2026

CASHFLOW STATEMENT (Group)

31 March 2025 £000		31 March 2026 £000	Notes
43,728	Net (surplus) or deficit on the provision of services	38,508	
	Adjust net (surplus) or deficit on the provision of services for non-cash movement:		
(12,046)	Depreciation	(13,653)	
(36,607)	Pensions - actuarial movement	(27,410)	
2,721	Movement in Creditors	(9,630)	
(8,763)	Movement in Debtors	(1,153)	
186	Movement of Stock	123	
224	Other non-cash items (a)	(2,885)	
0	Adjust for items included in the net (surplus) or deficit on the provision of services that are investing and financing activities	0	
(10,557)	Net cash flow from operating activities	(16,100)	
8,813	Investing Activities	9,581	31
3,499	Financing Activities	1,640	31
1,755	**Net (increase) or decrease in cash and cash equivalents**	**(4,879)**	
(20,805)	Cash and cash equivalents at the beginning of the reporting period	(19,050)	24
(19,050)	Cash and cash equivalents at the end of the reporting period	(23,929)	24
1,755	**Net (increase) or decrease in cash and cash equivalents**	**(4,879)**	

Details of the above are included in Note 31

Cash and cash equivalents increased by £4.9m during the year.

This primarily reflects capital investment, changes in working capital (debtors and creditors), and the timing of income and expenditure.

The overall cash position remains strong and sufficient to support operational requirements.

(a) Other non-cash items of (£2.885m) (2024/25: £0.2m) primarily relate to a (£2.7m) accounting gain on disposal of assets, together with smaller movements in accumulated absences (£0.4m) and Collection Fund debtor/creditor adjustments (£0.2m) reduced by £0.3m being Provisions. These items are accounting adjustments and do not impact cash balances.

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

2024/25 £000 Expenditure	2024/25 £000 Income	2024/25 £000 Net		2025/26 £000 Expenditure	2025/26 £000 Income	2025/26 £000 Net	Notes
			Police Services:				
0	(8,781)	(8,781)	Police Pay	0	(11,308)	(11,308)	
0	(10,250)	(10,250)	Crime	0	(9,504)	(9,504)	
0	(9,197)	(9,197)	Operations	0	(9,608)	(9,608)	
0	(4,489)	(4,489)	Centrally Delivered Services	0	(4,305)	(4,305)	
0	(363)	(363)	Collaborations	0	(94)	(94)	
12,681	(19,068)	(6,387)	Corporate Costs	13,838	(24,138)	(10,300)	
846	(1)	845	Office of Police & Crime Commissioner	1,226	(65)	1,160	
7,722	(6,644)	1,078	Office of Police & Crime Commissioner - Commissioning	7,565	(6,584)	981	
21,249	(58,794)	(37,546)		22,629	(65,606)	(42,978)	
298,201		298,201	Funding to Cheshire Constabulary	316,266		316,266	
		260,655	**Cost of Services**			**273,288**	
		186	Other Operating Expenditure & Income			2,657	9
		1,052	Financing & Investment Income & Expenditure			1,351	9
		(254,921)	Taxation & Non-Specific Grant Income			(266,561)	9
		6,972	**Deficit / (Surplus) on Provision of Services**			**10,735**	
		(7,701)	(Surplus)/Deficit on revaluation of PPE			(40,281)	17
		0	(Surplus)/Deficit on revaluation of "available for sale" assets			0	
		0	Actuarial (gains)/losses on pension assets/ liabilities			0	
		(7,701)	**Other Comprehensive Income and Expenditure**			**(40,281)**	
		(729)	**Total Comprehensive Income and Expenditure**			**(29,545)**	

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

2025/26	General Fund (incl. earmarked) Reserve £000	Capital Receipts Reserve £000	**Total Usable Reserves £000**	Unusable Reserves £000	**Total Reserves £000**
Balance at 1 April 2025	**19,463**	**112**	**19,575**	**133,995**	**153,570**
Total Comprehensive Expenditure and Income	**(10,735)**		**(10,735)**	**40,281**	**29,545**
Adjustments between accounting basis & funding basis under regulations	7,876	(112)	7,764	(7,764)	0
Increase/(Decrease) in year	**(2,859)**	**(112)**	**(2,970)**	**32,516**	**29,545**
Balances at 31 March 2026	**16,604**	**0**	**16,604**	**166,511**	**183,115**

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

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

BALANCE SHEET AS AT 31 MARCH 2026
(Police & Crime Commissioner for Cheshire)

31 March 2025 £000		31 March 2026 £000	£000	Notes
173,871	Property, Plant & Equipment	210,149		17
1,014	Right of Use Assets	1,272		
3,967	Intangible Assets	3,195		18
0	Long Term Debtors	0		
178,852	**Long Term Assets**		214,616	
910	Stock	1,033		
21,199	Short Term Debtors	20,054		23
19,049	Cash and Cash Equivalents	23,929		24
1,872	Assets (held for sale)	0		25
43,030	**Current Assets**		45,016	
0	Short Term Borrowing			22
(28,027)	Short Term Creditors	(37,621)		
(28,027)	**Current Liabilities**		(37,621)	
(12,098)	Long Term Creditors	(11,077)		29
(679)	Provisions	(335)		27
(26,889)	Long Term Borrowing	(26,889)		22
(620)	Other Long-Term Liabilities	(597)		
(40,286)	**Long Term Liabilities**		(38,898)	
153,570	**Net Assets**		**183,115**	
	Represented By:			
19,575	Usable Reserves		16,604	16
133,995	Unusable Reserves		166,511	30
153,570	**Total Reserves**		**183,115**	

Clare Hodgson, Chief Finance Officer (s151), Office of the Police & Crime Commissioner
Date: 30th June 2026

CASHFLOW STATEMENT
(Police & Crime Commissioner for Cheshire)

31 March 2025 £000		**31 March 2026 £000**	**Notes**
6,972	Net (surplus) or deficit on the provision of services	10,735	
	Adjust net (surplus) or deficit on the provision of services for non-cash movement:		
(12,046)	Depreciation	(13,653)	
0	Pensions - actuarial movement	0	
2,869	Movement in Creditors	(9,120)	
(8,763)	Movement in Debtors	(1,153)	
186	Movement of Stock	123	
224	Other non-cash items (a)	(2,885)	
0	Adjust for items included in the net (surplus) or deficit on the provision of services that are investing and financing activities	0	
(10,557)	Net cash flow from operating activities	(16,100)	
8,813	Investing Activities	9,581	31
3,499	Financing Activities	1,640	31
1,755	**Net (increase) or decrease in cash and cash equivalents**	**(4,879)**	
(20,805)	Cash and cash equivalents at the beginning of the reporting period	(19,050)	24
(19,050)	Cash and cash equivalents at the end of the reporting period	(23,929)	24
1,755	**Net (increase) or decrease in cash and cash equivalents**	**(4,879)**	

The Police and Crime Commissioner (PCC) is responsible for treasury management activities for the Group and acts as the sole cash manager. All cash receipts and payments relating to both the PCC and the Chief Constable are processed through PCC-controlled bank accounts.
As a result, the cash flows presented for the PCC include all Group cash movements, and there are no separate cash balances held by the Chief Constable.

NOTES TO THE ACCOUNTS – INDEX

EXPENDITURE AND FUNDING ANALYSIS NOTE 2025/26 (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	150,897	0	150,897	(26,919)	123,978
Crime	21,504	(29)	21,532	(5,151)	16,382
Operations	45,822	109	45,713	(9,181)	36,532
Centrally Delivered Services	37,157	0	37,157	(8,295)	28,862
Collaborations	11,877	(429)	12,306	(1,971)	10,335
Contingency	(344)	0	(344)	0	(344)
Corporate Costs	(6,672)	90	(6,762)	(2,149)	(8,911)
Office of the Police & Crime Commissioner	1,404	0	1,404	(244)	1,160
Office of the Police & Crime Commissioner - Commissioning	1,334	353	981	0	981
Net Cost of Services	**262,979**	**94**	**262,885**	**(53,909)**	**208,976**
Other Income & Expenditure	0	0	0	2,657	2,657
Financing & Investment Income & Expenditure	1,352	0	1,352	92,085	93,437
Taxation & Non-Specific Grant Income	(264,331)	(2,953)	(261,378)	(5,184)	(266,561)
(Surplus) or Deficit	**(0)**	**(2,859)**	**2,859**	**35,649**	**38,508**
Opening General Fund			**(19,463)**		
Less/Plus (Surplus) Deficit on General Fund in Year			**2,859**		
Closing General Fund at 31 March			**(16,604)**		

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.

(a) The negative contingency expenditure of £(344)k relates to the release of a legal provision previously recognised for potential claims. Following a review of the underlying cases and updated legal advice, the provision is no longer required and has been released to revenue in 2025/26. See note 27.

EXPENDITURE AND FUNDING ANALYSIS NOTE 2024/25 (Group)

	As reported for Resource Management £000	Adjust for Earmarked Reserve Movements £000	Net Expenditure Chargeable to the General Fund £000	Adjustments between the Funding and Accounting Basis (a) £000	Net Expenditure Comprehensive Income and Expenditure Statement £000
Police Pay	140,334	0	140,334	(19,235)	121,099
Crime	18,996	0	18,996	(3,772)	15,223
Operations	43,963	386	43,577	(6,807)	36,769
Centrally Delivered Services (b)	37,595	205	37,390	(6,847)	30,543
Collaborations	12,733	141	12,592	(1,642)	10,949
Corporate Costs (b)	(5,575)	(2,272)	(3,303)	(2,003)	(5,306)
Office of the Police & Crime Commissioner	988	18	970	(125)	845
Office of the Police & Crime Commissioner - Commissioning	1,225	147	1,078	0	1,078
Net Cost of Services	**250,257**	**(1,375)**	**251,632**	**(40,432)**	**211,200**
Other Income & Expenditure	0	0	0	186	186
Financing & Investment Income & Expenditure	1,053	0	1,053	86,211	87,264
Taxation & Non-Specific Grant Income	(252,294)	(3,462)	(248,832)	(6,089)	(254,921)
(Surplus) or Deficit	**(984)**	**(4,836)**	**3,853**	**39,875**	**43,728**
Opening General Fund			**(23,316)**		
Less/Plus (Surplus) Deficit on General Fund in Year			**3,853**		
Closing General Fund at 31 March			**(19,463)**		

The Expenditure and Funding Analysis demonstrates to the readers of the accounts how the funding available to the Commissioner (i.e., Government Grants, Council Tax and income) for the year, has been used in providing services in comparison with those resources consumed or earned in accordance with generally accepted accounting practices. The Expenditure and Funding Analysis also shows how this expenditure is allocated for decision making purposes between the departments shown above. Income and expenditure accounting under generally accepted accounting practices is presented more fully in the Comprehensive Income and Expenditure Statement. (a) Further details on the adjustments between the funding and accounting basis are included in Note 7. (b) Centrally Delivered Services and Corporate Costs reorganised in 2025/26, 2024/25 figures restated to reflect the new structure – previously Centrally Delivered Services £31,962k net and Corporate Costs £(6,725)k net.

EXPENDITURE AND FUNDING ANALYSIS NOTE 2025/26

(Police & Crime Commissioner)

	2025/26		
	Net Expenditure Chargeable to the General Fund £000	Adjustments between the Funding and Accounting Basis £000	Net Expenditure Comprehensive Income and Expenditure Statement £000
Police Services			
Police Pay	(11,308)	0	(11,308)
Crime	(9,504)	0	(9,504)
Operations	(9,608)	0	(9,608)
Centrally Delivered Services	(4,305)	0	(4,305)
Collaborations	(94)	0	(94)
Corporate Costs	(10,485)	185	(10,300)
Office of the Police & Crime Commissioner	1,404	(244)	1,160
Office of the Police & Crime Commissioner - Commissioning	981	0	981
	(42,919)	**(59)**	**(42,978)**
Funding to Cheshire Constabulary	305,804	10,463	316,266
Net Cost of Services	**262,885**	**10,404**	**273,288**
Other Income & Expenditure	0	2,657	2,657
Financing & Investment Income & Expenditure	1,352	(1)	1,351
Taxation & Non-Specific Grant Income	(261,378)	(5,184)	(266,561)
(Surplus) or Deficit	**2,859**	**7,876**	**10,735**
Opening General Fund	**(19,463)**		
Less/Plus (Surplus) Deficit on General Fund in Year	**2,859**		
Closing General Fund at 31 March	**(16,604)**		

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 2024/25
(Police & Crime Commissioner)

	2024/25		
	Net Expenditure Chargeable to the General Fund £000	**Adjustments between the Funding and Accounting Basis £000**	**Net Expenditure Comprehensive Income and Expenditure Statement £000**
Police Services			
Police Pay	(8,781)	0	(8,781)
Crime	(10,250)	0	(10,250)
Operations	(9,197)	0	(9,197)
Centrally Delivered Services	(4,489)	0	(4,489)
Collaborations	(363)	0	(363)
Corporate Costs	(7,022)	635	(6,387)
Office of the Police & Crime Commissioner	970	(125)	845
Office of the Police & Crime Commissioner - Commissioning	1,078	0	1,078
	(38,055)	**510**	**(37,546)**
Funding to Cheshire Constabulary	289,688	8,514	298,201
Net Cost of Services	**251,632**	**9,023**	**260,655**
Other Income & Expenditure	0	186	186
Financing & Investment Income & Expenditure	1,053	0	1,053
Taxation & Non-Specific Grant Income	(248,832)	(6,089)	(254,921)
(Surplus) or Deficit	**3,853**	**3,120**	**6,972**
Opening General Fund	**(23,316)**		
Less/Plus (Surplus) Deficit on General Fund in Year	**3,853**		
Closing General Fund at 31 March	**(19,463)**		

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

FURTHER NOTES TO THE ACCOUNTS

Note 1: Accounting Policies and Principles

1.1 General Principles

This Statement of Accounts summarises the Police and Crime Commissioner's ("the Commissioner") transactions for the 2025/26 financial year and the position at 31 March 2026. The Commissioner is required to prepare an annual Statement of Accounts by the Accounts and Audit (England) Regulations 2015, which mandate that the accounts are prepared in accordance with proper accounting practices. These practices, under Section 21 of the Local Government Act 2003, primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2025/26 (the "CIPFA Code"), supported by International Financial Reporting Standards (IFRS) and International Accounting Standards (IAS). The financial statements have been prepared with regard to the qualitative characteristics of financial information, including relevance, faithful representation, comparability and understandability, as set out in the CIPFA Code. Where notes to the financial statements are presented, they refer to the Group (Commissioner and Chief Constable) accounts, unless a material difference exists for the single-entity Commissioner's accounts.

