

## Narrative Report 2022/23

### An introduction to Cheshire East, the place

Cheshire East Council is an all-purpose 'unitary' local authority providing key public services to 398,800 local residents in Northwest England. The borders include the towns of Macclesfield, Congleton and Crewe. The area lies between the urban areas of Manchester to the North and Stoke-on-Trent to the South. Cheshire East covers a largely rural area of approximately 117,000 hectares, this makes the Council one of the largest local authorities in England.

The Council operates a model which matches the most appropriate service provider in terms of quality and cost to meet the needs of residents. The Group now consists of the Council and its wholly owned companies and associate. The accounts for all these organisations, where significant, are combined with the Council's accounts to produce the Cheshire East Group accounts.

The Group is focused on achieving outcomes, in line with the Corporate Plan, by providing quality local services that maximises value for money for local taxpayers.

Cheshire East Council is a multifunctional and complex organisation; its policies are developed by elected Councillors and implemented by professional officers.

During 2022/23 one company, partially owned by the Council (Cheshire and Warrington Local Enterprise Partnership Limited), also provided services to residents of Cheshire West and Chester and Warrington and is jointly owned with those Councils.

The most significant services provided by the Group are:

- Social Care
- Education
- Planning
- Highways
- Waste Management
- Economic Regeneration

### Cheshire East, the people

**Population:** The Office for National Statistics released its latest (mid-2021) population estimates for local authorities in December 2022. These estimates show<sup>1</sup>:

- Growth in the population for Cheshire East, which now stands at 400,500 residents – an increase of 29,800 from the mid-2011 figure.
- Cheshire East remains the third largest of the 39 district and unitary local authorities in the North West – behind Manchester and Liverpool – and fourteenth largest in England.
- The oldest age group (those aged 90 and above) increased by a third (33 per cent) in Cheshire East, which is above the England average (23 per cent).
- The largest percentage increase was in individuals aged 70 to 74, which was up by nearly half (45 per cent) – again above the England average (36 per cent). There was also an increase of 20 per cent more in the population aged 75 to 79 (up 36 per cent), 80 to 84 (20 per cent) and 85 to 89 (21 per cent); these were also above the England averages.

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<sup>1</sup> Source: Office for National Statistics (ONS) mid-year population estimates for 2021 (December 2022 release) and 2011. ONS Crown Copyright.

- Some younger age groups also increased their numbers by 20 per cent or more: those aged 30-34 increased by a quarter (24 per cent), or twice the England average (12 per cent); and those aged 55 to 59 increased by 31 per cent (above the England average of 26 per cent).

**Economy:** Having a strong local economy is key to the Council’s ambition to build economic growth, as is developing life skills to help people thrive and reach their potential. Economic data tells us:

- Cheshire East’s unemployment rate is significantly below the regional and national averages. For the twelve-month period October 2021 to September 2022, the number of unemployed residents was estimated at 6,100. This equates to 3.2% of the economically active (employed or unemployed) population aged 16 and above (compared to 3.9% for the twelve-month period ending September 2021). The current rate is below the regional and national averages of 4.2% for the Northwest and 3.7% for Great Britain.<sup>2</sup>
- 5,520 of Cheshire East’s residents were claiming out-of-work benefits as of January 2023, down from 5,645 in the previous month and 6,345 in January of 2022; this represents a continuing downward trend from the peak reached in January 2021 (10,165), a time when COVID-19 was still severely constraining economic activity. The current figure of 5,520 claimants equates to 2.3% of the Borough’s working-age (16–64-year-old) population (down a little from the January 2022 rate of 2.6%, and well below the 4.2% rate recorded in January 2021); this is significantly less than the rates in the Northwest and the UK as a whole (4.1% and 3.6% respectively). For the Borough’s 18–24-year-olds, the claimant rate is 3.9% (up slightly from 3.8% in January 2022, but lower than the 7.6% rate recorded for January 2021). This is higher than for other age groups (0.1% for 16–17-year-olds, 2.6% for 25-49s and 1.5% for those aged 50 to 64) but is below the rates for this age group in the Northwest and the UK as a whole (5.6% and 4.7% respectively).<sup>3</sup>
- Note that Government changes to the eligibility criteria for Universal Credit (in response to COVID-19) mean that claimants now include some people who are in work, but on low incomes.
- Average household income is high compared to the region and UK but fell slightly in 2020. The Borough’s gross disposable household income (GDHI) per head for 2020 (£25,200) was 1.6% lower than the 2019 figure (£25,600); the UK as a whole also saw a decrease, but a proportionately smaller one (0.2%). It is likely that the 2019-20 changes partly reflect the impact of COVID-19 and the Government’s policy response (of increased social support and redistributed public resources) benefiting some geographical areas of the UK more than others. Even so, GDHI per head in 2020 was 17.5% higher than in the UK (£21,400) and even further above the Northwest average (£18,900).<sup>4</sup> Income levels vary widely within the Borough. In the financial year ending 2018, average (mean) gross annual household income in the Borough’s MSOAs (the Middle Super Output Areas used by the Office of National Statistics) varied from an average of £32,700 in Cheshire East MSOA 036 (an area in the

<sup>2</sup> Source: Model-based estimates of unemployment, October 2020 – September 2021 to October 2021 – September 2022, ONS, NOMIS. ONS Crown Copyright. Note: Estimates of unemployment for regions and countries have been produced from Annual Population Survey data. Estimates at unitary authority level are from model-based estimates.

<sup>3</sup> Sources: [1] Claimant Count, ONS, NOMIS. ONS Crown Copyright. Figures relate to January 2023, except where otherwise specified. [2] ONS mid-year population estimates for 2021 (December 2022 release). ONS Crown Copyright. Note: This claimant measure includes all Universal Credit claimants who are required to seek and be available for work, as well as all Jobseeker’s Allowance (JSA) claimants.

<sup>4</sup> Source: ‘Regional gross disposable household income, UK: 1997 to 2020’ data tables, ONS, October 2022. Figures quoted here are in current prices (that is, they include inflation).

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north of Crewe between Bentley and the train station, including part of Coppenhall) to £60,000 in MSOA 014 (the Tytherington part of Macclesfield).<sup>5</sup>

### The Political Structure of the Council

As a politically led organisation Cheshire East has 82 elected members selected from 52 wards. The electorate in Cheshire East is one of the largest in the UK with almost 300,000 registered voters. Council Elections take place every four years.

During 2022/23 the political membership of the Council was as follows:

|                   | 2022/23 |
|-------------------|---------|
| Conservative      | 30      |
| Labour            | 24      |
| Independent Group | 17      |
| Liberal Democrat  | 4       |
| Non-grouped       | 4       |

The Council had three vacancies at the 31<sup>st</sup> March, following the deaths of two Councillors and one Councillor stepping down.

Details of Member Expenses for 2022/23 are available on the Cheshire East website.

The Council operates a 'committee system' form of governance, with six service committees, a Finance Sub-Committee, and a Scrutiny committee.

### The Cheshire East Council Group Structure

Cheshire East Council is by far the largest service provider of the Group. It is important to recognise that the Council is a Local Authority whereas the other members of the Group are limited companies which are either wholly or partially owned by the Council. The Council must produce a balanced annual budget and aims to spend within that total. The private companies can focus on providing a profit from their commercial activities.

Cheshire East Residents First Limited (CERF) is the largest shareholder for Ansa Environmental Services Limited, Transport Service Solutions Limited and Orbitas Bereavement Services Limited. CERF owns an 80% shareholding in these companies with the remaining 20% being retained by Cheshire East Council. CERF is wholly owned by Cheshire East Council and acts as a holding company for the council owned companies.

Over the last three years the Council has been undertaking an extensive review of each of the wholly owned companies to consider the ever-changing environment in which services are

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<sup>5</sup> Source: Income estimates for small areas, England & Wales, financial year ending 2018, ONS, March 2020. Notes: [1] MSOAs are small geographical areas which the Office for National Statistics created for statistical purposes. They are intended to be of roughly equal size (in terms of population). There are just over 50 MSOAs in Cheshire East. [2] The figures quoted here do not take account of geographical differences in household size and composition, which will vary from MSOA to MSOA.

delivered, as well as the current strategic objectives of the Council and our future ambitions, as outlined in the Corporate Plan.

Decisions have previously been made to bring a number of the companies back in-house, these included Engine of the North and the Skills & Growth Company in 2019/20, Civicance Ltd from 1<sup>st</sup> April 2020 and Transport Service Solutions Ltd from 1<sup>st</sup> April 2022 noting that the strategic, planning, commissioning and procurement functions of these services are to be brought back in-house and delivered directly by Cheshire East Council from 1<sup>st</sup> April 2022 with operational functions being delivered through Ansa Environmental Services Ltd.

