



Dan Price
Cheshire
Police & Crime
Commissioner

Cllr Judy Snowball
Chair, Police & Crime Panel for Cheshire
c/o Cheshire East Council
Delamere House
Delamere Street
Crewe
Cheshire
CW1 2JZ

Dan Price
Police & Crime Commissioner
Cheshire Constabulary Headquarters
Clemonds Hey
Oakmere Road
Winsford
CW7 2UA

Date: Wednesday 29 January 2025

Our Ref:
PCC/20250129

Your Ref:

Tel:
01606 364000

Email:
police.crime.commissioner@cheshire.police.uk

Dear Cllr Snowball,

Proposed Precept 2025/26

I enclose details of the proposed precept for 2025/26 for consideration at your meeting on Friday 7 February 2025. This is based upon the provisional settlement issued by the Home Office on 17 December 2024. A full copy of the budget and council tax precept report approved by the Joint Management Board on Wednesday 29 January is also enclosed for information.

The 2025/26 budget takes account of my new Police and Crime Plan, which has a wide range of innovative initiatives within it that will ensure the service is well equipped to deal with current and emerging threats and drive efficiencies and investigative capacity. I have listened to the public from across Cheshire, including through the first ever Police and Crime Commissioner Citizens' Assembly in the UK, and have developed a plan with three key pillars:

- Listen to the Public
- Modernise
- Reduce Crime.

As my Chief Finance Officer, Clare Hodgson, will brief the Panel informally on 31 January 2025, Cheshire Constabulary will receive a potential funding increase of up to 6.1% (approx. £16.2m) for 2025/26. Within this is an assumed increase to the policing element of the council tax precept of £14 per annum for a band D property, which is estimated to give £6.4m (40%) of the increase. This is an increase of around £1.17 per month at Band D. Nearly two thirds of households in Cheshire fall in Council Tax Bands A-C, so will pay less than £14 annual increase as shown below:

| Council Tax Band | Current payment (Per Annum) | Increase (Per Annum) | Total payment (Per Annum) |
|-------------------------|------------------------------------|-----------------------------|----------------------------------|
| A | £175.29 | £9.34 | £184.63 |
| B | £204.51 | £10.89 | £215.40 |
| C | £233.72 | £12.45 | £246.17 |
| D | £262.94 | £14.00 | £276.94 |
| E | £321.37 | £17.11 | £338.48 |
| F | £379.80 | £20.22 | £400.02 |
| G | £438.23 | £23.34 | £461.57 |
| H | £525.88 | £28.00 | £553.88 |

As mentioned previously, the assumption of a £14 precept increase is included within the funding increase of £16.2m. If I do not increase the precept by £14 per annum at Band D, this would result in a significant loss of funding to Cheshire in 2025/26 and this amount would be lost to the base budget going forward.

The funding received from Central Government includes an increase which fully covers the additional costs to Cheshire Constabulary of National Insurance increases. It also includes £6.9m which must be claimed separately and is dependent upon maintaining police officer numbers and increasing resources within neighbourhood policing in line with the Neighbourhood Policing Guarantee. Cheshire will maintain officer numbers at 2,395 plus an additional 15, which is the highest in modern times.

Inflation and legal and unavoidable commitments added almost £20m to Cheshire Constabulary's costs and a budget gap exists. A comprehensive Priority Based Budgeting exercise was carried out to ensure resources continue to be allocated to priority areas as set out in my Police and Crime Plan and to meet local policing needs. This exercise also identified £6.3m of savings that could be made to help address the funding gap.

A formal consultation exercise on the police precept was undertaken between 6 January and 20 January 2025. The survey was carried out online, with residents being encouraged to complete the survey via social media. Paper copies were also printed and distributed to people who requested them. A total number of 1,694 responses were received online, with paper copies still being collated and full results expected the first week of February. 67% of respondents agreed to support an increase to the precept of either £14 (31% support) or above (36% support).

Cheshire Constabulary ranks within the top 5 forces nationally for charge/outcome rates in sexual offences (2nd), other sexual offences (3rd) and all crimes (top 5). Support through the police precept in 2024/25 enabled me to allocate funding to maintain improved performance in several key priority areas. The percentage of emergency calls answered within 10 seconds has increased compared to the previous year, as has the percentage of offenders who have been brought to justice.

In the face of future financial uncertainties, current pressures, and the fast-moving pace of complex demands, it is vital that the Chief Constable has the resources necessary to protect the public of Cheshire, achieve my Police and Crime Plan priorities and to deliver on local priorities and commitments at a national level. To achieve this, I am therefore proposing an increase of £14 per annum (based on band D) to go towards achieving my Police and Crime Plan priorities.

In accordance with legislation, I submit this precept proposal for the Panel's consideration on Friday 7 February 2025 and should be grateful for your response by the statutory deadline of 8 February 2025.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Dan Price', written in a cursive style.

Dan Price
Police & Crime Commissioner

JOINT MANAGEMENT BOARD

DECISION NO. 2025/04

DATE: 29 JANUARY 2025

BUDGET AND COUNCIL TAX PRECEPT 2025/26

Executive Summary:

The Commissioner is required by law, to set an annual budget and issue a precept (the Commissioner's element of council tax), taking into account Government grant funding, operational demands, and the economic inflationary pressures. Full details of the 2025/26 budget are presented in Appendix 1.

Recommendations: that

- (1) the Police & Crime Panel be notified that it is proposed to increase the police element of council tax by 5.3% (£14 p.a. for an average Band D equivalent property for 2025/26; an uplift from £262.94 to £276.94; i.e., by 27p per week);
- (2) the net budget requirement for the financial year commencing 1 April 2025 be set at £262.527m.
- (3) the proposed 2025/26 precepts be as follows:

| | Number of Band D equivalent houses | Precept on Collection Fund £ |
|---------------------------|---|------------------------------------|
| Cheshire East | 163,261.10 | 45,213,529 |
| Cheshire West and Chester | 131,666.40 | 36,463,693 |
| Halton | 36,936.00 | 10,229,056 |
| Warrington | 72,262.00 | 20,012,238 |
| Total | 404,125.50 | 111,918,516 |

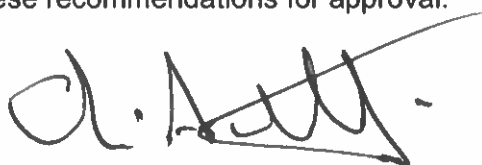
| Band | Proposed 2025/26 £ | Actual 2024/25 £ | Change per year £ | Change per week £p |
|----------|--------------------------|------------------------|-------------------------|--------------------------|
| A | 184.63 | 175.29 | 9.34 | 0.18 |
| B | 215.40 | 204.51 | 10.89 | 0.21 |
| C | 246.17 | 233.72 | 12.45 | 0.24 |
| D | 276.94 | 262.94 | 14.00 | 0.27 |
| E | 338.48 | 321.37 | 17.11 | 0.33 |
| F | 400.02 | 379.80 | 20.22 | 0.39 |
| G | 461.57 | 438.23 | 23.34 | 0.45 |
| H | 553.88 | 525.88 | 28.00 | 0.54 |

- (4) the deficit of collection funds allocated to the Commissioner of £72k included in the budget and its funding from reserves, be noted;
- (5) the Legal & Unavoidable Commitments of £5.804m and Operational demands and pressures of £1.719m as set out in tables 3 and 4 of the report, be approved;

- (6) the savings proposals totalling £6.288m, as set out in table 5 in the budget report, be approved;
- (7) the financial health targets for monitoring purposes as set out below, be approved:
- (i) *Reserves*
That the level of general reserves, after allowing for potential financial risks be maintained, at no lower than 3% of the net budget and that this be monitored by the Commissioner on a quarterly basis.
 - (ii) *Revenue Spending*
That the Chief Constable maintains revenue spending within 1% of the net budget and that this is monitored by the Commissioner on a quarterly basis.
 - (iii) *Capital Programme Management*
That the Chief Constable maintains the projected capital outturn at a level that does not vary from the original capital programme by more than 20%. The total capital programme includes the new schemes and those schemes brought forward from previous years. This target is to be monitored by the Commissioner on a quarterly basis.
 - (iv) *Debt*
That the Chief Constable collects at least 50% of debtor income within one month of the invoice being raised.
 - (v) *Prudential Indicators*
That the actual prudential indicators be monitored by the Commissioner on an annual basis against the indicators set in the budget.
- (8) the Capital Strategy and Reserves Strategy as set out in appendices 5 and 6 be approved.

I submit these recommendations for approval.

Signature



Date 29 January 2025

Deputy Chief Constable

I have reached the following decision:

Approval of the recommendations.

My rationale for this decision is:

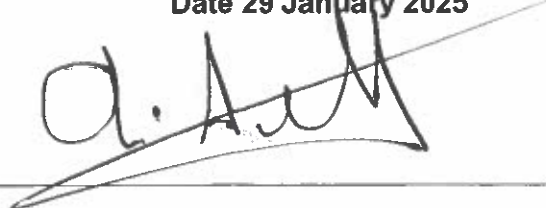
Agreeing the 2025/26 budget will allow the Chief Constable to deliver the priorities contained within my Police and Crime Plan and provide the appropriate level of resources for Cheshire Constabulary for the next financial year.