The Statement of Accounts is supported by a Narrative Report prepared in accordance with the CIPFA Code and the Delivering Good Governance in Local Government Framework (2025 update), reflecting the Commissioner's governance and accountability arrangements. The Narrative Report and Annual Governance Statement reflect the updated requirements of the Delivering Good Governance Framework (2025), including enhanced disclosure of governance effectiveness.

1.1.1 Accounting Conventions

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

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

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

In addition, it is assumed that the Commissioner and Chief Constable will continue in operational existence for the foreseeable future. The accounts are prepared on a going concern basis, reflecting the fact that they are statutory corporations sole whose operations will continue into the future. This assessment reflects the statutory nature of the Commissioner and Chief Constable and the presumption of continued public service delivery.

Where the CIPFA Code does not provide specific guidance, relevant IFRS standards and interpretations are applied.

1.2 Cash and Cash Equivalents

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

1.3 Changes in Accounting Policies, Estimates and Errors

Changes in accounting policies are made only when required by proper accounting practices or if they result in the financial statements providing more reliable and relevant information. Where a change is made, it is applied retrospectively (unless stated otherwise by the Code) by adjusting opening balances and comparative amounts for the prior period as if the new policy had always been applied. Changes in accounting estimates are accounted for prospectively in the current and future periods; they do not result in prior period adjustments.

Prior period errors are corrected retrospectively by restating opening balances and comparative amounts for the prior period if the error is material. Information is material if omitting, misstating or obscuring it could reasonably be expected to influence the decisions of users of the financial statements.

1.4 Charges to Revenue for Non-Current Assets

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

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

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

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

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

1.6 Employee Benefits

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

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

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

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

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

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

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

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

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

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

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

1.7 Events After the Reporting Period

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

- **Adjusting events**: those that provide evidence of conditions that existed at the balance sheet date. For adjusting events, the amounts recognised in the accounts are adjusted (upwards or downwards) to reflect the event.

- **Non-adjusting events**: those that are indicative of conditions that arose after the balance sheet date. The accounts are not adjusted for these events, but if they are material, disclosure is made in the notes of the nature of the events and an estimate of their financial effect.

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

The date of authorisation for issue reflects the revised statutory publication timetable in accordance with the Accounts and Audit (England) Regulations, as amended.

1.8 Financial Instruments

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

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

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

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

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

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

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

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

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

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

The statutory override for pooled investments continues to apply until 31 March 2029. This statutory override applies only to qualifying pooled investment funds entered into prior to 1 April 2024 and is applied in accordance with national regulations.

1.9 Government Grants and Contributions

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

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

1.10 Intangible Assets

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

Intangible assets are measured initially at cost and subsequently carried at amortised historical cost. In accordance with the CIPFA Code 2025/26, intangible assets are carried at historical cost only and the revaluation model is not permitted.

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

1.11 Inventories (Stock)

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

1.12 Joint Operations

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

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

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

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

1.13 Leases (IFRS 16)

The Commissioner accounts for leases in accordance with IFRS 16 as fully implemented under the CIPFA Code.

Leases are contracts (or parts of contracts) that convey the right to use an asset for a period of time in exchange for consideration. All leases are recognised on the Balance Sheet as a right-of-use asset and lease liability, except where recognition exemptions apply.

The lease term is determined as the non-cancellable period of the lease together with any extension or termination options the Commissioner is reasonably certain to exercise (or not to exercise). Lease liabilities include fixed payments (including any in-substance fixed increases) and variable payments that depend on an index or rate, measured initially at the present value of the lease payments using the interest rate implicit in the lease (if readily determinable) or the Commissioner’s incremental borrowing rate. The right-of-use (ROU) assets are initially measured at cost (amount of the initial lease liability plus any payments made at or before commencement and direct costs).

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

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

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

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

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

All lease arrangements are accounted for fully under IFRS 16 as adopted by the CIPFA Code, and no legacy lease accounting treatments remain.

1.14 Overheads and Support Services

The costs of overheads and support services are charged to services in accordance with the organisation’s arrangements for accountability and financial performance. Support costs are allocated to services using appropriate and justifiable allocation bases that reflect the consumption of resources. The allocation of overheads is applied in accordance with the principles of the CIPFA Service Reporting Code of Practice (SeRCOP), ensuring that the total cost of services reflects a full and transparent allocation of resources. All material overheads, except those defined as corporate and democratic core or non-distributed costs, are fully allocated to services. Where required for statutory or statistical reporting, service expenditure prepared under SeRCOP is reconciled to the Comprehensive Income and Expenditure Statement.

1.15 Property, Plant and Equipment (PPE)

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

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

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

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

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

The Commissioner undertakes a rolling programme of valuations for Property, Plant and Equipment over a five-year cycle. Assets are formally revalued at least once every five years, with appropriate indexation or other valuation techniques applied in intervening years to ensure that carrying values are not materially misstated. Revaluation is not undertaken as a default mechanism to demonstrate the absence of impairment; impairment is assessed separately based on indicators. Where appropriate indices are not available, a desktop valuation approach may be adopted in accordance with the Code. This approach is in line with the requirements of the CIPFA Code 2025/26.

Revaluation increases are credited to the Revaluation Reserve to reflect unrealised gains. Gains that reverse a previous loss charged to the CIES on the same asset are credited back to the CIES (up to the amount of the prior loss). Revaluation decreases are accounted for as follows: if there is a balance of previous gains for that asset in the Revaluation Reserve, the reduction is charged there (against those gains) until exhausted; any further loss (or if no revaluation reserve exists for that asset) is charged to the CIES as an expense.

The Revaluation Reserve contains unrealised gains accumulated since 1 April 2007 (the Reserve's inception); earlier gains were consolidated into the Capital Adjustment Account. In line with the CIPFA Code, impairment is assessed based on indicators in accordance with IAS 36.

Impairment: The Commissioner assesses assets for impairment where there is an indication that an asset's carrying amount may not be recoverable. Revaluation is not undertaken solely for the purpose of identifying impairment, in line with the requirements of the CIPFA Code. The identification of impairment is based on the presence of indicators rather than the routine application of revaluation.

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

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

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

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

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

Where assets are revalued, the Commissioner restates the gross carrying amount and accumulated depreciation proportionately to reflect the revalued amount.

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

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

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

1.16 Private Finance Initiative (PFI) and Similar Contracts

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

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

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

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

1.17 Provisions, Contingent Liabilities and Contingent Assets

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

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

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

1.18 Reserves

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

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

1.19 Revenue Expenditure Funded from Capital under Statute (REFCUS)

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

1.20 Value Added Tax (VAT)

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

2. Accounting Standards issued, not yet adopted

The Code of Practice for Local Authority Accounting in the UK 2025/26 (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 2025/26 and 2026/27 financial statements in respect of accounting changes that are introduced in the 2025/26 Code (i.e., that are relevant to the requirements of paragraph 3.3.4.3) are:

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

The above changes have no impact on these accounts but will be reviewed during 2026/27 and any amendments required will be clearly shown in the 2026/27 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.

  These judgements are reviewed annually to ensure continued compliance with the CIPFA Code and that accounting reflects the substance of arrangements over their legal form.

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 2026.

Control is assessed in accordance with IFRS 10 principles, considering the Commissioner's strategic powers, including the ability to appoint and hold to account the Chief Constable, exposure to variable returns, and the ability to use those powers to influence those returns.

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 the subsidiary 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 2026 for which there is a significant risk of material adjustment in the forthcoming financial year, are as follows:

Item	Uncertainties	Effect if actual results differ from assumptions
Property, Plant and Equipment	Assets are depreciated over useful lives and are dependent on assumptions about the level of repairs & maintenance that will be incurred. The current economic climate makes it uncertain that the Commissioner will be able to sustain current spending on repairs and maintenance, bringing into doubt the useful lives assigned to assets.	Each 5% change in the value of Land & Buildings assets would have an impact of £9.6m on their Net Book Value at 31st March 2026. 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 £3.106m for every year that useful lives have to be reduced.
Pensions Liability	Estimation of net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets (where applicable). The Government's Actuary Department is engaged to provide the Commissioner with expert advice about the assumptions to be applied for Police Pensions and Cheshire West & Chester Council provide information on the Local Government Pension Scheme.	The effects on the net pension liability of changes in individual assumptions can be measured. For instance, a 0.1% decrease in the discount rate assumption would result in a decrease in the pension liability of £5.435m 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 39.

Adjustments from GF to arrive at the Comprehensive Income & Expenditure Statement 2025/26	**Adjustments for Capital Purposes**	**Net Change for Pension Adjustments**	**Other Differences**	**Total Adjustments**
	£000	£000	£000	£000
Police Pay	7,256	(34,373)	198	(26,919)
Crime	1,388	(6,577)	38	(5,151)
Operations	2,475	(11,723)	68	(9,181)
Centrally Delivered Services	825	(9,173)	53	(8,295)
Collaborations	531	(2,517)	15	(1,971)
Corporate Costs	(2,149)	0	0	(2,149)
OPCC	66	(311)	2	(244)
OPCC – Commissioning	0	0	0	0
Net cost of services	**10,393**	**(64,675)**	**373**	**(53,909)**
Other Operating Income & Expenditure	2,657			2,657
Financing & Invest. Income & Expenditure	0	92,085		92,085
Taxation & Non-Specific Grant Income	(5,383)		199	(5,184)
Difference between GF surplus/ deficit and CIES surplus/ deficit	**7,667**	**27,410**	**572**	**35,649**

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

8. Material items of income and expenditure

There are no material items of income and expenditure to report for 2025/26.

9. Expenditure and Income Analysed by Nature

Subjective Analysis of Expenditure Group	2025/26	2024/25
	£000	£000
Employees - Police Pay and Allowances	167,373	155,583
- Civilian Pay and Allowances	76,916	73,413
- Other Pay and Allowances	5,217	5,167
Premises	11,494	11,427
Transport	4,883	5,062
Supplies & Services	29,797	28,301
Third Party Payments	15,898	16,399
IAS19 Pension costs	(64,675)	(49,604)
Depreciation and Amortisation of Assets	13,653	12,046
Movement in Accumulated Absences Reserve	373	154
Total Service Expenditure	**260,929**	**257,948**
Service Income *(see below)*	(51,953)	(46,749)
Net Cost of Service	**208,976**	**211,200**
(Profit)/Loss on Disposal of Assets	476	99
Revaluation Loss	2,206	62
Asset Selling Costs	(25)	25
Interest Payable and Similar Charges	2,709	2,820
Interest and Investment Income	(1,358)	(1,768)
IAS19 Pension Net Interest Cost	92,085	86,211
Net Operating Expenditure	**305,070**	**298,649**
Police Grant	(85,232)	(82,175)
Formula Funding	(57,192)	(55,148)
Precept on Council Tax Collection Funds	(111,647)	(104,814)
Legacy Council Tax Grants	(8,256)	(8,256)
Police Pay Award Grant – see below*	(1,805)	(2,463)
PFI Grant - interest element	(1,825)	(1,906)
Capital Contributions	(605)	(157)
Deficit / (Surplus) on Provision of Services	**38,508**	**43,728**

Subjective Analysis of Service income		
Fees & Charges	6,924	6,929
Sales	132	125
Reimbursements:		
Casualty Reduction Partnership, Hypothecated Fines	1,542	1,438
Secondments	10	(6)
Private Finance Initiative reimbursements	316	308
Asset Recovery	155	151
Other Reimbursements	3,011	4,110
Grants:		
Private Finance Initiative	5,405	5,324
Pensions Uplift grant	6,645	7,610
Counter Terrorism	1,824	1,583
Victims and Restorative Justice Grant	2,334	2,385
National Officer Uplift Grant	6,847	6,395
Major Investigation Grants	2,552	2,424
Commissioning Grants	3,490	3,013
Neighbourhood Grant	3,009	0
National Insurance Grant	3,907	0
Other Grants	1,226	2,642
Other Income:		
Mutual Aid	542	391
External Agency Funding	1,585	1,398
Proceeds of Crime Act	498	528
Total Service Income	**51,953**	**46,749**

Subjective Analysis of Expenditure PCC	2025/26 £000	2024/25 £000
Employees - Police Pay and Allowances	0	0
- Civilian Pay and Allowances	1,311	1,099
- Other Pay and Allowances	19	5
Premises	29	0
Transport	30	14
Supplies & Services	7,640	7,565
Third Party Payments	6	11
IAS19 Pension costs	(126)	469
Depreciation and Amortisation of Assets	13,653	12,046
Fair Usage of Assets	(13,587)	(12,005)
Movement in Accumulated Absences Reserve	2	1
Total Service Expenditure	**8,975**	**9,203**
Service Income *(see below)*	(51,953)	(46,749)
Funding to Constabulary	316,266	298,201
Net Cost of Service	**273,288**	**260,655**
(Profit)/Loss on Disposal of Assets	476	99
Revaluation Loss	2,206	62
Asset Selling Costs	(25)	25
Interest Payable and Similar Charges	2,709	2,280
Interest and Investment Income	(1,358)	(1,768)
Net Operating Expenditure	**277,296**	**261,894**
Police Grant	(85,232)	(82,175)
Formula Funding	(57,192)	(55,148)
Precept on Council Tax Collection Funds	(111,647)	(104,814)
Legacy Council Tax Grants	(8,256)	(8,256)
Police Pay Award Grant	(1,805)	(2,463)
PFI Grant - interest element	(1,825)	(1,906)
Capital Contributions	(605)	(157)
Deficit / (Surplus) on Provision of Services	**10,735**	**6,973**