### The Group Management Structure (2022/23)

Where services are not provided by directly employed staff the Council adopts a commissioning approach to ensure compliance and value for money. Although the Council owns the companies within the Group, either wholly or in part, each company is a single entity with its own governance arrangements which then reports into the Council’s governance arrangements.

Supporting the work of elected Members is the organisational structure of the Council headed by the Corporate Leadership Team (CLT). This includes the key Statutory Officers to ensure they are represented at the senior level of the Council.

| Company  | Role  | Name                          |
|--|---|-------------------------------|
| <b>Cheshire East Council</b>                       | <b>Chief Executive</b><br>(Head of Paid Service)                    | <b>Lorraine O’Donnell</b>     |
| (Gross Revenue Spend £793m; Capital Spend £116.4m) | <b>Executive Directors:</b>   |                               |
|  | • <b>Executive Director Place</b>                                   | <b>Jayne Traverse</b>         |
|  | • <b>Executive Director of Corporate Services</b>                   | <b>Jane Burns</b>             |
|  | • <b>Executive Director of Adults, Health and Integration</b>       | <b>Helen Charlesworth-May</b> |
|  | • <b>Executive Director of Children’s Services</b>                  | <b>Deborah Woodcock</b>       |
|  | <b>Other Statutory Officers:</b>                                    |                               |
|  | • <b>Director of Governance and Compliance – Monitoring Officer</b> | <b>David Brown</b>            |
|  | • <b>Chief Finance Officer – Section 151 Officer</b>                | <b>Alex Thompson</b>          |
|  | • <b>Director of Public Health</b>                                  | <b>Matt Tyrer</b>             |

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| <b>Wholly Owned Subsidiaries:<br/>2022/23 position</b>                            | <b>Role</b>              | <b>Name</b>  |
|---|--------------------------|--|
| <b>Cheshire East Residents First (CERF)</b>                                       | <b>Chair</b>             | <b>Tom Shuttleworth</b>  |
| <b>Ansa Environment Services Limited</b><br>(Turnover £46m)                       | <b>Chair</b>             | <b>Cllr Steve Hogben</b>   |
|   | <b>Managing Director</b> | <b>Kevin Melling</b>   |
| <b>Transport Service Solutions Limited</b><br>(Turnover £0.6m)                    | <b>Director</b>          | <b>Tom Shuttleworth</b>  |
| <b>Orbitas Bereavement Services Limited</b><br>(Turnover £2.5m)                   | <b>Chair</b>             | <b>Cllr Joy Bratherton</b>   |
|   | <b>Managing Director</b> | <b>Kevin Melling</b>   |
| <b>Tatton Park Enterprise Limited<sup>1</sup></b><br>(Turnover £0.86m)            | <b>Chair</b>             | <b>Cllr Kathryn Flavell</b>  |
|   | <b>Directors</b>         | <b>Cllr Kathryn Flavell</b><br><b>Graham Jones</b><br><b>Barry Burkhill (until 19<sup>th</sup> November 2022)</b><br><b>Cllr Mark Goldsmith</b><br><b>(appointed 3<sup>rd</sup> February 2023)</b> |
| <b>Associate:</b>   |                          |  |
| <b>Cheshire &amp; Warrington Local Enterprise Partnership Limited<sup>1</sup></b> | <b>Chair</b>             | <b>Clare Hayward MBE, DL</b>   |
|   | <b>Chief Executive</b>   | <b>Philip Cox</b>  |

Note 1: Accounts for TPE & C&WLEP are not consolidated in 2022/23 on the grounds of materiality.

The subsidiary companies are led by management boards. These consist of a Managing Director, a Chairman and Directors. The Chairman and two directors are appointed from the elected representatives of the Council.

For a more complete list of appointments and further details on each organisation within the Cheshire East Group please refer to the following websites:

Cheshire East Council [www.cheshireeast.gov.uk](http://www.cheshireeast.gov.uk)  
 Ansa Environmental Services Limited [www.ansa.co.uk](http://www.ansa.co.uk)  
 Cheshire and Warrington Enterprise Partnership Limited [www.871candwep.co.uk](http://www.871candwep.co.uk)

Accounts for Tatton Park Enterprise Limited will be published on the Tatton Park website: [www.tattonpark.org.uk](http://www.tattonpark.org.uk)

Accounts for each of the private companies within the Cheshire East Group will also be provided to Companies House as required.  
 (website: <https://www.gov.uk/government/organisations/companies-house>)

The Group has appropriate governance and control arrangements in place to support the proper management of resources. Each year the Council provides an Annual Governance Statement that

highlights how effective the processes and controls are during the year. The Audit and Governance Committee receive the Statement and consider any actions put in place in response to any issues being highlighted. It is important to read this Statement, which can be found on the Council’s website alongside the Group Statement of Accounts to appreciate the proportionate level of control being exercised over the resources of the Group.

## Group Employees

The Group employs a total of 4,082 people (excluding school-based employees).

|  | No.*         | %          |
|--|--------------|------------|
| Cheshire East Council                      | 3,599        | 88         |
| Ansa Environmental Services Limited (ANSA) | 443          | 11         |
| Orbitas, Bereavement Services Limited      | 40           | 1          |
| <b>Total</b>                               | <b>4,082</b> | <b>100</b> |

\*No. represents an average workforce for the year

## The Corporate Plan

The Corporate Plan was approved by Council in February 2021. This sets out the three main Council priorities of Open, Fair and Green.

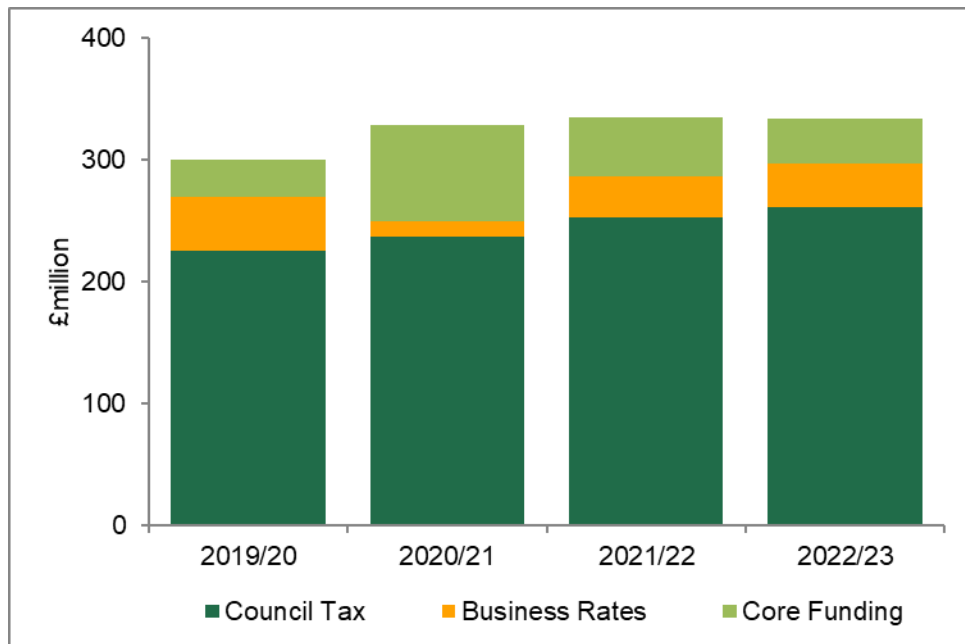


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## Financial Overview

Compared to most other English authorities, Cheshire East is less reliant on Government revenue grant as local businesses and residents provide a high proportion of the overall funding through the payment of Council Tax and Business Rates.

