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## Introduction to the 2023/24 Group Statement of Accounts

### Welcome to the consolidated group accounts for Cheshire East Council and its operating subsidiaries for the period 1<sup>st</sup> April 2023 to 31<sup>st</sup> March 2024

The Council continues to provide local services, protecting our most vulnerable people and supporting our communities and local businesses. Throughout the 2023 to 2024 financial year the Council has reported good progress in our major services in achieving the priorities of the Corporate Plan. Maintaining this performance has been financially challenging though.

Local government is going through a period of severe financial challenge as a result of increasing demand for services and rising costs due to inflation and interest rates. There is also a limit on Council Tax increases (which represent the most significant funding element for the Council) and uncertainty over future levels of income from business rates and government grants.

Demand for Council services is increasing, with more individuals and families needing support and services than ever before. This reflects an increase in population but also reflects changes in demographics and the national cost of living increases.

The 2023/24 single year budget was robust relying on several key actions:

- Council Tax was increased by 4.99% including a 2% ring-fenced increase to fund increasing costs of Adult Social Care.
- Net Revenue Spending increased by £25.4m. Changes were most significant for Adults Social Care, Children's Social Care and waste services.
- Proposals were subject to robust review and consultation to ensure all budget elements were based on realistic targets.
- Reserves were retained at relatively low levels based on the requirement to support front line services.

The financial outturn for 2023/24 presents an overall revenue budget overspend of £8.5m. The most significant impacts are within the rising costs of Adults' Social Care and Children's Social Care. In terms of comparisons to these budgets it represents an overspend of £20m, mitigated by underspends across the rest of the Council.

When the 2024/25 budget was set, in February 2024, it was highlighted that the use of reserves was not sustainable in the medium term. Net spending therefore needs to be contained within the estimates of expenditure that form the budget. The service budget reports for 2024/25, reported to each service committee in June 2024, for Adults and Childrens services both highlight pressures due to demand. These will almost certainly affect the medium-term finances of the Council. This situation must be addressed now and as part of the MTFs process for 2025 to 2029. The Council is working with a transformation partner to ensure that we address the medium-term financial sustainability of the Council urgently, looking at how we can operate differently and more efficiently but we also need to ensure that sound financial management on a day to day basis.

These statements will help the reader understand the Group's finances and allow them to be compared with other local authorities. This report should give electors, residents, members, partners, other stakeholders and interested other parties' confidence that public money received and spent by Cheshire East Council is properly accounted for, and that its financial standing is secure and resilient for the future.

**The narrative report covers:**

- General information on the Group, the Council and a financial overview;
- Information on where expenditure was incurred and sources of income in 2023/24;
- Commentary on the financial statements; and
- Future opportunities and challenges for the Group and the Council.

*Adele Taylor*

**Adele Taylor**

Interim Chief Finance Officer – Section 151 Officer

## Narrative Report

### An introduction to Cheshire East, the place

Cheshire East Council is an all-purpose ‘unitary’ local authority providing key public services to 406,500 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 2023/24 one company, partially owned by the Council (Enterprise Cheshire and Warrington, formerly Cheshire & Warrington Local Enterprise Partnership) 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-2022) population estimates for local authorities in England & Wales in November 2023. These estimates show<sup>1</sup>:

- Growth in the population for Cheshire East, which now stands at 406,500 residents – an increase of 34,000 from the mid-2012 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 largest percentage increase was in individuals aged 75 to 79, which was up by nearly half (46 per cent) – well above the England average for this age group (an increase of 34 per cent). There was also an increase of more than 20 per cent in the population aged 70 to 74 (up 34 per cent, compared to a 30 per cent increase in England) and in the three oldest age groups: those aged 80 to 84 (a 21 per cent increase, against only 12 per cent growth in England), the 85 to 89 age group (up 23 per cent, versus 16 per cent in England) and those aged 90 and above (up 26 per cent in Cheshire East, compared to 19 per cent for England).

<sup>1</sup> Source: Mid-year population estimates (November 2023 release), Office for National Statistics (ONS). ONS Crown Copyright.

- Some younger age groups also increased their numbers by more than 20 per cent: the population aged 30-34 grew by more than a quarter (27 per cent), or more than twice the England average (10 per cent); and the number 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 2022 to September 2023, the number of unemployed residents was estimated at 5,000. This equates to 2.5% of the economically active (employed or unemployed) population aged 16 and above (compared to 3.2% for the twelve-month period ending September 2022). The current rate is below the regional and national averages of 3.6% for the Northwest and 3.7% for Great Britain.<sup>2</sup>
- 5,795 of Cheshire East's residents were claiming out-of-work benefits as of February 2024, up from 5,595 in the previous month and higher than the figure for February 2023 (5,655). This latest count is down sharply from the figure recorded for February 2021 (10,625), when COVID-19 was still severely constraining economic activity, but is still significantly greater than the count just prior to COVID-19, in February 2020 (4,615). The current figure of 5,795 claimants equates to 2.4% of the Borough's working-age (16–64-year-old) population (up a little from the February 2023 rate of 2.3%, but well below the 4.4% rate recorded in February 2021); this is significantly less than the rates in the Northwest and the UK as a whole (4.2% and 3.8% respectively).<sup>3</sup> For the Borough's 18–24-year-olds, the claimant rate is 4.2% (up slightly from 4.0% in February 2023, but lower than the 7.9% rate recorded for February 2021). This is higher than for other age groups (0.1% for 16–17-year-olds, 2.7% 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 (5.8% and 5.0% respectively).<sup>4</sup>
- Average household income is high compared to the region and UK, but as of 2021 it was still slightly lower in Cheshire East than in 2019, despite a small increase from 2020. The Borough's gross disposable household income (GDHI) per head for 2021 (£24,700) was 0.7% higher than the 2020 figure (£24,500) but 0.6% short of the 2019 figure (£24,800). The UK as a whole also saw a decrease (of 0.9%) between 2019 and 2020, but had growth of 3.7% in the following year, bringing its GDHI per head up to £21,700 (compared to £21,100 in 2019). It is likely that the 2019-21 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. It is likely the

<sup>2</sup> Source: Model-based estimates of unemployment, October 2021 – September 2022 to October 2022 – September 2023, 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> It should be noted that these figures include claimants aged 65 and above, even though these people are above working age. However, claimants aged 65 and above account for a very small proportion of all claimants (less than 2% in Cheshire East as of February 2024, for example), so their inclusion has minimal impact on the claimant rates. In any case, calculating the overall claimant rate as the total number of claimants divided by the working-age population is the standard approach taken by ONS itself.

<sup>4</sup> Sources: [1] Claimant Count, ONS, NOMIS. ONS Crown Copyright. Figures relate to February 2024, except where otherwise specified. [2] Mid-year population estimates (November 2023 release), ONS. ONS Crown Copyright. Notes: [1] Where claimant rates are quoted for specific age bands (16-17, 18-24, 25-49 and 50-64) within the working-age population, these relate to the proportion of people in that specific band who are claimants. [2] 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.

changes also partly reflect both the longer-term impacts of the COVID-19 pandemic and the further changes in Government policy as the pandemic eased off in 2021. Even so, Cheshire East's GDHI per head in 2021 was 13.9% higher than in the UK and even further above the Northwest average (£18,900).<sup>5</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 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>6</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 2023/24 the political membership of the Council was as follows:

	2023/24
Conservative	34
Labour	29
Independent grouped	14
Liberal Democrats	2
Independent un-grouped	3

Details of Member Expenses for 2023/24 are available on the Cheshire East website and Note 21.

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.

With effect from 15<sup>th</sup> March 2024, Cheshire East Council wholly owns ANSA Environmental Services Limited (Ansa), Transport Service Solutions Limited (TSS), Orbitas Bereavement Services

<sup>5</sup> Source: 'Regional gross disposable household income, UK: 1997 to 2021' data tables, ONS, September 2023. Figures quoted here are in current prices (that is, they include inflation).

<sup>6</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.

Limited (Orbitas), Tatton Park Enterprises Limited (TPE), Cheshire East Engine of the North Limited (EOTN), and Cheshire & Warrington DF (GP) Limited (CWDF). Previously, Ansa, Orbitas and TSS were owned as follows:

- 80% Cheshire East Residents First Limited (CERF), a wholly owned Cheshire East Council company which acted as a holding company, and
- 20% Cheshire East Council.

The Finance Sub Committee, as Shareholder, agreed to remove CERF as the Holding Company of Ansa, Orbitas and TSS at its meeting on 7<sup>th</sup> September 2023 following which CERF would proceed to being dissolved. The application to voluntarily strike off CERF was made on 17<sup>th</sup> April 2024 to Companies House and the company was dissolved on 16<sup>th</sup> July 2024.

Over the last few 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 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 several 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\*.

\*Strategic, planning, commissioning and procurement functions of Transport Service Solutions Ltd were brought back in-house and delivered directly by Cheshire East Council with operational functions being delivered through Ansa Environmental Services Ltd.

On the 12 July 2024, Cheshire East Council announced it is redesigning the way in which it delivers its waste, recycling, and bereavement services. The council has been carrying out an extensive review of two of its wholly owned companies, Ansa Environmental Services and Orbitas Bereavement Services Ltd. Following the latest stage of that review, and a decision made by the council’s finance sub-committee on 25 June 2024, the services provided by Ansa and Orbitas are to be brought back-in house and delivered directly by Cheshire East Council. This includes bin collections, street cleansing, maintenance of green spaces, fleet, social transport, bereavement services and the handyperson service.

**The Group Management Structure (2023/24)**

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> (Gross Revenue Spend £768m; Capital Spend £136.9m)	<b>Chief Executive</b> (Head of Paid Service)	<b>Rob Polkinghorne</b>
	<b>Executive Directors:</b> • <b>Acting Executive Director Place</b>	<b>Peter Skates</b>

Company	Role	Name
	<ul style="list-style-type: none"> <li>Executive Director of Corporate Services</li> </ul>	Vacant
	<ul style="list-style-type: none"> <li>Executive Director of Adults, Health and Integration</li> </ul>	Helen Charlesworth-May
	<ul style="list-style-type: none"> <li>Executive Director of Children's Services</li> </ul>	Deborah Woodcock
<b>Other Statutory Officers:</b>		
	<ul style="list-style-type: none"> <li>Director of Governance and Compliance – Monitoring Officer</li> </ul>	David Brown
	<ul style="list-style-type: none"> <li>Interim Chief Finance Officer – Section 151 Officer</li> </ul>	Adele Taylor
	<ul style="list-style-type: none"> <li>Director of Public Health</li> </ul>	Matt Tyrer

Wholly Owned Subsidiaries: 2023/24 position	Role	Name
<b>Cheshire East Residents First (CERF)</b> (Dissolved 16 <sup>th</sup> July 2024)	Chair	Tomas Shuttleworth
<b>Ansa Environment Services Limited</b> (Turnover £50m)	Chair Managing Director	Cllr Arthur Moran Kevin Melling
<b>Transport Service Solutions Limited</b> Dormant	Director	Tomas Shuttleworth
<b>Orbitas Bereavement Services Limited</b> (Turnover £2.5m)	Chair Managing Director	Cllr Joy Bratherton Kevin Melling
<b>Engine of the North Limited</b> (Dormant)	Director	Tomas Shuttleworth
<b>Tatton Park Enterprise Limited<sup>1</sup></b> (Turnover £0.88m)	Chair Director	Cllr Mark Goldsmith Graham Jones
<b>Associate:</b>		
<b>Enterprise Cheshire and Warrington (formerly Cheshire &amp; Warrington Local Enterprise Partnership<sup>1</sup>)</b>	Chair (Joint Committee) Chief Executive	Cllr Louise Gittens (Leader, Cheshire West and Chester Council) Philip Cox

Note 1: Accounts for TPE & ECW (formerly C&WLEP) are not consolidated in 2023/24 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	<a href="http://www.cheshireeast.gov.uk">www.cheshireeast.gov.uk</a>
Ansa Environmental Services Limited	<a href="http://www.ansa.co.uk">www.ansa.co.uk</a>
Enterprise Cheshire and Warrington	<a href="http://www.871candwep.co.uk">www.871candwep.co.uk</a>

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 4,081 people (excluding school-based employees).

	No.*	%
Cheshire East Council	3,564	87
Ansa Environmental Services Limited (ANSA)	475	12
Orbitas, Bereavement Services Limited	42	1
<b>Total</b>	<b>4,081</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.

## Our Vision An open, fairer, greener Cheshire East

**Open**

We will provide strong community leadership and work transparently with our residents, businesses and partners to deliver our ambition in Cheshire East

**Fair**

We aim to reduce inequalities, promote fairness and opportunity for all and support our most vulnerable residents

**Green**

We will lead our communities to protect and enhance our environment, tackle the climate emergency and drive sustainable development

### Our Priorities

**An open and enabling organisation**

- Ensure that there is transparency in all aspects of council decision making
- Listen, learn and respond to our residents, promoting opportunities for a two-way conversation
- Support a sustainable financial future for the council, through service development, improvement and transformation
- Look at opportunities to bring more income into the borough
- Support and develop our workforce to be confident, motivated, innovative, resilient and empowered
- Promote and develop the services of the council through regular communication and engagement with all residents

**A council which empowers and cares about people**

- Work together with residents and partners to support people and communities to be strong and resilient
- Reduce health inequalities across the borough
- Protect and support our communities and safeguard children, adults at risk and families from abuse, neglect and exploitation
- Be the best Corporate Parents to our children in care
- Support all children to have the best start in life
- Increase opportunities for all children and young adults with additional needs
- Ensure all children have a high quality, enjoyable education that enables them to achieve their full potential
- Reduce the reliance on long term care by improving services closer to home and providing more extra care facilities, including dementia services

**A thriving and sustainable place**

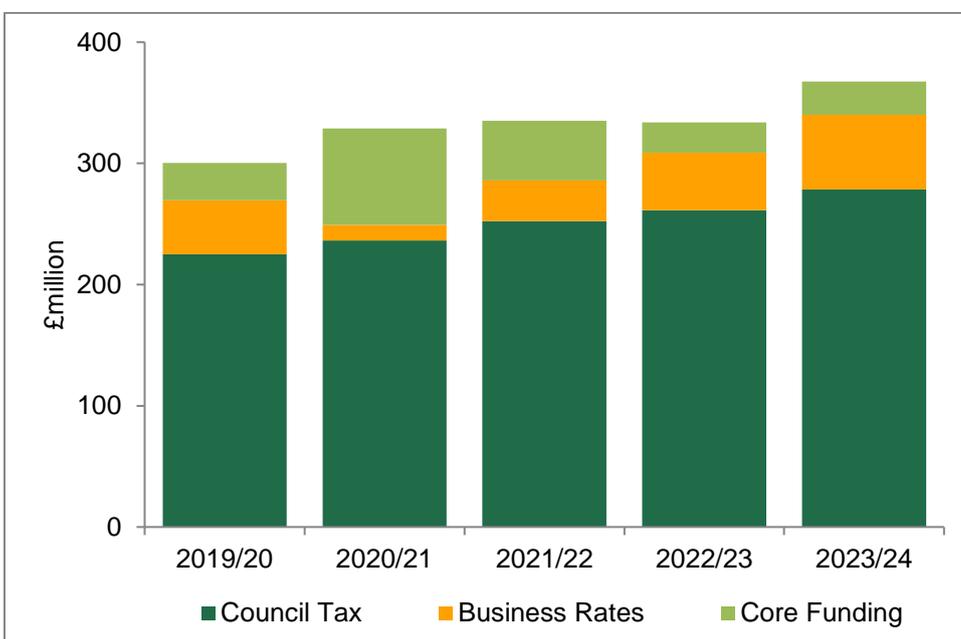
- A great place for people to live, work and visit
- Welcoming, safe and clean neighbourhoods
- Reduce impact on the environment
- A transport network that is safe and promotes active travel
- Thriving urban and rural economies with opportunities for all
- Be a carbon neutral council by 2025

### Our Values

## 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.

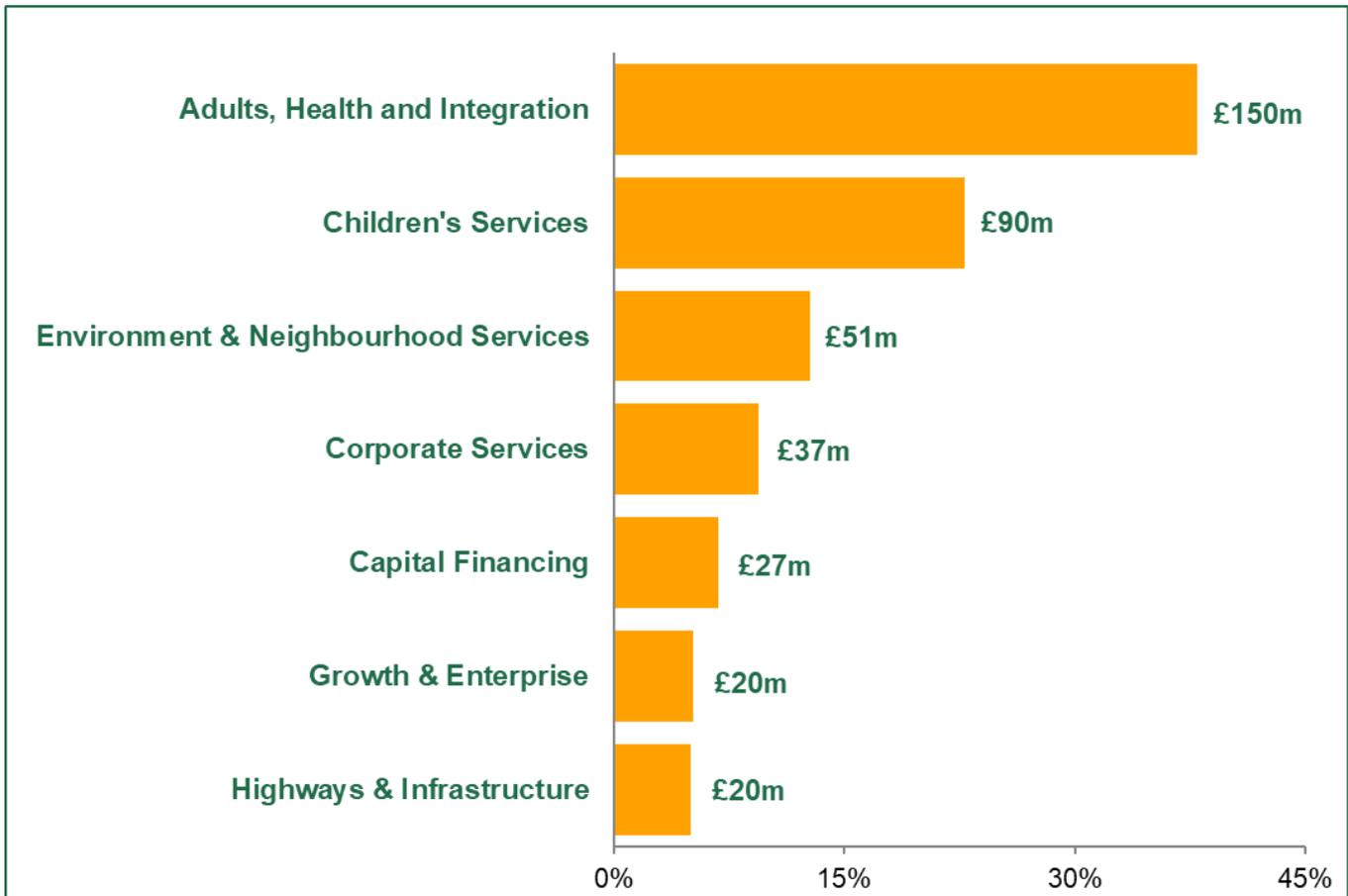


### **Most of the Council's £368m Services Net Budget is allocated to Social Care**

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 £8.5m. This is net of appropriate allocations to useable reserves.

The Council's wholly owned companies produced a positive outturn for the year, rebating £0.352m 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 £0.173m in profits from commercial activities. In addition, the Council received a final dividend payment in-year from the Transport Service Solutions Ltd of £0.023m plus a rebate of £0.083m relating to 2021/22 final reconciled core contract transactions.

Overall revenue reserves of the Group have reduced from £83.1m to £45.2m. This is made up primarily from:

- General reserves for Cheshire East Council have decreased from £14.1m to £5.6m.
- Earmarked reserves for Cheshire East Council of £32.3m and £2.0m retained profits.
- Schools' reserves and balances of £5.4m.

The Council will be audited by Ernst & Young 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 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 £8.5m to be funded from General reserves.**

2023/24 Outturn Review	Revised Budget (Net)  £m	Third Financial Review Over / (Underspend)  £m	Final Outturn Over / (Underspend)  £m
<b>Service Directorates</b>			
Adults, Health and Integration	138.0	5.0	11.8
Children and Families	81.9	10.0	8.2
Place	94.1	0.1	(3.6)
Corporate	41.9	(1.0)	(4.5)
<b>Total Services Net Budget</b>	<b>355.9</b>	<b>14.1</b>	<b>11.9</b>
<b>Central Budgets</b>			
Capital Financing	26.9	-	-
Transfer to / from Earmarked Reserves	(25.6)	-	-
Income from Use of Capital Receipts	(1.0)	(1.6)	(2.1)
Corporate Contributions / Central Budgets	(0.0)	0.5	(0.7)
<b>Total Central Budgets</b>	<b>(0.3)</b>	<b>(1.1)</b>	<b>(2.8)</b>
<b>Total Net Budget</b>	<b>356.2</b>	<b>13.0</b>	<b>9.1</b>
Business Rates Retention Scheme	(57.9)	-	(0.4)
Specific Grants	(27.3)	-	(0.2)
Council Tax	(271.0)	-	-
<b>Funding</b>	<b>(356.2)</b>	<b>-</b>	<b>(0.6)</b>
<b>Net Position</b>	<b>(356.2)</b>	<b>13.0</b>	<b>8.5</b>

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

Company	Turnover £000	Costs £000	Operating Profit/(Loss) £000	Interest Payable & Taxation £000	Net Profit /(Loss) £000
ANSA	50,456	50,187	269	162	107
Orbitas	2,543	2,456	87	21	66
<b>Total</b>	<b>52,999</b>	<b>52,643</b>	<b>356</b>	<b>183</b>	<b>173</b>

## National Economic pressures

2023/24 has continued to be a challenging year financially. The events that affected 2022/23 such as the legacy impact of the COVID-19 pandemic and the national economic pressures and rising costs of living that were mainly a consequence of global events continued to have an impact on the Council in 2023/24.

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.

Inflation levels measured by CPI stood at 3.8% at March 2024, representing a reduction from the levels experienced in March 2023 of 8.9%. Energy and fuel costs have also reduced in 2023/24 which is positive. The Council agreed a pay award of 3.88% in 2023/24 which places pressures on service budgets.

Interest rates rose to 5.25% in August 2023 and have stayed at that level.

All services are impacted by inflation. The cost of delivering Council services and capital development activities have significantly increased as a result.

At this point there is no indication that the funding received by the Council will recognise additional demand and inflationary pressures.

## 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 Service

#### Overview

2023/24 has been an extraordinarily difficult year for adult social care, locally and nationally, as it has sought to respond to increased complexity of need, particularly amongst younger adults, increased costs arising from ongoing inflation pressures affecting care providers and the need to support the NHS with hospital discharge pressures. These issues have driven an unexpected and unfunded level of expenditure, which will have consequences for 2024/25. However, there have also been some positive achievements throughout the year that should not be overlooked.

### **Decommissioning of Day Opportunities at the Stanley Centre**

As part of the review of the Learning Disability service offer, on 25 September 2023, Adults and Health Committee approved the decommissioning of day opportunities at the Stanley Centre in Knutsford.

A consultation with people who access day services at the Stanley Centre, their carers and wider stakeholders was undertaken by the council from March to June 2023.

While there was considerable feedback from the local community who did not wish to see provision decommissioned, no alternative suggestions were put forward during the consultation process. which would deliver the saving identified in the council's Medium Term Financial Strategy.

The process has taken longer than expected, but the consultation ensured that alternative services were identified that are able to fully meet the broad range of care and support needs of the people using the service.

### **Care Homes**

The demand for placements and those able to support people with dementia is increasing and although placements are available the level of weekly fees being requested has increased beyond expectations. A cost of care exercise did provide a guide price, however, with the ongoing financial pressures Cheshire East Council will now only consider changes to fees if accompanied by an accounting open book process. This provides a basis for both parties to understand the operating costs, management structure and level of care provided to meet the person's needs and consider alternative delivery models that can reduce costs without impacting the person's outcomes.

### **Cheshire East Council and NHS launch Innovative Home First Animation**

Cheshire East Council and partners in the NHS have launched an innovative animation, which shows how people can be better supported in their own home and how this will help to reduce hospital readmissions. This initiative, which aligns with the NHS's long-term plan, aims to empower people to receive the right level of care and treatment for their health conditions within the comfort and familiarity of their own homes. This innovative approach aligns with our vision of providing people-centred care that empowers individuals to continue to live healthy, independent lives within their own homes. The Home First in Cheshire East animation can be viewed on the council's YouTube channel at: [https://youtu.be/158am3FNpg0?si=1\\_3EWTGSuwDq0nzx](https://youtu.be/158am3FNpg0?si=1_3EWTGSuwDq0nzx)

### **Adult Social Care Discharge Fund**

Funding has been deployed to support several key schemes across the year which has ranged as follows:

- Additional Care at Home capacity - 18% growth across the year.
- Cheshire East Council Community Support Connectors - 1143 people supported with discharge.
- Mental Health Rapid Response Outreach - 108 people supported to return home.
- Increased General Nursing Assistant Capacity - an additional 1200 hours delivered.

The schemes above had added positive value to people and the integrated care system; however, it should be noted that due to the ring-fenced funding allocation, the schemes have not been able to support all referrals and workforce requirements.

<p><b>Mental Health Update</b>                  Mental Health services remain under sustained pressure across Cheshire East which has seen an increase in out-of-area placements, and a delay in discharge for individuals those who are clinically ready for discharge. The primary reason for delay is insufficient suitable housing options that match a person’s need. Bed occupancy sits around 97%, however out-of-area placements remain a critical issue for system finances, therefore prioritising the reduction in out-of-area placements, flow improvements through Multi Agency Disciplinary Events, and wider system development and transformation remains essential.</p>	<p><b>Care at Home (Domiciliary)</b>                  Cheshire East Council’s significant investment into the Care at Home market in 2023/24 was an initiative to encourage growth and increase capacity. This additional capacity would enable more people to be cared for in their own home and reduce delays in being discharged from hospital. Providers reacted positively as they can deliver care anywhere within the Cheshire East boundary optimising the opportunity to reach the 10% growth target and by doing so securing an increase in the hourly rate of pay. The initiative achieved the target and has been extended into 2024/25 as a way to continue to grow the market as demand for services continues to increase.</p>
<p><b>Community Cohesion</b>                  On 28 March 2023 the Minister for Veterans’ Affairs, Johnny Mercer made an oral statement highlighting the Government’s commitment to support Afghan Families to move out of hotels and into settled accommodation. The community cohesion team worked to permanently resettle 12 families (74 individuals) both in and out of the borough by the closing date of the hotel, 11 August 2023.</p>	<p><b>Advocacy Update</b>                  We continue to support our residents who require statutory advocacy through our commissioned service delivered by VoiceAbility. During 2023/24 almost 10,000 hours of advocacy were delivered. VoiceAbility has also achieved re-accreditation of the Quality Performance Mark (QPM), which is the only independent quality mark for organisations offering independent advocacy.</p>

## Adult Social Care, Commissioning and Public Health Service – Outturn Narrative

2023/24 has been an extraordinarily difficult year for adult social care, locally and nationally as it has sought to respond to increased complexity of need, particularly amongst younger adults, increased costs arising from ongoing inflation pressures affecting care providers and the need to support the NHS with hospital discharge pressures. These issues have driven an unexpected and unfunded level of expenditure in 2023/24. Adult services finances are complex to both monitor and forecast contributing to the variance between the third financial review and the final outturn. The movement is made up of several changes as opposed to one simple reason between these two reporting points. These include planned mitigations not being able to be delivered, unsuccessful negotiations with providers in respect of price, staffing levels only being able to be partially reduced to maintain a safe service, and reductions planned for 2024/25 not being able to be brought forward into 2023/24 as both demand and complexity of service users and levels of hospital discharge have all proved challenging.

Late unanticipated changes have also affected the final position, including recharges for agency staff, write-off of uncollected income and the inability to further capitalise some revenue costs. A lot of these changes are inter-linked and making a reduction in one area can increase expenditure in other areas. Further work is underway to understand the extent to which these late changes worsen the position regarding 2024/25, with the very early analysis to date indicating most of the adverse position is already within managers current plans to address. This includes the focus on reducing the financial pressure on staffing and, reducing costs in the two main areas of care, namely working age adults with complex needs and the older people's bed-based services. However, it should be noted that 2024/25 will be extremely challenging as the levels of demand and complexity as well as prices continue to put the adult social care budget under continued pressure.

**Children’s Service**

Cheshire East Council is transforming support for children and young people from birth up until the age of 19 (or 25 for those with special educational needs and disabilities (SEND)) through our new family hubs.

Family hubs bring council, health and community services together so that families can access the right help and support at the right time.

Over the past 12 months the council has opened five family hubs across the borough, including a SEND Centre of Excellence, as well as a new digital offer so families can also access advice and information online.



Springfield School’s satellite site in Wilmslow has been expanded, creating up to 80 much-needed local school places for children and young people with special educational needs and disabilities (SEND).



Pupils formally opened their new school in February 2024.