Subjective Analysis of Service income		
Fees & Charges	6,924	6,929
Sales	132	125
Reimbursements:		
Casualty Reduction Partnership, Hypothecated Fines	1,542	1,438
Secondments	10	(6)
Private Finance Initiative reimbursements	316	308
Asset Recovery	155	151
Other Reimbursements	3,011	4,110
Grants:		
Private Finance Initiative	5,405	5,324
Pensions Uplift grant	6,645	7,610
Counter Terrorism	1,824	1,583
Victims and Restorative Justice Grant	2,334	2,385
National Officer Uplift Grant	6,847	6,395
Major Investigation Grants	2,552	2,424
Commissioning Grants	3,490	3,013
Neighbourhood Grant	3,009	0
National Insurance Grant	3,907	0
Other Grants	1,226	2,642
Other Income:		
Mutual Aid	542	391
External Agency Funding	1,585	1,398
Proceeds of Crime Act	498	528
Total Service Income	**51,953**	**46,749**

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)	**2025/26 £000**	**2024/25 £000**
(Profit)/Loss on Sale of Fixed Assets	476	99
Revaluation Loss	2,206	62
Asset Selling costs	(25)	25
Home Office Top Up Grant – Police Pensions	(29,865)	(29,086)
Police & Crime Commissioner contribution to Pension Account	29,865	29,086
Total	2,657	186

Financing and Investment Income and Expenditure (Group)	**2025/26 £000**	**2024/25 £000**
Interest and Investment Income	(1,358)	(1,768)
Interest Payable and Similar Charges	2,709	2,820
Pension Net Interest	92,085	86,211
Total	93,436	87,264

Financing and Investment Income and Expenditure (PCC)	**2025/26 £000**	**2024/25 £000**
Interest and Investment Income	(1,358)	(1,768)
Interest Payable and Similar Charges	2,709	2,820
Pension Net Interest	0	0
Total	1,351	1,052

Taxation and Non-Specific Grant Income (Group & PCC)	**2025/26 £000**	**2024/25 £000**
Police Grant	(85,232)	(82,175)
Formula Funding	(57,192)	(55,148)
Precept on Council Tax Collection Funds	(111,919)	(104,481)
Movement on Collection Fund Debtors/Creditors	272	(333)
Legacy Council Tax Grants	(8,256)	(8,256)
Pay Award Grant	(1,805)	(2,463)
PFI Grant – Interest Element	(1,825)	(1,906)
Capital Grants and Contributions	(605)	(157)
Total	(266,561)	(254,921)

10. Members' Allowances & Expenses

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

	2025/26 £000	2024/25 £000
Basic Allowances	4	7
Expenses	0	0
Total	**4**	**7**

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	
	2025/26	2024/25
£50,000 - £54,999	2	3
£55,000 - £59,999	3	0
£60,000 - £64,999	0	0
£65,000 - £69,999	0	0
£70,000 - £74,999	0	1
£75,000 - £79,999	0	0
£80,000 - £84,999	2	1
£85,000 - £89,999	0	0
£90,000 - £94,999	0	0
£95,000 - £99,999	1	0
£100,000 - £104,999	0	0
£105,000 - £109,999	0	1
Total	8	6

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

2025/26 Post title	Salary incl. Fees & Allowances £	Severance £	Benefits in Kind £	Total Remuneration excl. Pension Contributions £	Pension Contributions £	**Total Remuneration incl. Pension contributions** **£**
Chief Executive [1]	98,466	0	0	98,466	19,476	**117,942**
Chief Finance Officer [2]	81,980	0	0	81,980	16,888	**98,868**
Police & Crime Commissioner	81,419	0	1,026	82,445	15,397	**97,842**
Head of Communications & Engagement	58,478	0	0	58,478	12,046	**70,524**
Principal Commissioning & Partnerships Officer [3]	55,097	0	0	55,097	11,350	**66,447**
Deputy Police and Crime Commissioner	53,662	0	0	53,662	11,054	**64,716**
Assistant Police and Crime Commissioner	52,320	0	0	52,320	10,778	**63,098**
Head of Planning, Scrutiny & Governance [4]	49,203	0	0	49,203	10,136	**59,339**
Principal Scrutiny & Planning Officer [5]	9,461	0	0	9,461	1,949	**11,410**

[1] 0.86 Full time equivalent, [2] 0.80 Full time equivalent, [3] 0.81 Full time equivalent, [4] 0.92 Full time equivalent. In post 1/6/25-31/3/26 [5] 0.92 Full time equivalent. In post 1/4/25 to 31/5/25 - role converted to Head of Planning, Scrutiny and Governance 1/6/25

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

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

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

For Cheshire Constabulary :

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

2025/26 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	188,543	0	0	0	188,543	65,442	253,985
Assistant Chief Constable	138,844	0	0	0	138,844	49,012	187,856
Assistant Chief Constable	138,844	0	0	0	138,844	49,012	187,856
Assistant Chief Constable	125,857	2,000	0	1,681	129,538	39,593	169,131
Deputy Chief Constable [1]	117,530	0	0	922	118,452	31,163	149,615
Chief Superintendent [2]	105,820	0	0	0	105,820	35,439	141,259
Chief Superintendent [3]	103,542	0	0	0	103,542	35,439	138,981
Chief Legal Officer	111,719	0	0	0	111,719	23,014	134,733
Chief People Officer	109,369	0	0	0	109,369	22,520	131,889
Chief Finance Officer	103,789	0	0	0	103,789	21,381	125,170
Head of Planning & Performance	102,475	0	0	0	102,475	21,110	123,585
Head of IT and Information Security	102,475	0	0	0	102,475	21,110	123,585
Head of Corporate Communications	90,202	0	0	0	90,202	18,582	108,784
Head of Fleet Services	84,645	0	0	700	85,345	16,672	102,017
Chief Superintendent [4]	73,712	2,000	0	0	75,712	25,236	100,948
Chief Superintendent [5]	57,851	0	0	0	57,851	19,949	77,800
Deputy Chief Constable [6]	63,499	0	0	0	63,499	0	63,499
Assistant Chief Constable [7]	45,568	0	0	0	45,568	14,436	60,004
Chief Superintendent [8]	37,088	2,000	0	0	39,088	12,653	51,741
Assistant Chief Constable [9]	37,350	0	0	0	37,350	11,192	48,542
Assistant Chief Constable [10]	29,843	1,500	0	400	31,743	9,438	41,181
Chief Superintendent [11]	25,130	0	0	406	25,536	7,791	33,327
Chief Superintendent [12]	20,037	2,000	0	0	22,037	6,973	29,010
Chief Superintendent [13]	11,023	2,000	0	60	13,083	1,136	14,219

[1] In post from 28/6/25, [2] In post from 7/4/25, [3] In post from 7/4/25, [4] In post 1/4/25 to 14/12/25, [5] In post from 15/9/25, [6] In post 1/4/25 to 31/8/25, [7] In post 28/7/25-25/11/25, [8] In post 1/4/25-27/7/25, [9] In post from 15/12/25, [10] In post 1/4/25 to 27/6/25, [11] In post from 5/1/26, [12] In post 1/4/25 to 4/6/25, [13] In post 1/4/25 to 13/4/25.

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

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

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

Remuneration Band	Number of Employees	
	2025/26	2024/25
£50,000 - £54,999	504	448
£55,000 - £59,999	402	307
£60,000 - £64,999	176	183
£65,000 - £69,999	159	126
£70,000 - £74,999	68	34
£75,000 - £79,999	14	10
£80,000 - £84,999	6	5
£85,000 - £89,999	4	5
£90,000 - £94,999	8	7
£95,000 - £99,999	5	8
£100,000 - £104,999	9	2
£105,000 - £109,999	4	1
£110,000 - £114,999	2	5
£115,000 - £119,999	0	0
£120,000 - £124,999	0	0
£125,000 - £129,999	1	1
£130,000 - £134,999	0	2
£135,000 - £139,999	2	1
£140,000 - £144,999	0	0
£145,000 - £149,999	1	1
£150,000 - £154,999	0	0
£155,000 - £159,999	0	0
£160,000 - £164,999	0	0
£165,000 - £169,999	0	0
£170,000 - £174,999	0	0
£175,000 - £179,999	0	1
£180,000 - £184,999	0	0
£185,000 - £189,999	1	0
Total	1,366	1,147

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	
	2025/26	2024/25	2025/26	2024/25	2025/26	2024/25	2025/26	2024/25
£nil - £40,000	0	0	27	17	27	17	£537,026	£414,050
£40,001 - £60,000	0	0	6	2	6	2	£280,700	£97,845
£60,001 - £150,000	0	0	6	7	6	7	£716,736	£646,345
£150,000+	0	0	3	3	3	3	£540,297	£518,303
Total	0	0	42	29	42	29	£2,074,759	£1,676,544

Further information on the above is included in Note 33.

12. External Audit Costs

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

	2025/26 £000	2024/25 £000
Police and Crime Commissioner	109	103
Chief Constable	56	54
Additional Fees for 2024/25	7	
Additional Fees for 2023/24	0	27
	172	184

13. Partnerships & Operational Collaborations

Partnerships/Collaborations

The Commissioner worked with a number of partners during 2025/26. Service level agreements exist to define the role of each of the bodies involved. In all these agreements each party is responsible for their own liabilities, and these cannot be passed or transferred to the other parties involved. They operate as joint operations in accordance with International Accounting Standard (IAS31).

Northwest Regional Organised Crime Unit (NWROCU)

NWROCU consists of the Regional Organised Crime Team (ROCT); Regional Intelligence Unit (RIU); Operational Security (OPSY); Regional Confidential Unit (RCU); Regional Technical Surveillance Unit (RTSU); Regional Prison Intelligence Unit (RPIU); Business Support; Pooled resources, SSAS Airbox; Covert Operations 1-3; Surveillance Training; Financial Pressures; Operation Falcon; NWROCU Operating Team; Intelligence & Harm Capability; Cyber/Economic Capability; Pooled Resources and Premises Costs. 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 net expenditure met from the six forces. The amount reflected in Cheshire's accounts 2025/26 overall is £3.1m (£2.9m in 2024/25).

Northwest Police Underwater Search and Marine Unit

The Northwest Police Underwater Search and Marine Unit (UWMSU) serve 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 2025/26, 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 2025/26 the total cost of the UWMSU collaboration was £1.3m (£1.2m in 2024/25) and apportioned based on each Commissioner's police grant allocation. Cheshire's contribution amounted to £0.1m (£0.1m in 2024/25).

Northwest Armed Policing Collaboration

The NW Armed Policing Collaboration (NWAPC) has operated as a 4-force training collaboration (North Wales, Cheshire, Cumbria, Merseyside) since 2024 for the delivery of armed policing, firearms command and STO Taser training. The NWAPC has secured a full training license from the College of Policing in respect of its armed policing and currently operates under a provisional training license for STO Taser with the intention of achieving a full training license during 2026. 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 2025/26, the total cost of NW Armed Policing Collaboration was £0.9m (£0.8m in 2024/25). This collaboration is apportioned based on each Commissioner's police grant allocation. Cheshire's Contribution amounted to £0.21m (£0.20m in 2024/25).

Cheshire and North Wales Police Alliance

The Cheshire and North Wales Police Alliance have provided armed officers and dog handlers to both forces as a fully integrated joint team since 2014, with dog units joining in 2016. On 1 July 2025, the alliance transitioned to an Armed Policing model, with dog units returning to their respective home forces. The 2025/26 charges include goods and services costs for dogs incurred between 1 April and 30 June 2025. Armed Policing continues to serve Cheshire and North Wales, staffed by officers and support staff, with total expenditure being met by those forces. For 2025/26, Armed Policing costs totalled £9.1m, with PY dog costs of £0.8m, resulting in a combined total of £9.9m (£10.7m in 2024/25). Cheshire's contribution for 2025/26 was £5.5m (£6.1m in 2024/25).

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 2025/26 costs of £0.605m 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 had strong links to the Northwest Motorway Policing Group (NWMPG) as Automatic Number Plate Recognition (ANPR) is identified as an effective method of providing protective services across the region's strategic road network, since the NWMPG disbanded 31 March 2025, responsibility for protective services has been transitioned to local Roads Policing Units. 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 2025/26 was £0.10m (£0.10m in 2024/25) and Cheshire 's contribution amounted to £0.01m (£0.01m in 2024/25).

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 2025/26 was £0.08m (£0.08m 2024/25) and Cheshire's share of costs amounting to £0.01m (£0.01m 2024/25).

Northwest Regional Chronicle Collaboration

Chronicle is a software system used by police forces to manage 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. Across the Northwest, this operates as a collaboration between all six forces, supported by a central team responsible for managing the core system. For 2025/26, the costs were shared among the six forces based on the police precept and include expenditure on police staff, supplies and services, and IT cloud provision. Cheshire uses the full Chronicle suite and maintains its own local team to support day-to-day operations. For 2025/26 the total cost of NW Regional Chronicle Collaboration was £0.28m (£0.29m in 2024/25) with Cheshire's share of costs amounting to £0.03m (£0.03m in 2024/25).