**Chart A:** Most of the Council's funding comes from local tax payers.



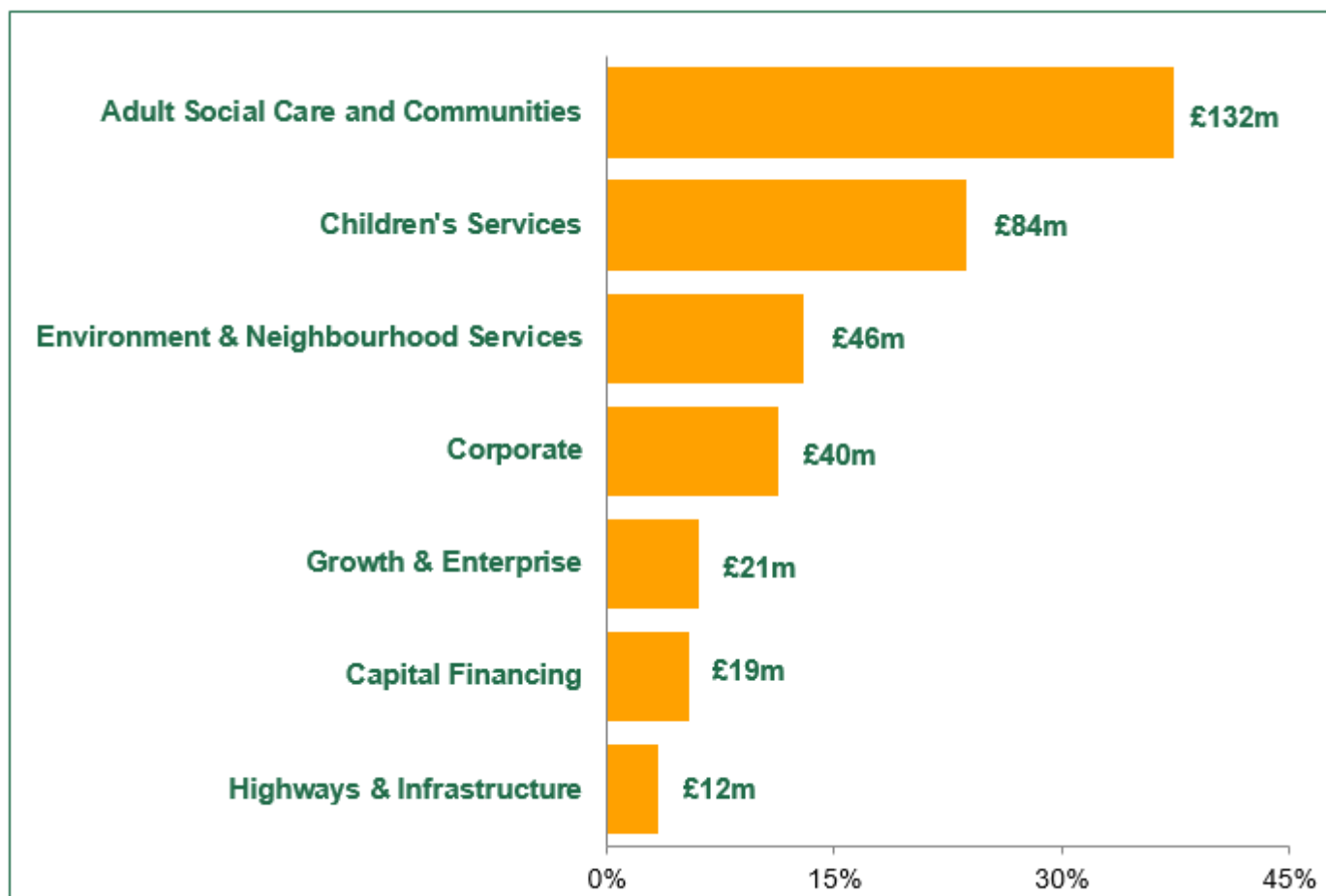
## Most of the Council's £335m Services Net Budget is allocated to Social Care

The Council invests in a wide range of service providers. Most of the money is spent on achieving social care and community outcomes. The difficult decisions to prioritise and allocate resources to commissioned services mainly rests with elected Members.

The significant majority of education funding is passed directly to maintained schools and payment of welfare benefits, although administered by the Council, are claimed back from the Government in full. These costs are not therefore included in the 'Net Budget'. At present public health expenditure is also ring-fenced for spending on public health services.



**Chart B:** Services for Children and Adults make up 61% of the Council's expenditure



### Revenue Outturn position

The financial outturn for Cheshire East Council is an overspend of £6.0m. This is net of appropriate allocations to useable reserves.

The Council's wholly owned companies produced a positive outturn for the year, rebating £0.660m to the Council at outturn. This reflects the achievement of net cost savings against Council activities funded from the management fee. The wholly owned companies also realised £0.462m in profits from commercial activities. In addition, the Council received an interim dividend payment in-year from the Transport Service Solutions Ltd of £0.291m with a final dividend due upon closure of £0.106m in early 2023/24.

Overall revenue reserves of the Group have reduced from £100.3m to £81.1m. This is made up primarily from:

- General reserves for Cheshire East Council have increased from £12.6m to £14.1m.
- Earmarked reserves for Cheshire East Council of £61.6m
- Schools' reserves and balances of £5.4m.

The Council will be audited by Mazars LLP and each of the wholly owned subsidiaries of the Group will be separately audited by Grant Thornton UK LLP. Any findings will be reported to the relevant



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Board or Committee and the Audit and Governance Committee and reported on the website of each part of the Group.

Summary details of the relative management accounts for each entity within the Group are as follows:

**Cheshire East Council reported an overspend of £6.0m to be funded from MTFs reserve (£5.2m) and General reserves (£0.8m)**

| 2022/23<br>Outturn Review                 | Revised Budget<br>(Net)<br>£m | Third Quarter<br>Over /<br>(Underspend)<br>£m | Final Outturn<br>Over /<br>(Underspend)<br>£m |
|---|-------------------------------|---|---|
| <b>Service Directorates</b>               |                               |   |   |
| Adults, Health and Integration            | 121.7                         | 8.9   | 10.5  |
| Children and Families                     | 78.6                          | 3.5   | 5.2   |
| Place                                     | 80.3                          | 1.9   | (1.2)   |
| Corporate                                 | 39.7                          | 0.4   | (0.7)   |
| <b>Total Services Net Budget</b>          | <b>320.3</b>                  | <b>14.6</b>                                   | <b>13.8</b>                                   |
| <b>Central Budgets</b>                    |                               |   |   |
| Capital Financing                         | 17.1                          | -   | -   |
| Transfer to / from Earmarked Reserves     | (5.7)                         | (6.0)   | (6.0)   |
| Corporate Contributions / Central Budgets | (13.0)                        | (1.0)   | (1.8)   |
| <b>Total Central Budgets</b>              | <b>(1.6)</b>                  | <b>(7.0)</b>                                  | <b>(7.8)</b>                                  |
| <b>Total Net Budget</b>                   | <b>318.7</b>                  | <b>7.7</b>                                    | <b>6.0</b>                                    |
| Business Rates Retention Scheme           | (26.3)                        | -   | -   |
| Specific Grants                           | (36.5)                        | -   | -   |
| Council Tax                               | (253.8)                       | -   | -   |
| <b>Funding</b>                            | <b>(318.7)</b>                | <b>-</b>                                      | <b>-</b>                                      |
| <b>Net Position</b>                       | <b>(318.7)</b>                | <b>7.7</b>                                    | <b>6.0</b>                                    |

**The wholly owned subsidiaries reported an overall surplus.**

| Company      | Turnover<br>£000 | Costs<br>£000 | Operating<br>Profit/(Loss)<br>£000 | Interest Payable<br>& Taxation<br>£000 | Net Profit<br>/(Loss)<br>£000 |
|--------------|------------------|---------------|------------------------------------|--|-------------------------------|
| ANSA         | 45,614           | 45,160        | 454                                | 171                                    | 283                           |
| TSS          | 595              | 513           | 82                                 | (24)                                   | 106                           |
| Orbitas      | 2,502            | 2,432         | 70                                 | (3)                                    | 73                            |
| <b>Total</b> | <b>48,711</b>    | <b>48,105</b> | <b>606</b>                         | <b>144</b>                             | <b>462</b>                    |

- Please note that a prior year adjustment of £455,000 that was not previously adjusted for in the Cheshire East Group Statement of Accounts for 2021/22, has been adjusted for in 2022/23, reducing the overall profit to £7,000.

## National Economic pressures

2022/23 has been a particularly challenging year financially. Not only has the Council continued to deal with the legacy impact of the COVID-19 pandemic, but there have also been significant national economic pressures and a cost of living crisis, largely as a consequence of global events. Inflation, particularly driven by increases in fuel and energy prices, reached over 10 percent in 2022/23, compared to the Government's target of 2 percent. Interest rates reached 4.25 percent at end of March 2023, compared to 0.5 percent in February 2022. National economic forecasts suggest interest rates could continue to rise in 2023/24.

All services are impacted by rising inflation. The cost of delivering Council services and capital development activities are significantly increased. National wage inflation in 2022/23 was estimated at 6% and the average cost of council pay increases matched this.