Our support for families who are part of the Afghanistan resettlement scheme was recognised as best practice by the Home Office. School places were secured for 150 children between August 2021 and July 2023.

Cheshire East Council, with the help of a wide range of local partners, distributed vouchers worth £4.4m 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 2023/24.

We have improved support to children and young people at risk of criminal exploitation. Our progress was recognised by the Department for Education in their review in December 2023. We are working hard to continue to improve our support to all our vulnerable children and young people.

We have continued to recognise the crucial role provided by our foster carers in giving children a secure, nurturing, and loving home when they cannot live with their families.

Seven fostering families, with nearly 160 years' service in total, were presented with long service awards this year. In total, these families have cared for more than 200 children and young people.

Cheshire East is privileged to have many wonderful foster carers, but we always need more, and would love to hear from anyone thinking of becoming a foster carer and offering a nurturing home to a child.



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 income-related free school meals.

During 2023/24 over 2,000 children and young people accessed enriching holiday activities through the programme, and over 21,114 healthy meals were provided.



## Children's Service – Outturn Narrative

The Children and Families outturn position is a £8.2m overspend, an improvement of £1.8m compared to the third review forecast of a £10.0m overspend. The service has focused on delivering the identified in-year mitigations and reducing spend further where possible, resulting in an improved outturn position. Use of grants has been maximised against eligible expenditure across the directorate; income has been maximised where possible; agency and locum costs have reduced as well as holding vacant posts; the number of cared for children reduced from 586 at the start of the year to 541 at the end, however the average number of children during the year remains high at 556.75 compared to an average of 539.75 in 2022/23.

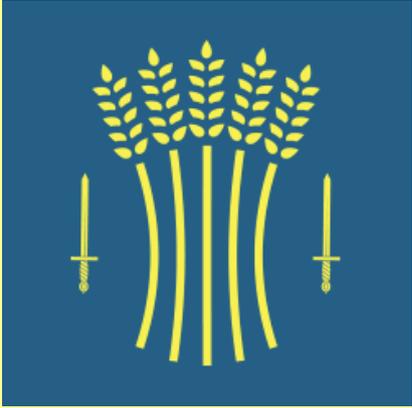
	<b>£m</b>
<b>Variance at Third Review</b>	<b>10.0</b>
<i>Main Changes:</i>	
Drawdown of grant reserve in the directorate	-0.2
Reduced staffing and lower case reviews in Safeguarding	-0.1
Increase in recoveries for Direct Payments/ Early Help Independent Payments	-0.2
Reduced staffing costs in Children's Social Care	-0.2
Reduced locums in Educational Psychologists	-0.2
Catering increased income	-0.1
Transport lower costs	-0.1
Holding vacancies, increased income and lower spend within Education	-0.6
Other	-0.1
<b>Outturn Variance</b>	<b>8.2</b>

The DSG overspend for the year was £31.7m compared to the DSG management plan forecast overspend of £42.7m. The improvement of £10.6m was mainly due to a lower level of growth at 13.5% compared to 19% within the management plan. The total DSG deficit is £78.652m at the end of 2023/24.

	<b>£m</b>
DSG Deficit Brought Forward	46.9
In-year DSG overspend	31.7
<b>Total DSG deficit at end of 2023/24</b>	<b>78.6</b>

Place

Cultural Economy	
<p>This year saw the opening of the Ly2 performance space in Lyceum Square Crewe, with a spectacular summer programme attracting funding and investment from Arts Council England and partners in Crewe. A public art Eagle mural was also installed within the square, following community engagement on designs.</p> 	<p>The Cultural Economy team have helped over 150 community events to be safely delivered in Crewe, including town centre Christmas light 'switch on' events and summer fairs. The development of 'Crewe Creative Champions', a group of active cultural volunteers delivering events has been further supported by the team this year, whilst UKSPF Levelling Up funding has enabled a Congleton Creative Champions programme to be commissioned to help develop the cultural events and activities in the town.</p>
<p>A street art map for Macclesfield was commissioned to promote the murals installed along Sunderland Street and at the train station, including existing murals such as the Ian Curtis artwork adjacent to the Bus Station. With Visitor Economy team assistance, this has attracted new visitors to the town. Across the borough, Community Cultural Activity Grants have been awarded to 20 organisations to deliver cultural and creative activity through UKSPF Levelling Up funding.</p>	<p>Transformation of the Cheshire Archives: a shared story project has forged ahead this year with final building designs completed for both of the new History visitor centres in Crewe and Chester, training sessions for staff and volunteers, engagement with community groups across Cheshire including youth theatre workshops and Congleton 'Beat of the Bounds' initiative, a new website and blog, digital, brand, interpretation and audience development work, as well as progress on touring pods and the attraction of media coverage.</p>

<h2>Visitor Economy</h2>	
<p>After a challenging few years for the Visitor Economy, Cheshire East is recovering and growing at levels not seen since before the pandemic. The latest data shows that the overall value of the Visitor Economy grew by almost 45% to £879 million, whilst welcoming almost 13 million visitors and employing over 9,000 people full time.</p>	<p>A project led by Cheshire East has provided hospitality training for unemployed residents to help fill vacancies in the sector, and also instigated partnerships between schools and hotels to change perceptions of hospitality as a career aspiration for young people.</p>
<p>Cheshire East hotels are back to pre-pandemic levels with monthly occupation levels around 75%, whilst at the same time achieving record income for each room sold.</p>	<p>Continuing partnership work with Marketing Cheshire has generated publicity for Cheshire East towns and 'Cheshire Day', which shines a light on the whole County on the 30 March. Cheshire Day is growing each year and is even being celebrated in Parliament.</p> 

## Tatton Park

Tatton Park has continued to attract visitors this year through new events and products, and by responding to visitors' cost of living pressures with promotions, pricing initiatives and value multi-attraction tickets. Among the many successes, a busy Christmas period saw the introduction of a new, interactive Garden lights experience, 'Yuletide – a Glittering Adventure' with Cheshire based partners Wild Rumpus, as well as a very popular Alice in Wonderland Christmas Mansion' event.



Other achievements included winning Marketing Cheshire's 'Business Events venue of the Year award and attracting significant new income as a filming location. The partnership with publishers Harper Collins to celebrate Judith Kerr's much loved children's stories, 'The Tiger who came to Tea' and the 'Mog' series of classic books, helped continue to attract Tatton's important family audience with a programme of special events, activities and education workshops across the year.

Tatton's retail and catering outlets also performed well, with a continued focus on locally sourced, estate and farm produce. Collaboration with the Tatton Park Charitable Trust saw the launch of a Tatton Park gin, featuring garden botanicals and selling out within a few weeks of launch. A new pre-loved bookshop was also developed with the Trust, assisting in growing donation levels substantially to support future education, conservation and restoration projects.

Tatton retained Green Flag and Green Heritage Site awards in 2023.

<b>Green Infrastructure</b>	
<p>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.</p>	<p>The 2023 random survey of paths across the network undertaken by volunteers from the East Cheshire Ramblers and the Peak and Northern Footpaths Society classed 93% of the inspected paths as being in a condition classed as good or acceptable condition.</p>
<p>The team maintained the Public Rights of Way network by resolving issues and obstructions on paths, involving well over 300 reports from the public during the year, the installation of 424 pieces of path furniture such as gates, bridges and signposts, and the maintenance of vegetation on 110km of path.</p>	<p>Responding to reports of high-risk incidents, the team dealt with over 62 reports of fallen trees or branches, multiple flooding reports during the wet winter, and 6 instances of landslips affecting paths.</p>
<p>Working in partnership with local communities and landowners to develop opportunities for improved access, the team helped to secure a new permissive path to avoid walking along an A road on a long distance promoted route.</p>	<p>The team progressed a number of s106 funded improvement schemes to increase accessibility on routes between development sites and service centres and the wider path network, including projects in Wilmslow, Congleton, Brereton, Alsager and Langley.</p>
<p>During 2023/24 the team assessed 323 planning applications in order to ensure the protection and seek enhancement of the path network, a slight increase on the previous year.</p>	<p>Working with landowners and developers, the team processed legal orders to divert and improve Public Rights of Way, and to mitigate the impact of temporary closures where required to ensure the safety of the public.</p>
<p>The team progressed multiple ‘claim’ applications for Public Rights of Way to be added to the legal record, involving investigation of historic and user evidence, determination, and legal order making and advertising.</p>	<p>The team often receive appreciation from members of the public, including one which read “Thank you and keep up the great work! Every time problems are reported about local footpaths, these people have simply been very responsive and taken action”, and another reading “Just to say that we had a lovely couple of days walking the Gritstone trail - the footpaths were well maintained and it was really well signposted. Thanks!”</p>

One example of improvement works would be those completed on Wilmslow Footpath No. 80 which have been delivered to encourage use and improve accessibility on this route which forms a key walking link between Handforth and Bramall.



Before



After

<b>Countryside Sites – North and South</b>	
<p>A new modern overwintering barn for the Bollin Valley Partnership Conservation Grazing Longhorn cattle has been completed. This new facility has been designed to ensure excellent conditions for the wintering cattle, along with increased efficiency and safety for the Ranger team who look after the cattle.</p>	<p>The Middlewood Way Rangers have created a new set of steps, at Brookledge Lane in Adlington to provide better access and safety for children attending Adlington Primary School.</p>
<p>The Ranger Service 2024 event programme was launched, with a total of 88 popular events across Cheshire East, led by Rangers and our event partners.</p>	<p>Lindow Common SSSI achieved another gold award in the "In your Neighbourhood" category of the RHS North West in Bloom competition as well as an award for Outstanding Achievement over 5 years.</p>
<p>Tegg's Nose Country Park, Macclesfield Riverside Park and Brereton Heath Local Nature Reserve all retained their Green Flag Awards for another year.</p>	 <p style="text-align: right;">Lindow Common</p>
<p>Important Ash dieback (<i>Hymenoscyphus fraxineus</i>) control work was conducted at a number of sites across the Countryside Ranger Service.</p>	<p>Our individual, group and corporate volunteers continue to provide a huge amount of support to the Rangers work across the Cheshire East countryside with over 9172 hours of volunteer support this year.</p>
<p>Rangers and volunteers have continued work to plant trees at a number of our sites including Brereton Heath local nature reserve and Macclesfield Riverside Park.</p>	<p>The Rangers continue to complete their regular work to resurface paths, replace rotten boundary fences, install new or replacement interpretive panels, manage and assist visitors to our sites, deal with storm damage and antisocial behaviour plus monitor and improve the habitats and diversity throughout the countryside sites we are responsible for.</p>

## Highways

### North West Crewe Highway Package

This is a 2.6km new single carriageway and seven new roundabouts with junction improvements near Leighton Hospital and Bentley. The council's contractor, Balfour Beatty, started work on site in May 2022 the scheme is on programme to be fully opened in July this year.



<b>Strategic Housing</b>	
<p>During the year 2023/24 Housing has concentrated on delivering essential frontline services including the prevention and relief of homelessness, completion of home adaptations and Housing enforcement.</p> <p>In addition, we have continued to progress a number of projects including:</p>	
<p>The delivery of the Home Upgrade Grants to improve the energy efficiency of off gas homes, having successfully procured and appointed domestic retrofit services and installers to deliver the programme of works.</p>	<p>The development of our Gypsy and Traveller Transit site which started on site in August 2023 and is due to be completed in the summer of 2024 and will provide a safe place for the Travelling community passing through Cheshire East.</p>
<p>Progressing residential housing opportunities through the use of council owned land assets.</p>	<p>The start of the Warm and Healthy Homes project to improve the energy efficiency of listed properties within Crewe Town centre.</p>
<p>Purchased a further property to increase our temporary accommodation provision to reduce the use of Bed and Breakfast.</p>	<p>Awarded Single Homelessness Accommodation Programme funding to secure four units of accommodation for 18- to 25-year-olds.</p>
<p>Reviewed, consulted and adopted a revised Cheshire East Common Allocations Policy to ensure that social housing is allocated to those most in need.</p>	<p>Undertook a review and re-procurement of Housing Related Support contracts to provide accommodation and support for some of our most vulnerable homeless residents.</p>
<p>Secured four homes for Afghan families through the Local Authority Housing Fund.</p>	

## Regulatory Services

### Air Quality

Our 2023 Annual Status Report for Air Quality was approved by Defra in Autumn 2023. The report which outlines our current air quality status and our wide-ranging actions for improvement was described as having a clear statement of priorities, including collaboration with partners, robust QA/QC procedures and provided clear support for our plans to revoke a number of existing Air Quality Management Areas; work scheduled for 2024/25.

### Food Hygiene Inspections

The Commercial Services Team achieved 96.5% of all programmed and overdue A – D rated food hygiene premises inspections during 2023/24 leaving only 30 inspections to be carried forward into the new year. Very low risk premises (E rated) continue to be tackled by our trainee officers supported by the use of Alternative Inspection Strategies to ensuring that we give greater scrutiny to those premises that pose the highest risk. This level of inspection is particularly notable given that during the COVID-19 pandemic we generated a significant backlog of work following the reduced inspection requirement mandated by the Food Standards Agency. Of those premises that receive a direct inspection, 97.7% score 3 or above in their Food Hygiene Rating Score.

### Pest Control

Our pest control service continues to achieve high levels of customer satisfaction. During 2023/24 the service dealt with 544 requests for treatment in domestic premises (plus revisit work), serviced all of its commercial contracts and exceeded targets set in the contract with United Utilities for sewer baiting; this contract helps to target the rat population in the wider environment.

### CCTV Wireless Project

At the end of 2023/24, work on the CCTV wireless project was reaching its final stages with just the towns of Macclesfield and Knutsford planned for completion in early May 2024. The project has not been without its challenges but once complete will provide, a modern, sustainable and quality system that can be further developed in the coming years to maximise benefit to the Council and the local community.

## Trading Standards

The Cheshire East Trading Standards team won a national award in recognition of its efforts to raise awareness of the dangers of using loan sharks. The team were recognised by the England Illegal Money Lending Team (IMLT) for their initiatives in and around the Cheshire East area to educate the local community creating safer spaces for people to live and work. This is the second time that the council's officers have scooped the award for raising awareness of this crime and how residents stuck in this situation can get help. Their commitment to partnership work and diligence regarding community and staff awareness has seen them achieve the 'Partner Recognition' accreditation from the England (IMLT), for a second time.

## Place - Outturn Narrative

Overall the Place Directorate is reporting an underspend of £3.6m at outturn against a £94.1m budget. Pressures from planning income, waste, car park income and energy have been managed through vacancy management and reducing expenditure. This is an improvement of £3.7m since the third financial review mainly as a result of use of reserves and additional income.

### Environment & Communities Committee

Environment and Neighbourhood Services has an overspend of £2.3m against a net budget of £48.2m. This is an improvement of £0.8m from the third finance review.

The key reasons for the overspend are:

Development Management: £0.4m overspend

- Underlying issues relating to: income from planning applications under budget +£1m.
- Temporary mitigations include: vacancy management -£459k, underspending on supplies and services and travel -£45k; and application of grant -£107k.

This is an improvement of £0.4m from the third finance review with key differences relating to:

- Planning applications – additional pressure of £95k.
- Vacancy management -£243k.
- Underspending on supplies and services -£136k (mainly planning appeals reduced spend).

Environmental - Commissioning ANSA: £2.4m overspend

- Underlying issues relating to: pay award increased provision £506k; materials recycling processing net costs £1,036k; waste disposal contract inflation and kerbside tonnages £667k; in year shortfall against the Place Pay savings target £199k; green waste costs £104k (offset against income).
- Temporary mitigations: fuel reduction £130k.

This is an improvement of £0.1m from the third finance review with key differences relating to:

- Waste disposal contract inflation and kerbside tonnages £0.3m improvement offset by shortfalls in meeting savings targets.

Environmental - Management Services: £0.3m underspend

- Underlying issues relate: to pressure in Markets from reduced income and business rates as a result of empty stalls £67K; and Green Waste and HWRC project costs £186k.
- Temporary mitigations include: capitalisation of staff costs -£198k; underspend on HWRC business rates -£17k; Environment Hub -£57k; staff costs -£27k; and other expenses -£139k.
- There is additional saving -£56k on closed cemeteries as only one has been transferred to ANSA this year. Carbon Neutral -£70k underspent (includes £39k offered from reserves as a one-off cost saving to revenue for this year).

This is a worsening of £0.1m from the third finance review.

### Economy & Growth Committee

Growth and Enterprise Directorate and Place Directorate have an underspend of £4.5m against a net budget of £24.8m. This is an improvement of £1.6m from the third finance review.

The key reasons for the underspend are:

Assets Service: -£0.3m underspend

- Underlying issues relating to historic MTFs items that cannot be delivered £59k, reduced income levels on tenancy £17k and additional consultant costs £62k that cannot be recharged.
- Temporary mitigations include a one-off business rate rebate of -£108k plus stopping all non-essential spending saving -£57k, holding vacancies -£230k and an overachievement by property projects on their income budget -£82k.

This is an improvement of £0.2m from the third finance review with key differences relating to:

- The end of year alignment of recharges of costs to other services -£0.1m, the projects income, better performance of portfolio income than been forecast, lower water costs than forecast and further staff underspends due to interim arrangements and vacancies.

Facilities Management -£1.7m underspend

- Underlying issues relating to: additional spend on responsive maintenance +£962k (offset by a reduction in planned maintenance -£545k); savings from the 2023/24 "Review of Buildings and Estates Transformation" item not being fully implemented +£174k; under-recovery on cleaning recharges +£65k; and supplies and services pressures +£98k.
- Temporary mitigations include lower spend on electricity and gas -£767k; vacancy management and interim arrangements -£296k, water savings of -£106k due to lower usage and a reduced level of business rates due to prior year appeals - £1,190k. There has also been a reduction in non-essential spend of £29k and unbudgeted income received of £68k.

This is an improvement of £0.6m from the third finance review with key differences relating to:

- The service prioritised reactive maintenance over planned -£545k.

Economic Development: -£1.1m underspend

- Mainly temporary issues relating to: vacancy management and travel -£259k; additional recharges to capital -£209k; transfer of budget to the Place restructuring saving -£36k; recharges to Shared Prosperity Fund -£181k; saving on supplies & services -£246k; and release of reserves £249k.

This is an improvement of £0.4m from the third finance review with key differences relating to:

- A higher level of recharge to Shared Prosperity of -£350k by including all valid costs.

Housing: -£0.6m underspend

- Mainly temporary issues relating to: vacancy management -£219k; fully utilising grants within Homelessness & Housing Options -£216k; Private Sector Housing increased income -£33k; higher than budgeted recharges to capital -£84k; and reduced supplies and services spend -£29k.

This is an improvement of £0.1m from the third finance review.

## Highways & Transport Committee

Highways & Infrastructure are reporting an underspend of £1.5m against a net budget of £21.1m.

This is a £1.3m improvement over the forecast reported at the third finance review.

The key reasons for the underspend are:

Car Parking: £0.4m overspend

- Mainly temporary issues relating to: delayed MTFS savings +£1.6m; additional income from existing parking charges exceeding budgets -£653k; vacancy management -£448k (whilst there is a saving due to vacancies being not filled these role are net revenue generating over time); lower fines income +£130k; stopping expenditure -£126k; and other income increases -£46k.

This is an improvement of £0.4m from the third finance review with key differences relating to:

- Car parking income -£247k improvement
- Vacancy management -£29k
- Enforcement income -£41k
- Stopping expenditure -£127k

Strategic Transport: -£0.3m underspend.

- Mainly temporary issues relating to: vacancy management -£294k.

This is an improvement of £0.3m from the third finance review.

Highways: £0.6m underspend

- Mainly temporary issues relating to: operational pressures relating to Street Lighting +£451k and Adverse Weather +£115k; vacancy management -£125k; and increased income -£1,056k.

This is an improvement of £0.2m from the third finance review with key differences relating to vacancy management and over-achievement of income.

HS2: £0.6m underspend

- Mainly temporary issues relating to: release of the HS2 earmarked reserve -£400k; vacancy management -£122k; reduced consultancy spend -£73k; additional income -£21k (contributions and recharges to capital).

This is an improvement of £33k from the third finance review.

### Corporate Services

Customer Services	
We have developed technology within the Contact Centre improving the experience customers have when contacting the Council.	We continue to support the delivery of Government initiatives including Homes for Ukraine and Household Support Fund.
We have improved Customer satisfaction when contacting the Council and customers say it is now easier to get their issues resolved.	We have reviewed our formal correspondence processes to ensure enquiries get to the right place first time.
We have developed and rolled out Customer Excellence training for senior managers.	We have revised our Special Contact Measure policy to ensure it supports both our customers and our staff.

Procurement	
Procured the new Housing Related Support to support homelessness.	Healthy Young Minds procurement to support early-help Childrens' mental health issues.
Supported the set-up of Family Hubs brand and infrastructure.	At least three members of the team acknowledged and put forward for the new year's honours list.
Mention those staff starting/progressing with MCIPS.	Awarded 332 contracts as a whole team.
Contract Management system rolled out and training sessions delivered both face to face and virtual.	New contract handover procedure and updated contract management framework.

Implemented Extensions, Modifications eLearning modules on learning lounge.	Work underway to gear up for the new Procurement Regulations 2024.
Achieved circa £100,000 in income.	Re-procured vendor neutral Agency staff contract delivering circa £95,000 savings.
Developed and implemented spending controls to ensure that no non-essential expenditure is incurred.	Woodland Creation Project - £180,000.
Supply of Water and Wastewater Services - £4m.	DPS - Home to School & Commercial Transport - £120m.
Football Development Partner for King George V Playing Field.	

<b>Human Resources</b>	
Delivery against Workforce Strategy remains on target and continues to be reported to the Council's Corporate Policy Committee.	Introduced a monthly workforce data dashboard, providing metrics to support decision making.
Provided professional guidance and support to services, including their current staffing establishments, to inform decision-making and meet their ongoing workforce needs including restructures, recruitment and retention and employee relations matters.	Strengthened apprenticeship programme with new cohorts and new apprenticeship standards, providing 77 new apprenticeship starts during 2023/24.
Delivered a further round of the Mutually Agreed Resignation Scheme across the organisation.	Completed a further review of the recruitment process, introducing improvements for both hiring managers and candidates.
Additional wellbeing staff support for cost of living.	Delivered manager workshops for key HR policies and procedures to support good employee relations.
Delivered the roll out of mandatory e-learning for all staff and members, supporting GDPR compliance.	Provided on-going support to managers with Unit 4.
Introduced a Workforce Planning Toolkit.	Updated a range of HR policies.

<p><b>Digital and ICT Services</b></p>	
<p>Family Hubs creation and configuration of web presence for 3 new Hubs - integrated within Live Well CE and aims to unify child and youth information under a redesigned Family Information Service website. This has streamlined user access and experience and includes events calendar, training zone, booking system, and integrated referral portals.</p>	<p>Multi-agency social care and health team(s) improvements to data sharing across teams including the Community EMIS bed management solution at East Cheshire Trust.</p> <p>Creation of transition years assessment in Liquidlogic streamlining the process for the transfer of care from Child to Adulthood. Improves information sharing for multi-agency integration and eliminates unnecessary duplication between Adult and Children case management.</p>
<p>The MyCareView patient portal now has over 110,000 registrations, representing over 36% of the adult population over age 19. With 30,600 active users representing over a quarter of the total user base. (sources: Patient Knows Best activity dashboard and <a href="https://www.ons.gov.uk/visualisations/censusa/reachanges/E06000049/">https://www.ons.gov.uk/visualisations/censusa/reachanges/E06000049/</a>)</p>	<p>Migration of Youth Services component of Education Suite to Liquidlogic CCIS module.</p> <p>Migration of Care Provider electronic call monitoring (ECM) software system to OCC Visits Module to monitor quality and activity of Care at Home (CaH) Providers</p>
<p>Strengthened cyber preparedness with additional monitoring tools and recovery capabilities to reduce the threat/impact of cyber attacks. (Admin account protection - Silverfort &amp; M365 Backup).</p>	<p>Significant simplification of our ICT infrastructure including replacement and decommissioning including the replacement of the essential Housing Monitoring Database (from MS Access) to a modern, supported M365 solution.</p>
<p>Introduced classification on SharePoint Online sites, at the point of information creation, which will automate retention schedules. Also continue to develop an Information Assurance and Data Management (IADM) Toolkit to bring together and enhance all IADM guidance in support of compliant working practices and behaviours.</p>	<p>Continued to grow and mature the Adoption and Change Management (ACM) function, delivering 110 Bitesize ICT training sessions for staff across the council.</p>
<p>Launch of Gemini Programme to deliver the agreed recommendations from the C.Co review to establish a new operating model for ICT services and the separation from Cheshire West ICT.</p>	<p>Supported design and build of the new Cheshire West tenant as one of the early phases of separation of the ICT services for the two councils. This was an essential pre-requisite ahead of migrating Cheshire West users to their new environment.</p>

## Corporate Services – Outturn Narrative

Overall Corporate services is reporting an underspend of £4.5m at outturn against a budget of £42m.

Key issues include the saving from the MARs 2023/24 scheme where staff have left, significant vacancy management, reductions in spend and increased income. This is an improvement of £3.6m over the figures reported at the Third Financial Review. A key reason for that variance is ICT expenditure being less than expected.

Key issues include:

### **Corporate (Directorate): -£0.5m underspend**

Key issues relate to vacancy management for senior posts -£0.2m; the budgets removed from service areas in Corporate as a result of Mars savings in 2023/24 -£0.3m. The Mars changes were made after third review giving the £0.3m improvement on this line.

### **Finance and Customer Service: -£0.7m underspend**

Key issues relate to pressures in Customer Service Centres £0.1m offset by savings through increasing income, vacancy management and additional grants in Revenues and Benefits -£0.7m and Finance and Procurement -£0.1m. The position has improved by £0.5m since the third review from one-off rebates -£0.2m and increased income -£0.3m, both in Finance and Revenues and Benefits.

### **Governance and Compliance: -£0.9m underspend**

Key issues relate to underspends in:

- Audit and Risk -£0.3m from increasing income and vacancy management.
- Democratic and Governance Services -£0.6m from: reduced member allowances (including not paying special responsibility allowances for multiple roles and not applying the pay award); increased registration income and reduced transport spend.

This is a £0.5m improvement from third review as a result of: Registration Services income - £0.15m; prudent forecasting; Civic Office increased income /coroner's service lower spend - £0.1m; and Elections -£0.17m of reduced spend.

### **Human Resources: -£0.5m underspend**

Key issues: lower spending from central training budget and no spend on organisational development budget. The position has improved by £0.1m since third review through further non-essential spend reductions.

### **ICT -£1.9m underspend**

Key issues: savings have been achieved through the Gemini Programme but the impact (alongside CEBERT recruitment restrictions) has resulted in a reassessment of planned projects and delays in commissioned work. This has led to unmet income targets and lower than anticipated contractual spend.

Contract costs within the Shared Service were lower than expected. This was due to lower than budgeted expenditure on the Next Generation Cheshire LAN/WAN and supplier issues leading to the delayed contract renewal of the cloud management solution and lower usage of Bulk SMS services.

The Strategy position reflected areas where contracts came in under budget, partly due to the timing of the Digital contract (which is now a 2024/25 cost), a reduction in replacement hardware kit and lower use of offsite storage.

This is a £2.2m improvement from third review as a result of lower than anticipated contract spend -£1.6m, timing of Digital project costs in year -£0.2m, charging additional staff costs to capital -£0.2m and reduced Gemini project spend -£0.1m.

### Changes in Pension Estimates

Due to the scale of the pension assets (£1.5bn) 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. These figures include the asset ceiling adjustment to reflect the notional limit of the net pension asset that can be reflected in the accounts.

The net pension liability (deficit) reported in the Accounts in 2023/24 has reduced by £0.004m compared to the 2022/23 value (which also included an adjustment for the asset ceiling notional calculation).

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 2023/24 is based on the 2022 formal valuation rolled forward to 31<sup>st</sup> March 2024.

### 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 2023/24 was £334.9m. The carried forward deficit on the Council Tax Collection Fund at the end of 2023/24 is £6.3m.

The Council Tax in-year collection rate for 2023/24 is 97.9%. This is a very slight decrease from the previous year's performance, and it is still expected that the 99% collection rate target will be achieved after three years. The strong economy in Cheshire East also contributed to an increase in the overall tax base of 1.39% (from 156,607.48 to 158,778.54).

### Business Rates

Cheshire East collects Business Rates for the whole area and the income is split 49% to Cheshire East, 50% to the Ministry of Housing, Communities and Local Government (MHCLG) and 1% to the Cheshire Fire Authority. The total budgeted collectable amount for 2023/24 was £147.7m, as per the NNDR1 return. The carried forward deficit on the Business Rates Collection Fund at the end of 2023/24 is £8.2m.

The Business Rates in-year collection rate for 2023/24 is 97.7% which is a 0.5% decrease from the previous year's performance. This is due, in part, to the high inflation rates and increased energy costs throughout the year. However, it is still expected that the 99% collection target will be achieved after three years.

### 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 2023/24 was £136.9m compared to the original budget, as at February 2023, of £214.7m.

The forecast for planned spend is updated throughout the year and published in the Financial Review reports. During 2023/24 a number of major projects have either completed or got under way including North-West Crewe Highway Package (£20.7m), Green Investment Solar Farm (£1.9m), Schools Improvement Programme (£28.9m), ICT Programme (£5.9m), Social Housing Decarbonisation (£1.2m) and Crewe Town Centre Regeneration (£15.9m).

Slippage against the revised forecast of £171.1m reported for the 3<sup>rd</sup> Financial update (January 2024) totalled £34.2m.