Signature



Police & Crime Commissioner

Date 29 January 2025



PART 1 – NON-CONFIDENTIAL FACTS AND ADVICE

INTRODUCTION AND BACKGROUND

1. The purpose of this report is to enable the Commissioner to finalise the 2025/26 budget and meet their statutory duty to set a precept.
2. The Commissioner receives funding from two main sources – Government grants and local council tax (known as a precept). Government grants account for around 58% with local council tax funding covering the remaining 42%.
3. On 17 December 2024, the Home Secretary published the Provisional Police Grant Report 2025/26 alongside the Minister of State for Crime, Policing and Fire's Written Ministerial Statement. It included the following overall statement on policing funding for 2025/26:

'The settlement for 2025/26 provides a total of up to £17.4 billion for police forces, Funding available to Police and Crime Commissioners will increase by up to an additional £987 million in 2025/26, a 6% cash increase. This includes local flexibility to increase council tax precept by £14 for English forces.'

4. Full details of the proposed 2025/26 budget are set out in appendix 1. A consultation exercise was undertaken between 6 January and 20 January 2025, details of which are reported in appendix 1.
5. In addition to the budget, the Commissioner is asked to approve the Capital Strategy and Reserves Strategy. as set out in appendices 5 and 6.

FINANCIAL COMMENTS

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

LEGAL COMMENTS

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

EQUALITY COMMENTS

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

Public access to information

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

Is there a Part 2 form - No

Contact Officer: Wendy Bebbington, Chief Finance Officer (Constabulary)

Tel. No.: 01606 362035

Email: wendy.bebbington@cheshire.police.uk

CHIEF OFFICER DECLARATION (Chief Finance Officer (Constabulary) - Wendy Bebbington):

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

Signature



Date 22 January 2025

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

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

Signature



Date 22 January 2025

REVENUE BUDGET AND COUNCIL TAX 2025/26

PURPOSE OF THE REPORT

1. The purpose of this report is to enable the Commissioner to finalise the budget for 2025/26 and meet their statutory duty to set a precept. An overview of the statutory requirements regarding the budget and precept setting including the timing of decision-making and interaction with the Police and Crime Panel is attached in Appendix 2.

INTRODUCTION

2. The Commissioner is required to set an annual balanced budget and precept, taking into account Government funding, precept regulations and organisational demands. This requirement is supported by the production of a Medium-Term Financial Strategy (MTFS) with the annual budget forming the first year of the Strategy. The creation and maintenance of the MTFS is fundamental in promoting good financial planning and delivery of value for money.
3. The MTFS covers the period 2025 to 2030 and is based on several assumptions as set out within the report. In addition to the MTFS, there are a number of other financial strategies relating to reserves, capital, and treasury management that both inform and support the budget process. The current documents are available on the Commissioner's website via the following link – www.cheshire-pcc.gov.uk.

COMMISSIONER'S PRIORITIES FOR POLICING 2024-28

4. This budget is being set against the context of the Commissioner's new Police and Crime Plan and the wide range of innovative initiatives included within it. The budget proposal contained in this report will help ensure that the Plan and its objectives can be successfully delivered, and the communities of Cheshire kept safe. The Commissioner's Plan includes the following three key pillars:
 - Listen to the Public
 - Modernise
 - Reduce Crime

Listen to the Public

5. The Commissioner has set out his plans to engage widely with the public through the hosting of citizens assemblies in each of the nine Local Policing Units (LPUs) across the Constabulary area. This will enable the Commissioner and his team to hear the voices of local people and enable local policing teams to be better informed on the views of local residents.
6. The Commissioner's Plan includes a wide range of support for victims of crime, by commissioning tailored services to best meet their needs. By regularly reviewing police performance and holding the Chief Constable to account, the Commissioner will ensure that the police are using all the tools available to them. He will retain a sharp focus on the Constabulary handling victims with care, respect and sensitivity.

Modernise

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

Reduce Crime

9. Through his citizens assemblies, the Commissioner is clear how important neighbourhood policing, and a visible police presence is to all our communities and will support and review the development of the neighbourhood policing model where all communities will have a named contact. Through his scrutiny process, the Plan also sets out how response and call handling times will be monitored. The budget will support the continued use of tools such as Dytask which will ensure that hotspot areas are properly policed, and that communities and businesses can be best supported at times when they may need additional resources to address such issues as ASB. The Commissioner is currently developing the County's first stakeholder funded hotspot policing programme.
10. The Commissioner's Plan also includes a keen focus on violence against women and girls and driving up the reporting of domestic abuse incidents, to ensure the service provided to victims is the best it can be, and that those most at risk of harm are protected.
11. The budget support the Plan's focus on the prevention agenda and efforts to steer people away from criminal activity, looking to commission educational programmes where appropriate to tackle the scourge of knife crime and other serious violence, but also working with perpetrators and ex-offenders to rehabilitate them into our communities and deter them from further criminality. This budget also sets out the contributions that will be made to regional policing operations which focus on serious and organised crime and counter terrorism, for which the Commissioner and his regional counterparts will provide oversight and scrutiny.
12. The Plan sets out the work which will be undertaken with local community groups, utilising money seized through the Proceeds of Crime Act to develop projects which support local communities to tackle crime and anti-social behaviour.

13. The Commissioner's Police & Crime Plan is the key document in local policing which has helped develop this budget proposal and set out policing priorities for the coming four years.

FINANCIAL BACKGROUND

14. The Prime Minister's speech on 5 December 2024, included a clear remit on policing:

The Neighbourhood Policing Guarantee will place a renewed focus on preventing the criminality plaguing the streets with visible, accessible officers that will deter offending and reassure locals they will be kept safe. It will have five key principles:

- 1) Police back on the beat. A Neighbourhood Policing Team in every local area, with intelligence-led and visible patrols, including in town centres and on high streets. It will ensure these officers are protected from being deployed elsewhere.*
- 2) Community led. A named, contactable officer for every neighbourhood, responsive to local problems, and residents and businesses having a say on the policing priorities for their area.*
- 3) Professional excellence. A new career pathway for neighbourhood policing, delivered by the College of Policing, with new standards for professional excellence to ensure neighbourhood policing teams are trained to be proactive problem-solvers.*
- 4) A crackdown on anti-social behaviour. Neighbourhood policing teams equipped with tougher tools, and supported by other agencies, to tackle persistent anti-social behaviour (ASB). This includes the new Respect Order to enable swift enforcement against prolific ASB offenders, and a dedicated lead officer in every force working with communities to develop a bespoke ASB action plan.*
- 5) Safer town centres. A crackdown on shop theft, street theft and assaults against retail workers, so local people can take back their streets from thugs and thieves.*

The Guarantee builds on the founding principles of British policing, emphasising the importance of policing by consent and preventing crime.

15. On the 17 December 2024, the Home Secretary published the Provisional Police Grant Report 2025/26 alongside the Minister of State for Crime, Policing and Fire's Written Ministerial Statement. The key points from the statement are set out below.
16. The Government has set out the provisional policing funding settlement for the forthcoming financial year. For 2025/26, funding to police forces will total up to £17.4 billion, an increase of up to £986.9 million when compared to the 2024/25 settlement. This represents a real term increase in force funding of 3.5%, and a cash increase of 6.0%. The additional funding confirmed through this settlement will cover the costs of the police officer pay award and fund the recruitment and redeployment of more neighbourhood policing.
17. In addition to government funding, policing also receives a share of council tax (known as a precept). As set out in the Local Government policy statement on 28 November 2024, Police & Crime Commissioners will have the flexibility to raise the police precept by £14 for a Band D property for 2025/26.

18. The Government has set out what it expects in return for this funding as part of the Prime Minister's Plan for Change. The priorities are:
 - Increasing the number of officers, PCSOs and special constables in neighbourhood policing teams
 - Tackling violence against women and girls
 - Reducing knife crime
 - Cracking down on antisocial behaviour; and
 - By doing these things, increase public confidence in policing
19. The Chief Constable is clear that to deliver all of the above, the Constabulary must:
 - Deliver outstanding Neighbourhood Policing and protect the vulnerable
 - Proactively understand and prevent crime and harm
 - Tackle crime and anti-social behaviour.
20. This budget proposal supports the above whilst taking into account the limiting financial factors.

2025/26 BUDGET PROPOSALS

21. The preparation of the 2025/26 budget commenced in 2024/25 utilising a planning process that had at its core the following key documents - the Commissioner's Police & Crime Plan; the Force Management Statement; the Chief Constable's Plan on a Page; local, regional, and national commitments; and the Strategic Policing Requirement. Recognising both demand and risks together with the Value for Money profiles, the Constabulary set out the key principles for that planning process:
 - Ensure the plans and proposals align to the priorities and demands as set out in the key documents, fully utilising the priority-based budgeting (PBB) process which examines all areas of the budget and matches resources according to priorities and risk;
 - Identify savings and efficiencies which can be made through the PBB process in support of the budget and spending plans.
 - Set a comprehensive, timely, balanced, and realistic budget;
 - Takes into account pay and price inflation and achievability of savings;
 - Complies with the approved treasury management strategy;
 - Complies with the approved reserves strategy;
 - Raises awareness of and communicates key financial messages both internally and externally;
 - Ensure budgets set are affordable and do not jeopardise financial stability either in the short or long term;
 - All spending plans will need to demonstrate that they can achieve value for money;

- Spending will be agreed only when the necessary funding is identified and approved;
- External funding will be sought wherever it can be used in a sustainable manner that does not lead to unforeseen costs; and
- Budget proposals will be publicised and consulted upon with stakeholders in an open and transparent manner.