In addition, like other councils across the country, Cheshire East Council is seeing increasing complexity and demand in services to support people who need additional help. More than 60 percent of the Council's net budget is spent on care services for adults and children.

To support Cheshire East residents, a Cost of Living Crisis Team has been created for those who are concerned about the increased cost of living; the Team advise residents on what support is available and where to get it.

The Council has also acted as an agent for Central Government, by passporting grants to residents and businesses affected by the cost of living crisis.

## Performance Overview

The Council's outcomes, are achieved through a combination of staff, commissioners and providers targeting our performance ambition. Some of the key issues that have affected the level of service expenditure and performance against outcomes during the year are summarised below.

## Adult Social Care, Commissioning and Public Health Services

A new, innovative programme, [Green Spaces for Wellbeing](#), has launched in Macclesfield and Crewe. Green Spaces for Wellbeing helps adults to improve their physical and mental health and wellbeing by engaging in nature-based activities. An experienced team of rangers offer friendly and welcoming groups that can help participants to build confidence, meet people locally, discover different interests, practice mindfulness, learn new skills, and give back to the local community.



We have been assessed as good by the Home Office, with a very strong leaning to outstanding (our overall score is 94%) for our response to Prevent and Channel. In five key areas we were rated as outstanding.

In June 2022 we held a Learning Disabilities conference, celebrating the lives of people with

The council have been working hard to support residents in response to the cost-of-

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|  |   |
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| <p>learning disabilities, and hearing about people's experiences of services – what is good and what needs to get better. We are changing our services based on this feedback.</p>   | <p>living crisis. We set up dedicated webpages and a phone line to a cost-of-living team with advice and support.</p> <p>We launched <a href="#">Warm PlaCEs</a> this year to ensure residents were warm over winter. Over 40 Warm PlaCEs across the Borough provided information and advice, warm drinks and hot food.</p> <p>We also provided a cost-of-living grant for voluntary sector organisations to apply for (total £200,000) to support organisations to continue to deliver much needed services despite additional cost pressures.</p> |
| <p>We have supported 639 Ukrainian people to safely connect with 323 UK Sponsors households. We have provided welcome payments, thank you payments, education, housing advice, integration support, employment opportunities have created a huge welcome to a vulnerable cohort. We also recently launched a campaign to recruit local sponsors to continue to house this cohort as the war continues.</p>   | <p>We have launched our new Health and Wellbeing Strategy for 2023-2028. The strategy guides the work of the council, partners and stakeholders in improving health and wellbeing across Cheshire East and includes clear objectives to support people to improve their health and wellbeing.</p>   |
| <p>The 'Stay Well Squad' provided dedicated support to the NHS and social care Winter Plan and flu vaccination campaign; undertook visits to Ukrainian refugees and their host families; supported the NHS with health care for asylum seekers, and provided health and wellbeing advice to local businesses and schools. In addition, they advised the public through their drop-in sessions at supermarkets and community venues. The Squad undertook health checks through their mobile service, helping people to better understand their health risks and signposting them to advice, guidance and services that would help them to improve or maintain their health and wellbeing.</p> | <p>We continue to integrate and align services with our health colleagues across Cheshire East Place. Notable successes include the establishment of Transfer of Care Hubs based in local hospitals which involves the co-location of health and social care services which play an important role in hospital discharge. This development has helped to reduce delays for people leaving hospital.</p>   |


The Adult Social Care (Operations and Commissioning) and Public Health budgets remain under continued pressure across the country. The rising cost of Social Care in Cheshire East is driven by increasing demand for services, increasing complexity of the demand and increasing costs in providing them. Demand for Social Care is therefore not driven exclusively by an ageing population, the prevalence of disability among working-age adults has also increased over recent years. In

addition to increasing demand, the unit cost of providing care services is also going up, driven mainly by workforce costs and this has been recognised in the 2023/24 budget where growth has been allocated.

## Children’s Services

|   |  |
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| <p><a href="#">Crewe Youth Zone</a> has been awarded a £7.0million <a href="#">Youth Investment Fund</a> grant to build the new state-of-the-art youth centre. Subject to plans being approved, the Youth Zone is expected to open in Spring 2025. It will provide thousands of young people with opportunities to engage in activities and access support from skilled youth workers, helping them to develop their skills and reach their full potential. It will also create full and part-time jobs as well as volunteering opportunities.</p> <p>Crewe Youth Zone is being delivered by national charity OnSide, in partnership with Cheshire East Council and Crewe Town Board.</p> | <p>Cheshire East Council has been successful in its bid to secure government backing for two new free schools for children and young people with special educational needs and disabilities. The successful bid means the Department for Education will build two new special schools, located in Middlewich and Congleton. The schools will create 120 places for children and young people from five to 19 years old.</p> <p>These additional special school places will enable children and young people to remain within Cheshire East and avoid the need to travel a longer distance to go to school.</p> |
| <p>Cheshire East Council and partners have been selected to receive lottery funding of more than £250,000 for a pilot scheme to support survivors of domestic abuse, helping them to remain safely in their communities. The money will bring in support from charities including Standing Together against Domestic Abuse and Surviving Economic Abuse - strengthening the Borough’s existing domestic abuse partnership and creating innovative and new ways of working. The focus of the work will be on a ‘Whole Housing Approach’ and means that services are strengthened to spot the signs of abuse and can support families earlier.</p>  | <p>Cheshire East are developing Family Hubs supported by a successful bid for additional funding from the Department for Education. This model brings council, health, education and community services together so that families can access the right support at the right time. The council plans to develop existing children’s centres to create the hubs for parents/carers of children of all ages, to ensure that they can access support across a range of services. A digital service will also be developed to provide advice and guidance.</p>  |
| <p>Cheshire East Council, with the help of a wide range of local partners, distributed vouchers worth £4m on behalf of the Department of Work and Pensions to support the most vulnerable households across the county with food, utilities, housing costs, and other essentials over 2022/23. The programme released over 135,000 payments to over 12,500 individuals in need across Cheshire East, receiving over 95% approval from feedback collected from the community.</p>  | <p>The Cheshire East Area Partnership attained the Youth Justice SEND Quality Lead status with a ‘child first’ commendation. The Cheshire East area is part of a youth justice service that spans Cheshire East, Cheshire West, Halton and Warrington. In 2018, the partnership was awarded quality mark status through developing more robust relationships with education services, social care and health, with strengths in the quality of their award-winning diversion activity. Since then,</p>   |

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|  | <p>Cheshire East has embarked on a focused journey of continuous improvement, which has resulted in the attainment of the coveted Quality Lead Award with a commendation for effective child first partnership practice.</p>   |
| <p>Cheshire East Council offers a successful and diverse programme of training and support to its schools via its 'Continual Professional Development Pathway' programme. A wide range of expert providers are commissioned to deliver the training. To date, over 500 Cheshire East schools have accessed training.</p> <p>This ongoing training and development offer helps schools to develop their curriculum and continue to improve the support they offer to pupils.</p>  | <p>Cheshire East Council works with a range of holiday club providers to offer a range of free fun and exciting activities, alongside a nutritious meal, in the main school holidays as part of the holiday activities and food programme (HAF). The holiday activities are for school age children and young people, who are eligible for benefits related free school meals.</p> <p>During 2022, the programme has been able to offer over 39,000 holiday club places in over 60 locations across Cheshire East. During this time, the programme supported over 4,000 children and young people, including over 400 children and young people with special educational needs and/or disabilities, and provided over 25,000 nutritious meals.</p> |

The Children and Families final outturn for 2022/23 reflects a £5.2m overspend. The breakdown of that position is shown in the main summary table.

The key pressure areas for the directorate include:

- Children's social care agency placements – where the number of children in care has continued to increase from 521 at April 2022 to 585 at April 2023 and placement costs are increasing by more than inflation.
- The increased use and cost of agency staff in children's social care to cover vacant posts.
- Higher legal costs within children's social care with longer processes and more challenge.
- Home to school transport costs – where a mix of increasing numbers of pupils with an education, health and care plan (EHCP), driver shortages and increasing fuel costs have seen overall costs rise.
- Educational Psychologists – where there is the need for agency staff to cover posts and challenges in recruiting and retaining staff.

The £5.2m reflects the position after £4m of one-off mitigating measures have been applied including resettlement funding, funding transformation costs from capital receipts and use of earmarked reserves. As a result, the underlying pressure is much greater.

A number of these items are reflected in growth allocations in the MTFS. However, the position will require careful management during 2023/24 and the Directorate is developing work plans.