Capital receipts in-year amounted to £3.5m from the sale of surplus assets, including Morton Hall Community Centre (£0.2m), former Shavington Youth Centre (£0.3m), and former housing right to buy receipts (£2.3m).

The Council has succeeded in attracting £70m 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	Three	Year	Forecast	Total
	2023/24	2024/25	2025/26	2026/27	
	£m	£m	£m	£m	£m
<b>Expenditure</b>					
Children and Families	<b>28.9</b>	56.2	32.1	12.3	<b>129.5</b>
Adults and Health	<b>0.1</b>	0.8	0.0	0.0	<b>0.9</b>
Highways and Transport	<b>57.4</b>	66.4	51.4	154.6	<b>329.8</b>
Economy and Growth	<b>39.0</b>	92.6	67.6	22.3	<b>221.5</b>
Environment and Communities	<b>5.6</b>	14.6	17.4	1.4	<b>39.0</b>
Corporate Policy	<b>5.9</b>	14.8	6.5	2.5	<b>29.7</b>
<b>Total Expenditure</b>	<b>136.9</b>	<b>245.4</b>	<b>175.0</b>	<b>193.1</b>	<b>750.4</b>
<b>Funding</b>					
Grants and Other Contributions	<b>70.0</b>	189.7	94.4	167.9	<b>522.0</b>
Capital Receipts and Reserves	<b>1.4</b>	3.6	32.0	2.1	<b>39.1</b>
Borrowing	<b>65.5</b>	52.1	48.6	23.1	<b>189.3</b>
<b>Total Funding</b>	<b>136.9</b>	<b>245.4</b>	<b>175.0</b>	<b>193.1</b>	<b>750.4</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.

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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 2023/24 ('the Code'), issued by the Chartered Institute of Public Finance and Accountancy (CIPFA).

In accordance with the temporary relief offered by the update to the CIPFA Code Of Practice on Infrastructure Assets following the statutory override created by the coming into force of Statutory Instrument 2022 No. 1232, the Local Authorities (Capital Finance and Accounting) (England) (Amendment) Regulations 2022 introduced Regulation 30M as an amendment of the Local Authorities (Capital Finance and Accounting) (England) Regulations 2003. The Council's financial statements were updated to incorporate the changes with a new Infrastructure Assets Note (Note 18) added to the Statement of Accounts.

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 34** provides further details of the various companies in which the Council has an interest. Tatton Park Enterprises Limited and Enterprise Cheshire and Warrington (formerly Cheshire & Warrington Enterprise Partnership) 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 (£5.6m) and Earmarked reserves (£32.3m excluding Schools) have decreased in 2023/24 to £37.9m.

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) 2024/25 – 2027/28

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 2024 to 2028 that aims to balance spending on services against resources across each of the next four years.

The 2024 to 2028 cycle proved to be challenging. The issues of high national inflation levels, continued increases in demand have impacted on the Council's finances

The key change was the need to balance the 2024/25 budget by using reserves, one-off sources of funding. This was an unprecedented step and, combined with the use of reserves to manage the 2023/24 overspend, is forecast to leave general reserves at an unsustainably low level without urgent action.

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 2024/25. There are forecast increases of 2.99% in 2025/26 and thereafter. These may well need to be reviewed in-line with increasing demand levels and future Government policy. 2% (£5.4m) of the Council Tax increase in 2024/25 will be solely utilised to fund increasing care costs within Adult Social Care.

Given the change in national government it is not yet clear where the debate on reviewing local government funding levels will materialise. It is assumed that any reviews will take time to be considered. These issues are already being raised by various local government groups.

### Future Challenges

The medium-term outlook is one of continuing uncertainty.

The Medium Term Financial Strategy is clear that the financial challenge remains with a published shortfall of £42m for 2025/26. This means that the Council must undertake a transformation process during 2024/25 to live within reduced budget levels and focus on priority areas. Further details of this programme will be published as they are reported to members. The aim is to generate proposals for consultation purposes later in 2024. A transformation partner has been appointed to work with the Council to ensure that this is rapidly taken forward.

High needs / special educational needs and disabilities continues to present financial challenges. The levels of expenditure on pupils with special educational needs and disabilities are unaffordable within the current funding levels provided to 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 MHCLG on managing this issue, but the underlying financial risk has not changed.

### 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

## Draft Statement of Accounts 2023/24

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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 2023/24 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).

**Adele Taylor**

Interim Chief Finance Officer - Section 151 Officer

## The Group Financial Statements

## Group Movement in Reserves Statement

This statement shows the movement in the year on the different reserves held by the Group, analysed into 'usable' reserves (i.e., those that can be applied to fund expenditure or reduce local taxation) and other 'unusable' reserves.

The 'Net Increase / (Decrease) before Transfers to Earmarked Reserves' line shows the statutory General Fund balance before any discretionary transfers to or from earmarked reserves undertaken by the Group.

Group Movement in Reserves 2023/24:

	General Fund Balance £000	Earmarked Reserves £000	General Fund Balances £000	Capital Receipts Reserve £000	Capital Grants Unapplied £000	Total Usable Reserves £000	Unusable Reserves £000	Total Council Reserves £000	Council Share of Subsidiary Reserves £000	Total Authority Reserves £000
<b>Opening balance at 1<sup>st</sup> April 2023</b>	<b>14,105</b>	<b>67,023</b>	<b>81,128</b>	<b>2,038</b>	<b>82,338</b>	<b>165,504</b>	<b>548,539</b>	<b>714,043</b>	<b>1,975</b>	<b>716,018</b>
<u>Movement in Reserves during 2023/24</u>										
Total Comprehensive Income and Expenditure	(87,819)	0	<b>(87,819)</b>	0	0	<b>(87,819)</b>	0	<b>(87,819)</b>	47,373	<b>(40,446)</b>
Adjustments between Group Accounts and Authority Accounts	47,291	0	<b>47,291</b>	0	0	<b>47,291</b>	0	<b>47,291</b>	(47,332)	<b>(41)</b>
Other Comprehensive Income and Expenditure	0	0	<b>0</b>	0	0	<b>0</b>	20,512	<b>20,512</b>	0	<b>20,512</b>
<b>Total Comprehensive Income and Expenditure</b>	<b>(40,528)</b>	<b>0</b>	<b>(40,528)</b>	<b>0</b>	<b>0</b>	<b>(40,528)</b>	<b>20,512</b>	<b>(20,016)</b>	<b>41</b>	<b>(19,975)</b>
Adjustments between accounting basis and funding basis under regulations	2,620	0	<b>2,620</b>	(593)	4,741	<b>6,768</b>	(6,768)	<b>0</b>	0	<b>0</b>
<b>Net Increase / (Decrease) before Transfers to Earmarked Reserves</b>	<b>(37,908)</b>	<b>0</b>	<b>(37,908)</b>	<b>(593)</b>	<b>4,741</b>	<b>(33,760)</b>	<b>13,744</b>	<b>(20,016)</b>	<b>41</b>	<b>(19,975)</b>
Transfers to / from Earmarked Reserves (Note 3)	29,383	(29,383)	0	0	0	<b>0</b>	0	<b>0</b>	0	<b>0</b>
<b>Increase / (Decrease) In-Year</b>	<b>(8,525)</b>	<b>(29,383)</b>	<b>(37,908)</b>	<b>(593)</b>	<b>4,741</b>	<b>(33,760)</b>	<b>13,744</b>	<b>(20,016)</b>	<b>41</b>	<b>(19,975)</b>
<b>Closing Balance at 31<sup>st</sup> March 2024 carried forward</b>	<b>5,580</b>	<b>37,640</b>	<b>43,220</b>	<b>1,445</b>	<b>87,079</b>	<b>131,744</b>	<b>562,283</b>	<b>694,027</b>	<b>2,016</b>	<b>696,043</b>

## Group Movement in Reserves 2022/23:

	General Fund Balance £000	Earmarked Reserves £000	General Fund Balances £000	Capital Receipts Reserve £000	Capital Grants Unapplied £000	Total Usable Reserves £000	Unusable Reserves £000	Total Council Reserves £000	Council Share of Subsidiary Reserves £000	Total Authority Reserves £000
<b>Opening balance at 1<sup>st</sup> April 2022</b>	<b>12,586</b>	<b>87,775</b>	<b>100,361</b>	<b>0</b>	<b>64,623</b>	<b>164,984</b>	<b>312,453</b>	<b>477,437</b>	<b>1,968</b>	<b>479,405</b>
<u>Movement in Reserves during 2022/23</u>										
Total Comprehensive Income and Expenditure	(86,506)	0	<b>(86,506)</b>	0	0	<b>(86,506)</b>	0	<b>(86,506)</b>	35,947	<b>(50,559)</b>
Adjustments between Group Accounts and Authority Accounts	35,933	0	<b>35,933</b>	0	0	<b>35,933</b>	0	<b>35,933</b>	(35,940)	<b>(7)</b>
Other Comprehensive Income and Expenditure	0	0	0	0	0	<b>0</b>	287,183	<b>287,179</b>	0	<b>287,179</b>
<b>Total Comprehensive Income and Expenditure</b>	<b>(50,573)</b>	<b>0</b>	<b>(50,573)</b>	<b>0</b>	<b>0</b>	<b>(50,573)</b>	<b>287,183</b>	<b>236,606</b>	<b>7</b>	<b>236,613</b>
Adjustments between accounting basis and funding basis under regulations	31,340	0	<b>31,340</b>	2,038	17,715	<b>51,093</b>	(51,093)	<b>0</b>	0	<b>0</b>
<b>Net Increase / (Decrease) before Transfers to Earmarked Reserves</b>	<b>(19,233)</b>	<b>0</b>	<b>(19,233)</b>	<b>2,038</b>	<b>17,715</b>	<b>520</b>	<b>236,090</b>	<b>236,606</b>	<b>7</b>	<b>236,613</b>
Transfers to / from Earmarked Reserves (Note 3)	20,752	(20,752)	0	0	0	<b>0</b>	0	<b>0</b>	0	<b>0</b>
<b>Increase / (Decrease) In-Year</b>	<b>1,519</b>	<b>(20,752)</b>	<b>(19,233)</b>	<b>2,038</b>	<b>17,715</b>	<b>520</b>	<b>236,090</b>	<b>236,606</b>	<b>7</b>	<b>236,613</b>
<b>Closing Balance at 31<sup>st</sup> March 2023 carried forward</b>	<b>14,105</b>	<b>67,023</b>	<b>81,128</b>	<b>2,038</b>	<b>82,338</b>	<b>165,504</b>	<b>548,543</b>	<b>714,043</b>	<b>1,975</b>	<b>716,018</b>

## Group Comprehensive Income and Expenditure Statement

This statement consolidates all the gains and losses experienced by the Council's Group during the year showing the economic cost in-year of providing services, in accordance with generally accepted accounting practices, rather than the amount to be funded from taxation. Authorities raise taxation to cover expenditure in accordance with regulations; this may be different from the accounting cost. The taxation position is shown in both the Expenditure and Funding Analysis and the Movement in Reserves Statement.

2022/23			Directorate / Service	2023/24		
Gross Expenditure £000	Gross Income £000	Net Expenditure £000		Gross Expenditure £000	Gross Income £000	Net Expenditure £000
			<b>People</b>			
229,307	(90,689)	<b>138,618</b>	Adult Social Care and Health	240,038	(89,268)	<b>150,770</b>
294,815	(177,059)	<b>117,756</b>	Children and Families	319,887	(186,493)	<b>133,394</b>
			<b>Place</b>			
74,770	(26,253)	<b>48,517</b>	Growth and Enterprise	52,789	(11,912)	<b>40,877</b>
58,983	(16,717)	<b>42,266</b>	Highways and Infrastructure	64,199	(14,507)	<b>49,692</b>
76,469	(21,315)	<b>55,154</b>	Environment & Neighbourhood Services	75,078	(19,271)	<b>55,807</b>
			<b>Corporate and Central Services</b>			
110,522	(60,728)	<b>49,794</b>	Corporate and Central Services	100,403	(59,954)	<b>40,449</b>
(7,894)	0	<b>(7,894)</b>	Central Budgets	1,482	0	<b>1,482</b>
<b>836,972</b>	<b>(392,761)</b>	<b>444,211</b>	<b>Cost of Services</b>	<b>853,873</b>	<b>(381,405)</b>	<b>472,468</b>
19,235	(14,334)	<b>4,901</b>	Other Operating Expenditure	13,992	(3,217)	<b>10,775</b>
23,809	(4,889)	<b>18,920</b>	Financing and Investment Income and Expenditure	15,657	(6,316)	<b>9,341</b>
0	(417,517)	<b>(417,517)</b>	Taxation and Non-specific Grant Income and Expenditure	0	(452,102)	<b>(452,102)</b>
<b>880,016</b>	<b>(829,501)</b>	<b>50,515</b>	<b>(Surplus) or Deficit on Provision of Services</b>	<b>883,522</b>	<b>(843,040)</b>	<b>40,482</b>
			Tax Expenses	5	-	<b>5</b>
<b>880,067</b>	<b>(829,501)</b>	<b>50,566</b>	<b>(Surplus) or Deficit of the Group</b>	<b>883,527</b>	<b>(843,040)</b>	<b>40,487</b>
		<b>(27,602)</b>	(Surplus) or deficit on revaluation of non-current assets			<b>(28,287)</b>
		<b>1,509</b>	(Surplus) or deficit on financial assets measured at fair value through other comprehensive income			<b>1,493</b>
		<b>(261,090)</b>	Remeasurements of the net defined pensions benefit liability			<b>6,282</b>
		<b>(287,183)</b>	<b>Other Comprehensive Income and Expenditure</b>			<b>(20,512)</b>
		<b>(235,617)</b>	<b>Total Comprehensive Income and Expenditure</b>			<b>19,975</b>

## Group Balance Sheet as at 31<sup>st</sup> March 2024

This statement shows the Group's financial position at 31<sup>st</sup> March each year. The top part of the statement shows the assets and liabilities of the Group and the lower part shows the Group's reserves.

31 <sup>st</sup> March 2023 £000		31 <sup>st</sup> March 2024 £000
1,099,791	Property, Plant and Equipment	1,169,957
585	Heritage Assets	585
25,984	Investment Property	25,075
15,004	Intangible Assets	14,903
41,811	Long Term Investments	50,018
6,016	Long Term Debtors	5,904
<b>1,189,191</b>	<b>Long Term Assets</b>	<b>1,266,442</b>
578	Short Term Investments	602
654	Inventories	625
78,407	Short Term Debtors	80,696
35,566	Cash and Cash Equivalents	26,678
<b>115,205</b>	<b>Current Assets</b>	<b>108,601</b>
(185,343)	Short Term Borrowing	(168,139)
(144,135)	Short Term Creditors	(164,924)
(7,013)	Cash and Cash Equivalents	(4,753)
(10,466)	Short Term Provisions	(5,738)
<b>(346,957)</b>	<b>Current Liabilities</b>	<b>(343,554)</b>
(4,417)	Long Term Provisions	(5,345)
(77,730)	Long Term Borrowing	(173,088)
(88,910)	Net Pensions Liability	(84,542)
(54)	Other Deferred Liabilities	(54)
(26,250)	Other Long Term Liabilities	(25,708)
(44,060)	Capital Grants Receipts in Advance	(46,709)
<b>(241,421)</b>	<b>Long Term Liabilities</b>	<b>(335,446)</b>
<b>716,018</b>	<b>Net Assets</b>	<b>696,043</b>

31 <sup>st</sup> March 2023 £000		31 <sup>st</sup> March 2024 £000
2,038	Capital Receipts Reserve	1,445
82,338	Capital Grants Unapplied	87,079
5,429	Earmarked Reserves and Balances held by Schools	5,362
61,594	Earmarked Reserves – General Fund	32,278
14,105	General Fund Reserve – Borough Fund	5,580
1,975	Profit and Loss Account	2,016
<b>167,479</b>	<b>Usable Reserves</b>	<b>133,760</b>
251,355	Revaluation Reserve	267,957
1,323	Financial Instruments Restatement Reserve	(170)
443,633	Capital Adjustment Account	468,955
4,597	Capital Receipts Deferred	4,567
(636)	Financial Instrument Adjustment Account	(607)
(88,910)	Pensions Reserve	(84,542)
(46,946)	Dedicated Schools Grant Reserve	(78,652)
(10,094)	Collection Fund Adjustment Account	(9,307)
(5,783)	Accumulated Absences Account	(5,918)
<b>548,539</b>	<b>Unusable Reserves</b>	<b>562,283</b>
<b>716,018</b>	<b>Total Reserves</b>	<b>696,043</b>

Signed:

*Adele Taylor*

**Adele Taylor FCPFA**

Interim Chief Finance Officer – Section 151 Officer

Dated: 17 July 2024

## Group Cash Flow Statement for the Year ended 31<sup>st</sup> March 2024

This statement shows how the movement in resources has been reflected in cash flows.

2022/23 £000		2023/24 £000
(50,566)	Net surplus / (deficit) on the provision of services	(40,487)
38,737	Adjustment to surplus or deficit on the provision of services for non-cash movements	74,985
(88,544)	Adjust for items included in the net surplus or (deficit) on the provision of services that are investing and financing activities	(88,036)
<b>(100,373)</b>	<b>Net cash flows from operating activities</b>	<b>(53,538)</b>
(1,911)	Net cash flows from investing activities	(21,627)
89,986	Net cash flows from financing activities	68,537
<b>(12,298)</b>	<b>Net increase / (decrease) in cash and cash equivalents</b>	<b>(6,628)</b>
<b>40,851</b>	<b>Cash and cash equivalents at the beginning of the reporting period</b>	<b>28,553</b>
<b>28,553</b>	<b>Cash and cash equivalents at the end of the reporting period</b>	<b>21,925</b>
<b>(12,298)</b>	<b>Net increase / (decrease) in cash and cash equivalents</b>	<b>(6,628)</b>

## Notes to the Group Statement of Accounts

The following notes are specific to the Group Accounts and have only been included where the group outcome is significantly different to the disclosures in the Council's single entity accounts. The index to the full set of notes is provided on page 1. **Note 34** of the Cheshire East Council statements discloses the Council's interest in other companies and entities including whether these have been consolidated into the group.

### 1. Reconciliation of Single Entity to Group Accounts

Income and Expenditure (Surplus) / Deficit

2022/23 £000	Reconciliation of Single Entity to Group (Surplus) / Deficit	2023/24 £000
50,573	<b>(Surplus) / Deficit in the Group Income and Expenditure attributable to the Authority</b>	40,528
	Add: (Surplus) / Deficit arising from other entities included in the Group Accounts	
(7)	Subsidiaries *	(41)
50,566	<b>Group Account (Surplus) / Deficit for the Year</b>	40,487

\* Surplus for Subsidiaries includes a £0.132m adjustment for dividends now paid over from TSSL and a prior year adjustment not adjusted for in the audited Cheshire East Accounts for 2021/22 but has been adjusted for in 2023/24

## Adjustment for Non Cash Items in the Group Cash Flow Statement

2022/23 £000	Reconciliation of Single Entity to Group Cash Flow Adjustment for Non Cash Items	2023/24 £000
46,837	Single Entity Accounts: Adjustment of the Net (Surplus) or Deficit on the Provision of Services for Non Cash Movements	72,293
(8,100)	Total Non-Cash Adjustments included in the Group Accounts	2,692
<b>38,737</b>	<b>Group Accounts: Adjustment of the Net (Surplus) or Deficit on the Provision of Services for Non Cash Movements</b>	<b>74,985</b>

## Adjustment for Net Cash Flows from Investing Activities in the Group Cash Flow Statement

2022/23 £000	Reconciliation of Single Entity to Group Cash Flow Adjustment for Net Cash Flows from Investing Activities	2023/24 £000
(4,361)	Single Entity Accounts: Adjustment for items that are net cash flows from investing activities	(20,349)
2,450	Total Net Cash Flows from Investing Activities Adjustments included in the Group Accounts	(1,278)
<b>(1,911)</b>	<b>Group Accounts: Adjustment of the Net (Surplus) or Deficit on the Provision of Services for Non Cash Movements</b>	<b>(21,627)</b>

## 2. Group Taxation

The Group are liable to Corporation Tax in respect of any profits from continuing operations. On that basis a provision of £45,241 (£64,504 2022/23) has been made for any potential corporation tax liability on profits from continuing operations.

For the 2023/24 financial year the Group profits liable to corporation tax relate to company commercial activities only with any overspends/underspends against the Core Contract management fees being funded/rebated back to the Council / Shareholder as appropriate.

## 3. Directors' Remuneration

The Council is required to disclose the remuneration of directors as they are key management personnel of the Council's group.

Payments made to Directors in 2023/24	Salary, Fees, Allowances and Bonuses £	Expenses and Allowance £	Employer's Pension Contribution £	Total £
ANSA	149,236	144	23,501	<b>172,881</b>

The table below shows the 2022/23 comparative figures:

Payments made to Directors in 2022/23	Salary, Fees, Allowances and Bonuses £	Expenses and Allowance £	Employer's Pension Contribution £	Total £
ANSA	139,594	1,285	24,797	<b>165,676</b>

The number of officers whose remuneration exceeded £50,000 in 2023/24 is detailed below:

2022/22 Total	Remuneration Band	2022/23 Total
5	£50,000 - £54,999	3
0	£55,000 - £59,999	3
2	£60,000 - £64,999	0
2	£65,000 - £69,999	0
0	£70,000 - £74,999	2
0	£75,000 - £79,999	0
1	£80,000 - £84,999	0
0	£85,000 - £89,999	2
1	£90,000 - £94,999	0
0	£95,000 - £99,999	1
0	£100,000 - £104,999	0
0	£105,000 - £109,999	0
11	<b>Total</b>	11

Remuneration includes salary, payments to hired or contracted staff, taxable benefits such as car allowances, termination payments and backdated Single Status payments. Direct reimbursement of costs incurred and pension contributions are excluded.

#### 4. External Audit Fees

The Group incurred the following external audit and inspection and compliance fees, which are included in the cost of Corporate and Central Services.

2022/23 £000		2023/24 £000
129	Fees payable to the appointed auditor, Mazars LLP, for external audit services.	0
0	Fees payable to the appointed auditor, Ernst Young LLP, for external audit services.	367
129		367
63	Fees payable with regard to external audit services carried out by Grant Thornton UK LLP for the wholly owned companies audit of accounts.	63
63		63
192	<b>Total External Audit Fees</b>	430

#### 5. Group Accounting Policies

##### General Principles

The Group Accounts have been prepared in accordance with the Code of Practice for Local Authority Accounting in the United Kingdom, issued by the Chartered Institute of Public Finance and Accountancy (CIPFA).

In accordance with the temporary relief offered by the update to the CIPFA Code Of Practice on Infrastructure Assets following the statutory override created by the coming into force of Statutory

Instrument 2022 No. 1232, the Local Authorities (Capital Finance and Accounting) (England) (Amendment) Regulations 2022 introduced Regulation 30M as an amendment of the Local Authorities (Capital Finance and Accounting) (England) Regulations 2003. The Council's financial statements were updated to incorporate the changes with a new Infrastructure Assets Note (Note 18) added to the Statement of Accounts

The accounting policies used in preparing the Group Accounts are those used by Cheshire East Council in their single entity financial statements. In order to align group entities accounting policies to those used by the Council and ensure consistency of accounting treatment across the group, the following principles have been adopted:

### **5(a) Consolidation of Subsidiaries**

Subsidiaries have been consolidated using a full, line by line consolidation of the financial transactions and balances of the Council and its subsidiaries. To avoid overstating the figures within the group financial statements, all transactions and balances between members of the group (the Council and its subsidiaries) have been eliminated.

The Group Accounts include Cheshire East Council and wholly owned subsidiaries, during 2023/24, this was Cheshire East Residents First Limited (CERF), ANSA Environmental Services Limited, and Orbitas Bereavement Services Limited. The wholly owned subsidiary Tatton Park Enterprise Limited and associate company Enterprise Cheshire and Warrington are excluded from the Group Accounts on the grounds of immateriality.

### **5(b) Alignment of accounting framework and policies**

Where group organisations use different accounting policies to the Council, their accounts have been restated to align their accounting policies with those of the Council where the effect of not doing so would be material to the reader's interpretation of the accounts.

### **5(c) Unrealised profits from intra-group transactions**

Any unrealised profit reflected in the carrying amount of property, plant and equipment and inventory arising from trading between the Council and its group companies will be eliminated to avoid the double counting of gains. No such adjustments have been necessary for the 2023/24 Group Accounts.

### **5(d) Company losses Accounting Treatment**

The Group Comprehensive Income and Expenditure Statement includes the profits / losses arising in each of the wholly owned subsidiary companies.

# The Cheshire East Council Financial Statements

## Cheshire East Council - Movement in Reserves Statement

This statement shows the changing value of 'usable' reserves (those that can be applied to fund expenditure or reduce local taxation) and other 'unusable' reserves (those which reflect accounting adjustments and are not applied to fund expenditure or reduce local taxation).

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

### Movement in Reserves 2023/24:

	General Fund Balance	Earmarked Reserves	General Fund Balances	Capital Receipts Reserve	Capital Grants Unapplied	Total Usable Reserves	Unusable Reserves	Total Authority Reserves
	£000	£000	£000	£000	£000	£000	£000	£000
<b>Opening balance at 1<sup>st</sup> April 2023</b>	<b>14,105</b>	<b>67,023</b>	<b>81,128</b>	<b>2,038</b>	<b>82,338</b>	<b>165,504</b>	<b>548,539</b>	<b>714,043</b>
<u>Movement in Reserves 2023/24</u>								
Surplus / (deficit) on provision of services	(40,528)	0	(40,528)	0	0	(40,528)	0	(40,528)
Other Comprehensive Income and Expenditure	0	0	0	0	0	0	20,512	20,512
<b>Total Comprehensive Income and Expenditure</b>	<b>(40,528)</b>	<b>0</b>	<b>(40,528)</b>	<b>0</b>	<b>0</b>	<b>(40,528)</b>	<b>20,512</b>	<b>(20,016)</b>
Adjustments between accounting basis and funding basis under regulations ( <b>Note 2</b> )	2,620	0	2,620	(593)	4,741	6,768	(6,768)	0
<b>Net Increase / (Decrease) before Transfers to Earmarked Reserves</b>	<b>(37,908)</b>	<b>0</b>	<b>(37,908)</b>	<b>(593)</b>	<b>4,741</b>	<b>(33,760)</b>	<b>13,744</b>	<b>(20,016)</b>
Transfers between Earmarked and General Reserves ( <b>Note 3</b> )	29,383	(29,383)	0	0	0	0	0	0
<b>Increase / (Decrease) In-Year</b>	<b>(8,525)</b>	<b>(29,383)</b>	<b>(37,908)</b>	<b>(593)</b>	<b>4,741</b>	<b>(33,760)</b>	<b>13,744</b>	<b>(20,016)</b>
<b>Closing Balance at 31<sup>st</sup> March 2024</b>	<b>5,580</b>	<b>37,640</b>	<b>43,220</b>	<b>1,445</b>	<b>87,079</b>	<b>131,744</b>	<b>562,283</b>	<b>694,027</b>

**Movement in Reserves 2022/23:**

	General Fund Balance	Earmarked Reserves	General Fund Balances	Capital Receipts Reserve	Capital Grants Unapplied	Total Usable Reserves	Unusable Reserves	Total Authority Reserves
	£000	£000	£000	£000	£000	£000	£000	£000
<b>Opening balance at 1<sup>st</sup> April 2022</b>	<b>12,586</b>	<b>87,775</b>	<b>100,361</b>	<b>0</b>	<b>64,623</b>	<b>164,984</b>	<b>312,453</b>	<b>477,437</b>
<u>Movement in Reserves 2022/23</u>								
Surplus / (deficit) on provision of services	(50,573)	0	(50,573)	0	0	(50,573)	0	(50,573)
Other Comprehensive Income and Expenditure	0	0	0	0	0	0	287,179	287,179
<b>Total Comprehensive Income and Expenditure</b>	<b>(50,573)</b>	<b>0</b>	<b>(50,573)</b>	<b>0</b>	<b>0</b>	<b>(50,573)</b>	<b>287,179</b>	<b>236,606</b>
Adjustments between accounting basis and funding basis under regulations ( <b>Note 2</b> )	31,340	0	31,340	2,038	17,715	51,093	(51,093)	0
<b>Net Increase / (Decrease) before Transfers to Earmarked Reserves</b>	<b>(19,233)</b>	<b>0</b>	<b>(19,233)</b>	<b>2,038</b>	<b>17,715</b>	<b>520</b>	<b>236,086</b>	<b>236,606</b>
Transfers between Earmarked and General Reserves ( <b>Note 3</b> )	20,752	(20,752)	0	0	0	0	0	0
<b>Increase / (Decrease) In-Year</b>	<b>1,519</b>	<b>(20,752)</b>	<b>(14,590)</b>	<b>2,038</b>	<b>17,715</b>	<b>520</b>	<b>236,086</b>	<b>236,606</b>
<b>Closing Balance at 31<sup>st</sup> March 2023</b>	<b>14,105</b>	<b>67,023</b>	<b>81,128</b>	<b>2,038</b>	<b>82,338</b>	<b>165,504</b>	<b>548,539</b>	<b>714,043</b>

## Cheshire East Council - Comprehensive Income and Expenditure Statement

This statement consolidates all the gains and losses experienced by the Council during the year showing the economic cost in-year of providing services, in accordance with generally accepted accounting practices, rather than the amount to be funded from taxation. Authorities raise taxation to cover expenditure in accordance with regulations; this may be different from the accounting cost. The taxation position is shown in both the Expenditure and Funding Analysis and the Movement in Reserves Statement.