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, NW Armed Policing Collaboration, NW UWMSU and NW ANPR. For 2025/26 the total cost of the NW Regional ACC lead was £0.2m (£0.2m in 2024/25) shared equally between the NW police forces of which Cheshire's share of costs amounting to £0.04m (£0.03m in 2024/25).

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 2022/23. North Wales Police are the lead force and hold £0.14m in reserves on behalf of the collaboration. A portion of this is earmarked to fund 0.50 fte SPOC police staff costs over a two-year period. For 2025/26 the total cost of the Telecoms SPOC collaboration was £1.6m (£1.6m in 2024/25) with Cheshire's share of the costs amounting to £01.0m (£0.9m in 2024/25).

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

In February 2019, the Tri-Force collaborating forces of Cheshire, Merseyside and North Wales delivered a single instance of the Niche Records Management System (RMS). This single instance provides immediate access to all operational officers and staff to the combined information and intelligence of the forces. This is a significant step forward in protecting vulnerable people, managing serious threats, and tackling cross border criminality. During 2020/21 a new single networked Niche Business as Usual (BAU) Support Team was agreed and implemented with a centralised and co-ordinated management structure. The Police and Crime Commissioner for Merseyside is the lead force. For 2025/26 the total cost of the West Coast Collaboration was £3.0m (£3.08m in 2024/25) of which the infrastructure, Minerva and AMASS costs are shared between 4 partners (Cheshire, Merseyside, North Wales, and Dyfed Powys) and the salary and Niche support costs shared between 3 partners (Cheshire, Merseyside, and North Wales). Cheshire 's share of costs is £0.84m (£0.87m in 2024/25).

COLLABORATION / PARTNERSHIP	2025/26 Spend	Cheshire Contribution	%
Northwest Regional Organised Crime Unit NWROCU)			
Regional Confidential Unit	£2.90m	£0.302m	10.40
Regional Intelligence Unit	£0.63m	£0.064m	10.18
Operational Security (OPSY)	£0.02m	£0.003m	17.31
Regional Organised Crime Unit	£4.26m	£0.443m	10.40
Regional Technical Surveillance	£4.06m	£0.418m	10.320
Regional Prison Intelligence	£2.14m	£0.213m	9.97
Business Support	£1.67m	£0.170m	10.18
Covert Operations 1	£1.78m	£0.000m	0.00
Covert Operations 2	£1.77m	£0.157m	FIXED
Covert Operations 3	£3.71m	£0.301m	FIXED
Financial Pressures	£0.49m	£0.051m	10.46
Digital Transformation	£0.59m	£0.062m	10.46
Operation Falcon	£0.00m	£0.000m	10.46
SSAS Airbox	£0.03m	£0.004m	10.46
NWROCU Operations Team	£4.20m	£0.403m	9.60
Intelligence and Harm Capability	£1.43m	£0.135m	9.42
Cyber/Economic Capability	£1.26m	£0.121m	9.56
Pooled Resources	£1.00m	£0.105m	10.46
Premises Costs	£0.86m	£0.090m	10.46
TOTAL NWROCU 2025/26	**£32.80m**	**£3.042m**	
West Coast Collaboration – Salary Costs	£1.24m	£0.354m	28.67
West Coast Collaboration – Niche Support Costs	£1.16m	£0.350m	30.30
West Coast Collaboration – ICT Infrastructure	£0.31m	£0.076m	24.79
West Coast Collaboration – Minerva Support Costs	£0.10m	£0.025m	25.00
West Coast Collaboration – Listpoint/aligned asset	£0.04m	£0.000m	0.00
West Coast Collaboration - AMASS	£0.15m	£0.038m	24.79
TOTAL WEST COAST COLLABORATION 2025/26	**£3.00m**	**£0.843m**	
AP Alliance (Pre Dog Dis-aggregation)	£2.38m	£1.366m	57.48
AP Alliance (Post Dog Dis-aggregation)	£6.74m	£3.680m	54.60
Dog Alliance (Disaggregation 30/06/2025)	£0.73m	£0.422m	57.48
TOTAL CHESHIRE & NWP ALLIANCE 2025/26	**£9.85m**	**£5.468m**	
NW Regional Underwater Search Unit	£1.27m	£0.134m	10.53
NW Armed Policing Collaboration	£0.87m	£0.209m	24.10
Cheshire Road Safety Group	£0.65m	£0.000m	0.00
NW Strategic Roads ANPR	£0.10m	£0.012m	11.32
NW Disaster Victim Co-Ordinator	£0.08m	£0.013m	16.67
NW Regional Chronicle Collaboration	£0.28m	£0.030m	10.57
NW Regional ACC Lead	£0.22m	£0.037m	16.67
SPOC Telecoms Collaboration	£1.62m	£0.977m	60.50
TOTAL 2025/26	**£50.74m**	**£10.765m**	

14. Grant Income

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

	2025/26 £000	2024/25 £000
Credited to Taxation & Non-Specific Grant Income		
Police Grant (Home Office)	85,232	82,175
DCLG Funding	57,192	55,148
Legacy Council Tax Grants	8,256	8,256
Home Office - Pay Award	1,805	2,463
PFI Grant – Interest Element	1,825	1,906
Capital Grants		
Miscellaneous Capital Contributions (Partner Forces)	605	157
Total	**154,915**	**150,107**
Credited to Other Operating Expenditure		
Police Pension Grant (Home Office)	29,865	29,086
Total	**29,865**	**29,086**
Credited to Services		
Private Finance Initiative	5,405	5,324
Pensions Uplift Grant	6,645	7,610
Counter Terrorism	1,824	1,583
PCC Victim Services, RJ and Sexual/Domestic Violence	2,334	2,385
National Officer Uplift grant	6,847	6,395
Major Investigation Grants	2,552	2,424
Commissioning Grants	3,490	3,013
Neighbourhood Grant	3,009	0
NI Grant	3,907	0
Other Grants	1,226	2,642
Total	**37,238**	**31,376**

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)	2025/26 £000	2024/25 £000
Emergency Services Network	585	585
Automatic Number Plate Recognition Phase 1&2	12	12
Safety of Women at Night Fund	0	23
Total	**597**	**620**

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.

2025/26	General Fund Balance	Earmarked Reserves	Capital Receipts Reserve	Total Usable Reserves	Movement in Unusable Reserves	Total Reserves
	£000	£000	£000	**£000**	£000	**£000**
Adjustments Primarily Involving the Capital Adjustment Account						
Reversal of items debited or credited to the Comprehensive Income & Expenditure Statement						
Depreciation	(13,653)			**(13,653)**	13,653	**0**
Revaluation Gain/(Loss)	(2,206)			**(2,206)**	2,206	**0**
Estimated Asset Selling Costs	25			**25**	(25)	**0**
Insertion of items not debited or credited to the CIES						
Statutory Provision for repayment of debt	3,260			**3,260**	(3,260)	**0**
Capital Grant Applied						**0**
Revenue Contribution to Capital Reserve	2,797	(2,797)		**0**	0	**0**
Earmarked Reserves Applied	605	4,778		**5,383**	(5,383)	**0**
Adjustments Primarily involving the Capital Grants Unapplied Account						
General Capital Grant	0	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	(476)		(1,503)	**(1,979)**	1,979	**0**
Capital Receipts Applied			1,614	**1,614**	(1,614)	**0**
Adjustments Primarily involving the Pensions Reserve						
Current Service Costs	(18,412)			**(18,412)**	18,412	**0**
Employers Contributions under IAS19	83,113			**83,113**	(83,113)	**0**
Past Service Costs	(26)			**(26)**	26	**0**
Curtailments	0			**0**	0	**0**
Pensions – Interest less Return on Assets	(92,085)			**(92,085)**	92,085	**0**
Collection Fund Adjustment Account	(199)			**(199)**	199	**0**
Accumulated Absences Account	(373)			**(373)**	373	**0**
Total	**(37,630)**	**1,981**	**112**	**(35,538)**	**35,538**	**0**

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

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 2024	Transfers Out 2024/25	Transfers In 2024/25	Balance as at 31 March 2025	Transfers Out 2025/26	Transfers In 2025/26	Balance as at 31 March 2026
	£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	**3,438**	(1,345)	984	**3,077**	(104)	0	**2,973**
Carry Forward	**2,652**	(1,700)	1,118	**2,071**	(1,319)	475	**1,226**
Underwater Search Unit	**1,036**	0	106	**1,142**	(273)	59	**928**
Local Resilience Forum	**422**	(27)	13	**408**	(373)	0	**35**
Redundancy	**71**	(71)	0	**0**	0	0	**0**
Armed Police Alliance	**451**	0	15	**466**	(116)	1	**351**
POCA Reserve	**679**	0	24	**703**	(78)	0	**625**
Hardship Loan Reserve	**50**	0	0	**50**	(50)	0	**0**
N. West Armed Police Collaboration Reserve	**17**	(42)	76	**50**	(35)	35	**50**
Major Investigations Reserve	**1,375**	(193)	0	**1,182**	0	235	**1,417**
Pay and Pensions Reserve	**372**	(71)	0	**301**	(34)	394	**660**
Council Tax Deficit Reserve	**1,000**	(231)	0	**770**	(73)	0	**697**
Estates Strategy Reserve	**500**	0	0	**500**	0	0	**500**
Road Safety Initiatives Reserve	**452**	(104)	0	**348**	(4)	0	**344**
Community Safety Reserve	**438**	0	89	**527**	(71)	0	**457**
IT Reserve	**291**	0	0	**291**	0	0	**291**
Total Revenue Reserves	19,018	(3,785)	2,429	**17,659**	(2,530)	1,199	**16,328**
Revenue Reserves for Capital Purposes							
Revenue Reserve for Capital Expenditure	**2,878**	(5,248)	3,947	**1,577**	(4,849)	3,321	**49**
ESN Reserve	**1,420**	(1,193)	0	**226**	0	0	**226**
IT Reimbursement	**0**	(294)	294	**0**	(301)	301	**0**
Total Rev. Reserves for Capital Purposes	**4,298**	(6,735)	4,241	**1,804**	(5,151)	3,623	**275**
Capital Reserves							
Capital Receipts Reserve	0	(100)	211	**112**	(1,614)	1,502	**0**
Unapplied Capital Grants	0	(20)	20	**0**	0	0	**0**
Total Capital Reserves	0	(119)	231	**112**	(1,614)	1,502	**0**
Total Usable Reserves	23,316	(10,639)	6,898	**19,575**	(9,295)	6,323	**16,604**

The Commissioner holds both revenue and capital usable reserves for a number of reasons, they provide a source of assurance to ensure the Commissioner is financially stable, investment funds for future initiatives and allow balances to be set aside to fund known cost pressures that will occur in later years. In 2025/26, Cheshire Police reduced its reserves by £3.0 million as part of a planned drawdown aligned with its Medium-Term Financial Strategy. Reserve levels remain within a safe and sustainable threshold relative to organisational risk. The level of General reserves is 3.6% of the net revenue budget which is above the professional benchmark financial health target of 3%. All reserve usage is governed by robust oversight mechanisms, including scrutiny from the Chief Finance Officer, the Police and Crime Commissioner, and the Joint Audit Advisory Committee. Additionally, decisions involving collaboration reserves are made by the Joint Oversight Committee, which includes all partner forces, ensuring transparency and value for money.

Revenue Reserves

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

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

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

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

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

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

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

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) - There are currently several issues in relation to pay and pensions that could impact on the revenue funding, including the McCloud ruling. The level of administration to service these is considerable and the uncertainty of ongoing costs resulted in this reserve being created.

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).

2025/26	Property	Vehicles	Equipment	Assets Under Construction	Total
Cost or Valuation	£000	£000	£000	£000	£000
At 1 April 2025	151,590	17,929	21,638	11,027	202,184
Additions	899	3,401	2,947	4,179	11,426
Revaluations Increases/(decreases) recognised in the revaluation reserve	32,197	0	0	0	32,197
Revaluation increases/(decreases) recognised in the surplus/deficit on the provision of services	(2,206)	0	0	0	(2,206)
Disposals	(1,397)	(1,643)	(3,623)	0	(6,663)
Reclassifications	11,574	0	0	(9,677)	1,897
At 31 March 2026	192,657	19,687	20,963	5,529	238,836

Depreciation					
At 1 April 2025	(797)	(11,725)	(14,778)	0	(27,300)
Charge in year	(8,213)	(1,802)	(2,866)	0	(12,881)
Disposals	0	1,376	3,308	0	4,684
Impairments written out to revaluation reserve	0	0	0	0	0
Revaluations written out to the revaluation reserve	8,084	0	0	0	8,084
Reclassifications	0	0	0	0	0
At 31 March 2026	(925)	(12,151)	(14,337)	0	(27,415)
Net Book Value at 1 April 2025	150,794	6,204	6,860	11,027	174,885
Net Book Value at 31 March 2026	191,732	7,536	6,626	5,529	211,421

Included in the above assets are £430k (NBV) of vehicles and equipment held by Cheshire Constabulary on behalf of the Underwater Search Unit collaboration, together with £694k (NBV) of vehicles for the Firearms Alliance collaboration. Details of these two collaborations can be found in Note 13. The above NBV figure of £211,421 is the £210,149 shown in the Balance Sheet and includes Right of Use Assets of £1,272.