PROPOSED REVENUE BUDGET 2025/26

22. Table 1 shows the outcome of the budget planning process with the proposed revenue budget for 2025/26. The impact of the threats and demands placed upon policing; commitments required; proposed savings and the total funding available to the Commissioner are reflected within these proposals.
23. The proposed revenue budget is considered vital by the Chief Constable in order to deliver a viable, sustainable police service to the public of Cheshire and to deliver the priorities and demands placed on the Constabulary.

| Table 1: Proposed Revenue Budget | 2025/26 £000 |
|--|-----------------|
| 2024/25 Gross Expenditure Budget | 290,495 |
| Pay and Price Inflation | 13,655 |
| Legal & Unavoidable Commitments | 5,804 |
| Operational Demands and Pressures | 1,719 |
| Savings | -6,288 |
| Use of Reserves | -72 |
| 2025/26 Gross Expenditure Budget | 305,313 |
| Other income and specific grants | -42,786 |
| 2025/26 Net Budget Requirement | 262,527 |
| Financed by: | |
| Government Police Grant & Formula Funding | -142,424 |
| Legacy Council Tax Grant | -8,256 |
| Council Tax Precept (assuming a £14 increase Band D) | -111,919 |
| (Surplus)/Deficit on Collection Funds | 72 |
| 2025/26 Net Budget Requirement | -262,527 |

INFLATION

24. Inflation in both pay and price terms is applied to budgets where appropriate. For 2025/26 the details are: pay awards are negotiated nationally and the increase is mandated for all forces. The proposed budget includes an estimated 2.8% pay award for September 2025 and the full year impact of the pay award from September 2024.
25. For non-pay items, the inflation applied is based on the Office of National Statistics Inflation Report using the most applicable inflation factor. However, the proposed budget acknowledges that certain non-pay items such as energy costs are significantly more expensive and additional inflation has been applied to those areas, together with contractual obligations for inflation based on specified indices. The following table shows the inflation applied.

| Table 2: Inflation | 2025/26 £000 |
|-------------------------------------|-----------------|
| Pay inflation (estimated) | 11,476 |
| Price (non-pay) inflation provision | 2,179 |
| Total Inflation | 13,655 |

LEGAL & UNAVOIDABLE COMMITMENTS

26. Legal and unavoidable commitments come from two sources, the impact of decisions taken in previous years that have a financial impact in the forthcoming financial year and the financial impact of external decisions and changes such as the introduction of a new financial burden – for example the change to national insurance contributions or change in legislation. The following table shows those items included in the 2025/26 budget proposal.

| Table 3: Legal & Unavoidable Commitments | 2025/26 £000 |
|---|-----------------|
| Prior Year Decisions | 256 |
| Police Pay – including Neighbourhood Policing | 1,082 |
| National Insurance Increase (grant funded) | 3,730 |
| Collaborations | 259 |
| ANPR Mobile data | 3 |
| National Contributions | 103 |
| Revenue Contribution to capital/reserves | 371 |
| Total | 5,804 |

27. Neighbourhood policing is at the heart of the Constabulary's service delivery, and we are proud to say that having a named officer/PCSO in each of our communities has been in place for several years. This has been reinforced as the officer numbers have increased through the uplift programme. As these officers complete their initial training and move to independent patrol within our neighbourhoods, their pay reflects this increased responsibility.
28. Under Sections 22B and 22C of the Police Reform and Social Responsibility Act 2011, Chief Officers and Commissioners have a duty to keep collaboration opportunities under review and to collaborate where it is in the interests of the efficiency or effectiveness of their own and other police force areas. This is in recognition that there are certain services required, which are not affordable by individual forces alone – e.g., firearms provision. The above costs reflect the additional uplift requirements to the collaborations Cheshire is involved in, subject to partner forces full agreement.
29. As direct capital funding is no longer provided, and as part of the Reserve Strategy, funding is set aside each year to support the annual replacement cycles of items such as laptops, phones, and vehicles. However, this is not always sufficient, and borrowing is used to fund any shortfall. This budget provides sufficient funding to meet the interest and set-aside for the repayment of the borrowing, based on the capital programme included within this report.

OPERATIONAL DEMANDS AND PRESSURES

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

| Table 4 – Operational Demands & Pressures | 2025/26 £000 |
|---|-----------------|
| Investment in digital technology and licences | 728 |
| Investment in forensic services | 66 |
| Investment in neighbourhood policing | 15 |
| Investment in vulnerable person services (SARC) | 12 |
| Investment in major investigation | 139 |
| Investment in information management | 14 |
| Investment in community & citizen assemblies | 125 |
| Litigation and collision damage | 484 |
| Other minor changes | 136 |
| Total | 1,719 |

31. The Government set out in the statement accompanying the Provisional Settlement that they are ‘determined to work with policing to maximise the potential of productivity and innovation, ensuring officers are equipped with the tools they need to keep our communities safe’. This is matched by the Commissioner’s priority of ‘Technology and Innovation’. Additional funding is being allocated to support the digital technology and software required to ensure our officers spend the maximum time out within our communities.
32. Additional funding has also been provided to support victims of crime, achieve justice, and ensure the most vulnerable persons have access to the appropriate facilities such as the Sexual Assault Referral Centre (SARC).
33. Finally, this budget recognises the increasing litigation activity within policing across all forces both in terms of operational activity and collisions. The cost of such litigation includes court costs, defence, and where appropriate payments to claimants, all of which have seen a significant increase over the last few years.

SAVINGS

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

| Table 5 – Savings | 2025/26 £000 |
|--|-----------------|
| Vacancy Management | -2,390 |
| Loss of Grant/Income - remove associated spend | -1,509 |
| Additional Income incl. interest | -682 |
| Increase to vacancy factor | -522 |
| Contract Savings | -851 |
| Review of non-pay expenditure | -323 |
| Other minor changes | -11 |
| Total | -6,288 |

35. Every effort has been made to ensure that savings are both deliverable and least impactful on service delivery. However, it is recognised that the level by which expenditure is increasing is not fully covered by the additional funding provided and therefore efficiencies and savings are necessary. The Constabulary operates a rigorous vacancy management process whereby all staff vacancies are reviewed to ascertain whether there are different ways of doing that role, how critical it is to the current priorities and where appropriate, whether it can be removed. The above savings reflect this process and have been achieved without the need for compulsory redundancies.
36. As with any organisation, there is always staff turnover and usually a period of time between someone leaving and their replacement starting. This is reflected in a vacancy factor within the budget. As part of the 2025/26 budget, this factor has been benchmarked with other forces and increased to 6% accordingly, providing additional savings as shown above.
37. As part of the standard budget setting process, a full review is undertaken of all non-pay expenditure including contracts etc. This has delivered around £1.2m in savings.

RISKS AND SENSITIVITY ANALYSIS

38. For 2025/26, there is a reasonable degree of certainty based on the Provisional Grant Settlement published on 17 December 2024. However, there remain some outstanding issues affecting next year such as the Counter-Terrorism Policing Grant. Any changes to the funding will be reported to the Commissioner as soon as they are known together with the associated proposed changes to the budget.
39. As with any assumptions, there are risks that the actual outcome will be different. There are key assumptions included within this proposed budget that could significantly affect the proposed budget such as pay awards where a 0.5% movement in the pay award would have a potential £1.1m impact on the budget. Inflationary pressures have been reflected in this proposed budget, but with such volatility at present, the estimates made may change.
40. Reserves are held to provide flexibility in-year for such incidences and the Reserves Strategy included within this report covers this in more detail.

COUNCIL TAX PRECEPT

41. A precept is levied on the Council Tax for policing in Cheshire. It is the responsibility of the Commissioner to set the level of precept as part of the budget setting process. On 18 December 2024, the Secretary of State published a draft of the Referendums Relating to Council Tax Increases (Principles) (England) Report 2025-26 which set out the council tax referendum principles. These principles set the maximum increase permitted before a local referendum is required. For policing this was set at £14 on a Band D property for 2025/26. However, it is for the Commissioner to decide the level of precept annually. For 2025/26 the Commissioner is proposing to increase the precept at £14 on a Band D property. This represents a 5.3% increase from 2024/25.
42. To calculate the level of Council Tax funding, each local authority calculates the taxbase (the assimilated number of council tax bills issued) taking into account changes in the number of houses, council tax benefits etc. Compared to 2024/25, the overall taxbase has increased by 6767.78 compared to last year when the increase was 4172.28. The following table shows the proposed level of precepts for each local authority and the individual amount levied per each Council Tax band.

| Table 6: Proposed Precepts 2025/26 | Number of Band D Equivalents | Precept on Collection Fund £ |
|------------------------------------|------------------------------------|---------------------------------------|
| Cheshire East | 163,261.10 | 45,213,529 |
| Cheshire West & Chester | 131,666.40 | 36,463,693 |
| Halton | 36,936.00 | 10,229,056 |
| Warrington | 72,262.00 | 20,012,238 |
| TOTAL | 404,125.50 | 111,918,516 |

| Band | 2025/26 | 2024/25 | Change per year £ | Change per week £p |
|----------|---------------|---------------|-------------------------|--------------------------|
| A | 184.63 | 175.29 | 9.34 | 0.18 |
| B | 215.40 | 204.51 | 10.89 | 0.21 |
| C | 246.17 | 233.72 | 12.45 | 0.24 |
| D | 276.94 | 262.94 | 14.00 | 0.27 |
| E | 338.48 | 321.37 | 17.11 | 0.33 |
| F | 400.02 | 379.80 | 20.22 | 0.39 |
| G | 461.57 | 438.23 | 23.34 | 0.45 |
| H | 553.88 | 525.88 | 28.00 | 0.54 |

43. In addition to the above precept, each of the four local authorities holds a council tax collection fund; this is a separate fund that records the income and expenditure relating to council tax. Any surplus or deficit on the fund is due to or paid for by the individual authorities, the Police & Crime Commissioner and Cheshire Fire Authority respectively. The net deficit amount declared and payable by the Commissioner in 2025/26 amounts to £72k, funded by earmarked reserve set aside for this purpose.