2022/23				2023/24		
Gross Expenditure	Gross Income	Net Expenditure	Directorate / Service	Gross Expenditure	Gross Income	Net Expenditure
£000	£000	£000		£000	£000	£000
			<b>People</b>			
229,529	(90,689)	<b>138,840</b>	Adult Social Care and Health	240,364	(89,268)	<b>151,096</b>
295,470	(177,059)	<b>118,411</b>	Children and Families	320,298	(186,493)	<b>133,805</b>
			<b>Place</b>			
74,592	(25,705)	<b>48,887</b>	Growth and Enterprise	53,491	(11,912)	<b>41,579</b>
57,853	(13,161)	<b>44,692</b>	Highways and Infrastructure	66,340	(14,507)	<b>51,833</b>
62,736	(10,662)	<b>52,074</b>	Environment & Neighbourhood Services	63,135	(11,110)	<b>52,025</b>
			<b>Corporate and Central Services</b>			
110,082	(60,728)	<b>49,354</b>	Corporate and Central Services	100,830	(59,954)	<b>40,876</b>
(7,894)	0	<b>(7,894)</b>	Central Budgets	1,482	0	<b>1,482</b>
<b>822,368</b>	<b>(378,004)</b>	<b>444,364</b>	<b>Cost of Services</b>	<b>845,940</b>	<b>(373,244)</b>	<b>472,696</b>
19,235	(14,334)	<b>4,901</b>	Other Operating Expenditure ( <b>Note 4</b> )	13,992	(3,217)	<b>10,775</b>
23,707	(4,882)	<b>18,825</b>	Financing and Investment Income and Expenditure ( <b>Note 5</b> )	15,440	(6,281)	<b>9,159</b>
0	(417,517)	<b>(417,517)</b>	Taxation and Non-specific Grant Income and Expenditure ( <b>Note 6</b> )	0	(452,102)	<b>(452,102)</b>
<b>865,310</b>	<b>(814,737)</b>	<b>50,573</b>	<b>(Surplus) or Deficit on Provision of Services</b>	<b>875,372</b>	<b>(834,844)</b>	<b>40,528</b>
		<b>(27,602)</b>	(Surplus) or Deficit on revaluation of non-current assets ( <b>Note 16a</b> )			<b>(28,287)</b>
		<b>1,509</b>	(Surplus) or deficit on financial assets measured at fair value through other comprehensive income			<b>1,493</b>
		<b>(261,090)</b>	Remeasurements of the net defined benefit liability			<b>6,282</b>
		<b>(287,183)</b>	<b>Other Comprehensive Income and Expenditure</b>			<b>(20,512)</b>
		<b>(236,610)</b>	<b>Total Comprehensive Income and Expenditure</b>			<b>20,016</b>

## Cheshire East Council - Balance Sheet as at 31<sup>st</sup> March 2024

This statement shows the Council's financial position at 31<sup>st</sup> March each year. The top part of the statement shows the assets and liabilities of the Council and the lower part shows the Council's reserves.

31 <sup>st</sup> March 2023 £000		Notes	31 <sup>st</sup> March 2024 £000
1,094,317	Property, Plant and Equipment	7	1,165,517
585	Heritage Assets		585
25,984	Investment Property	8	25,075
14,874	Intangible Assets		14,802
41,811	Long-Term Investments	9a	50,018
6,016	Long-Term Debtors		5,904
<b>1,183,587</b>	<b>Long Term Assets</b>		<b>1,261,901</b>
578	Short-Term Investments	10a	602
378	Inventories		364
73,450	Short-Term Debtors	11	79,351
32,432	Cash and Cash Equivalents	12	22,089
<b>106,838</b>	<b>Current Assets</b>		<b>102,406</b>
(185,343)	Short-Term Borrowing	10b	(168,139)
(136,938)	Short-Term Creditors	13	(159,936)
(7,013)	Cash and Cash Equivalents	12	(4,753)
(10,428)	Short-Term Provisions	14	(5,738)
<b>(339,722)</b>	<b>Current Liabilities</b>		<b>(338,566)</b>
(4,417)	Long-Term Provisions	14	(5,345)
(77,730)	Long-Term Borrowing	10b	(173,088)
(88,910)	Net Pension Liability	29	(84,542)
(54)	Other Deferred Liabilities		(54)
(21,489)	Other Long-Term Liabilities	10	(21,976)
(44,060)	Capital Grant Receipts in Advance	27	(46,709)
<b>(236,660)</b>	<b>Long Term Liabilities</b>		<b>(331,714)</b>
<b>714,043</b>	<b>Net Assets</b>		<b>694,027</b>
2,038	Capital Receipts Reserve		1,445
82,338	Capital Grants Unapplied	15b	87,079
5,429	Earmarked Reserves and Balances held by Schools	15c	5,362
61,594	Earmarked Reserves – General Fund	3	32,278
14,105	General Fund Reserve – Borough Fund	15a	5,580
<b>165,504</b>	<b>Usable Reserves</b>		<b>131,744</b>
251,355	Revaluation Reserve	16a	267,957
1,323	Financial Instruments Restatement Reserve		(170)
443,633	Capital Adjustment Account	16b	468,955
4,597	Capital Receipts Deferred		4,567
(636)	Financial Instrument Adjustment Account		(607)
(88,910)	Pensions Reserve	16c	(84,542)
(46,946)	Dedicated Schools Grant Reserve		(78,652)
(10,094)	Collection Fund Adjustment Account		(9,307)
(5,783)	Accumulated Absences Account		(5,918)
<b>548,539</b>	<b>Unusable Reserves</b>		<b>562,283</b>
<b>714,043</b>	<b>Total Reserves</b>		<b>694,027</b>

## Cheshire East Council - Cash Flow Statement as at 31<sup>st</sup> March 2024

This statement shows how the movement in resources has been reflected in cash flows.

2022/23 £000		Notes	2023/24 £000
(50,573)	Net surplus / (deficit) on the provision of services		(40,528)
46,837	Adjustment to surplus / (deficit) on the provision of services for non-cash movements	<b>17</b>	72,293
(88,544)	Adjust for items included in the net surplus / (deficit) on the provision of services that are investing and financing activities	<b>17</b>	(88,036)
<b>(92,280)</b>	<b>Net cash flows from operating activities</b>		<b>(56,271)</b>
(4,361)	Net cash flows from investing activities	<b>18</b>	(20,349)
89,986	Net cash flows from financing activities	<b>19</b>	68,537
<b>(6,655)</b>	<b>Net increase / (decrease) in cash and cash equivalents</b>		<b>(8,083)</b>
<b>32,074</b>	<b>Cash and cash equivalents at the beginning of the reporting period</b>	<b>12</b>	<b>25,419</b>
<b>25,419</b>	<b>Cash and cash equivalents at the end of the reporting period</b>	<b>12</b>	<b>17,336</b>
<b>(6,655)</b>	<b>Net increase / (decrease) in cash and cash equivalents</b>		<b>(8,083)</b>

**Notes to the Cheshire East Council Statement of Accounts 2023/24**

**1. Expenditure and Funding Analysis**

**1(a) Objectives**

The objective of the Expenditure and Funding Analysis is to demonstrate to Council Tax payers how the funding available to the Authority (i.e. Government grants, Council Tax and Business Rates) for the year has been used in providing services in comparison with those resources consumed or earned by authorities in accordance with generally accepted accounting practices. The Expenditure and Funding Analysis also shows how this expenditure is allocated for decision making purposes between the Council’s directorates. Income and expenditure accounted for under generally accepted accounting practices is presented more fully in the Comprehensive Income and Expenditure Statement.

2023/24	As required for resource management	Adjustment to arrive at the net amount chargeable to the General Fund balance (Note 1b)	Net Expenditure Chargeable to the General Fund balance	Adjustments between Funding and Accounting Basis (Note 1b)	Net Expenditure in the Comprehensive and Income and Expenditure Statement
	£000	£000	£000	£000	£000
<b>People</b>					
Adult Social Care and Health	150,382	0	<b>150,382</b>	714	<b>151,096</b>
Children and Families	89,575	0	<b>89,575</b>	44,230	<b>133,805</b>
<b>Place</b>					
Growth and Enterprise	20,049	689	<b>20,738</b>	20,841	<b>41,579</b>
Highways and Infrastructure	19,688	0	<b>19,688</b>	32,145	<b>51,833</b>
Environment and Neighbourhood Services	50,777	0	<b>50,777</b>	1,248	<b>52,025</b>
<b>Corporate and Central Services</b>					
Corporate Services	37,314	0	<b>37,314</b>	3,562	<b>40,876</b>
Central Balances	(2,527)	23,210	<b>20,683</b>	(19,201)	<b>1,482</b>
<b>Net Cost of Services</b>	<b>365,258</b>	<b>23,899</b>	<b>389,157</b>	<b>83,539</b>	<b>472,696</b>
Other income and expenditure	(356,733)	5,484	<b>(351,249)</b>	(80,919)	<b>(432,168)</b>
<b>Surplus or deficit</b>	<b>8,525</b>	<b>29,383</b>	<b>37,908</b>	<b>2,620</b>	<b>40,528</b>
Opening General Fund Balance			<b>(81,128)</b>		
Less Deficit on General Fund Balance In-Year			<b>37,908</b>		
<b>Closing General Fund Balance at 31<sup>st</sup> March 2024</b>			<b>(43,220)</b>		

2022/23	As required for resource management	Adjustment to arrive at the net amount chargeable to the General Fund balance (Note 1b)	Net Expenditure Chargeable to the General Fund balance	Adjustments between Funding and Accounting Basis (Note 1b)	Net Expenditure in the Comprehensive and Income and Expenditure Statement
	£000	£000	£000	£000	£000
<b>People</b>					
Adult Social Care and Health	132,559	0	<b>132,559</b>	6,281	<b>138,840</b>
Children & Families	83,434	0	<b>83,434</b>	34,977	<b>118,411</b>
<b>Place</b>					
Growth and Enterprise	20,844	861	<b>21,705</b>	27,182	<b>48,887</b>
Highways and Infrastructure	12,112	0	<b>12,112</b>	32,580	<b>44,692</b>
Environment and Neighbourhood Services	46,181	0	<b>46,181</b>	5,893	<b>52,074</b>
<b>Corporate and Central Services</b>					
Corporate Services	39,062	0	<b>39,062</b>	10,292	<b>49,354</b>
Central Balances	(14,693)	23,022	<b>8,329</b>	(16,223)	<b>(7,894)</b>
<b>Net Cost of Services</b>	<b>319,499</b>	<b>23,883</b>	<b>343,382</b>	<b>100,982</b>	<b>444,364</b>
Other income and expenditure	(318,698)	(5,451)	<b>(324,149)</b>	(69,642)	<b>(393,791)</b>
<b>Surplus or deficit</b>	<b>801</b>	<b>18,432</b>	<b>19,233</b>	<b>31,340</b>	<b>50,573</b>
Opening General Fund Balance			<b>(100,361)</b>		
Less Deficit on General Fund Balance In-Year			<b>19,233</b>		
<b>Closing General Fund Balance at 31<sup>st</sup> March 2023</b>			<b>(81,128)</b>		

**1(b) Note to the Expenditure and Funding Analysis**

This analysis includes items such as the unring-fenced grants that are reported as part of the Outturn for Central Budgets but for the production of the Statement of Accounts are reported as part of the taxation and non-specific grants income and expenditure on the Comprehensive Income and Expenditure Account and are therefore moved accordingly. The adjustment column for capital purposes includes items that are charged to the Comprehensive Income and Expenditure Account but do not have an effect on the overall General Fund balance, or chargeable to the Council Tax payer such as depreciation and impairments £51.310m, disposal of non current assets £4.860m and the receipt of capital grants £84.511m. Other items are removed as they are chargeable under statutory provisions as they are reported in the Movement in Reserves Statement only including the statutory provision for financing capital investment £17.873m. The details for all of the adjustments reported in this note can be seen in the Adjustments between Accounting Basis and Funding Basis (**Note 2** to the accounts).

2023/24	Movement in Reserves £000	Other Adjustments £000	Total to arrive at amount charged to General Fund £000	Adjustment for Capital Purposes £000	Net change for the Pensions Adjustment and Leave Accrual £000	Other Differences £000	Total Adjustment between funding and Accounting Basis £000
<b>People</b>							
Adult Social Care and Health	0	0	0	2,393	(1,679)	0	714
Children & Families	0	0	0	16,720	(4,196)	31,706	44,230
<b>Place</b>							
Growth and Enterprise	0	689	689	21,380	(527)	(12)	20,841
Highways and Infrastructure	0	0	0	32,260	(115)	0	32,145
Environment and Neighbourhood Services	0	0	0	2,354	(1,106)	0	1,248
<b>Corporate and Central Services</b>							
Corporate Services	0	0	0	5,148	(1,586)	0	3,562
Central Balances	29,383	(6,128)	23,210	(19,201)	0	0	(19,201)
<b>Net Cost of Services</b>	<b>29,383</b>	<b>(5,439)</b>	<b>23,899</b>	<b>61,054</b>	<b>(9,209)</b>	<b>31,694</b>	<b>83,539</b>
Other Income and Expenditure	0	5,439	5,484	(78,809)	(1,306)	(804)	(80,919)
<b>Total</b>	<b>29,383</b>	<b>0</b>	<b>29,383</b>	<b>(17,755)</b>	<b>(10,515)</b>	<b>30,890</b>	<b>2,620</b>

2022/23	Movement in Reserves	Other Adjustments	Total to arrive at amount charged to General Fund	Adjustment for Capital Purposes	Net change for the Pensions Adjustment and Leave Accrual	Other Differences	Total Adjustment between funding and Accounting Basis
	£000	£000	£000	£000	£000	£000	£000
<b>People</b>							
Adult Social Care and Health	0	0	0	1,452	4,829	0	6,281
Children & Families	0	0	0	7,203	6,491	21,283	34,977
<b>Place</b>							
Growth and Enterprise	0	861	861	25,645	1,555	(18)	27,182
Highways and Infrastructure	0	0	0	32,263	317	0	32,580
Environment and Neighbourhood Services	0	0	0	2,857	3,036	0	5,893
<b>Corporate and Central Services</b>							
Corporate Services	0	0	0	7,395	2,897	0	10,292
Central Balances	18,432	4,590	23,022	(16,223)	0	0	(16,223)
<b>Net Cost of Services</b>	<b>18,432</b>	<b>5,451</b>	<b>23,883</b>	<b>60,592</b>	<b>19,125</b>	<b>21,265</b>	<b>100,982</b>
Other Income and Expenditure	0	(5,451)	(5,451)	(72,644)	8,908	(5,906)	(69,642)
<b>Total</b>	<b>18,432</b>	<b>0</b>	<b>18,432</b>	<b>(12,052)</b>	<b>28,033</b>	<b>15,359</b>	<b>31,340</b>

### 1(c) Nature of Expenses (Segmental Reporting)

This note breaks down the Income and Expenditure as reported in the Comprehensive Income and Expenditure Statement by nature including employees' expenses, precept and levies, investment income and expenditure and all capital charges adjustments applied in-year.

2022/23 £000	Expenditure and Income Analysed by Nature	2023/24 £000
	<b>Expenditure</b>	
136,564	Employee Benefits Expenses	150,297
570,912	Other Service Expenses	590,747
51,773	Depreciation, Amortisation and Impairment	55,809
2,099	Revaluation Losses	2,947
8,246	Loss on disposal of Non-Current Assets	4,087
5,943	Interest Payments	14,333
9,309	Precepts and Levies	10,116
80,464	IAS19, Leave Accrual Adjustments and Other Adjustments	47,036
<b>865,310</b>		<b>875,372</b>
	<b>Income</b>	
(84,430)	Fees and Charges and other Service Income	(84,507)
(297,382)	Income from Council Tax and Business Rates	(340,081)
(430,119)	Government Grants and Contributions	(406,443)
(2,806)	Interest and Investment Income	(3,813)
<b>(814,737)</b>		<b>(834,844)</b>
<b>50,573</b>	<b>(Surplus) or Deficit on Provision of Service</b>	<b>40,528</b>

	People Directorate £000	Place Directorate £000	Corporate & Central Services £000	Total £000
<b>2023/24:</b>				
Revenues from External Customers	(44,308)	(28,031)	(12,167)	<b>(84,507)</b>
<b>2022/23:</b>				
Revenues from External Customers	(43,143)	(28,861)	(12,426)	<b>(84,430)</b>

## 2. Adjustments between Accounting Basis and Funding Basis under Regulations

The Comprehensive Income and Expenditure Statement (CIES) is produced in accordance with proper accounting practice. Statute, however, requires the Council to set its General Fund budget and Council Tax in a different manner.

This note details the adjustments made to the Comprehensive Income and Expenditure Statement to obtain the General Fund position in line with statutory provisions. The adjustments are shown as a line in the Movement in Reserves Statement.

2023/24 Adjustments	General Fund Balance £000	Capital Receipts Reserve £000	Capital Grants Unapplied £000	Total Usable Reserves £000	Unusable Reserves £000
<b>Adjustments Involving the Capital Adjustment Account (CAA):</b>					
<b>Reversal of items debited or credited to the Comprehensive Income &amp; Expenditure Statement (CIES):</b>					
Depreciation and Impairment of Non-Current Assets	51,310	0	0	51,310	(51,310)
Revaluation Losses on Property, Plant & Equipment	2,947	0	0	2,947	(2,947)
Movement in fair value of investment property	1,219	0	0	1,219	(1,219)
Amortisation of Intangible Assets	4,499	0	0	4,499	(4,499)
Impairment on Capital Investments	(45)	0	0	(45)	45
Revenue Expenditure Funded from Capital under Statute	24,683	0	0	24,683	(24,683)
Amounts of non-current assets written-off on disposal or sale as part of the gain / loss on disposal to the CIES	4,860	0	0	4,860	(4,860)
<b>Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement:</b>					
Statutory Provision for financing of Capital Investment	(17,873)	0	0	(17,873)	17,873
Capital Expenditure Charged against General Fund	(1,329)	0	0	(1,329)	1,329
<b>Adjustments Involving the Capital Grants Unapplied Account:</b>					
Grant and contributions unapplied credited to CIES	(84,511)	0	84,511	0	0
Application of grants to capital financing transferred to the Capital Adjustment Account	0	0	(79,770)	(79,770)	79,770
<b>Adjustments Involving the Capital Receipts Reserve (CRR):</b>					
Transfer of sale proceeds credited as part of gain / loss on disposal to CIES	(3,528)	3,528	0	0	0
Use of Capital Receipts Reserve to finance capital expenditure Cost of Disposals	0	(4,139)	0	(4,139)	4,139
Use of Capital Receipts Reserve to finance capital expenditure Flexible use of capital receipts	3	(3)	0	0	0

2023/24 Adjustments	General Fund Balance £000	Capital Receipts Reserve £000	Capital Grants Unapplied £000	Total Usable Reserves £000	Unusable Reserves £000
<b>Adjustments Involving the Deferred Capital Receipts Reserve:</b>					
Transfer of deferred sale proceeds credited as part of the gain / loss on disposal to the CIES	10	21	0	31	(31)
<b>Adjustments Involving the Financial Instruments Adjustment Account:</b>					
Amount by which finance costs charged to the CIES are different from finance costs chargeable in accordance with statutory requirements	(28)	0	0	(28)	28
<b>Adjustments Involving the Pension Reserve:</b>					
Reversal of items relating to retirement benefits debited or credited to the CIES	27,525	0	0	27,525	(27,525)
Employer's pension contributions and direct payments to pensioners payable in the year	(38,175)	0	0	(38,175)	38,175
<b>Adjustments Involving the Collection Fund Adjustment Account:</b>					
Amount by which Council Tax and non-domestic rate income accredited to the CIES is different from the amount calculated for the year in accordance with requirements	(787)	0	0	(787)	787
<b>Adjustments Involving the Accumulated Absences Account:</b>					
Amount by which officer remuneration charged to the CIES on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	134	0	0	134	(134)
<b>Adjustments involving the Dedicated Schools Grant account:</b>					
Amounts transferred to / from the reserve as a result of Negative DSG	31,706	0	0	31,706	(31,706)
<b>Total Adjustments 2023/24</b>	<b>2,620</b>	<b>(593)</b>	<b>4,741</b>	<b>6,768</b>	<b>(6,768)</b>

- The Dedicated Schools Grant (DSG) deficit in 2022/23 has increased by £31.706m (£21.283m in 2022/23) giving a total of £78.652m (£49.946m 31<sup>st</sup> March 2023) in the unusable reserve as at 31<sup>st</sup> March 2024. There is currently a statutory override in place that allows the Council to take this deficit straight to the balance sheet without having a direct impact on the Council Taxpayer, the override is due to end on the 31<sup>st</sup> March 2026 when the cumulative deficit figure may have to be funded from the General Fund and other balances as it can no longer be treated as an unusable reserve.

For comparison, the 2022/23 Adjustments are shown below:

2022/23 Adjustments	General Fund Balance £000	Capital Receipts Reserve £000	Capital Grants Unapplied £000	Total Usable Reserves £000	Unusable Reserves £000
<b>Adjustments Involving the Capital Adjustment Account (CAA):</b>					
<b>Reversal of items debited or credited to the Comprehensive Income &amp; Expenditure Statement (CIES):</b>					
Depreciation and Impairment of Non-Current Assets	47,180	0	0	<b>47,180</b>	(47,180)
Revaluation Losses on Property, Plant & Equipment	2,099	0	0	<b>2,099</b>	(2,099)
Movement in fair value of investment property	7,410	0	0	<b>7,410</b>	(7,410)
Amortisation of Intangible Assets	4,592	0	0	<b>4,592</b>	(4,592)
Impairment on Capital Investments	(192)	0	0	<b>(192)</b>	192
Revenue Expenditure Funded from Capital under Statute	23,945	0	0	<b>23,945</b>	(23,945)
Amounts of non-current assets written-off on disposal or sale as part of the gain / loss on disposal to the CIES	8,500	0	0	<b>8,500</b>	(8,500)
<b>Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement:</b>					
Statutory Provision for financing of Capital Investment	(15,815)	0	0	<b>(15,815)</b>	15,815
Capital Expenditure Charged against General Fund	(1,219)	0	0	<b>(1,219)</b>	1,219
<b>Adjustments Involving the Capital Grants Unapplied Account:</b>					
Grant and contributions unapplied credited to CIES	(83,570)	0	83,570	<b>0</b>	0
Application of grants to capital financing transferred to the Capital Adjustment Account	0	0	(65,855)	<b>(65,855)</b>	65,855
<b>Adjustments Involving the Capital Receipts Reserve (CRR):</b>					
Transfer of sale proceeds credited as part of gain / loss on disposal to CIES	(4,976)	4,976	0	<b>0</b>	0
Use of Capital Receipts Reserve to finance capital expenditure Cost of Disposals	0	(2,956)	0	<b>(2,956)</b>	2,956
Use of Capital Receipts Reserve to finance capital expenditure Flexible use of capital receipts	2	(2)	0	<b>0</b>	0
<b>Adjustments Involving the Deferred Capital Receipts Reserve:</b>					
Transfer of deferred sale proceeds credited as part of the gain / loss on disposal to the CIES	(9)	20	0	<b>11</b>	(11)
<b>Adjustments Involving the Financial Instruments Adjustment Account:</b>					

2022/23 Adjustments	General Fund Balance £000	Capital Receipts Reserve £000	Capital Grants Unapplied £000	Total Usable Reserves £000	Unusable Reserves £000
Amount by which finance costs charged to the CIES are different from finance costs chargeable in accordance with statutory requirements	(34)	0	0	<b>(34)</b>	34
<b>Adjustments Involving the Pension Reserve:</b>					
Reversal of items relating to retirement benefits debited or credited to the CIES	68,468	0	0	<b>68,468</b>	(68,468)
Employer's pension contributions and direct payments to pensioners payable in the year	(38,291)	0	0	<b>(38,291)</b>	38,291
<b>Adjustments Involving the Collection Fund Adjustment Account:</b>					
Amount by which Council Tax and non-domestic rate income accredited to the CIES is different from the amount calculated for the year in accordance with requirements	(5,891)	0	0	<b>(5,891)</b>	5,891
<b>Adjustments Involving the Accumulated Absences Account:</b>					
Amount by which officer remuneration charged to the CIES on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	(2,142)	0	0	<b>(2,142)</b>	2,142
<b>Adjustments involving the Dedicated Schools Grant account:</b>					
Amounts transferred to / from the reserve as a result of Negative DSG	21,283	0	0	<b>21,283</b>	(21,283)
<b>Total Adjustments 2022/23</b>	<b>31,340</b>	<b>2,038</b>	<b>17,715</b>	<b>51,093</b>	<b>(51,093)</b>

- The Dedicated Schools Grant (DSG) deficit in 2022/23 has increased by £21.283m (£15.663m in 2021/22) giving a total of £46.946m (£25.662m 31<sup>st</sup> March 2022) in the unusable reserve as at 31<sup>st</sup> March 2023. There is currently a statutory override in place that allows the Council to take this deficit straight to the balance sheet without having a direct impact on the Council Taxpayer, the override is due to end on the 31<sup>st</sup> March 2026 when the cumulative deficit figure may have to be funded from the General Fund and other balances as it can no longer be treated as an unusable reserve.

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### 3. Transfers to / from Earmarked Reserves

This note sets out the amounts set aside from the General Fund balances in earmarked reserves to provide financing for future expenditure plans and the amounts posted back from earmarked reserves to meet General Fund expenditure.