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

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

Included in the above assets are £116k (NBV) of vehicles and equipment held by Cheshire Constabulary on behalf of the Underwater Search Unit collaboration, together with £517k (NBV) of vehicles for the Firearms Alliance collaboration. Details of these two collaborations can be found in Note 13.
Opening values have been adjusted by £1,030k for Right of Use assets brought on to the Balance Sheet under IFRS16

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 43, 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 2026, the Commissioner has entered into a number of contracts for the construction or enhancement of property, plant and equipment in 2025/26 and future years budgeted to cost £11.9m. Similar commitments at 31 March 2025 were £2.2m. The major commitments are:

- Estates Strategy (Crewe Police Station) £11.5m
- Other £ 0.4m

Revaluation

For the 2025/26 Accounts CIPFA provided an amended approach to asset valuations, whereby revaluations must be undertaken using one of the following three processes:

- A quinquennial revaluation supplemented by annual indexation in intervening years.
- A rolling programme of revaluations over a five-year cycle, with annual indexation applied to assets during the four intervening years.
- For non-property assets only, appropriate indices.

This is a change from the previous approach which was to undertake a full valuation Property (land and buildings) every five years supplemented by a desktop valuation in the intervening years. The approach the Commissioner will take is as per point one above i.e. a quinquennial revaluation supplemented by annual indexation in intervening years. As the full valuation of the Commissioners assets was due in 2025/26 indexation will be applied for the four years from 2026/27.

The valuations have been undertaken for capital accounting purposes in accordance with International Financial Reporting Standards (IFRS) as applied to the United Kingdom (UK) public sector, and as interpreted through the 2025/26 Chartered Institute of Public Finance and Accountancy (CIPFA) Code of Practice on Local Authority Accounting. The valuations have been prepared in accordance with the professional standards of the Royal Institution of Chartered Surveyors (RICS), including the RICS Valuation – Global Standards (published December 2024, effective 31 January 2025) and the RICS UK National Supplement (published 19 October 2023, effective 1 May 2024). Collectively known as the Red Book, these standards have been applied insofar as they are consistent with IFRS and the CIPFA Code.

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

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

18. Intangible Assets

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

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

The carrying amount of intangible assets is amortised on a straight-line basis. The amortisation of £0.8m charged to revenue in 2025/26 has been allocated across the CIES heading.

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

Carrying Amount	2025/26 £000	2024/25 £000
Balance at start of year	8,452	8,739
Additions	0	619
Disposals	(697)	(906)
Balance at end of year	7,755	8,452
Amortisation		
Balance at start of year	(4,485)	(4,620)
Charge for the year	(771)	(771)
Disposals	697	906
Balance at end of year	(4,559)	(4,485)
Net Book Value at 1 April	3,967	4,119
Net Book Value at 31 March	3,195	3,967

The value of these intangible assets is based on cost less amortisation. Amortisation is calculated in accordance with the accounting polices 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.

	2025/26 £000	2024/25 £000
Opening capital financing requirement	46,921	45,631
IFRS16 Leases Adjustment	0	902
	46,921	46,533
Capital Expenditure in year:		
Property	5,078	3,315
Plant (e.g., vehicles)	3,401	2,670
Equipment	2,947	2,437
Intangibles	0	619
	11,426	9,041
Less: Capital Financing		
Capital Grants	0	0
Capital Receipts	1,614	100
Contribution from reserves	3,402	1,656
Revenue and Other contributions	1,981	3,869
Total Capital Financing	6,997	5,625
Less: Sums Set Aside from Revenue		
Revenue Provision for Repayment of Debt	3,261	3,028
Early Repayment of Debt	0	0
	3,261	3,028
Closing capital financing requirement	**48,089**	**46,921**

Explanation of movement in year:	2025/26 £000	2024/25 £000
Decrease in underlying need to borrow (supported by Government direct funding)	(1,500)	(1,416)
Increase in underlying need to borrow (not supported by Government direct funding)	2,669	2,690
Assets acquired under Finance leases	0	16
Increase/(Decrease) in Capital Financing Requirement	**1,169**	**1,290**

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 2025/26 no borrowing costs were capitalised.

21. Impairment Losses

No new impairments have been identified during 2025/26.

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 2026 £000	**31 March 2025 £000**	**31 March 2026 £000**	**31 March 2025 £000**
Cash and Cash Equivalents				
Imprest and cash	0	0	23,929	19,049
Total cash and cash equivalents	**0**	**0**	**23,929**	**19,049**
Debtors				
Debtors at Amortised Cost	0	0	6,549	7,326
Items not classed as Financial Instruments	0	0	13,505	13,873
Total Debtors	**0**	**0**	**20,054**	**21,199**
Borrowings				
Financial Liabilities	26,889	26,889	0	0
Total included in borrowings	**26,889**	**26,889**	**0**	**0**
Creditors				
Financial Liabilities		0	20,418	11,722
Items not classed as Financial Instruments	597	620	21,957	20,788
Total Creditors	**597**	**620**	**42,376**	**32,510**
Other Long-term Liabilities				
PFI	10,714	11,918	1,204	1,111
Finance Leases	364	180	0	0
Total other long-term liabilities	**11,077**	**12,098**	**1,204**	**1,111**

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 Mitsubishi UFJ Financial Group, Inc (MUFG) (formerly known as Link Asset Services) (the Commissioner's advisors). MUFG 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 MUFG from the market on 31 March 2026, 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, MUFG has assessed the cost of taking a new loan at PWLB new loan rates applicable to existing loans on the Balance Sheet date (which could be viewed as a proxy for transfer value);
- For loans receivable prevailing benchmark market rates have been used to provide the fair value;
- No early repayment or impairment is recognised;
- PFI & Finance Leases, an assessment has been made of the cost of taking a new loan at PWLB new loan rates applicable to existing loans on the Balance Sheet date (which could be viewed as a proxy for transfer value);
- Where an instrument has a maturity of less than 12 months or is a trade or other receivable the fair value is taken to be the carrying amount or the billed amount;
- The fair value of trade and other receivables is taken to be the invoiced or billed amount.

	31 March 2026		31 March 2025	
	Carrying Amount £000	**Fair Value £000**	**Carrying Amount £000**	**Fair Value £000**
Financial Liabilities				
Borrowings	26,889	15,342	26,889	16,281
Creditors	20,418	20,418	11,722	11,722
PFI & Finance Leases	12,281	13,655	13,029	14,784
	59,589	**49,416**	**51,640**	**42,877**
Financial Assets				
Cash and Cash Equivalents	23,929	23,929	19,050	19,050
Loans and Receivables	6,549	6,549	7,326	7,326
	30,478	**30,478**	**26,376**	**26,376**

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 2026) 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 29 January 2025 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 MUFG Corporate Markets. 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 MUFG’s credit listings and in-between via business press.

The Investment Strategy for 2025/26 was approved by the Commissioner on 29 January 2025 and is available on the Commissioner’s website.

As at 31 March 2026 the Commissioner had £23.9m of deposits with Major UK Banks (£1.9m) and Money Market Funds (£22.0m). 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 2025/26 was £0.1m (£0.2m in 2024/25).

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 2026 £000	31 March 2025 £000
Current (0-30 days)	2,003	821
1 Month	39	138
2 Months +	179	184
Total	**2,221**	**1,143**

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 2026. No new loans have been taken during 2025/26. All existing loans are maturity loans with the first repayment due in September 2034.

	31 March 2026 £000	31 March 2025 £000
Analysis of loans by type		
• Public Works Loans Board (PWLB)	20,889	20,889
• Money Market	6,000	6,000
Total Outstanding	**26,889**	**26,889**
Analysis of loans by maturity		
• Less than 1 year	0	0
• Between 1 and 2 years	0	0
• Between 2 and 5 years	0	0
• Between 5 and 10 years	1,000	1,000
• More than 10 years	25,889	25,889
Total Outstanding	**26,889**	**26,889**

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 2025/26.

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 2026 £000	31 March 2025 £000
Central Government Bodies	6,499	7,876
Other Local Authorities	5,320	5,635
NHS Bodies	10	9
Council Tax Collection Fund	5,138	5,131
Other entities and individuals	3,235	2,712
LESS: Provision for Credit Losses	(148)	(164)
Total	**20,054**	**21,199**

24. Cash and Cash Equivalents

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

	31 March 2026 £000	31 March 2025 £000
Cash held	24	24
Operational Current Accounts	11	9
Short-term deposits	23,894	19,016
Total	**23,929**	**19,049**

For the year ending 31st March 2026 the operational current accounts include £2.294m 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 2026, the Commissioner held £0.308m (£0.331m in 2024/25) 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 2026, the Commissioner held £1.986m (£2.246m in 2024/25) 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. During 2025/26 two assets were sold and one was withdrawn from sale meaning that there are no Assets Held for Sale at the end of 2025/26.

	31 March 2026 £000	31 March 2025 £000
Balance at the start of year	1,872	0
Assets newly classified as held for sale		
• Property, Plant & Equipment	0	1,872
• Other Assets	0	0
Revaluations gains / (losses)	0	0
Impairment losses	0	0
Transfers	(500)	0
Assets sold	(1,372)	0
Balance at the end of year	**0**	**1,872**

26. Analysis of Creditors

Analysis of short-term creditors is shown below.

	31 March 2026 £000	31 March 2025 £000
Central Government Bodies	(8,294)	(4,988)
Other Local Authorities	(3,650)	(5,941)
NHS Bodies	(161)	(46)
Council Tax Collection Fund	(5,119)	(4,914)
Other entities and individuals	(26,355)	(17,735)
Total	**(43,580)**	**(33,624)**

Of the above £5,959k 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 2025/26. The estimated value of outstanding claims has now been reduced to £0.050m. In 2023/24 a provision of £0.190m was created for a national claim, there has been no movement on this provision since it was created. In addition, a number of small ad-hoc provisions are held at 31 March 2026 and these are reviewed annually.

	2025/26 £000	2024/25 £000
National Claim Provision		
Balance at 1 April	191	191
Provision in the year	0	0
Balance at 31 March	**191**	**191**
Allard Claims Provision		
Balance at 31 March – No movement in year	**394**	**394**
Provision in the year	**(344)**	**0**
Balance at 31 March	**50**	**394**
Small ad-hoc provisions		
Balance at 31 March – No movement in year	**94**	**94**
Total provisions at 31 March	**335**	**679**

28. Leases: Finance and Operating

In 2024/25 the Commissioner adopted IFRS 16 Leases as mandated by the Code of Practice for Local Authority Accounting in the United Kingdom. The main impact of the new requirements was that for arrangements previously accounted for as operating leases (i.e. without recognising the leased property as an asset and future rents as a liability) a right-of-use asset and a lease liability were brought into the balance sheet at 1 April 2024.

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

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

	Land and buildings £000s	Vehicles, plant and equipment £000s	Total £000s
Balance at 1 April 2025	1,001	13	1,014
Additions	341	0	341
Revaluations	49	0	49
Depreciation and amortisation	(129)	(3)	(132)
Disposals	0	0	0
Balance at 31 March 2026	**1,262**	**10**	**1,272**

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

	2025/26 £000s
Comprehensive income and expenditure statement	
Interest expense on lease liabilities	34
Expense relating to short-term leases	0
Expense relating to exempt leases of low-value items	208
Variable lease payments not included in the measurement of lease liabilities	46
Income from subletting right-of-use assets	0
Gains or losses arising from sale and leaseback transactions	0
Cash flow statement	
Total cash outflow for leases	132

The Commissioner was committed at 31 March 2026 to making payments of £0.619m under IFRS16 Finance Leases as follows:

	2025/26 £000
Not later than one year	161
Later than one year, not later than five years	321
Later than five years	137
Total	**619**

Operating Leases

The Commissioner rents properties and equipment, mostly on short term leases, which are accounted for as operating leases. The rentals payable in 2025/26 and 2024/25 were £0.15m and £0.19m respectively. The Commissioner was committed at 31 March 2026 to making payments of £0.286m under operating leases as follows:

	Property £000	Equipment £000	Total £000
Not later than one year	51	91	**142**
Later than one year, not later than five years	56	88	**144**
Later than five years	0	0	**0**
Total	**107**	**179**	**286**

29. Private Finance Initiative

In 2002 the former Police Authority entered into a long-term contractual agreement under a Private Finance Initiative (PFI) for its headquarters facilities. Under the agreement the contractor is responsible for providing the buildings and facilities at Headquarters in Winsford for a period of 30 years. The annual unitary charge is £8.081m (2025/26) 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 2025/26 are detailed below:

	Land £000	Property £000	Equipment £000	Total £000
Gross Book Value on 1 April 2025	**3,481**	**43,730**	**403**	**47,614**
Additions	0	8	0	**8**
Revaluations	174	20,537	0	**20,711**
Gross Book Value on 31 March 2026	**3,655**	**64,274**	**403**	**68,332**
Depreciation on 1 April 2025	0	0	(403)	**(403)**
Charge for the year	0	(5,467)	0	**(5,467)**
Revaluation	0	5,467	0	**5,467**
Depreciation on 31 March 2026	**0**	**0**	**(403)**	**(403)**
Net Book Value on 1 April 2025	**3,481**	**43,730**	**0**	**47,211**
Net Book Value on 31 March 2026	**3,655**	**64,274**	**0**	**67,929**

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 2025/26 equated to £1.111m. The liability at 31 March 2025 is £11.917m. The long term creditors figure £11.077m shown in the balance sheet is the Long term PFI liability £10.713m plus the Long term liability on IFRS16 Leases £0.364m

PFI Liability	31 March 2026 £000	31 March 2025 £000
Balance at 1 April	13,029	14,054
Movement in year	(1,111)	(1,025)
Balance at 31 March	**11,917**	**13,029**

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	5,313	1,732	1,204	**8,249**
2 to 5 years	22,969	5,890	5,854	**34,713**
6 to 10 years	15,825	2,726	4,859	**23,410**
11 to 15 years	0	0	0	**0**
Total due	**44,107**	**10,348**	**11,917**	**66,372**

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

	2025/26 £000	2024/25 £000
Not later than one year	2,936	2,936
Later than one year, not later than five years	11,744	11,745
Later than five years	7,585	10,522
Total	**22,265**	**25,203**

30. Unusable Reserves

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

Unusable Reserves Summary

	2025/26 £000	2024/25 £000
Revaluation Reserve	(140,852)	(108,081)
Capital Adjustment Account	(25,678)	(25,724)
IAS19 Pension Reserve	1,637,830	1,661,760
Collection Fund Adjustment Account	(18)	(217)
Accumulated Absences Reserve	5,997	5,623
Total Unusable reserves	**1,477,279**	**1,533,362**

* Note: The Police and Crime Commissioner's element of total Unusable Reserves is £166.5m in 2025/26 (£134.0m 2024/25)

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.