### **Dedicated School Grant (DSG)**



The key pressure on DSG relates to the high needs block where the SEND service continues to see a significant increase in the number of pupils with an EHCP.

This has placed pressure on the grant used to provide funding for children with SEND in various settings and led to a £21.2m overspend in 2022/23. This adds on to the brought forward deficit of £25.7m to take the DSG Reserve to a £46.9m deficit position.

This is in line with the budget gap as determined by the council’s DSG Management Plan that was reported to Children and Families Committee in September 2022 and set out the planned expenditure and income on high needs over the medium term.

The deficit is currently being managed by an accounting override until 2026 which allows it to be treated as an un-usable reserve. At this stage the position is not recoverable unless there are significant changes to funding or demand or both.

**Place**

**Carbon Net Zero**

The Councils first large-scale solar farm is underway which will generate renewable energy and reduce carbon emissions as part of the Council commitment to be Carbon neutral by 2025. The 4.1-megawatt solar farm – enough to power about 1,200 houses – is being built by the council on land adjacent to the composting plant in Leighton Grange Farm in Crewe. The solar farm will provide renewable energy to power our composting plant – operated by Biowise – but will also put green energy back into the national grid, helping to offset a significant amount of the council’s carbon emissions.

The Council has launched our new electric car club for business trips as a new way for us to manage our fleet of vehicles and will help us to reduce the impact on the environment while promoting cleaner, greener ways to travel. Over 50 council staff have joined and have driven 3615 miles, saving 619kgCO2 which would have been released in the old petrol cars.



**Nantwich Leisure Centre**

The redevelopment of Nantwich Leisure concluded early in 2022 and included:

- Extended Gym – helping to cater for current and future membership;
- Group Cycling Studio – the key suggestion by Nantwich members in Everybody annual surveys;
- Café and a larger, modern reception area; and,
- Extended changing provision – primarily to support the Outdoor Pool.

The project was procured and managed by CEC Assets, delivered by ENGIE Regeneration and achieved BREEAM Good along with the installation of smart technology, photovoltaics and LED lighting was added to the scope following the award of the contract to reflect the Council’s carbon neutral aspirations.



**Cultural Economy**

**Tatton Park**

## Annex 1

This year saw Completion of a second large mural in Macclesfield as part of the Town Art Trail. Peachezz completed a mural, inspired by the illustrations of Macclesfield born Charles Tunnicliffe, of 'Swifts' at Macclesfield Station with funding from Avanti. This has become a much-loved addition to the town and joins the mural of Ian Curtis on Mill Street completed earlier in 2022.



The team has supported the creation of an LCEP (Local Cultural Education Partnership) for Crewe and surrounding area is bringing together professionals from the creative and education sectors to improve cultural opportunities for young people.

A major milestone for the Archives project was reached with an announcement of funding from National Lottery Heritage Fund. Almost £5million has been secured to deliver 2 new History Centres in Crewe and Chester.

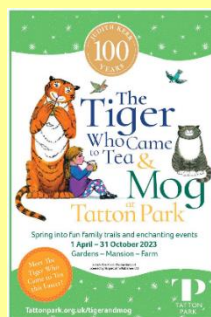
### Public Access Improvements

The Public Rights of Way team continue to increase the accessibility of the path network, such as by replacing stiles with gates and enhancing path surfaces, on both leisure and active travel routes. The 2022 random survey of paths across the network undertaken by volunteers from the East Cheshire Ramblers and the Peak and Northern Footpaths Society classed 94% of the inspected paths as being in a good or acceptable condition.

Tatton Park has responded well despite a challenging year affecting visitor attractions nationally, with lower visitor numbers due to the cost of living. Among the many successes, a busy Christmas period saw the reintroduction of the popular 'Christmas in the Mansion' for the first time since the pandemic.

Other successes included being winner of Cheshire's 'Best Tourism Marketing Project of the Year 2021/22 for 'Percy the Parkkeeper' at Tatton Park, while Tatton's Green flag' and 'Green heritage site' awards were retained again. A successful bid was made for a £49,000 'Reimagine' grant from the Art Fund for proof of concept of two large scale, site specific, immersive artworks as part of a major Canaletto exhibition planned for 2025.

It is important to refresh Tatton's core visitor offer to attract new audiences and encourage existing visitors to return. Since 2022, Tatton has been developing a partnership with publishers Harper Collins to create a programme of special events and activities designed to celebrate the world of Judith Kerr's much loved children's stories, 'The Tiger who came to Tea' and the 'Mog' series of classic books. They will be launched from Easter 2023 with family activities in the Gardens, Mansion and Farm over the summer along with education workshops.



The team also launched a new website for the Tatton Park Charitable Trust, which provides for online donations for the first time and relaunches an animal adoption scheme. The Tatton Park Charitable Trust was created to support education, conservation and restoration projects for the benefit of all visitors to Tatton Park. It is a voluntary body



The team often receive appreciation from members of the public, including one which read *"I just wanted to say congratulations to you and the [National] Trust on the refurbishment of the restricted byway between Quarry Bank Mill and Bank House Farm. I walked along there the other day expecting to be up to my ankles in mud and water to find that it had been transformed. This is such an important link for walkers and horse riders in the Wilmslow network, and a historic one too as I'm sure you know. With many thanks to all involved"*

One example of improvement works would be those completed on Audlem Footpath No. 26: Audlem Ramblers, in partnership and using an innovative product called Flex MSE as well as standard materials, created a 65m long raised walkway over a section of footpath that was boggy the majority of the year and yet forms a popular circular route for residents, linking in with the Shropshire Union Canal towpath.



Before

After

run by local trustees, which aims to raise donations and secure grants to help to ensure this special place is here for future generations to enjoy.

The management and conservation of the 2000-acre historic estate, including Mansion, Park, Gardens and Farm continues across the year with deer management, woodland management, the best example of a Japanese Garden in Europe, a rare breed farm telling the story of food 'from field to fork' and artefacts from paintings to porcelain, ensuring that this is no 'run-of-the-mill' task. Welcoming hundreds of thousands of visitors, providing recreational and wellbeing opportunities, volunteering, staging major outdoor events, and contributing to the Borough's visitor economy are all part of the annual picture.

### **North West Crewe Highway Package**

This is a 2.6km new single carriageway and 7 new roundabouts with junction improvements near Leighton Hospital and Bentley. The council's contractor, Balfour Beatty started work on site in May 2022 and Phase 1 of the scheme, which has involved the closure of the A530 Middlewich Road to the south of the new scheme, is nearly complete. Overall scheme completion is programmed for spring 2024.

### **Poynton Relief Road**

Excellent progress was maintained throughout the year on the 3.5km Poynton Relief Road, working with our contractor, Graham Ltd. The road was opened on 3<sup>rd</sup> March 2023.

Major junction improvements at Adlington Junction and Bonis Hall Lane have also been completed this year to accommodate the increased traffic expected when the new road opens.



### Economic Development

The team has led and supported on a wide range of projects over the past 12 months in Crewe town centre. Projects include:

- The redevelopment of Lyceum Square into Ly<sup>2</sup> – a new cultural and events space in the heart of the town centre, utilising £750,000 of Government funding.
- The £23m Towns Fund programme, ensuring projects submit Green Book-compliant business cases, then appraising them and securing approval from Crewe Town Board and the Department for Levelling Up Homes & Communities. Following this, in response to the construction cost inflation, it led in reviewing and reprioritising funding to ensure the viability of the majority of projects. These include several led by other Council services and external partners, as well as others developed and led by the Regeneration team, such as the Mill Street Corridor – which will improve connectivity between the station and town centre - and a new grant scheme to supporting businesses taking on vacant town centre premises.
- It has also managed the £14m Future High Streets Fund programme, again supporting some projects led by other Council services, but leading specifically on Civic & Cultural Space (with a secured planning consent), and a new co-working space project (TADIC) which was approved to proceed.

Further key achievements have been:

- Leading a coordinated cross Directorate Council response to the UK Shared

### Air Quality

A new Air Quality Analyser has been installed in Disley. The new equipment will have the ability to give more ‘real time’ information on levels of nitrogen dioxide and particulate matter. The project has been completed in conjunction with the Local Transport Planning Team.

Objectives within the Air Quality Action Plan continue to be delivered, including a series of highway network improvements and ongoing education campaigns.



A project amongst our local schools to design a poster around air pollution was won by a pupil from Brereton Primary School. The prize, which benefitted the whole school, was a scooter activity day, provided by Scoot Fit, which aimed to improve ability and confidence amongst children whilst encouraging active travel.