Earmarked Reserves	Balance at 31 <sup>st</sup> March 2022 £000	Net Movements 2022/23 £000	Balance at 31 <sup>st</sup> March 2023 £000	Net Movements 2023/24 £000	Balance at 31 <sup>st</sup> March 2024 £000
<b>Adults and Health Committee</b>					
Adults Directorate	(1,020)	0	(1,020)	1,020	<b>0</b>
Public Health	(3,220)	210	(3,010)	642	<b>(2,368)</b>
PFI Equalisation - Extra Care Housing	(2,715)	(80)	(2,795)	(63)	<b>(2,858)</b>
NHB Community Grants Staffing	(132)	0	(132)	132	<b>0</b>
DOL's Assessments	(397)	272	(125)	125	<b>0</b>
<b>Adults and Health Committee Total:</b>	<b>(7,484)</b>	<b>402</b>	<b>(7,082)</b>	<b>1,856</b>	<b>(5,226)</b>

Earmarked Reserves	Balance at 31 <sup>st</sup> March 2022 £000	Net Movements 2022/23 £000	Balance at 31 <sup>st</sup> March 2023 £000	Net Movements 2023/24 £000	Balance at 31 <sup>st</sup> March 2024 £000
<b>Children and Families Committee</b>					
Childrens Directorate	(1,547)	346	(1,201)	1,201	<b>0</b>
Troubled Families Initiative	0	(1,949)	(1,949)	356	<b>(1,593)</b>
Domestic Abuse Partnership	(112)	(34)	(146)	15	<b>(131)</b>
Public Sector Transformation – contribution to Early Youth Inclusion Fund	0	(57)	(57)	57	<b>0</b>
Complex Dependencies	0	(21)	(21)	21	<b>0</b>
<b>Children and Families Committee Total:</b>	<b>(1,659)</b>	<b>(1,715)</b>	<b>(3,374)</b>	<b>1,650</b>	<b>(1,724)</b>

Earmarked Reserves	Balance at 31 <sup>st</sup> March 2022 £000	Net Movements 2022/23 £000	Balance at 31 <sup>st</sup> March 2023 £000	Net Movements 2023/24 £000	Balance at 31 <sup>st</sup> March 2024 £000
<b>Corporate Policy Committee</b>					
Corporate Directorate	(1,868)	512	(1,356)	192	<b>(1,164)</b>
Collection Fund Management	(15,016)	1,831	(13,185)	5,031	<b>(8,154)</b>
Collection Fund - Covid-19 Grant	(12,408)	7,774	(4,634)	4,634	<b>0</b>
Capital Financing Reserves	(9,530)	(3,356)	(12,886)	8,355	<b>(4,531)</b>
Insurance Reserve	(5,294)	318	(4,976)	1,877	<b>(3,099)</b>
MTFS Reserve	(10,068)	4,921	(5,147)	2,234	<b>(2,913)</b>
Brighter Future Transformation Programme	(1,780)	(9)	(1,789)	1,299	<b>(490)</b>
Elections General	(477)	(163)	(640)	508	<b>(132)</b>
Pay Structure (M Grade Review)	(584)	278	(306)	252	<b>(54)</b>
Digital Solutions Architect	0	0	0	(150)	<b>(150)</b>
HR (CARE4CE Review, Culture Change, Pay realignment, Learning Management System)	(59)	0	(59)	0	<b>(59)</b>
Brexit Funding	0	(13)	(13)	0	<b>(13)</b>
Section 151 Grant carry forwards	0	(558)	(558)	544	<b>(14)</b>
Section 151 Grant carry forwards - Covid-19	(5,989)	5,989	0	0	<b>0</b>
Revenue Grants	(2,980)	2,980	0	0	<b>0</b>
<b>Corporate Policy Committee Total:</b>	<b>(66,053)</b>	<b>20,504</b>	<b>(45,549)</b>	<b>24,776</b>	<b>(20,773)</b>

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<b>Earmarked Reserves</b>	Balance at 31 <sup>st</sup> March 2022 £000	Net Movements 2022/23 £000	Balance at 31 <sup>st</sup> March 2023 £000	Net Movements 2023/24 £000	Balance at 31 <sup>st</sup> March 2024 £000
<b>Economy and Growth Committee</b>					
Place Directorate	(1,684)	(38)	(1,722)	558	<b>(1,164)</b>
Investment (Sustainability)	(680)	32	(648)	39	<b>(609)</b>
Investment Portfolio	(155)	(206)	(361)	(173)	<b>(534)</b>
Legal Proceedings	(285)	57	(228)	16	<b>(212)</b>
Tatton Park Trading Reserve	(111)	111	0	(128)	<b>(128)</b>
Homelessness & Housing Options - Revenue Grants	0	(130)	(130)	0	<b>(130)</b>
Royal Arcade Crewe	(99)	79	(20)	20	<b>0</b>
<b>Economy and Growth Committee Total:</b>	<b>(3,014)</b>	<b>(95)</b>	<b>(3,109)</b>	<b>332</b>	<b>(2,777)</b>

<b>Earmarked Reserves</b>	Balance at 31 <sup>st</sup> March 2022 £000	Net Movements 2022/23 £000	Balance at 31 <sup>st</sup> March 2023 £000	Net Movements 2023/24 £000	Balance at 31 <sup>st</sup> March 2024 £000
<b>Environment and Communities Committee</b>					
Strategic Planning	(568)	0	(568)	0	<b>(568)</b>
Trees / Structures Risk Management	(202)	36	(166)	27	<b>(139)</b>
Air Quality	(36)	0	(36)	0	<b>(36)</b>
Licensing Enforcement	(15)	7	(8)	0	<b>(8)</b>
Community Protection	0	(17)	(17)	17	<b>0</b>
Flood Water Management (Emergency Planning)	0	(2)	(2)	0	<b>(2)</b>
Neighbourhood Planning	0	(82)	(82)	0	<b>(82)</b>
Spatial Planning - revenue grant	0	(89)	(89)	76	<b>(13)</b>
Street Cleansing	0	(26)	(26)	4	<b>(22)</b>
<b>Environment and Communities Committee Total:</b>	<b>(821)</b>	<b>(173)</b>	<b>(994)</b>	<b>124</b>	<b>(870)</b>

<b>Earmarked Reserves</b>	Balance at 31 <sup>st</sup> March 2022 £000	Net Movements 2022/23 £000	Balance at 31 <sup>st</sup> March 2023 £000	Net Movements 2023/24 £000	Balance at 31 <sup>st</sup> March 2024 £000
<b>Highways and Transport Committee</b>					
HS2	(985)	200	(785)	400	<b>(385)</b>
Flood Recovery Works	(400)	0	(400)	0	<b>(400)</b>
Parking Pay and Display Machines / Parking Studies	(178)	0	(178)	178	<b>0</b>
Highways Procurement Project	(104)	0	(104)	0	<b>(104)</b>
LEP-Local Transport Body	0	(19)	(19)	0	<b>(19)</b>
Well Managed Highway Infrastructure Delay	(230)	230	0	0	<b>0</b>
<b>Highways and Transport Committee Total:</b>	<b>(1,897)</b>	<b>411</b>	<b>(1,486)</b>	<b>578</b>	<b>(908)</b>

<b>Earmarked Reserves</b>	Balance at 31 <sup>st</sup> March 2022 £000	Net Movements 2022/23 £000	Balance at 31 <sup>st</sup> March 2023 £000	Net Movements 2023/24 £000	Balance at 31 <sup>st</sup> March 2024 £000
<b>CEC Earmarked Reserves Total (Excluding Schools)</b>	<b>(80,928)</b>	<b>19,334</b>	<b>(61,594)</b>	<b>29,316</b>	<b>(32,278)</b>

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Earmarked Reserves	Balance at 31 <sup>st</sup> March 2022 £000	Net Movements 2022/23 £000	Balance at 31 <sup>st</sup> March 2023 £000	Net Movements 2023/24 £000	Balance at 31 <sup>st</sup> March 2024 £000
<b>Schools Reserves:</b>					
Primary and Nursery Schools	(5,219)	905	(4,314)	84	<b>(4,230)</b>
Secondary Schools	(1,490)	475	(1,015)	(17)	<b>(1,032)</b>
Special Schools	(138)	38	(100)	0	<b>(100)</b>
<b>Schools Reserves Total:</b>	<b>(6,847)</b>	<b>1,418</b>	<b>(5,429)</b>	<b>67</b>	<b>(5,362)</b>
<b>Earmarked Reserves Total (Including Schools Balances)</b>	<b>(87,775)</b>	<b>20,752</b>	<b>(67,023)</b>	<b>29,383</b>	<b>(37,640)</b>

These reserves are amounts set aside from General Fund balances, earmarked to provide finance for future expenditure plans.

## Schools Reserve

The funding framework for schools is laid down in the Schools Standards and Framework Act 1998. Unspent budgets that have been delegated remain at the disposal of the school, even though they are still reserves held by the Council. In effect, these unspent balances represent a special form of reserve that is not available to the Council to use and is instead at the discretion of the respective schools.

## New Reserves

The following new earmarked reserves have been created in 2023/24:

### **Digital Solutions Architect - £0.150m**

This reserve is required to fund a role for the Digital Customer Enablement programme and will be key to realising the cost savings and efficiencies across the Council from the deployment of a number of digital initiatives.

#### 4. Other Operating Income and Expenditure

2022/23 £000	Other Operating Expenditure	2023/24 £000
9,309	Precepts and Levies	10,116
8,246	(Gains) / losses on the disposal of non-current assets	4,086
1,680	Other Expenditure	(210)
<b>19,235</b>	<b>Total</b>	<b>13,992</b>
	Other Operating Income	
(4,730)	Other Capital Income	(2,741)
(9,604)	Other Income	(476)
<b>(14,334)</b>	<b>Total</b>	<b>(3,217)</b>
<b>4,901</b>	<b>Net Other Operating Expenditure</b>	<b>10,775</b>

#### 5. Financing and Investment Income and Expenditure

2022/23 £000		2023/24 £000
6,089	Interest Payable and Similar Charges	14,333
(2,806)	Interest and Investment Income	(3,813)
8,908	Net interest on the net defined pensions benefit liability	(1,306)
85	Impairment Loss Adjustments	(584)
6,549	Income and expenditure in relation to investment properties and changes in their fair value	529
<b>18,825</b>	<b>Total</b>	<b>9,159</b>

#### 6. Taxation and Non-Specific Grant Income and Expenditure

2022/23 (Restated) £000		2023/24 £000
(261,489)	Council Tax Income	(278,392)
(47,242)	Non-Domestic Rates Income	(61,689)
(25,216)	Non-ring-fenced Government grants (see <b>Note 27</b> )	(27,510)
(83,570)	Capital grants and contributions (see <b>Note 27</b> )	(84,511)
<b>(417,517)</b>	<b>Total</b>	<b>(452,102)</b>

\* 2022/23 figures have been restated to reflect a change in accounting practice for Section 31 Grants received for Business Rates compensation. The full grant is now included within Non-Domestic Rates Income, rather than split between this and Non-ringfenced government grants. (Non-Domestic Rates +£11.348m, Non-ringfenced Government Grants -£11.348m).

## 7. Property, Plant and Equipment

This note details all property, plant and equipment and other assets that bring longer-term economic benefits or service potential. Bracketed figures (x) indicate a reduction in value.

2023/24 Property, Plant and Equipment	Other Land and Buildings	Vehicles, Plant, Furniture and Equipment	Community Assets	Surplus Assets	Assets Under Construction	Total Property, Plant and Equipment	PFI Assets included in Property, Plant and Equipment
	£000	£000	£000	£000	£000	£000	£000
<b><u>Cost or Valuation</u></b>							
<b>At 1<sup>st</sup> April 2023</b>	<b>450,421</b>	<b>13,284</b>	<b>3,134</b>	<b>36,237</b>	<b>84,301</b>	<b>587,377</b>	<b>22,125</b>
Additions	12,808	2,310	293	2,023	66,223	<b>83,657</b>	0
Revaluation increases / (decreases) recognised in the Revaluation Reserve	13,935	0	0	1,484	0	<b>15,419</b>	0
Revaluation increases / (decreases) recognised in the Surplus or Deficit to the Provision of Services	(3,391)	0	0	(1,077)	0	<b>(4,468)</b>	0
Derecognition – Disposals	(2,754)	0	0	(212)	0	<b>(2,966)</b>	0
Derecognition – Other	(2,234)	(1,451)	0	0	(8,598)	<b>(12,283)</b>	0
Assets reclassified (to) / from Investment Properties	0	0	0	(281)	0	<b>(281)</b>	0
Assets reclassified (to) / from Assets Held for Sale	0	0	0	0	0	<b>0</b>	0
Assets reclassified within PPE	12,725	135	5	731	(13,596)	<b>0</b>	0
Assets Reclassified to / from Intangibles	0	0	0	0	(87)	<b>(87)</b>	0
<b>At 31<sup>st</sup> March 2024</b>	<b>481,510</b>	<b>14,278</b>	<b>3,432</b>	<b>38,905</b>	<b>128,243</b>	<b>666,368</b>	<b>22,125</b>

2023/24 Property, Plant and Equipment	Other Land and Buildings	Vehicles, Plant, Furniture and Equipment	Community Assets	Surplus Assets	Assets Under Construction	Total Property, Plant and Equipment	PFI Assets included in Property, Plant and Equipment
	£000	£000	£000	£000	£000	£000	£000
<b>Accumulated Depreciation and Impairment</b>							
<b>At 1<sup>st</sup> April 2023</b>	<b>(11,656)</b>	<b>(6,898)</b>	<b>(71)</b>	<b>0</b>	<b>0</b>	<b>(18,625)</b>	<b>(1,339)</b>
Depreciation charge	(19,327)	(1,641)	0	(407)	0	<b>(21,375)</b>	(1,340)
Depreciation written out to the Revaluation Reserve	12,698	0	0	169	0	<b>12,867</b>	0
Depreciation written out to the Surplus or Deficit on the Provision of Services	1,297	0	0	224	0	<b>1,521</b>	0
Impairment written out to the Revaluation Reserve	0	0	0	0	0	<b>0</b>	0
Derecognition - Disposals	139	0	0	11	0	<b>150</b>	0
Derecognition - Other	265	1,451	0	0	0	<b>1,716</b>	0
Other movements in Depreciation and Impairment	(150)	(50)	(2)	3	0	<b>(199)</b>	0
<b>At 31<sup>st</sup> March 2024</b>	<b>(16,734)</b>	<b>(7,138)</b>	<b>(73)</b>	<b>0</b>	<b>0</b>	<b>(23,945)</b>	<b>(2,679)</b>
<b>Net Book Value:</b>							
<b>At 31<sup>st</sup> March 2024</b>	<b>464,776</b>	<b>7,140</b>	<b>3,359</b>	<b>38,905</b>	<b>128,243</b>	<b>642,423</b>	<b>19,446</b>
<b>At 31<sup>st</sup> March 2023</b>	<b>438,766</b>	<b>6,385</b>	<b>3,062</b>	<b>36,237</b>	<b>84,301</b>	<b>568,751</b>	<b>20,786</b>

Comparative figures for the previous year are as follows:

2022/23 Property, Plant and Equipment	Other Land and Buildings	Vehicles, Plant, Furniture and Equipment	Community Assets	Surplus Assets	Assets Under Construction	Total Property, Plant and Equipment	PFI Assets included in Property, Plant and Equipment
	£000	£000	£000	£000	£000	£000	£000
<b><u>Cost or Valuation</u></b>							
<b>At 1<sup>st</sup> April 2022</b>	<b>446,093</b>	<b>40,822</b>	<b>2,704</b>	<b>35,393</b>	<b>79,835</b>	<b>604,847</b>	<b>22,125</b>
Additions	10,059	2,418	406	3,979	33,492	<b>50,354</b>	0
Revaluation increases / (decreases) recognised in the Revaluation Reserve	9,238	0	0	1,460	0	<b>10,698</b>	0
Revaluation increases / (decreases) recognised in the Surplus or Deficit to the Provision of Services	(468)	0	0	(4,320)	0	<b>(4,788)</b>	0
Derecognition – Disposals	(7,592)	(71)	0	(338)	0	<b>(8,001)</b>	0
Derecognition – Other	(3,177)	(29,885)	0	0	(6)	<b>(33,068)</b>	0
Assets reclassified (to) / from Investment Properties	(3,725)	0	0	23	0	<b>(3,702)</b>	0
Assets reclassified (to) / from Assets Held for Sale	0	0	0	0	0	<b>0</b>	0
Assets reclassified within PPE	(7)	0	24	40	(28,385)	<b>(28,328)</b>	0
Assets Reclassified to / from Intangibles	0	0	0	0	(635)	<b>(635)</b>	0
<b>At 31<sup>st</sup> March 2023</b>	<b>450,421</b>	<b>13,284</b>	<b>3,134</b>	<b>36,237</b>	<b>84,301</b>	<b>587,377</b>	<b>22,125</b>

2022/23 Property, Plant and Equipment	Other Land and Buildings	Vehicles, Plant, Furniture and Equipment	Community Assets	Surplus Assets	Assets Under Construction	Total Property, Plant and Equipment	PFI Assets included in Property, Plant and Equipment
	£000	£000	£000	£000	£000	£000	£000
<b>Accumulated Depreciation and Impairment</b>							
<b>At 1<sup>st</sup> April 2022</b>	<b>(14,019)</b>	<b>(35,316)</b>	<b>(71)</b>	<b>0</b>	<b>0</b>	<b>(49,406)</b>	<b>0</b>
Depreciation charge	(18,166)	(1,470)	0	(606)	0	<b>(20,242)</b>	(1,339)
Depreciation written out to the Revaluation Reserve	16,693	0	0	205	0	<b>16,898</b>	0
Depreciation written out to the Surplus or Deficit on the Provision of Services	2,306	0	0	383	0	<b>2,689</b>	0
Impairment written out to the Revaluation Reserve	4	0	0	0	0	<b>4</b>	0
Derecognition - Disposals	1,033	41	0	18	0	<b>1,092</b>	0
Derecognition - Other	345	29,877	0	0	0	<b>30,222</b>	0
Other movements in Depreciation and Impairment	148	(30)	0	0	0	<b>118</b>	0
<b>At 31<sup>st</sup> March 2023</b>	<b>(11,656)</b>	<b>(6,898)</b>	<b>(71)</b>	<b>0</b>	<b>0</b>	<b>(18,625)</b>	<b>(1,339)</b>
<b>Net Book Value:</b>							
<b>At 31<sup>st</sup> March 2023</b>	<b>438,766</b>	<b>6,385</b>	<b>3,062</b>	<b>36,237</b>	<b>84,301</b>	<b>568,751</b>	<b>20,786</b>
<b>At 31<sup>st</sup> March 2022</b>	<b>432,075</b>	<b>5,505</b>	<b>2,632</b>	<b>35,393</b>	<b>79,835</b>	<b>555,440</b>	<b>22,125</b>

## Highways Infrastructure Assets

### Movements on balances

In accordance with Regulation 30M of the Local Authorities (Capital Finance and Accounting) (England) (Amendment) Regulations this note does not include disclosure of gross cost and accumulated depreciation for infrastructure assets because historical reporting practices and resultant information deficits mean that this would not faithfully represent the asset position to the users of the financial statements.

The Authority has chosen not to disclose this information as the previously reported practices and resultant information deficits mean that gross cost and accumulated depreciation are not measured accurately and would not provide the basis for the users of the financial statements to take economic or other decisions relating to infrastructure assets. It is assumed that any carrying value to be de-recognised has a net value of Nil.

2022/23 £000	Movement on Balances	2023/24 £000
	<b>Net Book Value (Modified Historical Cost)</b>	
485,143	1 <sup>st</sup> April 2023	525,566
38,826	Additions	27,230
0	De-recognition	0
(26,666)	Depreciation	(29,692)
28,328	Re-classification	0
(65)	Other Movements in Cost	(10)
<b>525,566</b>	<b>Total Net Book Value as at 31<sup>st</sup> March 2024</b>	<b>523,094</b>

### Reconciling Note

2022/23 £000	Movement on Balances	2023/24 £000
525,566	Infrastructure Assets	523,094
568,751	Property, Plant & Equipment	642,423
<b>1,094,317</b>	<b>Total Property, Plant and Equipment Assets</b>	<b>1,165,517</b>

### Depreciation

All depreciation calculations are made on a straight-line basis. See accounting policies (**Note 41k**) for further details.

### Capital Programme 2023/24

During the year several projects have been completed which include the re-opening in May 2023 of Congleton Leisure Centre after an extensive refurbishment, there was also the continual improvement to the highways network and the Schools Basic Need Expansion programme. Other major schemes that have commenced or are in progress include Northwest Crewe Package, a new spine road near Leighton Hospital, Crewe, the expansion of Wilmslow High School, the Public Sector De-carbonisation programme on the Council's corporate buildings and the redevelopment of Crewe Town Centre.

## Significant Commitments under Capital Contracts

The value of significant commitments under capital contracts, where amounts of greater than £0.5m are contracted to be paid after 31<sup>st</sup> March 2024, totals £22.8m (£44.9m as at 31<sup>st</sup> March 2023). These contracts are all fully funded and are summarised as follows:

Capital Project	Contract Total	Amount Paid Up To 31 <sup>st</sup> March 2024	Balance
	£000	£000	£000
<b>Children and Families</b>			
Springfield School Expansion	6,315	3,496	<b>2,819</b>
Wilmslow High School - School Expansion	11,292	10,226	<b>1,066</b>
<b>Place</b>			
Always Ahead Charity (Flag Lane Baths project)	3,056	583	<b>2,473</b>
Crewe Civic and Cultural Space	2,675	559	<b>2,116</b>
Crewe Youth Club Charity (Mirion Street Youth Club project)	600	140	<b>460</b>
Gypsy & Traveller Site	2,785	1,620	<b>1,165</b>
Leighton Grange - Solar Farm	3,250	1,771	<b>1,479</b>
Congleton Leisure Centre - Redevelopment	11,504	11,109	<b>395</b>
Congleton Link Road	55,150	54,042	<b>1,108</b>
Middlewich Eastern Bypass	8,013	6,187	<b>1,826</b>
Northwest Crewe Package	40,060	33,956	<b>6,104</b>
Poynton Relief Road	34,767	32,968	<b>1,799</b>
<b>Total</b>	<b>179,467</b>	<b>156,657</b>	<b>22,810</b>

## Revaluations

**Property:** The Council currently has a five-year rolling programme in place to value its property.

This may be varied for properties that require an earlier valuation (e.g., where the market value significantly changes or the property is developed).

The valuations for March 2023/24 were carried out by Montagu Evans LLP in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors (The Red Book). The valuation report has been prepared by Scott Young MRICS under the supervision of Gary Howes MRICS, a partner of Montagu Evans LLP.

Property valuations undertaken under IFRS require the statement of assets at Fair Value. Within the UK, assets should be valued having regard to the methods of valuation defined by the RICS. As a result, in assessing Fair Value we have had regard to the following definitions:

- Market Rent will be assessed to determine an assumed rent for properties valued on an Existing Use basis as well as the basis for assessing the income stream to derive a Market Value;
- Market Value for assets held for sale, surplus assets or investment properties where a

market exists and comparisons can be considered;

- Existing Use Value where the property is not specialised and is owner occupied;
- Depreciated Replacement Cost where no market exists for a property, which may be rarely sold or it is a specialised asset.

In 2023/24 assets previously valued in 2018/19 were revalued as part of the five-year rolling programme. Several high value assets are valued each year to ensure that the correct carrying value of the assets is held on the balance sheet and that the accounts do not contain any material misstatements.

All surplus assets were also revalued in 2023/24 in line with the requirements relating to Fair Value.

**Estates and Farms:** The valuation of the Farms Estates was carried out by David R Job MRICS, Farms Estate Shared Service Manager, Cheshire Farms Service, in accordance with the statement of methodology agreed by The Association of Chief Estate Surveyors and Property Managers in Local Government (ACES).

**Vehicles, Plant, Furniture and Equipment:** continue to be carried at cost, which the Council considers would not differ materially from other methods such as 'current prices where there is an active second-hand market' or 'latest list prices adjusted for the condition of the asset'.

Property, Plant and Equipment	Other Land and Buildings £000	Vehicles, Plant, Furniture and Equipment £000	Community Assets £000	Surplus Assets £000	Assets Under Construction £000	Total Property, Plant and Equipment £000	PFI Assets included in Property, Plant and Equipment £000
Carried at historical cost	0	14,278	3,432	0	128,243	<b>145,953</b>	0
Valuation as at:							
31 March 2024	290,059	0	0	38,905	0	<b>328,964</b>	0
31 March 2023	47,137	0	0	0	0	<b>47,137</b>	0
31 March 2022	66,795	0	0	0	0	<b>66,795</b>	22,125
31 March 2021	22,469	0	0	0	0	<b>22,469</b>	0
31 March 2020	55,050	0	0	0	0	<b>55,050</b>	0
<b>Total Cost or Valuation</b>	<b>481,510</b>	<b>14,278</b>	<b>3,432</b>	<b>38,905</b>	<b>128,243</b>	<b>666,368</b>	<b>22,125</b>

### Revaluation Gains and Losses

The Code requires disclosure by class of assets of the amounts for revaluation losses and revaluation reversals charged to the Surplus or Deficit on the Provision of Services.

These disclosures are consolidated in **Note 7**, reconciling the movement over the year in the Property, Plant and Equipment balances.

In 2023/24 the gross upward valuation for Property Plant and Equipment was £15.419m with £4.468m loss relating to gross valuation losses and reversals being charged to the Surplus or Deficit

on the Provision of Services as a result of the valuations conducted in 2023/24.

The net movement on the revaluations carried out in 2023/24 on Property Plant and Equipment was a net gain of £25.339m which includes the reversing of any prior year's accumulated depreciation and revaluation losses previously charged on those assets.

There has been a considerable increase in asset valuations compared to previous years. This is due to the type and volume of the assets being valued in the year as part of the rolling programme and there was little movement in the assets that are classed as high value that were valued 12 months before.

### Disposals

During 2023/24 there were two academy transfers. The net book value of £2.385m for the school assets has been treated as asset disposals and removed from the balance sheet.

There were only a few asset sales in 2023/24, total receipts received was (£3.524m), including the sale of part of the farm's estate for (£0.337m), and Right to Buy Receipts of (£2.317m).

### Asset Review

An annual review is undertaken by the Council and the Authority's valuer Montagu Evans LLP to assess whether the operational and surplus land and buildings assets that have not been revalued in that financial year at their current balance sheet value as at 31<sup>st</sup> March are not materially misstated.

Montagu Evans LLP provides the Authority with a percentage change for each financial year based on industry standard indices and these are applied against the outstanding balance sheet values. As a result of this review there is deemed to be no material misstatement to the values reported in the balance sheet as at 31<sup>st</sup> March 2024.

### Fair Value Hierarchy

Under IFRS 13 'Fair Value Measurement' all Surplus Assets are valued at a fair value and the highest and best use instead of on a previous existing use basis. As illustrated in **Note 7**, the opening balance for Surplus Assets was £36.237m and the closing balance £38.905m.

The fair value hierarchy allows comparability and consistency in fair value measurements and disclosures. The valuation of an asset will be classed at one of three levels depending on how certain the information is.

- **Level 1** uses quoted prices on an active market for an identical asset.
- **Level 2** uses inputs other than quoted prices that are observable (directly or indirectly) for the asset.
- **Level 3** uses unobservable inputs for the asset.

Details of the Authority's surplus assets and information about the fair value hierarchy as at 31<sup>st</sup> March 2024 are as follows:

2023/24	Quoted prices in active markets for identical assets Level 1 £000	Other significant observable inputs Level 2 £000	Significant unobservable inputs Level 3 £000	Fair Value as at 31 <sup>st</sup> March 2024 £000
Land	0	0	36,090	<b>36,090</b>
Building	0	0	2,815	<b>2,815</b>
<b>Total</b>	<b>0</b>	<b>0</b>	<b>38,905</b>	<b>38,905</b>

The comparable figures for 31<sup>st</sup> March 2023 were:

2022/23	Quoted prices in active markets for identical assets Level 1 £000	Other significant observable inputs Level 2 £000	Significant unobservable inputs Level 3 £000	Fair Value as at 31 <sup>st</sup> March 2023 £000
Land	0	0	31,799	<b>31,799</b>
Building	0	0	4,438	<b>4,438</b>
<b>Total</b>	<b>0</b>	<b>0</b>	<b>36,237</b>	<b>36,237</b>

### Transfers between Levels of the Fair Value Hierarchy

There were no transfers between Levels 1, 2 and 3 during the year.

### Valuation Techniques used to Determine Level 3 Fair Value for Surplus Assets

The fair value of the land and buildings has been based on the comparable method. Surplus assets have therefore been categorised as Level 3 in the fair value hierarchy as the measurement technique uses significant unobservable inputs to determine the fair value measurements.

### Highest and Best Use of Surplus Assets

In estimating the fair value of the Authority's surplus assets, the highest and best use of the properties reflects their current use.

**Quantitative Information about fair Value Measurement of Surplus Assets using significant Unobservable Inputs - Level 3**

	As at 31 <sup>st</sup> March 2024  £000	Valuation Technique Used to Measure Fair Value	Unobservable inputs	Range (weighted average used)	Sensitivity
Land	36,090	Market Approach, Income Approach and Cost Approach	Adjusted market evidence of rental lettings and sales of similar properties and investment yields	Rental range c. £3.75 - £32.05 per square foot	Significant changes to the individual inputs e.g., rental tone, vacancy levels and investment yields could affect the reported values
Building	2,815			Investment yields c. 6% - 15%	
		Land values c.£25,000 - £2.0m per hectares			

**Valuation Process for Surplus Assets**

All surplus assets were valued as at 31<sup>st</sup> March 2024 in order to comply with IFRS 13 'Fair Value Measurement'. Any asset that is classified as a surplus property within the year will be valued in that year. All valuations are carried out externally, in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors.

## 8. Investment Properties

The following items of income and expense have been accounted for in the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement:

2022/23 £000		2023/24 £000
(2,076)	Rental income from investment property	(1,885)
1,215	Direct operating expenses arising from investment property	1,195
<b>(861)</b>	<b>Net (Gain) / Loss</b>	<b>(690)</b>
7,410	Fair Value Movements on Investment Properties	1,219
<b>6,549</b>	<b>Total Income and Expenditure in relation to Investment Properties and changes in their fair value</b>	<b>529</b>

There are no restrictions on the Authority's ability to realise the value inherent in its investment property or on the Authority's right to the remittance of income and the proceeds of disposal. The Authority has no contractual obligations to purchase, construct or develop investment property or repairs, maintenance or enhancement.

The following table summarises the movement in the fair value of investment properties over the year:

2022/23 £000		2023/24 £000
<b>29,956</b>	<b>Balance at start of the year</b>	<b>25,984</b>
12	Additions:	43
0	Purchases	0
0	Disposals	0
(7,410)	Net gains / losses from fair value adjustments	(1,219)
	Transfers:	
3,426	To / from Property, Plant and Equipment	267
<b>25,984</b>	<b>Balance at end of the year</b>	<b>25,075</b>

### Fair Value Hierarchy

Under IFRS 13 'Fair Value Measurement' all Investment Properties are valued at a fair value and the highest and best use instead of on a previous existing use basis. As shown in the table above, the opening balance for Investment Assets was £25.984m and the closing balance £25.075m.

All the Council's Investment Assets have been valued as Level 2 on the fair value hierarchy of valuation as described in **Note 7**.

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Details of the Authority's investment assets and information about the fair value hierarchy as at 31<sup>st</sup> March 2024 are as follows:

2023/24	Quoted prices in active markets for identical assets Level 1	Other significant observable inputs Level 2	Significant unobservable inputs Level 3	Fair Value as at 31 <sup>st</sup> March 2024
	£000	£000	£000	£000
Land	0	10,577	0	10,577
Building	0	14,498	0	14,498
<b>Total</b>	<b>0</b>	<b>25,075</b>	<b>0</b>	<b>25,075</b>

The comparable figures for 31<sup>st</sup> March 2023 were:

2022/23	Quoted prices in active markets for identical assets Level 1	Other significant observable inputs Level 2	Significant unobservable inputs Level 3	Fair Value as at 31 <sup>st</sup> March 2023
	£000	£000	£000	£000
Land	0	10,364	0	10,364
Building	0	15,620	0	15,620
<b>Total</b>	<b>0</b>	<b>25,984</b>	<b>0</b>	<b>25,984</b>

### Transfers between Levels of the Fair Value Hierarchy

There were no transfers between Levels 1, 2 and 3 during the year.

### Valuation Techniques used to Determine Level 2 Fair Value for Investment Properties

The fair value of investment properties has been measured using a market approach, which considers quoted prices for similar assets in active markets, existing lease terms and rentals, research into market evidence including market rentals and yields, the covenant strength for existing tenants, and data and market knowledge gained in managing the Council's Investment Property Portfolio. Market conditions are such that similar properties are actively purchased and sold and the level of observable inputs are significant, leading to the properties being categorised as Level 2 on the fair value hierarchy. There has been no change in the valuation techniques used during the year for investment properties.

### Highest and Best Use of Investment Properties

In estimating the fair value of the Authority's investment properties, the highest and best use of the properties reflects their current use.

**Quantitative Information about fair Value Measurement of Investment Properties using significant Unobservable Inputs - Level 2**

	As at 31 <sup>st</sup> March 2024  £000	Valuation Technique Used to Measure Fair Value	Unobservable inputs	Range (weighted average used)	Sensitivity
Land	10,777	Market Approach, Income Approach and Cost Approach	Adjusted market evidence of rental lettings and sales of similar properties and investment yields	Rental range c. £3.75 - £32.05 per square foot	Significant changes to the individual inputs e.g., rental tone, vacancy levels and investment yields could affect the reported values
Building	14,498			Investment yields c. 6% - 15%	
		Land values c.£25,000 - £2.0m per hectares			

**Valuation Process for Investment Properties**

All investment properties were valued as at 31<sup>st</sup> March 2024 in order to comply with IFRS 13 'Fair Value Measurement'. Any asset that is classified as an investment property within the year will be valued in that year. All valuations are carried out externally, in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors.