COMMISSIONING

44. For 2025/26, the approach to commissioning will continue to focus on victims of crime with the aim of ensuring that appropriate services are in place to assist them to cope with their ordeal and recover as best they can. The Commissioner will utilise the understanding gained from the Cheshire Victims Needs Assessment alongside the Serious Violence Needs Assessment to prioritise areas for development. A refresh of the sexual abuse needs assessment is underway. The initial supporting service for victims across Cheshire is Cheshire CARES, to which all reports of crime to the Constabulary are referred. Cheshire CARES supports victims from the outset and throughout their journey through cope and recovery; furthermore, it is complemented through the provision of enhanced support to victims of Hate Crime delivered by Remedi.
45. The Commissioner has additional responsibilities to have specialist services available, e.g., to support victims of rape and sexual abuse, child sexual abuse and domestic abuse as well as to provide a restorative justice (RJ) service. The costs of victims' services commissioned are funded through an allocation provided from the Ministry of Justice. The core funding allocation for the 2025/26 Victims Grant has been reduced and now is approximately £1.1m but as in previous years opportunities to attract further funding to support will be explored. Consequently, the Commissioner will continue to work with partners across all sectors to identify and address gaps and/or emerging areas for victims' services and to drive the effectiveness of the service commissioned through the Victim's Grant Fund in 2025/26. The Restorative Justice services delivered by Remedi will continue in an effort to reduce future offending whilst also meeting the needs of victims.
46. A further £2.6 Million (approx.) has been obtained by the PCC for 2025/26 over and above the core grant to support front line Domestic Abuse and Sexual Abuse services, this not only supports front line victims but will also deliver pan Cheshire Domestic Abuse Perpetrator interventions.
47. In 2024/25, a further £335,000 was secured by the Commissioner under the Safer Streets 5; this is finalised in March 2025 and at the moment there is no indication of future funding but, where available, it will be pursued.
48. During 2024/25 the PCC collaborated with partners to commission services to reduce instances of serious violence in Cheshire and, in total, approx. £590,000 additional funding was obtained. At this time there is uncertainty around the level of funding in this space for 2025/26, but any opportunities will be explored.
49. In recognition of the commitment to improve the safety of our roads, the PCC has part funded an Average Speed Scheme on Warrington Road, Glazebury, Warrington and supported the installation of a Parish Council Average Speed Scheme Helsby during 2024/25. Other initiatives continue into 2025/26.

50. As is set out earlier in the summary of the Commissioner's Police and Crime Plan, the PCC is exploring a range of other innovative projects for 2025/26 whereby we hope to further extend our preventative activity to reduce serious violence (in partnership); build upon our Perpetrator work to explore how this approach can be maximised; explore how the PCC can support increased visibility in identified Hotspot areas (in partnership).
51. The PCC is committed to maximising the use of technology and in 2025/26 we will continue to explore opportunities for further funding for Cheshire in this space towards keeping the public safe.

CAPITAL PROGRAMME

52. In addition to the revenue budget, a programme of capital investment is proposed for 2025/26. This programme links to the major strategies such as Estates, Digital Business Technology and Fleet together with the annual replacement cycle for assets such as equipment.
53. Funding for this investment, is no longer supported through Government grants and therefore is now covered by capital receipts (the net proceeds from the sales of assets), reserves held by the Commissioner, contributions and borrowing. The contributions include funding set aside within the general budget each year. A summary of the proposed programme and associated funding is shown below.

| Table 7: Capital Strategy | 2025/26 £000 |
|---------------------------------------|-----------------|
| Annual Replacement Schemes: | |
| Fleet Vehicles | 2,684 |
| IT and Communications | 1,345 |
| New Schemes: | |
| Estates - Maintenance & Environmental | 635 |
| Estates Strategy - Crewe and Northern | 5,900 |
| IT and Communications | 2,000 |
| Equipment | 0 |
| Collaboration/Funded Vehicles | 801 |
| Capital Expenditure | 13,365 |

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

| Table 8: Capital Financing | 2025/26 £000 |
|-----------------------------------|-----------------|
| General/Specific capital grants | 0 |
| Capital Receipts | 4,320 |
| Revenue Contributions to Capital | 4,173 |
| Revenue and Capital Reserves | 26 |
| External Contributions to Capital | 329 |
| HQ IT Reserve | 280 |
| Borrowing | 4,237 |
| Total Funding | 13,365 |

ROBUSTNESS OF ESTIMATES

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

RESERVES

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

CONSULTATION WITH THE PUBLIC AND BUSINESS RATEPAYERS

58. A formal consultation exercise on the police precept was undertaken between 6 January and 20 January 2025. The survey was carried out online and paper copies were also printed and distributed to people who requested them.
59. Residents were encouraged to complete the survey via social media platforms e.g. Facebook, Bluesky, LinkedIn, Instagram and Nextdoor, as well as via Cheshire Police Alert, the Cheshire Police and Crime Commissioner website and media activity.
60. All the parish councils in Cheshire were written out to requesting their support in promoting the survey as well as help in reaching those audiences who weren't online. Many parish councils helped to spread the word, either by promoting on their own social media or newsletters as well as distributing paper copies.
61. Many local organisations representing different communities within the county were also written out to requesting support in reaching different groups of people. Several came back offering their support and help in promoting the survey.
62. The key messages provided via the survey and its promotion was around how the Home Office has promised more neighbourhood police officers but due to rising costs,

inflation and the increased complexity and demand on the police, how pressure is building on services. It highlighted that efficiencies and savings have been made but there is still a budget shortfall. It also acknowledged the financial pressures that many households face as they continue to navigate the cost-of-living crisis.

63. The consultation ended at midday on Monday 20 January 2025. A total number of 1,694 responses were received online, with paper copies still being collated. Full results are expected by the first week in February, but paper submissions are unlikely to change the result due to only being a small percentage of overall responses.
64. Before a question about the police precept, residents were provided with a table detailing the impact of each option on each Council Tax Band and were encouraged to check this table before answering. A link was also provided so that people could check their Band if they were unsure. The following question was asked after the precept information was given:

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

*Please note that while the precept and these options are based on a band D household, the most common council tax band in Cheshire is band A and nearly two thirds of households are in bands A-C. Refer to the table above to see how each option would affect you. **

Option 1 - No increase. This would require a reduction in services significantly beyond the £6.3 million in savings already identified.

Option 2 - Increase of £1.17 per month (£14 per year) for band D. This would allow Cheshire Constabulary to maintain the improved level of service that has been achieved over this past year and enhance neighbourhood policing.

*Option 3 - Increase of up to £2.33 (£28 a year) per month for band D. This would allow for further investment in key areas like technology and protecting vulnerable people as well as more enhancements to neighbourhood policing. This increase would raise additional funds (over and above a £14 increase) of more than £5.6m which could fund up to 95 additional officers.**

**Based on the National Police Chiefs Council (NPCC) guidelines, the direct cost of employing a police constable is £59,450 and the direct cost of employing a PCSO is £43,920. Based on these figures, if the increase were to be spent purely on officers or PCSOs, this amount could fund 95 additional officers or 128 PCSOs.*

65. 67% (1,128) of respondents agreed to support some form of increase to the precept. The table below shows the breakdown of responses.

| Survey completed via: | Option 1 | Option 2 | Option 3 | Total |
|-----------------------|----------|----------|----------|-------|
| Online | 566 | 517 | 611 | 1,694 |
| Percentage | 33% | 31% | 36% | |