2024/25 £000		2025/26 £000	
(107,236)	Balance at 1 April		**(108,081)**
(10,245)	Upward Revaluation of assets	(42,887)	
2,544	Downward revaluation of assets and impairment losses not charged to the surplus/deficit on the provision of services	2,606	
(7,701)	Surplus or deficit on revaluation of non-current assets not posted to the surplus or deficit on the provision of services		**(40,281)**
6,857	Difference between fair value depreciation and historical cost depreciation	6,821	
0	Accumulated gains on assets sold or scrapped	688	
6,857	Amount written off to the capital adjustment account		**7,509**
(108,081)	Balance at 31 March		**(140,852)**

Capital Adjustment Account (Unusable)

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

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

2024/25 £000		2025/26 £000	
(22,529)	Balance at 1 April		**(25,724)**
	Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement:		
11,275	• Charges for depreciation and impairment of non-current assets	12,882	
87	• Revaluation losses on property, plant and equipment	2,181	
771	• Amortisation of intangible assets	771	
0	• Revenue expenditure funded from capital under statute	0	
310	• Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	1,979	
12,442			17,813
(6,857)	Adjusting amounts written out of the revaluation reserve	(7,509)	
5,586	Net written out amount of the cost of non-current assets consumed in the year		10,303
	Capital financing applied in the year:		
(100)	• Use of the capital receipts reserve to finance new capital expenditure	(1,614)	
(5,525)	• Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing	(5,383)	
0	• Application of grants to capital financing from the capital grants unapplied account	0	
(3,027)	• Statutory provision for the financing of capital investment charged against the General Fund	(3,260)	
0	• Capital expenditure charged against the General Fund	0	
(8,652)			(10,257)
0	Movements in the market value of investment properties debited or credited to the Comprehensive Income and Expenditure Statement		0
(129)	Movement in the donated assets account credited to the Comprehensive Income and Expenditure Statement		0
(25,724)	Balance at 31 March		**(25,678)**

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.

2024/25 £000		2025/26 £000
1,839,510	Balance at 1 April	1,661,760
(214,357)	Remeasurements of the net defined benefit liability/(asset)	(51,340)
114,141	Reversal of items relating to retirement benefits debited or credited to the surplus or deficit on the provision of services in the Comprehensive Income and Expenditure Statement	110,523
(77,534)	Employer's pensions contributions and direct payments to pensioners payable in the year	(83,113)
1,661,760	Balance at 31 March	**1,637,830**

* Note: The Police and Crime Commissioner's element of the IAS19 Pension reserve is £0m in 2025/26 (£0m 2024/25)

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.

2024/25 £000		2025/26 £000
347	Balance at 1 April	**(217)**
(564)	Amount by which council tax and non-domestic rates income credited to the Comprehensive Income and Expenditure Statement is different from council tax and non-domestic rates income calculated for the year in accordance with statutory requirements	199
(217)	Balance at 31 March	**(18)**

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.

2024/25 £000		2025/26 £000
5,469	Balance at 1 April	5,623
154	Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	373
5,623	Balance at 31 March	**5,997**

* Note: The Police and Crime Commissioner's element of the Accumulated Absences reserve is £38k in 2025/26 (£27k in 2024/25)

31. Notes to the Cashflow Statement

The cashflow include the following items:

Other Operating Expenditure	**2025/26 £000**	**2024/25 £000**
Interest received	(1,358)	(1,768)
Interest paid	2,709	2,820
Total	**1,351**	**1,052**

Investing Activities	**2025/26 £000**	**2024/25 £000**
Purchase of Property, Plant & Equipment & Intangible Assets	11,084	8,153
Proceeds from sale of assets	(1,503)	(121)
Total	**9,581**	**8,032**

Financing Activities	**2025/26 £000**	**2024/25 £000**
Cash receipts of short and long-term borrowing	0	0
Cash payments for the reduction of outstanding liabilities relating to finance leases and on-balance sheet PFI contracts	1,640	1,114
Repayment of short and long-term borrowing	0	2,385
Total	**1,640**	**3,499**

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 enables readers to assess the extent to which the Commissioner may have been constrained in the ability to operate independently or might have influenced another party's transactions.

Central Government
Central Government has effective control over the general operations of the Commissioner. It provides the statutory framework within which the Commissioner operates, provides the majority of funding through grants, and prescribes the terms of many transactions with other parties (e.g. council tax). Grants received from Government departments are set out in Note 14.

The Police Reform and Social Responsibility Act 2011
This Act created two corporations sole: the Police and Crime Commissioner and the Chief Constable. Both entities are required to produce separate Statements of Accounts, subject to external audit under the Local Audit and Accountability Act 2014. The Chief Constable operates within the governance and funding framework set by the Commissioner.

Office of the Police and Crime Commissioner
The Office of the Police and Crime Commissioner maintains a Register of Interests for the Commissioner, Chief Executive and Chief Finance Officer, together with a Register of Business Interests for staff.

Officers and Staff
The Constabulary maintains a Register of Business Interests for officers and staff.
Declarations of related party relationships have been obtained from the Commissioner, Chief Officers and senior management. A review of these declarations, together with consideration of relevant financial transactions and supporting records (including the gifts and hospitality register), has not identified any material related party transactions requiring disclosure.

Other Public Bodies (subject to common control by Central Government)
Material transactions with other public bodies, such as Borough Councils and the Cheshire Pension Fund, are disclosed within the Comprehensive Income and Expenditure Account and Cash Flow Statement. Additional disclosures relating to partnerships and collaborations are included in Note 13.
Ammunition is held in stock on behalf of both the Constabulary and the Armed Police Alliance (a collaboration between Cheshire Constabulary and North Wales Police), as described in Note 13.

Conclusion
There are no other material related party transactions to report for 2025/26.

33. Employee Benefits

Termination Benefits

The Commissioner and Chief Constable terminated the contracts of 42 employees in 2025/26 incurring liabilities of £2.075m (£1.677m in 2024/25). During 2025/26 some roles were at risk of redundancy due to financial pressures on the force. This led to a consultation on changes to the PCSO model, along with other roles affected by service reviews. All reductions were achieved through voluntary redundancy.

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 102.

- 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 2024/25). 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**.**

	2025/26			2024/25		
IFRIC14 Adjustments	**IAS19**	**Adjust**	**IFRIC14**	**IAS19**	**Adjust**	**IFRIC14**
	£000	**£000**	**£000**	**£000**	**£000**	**£000**
Net Interest Expense: reversal of IFRIC14 prior year	**6,938**	**(6,783)**	**155**	**3,067**	**(3,028)**	**39**
Asset Ceiling:						
Reversal of IFRIC14 prior year		123,806			65,467	
IFRIC14 current year		(115,751)			(117,023)	
Total Post Employment Benefit Charged to the Comprehensive Income & Expenditure Statement	**(46,779)**	**8,055**	**(38,724)**	**49,813**	**(51,556)**	**(1,743)**
Net liability arising from defined benefit obligation	**115,751**	**(115,751)**	**0**	**117,023**	**(117,023)**	**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	
	2025/26	**2024/25**	**2025/26**	**2024/25**	**2025/26**	**2024/25**	**2025/26**	**2024/25**	**2025/26**	**2024/25**	**2025/26**	**2024/25**
	£000	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**
Cost of Services:												
• Current Service Costs	(7,052)	(9,884)	0	0	0	0	(10,860)	(16,980)	(500)	(610)	**(18,412)**	**(27,474)**
• Past Service Costs	(26)	(456)	0	0	0	0	0	0	0	0	**(26)**	**(456)**
• Settlements & Curtailments	0	0	0	0	0	0	0	0	0	0	**0**	**0**
Financing and Investment Income & Expenditure:												
• Net Interest Expense	6,938	3,067	(76,740)	(72,120)	(2,680)	(2,690)	(11,230)	(9,860)	(1,590)	(1,580)	**(85,302)**	**(83,183)**
Total Post Employment Benefit Charged to the Surplus or Deficit on the Provision of Services	**(140)**	**(7,273)**	**(76,740)**	**(72,120)**	**(2,680)**	**(2,690)**	**(22,090)**	**(26,840)**	**(2,090)**	**(2,190)**	**(103,740)**	**(111,113)**
Other Post Employment Benefit Charged to the Comprehensive Income & Expenditure Statement												
• Return on plan assets (not included in net interest expense)	1,424	(12,665)	0	0	0	0	0	0	0	0	**1,424**	**(12,665)**
• Actuarial Gains and Losses arising from changes in demographic assumptions	3,203	550	0	1,530	0	180	0	980	0	210	**3,203**	**3,450**
• Actuarial Gains and Losses arising from changes in financial assumptions	13,454	59,100	(1,630)	154,320	(19,180)	11,490	76,990	43,320	570	4,070	**70,204**	**272,300**
• Other	(31,546)	2,828	0	0	0	0	0	0	0	0	**(31,546)**	**2,828**
Total Post Employment Benefit Charged to the Comprehensive Income & Expenditure Statement	**(13,465)**	**49,813**	**(1,630)**	**155,850**	**(19,180)**	**11,670**	**76,990**	**44,300**	**570**	**4,280**	**43,285**	**265,913**

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	
	2025/26	**2024/25**	**2025/26**	**2024/25**	**2025/26**	**2024/25**	**2025/26**	**2024/25**	**2025/26**	**2024/25**	**2025/26**	**2024/25**
	£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	140	7,273	76,740	72,120	2,680	2,690	22,090	26,840	2,090	2,190	**103,740**	**111,113**
Actual expenditure met from council tax through the General Fund												
• Employer's contributions payable to the scheme	12,333	12,044	79,390	73,710	230	190	(12,070)	(11,370)	3,230	2,960	**83,113**	77,534

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	
	2025/26	**2024/25**	**2025/26**	**2024/25**	**2025/26**	**2024/25**	**2025/26**	**2024/25**	**2025/26**	**2024/25**	**2025/26**	**2024/25**
	£000	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**
Present value of defined benefit obligation	(301,151)	(274,572)	(1,396,340)	(1,397,360)	(69,160)	(47,530)	(144,580)	(187,410)	(27,750)	(29,460)	**(1,938,981)**	**(1,936,332)**
Fair value of plan assets	416,902	391,595	0	0	0	0	0	0	0	0	**416,902**	**391,595**
Sub-total	115,751	117,023	(1,396,340)	(1,397,360)	(69,160)	(47,530)	(144,580)	(187,410)	(27,750)	(29,460)	**(1,522,079)**	**(1,544,737)**
Other movements in the liability	0	0	0	0	0	0	0	0	0	0	**0**	**0**
Net liability arising from defined benefit obligation	**115,751**	**117,023**	**(1,396,340)**	**(1,397,360)**	**(69,160)**	**(47,530)**	**(144,580)**	**(187,410)**	**(27,750)**	**(29,460)**	**(1,522,079)**	**(1,544,737)**

[#1] IFRIC 14 applies, please refer to the section on page 101 for details

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

	Local Government Pension Scheme	
	2025/26	2024/25
	£000	£000
Opening fair value of scheme assets	**391,595**	**378,144**
Interest income	22,926	18,509
Re-measurement gain/(loss)		
▫ The return on plan assets, excluding the amount included in the net interest expense	(5,074)	(12,665)
▫ Other		0
The effect of changes in foreign exchange rates		0
Contributions from employer	12,333	12,044
Contributions from employees	3,807	3,723
Benefits paid	(8,685)	(8,160)
Assets extinguished on settlements	0	0
Other	0	0
Closing fair value of scheme assets	**416,902**	**391,595**

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	
	2025/26 £000	2024/25 £000	2025/26 £000	2024/25 £000	2025/26 £000	2024/25 £000	2025/26 £000	2024/25 £000	2025/26 £000	2024/25 £000	2025/26 £000	2024/25 £000
Opening balance at 1 April	(274,572)	(315,705)	(1,397,360)	(1,554,800)	(47,530)	(56,700)	(187,410)	(193,500)	(29,460)	(34,510)	**(1,936,332)**	**(2,155,215)**
Current service cost	(7,052)	(9,884)	0	0	0	0	(10,860)	(16,980)	(500)	(610)	**(18,412)**	**(27,474)**
Interest cost	(15,988)	(15,442)	(76,740)	(72,120)	(2,680)	(2,690)	(11,230)	(9,860)	(1,590)	(1,580)	**(108,228)**	**(101,692)**
Contribution from scheme participants	(3,807)	(3,723)	0	0	0	0	(14,190)	(13,560)	0	0	**(17,997)**	**(17,283)**
Re-measurement gains/(losses)												
▫ Actuarial gains/losses arising from changes in demographic assumptions	3,203	550	0	1,530	0	180	0	980	0	210	**3,203**	**3,450**
▫ Actuarial gains/losses arising from changes in financial assumptions	13,454	59,100	(1,630)	154,320	(19,180)	11,490	76,990	43,320	570	4,070	**70,204**	**272,300**
▫ Other	(25,048)	2,828	0	0	0	0	0	0	0	0	**(25,048)**	**2,828**
Past service costs	(26)	(456)	0	0	0	0	0	0	0	0	**(26)**	**(456)**
Losses/(gains) on curtailment	0	0	0	0	0	0	0	0	0	0	**0**	**0**
Liabilities assumed on entity combinations	0	0	0	0	0	0	0	0	0	0	**0**	**0**
Benefits paid	8,685	8,160	79,390	73,710	230	190	2,120	2,190	3,230	2,960	**93,655**	**87,210**
Liabilities extinguished on settlements	0	0	0	0	0	0	0	0	0	0	**0**	**0**
Closing balance at 31 March	(301,151)	(274,572)	(1,396,340)	(1,397,360)	(69,160)	(47,530)	(144,580)	(187,410)	(27,750)	(29,460)	**(1,938,981)**	**(1,936,332)**

Local Government Pensions Scheme assets comprised:

	Fair value of scheme assets	
	2025/26 £000	**2024/25 £000**
Cash and cash equivalents	3,640	3,419
Equity instruments: *by industry type*		
• Consumer	2,028	1,905
• Manufacturing	1,895	1,780
• Energy and utilities	0	0
• Financial institutions	404	380
• Health and care	861	809
• Information technology	13,909	13,064
• Other	1,512	1,420
Sub-total equity	20,608	19,357
Bonds: *by sector*		
• Corporate	0	0
• Government	0	0
• Other	0	0
Sub-total bonds	0	0
Property: *by type*		
• United Kingdom	30,889	29,014
• Overseas	532	499
Sub-total property	31,421	29,513
Private equity:		
• All	27,522	25,851
Sub-total private equity	27,522	25,851
Other investment funds:		
• Equities	122,436	115,004
• Bonds	156,451	146,954
• Hedge Fund	27,523	25,852
• Infrastructure	7,812	7,337
• Other	19,490	18,307
Sub-total other investment funds	333,712	313,455
Derivatives:		
• All	0	0
Total Assets	**416,902**	**391,595**

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 2025.