**9. Intangible Assets**

An intangible asset is an identifiable non-monetary asset without physical substance, computer software packages and software development. Intangibles assets tend to have a short useful life from between 3 to 7 years. As at the 31<sup>st</sup> March 2024 the value of intangible assets held by the Council was £14.802m (£14.873m as at 31<sup>st</sup> March 2023).

2022/23 £000		2023/24 £000
<b>13,900</b>	<b>Balance at start of the year</b>	<b>14,873</b>
	Additions:	
4,930	Purchases	4,341
0	Disposals	0
(4,592)	Depreciation	(4,498)
	Transfers:	
635	To / from Property, Plant and Equipment	86
<b>14,873</b>	<b>Balance at end of the year</b>	<b>14,802</b>

## 10. Financial Instruments

### Financial Instruments - Classifications

A financial instrument is a contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Non-exchange transactions, such as those relating to taxes, benefits and government grants, do not give rise to financial instruments.

### Financial Liabilities

A financial liability is an obligation to transfer economic benefits controlled by the Council and can be represented by a contractual obligation to deliver cash or financial assets or an obligation to exchange financial assets and liabilities with another entity that is potentially unfavourable to the Council.

The majority of the Council's financial liabilities held during the year are measured at amortised cost and comprised:

- long-term loans from the Public Works Loan Board and commercial lenders;
- short-term loans from other local authorities;
- Private Finance Initiative contracts detailed in **Note 32**, and;
- trade payables for goods and services received.

### Financial Assets

A financial asset is a right to future economic benefits controlled by the Council that is represented by cash, equity instruments or a contractual right to receive cash or other financial assets or a right to exchange financial assets and liabilities with another entity that is potentially favourable to the Council. The financial assets held by the Council during the year are accounted for under the following classifications:

- Amortised cost (where cash flows are solely payments of principal and interest, and the Council's business model is to collect those cash flows) comprising:
  - cash in hand;
  - bank current and deposit accounts;
  - loans to other local authorities;
  - loans made for service purposes;
  - lease receivables, and;
  - trade receivables for goods and services provided.
- Fair value through other comprehensive income (equity investments that the Council has elected into this category) comprising:
  - pooled bond / equity funds managed by external fund managers held as strategic investments and where there is no right to redeem the investment on demand, and;
  - equity investments in companies held for service purposes.
- Fair value through profit and loss (all other financial assets) comprising:
  - Property, equity and other funds managed by external fund managers held as strategic investments;
  - money market funds, and;

- loans under housing assistance schemes where the cash flows are not solely payments of principal and interest.

Financial assets held at amortised cost are shown net of a loss allowance reflecting the statistical likelihood that the borrower or debtor will be unable to meet their contractual commitments to the Council.

### Financial Instruments - Balances

The financial liabilities disclosed in the Balance Sheet are analysed across the following categories:

31 <sup>st</sup> March 2023 Long-Term £000	31 <sup>st</sup> March 2023 Current £000	Financial Liabilities	Notes	31 <sup>st</sup> March 2024 Long-Term £000	31 <sup>st</sup> March 2024 Current £000
		<b>Borrowings:</b>			
(77,730)	(185,343)	Financial Liabilities at Amortised Cost	<b>10(b)</b>	(173,088)	(168,139)
<b>(77,730)</b>	<b>(185,343)</b>	<b>Total Borrowings*</b>		<b>(173,088)</b>	<b>(168,139)</b>
		<b>Other Long-Term Liabilities:</b>			
(18,154)	0	Private Finance Initiative Liabilities	<b>32</b>	(17,785)	0
(3,335)	0	Other Long-Term Liabilities		(4,191)	0
<b>(21,489)</b>	<b>0</b>	<b>Total Other Long-Term Liabilities</b>		<b>(21,976)</b>	<b>0</b>
		<b>Creditors:</b>			
0	(377)	Private Finance Initiative Liabilities		0	(369)
0	(60,763)	Financial Liabilities at Contract Amount		0	(90,128)
<b>0</b>	<b>(61,140)</b>	<b>Total Creditors**</b>		<b>0</b>	<b>(90,497)</b>
<b>(99,219)</b>	<b>(246,483)</b>	<b>Total Financial Liabilities</b>		<b>(195,064)</b>	<b>(258,636)</b>

\* The total current borrowing includes £5.8m (2023: £1.1m) representing accrued interest and principal repayments due within 12 months on long-term borrowing.

\*\* The creditors lines on the Balance Sheet include £69.8m (2023: £76.1m) current creditors that do not meet the definition of a financial liability as they relate to non-exchange transactions.

The financial assets disclosed in the Balance Sheet are analysed across the following categories:

31 <sup>st</sup> March 2023 Long-Term £000	31 <sup>st</sup> March 2023 Current £000		Notes	31 <sup>st</sup> March 2024 Long-Term £000	31 <sup>st</sup> March 2024 Current £000
		<b>Investments:</b>	<b>10(a)</b>		
		At Amortised Cost:			
15,162	426	- Principal		24,749	439
0	49	- Accrued Interest		0	47
(280)	(3)	- Loss Allowance		(225)	(5)
		At Fair Value Through Other Comprehensive Income:			
7,884	0	- Equity Investments Elected FVOCI		6,229	0
		At Fair Value Through Profit and Loss:			
19,045	106	- Fair Value		19,265	121
<b>41,811</b>	<b>578</b>	<b>Total Investments</b>		<b>50,018</b>	<b>602</b>
		<b>Cash and Cash Equivalents:</b>			
0	(6,831)	At Amortised Cost		0	(4,399)
0	32,250	At Fair Value Through Profit and Loss		0	21,735
<b>0</b>	<b>25,419</b>	<b>Total Cash and Cash Equivalents</b>		<b>0</b>	<b>17,336</b>
		<b>Debtors:</b>			
		At Amortised Cost:			
0	31,160	- Trade Receivables		0	35,036
4,561	29	- Lease Receivables		4,536	32
6	0	- Mortgages		6	0
		At Fair Value Through Profit and Loss:			
805	0	- Housing Loans		810	0
<b>5,372</b>	<b>31,189</b>	<b>Total Debtors*</b>		<b>5,352</b>	<b>35,068</b>
<b>47,183</b>	<b>57,186</b>	<b>Total Financial Assets</b>		<b>55,370</b>	<b>53,006</b>

\* The debtors lines on the Balance Sheet include £44.3m (2023: £42.3m) short-term and £0.6m (2023: £0.6m) long-term debtors that do not meet the definition of a financial asset as they relate to non-exchange transactions.

### Equity Instruments Elected to Fair Value Through Other Comprehensive Income

The Council has elected to account for the following investments in equity instruments at fair value through other comprehensive income because they are long-term strategic holdings and changes in their fair value are not considered to be part of the Council's annual financial performance.

31 <sup>st</sup> March 2023 £000	2022/23 Dividends £000	Equity Investment	31 <sup>st</sup> March 2024 £000	2023/24 Dividends £000
4,460	0	Share Holdings: - Alderley Park Holdings Limited	3,270	0
3,424	108	Pooled Funds: - GM and Cheshire Life Sciences Fund	2,959	0
<b>7,884</b>	<b>108</b>		<b>6,229</b>	<b>0</b>

### Off-setting Financial Assets and Liabilities

The Council has a right to off-set those Barclays bank accounts in overdraft with those in credit resulting in the net position being shown in the balance sheet. A net overdraft arises from timing differences between payments and income recognised in the accounts and clearing through the bank accounts.

31 <sup>st</sup> March 2023 £000		31 <sup>st</sup> March 2024 £000
1,708	Bank accounts in credit	1,261
(8,602)	Bank accounts in overdraft	(5,581)
<b>(6,894)</b>		<b>(4,320)</b>

## Financial Instruments - Gains and Losses

The gains and losses recognised in the Comprehensive Income and Expenditure Statement in relation to financial instruments consist of the following:

2022/23						2023/24
		Financial Liabilities: Amortised Cost	Financial Assets: Amortised Cost	Financial Assets: Elected to Fair Value through OCI	Financial Assets: Fair Value through Profit and Loss	Total
£000		£000	£000	£000	£000	£000
5,988	Interest expense	14,072	0	0	0	14,072
0	Loss on de-recognition	0	0	0	0	0
(161)	Impairment losses	0	(7)	0	0	(7)
116	Fees paid	199	0	78	0	277
<b>5,943</b>	<b>Interest Payable and Similar Charges</b>	<b>14,271</b>	<b>(7)</b>	<b>78</b>	<b>0</b>	<b>14,342</b>
(1,700)	Interest income	0	(1,143)	0	(1,568)	(2,711)
(1,106)	Dividend income	0	0	0	(1,101)	(1,101)
<b>(2,806)</b>	<b>Interest and Investment Income</b>	<b>0</b>	<b>(1,143)</b>	<b>0</b>	<b>(2,669)</b>	<b>(3,812)</b>
<b>3,137</b>	<b>Net Impact on Surplus or (Deficit) on Provision of Services</b>	<b>14,271</b>	<b>(1,150)</b>	<b>78</b>	<b>(2,669)</b>	<b>10,530</b>
0	Gains on Revaluation	0	0	0	0	0
0	Impact on Other Comprehensive Income and Expenditure	0	0	0	0	0
<b>3,137</b>	<b>Net (Gain) / Loss for Year</b>	<b>14,271</b>	<b>(1,150)</b>	<b>78</b>	<b>(2,669)</b>	<b>10,530</b>

## Financial Instruments - Fair Values

Financial instruments, except those classified at amortised cost, are carried in the Balance Sheet at fair value. For most assets, including shares in money market funds and other pooled funds, the fair value is taken from the market price. The fair values of other instruments have been estimated by calculating the net present value of the remaining contractual cash flows at 31<sup>st</sup> March 2024, using the following methods and assumptions:

- Shares in unlisted companies have been valued based on each company's balance sheet net assets adjusted for minority interest.

Financial instruments classified at amortised cost are carried in the Balance Sheet at amortised cost. Their fair values have been estimated by calculating the net present value of the remaining contractual cash flows at 31<sup>st</sup> March 2024, using the following methods and assumptions:

- Loans to companies are either interest free and have been recognised in the balance sheet at their discounted value based on appropriate market rates of interest or are already recognised at market rates.

- The loan to the Life Sciences Fund is interest free with the expectation of generating future returns. The loan value has been adjusted to reflect changes in the valuation of previous years investments shown in their Balance Sheet as at 31<sup>st</sup> March.
- Bank deposits and investments with Government bodies have been discounted at the market rates for similar instruments with similar remaining terms to maturity on 31st March.
- No future early repayment or impairment is recognised for any financial instrument. Any known or anticipated loan impairments have already been recognised in the balance sheet.
- Loans borrowed by the Council have been valued by discounting the contractual cash flows over the whole life of the instrument at the appropriate market rate for Local Authority loans.
- The value of “Lender Option Borrower Option” (LOBO) loans have been increased by the value of the embedded options. Lenders’ options to propose an increase to the interest rate on the loan have been valued according to a proprietary model for Bermudan cancellable swaps. Borrowers’ contingent options to accept the increased rate or repay the loan have been valued at zero on the assumption that lenders will only exercise their options when market rates have risen above the contractual loan rate.
- Temporary Borrowings consist of loans taken out prior to 1<sup>st</sup> April 2024 with maturity dates in the new year and beyond. Their purpose was to cover known shortfalls in cash over this period resulting in the main from the continuation of capital expenditure not financed by long term borrowing. The Fair Value of temporary borrowings is based on interest rates on similar instruments.
- Other Long-Term Liabilities represents funds held primarily for future infrastructure projects. There is no specified timescale for holding these funds and no interest is payable to third parties so the fair value has been assessed as equal to the carrying value.
- The fair values of finance lease assets, and of PFI scheme liabilities, have been calculated by discounting the contractual cash flows (excluding service charge elements) at the appropriate AA-rated corporate bond yield.
- The fair value of short-term instruments, including trade payables and receivables, is assumed to approximate to the carrying amount.

Fair values are shown in the table below, split by their level in the fair value hierarchy:

- Level 1 – fair value is only derived from quoted prices in active markets for identical assets or liabilities, e.g. bond prices
- Level 2 – fair value is calculated from inputs other than quoted prices that are observable for the asset or liability, e.g. interest rates or yields for similar instruments
- Level 3 – fair value is determined using unobservable inputs, e.g. non-market data such as cash flow forecasts or estimated credit worthiness.

Type of Instrument	As at 31 <sup>st</sup> March 2024 £000	Valuation Technique Used to Measure Fair Value	Unobservable inputs	Sensitivity
Shares in unlisted companies	3,270	Net Assets based on last audited accounts as at 30/09/2023	Minority Interest based on Shareholder Agreements and original purchase	Shareholder Agreement gives first sale option to other shareholders. Sale price could vary if this option is not taken and shares sold on open market

31 <sup>st</sup> March 2023 Balance Sheet £000	31 <sup>st</sup> March 2023 Fair Value £000	FINANCIAL ASSETS	Fair Value Level	31 <sup>st</sup> March 2024 Balance Sheet £000	31 <sup>st</sup> March 2024 Fair Value £000
		<b>Loans and Receivables at Amortised Cost</b>			
15,637	15,637	Loans to Companies	2	25,233	25,233
0	0	Investments with Banks	2	2	2
		<b>Investments at Fair Value Through Profit &amp; Loss</b>			
7,600	7,600	Property Fund	1	7,320	7,320
11,527	11,527	Managed Funds	1	12,041	12,041
24	24	Money Market Funds	1	25	25
		<b>Investments at Fair Value Through Other Comprehensive Income</b>			
3,424	3,424	Life Sciences Fund	2	2,959	2,959
4,460	4,460	Shares in Unlisted Companies	3	3,270	3,270
		<b>Other Loans and Receivables</b>			
4,590	1,322	Lease Receivables	2	4,568	1,333
805	805	Other Soft Loans	2	810	810
25,419	25,419	<b>Cash and Cash Equivalents</b>	-	17,336	17,336
		<b>Financial Assets Carried at Contract Amounts</b>			
6	6	Mortgages	-	6	6
31,160	31,160	Trade Receivables	-	35,036	35,036
<b>104,652</b>	<b>101,384</b>	<b>TOTAL ASSETS</b>		<b>108,606</b>	<b>105,371</b>

31 <sup>st</sup> March 2023 Balance Sheet £000	31 <sup>st</sup> March 2023 Fair Value £000	FINANCIAL LIABILITIES	Fair Value Level	31 <sup>st</sup> March 2024 Balance Sheet £000	31 <sup>st</sup> March 2024 Fair Value £000
		<b>Borrowings</b>			
(60,890)	(57,648)	Long-Term Loans – PWLB	2	(161,102)	(159,500)
(17,749)	(19,054)	Long-Term Loans – LOBO	2	(17,733)	(18,853)
(216)	(214)	Other Long-Term Loans	2	(3)	(3)
(184,218)	(184,509)	Temporary Borrowings	2	(162,388)	(160,043)
		<b>Other Long-Term Liabilities</b>			
(18,154)	(13,821)	Private Finance Initiative Liabilities	2	(17,785)	(13,526)
(3,335)	(3,335)	Other Long-Term Liabilities	-	(4,191)	(4,191)
		<b>Creditors</b>			
(377)	(1,343)	Private Finance Initiative Liabilities	-	(369)	(1,305)
(60,763)	(60,763)	Financial Liabilities at Contract Amount	-	(90,128)	(90,128)
<b>(345,702)</b>	<b>(340,687)</b>	<b>TOTAL LIABILITIES</b>		<b>453,699</b>	<b>447,549</b>

## 10(a) Investments

Long Term Investments at 31<sup>st</sup> March were as follows:

31 <sup>st</sup> March 2023 £000		31 <sup>st</sup> March 2024 £000
	<b>Investments at Amortised Cost:</b>	
10,000	Cheshire & Warrington Development Ltd Partnership	20,000
3,270	Cheshire Warrington Local Enterprise Partnership	2,966
1,461	Alderley Park Holdings Limited	1,470
151	Everybody Health & Leisure	88
	<b>Investments at Fair Value through Profit &amp; Loss:</b>	
7,518	CCLA Property Fund	7,224
4,413	Aegon Diversified Monthly Income Fund	4,648
4,031	Fidelity Global Enhanced Income Fund	4,261
2,249	Schroders Income Maximiser Fund	2,261
834	M&G Corporate Bond Fund	871
	<b>Investments at Fair Value through Other Comprehensive Income:</b>	
3,424	GM and Cheshire Life Sciences Fund	2,959
4,460	Alderley Park Holdings Limited Shares	3,270
<b>41,811</b>	<b>Total Long Term Investments</b>	<b>50,018</b>

Short-Term Investments at 31<sup>st</sup> March were as follows:

31 <sup>st</sup> March 2023 £000		31 <sup>st</sup> March 2024 £000
	<b>Investments at Amortised Cost:</b>	
379	Cheshire Warrington Local Enterprise Partnership	385
70	Everybody Health & Leisure	70
23	Other	26
	<b>Investments at Fair Value through Profit and Loss:</b>	
82	CCLA Property Fund	96
24	Other	25
<b>578</b>	<b>Total Short-Term Investments</b>	<b>602</b>

Short-Term Investments represent all invested funds which are not immediately convertible to cash on 31<sup>st</sup> March 2024 but where repayment is expected before 31<sup>st</sup> March 2025. All investments are in sterling and were made in accordance with the Council's Treasury Management Strategy.

The general policy objective of the Council was the prudent investment of its treasury balances. The Council's investment priorities are the security of capital and liquidity of its investments which take priority over yield. During 2023/24 the emphasis continued to be on short-term borrowing rather than investments due to reducing cash balances. Investments in managed funds represent a longer-term strategic investment of £20m of reserve balances. The underlying value of these funds does vary and is currently £0.7m lower than the original investment value. The expectation is that these funds will recover in value over time. They continue to deliver good levels of return which is expected to remain at these levels if interest rates fall from their current peak.

The Council also has interests in Other Companies and Entities, namely Tatton Park Enterprise Limited, Ansa Environmental Services Limited, Obitas Bereavement Services Limited, Transport Service Solutions Limited and Cheshire East Residents First Limited, being the Councils wholly owned companies, the Council holds a £1.00 Shareholding in each entity and the results of each entity are consolidated into the Group Accounts (except TPE Ltd on materiality grounds). Please refer to Note 34 also.

### 10(b) Borrowing – Financial Liabilities at Amortised Cost

The amounts and maturity profile of borrowings are as follows:

Total 2022/23 £000	Debt Maturity	Lender		Total 2023/24 £000
		Public Works Loans Board £000	Other £000	
<b>185,343</b>	<b>Short-Term Borrowing</b>			
	Within the next financial year	5,591	162,548	<b>168,139</b>
<b>185,343</b>	<b>Total Short-Term Borrowing</b>	<b>5,591</b>	<b>162,548</b>	<b>168,139</b>
	<b>Long-Term Borrowing</b>			
<b>1</b>	1 – 2 years	44,623	1	<b>44,624</b>
<b>2</b>	2 – 5 years	16,412	1	<b>16,413</b>
<b>21,819</b>	5 – 10 years	44,425	0	<b>44,425</b>
<b>4,069</b>	10 – 15 years	15,805	0	<b>15,805</b>
<b>20,069</b>	15 – 20 years	7,629	12,424	<b>20,053</b>
<b>1,187</b>	20 – 25 years	1,187	0	<b>1,187</b>
<b>10,172</b>	25 – 30 years	15,258	0	<b>15,258</b>
<b>20,411</b>	More than 30 years	10,172	5,151	<b>15,323</b>
<b>77,730</b>	<b>Total Long-Term Borrowing</b>	<b>155,511</b>	<b>17,577</b>	<b>173,088</b>
<b>263,073</b>	<b>Total Borrowing</b>	<b>161,102</b>	<b>180,125</b>	<b>341,227</b>

### 10(c) Financial Instruments - Risks

The Council complies with CIPFA’s Code of Practice on Treasury Management and Prudential Code for Capital Finance in Local Authorities. The identification, understanding and management of risk are, by necessity, a major part of the Council’s treasury management activities. The key risks are liquidity risk, market risk and credit risk, and these are managed by the Council through the Treasury Management Strategy Statement referred to in the Accounting Policies.

#### Liquidity Risk

This is the risk that the Council will not have sufficient cash resources to meet its obligations to its creditors and employees as they fall due for payment. The Council forecasts and manages its cash flow on a daily basis with liquidity of cash prioritised ahead of yield. Being a Local Authority, the Council is able to raise loans from the Public Works Loan Board (PWLB). Consequently, it is highly unlikely that the Council will be unable to raise new or replacement loans, or that it will be unable to raise new loans at a cost that is linked to the cost of central government borrowing.

The Council has £17m of “Lender’s option, borrower’s option” (LOBO) loans where the lender has the option to propose an increase in the rate payable; the Council will then have the option to accept the new rate or repay the loan without penalty. The LOBO loans that we hold have a break clause every six months. Despite the bank base rate now being higher than the loan interest rates the lender has not exercised their option. If they did it is likely that the Council will repay these loans.

Lender	Amount	Current Interest Rate	Maturity Date	Lender Option dates
Dexia Credit Local	£5,000,000	4.5%	11/02/2043	August / February
Dexia Credit Local	£7,000,000	4.5%	12/02/2043	August / February
Dexia Credit Local	£5,000,000	4.95%	25/08/2054	November / May

## Market Risk

This is the risk that, due to movement in interest rates, the Council will not achieve good value from its investments or the raising of long term loans. To mitigate this risk, consideration is given to interest rate forecasts and the likely effects on borrowing and investment rates for the next two to three years. The Council uses this information in addition to its forecast of cash flows as part of its treasury strategy to determine the timing and the maturity period of new investments and borrowings. Market risk is considered in conjunction with credit and liquidity risk. The policy over the last year was to fund any borrowing requirement on a short term basis to take advantage of predicted reduction in rates over the next few years. However, liquidity restrictions in the market and the reduction in the perceived credit worthiness of the Council with some investors led to the Council taking some longer term borrowing in order to mitigate long term market and liquidity risks.

In addition to investments/deposits which are based on interest rate returns, the Council also has investments in a variety of funds, the prices of which can vary dependent on the valuation of the underlying assets. The intention is that, over time and despite fluctuations, the price of these funds and, therefore, the value of the investments will increase. In addition, all funds pay out dividends providing an on-going return from the investments. These funds have been classified as Fair Value through Profit and Loss but subject to a statutory accounting override so any fall (or rise) in value would have no impact on the General Fund until the investment was sold or the statutory override period expires.

A fall of 5% in commercial property prices would reduce the fair value of the property fund by £360,000 and a fall of 5% across all other asset classes would reduce the fair value of the other funds by £600,000.

The impact of market risk is demonstrated by looking at the effect on the accounts if interest rates were 1% higher at 31<sup>st</sup> March 2024 and through the whole of 2023/24 assuming all other circumstances were the same.

Effect on Accounts of 1% Increase in Interest Rates	£000
Increase in interest payable on variable rate borrowings	914
Increase in interest receivable	(597)
Decrease in Fair Value of equity instruments elected through other comprehensive income	0
<b>Net Impact on Comprehensive Income and Expenditure Statement</b>	<b>317</b>
Reduction in the Fair Value of fixed rate borrowing	(11,886)
Reduction in the Fair Value of loans and receivables (investments)	0

## Credit Risk

This is the risk that the Council will not be repaid in full when it invests money in banks and other financial institutions (counterparties). Cash balances are invested with suitable counterparties in line with the Council's Treasury Management Strategy where security of capital and liquidity is prioritised over yield and the type of investment selected by reference to credit ratings and a number of other market indicators.

The Council also has investments in shares, funds and loans for service purposes which are non-treasury investments but covered by the Council's Investment Strategy. The Council adopted the IFRS 9 Financial Instruments accounting standard with effect from 1<sup>st</sup> April 2018 which has resulted

in the Council recognising the potential impairment of financial assets by calculating an expected credit loss. This will be adjusted or reversed in future years as each loan progresses.

	Initial Fair Value £000	Allowance for Expected Credit Losses £000	Balance Sheet Fair Value 31 <sup>st</sup> March 2024 £000
<b>Treasury Investments:</b>			
Bank Deposits	209	0	209
Money Market Funds – AAA Rated	21,760	0	21,760
<b>Managed Investments:</b>			
Property Fund - unrated	7,320	0	7,320
Other Funds - unrated	12,041	0	12,041
<b>Non-Treasury Investments:</b>			
Shareholdings and interest in other companies	3,270	0	3,270
Partnership Pooled Investment Fund	2,959	0	2,959
Loans to associated companies	25,233	(230)	25,003
<b>Debtors:</b>			
Trade Debtors	22,883	(6,846)	16,037
Other Debtors	18,999	0	18,999
<b>TOTAL</b>	<b>114,674</b>	<b>(7,076)</b>	<b>107,598</b>

The Council generally allows its trade debtors credit of one month. Of the £22.9m invoiced income outstanding from trade debtors, £18.2m is past its due date for payment. This is analysed by age but the impairment value also takes into account probability of collection and the nature of the debt:

Age of Invoiced Debt	Gross £m	Impairment £m	Net £m
Less than 3 months overdue	3.8	(0.1)	3.7
3 to 6 months overdue	2.4	(0.1)	2.3
6 months to 1 year overdue	3.1	(1.7)	1.4
More than 1 year overdue	8.9	(4.9)	4.0
<b>TOTAL</b>	<b>18.2</b>	<b>(6.8)</b>	<b>11.4</b>

## 11. Debtors

### Current Debtors (short term - less than one year)

This note provides details of the Council's current debt position as at 31<sup>st</sup> March 2024. These are assets valued at the contractual amount initially agreed and then adjusted for impairments (allowance for bad and doubtful debt) if it is deemed that there is a risk that the full amount cannot be recovered.

The Council's current debtors, due within 12 months, are summarised as follows:

31 <sup>st</sup> March 2023 £000		31 <sup>st</sup> March 2024 £000
22,482	Central Government bodies	23,220
7,419	Other local authorities	4,256
2,651	NHS bodies	2,921
40,898	Other entities and individuals	48,954
<b>73,450</b>	<b>Total Current Debtors</b>	<b>79,351</b>

### Impairment of Current Debtors

31 <sup>st</sup> March 2023 £000		31 <sup>st</sup> March 2024 £000
(7,651)	Sundry Debt	(6,846)
(11,531)	Council Tax and Business Rates	(11,624)
(3,196)	Housing Benefit	(2,996)
<b>(22,378)</b>	<b>Total Allowance for Impairment of Current Debt</b>	<b>(21,466)</b>

## 12. Cash and Cash Equivalents

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

31 <sup>st</sup> March 2023 £000		31 <sup>st</sup> March 2024 £000
33	Cash held by the Council	30
32,250	Instant access investments	21,942
0	Bank current accounts – Barclays Bank	117
149	Bank current accounts – Schools	0
<b>32,432</b>	<b>Current Assets – Cash &amp; Cash Equivalents</b>	<b>22,089</b>
(6,894)	Bank current accounts – Barclays Bank	0
0	Bank current accounts – Lloyds Bank	(4,436)
(119)	Bank current accounts – Schools	(317)
<b>(7,013)</b>	<b>Current Liabilities – Cash &amp; Cash Equivalents</b>	<b>(4,753)</b>
<b>25,419</b>	<b>Total Cash and Cash Equivalents</b>	<b>17,336</b>

## 13. Creditors

### Current Creditors (Short Term - less than 1 year)

This note provides details of the Council's current creditor position as at 31<sup>st</sup> March 2024.

31 <sup>st</sup> March 2023 £000		31 <sup>st</sup> March 2024 £000
(43,688)	Central Government bodies	(33,953)
(5,324)	Other local authorities	(7,293)
(4,189)	NHS bodies – Foundation Trusts, Clinical Commissioning Groups and other	(4,791)
(83,737)	Other entities and individuals	(113,899)
<b>(136,938)</b>	<b>Total Current Creditors</b>	<b>(159,936)</b>

## 14. Provisions

The Council will hold a provision when it has identified a liability as a result of its past actions or decisions but where it cannot quantify the precise costs or timing of the probable payment. The provision ensures that the costs are recognised as near as possible to the time the liability was incurred, should the actual costs differ from those estimated the net difference will be charged to the Income and Expenditure Statement in the year any difference is identified.

Short term provisions (< 1 year)	Insurance – Cheshire East Council £000	Business Rates Retention Scheme Alterations of Lists and Appeals £000	The Community Grant Award £000	Contaminated Land £000	Total Short-term Provisions £000
Balance at 1 <sup>st</sup> April 2023	(938)	(9,704)	(186)	(22)	<b>(10,850)</b>
Additional provisions made in 2023/24	(352)	(10,100)	0	(121)	<b>(10,573)</b>
Amounts used in 2023/24	27	15,652	0	6	<b>15,685</b>
<b>Balance at 31<sup>st</sup> March 2024</b>	<b>(1,263)</b>	<b>(4,152)</b>	<b>(186)</b>	<b>(137)</b>	<b>(5,738)</b>

The Insurance Provisions for Cheshire East Council have been made to meet known and anticipated liabilities on claims under the Council's insurance arrangements. The values of these provisions reflect actuarial advice and experience of claims history and are adjusted on an annual basis as appropriate.