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

BUDGET AND PRECEPT SETTING TIMETABLE

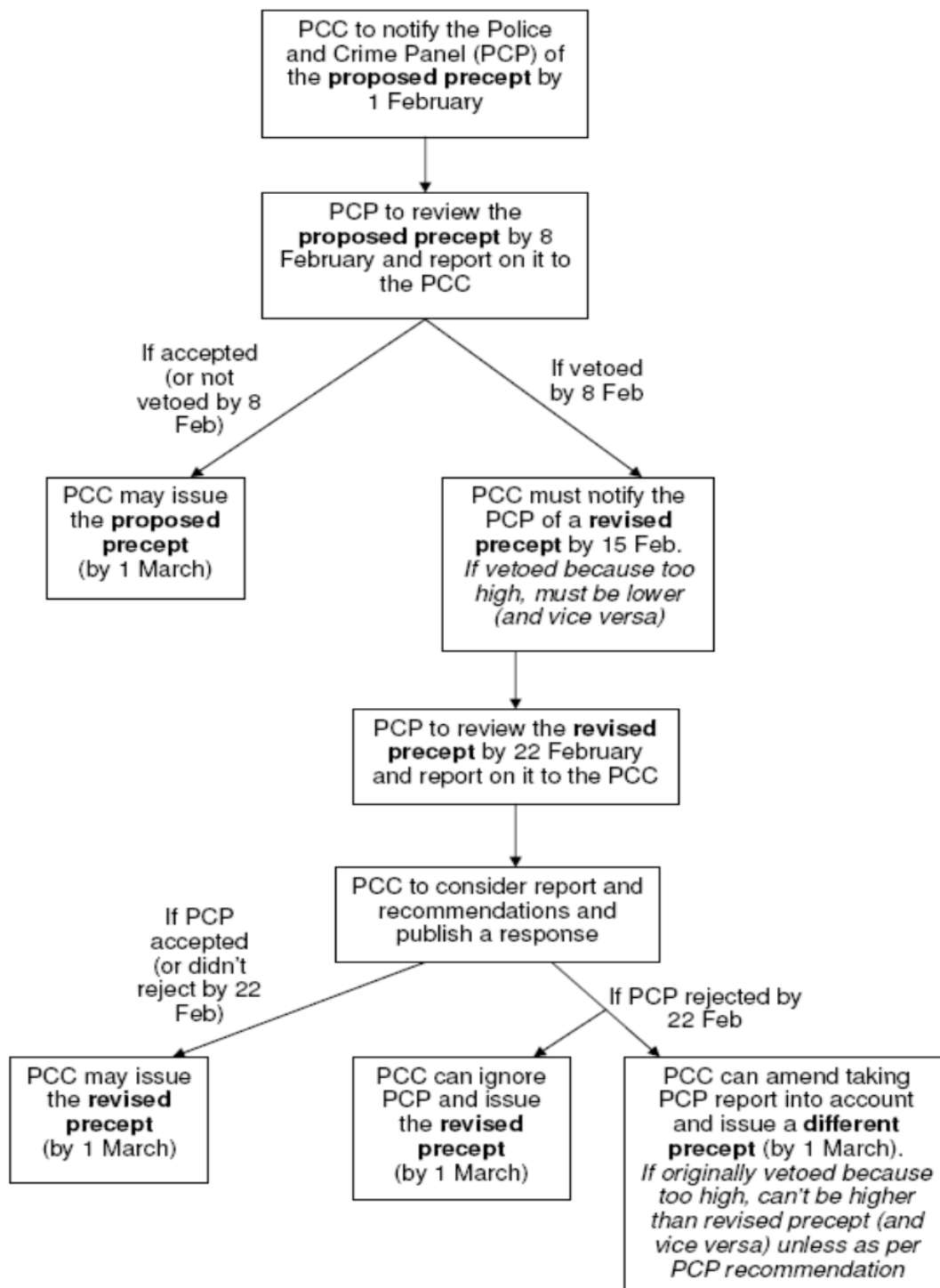
PURPOSE

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

STATUTORY REQUIREMENTS

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

PCC PRECEPT APPROVAL (Final Regulations)



ROBUSTNESS OF ESTIMATES

- a. Section 25 of the Local Government Act 2003 places a requirement on Chief Finance Officers to report on the robustness of the estimates used in preparing the budget.
- b. The Commissioner has a policy and expenditure planning process that takes account of the service scenario and financial scenario in some detail for 2025/26. Alongside this, future capital programmes have been produced taking into account forecast Government funding, borrowing limits and council tax. For 2025/26 borrowing levels are also guided by the prudential indicators as set out in the Treasury Management Strategy.
- c. For 2025/26, full consideration of these issues had led to:
 - Policy and expenditure proposals that reflect the Government's Provisional Police Grant Settlement together with the on-going revenue impact of new capital projects, whilst recognising the outstanding issues and uncertainties.
 - A proposed capital-financing budget based on 2025/26 capital programme.
- d. When using estimates in preparing the budget every effort is taken to ensure that they take into account the most up to date data. However, it should be noted that there are a number of areas where the actual impact could vary from the estimates used in setting the budget. The principal areas are:
 - Pay awards, pension increases, national reviews of pay & inflation
 - Service financial performance (i.e., variances on budgets)
 - Ability to achieve projected savings
 - Operational demands
- e. To provide for all potential scenarios that may arise would be prohibitively expensive and result in demands on council taxpayers considerably higher than likely need. For 2025/26 £13.66m has been provided for pay and price increases.
- f. Many factors can affect financial performance in year including under or over-achievement of efficiency savings, income, and other financial targets. The Commissioner takes a number of steps to minimise the impact by:
 - Seeking wherever possible to explore in full the implications and achievability of policy and expenditure options before the budget is set.
 - Promoting a robust approach to financial management requiring budget holders to monitor expenditure against budget and to take prompt action in reporting and responding to projected variances.
 - Quarterly reporting of the projected budgetary outturn supplemented by monthly exception reports to prompt remedial action if necessary.
 - Creation of appropriate and proportionate contingencies.
- g. It should be noted that while every effort is taken to ensure the budget is balanced, there is always the possibility of variances to the budget occurring. The Commissioner holds reserves to mitigate this as set out in the Reserves Strategy.

| <u>CAPITAL PROGRAMME</u> | 2025/26 £000 |
|--|-------------------------|
| <u>Prior Year Schemes</u> | |
| Estates Strategy - Major Projects - Crewe | 1,400 |
| Custody Desk replacement project | 250 |
| Custody Suites | 80 |
| Blacon DHQ roof remedials | 50 |
| Ref areas, welfare rooms – CSH, Arpley St, Runcorn (Phase 1) | 50 |
| UWSU | 26 |
| | 1,856 |
| <u>New Scheme</u> | |
| Estates Essential Maintenance and Improvement Schemes | 50 |
| Forensics Access restrictions | 30 |
| Decarbonisation Measures * | 75 |
| Refurbishment of HQ ground floor meeting spaces | 50 |
| Estates Strategy - Crewe | 3,500 |
| Estates Strategy - Northern Stations | 1,000 |
| IT Infrastructure - Servers | 225 |
| Technology Refresh – 3 Yr Refresh | 1,080 |
| Mitel Handset Replacement - Teams | 50 |
| Replacement of Body Worn Video | 850 |
| Body Worn Video Isilon Expansion (Storage) | 300 |
| FCC Virtual Infrastructure Hardware | 800 |
| Technology Refresh – E-Forensics | 40 |
| Annual Vehicle Replacement Programme | 2,565 |
| Armed Alliance Vehicle Replacements | 600 |
| Dogs Alliance Vehicle Replacements | 175 |
| Workshop Capital Equipment | 119 |
| | 13,365 |

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

Capital Strategy 2025-2030



Cheshire
Police & Crime
Commissioner



Cheshire
Constabulary

Introduction

Welcome to the 2025-30 Capital Strategy.

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

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



A handwritten signature in black ink, appearing to read 'Mark Roberts'.

**Chief Constable
Mark Roberts QPM**



A handwritten signature in black ink, appearing to read 'Dan Price'.

**Police and Crime Commissioner
Dan Price**

1. INTRODUCTION

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

2. DEFINITION

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

3. CONTEXT

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

- 3.2. One of the three key pillars of the Commissioner's new Police and Crime Plan is 'Modernise', the other two being 'Listen to the Public' and 'Reduce Crime'. The capital strategy incorporates the Modernise pillar through the police estate and technology and innovation.
- 3.3. The Commissioner maintains rolling medium-term revenue and capital plans (summarised in a Medium-Term Financial Strategy – MTFS) that usually extend for 4-5 years. The plans are drawn up, reassessed and extended annually and if required, re-prioritised to enable the Constabulary to achieve the aims and objectives established in the Commissioner's Police and Crime Plan and to support national drivers like the Strategic Policing Requirement and Home Office national priorities.
- 3.4. Historically, capital grant funding was allocated by the Government, but this is no longer the case and has been replaced by annual revenue contributions to capital. This helps fund annual replacement of vehicles, IT and operational equipment and maintenance of police buildings, but is insufficient to meet all capital expenditure. As such, with limited reserves held, the need to borrow has increased. Borrowing incurs ongoing costs of interest payments and the funding set aside to repay the loan in due course. As borrowing incurs costs, there has been a programme of increasing year-on-year revenue contributions to fund the capital programme in order to meet the annual replacement programme, with borrowing limited to invest to save or invest to increase efficiency and effectiveness.
- 3.5. Key focuses of the Capital Programme plans, all aligned to achieving the Commissioners pillars above are:
 - To ensure the property estate remains modern and fit for the future; at the heart of and accessible to our communities, promoting police engagement in our communities, effective collaborative and partnership working and being innovative, economic, efficient, and sustainable.
 - To support front line operations by delivering high quality vehicles which are safe, fit for purpose and meet the needs of modern-day policing.
 - The replacement and upgrade of other core assets where necessary, e.g., operational equipment and communication infrastructure.
 - Development of improved capability and responsiveness.
 - To ensure provision is made for Digital Business Technology to maintain and develop the existing infrastructure and invest in the core technologies, such as AI and data analytics, required to provide innovative digital policing services to maximise intelligence led policing.