In respect of the McCloud Pension case, claimants have lodged claims for compensation under two active sets of litigation, Aarons and Penningtons. Government Legal Department settled the injury to feelings claims for Aarons on behalf of Chief Officers without seeking any financial contributions. The settlement of the injury to feelings claims for Aarons sets a helpful precedent, therefore no liability in respect of compensation claims is recognised in these accounts. Pecuniary loss claims remain stayed under advice from Counsel, but it is expected that most of these claims will be settled under the current compensation mechanism that is provided for under the Public Service Pensions & Judicial Offices Act (PSPJOA) 2022. As at 31 March 2026, it is not possible to reliably estimate the extent or likelihood of Penningtons claims being successful, and therefore no contingent liability in respect of compensation claims is recognised in these accounts.

<u>Remedy</u>

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.

<u>Impact on pension liability</u>

Allowing for all eligible members to accrue benefits from their legacy scheme during the remedy period would lead to an increase in the Police Pension Scheme liabilities. Scheme actuaries originally estimated the potential increase in scheme liabilities for Cheshire to be approximately 4.4% or £99.6m of pension schemes liabilities. This increase was reflected in the IAS 19 disclosure as a past service cost in the 2018/19 accounts. In 2019/20, the estimated increase was a further £13.8m reflecting an additional years' benefits from the remedy and a reduction of £17.5m resulting from the eligibility criteria for members set out in HM Treasury's consultation. In 2020/21, the estimated increase was a further £15.9m reflecting an additional years' benefits from the remedy. The actuaries have highlighted that these estimates are based on the potential impact of any difference in the profile of the force's membership compared with the scheme as a whole and that the figures are highly sensitive to assumptions around short term earnings growth. From 2021/22 the current service cost allows for the higher expected cost of accrual under McCloud.
The impact of an increase in scheme liabilities arising from McCloud/Sargeant judgment will be measured through the pension valuation process, which determines employer and employee contribution rates. The impact of an increase in annual pension payments arising from McCloud/Sargeant is determined through the Police Pension Fund Regulations 2007. These require a Police and Crime Commissioner to maintain a police pension fund into which officer and employer contributions are paid and out of which pension payments to retired officers are made. If the police pension fund does not have sufficient funds to meet the costs in year, the amount required to meet the deficit is then paid to the Commissioner in the form of a central Government top-up grant.

Local Government Pension Scheme (LGPS)

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

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

	Local Government Pension Scheme		**Police Pension Schemes**	
	2025/26	**2024/25**	**2025/26**	**2024/25**
Mortality assumptions:	**Yrs**	Yrs	**Yrs**	Yrs
Longevity at 65 (police), 65 (LGPS) for current pensioners:				
Men	21.3	20.6	21.9	21.9
Women	24.3	23.6	23.9	23.9
Longevity at 65 (police), 65 (LGPS) for future pensioners:				
Men	22.3	21.5	23.3	23.3
Women	25.8	25.4	25.2	25.2
Other assumptions:	**%**	%	**%**	%
Rate of Inflation – RPI / CPI	3.05/2.75	3.05/2.75	2.7	2.7
Rate of increase in salaries – Long Term/Short Term	3.45	3.45	3.45	3.45
Rate of increase in pensions	2.75	2.75	2.7	2.7
Rate of CARE revaluation	-	-	3.95	3.95
Rate of commutation allowance	65	65	0	0
Rate for discounting scheme liabilities	5.8	5.8	5.65	5.65

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	5,435	-6.5	(90,000)	-12.5	(6,000)	-12.5	(23,000)	-9.0	(3,000)
0.5% increase in salary increase	0.0	233	1.0	11,000	6.5	3,000	0.0	0	2.5	1,000
0.5% increase in pension increase	2.0	5,202	6.0	87,000	8.5	4,000	15.0	28,000	7.5	2,000
1 year increase in life expectancy	4.0	12,046	2.5	32,000	2.0	1,000	1.5	3,000	1.5	0

Impact on the Commissioner’s cash flow

The objectives of the scheme are to keep employers’ contributions at as constant a rate as possible. The Local Government Pension Scheme run by Cheshire West and Chester Council has agreed a strategy with the scheme’s actuary to achieve a funding level of 100% over the next few years. Funding levels are monitored on an annual basis. The next triennial valuation is due to be completed as at 31 March 2028.

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 2025/26, the weighted average duration of the defined benefit obligation for scheme members is 14 years (Police Pension 1987); 25 years (Police Pension 2006); 27 years (Police Pension 2015).

34. Police Pension Fund and related notes

POLICE PENSION FUND
(Group & Police & Crime Commissioner)

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

2024/25 £000	FUND ACCOUNT	2025/26 £000
	Contributions Receivable from:	
(35,083)	Employer at 35.3% of pensionable pay	(36,169)
(1,886)	Early Retirements	(1,069)
(13,601)	From current employees	(14,256)
(50,570)		(51,494)
0	Transfers in from other Police & Crime Commissioners	
(241)	Transfers in from other pension schemes	(89)
(50,812)		(51,582)
	Benefits Payable:	
65,281	Pensions	67,920
14,405	Commutations and lump sum retirement benefits	12,915
0	Lump sum death benefits	467
	Payments to and on account of leavers	
67	Transfers out to other schemes	0
144	Refunds of contributions	146
	Other Payments	
0	Pension Admin and Interest Charges	0
79,897		81,447
29,086	Net amount payable for the year	29,865
(29,086)	Additional contribution from the Commissioner [1]	(29,865)
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.

34.1 Basis of Fund

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

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

and for the Secretary of State to:

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

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

34.2 Accounting policies

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

The Police Pension Fund account on page 106 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 2026.

Liabilities

McCloud Penningtons Case

In respect of the McCloud Pension case, claimants have lodged claims for compensation under two active sets of litigation, Aarons and Penningtons. Government Legal Department settled the injury to feelings claims for Aarons on behalf of Chief Officers without seeking any financial contributions. The settlement of the injury to feelings claims for Aarons sets a helpful precedent, therefore no liability in respect of compensation claims is recognised in these accounts. Pecuniary loss claims remain stayed under advice from Counsel, but it is expected that most of these claims will be settled under the current compensation mechanism that is provided for under the Public Service Pensions & Judicial Offices Act (PSPJOA) 2022. As at 31 March 2026, it is not possible to reliably estimate the extent or likelihood of Penningtons claims being successful, and therefore no contingent liability in respect of compensation claims is recognised in these accounts.

McCloud Contingent Decisions

There remains uncertainty on how many received applications will reinstate opted out service and the number of possible applications received in the likely event the NPCC recommend forces contact all 1987 Scheme officers that are eligible to apply and provide them with a revised deadline to apply. It is then uncertain how many of the new applications will be approved or will ultimately decide to buy back opted out service. Cheshire's costs relate to employer contributions due for pre and post remedy periods and costs from our pensions administrator.

Motorway Speed Enforcement (Op Cabin)

The Department for Transport (DfT) has confirmed that National Highways is responsible for funding financial redress arising from erroneous speed enforcement linked to certain managed motorway cameras enforced on their behalf by Cheshire Constabulary. While police forces are involved in supporting the administration of the redress scheme, no liability resulting from this redress is expected to fall to the Police Force or the Police and Crime Commissioner. At the date of approval of these financial statements, the redress scheme has not yet been fully implemented, and the final scope remains subject to further approvals. Accordingly, no provision has been recognised in these accounts, but this matter is disclosed as a contingent liability.

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 XX xxxxxxxx 2026.

ANNUAL GOVERNANCE STATEMENT 2025/26

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 (CIPFA/IFAC) and subsequent updates 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 a key corporate document for Cheshire, providing an accurate representation of the governance arrangements and controls in place to support 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 2026 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 internal decision-making body for the Constabulary. Joint strategic decisions are taken through the Joint Management Board.

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 2025/26 inflationary pressures have continued to affect pay and prices of some goods and services 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 2025/26 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 CIPFA Financial Management (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 Police and Crime Commissioner, the Chief Constable, their respective Chief Finance Officers (statutory s.151 officers), and their professional colleagues within the leadership team.

Both Chief Finance Officers are professionally qualified, operate in accordance with relevant professional standards, and are members of their respective leadership teams, ensuring that strategic decisions are informed by sound financial advice.

Senior finance and leadership representatives play a key role in governance arrangements, with attendance at all key decision-making boards (e.g. Joint Management Board, SCT Business and the Resources Board), ensuring appropriate financial oversight, challenge and assurance.

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 2025/26 and the revised documents were signed off at Joint Management Board on 28th January 2026. 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 March 2026). 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 PEEL inspection (2023–2025 programme) was published during 2024/25 PEEL 2023–2025: An inspection of Cheshire Constabulary - His Majesty's Inspectorate of Constabulary and Fire & Rescue Services . The next PEEL review is due to be undertaken during 2026/27 and will be reported in a future AGS.

4. **Good Governance in the Police**

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

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

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

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

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

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

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

- Courage – making, communicating and being accountable for decisions, and standing against anything that could bring our profession into disrepute.
- Respect and empathy – encouraging, listening to, and understanding the views of others, and seeking to recognise and respond to the physical, mental and emotional challenges that we and other people may face.
- Public service – working in the public interest, fostering public trust and confidence, and taking pride in providing an excellent service to the public.

5.3 Cheshire Constabulary has fully adopted the Code of Ethics from its inception in 2014 and this has been embedded into everyday decision-making.

5.4 The Professional Standards Department is responsible for the receipt, recording and, where relevant, investigation of public complaints against the conduct of officers and/or members of police staff as well as investigating allegations of misconduct within the Cheshire Constabulary. The behaviour and integrity of police officers and members of police staff are at the very core of the Constabulary's values and service ethos and the department engages widely within the Constabulary to promote and uphold these exacting standards with mandatory training for staff and officers as and when required. The Department is responsible for the Constabulary’s anti-fraud and corruption arrangements together with their whistle blowing procedures. In addition, the Department records all gifts and hospitality and business interests to ensure the integrity and transparency against any conflicts of interests.

5.5 The Policing and Crime Act 2017 and supporting regulations made significant changes to the complaints and disciplinary systems that took effect from 01 February 2020. They introduced a number of changes designed to achieve a more customer-focused complaints system. Local accountability was enhanced through changes to the role of local policing bodies (Police & Crime Commissioners) which now have a statutory responsibility to hold their Chief Constable to account for the performance of the complaints system locally and for ensuring there are appropriate processes in place for dealing with conduct and death or serious injury (DSI) matters.

5.6 In addition, all local policing bodies now have certain duties in relation to the handling of complaints, some of which are mandatory and now a statutory responsibility. For example, from 01 February 2020, the Police & Crime Commissioner became a relevant review body (RRB) for complaints (recorded on or after 01 February 2020) and assumed responsibility for determining whether the outcome of a complaint was reasonable and proportionate. This change aimed to increase independence and transparency, particularly at a local level.

5.7 It should be noted that depending on the circumstances of the initial complaint, the Independent Office for Police Conduct (IOPC) may be the relevant review body. The determination in relation to the relevant review body will be made by the Professional Standards Department.

5.8 The Appropriate Authority for a complaint that relates to the Chief Constable is the local policing body with responsibility for that police force area. As such, the Police & Crime Commissioner is responsible for handling complaints against the Chief Constable of Cheshire Constabulary. Again, in certain circumstances, the IOPC may be the relevant review body.

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 2025/26.

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 listening to local people about policing and community safety, the Commissioner is holding Citizens Assemblies in each of the Cheshire local policing areas. These Assemblies are the first of their kind in the country and consist of a group of people who live in the local policing area being brought together to give their views on local crime and policing matters. The first Assembly was piloted in Crewe in the autumn of 2024 and informed the Commissioner's Police and Crime Plan. To date there have been five Citizens assemblies with a further 4 planned for 2026/27 to 2027/28 and these help to shape the Commissioner's priorities and give Cheshire communities a voice in better informing how we police in Cheshire.

6.3 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.

6.4 In January 2026, the consultation on the Commissioner's precept proposal received over 6,000 responses, the most recorded for a precept consultation in Cheshire to date. Over 70% of respondents supported an increase in the precept of £15 or more.