The Business Rates Retention Scheme Appeals provision represents the risk to the Council of possible successful business rates appeals. In April 2013 the new Business Rates Retention Scheme was introduced to replace the previous National Pooling System for business rates. The Council must share the risks and rewards associated with the collection of business rates with Central Government (50%) and the Cheshire Fire Service (1%). The provision of £4.152m represents the Council's 49% share of the total risk of £8.474m.

The Community Grant Award provision relates to community grant payments and commitments, pending recipients' evidence of spend.

The Contaminated Land provision relates to the ongoing liability to rectify contaminated land identified at Malkins Bank and other contaminated lands sites.

Long term provisions (> 1 year)	Insurance – Cheshire East	Insurance – Cheshire County	Highways Schemes	Closed Landfill Sites	Proceeds of Crime	Total Long-Term Provisions
	£000	£000	£000	£000	£000	£000
Balance at 1 <sup>st</sup> April 2023	(2,319)	(1,160)	(210)	(594)	(133)	<b>(4,416)</b>
Additional provisions made in 2023/24	(2,107)	(231)	0	0	0	<b>(2,338)</b>
Amounts used in 2023/24	1,032	58	0	300	19	<b>1,409</b>
<b>Balance at 31<sup>st</sup> March 2024</b>	<b>(3,394)</b>	<b>(1,333)</b>	<b>(210)</b>	<b>(294)</b>	<b>(114)</b>	<b>(5,345)</b>

The Insurance Provisions for Cheshire East Council and the former Cheshire County Council have been made to meet known and anticipated liabilities on claims under the Council’s insurance arrangements. The values of these provisions reflect actuarial advice and experience of claims history and are adjusted on an annual basis as appropriate.

The Highways Scheme provision has been established to cover potential legal costs in relation to the A34 Wilmslow and Handforth bypass, following a dispute with the rail authority regarding land access at the site.

The Closed Landfill Sites provision is held as a result of the Council having ongoing responsibility for the costs of closed landfill sites. After care costs include site maintenance/monitoring, gas management and leachate (liquid waste) management. The average outstanding liability period for the five sites identified within Cheshire East is 30 years.

The Asset Recovery Incentivisation Scheme (ARIS) for Proceeds of Crime provision is given back to Cheshire East Council by the Home Office. It must be spent on eligible expenditure to reduce crime. An ARIS return is reported back to the Home Office on quarterly basis.

## 15. Usable Reserves

This note lists those reserves that contain resources that the Council can apply to the provision of services, either by incurring expenses or undertaking capital investment; whether or not there are particular restrictions on exactly what the resources can be applied to. Relevant reserves include the Capital Reserve, Capital Grants Unapplied Account, General Fund balance and any earmarked reserves under the General Fund umbrella.

Movements in the Council’s usable reserves are detailed in the Movement in Reserves Statement, the Notes on Adjustments between Accounting Basis and Funding Basis under Regulations (**Note 2**), and Transfers to / from Earmarked Reserves (**Note 3**).

### 15(a) General Fund Reserve – Borough Fund

The Borough Fund is the main fund of the Council to which all revenue receipts are credited and from which all revenue liabilities are discharged; all such transactions are recorded in the Council’s Comprehensive Income and Expenditure Statement. The balance on the reserve at 31<sup>st</sup> March 2024 was £5.580m.

### 15(b) Capital Grants Unapplied

The Capital Grants Unapplied Account contains capital grants and contributions where no conditions remain. The grant income has been recognised through the Comprehensive Income and Expenditure Account, but the expenditure to be financed from that grant or contribution has not been incurred by 31<sup>st</sup> March 2024.

As at 31<sup>st</sup> March 2024 the closing balance on the Capital Grants Unapplied Account was £87.079m.

2022/23 £000	Capital Grants Unapplied	2023/24 £000
64,623	Opening Balance at 1 <sup>st</sup> April	82,338
(1,232)	Capital Expenditure met from prior years unapplied grants	(2,568)
18,947	Grants received during the year but not applied	7,309
82,338	Closing Balance at 31 <sup>st</sup> March	87,079

### 15(c) Reserves and Balances Held by Schools under Delegated Schemes

The funding framework for schools is laid down in the Schools Standards and Framework Act 1998. Unspent budgets that have been delegated remain at the disposal of the school, even though they are still reserves held by the Council. In effect, these unspent balances represent a special form of reserve that is not available to the Council to use. As at 31<sup>st</sup> March 2024, the accumulated underspend on schools' budgets was £5.362m, compared to £5.429m at 31<sup>st</sup> March 2023. Details on the movements are provided in **Note 3** - Transfers to / from Earmarked Reserves.

## 16. Unusable Reserves

### 16(a) Revaluation Reserve

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

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

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

2022/23 £000	Revaluation Reserve	2023/24 £000
<b>234,920</b>	<b>Opening Balance at 1<sup>st</sup> April</b>	<b>251,355</b>
40,468	Upward revaluation of assets	45,627
(12,866)	Downward revaluation of assets and impairment losses not charged to the Surplus / Deficit on the Provision of Services	(17,340)
<b>27,602</b>	<b>Surplus or Deficit on revaluation of non-current assets not posted to the Surplus or Deficit on the Provision of Services</b>	<b>28,287</b>
(8,349)	Difference between fair value depreciation and historical cost depreciation	(9,771)
(2,818)	Accumulated gains on assets sold or scrapped	(1,914)
<b>(11,167)</b>	<b>Amount written-off to the Capital Adjustment Account</b>	<b>(11,685)</b>
<b>251,355</b>	<b>Total Unusable Reserves</b>	<b>267,957</b>

### 16(b) Capital Adjustment Account

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

The Account contains accumulated gains and losses on Investment Properties and gains recognised on donated assets that have yet to be consumed by the Council.

The Account also contains revaluation gains accumulated on Property, Plant and Equipment before 1<sup>st</sup> April 2007, the date that the Revaluation Reserve was created to hold such gains. **Note 2** provides details of the source of all the transactions posted to the Account, apart from those involving the Revaluation Reserve.

2022/23 £000	Capital Adjustment Account	2023/24 £000
440,156	<b>Opening Balance at 1<sup>st</sup> April</b>	443,633
	<b>Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement:</b>	
(47,180)	• Charges for depreciation and impairment of non-current assets	(51,310)
192	• Impairment of Capital Investments	45
(2,099)	• Revaluation Gains / (losses) and Impairment on Property, Plant and Equipment	(2,947)
(4,592)	• Amortisation of intangible assets	(4,499)
(23,945)	• Revenue expenditure funded from capital under statute	(24,683)
(8,500)	• Amounts of non-current assets written-off on disposal or sale as part of the gain / loss on disposal to the Comprehensive Income and Expenditure Statement	(4,860)
11,166	Adjusting amounts written out of the Revaluation Reserve	11,685
	<b>Capital financing applied in the year:</b>	
2,956	• Use of the Capital Receipts Reserve to finance new capital expenditure	4,138
65,855	• Capital grants and contributions credited to Comprehensive Income and Expenditure Statement that have been applied to capital financing	79,770
15,815	• Statutory provision for the financing of capital investment charged against General Fund balances	17,873
1,219	• Capital expenditure charged against the General Fund	1,329
(7,410)	Movements in the market value of Investment Properties debited or credited to the Comprehensive Income and Expenditure Statement	(1,219)
443,663	<b>Closing Balance at 31<sup>st</sup> March</b>	468,955

### 16(c) Pensions Reserve

The Pensions Reserve absorbs the timing differences arising from the different arrangements for accounting for post-employment benefits and for funding benefits in accordance with statutory provisions. Further information is provided in **Note 29**.

2022/23 £000	Pensions Reserve	2023/24 £000
<b>(319,823)</b>	<b>Opening Balance at 1<sup>st</sup> April</b>	<b>(88,910)</b>
372,950	Remeasurement gains / (losses) on pensions assets and liabilities	65,200
(68,468)	Reversal of items relating to retirement benefits debited or credited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement	(27,525)
38,291	Employer's pension contributions and direct payments to pensioners payable in the year	38,175
(111,860)	Adjustment for Asset Ceiling Calculation 2022/23 (and reversal in 2023/24)	111,860
-	Adjustment for Asset Ceiling Calculation 2023/24	(183,342)
<b>(88,910)</b>	<b>Closing Balance at 31<sup>st</sup> March</b>	<b>(84,542)</b>

## 17. Cash Flow Statement - Operating Activities

2022/23 £000		2023/24 £000
	<b>The cash flows for operating activities include the following items:</b>	
2,962	Interest received	3,789
(5,378)	Interest paid	(13,043)
	<b>The surplus or (deficit) on the provision of services has been adjusted for the following non-cash movements:</b>	
46,988	Depreciation	51,301
2,099	Impairment and downward valuations	2,947
4,592	Amortisation	4,499
(62,671)	Increase / (decrease) in creditors	8,224
16,324	Increase / (decrease) in debtors	3,420
(7)	Increase / (decrease) in inventories	14
30,177	Movement in pension liability	(10,650)
8,500	Carrying amount of non-current assets and non-current assets held for sale, sold or derecognised	4,860
835	Other non-cash items charged to the net surplus or (deficit) on the provision of services	7,678
<b>46,837</b>		<b>72,293</b>
	<b>The surplus or (deficit) on the provision of services has been adjusted for the following items that are investing and financing activities:</b>	
0	Proceeds from short-term (not considered to be cash equivalents) and long-term investments (includes investments in associates, joint ventures and subsidiaries)	0
(4,974)	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	(3,525)
	<b>Any other items for which the cash effects are investing or financing cash flows:</b>	
(12,101)	Local transport grant	(12,930)
(5,633)	Basic Needs Capital Grant	(10,612)
(10,000)	ERDF - Evergreen Funding	(10,000)
(1,167)	Future High Street Fund	(9,659)
(7,215)	High Needs / SEN	(5,745)
(6,833)	Crewe Towns Fund	(4,215)
(10,000)	National Productivity Investment	0
(30,621)	Other capital grants	(31,350)
<b>(88,544)</b>		<b>(88,036)</b>

## 18. Cash Flow Statement - Investing Activities

2022/23 £000		2023/24 £000
(101,948)	Purchase of property, plant and equipment, investment property and intangible assets	(100,116)
(386,821)	Purchase of short-term and long- term investments	(245,366)
0	Other payments for investing activities	0
5,036	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	3,727
383,725	Proceeds from short-term and long-term investments	235,707
95,647	Other receipts from investing activities (Capital Grants)	85,699
<b>(4,361)</b>	<b>Net cash flows from investing activities</b>	<b>(20,349)</b>

## 19. Cash Flow Statement - Financing Activities

2022/23 £000		2023/24 £000
276,829	Cash receipts of short-term and long-term borrowing	547,581
0	Cash payments for the reduction of outstanding liabilities relating to finance leases and on-Balance Sheet Private Finance Initiative (PFI) contracts	0
(197,881)	Repayment of short-term and long-term borrowing	(470,769)
11,038	Other payments for financing activities	(8,275)
<b>89,986</b>	<b>Net cash flows from financing activities</b>	<b>68,537</b>

## 20. Cash Flow Statement - Reconciliation of Liabilities Arising from Financing Activities

	1 <sup>st</sup> April 2023 £000	Financing Cash Flows £000	Non-Cash Changes £000	31 <sup>st</sup> March 2024 £000
Long Term Borrowings	(77,730)	(100,000)	4,642	(173,088)
Short Term Borrowings	(185,343)	23,188	(5,984)	(168,139)
Lease Liabilities	0	0	0	0
On Balance Sheet PFI Liabilities	(18,531)	0	377	(18,154)
<b>Total Liabilities from Financing Activities</b>	<b>(281,604)</b>	<b>(76,812)</b>	<b>(965)</b>	<b>(359,381)</b>

## 21. Members' Allowances

The total amount spent on Members' allowances in 2023/24 was £1.325m (£1.236m in 2022/23). This figure includes the basic allowance and special responsibility allowance. It does not include the direct reimbursement of costs incurred. The costs are reflected in the Comprehensive Income and Expenditure Statement under Corporate Services.

2022/23 £000		2023/24 £000
999	Basic Allowance	1,081
237	Special Responsibility Allowance	244
<b>1,236</b>	<b>Total Members' Allowances</b>	<b>1,325</b>

Note: The pay award for Members' allowances from 2022/23 is shown in the 2023/24 figures when the backpay was paid to Members.

Further Information on Members' allowances is available on the Council's website (<http://www.cheshireeast.gov.uk>) or from Democratic Services, Westfields, Middlewich Road, Sandbach, CW11 1HZ.

## 22. Officers' Remuneration

The number of officers whose remuneration exceeded £50,000 in 2023/24 is detailed below:

2022/23 Schools	2022/23 Other	2022/23 Total	Remuneration Band	2023/24 Schools	2023/24 Other	2023/24 Total
48	128	<b>176</b>	£50,000 - £54,999	52	134	<b>186</b>
16	85	<b>101</b>	£55,000 - £59,999	28	86	<b>114</b>
15	20	<b>35</b>	£60,000 - £64,999	9	27	<b>36</b>
14	26	<b>40</b>	£65,000 - £69,999	21	13	<b>34</b>
5	14	<b>19</b>	£70,000 - £74,999	8	31	<b>39</b>
4	16	<b>20</b>	£75,000 - £79,999	2	16	<b>18</b>
3	6	<b>9</b>	£80,000 - £84,999	5	6	<b>11</b>
3	4	<b>7</b>	£85,000 - £89,999	3	6	<b>9</b>
0	3	<b>3</b>	£90,000 - £94,999	1	0	<b>1</b>
1	1	<b>2</b>	£95,000 - £99,999	1	1	<b>2</b>
0	3	<b>3</b>	£100,000 - £104,999	2	1	<b>3</b>
0	1	<b>1</b>	£105,000 - £109,999	0	1	<b>1</b>
0	0	<b>0</b>	£110,000 - £114,999	1	2	<b>3</b>
<b>109</b>	<b>307</b>	<b>416</b>	<b>Total</b>	<b>133</b>	<b>324</b>	<b>457</b>

Remuneration includes salary, payments to hired or contracted staff, taxable benefits such as car allowances, termination payments and backdated Single Status payments. Direct reimbursement of costs incurred and pension contributions are excluded.

Senior employees are not included in the above figures. Further information about the remuneration of senior employees, including the names of any officers with salaries of £150,000 or more per year, is provided in **Note 23**.

## 23. Officers' Remuneration – Senior Employees

The Council is required to disclose the remuneration of senior employees. These include the statutory officers and any person having responsibility for the management of the Council, to the extent that the person has power to direct or control the major activities of the Council. The figures below relate to 2023/24 and include salaried, agency and other contracted-in employees.

2023/24 Remuneration	Salary, Fees and Allowances	Bonuses	Expenses (chargeable to UK Income Tax)	Compensation for Loss of Employment	Employers' Pension Contribution	Total
Job Title / Name	£	£	£	£	£	£
<b>Chief Executive:</b>						
Chief Executive - Rob Polkinghorne (from 3 <sup>rd</sup> January 2024)	45,711	0	0	0	12,205	<b>57,916</b>
Chief Executive - Lorraine O'Donnell (to 13 <sup>th</sup> October 2023)	112,893	0	0	0	23,802	<b>136,695</b>
Interim Chief Executive (from 18 <sup>th</sup> October 2023 to 2 <sup>nd</sup> January 2024)	45,119	0	0	0	0	<b>45,119</b>
<b>Executive Directors:</b>						
<b>Adults, Health and Integration</b>						
Executive Director - Adults, Health and Integration	145,193	0	0	0	38,767	<b>183,960</b>
<b>Children's Services</b>						
Executive Director - Children's Services	135,724	0	0	0	36,238	<b>171,962</b>
<b>Place</b>						
Acting Executive Director - Place (from 21 <sup>st</sup> October 2023)	149,861	0	0	0	38,388	<b>188,249</b>
Executive Director - Place (to 20 <sup>th</sup> October 2023)	105,477	0	0	30,000	21,798	<b>157,275</b>
<b>Corporate</b>						
Executive Director - Corporate Services (to 31 <sup>st</sup> May 2023)	21,335	0	0	75,901	5,696	<b>102,932</b>
<b>Other Statutory Officers:</b>						
<b>Monitoring Officer</b>						
Director of Governance and Compliance	117,775	0	0	0	30,188	<b>147,963</b>
<b>S151</b>						
Chief Finance Officer – Section 151 Officer	116,840	0	0	0	29,805	<b>146,645</b>
<b>Public Health</b>						
Director of Public Health	105,096	0	0	0	28,061	<b>133,157</b>
<b>Total 2023/24</b>	<b>1,101,024</b>	<b>0</b>	<b>0</b>	<b>105,901</b>	<b>264,948</b>	<b>1,471,873</b>

During 2023/24, the Chief Executive earned the following fees. These are included in the Salary, Fees & Allowances and Employer's Pension Contribution figures above, and were as follows:

	Returning Officer £
Borough, Town and Parish elections, Neighbourhood Planning Referendum and Borough Council By-Election	25,875

The comparable data for the previous year was as follows:

2022/23 Remuneration						
Job Title / Name	Salary, Fees and Allowances £	Bonuses £	Expenses (chargeable to UK Income Tax) £	Compensation for Loss of Employment £	Employers' Pension Contribution £	Total £
<b>Chief Executive:</b>						
Chief Executive – Lorraine O'Donnell	163,282	0	0	0	55,353	<b>218,635</b>
<b>Executive Directors:</b>						
<b>Adults, Health and Integration</b>						
Executive Director - Adults, Health and Integration	141,289	0	0	0	46,124	<b>187,413</b>
<b>Children's Services</b>						
Executive Director - Children's Services	129,369	0	0	0	43,856	<b>173,225</b>
<b>Place</b>						
Executive Director - Place	135,729	0	0	0	46,012	<b>181,741</b>
<b>Corporate</b>						
Executive Director - Corporate Services	125,478	0	0	0	30,671	<b>156,149</b>
<b>Other Statutory Officers:</b>						
<b>Monitoring Officer</b>						
Director of Governance and Compliance	110,589	0	0	0	37,787	<b>148,376</b>
<b>S151</b>						
Chief Finance Officer – Section 151 Officer	102,854	0	0	0	34,867	<b>137,721</b>
<b>Public Health</b>						
Director of Public Health	93,580	0	0	0	31,724	<b>125,304</b>
<b>Total 2022/23</b>	<b>1,002,170</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>326,394</b>	<b>1,328,564</b>

During 2022/23, the Chief Executive earned the following fees. These are included in the Salary, Fees & Allowances and Employer's Pension Contribution figures above, and were as follows:

	Returning Officer £
Town Council By-Elections and Neighbourhood Planning Referendum	2,075

## 24. Termination Benefits

The Council terminated the contracts of several employees in 2023/24, incurring liabilities of £0.797m (£0.830m in 2022/23).

A summary of the number and value of exit packages is provided below:

Exit package cost band (including special payments)	2023/24	2023/24	2023/24	2023/24
	Number of compulsory redundancies	Number of other departures agreed	Total number of exit packages by cost band	Total cost of exit packages in each band
	No	No	No	£000
£0 - £20,000	14	26	40	325
£20,001 - £40,000	0	13	13	377
£40,001 - £60,000	1	1	2	95
£60,001 - £80,000	0	0	0	0
£80,001 - £100,000	0	0	0	0
£100,001 - £150,000	0	0	0	0
£150,001 and over	0	0	0	0
	15	40	55	797

The table below shows the 2022/23 comparative figures:

Exit package cost band (including special payments)	2022/23	2022/23	2022/23	2022/23
	Number of compulsory redundancies	Number of other departures agreed	Total number of exit packages by cost band	Total cost of exit packages in each band
	No	No	No	£000
£0 - £20,000	2	27	29	331
£20,001 - £40,000	0	14	14	423
£40,001 - £60,000	0	0	0	0
£60,001 - £80,000	0	1	1	76
£80,001 - £100,000	0	0	0	0
£100,001 - £150,000	0	0	0	0
£150,001 and over	0	0	0	0
	2	42	44	830

## 25. External Audit Fees

The Council incurred the following external audit and inspection fees, which are included in the cost of Corporate and Central Services.

2022/23 £000		2023/24 £000
129	Fees payable to the appointed auditor, Mazars LLP, for external audit services.	0
0	Fees payable to the appointed auditor, Ernst Young LLP, for external audit services.	367
0	Fee variation: Additional testing on Defined Benefit Pension Schemes and Property, Plant and Equipment	0
0	Fee variation: Additional testing as a result of the implementation of new auditing standards	0
0	Additional work as a result of the new Code of Audit Practice and VFM reporting	0
0	Additional work arising from the implementation of the new ERP system	0
<b>129</b>	<b>Total External Audit Fees</b>	<b>367</b>

The audit fees for the subsidiaries are included in the Group Accounts **Note 4**.

## 26. Dedicated Schools Grant

The funding of schools is provided via Dedicated Schools Grant (DSG). The original DSG value for 2023/24 was £354.2m (£331.9m in 2022/23). This is ring-fenced grant and can only be applied to meet expenditure properly included in the Schools' Budget. The grant is, therefore, credited against Children's and Education Services in the Comprehensive Income and Expenditure Statement. The Schools' Budget includes elements for a restricted range of services provided on an authority-wide basis and for the Individual Schools Budget (ISB), which is divided into a budget share for each school. Over and under spending on the two elements are required to be accounted for separately. The Council is also able to supplement the Schools' Budget from its own resources.

Details of the deployment of DSG receivable for 2023/24 are as follows:

Total 2022/23  £000	Schools' Budget Funded by Dedicated Schools Grant	Central Expenditure  £000	Individual Schools Budget  £000	Total 2023/24  £000
<b>331,867</b>	Final DSG for 2023/24 before academy and high needs recoupment *			<b>354,200</b>
<b>(187,902)</b>	Academy and high needs figure recouped for 2023/24			<b>(200,354)</b>
<b>143,965</b>	<b>Total DSG after academy and high needs recoupment for 2023/24</b>			<b>153,846</b>
<b>143,965</b>	<b>Agreed initial budgeted distribution in 2023/24</b>	<b>47,656</b>	<b>106,190</b>	<b>153,846</b>
<b>(171)</b>	In-Year Adjustments	(66)	0	<b>(66)</b>
<b>143,794</b>	<b>Final budget distribution for 2023/24</b>	<b>47,590</b>	<b>106,190</b>	<b>153,780</b>
<b>(81,158)</b>	Less: Actual central expenditure	(79,296)	0	<b>(79,296)</b>
<b>(83,919)</b>	Less: Actual ISB deployed to schools	0	(106,190)	<b>(106,190)</b>
<b>(21,283)</b>	In-Year Carry-forward to 2024/25	(31,706)	0	<b>(31,706)</b>
<b>(25,663)</b>	DSG unusable reserve at the end of 2022/23			<b>(46,946)</b>
<b>(21,283)</b>	Addition to DSG unusable reserve at the end of 2023/24			<b>(31,706)</b>
<b>(46,946)</b>	Total of DSG unusable reserve at the end of 2023/24			<b>(78,652)</b>
<b>(46,946)</b>	<b>Net DSG position at the end of 2023/24</b>			<b>(78,652)</b>

\* Note:

Recoupment is a method of adjusting DSG to take account of schools which have converted to academies. The Education Funding Agency calculates the adjustment of DSG allocated in respect of those academies to which recoupment applies, and the DSG paid to the Council is reduced accordingly.

## 27. Grant Income

The Council credited the following grants, contributions and donations to the Comprehensive Income and Expenditure Statement:

2022/23 (Restated) £000	Grant Credited to Taxation and Non-Specific Grant Income	2023/24 £000
	<b>Revenue Grants</b>	
(11,341)	Social Care Support Grant	(19,365)
(6,614)	New Homes Bonus Grant	(3,794)
(2,932)	Services Grant	(1,720)
(1,654)	Housing Benefit Administration Subsidy Grant including NNDR Administration Allowance	(1,319)
(2,675)	Other Revenue Non-Ring-fenced Grants including Revenue Support Grant	(1,312)
<b>(25,216)</b>	<b>Total Revenue Grants</b>	<b>(27,510)</b>
	<b>Capital Grants and Contributions</b>	
(15,973)	Department for Transport	(19,348)
(15,583)	Education & Skills Funding Agency	(19,868)
(21,620)	Ministry for Housing, Communities & Local Government	(28,992)
2,658	Department of Business, Energy & Industrial Strategy	(1,746)
(10,668)	Homes England	(1,557)
(208)	Other Grants	(484)
(8,077)	Developers Contributions – Sections 106 and 278	(8,022)
(1,482)	Contributions from other Local Government Bodies	(4)
(12,617)	Other Contributions	(4,490)
<b>(83,570)</b>	<b>Total Capital Grants</b>	<b>(84,511)</b>
<b>(108,786)</b>	<b>Total Grant Credited to Taxation and Non-Specific Grant Income (per Note 6)</b>	<b>(112,021)</b>

\* 2022/23 Revenue Grant figures have been restated (-£11.348m) to reflect a change in accounting practice for Section 31 Grants received for Business Rates compensation. The full grant is now included within Non-Domestic Rates Income (see Note 6).

2022/23 Restated £000	Grant Credited to Services	2023/24 £000
(142,527)	Dedicated Schools Grant	(152,482)
(52,254)	Housing Benefit Subsidy Grant	(54,186)
(17,405)	Public Health Grant	(17,991)
(8,706)	Improved Better Care Fund	(8,706)
(4,497)	Pupil Premium Grant	(4,980)
(4,237)	Household Support Fund	(4,579)
(2,836)	Private Finance Initiative Grant	(2,836)
(2,724)	Sixth Forms Grant	(2,883)
(1,732)	Universal Infant Free School Meals Grant	(1,926)
(60,702)	Other Service Grants and Contributions	(42,507)
(4,786)	COVID-19 - Track & Trace	(527)
(1,378)	COVID-19 - Other Related Grants	(818)
<b>(303,784)</b>	<b>Total Grant Credited to Services</b>	<b>(294,421)</b>

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

2022/23 £000	Capital Grants Receipts in Advance	2023/24 £000
(1,532)	Conditional Grants	(2,166)
(42,528)	Developer Contributions - S106	(44,543)
<b>(44,060)</b>	<b>Total</b>	<b>(46,709)</b>

## 28. Pension Schemes Accounted for as Defined Contribution Schemes

Teachers employed by the Council are members of the national Teachers' Pension Scheme. In 2023/24 the Council paid £9.663m to Teachers' Pensions in respect of teachers' retirement benefits, representing 23.68% of pensionable pay. The equivalent contribution figures for 2022/23 were £9.153m (23.68% of pensionable pay), with contributions payable in the next financial year estimated at £13.860m (rate increased to 28.68% of pensionable pay from 1 April 2024).

A further £0.019m (14.38% of pensionable pay) was paid to the NHS Pension Scheme in respect of Public Health workers who transferred into the Council from the National Health Service on 1<sup>st</sup> April 2013. The contributions payable to the NHS Scheme in the next financial year are estimated at £0.018m.

Both the Teachers' and NHS Pension Schemes are defined benefit schemes but, because they are multi-employer schemes which do not allow the identification of the Council's liability, they are treated as defined contribution schemes for the purpose of this Statement of Accounts. Further information about these Schemes is included in **Note 41(e)**.

Being part of the Cheshire East Group, employees of the Council's wholly owned and controlled companies participate in the Local Government Pension Scheme (defined benefit scheme). However, the existence of a tripartite agreement between the Council, the respective companies and the Cheshire Pension Fund ensures that each company's obligation to Cheshire Pension Fund is limited only to paying fixed employer contributions as they fall due – they have no legal or constructive obligation to pay further contributions to Cheshire Pension Fund over and above a fixed contribution; and the economic substance of the principal terms and conditions for the companies means that, with reference to IAS 19, they account for the pension plan as if it were a defined contribution plan. (See **Note 29** below).

## 29. Defined Benefit Pension Schemes

### Participation in Pension Schemes

As part of the terms and conditions of employment of its officers, the Council makes contributions towards the cost of post-employment benefits. Although these benefits are not payable until employees retire, the Council has a commitment to make payments towards the benefits and to disclose them at the time that employees earn their future entitlement.

The Council participates in three pension schemes - the Teachers' and NHS Pension Schemes (see **Note 28** above) and the Local Government Pension Scheme (LGPS). Additionally, the Council has a responsibility for additional discretionary benefits awarded to teachers upon early retirement.

- **Local Government Pension Scheme (LGPS)**

The rate of employer contributions due to the Fund is determined every three years and is based on a valuation by the Fund's Actuary. The valuation effective for the 2023/24 financial year was undertaken as at 31<sup>st</sup> March 2022.

In 2023/24 Cheshire East Council was due to pay employer contributions of £36.4m into the Cheshire Pension Fund (the Fund), based on a contribution rate of 26.7% of non-teaching employees' pensionable pay. The equivalent figure for 2022/23 was £36.5m.

The principal risks to the Council of the Scheme are the longevity assumptions, changes to inflation, bond yields, the performance of the equity investments held, and any significant statutory or structural changes to the Scheme. The risks are, in part, mitigated by the annual process of charging to the General Fund any increase/decrease in the net asset or liability, as identified by the actuarial valuation.

As stated in **Note 28**, as part of the Cheshire East Group, employees of the Council's wholly owned and controlled companies participate in the LGPS. A tripartite agreement is in place between the Council, the respective companies and the Cheshire Pension Fund to the effect that each company's obligation to Cheshire Pension Fund is limited only to paying fixed employer contributions as they fall due - the economic substance of the principal terms and conditions for the companies means that, with reference to IAS 19, they account for the pension plan as if it were a defined contribution plan. The Council holds all the investment and actuarial valuation risk and its obligation to Cheshire Pension Fund is in respect of any exit (end of contract) deficits / surpluses; consequently the Council accounts for the liabilities of the Scheme attributable to the whole of the Cheshire East Group on its balance sheet, and also any changes in the present value of the defined benefit obligation resulting from experience adjustments and / or changes in actuarial assumptions are accounted for in the Council's comprehensive income and expenditure statement in the year in which they arise.