- Invest to Save Schemes.

- 3.6. The Commissioner maintains separate focussed long-term Estates, Environmental, Fleet and Digital/Agile Working strategies setting out the overall direction of these key areas and priorities, all of which feed into this overarching Capital Strategy.
- 3.7. The plans acknowledge the constrained financial position of the Commissioner and therefore, maximise both the available financial resources and the capacity that the Constabulary has to manage such projects.

4. GOVERNANCE

- 4.1. The annual budget setting process is an ongoing process with key stakeholder groups assisting departmental managers to identify change proposals and develop business cases for future capital investment requirements and ideas aligned with the Police and Crime Plan priorities and the Constabulary's Plan on a Page.
- 4.2. Investment proposals must explicitly identify the organisational requirement, rationale, deliverables, benefits, links to the Commissioner's and/or Constabulary priorities, and costs in terms of both capital investment and ongoing revenue consequences.
- 4.3. Based on an agreed budget setting timetable, investment proposals will be submitted for presentation to and scrutiny review by the Senior Command Team (SCT) along with an initial view of potential affordability. Prioritisation is then made, taking into account the following in order of priority:
 - Unavoidable (statutory, contractual, or tortuous liability);
 - Operational Need (enables continuity of agreed service delivery levels and priorities) and linked to the Force Management Statement;
 - Police and Crime Plan Improvement Priority;
 - Other (efficiency, invest to save, leverage of external funding, etc.).
- 4.4. An updated Medium-Term Financial Strategy (MTFS), including a proposed Capital Programme, is then presented to the Commissioner, providing views on affordability, potential funding issues and options.
- 4.5. A final version of the MTFS will be presented to the Commissioner for approval in January each year, reflecting the known funding position and any further developmental work on the plan. This formal approval agrees the capital budget for

the following year and acknowledges the intention for planning purposes of the remaining years of the MTFS.

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

- 4.11. Once projects have been completed the programme or project manager completes a post-implementation review for the major capital projects. The post-project report is reviewed by the appropriate programme board and the Senior Command Team, if required.
- 4.12. This information can then be used to learn lessons and make any improvements identified during project implementation.

5. FUNDING STREAMS

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

6. CAPITAL PROGRAMME

- 6.1. The following table shows the Commissioner's overall capital programme and how it is to be funded from 2025 to 2030. Please note that the figures quoted include both in-year approvals and schemes rolled forward from previous years. As such the table represents estimates of total capital expenditure in each year:

| Table 1: Capital Strategy | 2025/26 £000 | 2026/27 £000 | 2027/28 £000 | 2028/29 £000 | 2029/30 £000 |
|---------------------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
| Annual Replacement Schemes: | | | | | |
| Fleet Vehicles | 2,684 | 2,913 | 1,409 | 3,485 | 1,435 |
| IT and Communications | 1,345 | 1,470 | 1,545 | 1,570 | 1,445 |
| New Schemes: | | | | | |
| Estates - Maintenance & Environmental | 635 | 950 | 525 | 325 | 100 |
| Estates Strategy 2021-2031 | 5,900 | 7,730 | 0 | 0 | 0 |
| IT and Communications | 2,000 | 923 | 1,962 | 9,045 | 1,556 |
| Operational Equipment | 0 | 150 | 150 | 150 | 150 |
| Collaboration/Funded Vehicles | 801 | 422 | 392 | 500 | 340 |
| Capital Expenditure | 13,365 | 14,558 | 5,983 | 15,075 | 5,026 |
| Financed by: | | | | | |
| Capital Receipts | 4,320 | 4,375 | 500 | 0 | 0 |
| Revenue Contributions to Capital | 4,173 | 3,418 | 3,918 | 4,418 | 4,444 |
| Revenue and Capital Reserves | 26 | 280 | 0 | 0 | 100 |
| External Contributions to Capital | 329 | 60 | 167 | 213 | 102 |
| HQ IT Reserve | 280 | 280 | 280 | 280 | 280 |
| Borrowing | 4,237 | 6,145 | 1,118 | 10,164 | 100 |
| Total Funding | 13,365 | 14,558 | 5,983 | 15,075 | 5,026 |

7. AFFORDABILITY

- 7.1. Capital expenditure plans are a key driver of treasury management activity. The funding of such plans impacts on cash balances and borrowing need in the short and longer terms. The ongoing consequences of these decisions have a direct impact on the annual revenue budget. As such, having regard to the CIPFA Prudential Code for Capital Finance in Local Authorities, the Commissioner sets and reviews a number of prudential indicators showing the proposed capital expenditure plans, how they are to be funded, the impact on the organisation's finances and their affordability in terms of the impact on revenue budgets.
- 7.2. Full details and commentary on the prudential indicators are found within the Commissioner's Treasury Management Strategy 2025/26. Along with controls and limits relating to levels of capital expenditure and resulting borrowing requirements, these prudential indicators also include a specific affordability indicator, below,

which provides an indication of the impact of the above capital expenditure plans and their financing proposals on the overall finances and precept (council tax):

Treasury Management Strategy 2025/26

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

| 2023/24 Actual | 2024/25 Estimate | 2025/26 Estimate | 2026/27 Estimate | 2027/28 Estimate | 2028/29 Estimate | 2029/30 Estimate |
|---------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
| 1.16% | 1.13% | 1.19% | 1.41% | 1.53% | 1.50% | 1.85% |

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

associated capital programme. Where appropriate they will have access to specialised advice to enable them to reach their conclusions.

- 8.5. Credit Risk - The risk that an organisation with which we have contracted to deliver capital projects becomes insolvent and cannot complete the agreed contract. We will ensure that robust due diligence procedures cover the appointment of partners and contractors relating to capital programme delivery. Where possible contingency plans will be identified at the outset.
- 8.6. Liquidity Risk - This is the risk that the timing of any cash inflows from a project will be delayed, for example if other organisations do not make their contributions when agreed. There is also a risk that the cash inflows will be less than expected, for example due to the effects of inflation, interest rates or exchange rates. Our exposure to this risk will be monitored via the revenue and capital budget monitoring processes and mitigating actions taken promptly where appropriate.
- 8.7. Interest and Exchange Rate Risk - This is the risk that interest rates or exchange rates will move in a way that has an adverse effect on the value of capital expenditure or the expected financial returns from a project. Rates will be reviewed as part of the ongoing monitoring arrangements to identify such adverse effects. As far as possible our exposure to this risk will be mitigated via robust contract terms and when necessary, contract re-negotiations.
- 8.8. Inflation Risk - This is the risk that rates of inflation will move in a way that has an adverse effect on the value of capital expenditure or the expected financial returns from a project. Rates of inflation will be reviewed as part of the ongoing monitoring arrangements to identify such adverse effects. As far as possible our exposure to this risk will be mitigated via robust contract terms and when necessary, contract re-negotiations.
- 8.9. Legal and Regulatory Risk - This is the risk that changes in laws or regulation make a capital project more expensive or time consuming to complete, make it no longer cost-effective or make it illegal or not advisable to complete. Before entering into capital expenditure or making capital investments, the Commissioner will understand the powers under which the investment is made. Forthcoming changes to relevant laws and regulations will be kept under review and factored into any capital bidding and programme monitoring processes.
- 8.10. Fraud, Error, and Corruption - This is the risk that financial losses will occur due to errors or fraudulent or corrupt activities. Officers involved in any of the processes around capital expenditure or funding are required to follow the agreed Code of Corporate Governance. The Constabulary has a strong ethical culture, which is

evidenced through our values, principles, and appropriate behaviour. This is supported by the national Code of Ethics and detailed policies such as Anti-Fraud and Corruption and Declaration of Interests.

9. ENVIRONMENTAL, SOCIAL & GOVERNANCE (ESG) CONSIDERATIONS

- 9.1. This Commissioner is supportive of the principles for responsible investment (www.unpri.org) and will seek to bring ESG factors into the decision-making process for investments. Within this, the Commissioner is also appreciative of the Statement on ESG in Credit Risk and Ratings which commits signatories to incorporating ESG into credit ratings and analysis in a systemic and transparent way. The Commissioner utilises the ratings provided by Fitch, Moody's, and Standard & Poor's to assess creditworthiness, which do include analysis of ESG factors when assigning ratings.
- 9.2. Typical ESG considerations that are considered by these Credit Rating Agencies when assigning credit ratings to counterparties, and therefore by the Commissioner when selecting investment and borrowing counterparties, include:
 - Environmental: Emissions and air quality, energy and waste management, waste and hazardous material, exposure to environmental impact.
 - Social: Human rights, community relations, customer welfare, labour relations, employee wellbeing, exposure to social impacts.
 - Governance: Management structure, governance structure, group structure, financial transparency.
- 9.3. The Commissioner will continue to evaluate additional ESG-related metrics and assessment processes that could be incorporated into his investment process and will update accordingly.

10. CONCLUSION AND FUTURE ACTIONS

- 10.1. This Capital Strategy currently looks ahead over the next five years to 2030 together with the associated funding. Included is the current Estates Strategy 2021-2031 which recognises that planned changes to the estate's footprint require additional capital financing. The latest forecast costs in respect of the in-progress Crewe and Wilmslow major projects, which will be completed during the period covered by the Capital Strategy, have been included. Any further major schemes associated with the strategy will be subject to future business cases and no financial provision is therefore contained within this strategy.
- 10.2. All capital expenditure will be subject to rigorous review to ensure that plans are affordable, prudent, and sustainable. The Strategy will be continually reviewed in light of emerging and changing local issues, circumstances and priorities and updated accordingly.