Funded by a grant from Defra the service has undertaken a Borough wide awareness raising campaign around the impacts to air quality and the environment as a result of domestic fuel burning and vehicle idling. All Cheshire East households have received a general information leaflet supported by a variety of media releases, an updated web page and a ‘don’t idle’ visual on pay and display tickets.

Prosperity Fund (UKSPF) developing an Investment Plan and securing an £11.8M allocation for Cheshire East, which will be used to support communities, business and people across the Borough to March 2025.

- Leading a multi-service team responding to a Business Improvement District Proposal for Wilmslow Town Centre, enabling that proposal to be considered at a ballot and ultimately seeing it become the Borough's first Business Improvement District.

Separate Defra funding specific to a cycling-based project in Congleton has resulted in the installation of a number of cycle stands being installed in the town and local park. The service is looking to use the remaining money to support cycle stands within local schools.

## Housing

The Housing team applied for £6.21million of Round 2 Home Upgrade Grant funding to improve the energy efficiency of off gas homes for Cheshire East and Cheshire West and Chester Councils, which was successful.

They are also delivering energy efficiency improvements into 164 homes in partnership with our Registered Housing Providers having successfully secured £1.5million Social Housing Decarbonisation Funding.

We completed the Green Homes Grant schemes this year, delivering 572 energy efficiency measures to 362 households.

In June 2022, the Housing Options Team achieved Domestic Abuse Housing Alliance (DAHA) accreditation, which is a scheme open to Housing Associations, Local Authority Housing Teams and Homelessness Providers across the UK to help improve their response to domestic abuse.

We secured £838,857 of Rough Sleeping Initiative funding over 3 years to establish a Multi-Agency Disciplinary Team and 8 units of supported accommodation, to help those who are rough sleeping to access the services to deal with complex behaviour and enable them to secure and sustain accommodation.

# Annex 1

## Environment & Neighbourhood Services

Environment & Neighbourhood Services are reporting a pressure of £2.2m against a net budget of £43.6m. £1.9m of this relates to income pressures in Planning, Libraries and Licensing as a legacy of the COVID-19 pandemic. £0.4m relates to COVID-19 related costs as more people are working from home leading to increased tonnage growth. A net £0.9m non-COVID-19 pressure arises in Environmental Services due to wholly owned company pay increases, increased costs of the waste disposal contract, and waste transfer station maintenance, mitigated by a higher than expected bereavement income surplus. There is a large staffing underspend across the majority of services due to vacancies and delaying recruitment to improve the overall Council financial position, offset slightly by the pay rise pressure.

## Growth & Enterprise

Growth & Enterprise have an underspend of £1.6m against a net budget of £22.3m. There were a number of measures taken to help with the Council's financial position including releasing funding in Economic Development of £0.8m, reduction in planned maintenance in Facilities Management and Farms, stopping non-essential spend and holding vacancies across the majority of the services. Growth & Enterprise had inflationary pressures from the pay rise, responsive maintenance and energy costs which reduced the underspend available.

## Highways & Infrastructure

Highways & Infrastructure are reporting an underspend of £1.6m against a net budget of £13.7m. There is a pressure of £0.8m included within these figures for lower income received from pay and display car parks, annual and quarterly parking permits and from penalty charge notices within Parking. This has been offset by £1.3m of additional income from Highways and Infrastructure, releases of earmarked reserves to improve the Council position of £0.4m, vacancies and delayed recruitment across the majority of services and a LEP contribution towards HS2.

## Corporate Services

|   |  |
|---|--|
| <b>Customer Services</b> <ul style="list-style-type: none"><li>• We have implemented new technology within the Contact Centre improving the experience customers have when contacting the Council</li><li>• We have supported the delivery of Government initiatives including Homes for Ukraine, Energy Support Grants and Household Support Fund</li><li>• We have implemented new digital technologies including a Chatbot, Customer Account and improved on-line services</li><li>• We have improved Customer satisfaction when contacting the Council and customers say it is now easier to get their issues resolved.</li></ul> | <b>Achievements</b> <p>We have provided procurement advice and activity, project and programme management and finance support for the following projects:</p> <ul style="list-style-type: none"><li>• Roll out of Contract Management System and integrating Docusign</li><li>• Leighton Solar Farm Contract awarded £4m</li><li>• Car Club implemented £300,000 – looking to extend further</li><li>• Corporate Cleaning Contract awarded £500,000</li><li>• Handforth Garden Village project completed feasibility and due to commence Design Optimisation activities</li><li>• Various Local Bus Service contracts re-procured after TSS has come in-house</li><li>• Water Coolers removed – savings achieved</li><li>• £76,000 supplier rebates achieved</li></ul> |
|---|--|



- £10,000 agency contract savings
- Carers hub £3.75m
- Translation and Interpretation £950,000
- Statutory Advocacy Service £4.19m
- DPS for Day Opportunities £7m and Family Support Service £22m
- Holiday Activity and Food Programme 26 providers £2.5m

### Workforce and Organisational Development

- Provided professional guidance and support to services to meet their ongoing workforce needs including restructures, recruitment and retention and employee relations matters
- Delivered a further round of the Mutually Agreed Resignation Scheme across the organisation
- Introduced a new e-learning platform with increased functionality, including the tracking of training and a simplified process for the recording of PDRs
- Strengthened apprenticeship programme with new cohorts and new apprenticeship standards, providing 90 new apprenticeship starts during 2022-2023
- Established and delivered a programme of recruitment and retention priorities, including:
  - Improvements to recruitment process
  - Developed programme of recruitment fairs
  - Introduced monthly strategic workforce assessments
  - Identified additional staff rewards
  - Additional wellbeing staff support for cost of living.

### Social value supplier survey over the last 3 years

|   | 2021/22 | 2020/21 | 2019/20 |
|---|---------|---------|---------|
| Number of suppliers surveyed  | 100     | 100     | 50      |
| Number of suppliers responding  | 37      | 48      | 37      |
| Response rate   | 37%     | 48%     | 54%     |
| Percentage of total commercial spend accounted for                                    | 45%     | 44%     | 51%     |
| Percentage of respondents from small and medium size enterprises, charities or trusts | 54.05%  | 56%     | 56%     |

### Social value survey highlights

| Social value criterion  | 2021/22 | 2020/21 | 2019/20 |
|---|---------|---------|---------|
| Estimated number of jobs provided by respondents for Cheshire East residents                                  | 853     | 3,317   | 3,317   |
| Volunteer work hours provided by respondents  | 48,856  | 20,343  | 29,959  |
| Employees paid living wage  | 91.36%  | 86.9%   | 85.6%   |
| Estimated number of apprenticeships provided by respondents (not specifically for Cheshire East Council work) | 2,342   | 1,688   | 1,003   |

### ICT Services

- The ICT Strategy 2023-7 has been approved.
- Following security remediation activity, we have developed a Zero Trust strategy that

### ICT Services continued

- We launched the ICT Communications hub – Lighthouse.
- We attend Managers Share and Support to promote ongoing Adoption and Change