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 2025/26 there were 17,567 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 number of victims to gather feedback and inform service improvement. In 2025/26 94 surveys were conducted of this nature.

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-transparency-statement-2025 (September 2025). 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 aspects 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 SCT Business 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 SCT Business 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 has successfully delivered the national Police Officer Uplift Programme (PUP), achieving its target of an additional 330 officers ahead of 2025/26. Whilst the PUP programme formally continues until 2026/27, the required uplift had already been achieved, and the focus has therefore shifted to maintaining officer numbers and managing attrition.

Recruitment and workforce planning in 2025/26 are aligned to sustaining establishment levels and meeting both local demand and emerging national priorities.

2025/26 represents the first year of the Neighbourhood Policing Guarantee (NPG), with an increase of 24 officers during the year, taking total officer numbers from 2,377 to 2,401. This reflects a renewed focus on strengthening neighbourhood policing and ensuring a visible and accessible policing presence within communities, with this priority continuing into 2026/27 and beyond. The Constabulary continues to invest in the skills of its workforce, including detective training, to ensure resilience, capability, and future capacity in key areas of demand.

Officer numbers and workforce composition remain subject to regular scrutiny, with returns submitted quarterly to the Home Office. Preparations are also underway for the removal of PUP-related reporting from 2026/27, with a transition to locally driven workforce planning and a stronger emphasis on neighbourhood policing outcomes.

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 2025/26, the JAAC provided independent assurance to those charged with governance on the adequacy of the risk management framework, the internal control environment and the integrity of the financial reporting and governance processes within the Constabulary and OPCC.

10.3 The review and subsequent update/amendment to the risk register ensures that there is a joined-up approach between the Commissioner and the Chief Constable and that the key risks are evaluated, managed, mitigated, scrutinised and reported top down and bottom up through both Leadership Teams.

10.4 The Constabulary has a comprehensive performance management framework in place known as 'Raising the Bar'. This outlines the performance management approach including key meetings and structures and indicators which ensure delivery of the objectives set out in the Police and Crime Plan and other key local and national priorities.

10.5 Performance is monitored through regular 1-2-1 meetings, Area Performance Meetings, Quarterly Performance Meetings and a monthly Force Performance Day as well as through regular Scrutiny Meetings with the PCC. Actions from meetings are recorded and progress against them is monitored.

10.6 Performance is scrutinised by the Commissioner at regular scrutiny meetings and actions are identified at these meetings, which are kept under review and progress reported to the Commissioner.

10.7 Cashflow, short and long-term borrowing, investments and the use of reserves and balances are monitored by both s.151 officers and are reported to the Commissioner and Chief Constable in Treasury Management updates at Joint Management Board.

10.8 Processes are in place to ensure Officers and staff are aware of the threat of cyber-crime and can recognise potential cyber security threats and take appropriate action. Plans are in place to ensure this information is kept continuously up-to-date and is disseminated across the organisation.

10.9 Where processes or system arrangements show areas requiring improvement, action is taken to ensure internal control and financial management is complied with.

10.10 The Annual Risk Management Report provides a comprehensive overview of the organisation's risk management arrangements over the past year, offering assurance that risks are being effectively identified, assessed, and mitigated. Reviewed through SCT Business and Joint Management Board (JMB), the report supports transparency and accountability at the highest levels of governance. It includes a summary of strategic and operational risks, outlines the governance structure, and incorporates findings from His Majesty's Inspectorate of Constabulary and Fire & Rescue Services (HMICFRS). Additionally, it covers business continuity planning and insurance arrangements, ensuring the organisation remains resilient and responsive to emerging challenges. The report also highlights areas for improvement, contributing to a culture of continuous learning and proactive risk management.

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

11.1 All key joint decisions are taken through the Joint Management Board, supported by internal decision-making within the Constabulary's SCT Business Meeting.
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 2025/26 and details of these meetings can be found on their website. Cheshire Police and Crime Panel

11.3 Both the Commissioner and Chief Constable have Publication Schemes on their respective websites listing information available and a means of contact should the information required not be included.

11.4 The Constabulary's Information Management team co-ordinate all information held to ensure compliance with all the appropriate requirements including Freedom of Information requests and Data Protection. The OPCC liaises closely with the Information Management team in relation to Freedom of Information requests and Data Protection issues, however, within the OPCC these are managed by the OPCC Head of Scrutiny, Planning and Compliance 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.

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 and the Independent Ethics Panel which considers ethical issues in policing. The Independent Advisory and Accountability Meeting (IAAM) look at policies and procedures and the tier in the procedural justice model above the Community Cohesion Groups (CCGs) and below and feeds into the Procedural Justice Meeting. The CCG's are responsible for scrutiny of public treatment around Stop & Search and Use of Force.

12.4 Assurance was provided on 2024/25 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)].

12.5 The overall Internal Audit opinion for the period 1st April 2025 to 31st March 2026 is shown below and provides substantial assurance that there is a good system of internal control designed to meet the organisation's objectives, and that controls are generally being applied consistently.

As highlighted above, the overall opinion for the period 1st April 2025 to 31st March 2026 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.**

Context: This opinion is provided in the context that the Police and Crime Commissioner and Chief Constable like other organisations across the public sector is continuing to face a number of challenging issues with regards to the wider political and local arrangements and the corresponding uncertainty this causes. There are ongoing financial and workforce challenges coupled with continued growth in the complexity of investigations and digital and cyber related crimes.

Our opinion has remained at a Substantial Assurance for 2025-26.

The last PEEL report by His Majesty's Inspectorate of Constabulary and Fire & Rescue Services (HMICFRS) dated February 2025 graded Cheshire Constabulary's performance across eight areas of policing. It found the constabulary was 'outstanding' in two areas, 'good' in four areas and 'adequate' in two areas.

Outstanding	Good	Adequate	Requires improvement	Inadequate
Protecting vulnerable people	Police powers and public treatment	Responding to the public		
Managing offenders	Preventing crime	Investigating crime		
	Developing a positive workplace			
	Leadership and force management			

Reported Public Scrutiny performance figures at 31st March 2026 confirm that the Constabulary has delivered the Neighbourhood Policing Guarantee for 2025/26. Neighbourhood officer establishment has increased by a net of 51.37 FTE. This is 3.68 above the 2025/26 target of 47.69.

Performance across the constabulary has been strong in year. For the 12 months ending December 2025 Cheshire had a crime rate per 1,000 population of 69.0 – the 12th lowest nationally and 4th lowest compared to its 7 most similar forces.

During the yar the OPCC have supported 122 projects investing £400,000 in projects that support local communities and prevent crime. The OPCC was also the first in the country to introduce citizens assemblies to support the development of policing within cheshire and the Police and Crime Plan.

The Constabulary and OPCC have a positive and proactive relationship with internal audit and responsiveness to recommendations has continued to be excellent.

Compliance with professional standards: In providing this opinion we can confirm continued compliance with the definition of internal audit (as set out in your Internal Audit Charter), code of ethics and professional standards. We also confirm organisational independence of the audit activity and that this has been free from interference in respect of scoping, delivery and reporting.

Purpose: The purpose of our Head of Internal Audit (HoIA) Opinion is to contribute to the assurances available to the Police and Crime Commissioner and Chief Constable which underpin the Police and Crime Commissioner and Chief Constable's own assessment of the effectiveness of the system of internal control. As such, it is one component that the Police and Crime Commissioner and Chief Constable takes into account in making its Annual Governance Statement (AGS).

12.6 All audit reports are presented to the Joint Audit Advisory Committee and published on the websites. Public notices in relation to the accounts are also published on the websites in line with statutory requirements. Outstanding actions from relevant reviews are reported to each JAAC meeting in the Service Assurance Plan and follow up reports from internal and external audit also go to JAAC meetings.

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

13. *Areas for Action in 2025/26*

13.1 Within the 2024/25 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 2025/26.

13.2 **Action 1: The Medium-Term Financial Strategy (MTFS) –** The MTFS continues to present significant financial challenges and uncertainty, with required budget savings that may impact service delivery. To mitigate these risks, the MTFS is regularly reviewed and updated, with key updates circulated through SCT Business and Joint Management Board (JMB) to ensure awareness. The Constabulary undertakes an annual, detailed review of all budgets using a priority-based budgeting approach, alongside service reviews and the change process, to identify savings while maintaining operational viability. Additionally, the Police and Crime Commissioner retains the ability to raise the policing precept within government-imposed limits to help address budget shortfalls. Given the current financial position, known pressures, and potential funding risks, the priority-based budgeting process will be especially critical and challenging in 2025/26. These processes will be initiated early in the financial year, with a single point of contact (SPOC) from the Joint Audit and Assurance Committee (JAAC) assigned to support and report progress. The overarching risk remains a reduction in operational and organisational capacity and capability to respond to current and emerging threats, thereby impacting the achievement of all strategic objectives. (Owner: OPCC and Constabulary s151 Officers)

Update: - *The approved MTFS 2026–2031 recognises a challenging and uncertain financial environment, with inflationary pressures, limited government funding beyond 2026/27 and increased national expectations. The Strategy is reviewed bi-annually, with updates reported through SCT Business and Joint Management Board to support effective oversight.*
Priority-based budgeting, supported by service and thematic budget reviews, vacancy controls and value-for-money benchmarking, is being used to identify efficiencies while maintaining operational viability. The authorised 2026/27 precept increase has been built into financial plans; however, funding assumptions beyond this remain cautious and further savings are increasingly difficult to achieve without service impact.
Enhanced governance arrangements are in place, including early initiation of the budgeting process and oversight from the JAAC. The principal risk remains a reduction in organisational capacity affecting delivery of strategic objectives.

13.3 **Action 2: Cyber-Attacks:** Cyber-Attacks on police forces, public sector bodies, and their suppliers are becoming more frequent, with threats often coming from hostile states and organised crime. Cheshire has strong cyber security measures in place and consistently meets external audit standards. Still, the risk is ongoing and evolving, as shown by recent incidents affecting our supply chain. We regularly update our cyber controls and take part in nationally coordinated responses through Gold command structures when needed. All departments are expected to plan on the basis that a cyber incident could happen at any time, with robust business continuity plans in place to manage any long-term system outages. Key actions this year include expanding offline backup capacity, continuing mandatory cyber awareness training for all staff, and testing business continuity plans annually—especially for scenarios involving loss of critical systems. A serious cyber-attack could severely impact our ability to respond to calls for service, posing a direct risk to public safety. (Owner: Senior Information Risk Owner)

Update: *The risk from cyber-attacks has increased over the past year due to a number of factors. Although Ransomware attacks remain prevalent, AI is being used as an easy way to target organisations with an increased frequency and sophistication, particularly through phishing campaigns. The conflict in the Middle East has also seen the UK targeted by affiliate groups. This risk is unlikely to diminish anytime soon and we continue to work with national bodies, regularly review our security tooling and maintain awareness amongst staff.*

14. ***Areas for Action in 2026/27***

14.1 The governance framework, internal controls and application of the principles have been reviewed during 2025/26 with the following areas highlighted as risks together with the mitigating actions required.

14.2 **Action 1: Police Reform :** National policing reform, including the January 2026 Police Reform White Paper published by the Home Office, and proposals affecting governance arrangements and funding, introduces significant uncertainty and potential longer-term impact on the Constabulary and OPCC. While immediate operational impact is assessed as limited, the scale and scope of proposed reforms may affect organisational structures, accountability arrangements, financial planning and service delivery over the medium term.

The Constabulary and OPCC continue to monitor national policy developments closely and actively engage with national bodies and review processes to ensure local implications are understood and reflected in planning assumptions. This risk is embedded within the Medium-Term Financial Strategy, Force Management Statement and priority-based budgeting process to support proactive management as further detail emerges. The principal risk remains that insufficient clarity or pace of reform could adversely impact strategic decision-making and organisational stability.
(Owner: OPCC Chief Executive Officer and Chief Constable)

14.3 **Action 2: Data Quality in Shared NICHE Platform :** The continued use of the shared NICHE platform presents an ongoing risk around data quality, consistency and accuracy. As highlighted in the Strategic Risk Register, weaknesses in data quality can lead to operational decision-making errors, reduced safeguarding effectiveness, regulatory non-compliance and potential reputational or legal consequences.

In response, a structured improvement programme is in place and governed through Digital Change. This includes clearly prioritised workstreams, a dedicated project board and escalation through the Strategic Risk Register to ensure appropriate oversight at a strategic level. Activity is focused on addressing the highest-risk issues first, with progress monitored against operational impact and risk, alongside ongoing audit and review.
Over the coming period, we will continue to strengthen governance and delivery by:

- Maintaining clear prioritisation of data quality improvements based on risk and safeguarding impact
- Driving delivery through the established programme structure and RAID management
- Improving data quality monitoring, assurance and accountability across operational teams
- Integrating improvements into business-as-usual processes to support sustained data integrity

Despite these actions, the complexity and volume of legacy data mean this remains an ongoing risk. Continued focus, investment and oversight will therefore be required to ensure improvements are maintained, risks are reduced over time, and service outcomes and public confidence are protected. **(Owner: Senior Information Risk Owner – ACC Innovations)**

15. **Summary**

15.1 We are satisfied that the governance framework and arrangements in place during 2025/26 and up to the date the accounts were signed are adequate and fit for purpose. The arrangements are subject to independent review and assurance from various sources as noted in paragraphs 12.3.

15.2 We propose over the coming year to take steps to address the issues identified in paragraph 14.1 above to further enhance the governance arrangements. Additional actions can be taken in-year through the business planning and objective setting processes. We are satisfied that these steps will address the need for improvement as identified in the review of effectiveness and will monitor their implementations and operation as part of the next annual review.

Signed

Dan Price
Police & Crime Commissioner

Mark Roberts
Chief Constable

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

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

GLOSSARY OF TERMS

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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