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Cheshire
Constabulary

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Reserves Strategy 2025-26



Cheshire
Police & Crime
Commissioner



Cheshire
Constabulary

Introduction

Welcome to the 2025/26 Reserve Strategy.

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

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

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

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



A handwritten signature in black ink, appearing to read 'Mark Roberts'.

**Chief Constable
Mark Roberts QPM**



A handwritten signature in black ink, appearing to read 'Dan Price'.

**Police and Crime Commissioner
Dan Price**

RESERVE STRATEGY 2025/26

1. In addition to the requirements covering the robustness of estimates, Section 25 of the Local Government Act 2003 also requires the Chief Finance Officer, OPCC to present a report assessing the adequacy of the unallocated reserves in the context of policing threats and demands together with corporate and financial risks facing the organisation. The Commissioner needs to balance the necessity for reserves against the cost to council taxpayers and arrive at a level that is both prudent and adequate for the current climate but not excessive.
2. The Reserves Strategy sets out the reserves held, their intended usage and the strategy for ensuring the funds are maintained at an appropriate level.
Reserves are held for three main purposes:
 - a. To cover unforeseen risks and expenditure that may be incurred outside of planned budgets – known as a general reserve
 - b. To set-aside funds for specific purposes, known or predicted pressures or future liabilities – known as earmarked reserves
 - c. To hold capital receipts from sale of assets. The use of which is restricted under legalisation to the purchase of new assets or the repayment of debt.
3. In addition to the above reserves, Cheshire Constabulary act as lead force for a number of regional collaborations for which it holds reserves. These reserves are owned by all regional partners on an agreed share basis in line with each collaboration agreement.
4. Over the past few years, the level of reserves held by all forces have been under scrutiny by the Home Office and it is now considered best practice to produce a reserve strategy covering the medium-term financial strategy (MTFS) period. The status of each reserve will be reported to Joint Management Board as part of the quarterly financial reports.
5. Based on the audited 2023/24 Statement of Accounts, £23.3m was held in reserves of which £1.9m belongs to the regional collaborations (of which Cheshire Constabulary is a partner and therefore part owner) and £2.7m was temporary funding carried forward. Annex 1 sets out the proposed usage of the reserves over the next four years in line with MTFS plans together with other known commitments and liabilities. Reserves are forecast to decrease to £15.1m by the end of March 2025 and then fall to £12.1m by March 2030 (including collaborations reserves of £1.8m and £1.3m respectively).

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

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

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

General Reserves

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

Basis of Transactions:

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

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

Medium Term Financial Strategy (MTFS) Reserve

The origins of this reserve dates back to the start of the austerity programme and has been successfully used to support transition, implementation costs of transformational changes together with 'invest to save' projects. With increasing demands, the implementation of Digital Policing and the level of uncertainty over future funding, this reserve will provide some mitigation to these risks and challenges. This reserve also forms part of the 3% calculation as stated in the General Reserves above.

Basis of Transactions:

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

Earmarked Reserves:

Carry Forwards Reserve

This is a temporary reserve for any underspend from the previous financial year that has been approved to be spent in the following financial year. For example, if a project is delayed funding can be carried forward into the following year to meet delayed spend.

Basis of Transactions:

As all carry forward items are approved through the quarterly budget reports submitted to Joint Management Board via SCT Business Meeting, the funding is automatically returned to the relevant department at the start of the following financial year.

Proceeds of Crime Community Fund Reserve

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

Basis of Transactions:

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

The second call will remain as the Commissioner's Community Fund (SWAP Fund). A contribution of £200,000 was agreed for 2024/25 and this level is carried forward to future years. This reflects the commitment to community projects.

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

Hardship Loan Reserve

It is acknowledged that individuals may find themselves needing assistance in achieving a greater sense of wellbeing; it is known that wellbeing comprises elements of physical, emotional, social and financial health. As such, a scheme was created to address any short-term financial issues personnel (Officers and Staff) may experience. The intent being to prevent/break the cycle of financial difficulty without the exposure to high interest loan schemes (pay day loans). This small reserve covers the loans until repaid.

Basis of Transactions:

Should a default arise on the repayment of any Hardship Loan, a report will be submitted to Deputy Chief Constable. If they approve the debt can be written off, the funding will be applied and reported to the Commissioner in the next quarterly financial report.

Pay and Pensions Reserve

There are currently several issues in relation to pay and pensions that could impact on the revenue funding, the main being the outcome of the McCloud ruling (see financial risks below). The level of administration to service these is considerable and the uncertainty of how these will be funded has resulted in this reserve being created to cover any initial costs. It is anticipated that this will be utilised once the funding position is clarified and to support the preparatory work. Initial costs are now known which will significantly reduce the reserve. Further costs are still expected, and funding will need to be set aside for this purpose.

Basis of Transactions:

Utilisation of this funding is linked to the costs and support required in both HR and Finance in resolving the McCloud issues. Approval is granted each year as part of the budget setting process. Additional use in year will be reported in the quarterly financial reports to Joint Management Board.

Redundancy Reserve

It is recognised that the cost of reforms, efficiencies and restructuring can require changes to staffing levels. This reserve is held to meet any associated costs should the need arise.

Basis of Transactions:

Redundancies are managed through the relevant HR processes and approval routes. Only approved redundancies will be funded via this reserve and will be reported in the quarterly financial reports to Joint Management Board.

Major Investigations Reserve

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

Basis of Transactions:

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

Council Tax Deficit Reserve

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

Basis of Transactions:

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

Estates Strategy Reserve

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

Basis of Transactions:

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

Road Safety Initiatives Reserve

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

Basis of Transactions:

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

Commissioning Reserve

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

Basis of Transactions:

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

Capital Receipts

Capital Receipts represents the net proceeds from the sale of assets. Use of this funding is limited by regulation to re-investment in new assets or the repayment of debt.

Basis of Transactions:

The use of this reserve is restricted under legislation and regulations and is applied to the IT refresh programme at part of the year-end process.

Unapplied Capital Grants Reserve

This reserve contains any capital grant received by the Commissioner but not yet used to finance capital investment. Such funding, if any is allocated, is now generally applied in full in the year it is received, with the exception of specific grants that are applied when the associated expenditure is made.

Basis of Transactions:

The use of this reserve is restricted under the grant arrangements and is applied to the capital programme at part of the year-end process.

Emergency Services Network (ESN) Reserve

The Emergency Services Network (ESN) programme will see the current Airwave based communication systems replaced with a new 4G based communication service. This is a national programme that is currently undergoing a new procurement process, which is expected to take some time to complete. Airwave now remains viable to at least 2035 and therefore, this reserve is not expected to be required for the foreseeable future.

Basis of Transactions:

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

HQ IT Reserve

This reserve was created as part of the private finance initiative (PFI) scheme to support the replacement of computer equipment. It is supplemented each year in line with the scheme's requirement and applied to finance relevant capital expenditure.

Basis of Transactions:

The use of this reserve is restricted under the PFI contract arrangements and is applied to the IT refresh programme at part of the year-end process.

Revenue Reserve for Capital

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

Basis of Transactions:

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

Collaboration Reserves:

Armed Police Alliance

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

Underwater Search Unit

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

Local Resilience Forum

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

National Blue Light Procurement Reserve

This is a national collaboration, which Cheshire Constabulary leads, with the reserve being held for development of the system in conjunction with the Home Office.

For all Collaboration Reserves – Basis of Transactions:

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

KEY RISKS

8. There are a number of uncertainties and risks over the next few years that hold the potential of significant financial impact including the on-going effect of the coronavirus pandemic. Uncertainty over funding as a result makes planning difficult and reserves are a key tool in providing flexibility to deal with this challenge.
9. The following set out key financial risks that may impact on reserves:
 - a. Government funding is still uncertain in the medium-term although a Spending Review is due in 2025. As a result, the MTFS remains challenging with many uncertainties in an unsettled economic environment. Reserves will be required to support the budget and savings targets.

- b. Claims of unlawful discrimination were made in relation to the changes to the Judiciary and Firefighters Pension regulations and in December 2018 the Court of Appeal (McCloud / Sargeant) ruled that the 'transitional protection' offered to some members as part of the reform to public sector pensions amounts to unlawful discrimination. Significant work is required to facilitate the fallout of this ruling and there is a degree of uncertainty over the costs and funding going forward. Initial costings are now known, and the Pay and Pensions reserve utilised to fund these. However, there are further costs expected including 'compensation'. The value of these and their ultimate funding remains uncertain.