## Annex 1

|   |   |
|---|---|
| <p>will be progressed in 2023/24 alongside further adoption of single sign-on.</p> <ul style="list-style-type: none"><li>• We have implemented new security tools to improve protection, detection, and automation.</li><li>• We have undertaken a complete refit of all end-of-life networking components in the data centre to ensure a secure and compliant infrastructure, to meet the demands of the councils PSN accreditation.</li><li>• We have worked with Customer Services to deliver a new contact centre system for all contact centre staff and new digital technologies including a Chatbot, Customer Account and improved on-line services.</li><li>• Cheshire Care Record, we have migrated social care feeds into the C&amp;M shared care record.</li><li>• The CCIS Youth Service has been migrated from Core IYSS to Liquidlogic.</li><li>• We have implemented integrated information sharing for social workers and care brokers in the integrated discharge team at Macclesfield hospital.</li><li>• We have rationalised Adult Social Care commissioning systems for contract performance.</li><li>• We have ensured Assistive Digital Technology system integration and data quality improvements through monitored usage and outcomes.</li><li>• We have a SEND parent portal operational use case.</li><li>• Portal enhancements for Mental Health Reablement and Dementia Reablement referrals and workflow in ASC, the Fostering system portal and workflow optimisation.</li><li>• Early Years payment process utilisation in ContrOCC.</li></ul> | <p>Management (ACM) activities and BITesize eLearning.</p> <ul style="list-style-type: none"><li>• We continue to train and develop our Bright Spark IT Champions.</li><li>• We undertook a Customer Satisfaction Survey to understand where we could improve further.</li><li>• The MyCareView patient portal has 69,413 registrations, representing just under a quarter of the adult population over age 18. With 17,352 active users representing a quarter of the total user base.</li><li>• Live well have become the de facto location for CEC public-facing Adult, Children, and Public Health service information. There have been 161,800 unique new users since February 2022.</li><li>• We have implemented a Security Operations (SecOps) Team.</li><li>• Cheshire East and West Councils have approved a new operating model for future ICT Services.</li><li>• We have delivered over 60,000 hours of ICT developments in 2022/23.</li><li>• Live Well Cheshire East is being expanded with online care need and carer assessments and financial eligibility checks.</li><li>• We have a publicly available Information Asset Register which outlines all the Council's information assets.</li><li>• Public Rights of Way (PROW) maps are now available digitally to the public.</li><li>• We are harmonising information across the estate to produce a master 360-degree record for Resident, Employee, Address and Business.</li><li>• We have deployed and transitioned to a centralised Business Intelligence platform.</li><li>• We have implemented an Email Retention Policy for all Officers to support compliant and secure working with information.</li></ul> |
| <p><b>ICT Achievements</b></p> <ul style="list-style-type: none"><li>• We have begun the roll out of Windows 11 to all users, to ensure we are able to use the latest security features.</li><li>• We have migrated over 3000 SharePoint sites to the cloud SharePoint Online</li></ul>   |   |

platform, which will leverage enhanced information management and compliance functionality.

- We have digitised key elements of the corporate archive to protect and preserve the corporate memory.
- We have reduced our data centre Carbon Emissions (kgCO<sub>2</sub>) by more than 22%.

The Corporate Services Directorate has reported an underspend against budget of £651,000.

The main underspends in the service were due to holding vacancies across many services in the Directorate, reduced non-essential spend, and, as a result of the continued impact of COVID-19 bounce-back, additional marriage income in Registrations. These underspends were partially offset by overspends in ICT Shared Services, and the shared Transactional Services Centre. There was also an overspend on Housing Benefits Payments Centre, which is a volatile budget and additional one-off costs relating from the implementation of the Unit 4/Best4Business System, which cannot be charged to the joint capital project with Cheshire West and Chester Council.

### Changes in Pension Estimates

Due to the scale of the pension assets (£1.6bn) and liabilities (£1.4bn) detailed in the Accounts, even small percentage changes in assumptions regarding their value can have a noticeable impact on the reported position.

The net pension liability (deficit) reported in the Accounts in 2021/22 has now reduced and has created a net pension asset for 2022/23 (change of £645m).

Detailed actuarial valuations are carried out every three years and the formal valuations for English and Welsh Local Government Pension Scheme (LGPS) Funds were concluded as at 31<sup>st</sup> March 2022. The balance sheet position for 2022/23 is based on the 2022 formal valuation rolled forward to 31<sup>st</sup> March 2023.

### Council Tax

Cheshire East collects Council Tax for the whole area and the income is split between the Cheshire Police and Crime Commissioner, the Cheshire Fire Authority and Town and Parish Councils in addition to its own requirement. The total budgeted collectable amount for 2022/23 was £313.8m. The carried forward deficit on the Council Tax Collection Fund at the end of 2022/23 is £3.1m.

The Council Tax in-year collection rate for 2022/23 is 98.19%, a slight increase from the previous year's performance. The strong economy in Cheshire East also contributed to an increase in the overall tax base of 1.83% (from 153,796.10 to 156,607.48).

### Business Rates

Cheshire East collects Business Rates for the whole area and the income is split 49% to Cheshire East, 50% to the Department for Levelling Up, Housing and Communities (DLUHC) and 1% to the Cheshire Fire Authority. The total budgeted collectable amount for 2022/23 was £137.2m as per the NNDR1 return. The carried forward deficit on the Business Rates Collection Fund at the end of 2022/23 is £15.2m, however £8.7m of this deficit is due to the accounting arrangements required



## Annex 1

for the COVID-19 Additional Relief Fund and will be repaid in full in 2023/24 with S31 grant that has already been received from DLUHC for the CEC share and the remaining 50% share will be repaid by Central Government.

The Business Rates in-year collection rate for 2022/23 is 98.23% which is an increase of 2.63% from the previous year's performance.

### **Financial Overview - Capital Programme**

Capital expenditure represents money spent by the Group on purchasing, upgrading and improving assets that will be of benefit to the community over many years.

Total capital expenditure in 2022/23 was £116.4m compared to the original budget, as at February 2022, of £185.2m.

The forecast for planned spend is updated throughout the year and published in the Financial Review reports. During 2022/23 a number of major projects have either completed or got under way including Poynton Relief Road (£14.0m), Schools Improvement Programme (£9.1m), ICT Programme (£7.3m), Congleton Leisure Centre (£6.4m) and Public Sector De-carbonisation Funding (£3.9m).

Slippage against the revised forecast of £125.2m reported for the 3<sup>rd</sup> Financial update (March 2023) totalled £8.8m.

Capital receipts in-year amounted to £4.9m from the sale of surplus assets, including Alderley Cemetery Lodge (£0.2m), Land off Coppice Way (£1.9m), and former housing right to buy receipts (£2.1m).

The Council has succeeded in attracting £58.3m of grant funding and external contributions for capital improvements. This minimises the financial impact of the capital programme on the revenue budget, and so protects funding for other services such as social care.

The Council has an ambitious capital programme with the highest spending in Highways and Infrastructure, followed by Growth and Enterprise and the Children and Families programme:

|                                | Outturn<br>2022/23<br>£m | Three Year Forecast |               |               | Total<br>£m  |
|--------------------------------|--------------------------|---------------------|---------------|---------------|--------------|
|                                |                          | 2023/24<br>£m       | 2024/25<br>£m | 2025/26<br>£m |              |
| <b>Expenditure</b>             |                          |                     |               |               |              |
| Children and Families          | <b>9.3</b>               | 52.0                | 34.1          | 31.7          | <b>127.1</b> |
| Adults and Health              | <b>0.0</b>               | 0.5                 | 0.0           | 0.0           | <b>0.5</b>   |
| Highways and Transport         | <b>65.6</b>              | 69.6                | 77.4          | 128.4         | <b>341.0</b> |
| Economy and Growth             | <b>21.0</b>              | 93.4                | 55.2          | 78.7          | <b>248.3</b> |
| Environment and Communities    | <b>13.2</b>              | 11.3                | 16.7          | 0.6           | <b>41.8</b>  |
| Corporate Policy               | <b>7.3</b>               | 13.6                | 9.7           | 5.9           | <b>36.5</b>  |
| <b>Total Expenditure</b>       | <b>116.4</b>             | <b>240.4</b>        | <b>193.1</b>  | <b>245.3</b>  | <b>795.2</b> |
| <b>Funding</b>                 |                          |                     |               |               |              |
| Grants and Other Contributions | <b>53.8</b>              | 159.9               | 141.6         | 139.1         | <b>494.4</b> |
| Capital Receipts and Reserves  | <b>2.2</b>               | 4.9                 | 1.0           | 33.6          | <b>41.7</b>  |
| Borrowing                      | <b>60.4</b>              | 75.6                | 50.5          | 72.6          | <b>259.1</b> |
| <b>Total Funding</b>           | <b>116.4</b>             | <b>240.4</b>        | <b>193.1</b>  | <b>245.3</b>  | <b>795.2</b> |

## Protecting Against Risks

The Council has a risk management framework with hierarchical risk registers forming part of the process which operate at strategic, operational and project levels. Emerging significant risks are escalated to senior members and/or officers, as appropriate, in line with the potential likelihood and impact of the risk upon objectives. Formal reports with regard to the risk management process are made throughout the year to senior officers and members.

During the year the strategic risk register has been reviewed and maintained to ensure that the strategic risks remain relevant and that risk interdependencies are understood. Operational risk registers are included within team plans.

The Council's key strategic risk register has recognised potential threats from increasing demand for services and managing the Council's financial resilience. It recognised the challenges the Council could face arising from cyber attacks and other disruptions, requiring us to have effective business continuity arrangements in place. The economic position and austerity challenges continue to be recognised for the impact on both the Council, its partners, and the potential negative impact on the achievement of objectives.

The register also includes a number of high impact projects and investments, which when successfully implemented will bring significant benefits for the area, but require careful and constant management to deliver.