FORWARD STRATEGY

10. The foremost principle of holding reserves remains affordability versus risk. To set aside reserves for all potential risks scenarios that may arise would be prohibitively expensive and result in demands on council taxpayers considerably higher than likely need.
11. As such, the strategy for general reserves is to hold the level of this reserve at around 3% of the net budget requirement. The level should be reviewed annually after the budget for the forthcoming year has been set. Any excess will be released in support of capital funding to limit the need to borrow and the associated impact on revenue budgets. Any shortfall will be recognised as a first call on any in-year underspends or built into the following year's budget proposals.
12. Earmarked reserves are reviewed quarterly and reported to the Commissioner as part of the formal financial reviews. The reviews will take into account the purpose of the reserve, the risks they are designed to mitigate and the current and future demands. Any reserve deemed no longer required will be returned to general reserves.
13. Strategic risks are monitored through SCT Business Meeting, Joint Management Board and Joint Audit Advisory Committee. Any new risk or significant change to existing risks will be monitored with any impact on reserves presented to SCT Business Meeting for recommendation to the Commissioner for the creation or adjustment to Earmarked Reserves.
14. Capital reserves are the primary source of funding for all capital investments and are therefore linked to the approved capital strategy. The use of such reserves is designed to cover short-life assets, limiting the need to borrow over short periods.

15. Capital receipts of more than £10,000 from the sale of assets can only be used to fund future capital investment or the repayment of debt. Receipts of less than £10,000 are returned to revenue budget.
16. General capital grants have not been allocated for a number of years, it is, therefore, appropriate to forward plan on that basis. In order to meet the minimum asset replacement cycles, a revenue contribution is made each year into Revenue Reserve for Capital reserve and used towards financing that year's capital programme.

Annex 1

| | 2024/25 | 2025/26 | | | 2026/27 | | | 2027/28 | | | 2028/29 | | | 2029/30 | | |
|------------------------------------|----------------|-----------------|-----------------|----------------|-----------------|-----------------|----------------|-----------------|-----------------|----------------|-----------------|-----------------|----------------|-----------------|-----------------|----------------|
| | 31-Mar £000 | Revenue £000 | Capital £000 | 31-Mar £000 | Revenue £000 | Capital £000 | 31-Mar £000 | Revenue £000 | Capital £000 | 31-Mar £000 | Revenue £000 | Capital £000 | 31-Mar £000 | Revenue £000 | Capital £000 | 31-Mar £000 |
| <u>General Reserves: Revenue</u> | | | | | | | | | | | | | | | | |
| Police Fund - General Reserve | £5,773 | £0 | £0 | £5,773 | £0 | £0 | £5,773 | £0 | £0 | £5,773 | £0 | £0 | £5,773 | £0 | £0 | £5,773 |
| MTFS Reserve | £2,483 | £0 | £0 | £2,483 | £0 | £0 | £2,483 | £0 | £0 | £2,483 | £0 | £0 | £2,483 | £0 | £0 | £2,483 |
| | £8,256 | £0 | £0 | £8,256 | £0 | £0 | £8,256 | £0 | £0 | £8,256 | £0 | £0 | £8,256 | £0 | £0 | £8,256 |
| <u>Earmarked Reserves: Revenue</u> | | | | | | | | | | | | | | | | |
| Carry Forwards Reserve | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £0 |
| POCA Reserve | £560 | -£147 | £0 | £413 | -£18 | £0 | £395 | -£18 | £0 | £377 | £0 | £0 | £377 | £0 | £0 | £377 |
| Hardship Loan Reserve | £50 | £0 | £0 | £50 | £0 | £0 | £50 | £0 | £0 | £50 | £0 | £0 | £50 | £0 | £0 | £50 |
| Pay and Pensions Reserve | £147 | -£128 | £0 | £19 | £0 | £0 | £19 | £0 | £0 | £19 | £0 | £0 | £19 | £0 | £0 | £19 |
| Redundancy Reserve | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £0 |
| Major Investigations Reserve | £1,125 | -£562 | £0 | £562 | -£562 | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £0 |
| Council Tax Deficit Reserve | £769 | £0 | £0 | £769 | £0 | £0 | £769 | £0 | £0 | £769 | £0 | £0 | £769 | £0 | £0 | £769 |
| Estates Strategy Reserve | £500 | -£500 | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £0 |
| Road Safety Initiatives Reserve | £342 | £0 | £0 | £342 | £0 | £0 | £342 | £0 | £0 | £342 | £0 | £0 | £342 | £0 | £0 | £342 |
| Commissioning Reserve | £219 | -£219 | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £0 |
| IT Reserve | £291 | £0 | £0 | £291 | £0 | £0 | £291 | £0 | £0 | £291 | £0 | £0 | £291 | £0 | £0 | £291 |
| | £4,003 | -£1,556 | £0 | £2,446 | -£580 | £0 | £1,866 | -£18 | £0 | £1,848 | £0 | £0 | £1,848 | £0 | £0 | £1,848 |
| <u>Earmarked Reserves: Capital</u> | | | | | | | | | | | | | | | | |
| Capital Receipts | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £0 |
| Capital Reserve - Unapplied Grant | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £0 |
| ESN Reserve | £226 | £0 | £0 | £226 | £0 | £0 | £226 | £0 | £0 | £226 | £0 | £0 | £226 | £0 | £0 | £226 |
| HQ IT Reserve | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £0 |
| Revenue Reserve for Capital | £755 | £3,747 | -£4,502 | £0 | £3,551 | -£3,551 | £0 | £3,478 | -£3,478 | £0 | £4,631 | -£4,631 | £0 | £5,020 | -£4,546 | £474 |
| | £981 | £3,747 | -£4,502 | £226 | £3,551 | -£3,551 | £226 | £3,478 | -£3,478 | £226 | £4,631 | -£4,631 | £226 | £5,020 | -£4,546 | £700 |
| <u>Collaboration Reserves:</u> | | | | | | | | | | | | | | | | |
| Armed Police Alliance Reserve | £452 | -£422 | £0 | £29 | £0 | £0 | £29 | £0 | £0 | £29 | £0 | £0 | £29 | £0 | £0 | £29 |
| Dog Alliance Reserve | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £0 |
| Local Resilience Forum Reserve | £353 | £0 | £0 | £353 | £0 | £0 | £353 | £0 | £0 | £353 | £0 | £0 | £353 | £0 | £0 | £353 |
| MFSS Development Fund | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £0 |
| National Blue Light Procurement | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £0 |
| UWSU Reserve | £1,011 | £0 | -£80 | £931 | £0 | £0 | £931 | £0 | £0 | £931 | £0 | £0 | £931 | £0 | £0 | £931 |
| NWAP Collaboration | £30 | £0 | £0 | £30 | £0 | £0 | £30 | £0 | £0 | £30 | £0 | £0 | £30 | £0 | £0 | £30 |
| | £1,846 | -£422 | -£80 | £1,343 | £0 | £0 | £1,343 | £0 | £0 | £1,343 | £0 | £0 | £1,343 | £0 | £0 | £1,343 |
| TOTAL RESERVES | £15,086 | £1,769 | -£4,582 | £12,271 | £2,971 | -£3,551 | £11,691 | £3,460 | -£3,478 | £11,673 | £4,631 | -£4,631 | £11,673 | £5,020 | -£4,546 | £12,147 |

RESERVES HELD - Home Office classification

| | 2024/25 | | | 2025/26 | | | 2026/27 | | | 2027/28 | | | 2028/29 | | | 2029/30 | | |
|---|----------------|-----------------|-----------------|----------------|-----------------|-----------------|----------------|-----------------|-----------------|----------------|-----------------|-----------------|----------------|-----------------|-----------------|----------------|-----------------|-----------------|
| | 31-Mar £000 | Revenue £000 | Capital £000 | 31-Mar £000 | Revenue £000 | Capital £000 | 31-Mar £000 | Revenue £000 | Capital £000 | 31-Mar £000 | Revenue £000 | Capital £000 | 31-Mar £000 | Revenue £000 | Capital £000 | 31-Mar £000 | Revenue £000 | Capital £000 |
| General Reserve / Contingency: | | | | | | | | | | | | | | | | | | |
| Police Fund - General Reserve | £5,773 | £0 | £0 | £5,773 | £0 | £0 | £5,773 | £0 | £0 | £5,773 | £0 | £0 | £5,773 | £0 | £0 | £5,773 | £0 | £0 |
| MTFS Reserve | £2,483 | £0 | £0 | £2,483 | £0 | £0 | £2,483 | £0 | £0 | £2,483 | £0 | £0 | £2,483 | £0 | £0 | £2,483 | £0 | £0 |
| | £8,256 | £0 | £0 | £8,256 | £0 | £0 | £8,256 | £0 | £0 | £8,256 | £0 | £0 | £8,256 | £0 | £0 | £8,256 | £0 | £0 |
| Funding for Projects/Programmes - current MTFS | | | | | | | | | | | | | | | | | | |
| Armed Police Alliance Reserve | £452 | -£422 | £0 | £29 | £0 | £0 | £29 | £0 | £0 | £29 | £0 | £0 | £29 | £0 | £0 | £29 | £0 | £0 |
| Capital Receipts | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £0 |
| Capital Reserve - Unapplied Grant | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £0 |
| Carry Forwards Reserve | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £0 |
| Dog Alliance Reserve | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £0 |
| ESN Reserve | £226 | £0 | £0 | £226 | £0 | £0 | £226 | £0 | £0 | £226 | £0 | £0 | £226 | £0 | £0 | £226 | £0 | £0 |
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| TOTAL RESERVES | £15,086 | £1,769 | -£4,582 | £12,271 | £2,971 | -£3,551 | £11,691 | £3,460 | -£3,478 | £11,673 | £4,631 | -£4,631 | £11,673 | £5,020 | -£4,546 | £12,147 | | |

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