## Narrative Report – Expenditure and Income Commentary

### Explanation of the Financial Statements

The Accounts and Audit (England) Regulations 2015 require the Council to produce a Statement of Accounts for each financial year. These Statements are prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2022/23 ('the Code'), issued by the Chartered Institute of Public Finance and Accountancy (CIPFA).

The Group Accounts have been prepared in accordance with International Financial Reporting Standards (IFRS) which require that the Financial Statements of the reporting authority (Cheshire East Council) and its subsidiaries and associates shall be prepared as of the same date.

Subsidiaries have been consolidated into the Group Accounts on a line-by-line basis incorporating their income and expenditure fully in the relevant service revenue accounts. **Note 32** provides further details of the various companies in which the Council has an interest. Tatton Park Enterprises Limited and Cheshire & Warrington Enterprise Partnership Limited have been excluded from Cheshire East Council Group Accounts on the grounds of immateriality.

The Council is also required to produce Financial Statements as a single entity. The Cheshire East Council statements follow on from the Group Financial Statements.

The statements contain a number of elements which are explained below.

### The Financial Statements

**Movement in Reserves Statement** - this shows the movement in the year on the different reserves held by the Group, analysed into 'usable reserves' (those that can be applied to fund expenditure or reduce local taxation) and other reserves. Usable reserves include the Capital Grants Unapplied Account which are grants received but not yet utilised.

The 'Surplus or (Deficit) on the provision of services' shows the true economic cost of providing the Group's services, which is shown in more detail in the Comprehensive Income and Expenditure Statement. These are different from the statutory amounts required to be charged to the General Fund Balance for Council Tax setting purposes.

The 'Net Increase / Decrease before Transfers to Earmarked Reserves' shows the statutory General Fund Balance before any discretionary transfers to or from earmarked reserves undertaken by the Council.

The Group's long-term strategy is to hold appropriate levels of general reserves to provide funds for investment and to protect the Group against financial risks.

General (£14.1m) and Earmarked reserves (£67.0m including Schools) have decreased in 2022/23 to £81.1m.

The minimum target level of reserves is quantified by a detailed risk assessment. This approach allows the Council to take account of local circumstances and the impact of economic forecasts. The impact of rising demand for services, the economic climate, emerging Government policies (particularly in relation to Business Rates), and pressure on public services to reduce overall expenditure are relevant, and these present the potential for significant emerging risk.

Resilience has been impacted over the last few years by the reliance on the use of reserves to balance the budget. Information from the CIPFA Financial Resilience data has shown that the level of general reserves held by the Council are significantly lower than our nearest neighbours. In line with a priority of the Corporate Plan, the Medium Term Financial Strategy will seek to increase the level of general reserve and replenish earmarked reserves.

**Comprehensive Income and Expenditure Statement** – this statement reflects the sum of all income, expenditure, gains and losses incurred by the Group in the last 12 months and explains how the Balance Sheet position has changed between the two financial years. This statement shows the financial position in accordance with accounting practice which means that the costs include notional charges for items such as depreciation, impairment, capital grants and capital charges.

**Balance Sheet** – this shows the value of the Group's asset and liabilities at the balance sheet date. These are matched by reserves which are split into two categories: usable and unusable reserves. Usable reserves (e.g., General Fund and earmarked reserves) can be used to support services or to reduce local taxation. Unusable reserves arise out of the interaction of legislation and proper accounting practice, either to store revaluation gains or as adjustment accounts to reconcile accounting requirements driven by reporting standards to statutory requirements. These reserves are not resource-backed and cannot be used for any other purpose.

**Cash Flow Statement** – this shows the changes in the Council's cash and cash equivalents during the reporting period. It shows how the Council generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities.

The advice from our treasury advisors, Arlingclose has been to borrow short-term from other local authorities, rather than take out long-term loans with PWLB (Public Works Loan Board) as short-term interest rates are currently lower than long-term rates, and it is likely to be more cost effective in the short-term to borrow short-term loans instead.

**Collection Fund** – this is an agent's statement that reflects the statutory obligation for Cheshire East Council, in its capacity as a billing authority, to maintain a separate Collection Fund. The statement shows the transactions of the billing authority in relation to the collection of Council Tax and Non-Domestic Rates from taxpayers and the distribution to local authorities and the Government.

**Statement of Responsibilities** - this sets out the respective responsibilities of the Authority and the Chief Finance Officer – Section 151 Officer.

**Independent Auditor's Report** – gives the auditor's opinion on the financial statements and the auditor's conclusion on the Council's arrangements for securing economy, efficiency and effectiveness in the use of resources.

## Narrative Report – Future Opportunities and Challenges

### Medium Term Financial Strategy (MTFS) 2023/24 – 2026/27

To provide the best opportunity to achieve the Corporate Plan, and manage the ambitions of the area, the Council created a Medium-Term Financial Strategy for 2023 to 2027 that balances spending on services against resources across each of the next four years. This four-year balanced approach repeated the achievement of the previous MTFS, but high national inflation levels created the need for several important changes to the strategy.

The budget and future years estimates were prepared against material gross overspending forecasts. These were largely caused because of inflation running as high as 10%. National target inflation, which influenced many local budget forecasts, remains at only 2%. Increasing wages and energy costs exceeded forecasts as did legacy costs from the COVID-19 pandemic. The high inflation and demand for services has required a response at both a local and national level.

The Council was due to act as a trailblazer for Adult Social Care reform, but this policy was suspended by the Government, partially in recognition of the immediate financial pressure in the sector. Social Care grants have been increased, either direct to Local Government or in conjunction with the NHS. The Council contributed important insight for the Department of Health and Social Care prior to this change in policy. The Government also increased the thresholds for Council Tax increases, with a clear expectation that Council's would access additional funding from this change.

Despite additional government grants the Council recognised that expenditure would continue to rise. This created a requirement to increase Council Tax levels in line with Government expectations, which was **4.99%** in 2023/24. There are forecast increases of 4.99% in 2024/25 and then 2.99% thereafter. These may well need to be reviewed in-line with increasing inflation levels and future Government policy. 2% (£5.2m) of the Council Tax increase in 2023/24 will be solely utilised to fund increasing care costs within Adult Social Care.

The Fair Funding Review (FFR) and Business Rates Retention (BRR) have still not been implemented, but government settlements are working towards longer term certainty. This takes the form of multi-year settlements to Local Government as a sector, but this can still create challenges in understanding specific local allocations. Council officers will continue to work with the Government on informing the approach to funding for the next financial year and beyond.

### Future Challenges

The medium-term outlook is one of continuing uncertainty. Locally the Council has, however, developed a balanced strategy, although this relies on several assumptions about ongoing support from government. The impact of cost-of-living increases and rising inflation remain as risk factors in the medium-term. In an effort to mitigate this risk, monitoring of the financial proposals within the MTFS is being enhanced to create more time to react to any required changes.

The Council will aim to review the Corporate Plan during 2023 which will of course reflect access to funding sources in the medium term. This is particularly important whilst the Council emerges from all-out local elections. The Council wants to be flexible and support new approaches, but the level of reserves will not sustain delays in achieving headline financial targets. The four-year forecasts will help with this longer-term planning and create helpful parameters for service planning.

The Council took part in the Department for Education's Delivering Better Value Scheme during 2022/23. The quality of information provided by the Council was highly regarded as the scheme organisers reviewed the Council's approach to managing expenditure in High Needs education. The

scheme will provide additional funding to manage further transformation in this important area, but the underlying financial risk has not changed.

The levels of expenditure on pupils with special educational needs and disabilities are unaffordable within the current funding levels of the Council, a result of higher demand and complexity. This has resulted in an increase to the deficit on the DSG reserve. This position is being managed through an accounting override, put in place by the Department for Levelling Up, Housing and Communities, which allows the deficit to be treated as an unusable reserve. The override has been extended to 31<sup>st</sup> March 2026. But the deficit is still forecast to increase over the next three years to as much as £150m. The Council continues to liaise with DfE and DLUHC on managing this issue.

### **Acknowledgements**

The production of the Statement of Accounts would not have been possible without the exceptional hard work and dedication of staff across the Council and its subsidiaries. I would like to express my gratitude to all colleagues, from my team and other services and organisations, who have assisted in the preparation of this document. I would also like to thank them for all their support and expertise during the 2022/23 financial year.

I hope you find this narrative and accompanying statements clear and informative. If you require any further information, please contact Cheshire East Customer Services on 0300 123 55 00 (all calls at local rates).

**Alex Thompson** FCPFA

Chief Finance Officer - Section 151 Officer