- **Discretionary Teachers Unfunded Benefits**

Discretionary post-retirement benefits on early retirement are an unfunded defined benefit arrangement, under which liabilities are recognised when awards are made. There are no plan assets built up to meet these pension liabilities. In 2023/24, the Council paid £1.9m in discretionary benefits to retired teaching staff. These benefits are unfunded, having no associated assets. The equivalent figure for 2022/23 was £1.9m).

### **Transactions Relating to Post-Employment Benefits**

The Council recognises the cost of retirement benefits in the reported cost of services when they are earned by employees, rather than when the benefits are eventually paid as pensions. However, the charge made against Council Tax is based on the cash payable in the year, so the real cost of post-employment / retirement benefits is reversed out of the General Fund via the Movement in Reserves Statement.

The following transactions have been made in the Comprehensive Income and Expenditure Statement and the General Fund balance via the Movement in Reserves Statement during the year:

2022/23 Local Gov't Pension Scheme £000	2022/23 Teachers' Unfunded Scheme £000		2023/24 Local Gov't Pension Scheme £000	2023/24 Teachers' Unfunded Scheme £000
		<b><u>Comprehensive Income and Expenditure Statement</u></b>		
		<b>Cost of Services</b>		
		Service Cost comprising:		
60,383	0	▪ Current service cost	29,072	0
0	0	▪ Past service costs (including curtailments)	3	0
(823)	0	▪ Settlements gain / (loss)	(244)	0
		Financing and Investment Income and Expenditure:		
8,358	550	▪ Net interest expense	(2,105)	799
<b>67,918</b>	<b>550</b>	<b>Total post-employment benefit charged to the Surplus or Deficit on the Provision of Services</b>	<b>26,726</b>	<b>799</b>
		<b><u>Other Post-employment Benefit Charged to the Comprehensive Income and Expenditure Statement</u></b>		
		Remeasurement of the net defined benefit liability comprising:		
(195,506)	0	▪ Gain / (Loss) on plan assets (excluding the amount included in the net interest expense)	27,029	0
		▪ Actuarial gains / (losses) arising on changes in:		
12,351	247	- demographic assumptions	73,837	140
662,992	3,216	- financial assumptions	8,888	324
(109,214)	(1,136)	- other assumptions	(45,018)	0
(111,860)	0	Adjustment for Asset Ceiling Calculation 2022/23 and reversal in 2023/24*	111,860	0
0	0	Adjustment for Asset Ceiling Calculation 2023/24*	(183,342)	0
<b>258,763</b>	<b>2,327</b>	<b>Total post-employment benefit charged to the Comprehensive Income and Expenditure Statement</b>	<b>(6,746)</b>	<b>464</b>
		<b><u>Movement in Reserves Statement</u></b>		
(67,918)	(550)	Reversal of net charges made to the Surplus or Deficit for the Provision of Services for post-employment benefits in accordance with the Code	(26,726)	(799)
		Actual amount charged against the General Fund balance for pensions in the year:		
36,508	0	▪ Employer's contributions payable to the Scheme	36,375	0
0	1,783	▪ Retirement benefits payable to pensioners	0	1,800
<b>(31,410)</b>	<b>1,233</b>	<b>Net Movement in Reserves</b>	<b>9,649</b>	<b>1,001</b>

The remeasurement of the net defined liability recognised in Other Comprehensive Income and Expenditure resulted in a net loss of £6.3m as at 31<sup>st</sup> March 2024 (£261m net gain as at 31<sup>st</sup> March 2023) once the asset ceiling adjustments have been included.

Under IFRIC14, the asset ceiling determines the amount of the net pension asset that can be recognised, to the lower of (1) the amount of the net pension asset or (2) the present value of any economic benefits available in the form of refunds or reductions in future contributions to the plan. An adjustment has been made in the Accounts to apply this asset ceiling, as calculated by the actuary. The resulting net liability reflects the Council's obligation to pay past service contributions

that will not be available in the form of a reduction in future contributions after they are paid into the plan.

### Pensions Assets and Liabilities Recognised in the Balance Sheet

The amount included in the Balance Sheet arising from the Council's obligation in respect of its defined benefit plans is as follows:

2022/23 Local Gov't Pension Scheme £000	2022/23 Teachers' Unfunded Scheme £000		2023/24 Local Gov't Pension Scheme £000	2023/24 Teachers' Unfunded Scheme £000
(1,381,129)	(17,705)	Present value of the defined benefit obligation	(1,383,756)	(16,240)
1,421,784	0	Fair value of plan assets	1,498,796	0
(111,860)	0	Adjustment for Asset Ceiling Calculation	(183,342)	0
<b>(71,205)</b>	<b>(17,705)</b>	<b>Net liability arising from defined benefit obligation</b>	<b>(68,302)</b>	<b>(16,240)</b>

### Reconciliation of present value of the Defined Benefit Obligation:

2022/23 Local Gov't Pension Scheme £000	2022/23 Teachers' Unfunded Scheme £000		2023/24 Local Gov't Pension Scheme £000	2023/24 Teachers' Unfunded Scheme £000
<b>1,880,449</b>	<b>21,265</b>	<b>Present value of Scheme Liabilities at 1<sup>st</sup> April</b>	<b>1,381,129</b>	<b>17,705</b>
60,383	0	Current Service Cost	29,072	0
50,930	550	Interest Cost	65,032	799
8,619	0	Contributions from Scheme participants	9,002	0
		Remeasurement (gains) / losses arising from:		
(12,351)	(247)	▪ changes in demographic assumptions	(73,837)	(140)
(662,992)	(3,216)	▪ changes in financial assumptions	(8,888)	(324)
109,214	1,136	▪ changes in other assumptions	45,018	0
0	0	Past service cost (including curtailments)	3	0
(50,928)	(1,783)	Benefits paid	(62,092)	(1,800)
(2,195)	0	Liabilities extinguished on settlements	(683)	0
<b>1,381,129</b>	<b>17,705</b>	<b>Present value of Scheme Liabilities at 31<sup>st</sup> March</b>	<b>1,383,756</b>	<b>16,240</b>

## Reconciliation of fair value of plan assets:

2022/23 Local Gov't Pension Scheme £000		2023/24 Local Gov't Pension Scheme £000
1,581,891	<b>Opening fair value of Scheme assets at 1<sup>st</sup> April</b>	1,421,784
(1,372)	Effect of Settlements	(439)
42,572	Interest Income	67,137
	Remeasurement (gains) / losses:	
(195,506)	▪ Return on plan assets, excluding the amount in the net interest expense	27,029
	Contributions:	
36,508	▪ Employers	36,375
8,619	▪ Plan Participants	9,002
(50,928)	Benefits paid	(62,092)
1,421,784	<b>Closing fair value of scheme assets at 31<sup>st</sup> March</b>	1,498,796

At the balance sheet date, the Cheshire East share of the Scheme assets was as follows:

Fair Value at 31 <sup>st</sup> March 2023 £000	Fair Value at 31 <sup>st</sup> March 2024	Quoted Prices in Active Markets £000	Unquoted Prices £000	Total £000
	<b>Equity securities:</b>			
6,876	▪ Consumer	7,249	0	7,249
7,165	▪ Manufacturing	7,553	0	7,553
0	▪ Energy and Utilities	0	0	0
1,484	▪ Financial Institutions	1,565	0	1,565
2,617	▪ Health and Care	2,759	0	2,759
47,617	▪ Information Technology	50,196	0	50,196
3,692	▪ Other	3,892	0	3,892
	<b>Debt Securities:</b>			
0	▪ Other (non-Corporate, non-Government)	0	0	0
96,634	<b>Private Equity</b>	0	101,868	101,868
	<b>Property:</b>			
99,700	▪ UK Property	0	105,101	105,101
1,905	▪ Overseas Property	0	2,008	2,008
	<b>Investment Funds and Unit Trusts:</b>			
410,385	▪ Equities	432,614	0	432,614
537,380	▪ Bonds	341,311	225,175	566,486
101,025	▪ Hedge Funds	0	106,497	106,497
23,193	▪ Infrastructure	0	24,449	24,449
65,828	▪ Other	0	69,394	69,394
16,283	<b>Cash and cash equivalents</b>	0	17,165	17,165
1,421,784	<b>Total value of Scheme assets</b>	847,139	651,657	1,498,796

**Basis for Estimating Assets and Liabilities**

Liabilities have been assessed on an actuarial basis using the projected unit credit method, an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels, etc. Both the Local Government Pension Scheme and the Teachers Unfunded Scheme have been assessed by Hymans Robertson LLP, an independent firm of actuaries. The estimates used have been based on the formal valuation of the Fund that was carried out as at 31<sup>st</sup> March 2022 and projected forward to 31<sup>st</sup> March 2024.

The table below shows the principal assumptions used by the Actuary:

31 <sup>st</sup> March 2023 Local Gov't Pension Scheme	31 <sup>st</sup> March 2023 Teachers' Unfunded Scheme		31 <sup>st</sup> March 2024 Local Gov't Pension Scheme	31 <sup>st</sup> March 2024 Teachers' Unfunded Scheme
		<b>Mortality Assumptions:</b>		
		Average life expectancy at 65 for current pensioners:		
21.8 years	21.6 years	▪ Males	21.3 years	21.1 years
24.3 years	24.2 years	▪ Females	24.0 years	23.9 years
		Average life expectancy at 65 for future pensioners:		
22.9 years	n/a	▪ Males	21.9 years	n/a
26.3 years	n/a	▪ Females	25.5 years	n/a
		<b>Financial Assumptions:</b>		
3.65%	n/a	Rate of increase in salaries	3.45%	n/a
2.95%	2.95%	Rate of increase in pensions	2.75%	2.75%
2.95%	2.95%	Rate of inflation	2.75%	2.75%
4.75%	4.75%	Rate of discounting scheme liabilities	4.85%	4.85%

**Commutation**

An allowance is included for future retirements to elect to take 50% of the maximum additional tax-free cash up to HMRC limits for pre-April 2008 service and 75% of the maximum tax-free cash for post-April 2008 service.

The estimation of the defined benefit obligations is sensitive to the actuarial assumptions set out in the table above. The sensitivity analysis has been determined based on reasonably possible changes of the assumptions occurring at the end of the reporting period. For each change, it assumes that the assumption analysed changes while all the other assumptions remain constant. The assumptions in longevity, for example, assume that life expectancy increases or decreases for both men and women. In practice this is unlikely to occur and changes in some of the assumptions may be interrelated.

The estimations in the sensitivity analysis have followed the accounting policies for the Scheme, i.e., on an actuarial basis using the projected unit credit method. The methods and types of assumptions used in preparing the sensitivity analysis did not change from those used in the previous period. The sensitivities regarding the principal assumptions used to measure the Scheme liabilities are:

	Approximate % increase to Employer Liability	Approximate % increase to Employer Liability	Approximate monetary amount	Approximate monetary amount
	Local Gov't Pension Scheme %	Teachers' Unfunded Scheme %	Local Gov't Pension Scheme £000	Teachers' Unfunded Scheme £000
0.1% decrease in Real Discount Rate	2%	1%	23,650	239
1 year increase in member Life Expectancy	4%	3-5%	55,350	-
0.1% increase in the Salary Increase Rate	0%	-	985	-
0.1% increase in the Pension Increase Rate	2%	1%	23,102	239

### Impact on the Council's Cash Flows

An objective of the Scheme is to keep the employer's contributions at as constant a rate as possible. The Council has agreed a strategy with the Scheme's actuary to achieve a funding level of 100% over the next 20 years and funding levels are monitored on an annual basis. The latest triennial valuation was completed on 31<sup>st</sup> March 2022.

The Council made employer contributions of £36.4m to the Local Government Pension Scheme in 2023/24.

The weighted average duration of the defined benefit obligation for Scheme members is 19 years:

	Liability Split	Weighted Average Duration at Previous Formal Valuation
Active Members	32.9%	26 years
Deferred Members	16.9%	25 years
Pensioner Members	50.2%	11 years
	<b>100.0%</b>	<b>19 years</b>

### 30. Capital Expenditure and Capital Financing

The following reconciles capital financing requirements with capital expenditure incurred and financed in-year:

2022/23 (restated) £000		2023/24 £000
<b>425,133</b>	<b>Opening Capital Financing Requirement</b>	<b>467,626</b>
89,166	Property, Plant and Equipment	110,887
12	Investment Properties	43
10,301	Long Term Investments	10,059
4,962	Intangible Assets	4,353
23,945	Revenue Expenditure Funded from Capital under Statute	24,683
0	Capital Expenditure Written off to the General Fund	(8,598)
	<b>Sources of Finance</b>	
(2,956)	Capital Receipts	(4,138)
(65,855)	Government Grants and Other Contributions	(79,770)
(1,219)	Direct Revenue Contributions	(1,329)
(1,636)	Amount provided at 2% of the capital financing requirement in respect of supported and unsupported borrowing incurred prior to 31 <sup>st</sup> March 2008	(1,669)
(13,369)	Amount provided in respect of unsupported borrowing	(15,827)
(810)	Amount provided in respect of PFI arrangements	(1,630)
(48)	Other Adjustments	4
<b>467,626</b>	<b>Closing Capital Financing Requirement</b>	<b>504,694</b>
	<b>Explanation of movements in-year</b>	
(1,636)	Decrease in underlying need to borrow (supported by Government financial assistance)	(1,669)
44,952	Increase in underlying need to borrow (unsupported by Government financial assistance)	40,367
(810)	Assets acquired under PFI / PPP Contracts	(1,630)
<b>42,506</b>	<b>Increase / (Decrease) in Capital Financing Requirement</b>	<b>37,068</b>

## 31. Leases

### Finance Leases - Council as Lessor

The Council has leased out properties at, Knutsford Cinema Civic Centre and a number of Social Housing Properties.

Balance 2022/23 £000		Balance 2023/24 £000
	<b>Finance Lease Liability (Net present value of minimum lease payments):</b>	
31	Current	32
4,568	Non-current	4,536
974	Unearned finance income	928
(76)	Unguaranteed residual value of property	(76)
<b>5,497</b>	<b>Gross Investment in the Leases as at 31<sup>st</sup> March</b>	<b>5,420</b>

The gross investment in the lease and the minimum lease payments will be received over the following periods:

31 <sup>st</sup> March 2023 Gross Investment in the Lease £000	31 <sup>st</sup> March 2023 Minimum Lease Payments £000		31 <sup>st</sup> March 2024 Gross Investment in the Lease £000	31 <sup>st</sup> March 2024 Minimum Lease Payments £000
77	31	Not later than 1 year	77	32
308	149	Between 1 and 5 years	308	156
5,112	4,343	Later than 5 years	5,035	4,304
<b>5,497</b>	<b>4,523</b>		<b>5,420</b>	<b>4,492</b>

### Operating Leases - Council as Lessee

The future minimum lease payments due under non-cancellable leases in future years are:

		2022/23 (Restated)				2023/24	
Land and Buildings £000	Other £000	Total £000		Land and Buildings £000	Other £000	Total £000	
			<b>Lease:</b>				
77	357	<b>434</b>	Not Later Than 1 Year	77	193	<b>270</b>	
309	299	<b>608</b>	Between 1 and 5 Years	654	157	<b>811</b>	
345	0	<b>345</b>	Later Than 5 Years	0	0	<b>0</b>	
<b>731</b>	<b>656</b>	<b>1,387</b>	<b>Total</b>	<b>731</b>	<b>350</b>	<b>1,081</b>	

### Operating Leases - Council as Lessor

The Council leases out property for community services and for economic development. The Council is also lessor for farms estates. The future minimum lease payments receivable under non-cancellable leases in future years are:

2022/23 Restated £000		2023/24 £000
2,806	Not later than 1 year	2,531
9,946	Between 1 and 5 years	7,415
23,294	Later than 5 years	23,294
<b>36,046</b>	<b>Total Minimum Lease Payment</b>	<b>33,240</b>

The actual rental income received in 2023/24 was £3.371m (2022/23 £3.998m)

## 32. Private Finance Initiative and Similar Contracts

The Council has a Private Finance Initiative (PFI) arrangement jointly with Cheshire West and Chester Council in respect of Extra Care Housing.

Extra Care Housing combines housing and care support for older people who have access to high quality accommodation with their own front door, with the security of a 24-hour Care Provider on site to provide reliable and responsive support as needed. These two elements are combined with a range of both on-site support and communal facilities which seek to ensure there are opportunities to participate in a range of activities, promoting well-being and enhancing independence for older people.

The Cheshire East sites are based at Crewe, Handforth and Middlewich; there are additional sites at Winsford and Ellesmere Port which are operated by Cheshire West and Chester. These facilities will not revert to the Council at the end of the contract although it will have the option to purchase them at that time.

Beechmere Extra Care Housing asset suffered a fire in August 2019. The asset is the largest of the Extra Care Housing buildings. Work is currently underway with partners to reinstate the asset in the shortest possible timeframe. The valuation included in **Note 7** therefore includes only the land value of £0.795m.

### PFI Assets

Under the requirements of International Financial Reporting Interpretations Committee (IFRIC) 12, the assets which were constructed to deliver this scheme are recorded on the balance sheet of the Council along with a liability showing the Council's commitment to make Unitary Payments in future years. Upon initial recognition these two values would offset each other but over time the values will diverge. The assets are held within Property, Plant and Equipment in the Council's balance sheet and are charged with annual depreciation.

2022/23 £000	Movement in PFI Asset Values	2023/24 £000
22,125	Opening Net Book Value	20,786
0	Additions	0
0	Revaluations	0
(1,339)	Depreciation	(1,340)
<b>20,786</b>	<b>Closing Net Book Value</b>	<b>19,446</b>

### PFI Liabilities

The liabilities are written down each year as Unitary Payments are made to the contractor. Only part of each Unitary Payment can be applied to writing down the liability as it funds a mix of current services, financing costs and repayment of principal. The annual Unitary Payment has to be broken down into five separate components reflecting what is being funded.

2022/23 £000	Allocation of Unitary Payment	2023/24 £000
178	Service Charge	203
546	Financing Costs	518
75	Contingent Rents	109
381	Liability Repayment	377
258	Lifecycle Costs	309
<b>1,438</b>	<b>Total</b>	<b>1,516</b>

	Principal Payments £000	Capital Costs £000	Interest £000	Service Charge £000	Total £000
Amounts due in 2024/25	369	358	526	238	<b>1,491</b>
Amounts due 2025/26 – 2028/29	3,467	1,317	1,984	937	<b>7,705</b>
Amounts due 2029/30 – 2033/34	5,825	2,319	1,466	1,647	<b>11,257</b>
Amounts due 2034/35 – 2038/39	8,493	1,625	1,358	1,221	<b>12,697</b>
<b>Total</b>	<b>18,154</b>	<b>5,619</b>	<b>5,334</b>	<b>4,043</b>	<b>33,150</b>

The above tables disclose the total payments the Council is committed to paying in respect of the service element of the PFI scheme. These payments reduce the liability over the life of the contracts to nil by the final year of the contracts.

The Council has assumed that the Council’s Unitary Payments are the primary means by which the PFI operator is recovering the costs of constructing the assets and that any third-party income generated through operating the sites is instead used to subsidise the schemes operational running costs, in effect reducing the service charges.

### 33. Related Parties

The Council is required to disclose any material transactions and balances with related parties – bodies or individuals that have the potential to control or influence the Council or to be controlled or influenced by the Council. The purpose of the disclosure is to enable consideration of the extent to which there exists the potential for restriction of commercial activity in the dealings of the Council.

The following related parties have been identified for the purpose of this disclosure:

- Central Government
- Other Public Bodies
- Elected Members and Council staff (including close family and any organisations in which they or their close family have a controlling interest).

#### Central Government

Central Government is responsible for providing the statutory framework within which the Council operates, prescribes the terms of many of the transactions that the Council has with other parties (e.g. housing benefits), and provides the majority of the Council’s funding in the form of grants. Details of material transactions with Central Government are shown throughout these notes and include those listed below:

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- Grant funding and contributions of £392.3m (restated £391.0m in 2022/23) received from Government Departments are set out in the subjective analysis in **Note 6** and **Note 27**;
- Business Rates Fixed Fee Tariff Payments of £27.6m (£24.7m in 2022/23) shown in **Note 4** to the Collection Fund Statement.

In addition Central Government receive £70.1m (£52.9m in 2022/23) relating to the central share of the business rates retention scheme after adjustment for the prior year deficit and surplus on collection fund receipts.

### Other Public Bodies

The Council undertakes significant transactions with the Cheshire Police and Crime Commissioner (£39.8m in 2023/24 and £36.8m in 2022/23) and Cheshire Fire and Rescue Service (£13.9m in 2023/24 and £12.9m in 2022/23). These relate to the payment of Council Tax income collected on behalf of these bodies, these values are disclosed in the Collection Fund Account and amount to collection of Council Tax and payment over of Precepts.

The Council pays Cheshire Fire and Rescue Service £1.4m (£1.1m in 2022/23) in relation to business rates collected on behalf of that body and paid over in accordance with the percentage share set under the Business Rates Retention Scheme.

As a major precepting authority the Council pays the town councils the parish precepts that are collected on their behalf (£10.1m in 2023/24 and £9.3m in 2022/23).

The Council also undertakes transactions with the Pension Fund in the form of contributions to fund future Pension payments for Council employees (2023/24 payments were £36.4m and £36.5m in 2022/23). Details of these transactions are disclosed in **Note 29**. The Pension Fund is administered and governed independently of the Council to avoid the potential for undue influence to be exerted.

The Council works closely in partnership with the NHS Cheshire and Merseyside Integrated Care Board (ICB), to commission services to Adults.

The Council also carries out a small element of its services in partnership with Cheshire West and Chester Council. In 2023/24, the Council spent £5.8m (£6.1m in 2022/23) delivering services jointly with Cheshire West and Chester. Both local authorities benefit from shared service functions for Transactional Services, ICT and Farm Estates. Both councils are also working together on the Best4Business programme which has implemented a new IT system, changing the culture and working practices to transforming the way we work. During 2023/24 the Council spent £0.3m (£0.2m during 2022/23) on this programme.

### Members and Officers

Members of the Council have direct control over the Council's financial and operating policies. To safeguard against the misuse of this influence, Members are required to declare the existence and nature of any personal interests in any matter on a Committee / Executive agenda and, if the interest is prejudicial, to remove themselves from the meeting. In accordance with Section 117 of the Local Government and Finance Act 1972, all senior officers of the Council have been asked to declare any interests in other bodies with whom the Council may have dealings; these are detailed below.

In 2023/24, Members and officers held interests (by way of Board membership) in the following active wholly-owned subsidiary companies of Cheshire East Council:

Name of Wholly Owned Company	Name of Member / Officer
Cheshire East Residents First Limited (Dissolved 16 <sup>th</sup> July 2024)	<ul style="list-style-type: none"> <li>Officer Tomas Shuttleworth</li> </ul>
ANSA Environmental Services Limited	<ul style="list-style-type: none"> <li>Cllr Steve Hogben (resigned 31 May 2023)</li> <li>Cllr Michael Hunter (resigned 31 May 2023)</li> <li>Cllr Arthur Moran</li> <li>Officer Kevin Melling</li> <li>Officer Tomas Shuttleworth (appointed 18 October 2023 / resigned 19 June 2024)</li> <li>Officer Paul Goodwin (appointed 18 October 2023)</li> </ul>
Cheshire East Engine of the North Limited (Ceased trading 31 <sup>st</sup> July 2019)	<ul style="list-style-type: none"> <li>Officer Tomas Shuttleworth</li> </ul>
Orbitas, Bereavement Services Limited	<ul style="list-style-type: none"> <li>Cllr Lata Anderson (resigned 15 March 2024)</li> <li>Cllr Joy Bratherton</li> <li>Cllr Mark Goldsmith</li> <li>Officer Kevin Melling</li> <li>Officer Tomas Shuttleworth (appointed 18 October 2023 / resigned 19 June 2024)</li> <li>Officer Paul Goodwin (appointed 18 October 2023)</li> </ul>
Tatton Park Enterprises Limited	<ul style="list-style-type: none"> <li>Cllr Kathryn Flavell (resigned 8 May 2023)</li> <li>Cllr Mark Goldsmith</li> <li>Officer Graham Anthony Jones</li> </ul>
Transport Service Solutions Limited (Ceased trading 31 March 2022)	<ul style="list-style-type: none"> <li>Officer Tomas Shuttleworth</li> </ul>

The comparators for the Members and officers who held position in 2022/23 are shown below:

Name of Wholly Owned Company	Name of Member / Officer
Cheshire East Residents First Limited	<ul style="list-style-type: none"> <li>Officer Paul Bayley (resigned 31<sup>st</sup> December 2022)</li> <li>Officer Tomas Shuttleworth (appointed 31<sup>st</sup> December 2022)</li> </ul>
ANSA Environmental Services Limited	<ul style="list-style-type: none"> <li>Councillor Steve Hogben</li> <li>Councillor Michael Hunter</li> <li>Councillor Arthur Moran</li> <li>Officer Kevin Melling</li> </ul>
Civiance Limited (Ceased trading 31 <sup>st</sup> March 2020, Dissolved 24 <sup>th</sup> January 2023)	<ul style="list-style-type: none"> <li>Officer Paul Bayley</li> </ul>
Engine of the North Limited (Ceased trading 31 <sup>st</sup> July 2019)	<ul style="list-style-type: none"> <li>Officer Paul Bayley (resigned 31<sup>st</sup> December 2022)</li> <li>Officer Tomas Shuttleworth (appointed 31<sup>st</sup> December 2022)</li> </ul>

Name of Wholly Owned Company	Name of Member / Officer
Orbitas, Bereavement Services Limited	<ul style="list-style-type: none"> <li>• Councillor Lata Anderson (appointed 1<sup>st</sup> July 2022)</li> <li>• Councillor Joy Bratherton</li> <li>• Councillor Mark Goldsmith (appointed 1<sup>st</sup> July 2022)</li> <li>• Councillor Penelope Butterill (resigned 31<sup>st</sup> May 2022)</li> <li>• Councillor David Marren (resigned 31<sup>st</sup> May 2022)</li> <li>• Officer Kevin Melling</li> </ul>
Tatton Park Enterprises Limited	<ul style="list-style-type: none"> <li>• Councillor Barry Burkhill (until 19<sup>th</sup> November 2022)</li> <li>• Councillor Kathryn Flavell</li> <li>• Cllr Mark Goldsmith (appointed 3<sup>rd</sup> February 2023)</li> <li>• Officer Graham Jones</li> </ul>
The Skills and Growth Company Limited (Ceased trading 31 <sup>st</sup> July 2019, Dissolved 24 <sup>th</sup> January 2023)	<ul style="list-style-type: none"> <li>• Officer Paul Bayley</li> </ul>
Transport Service Solutions Limited (Ceased trading 31 <sup>st</sup> March 2022)	<ul style="list-style-type: none"> <li>• Officer Paul Bayley (resigned 31<sup>st</sup> December 2022)</li> <li>• Officer Tomas Shuttleworth (appointed 31<sup>st</sup> December 2022)</li> </ul>

In addition to the above, Members and officers held interests (by way of Board membership) in the following joint venture company in 2023/24. There have been no changes to the Members and officers who held an interest in the company in 2022/23:

Name of Joint Venture Company	Name of Member / Officer
Alliance Environmental Services Limited	<ul style="list-style-type: none"> <li>• Councillor Arthur Moran</li> <li>• Officer Kevin Melling</li> <li>• Officer Andrew Stokes</li> <li>• Officer Jane Thomason</li> <li>• Officer Julian Trillo</li> </ul>

Members and officers held interests (by way of Board membership) in the following joint venture or wholly-owned subsidiary companies which were dormant during 2023/24. There have been no changes to the Members and officers who held an interest in the joint venture or wholly owned subsidiary companies in 2022/23 :

Name of Wholly Owned Company or Joint Venture Company	Name of Member / Officer
Cheshire Energy Networks Limited (Joint Venture)	<ul style="list-style-type: none"> <li>• Councillor David Brown</li> <li>• Councillor Brian Puddicombe</li> <li>• Officer James Graham</li> </ul>
Cheshire and Warrington DF (GP) Limited (Wholly-owned Subsidiary)	<ul style="list-style-type: none"> <li>• Officer Philip Cox</li> <li>• Officer Stephen Park</li> </ul>

The external entities listed below are related parties as certain Council Members and officers were appointed to the Boards:

Name of company	Name of Member / Officer
Alderley Park Holdings Limited	<ul style="list-style-type: none"> <li>Councillor Michael Gorman (appointed 10 April 2024)</li> <li>Councillor Craig Browne (resigned 26 February 2024)</li> </ul>
Astbury Mere Trust	<ul style="list-style-type: none"> <li>Councillor David Brown (appointed 16 January 2024)</li> <li>Councillor Suzie Akers Smith (resigned 10 May 2024)</li> </ul>
Cheshire Association of Local Councils (ChALC)	<ul style="list-style-type: none"> <li>Councillor Steven Edgar</li> <li>Councillor Lesley Smetham</li> <li>Councillor Hannah Moss</li> </ul>
Cheshire and Wirral Partnership NHS Foundation Trust	<ul style="list-style-type: none"> <li>Councillor Sally Holland (appointed 19 October 2023)</li> </ul>
Enterprise Cheshire and Warrington (formerly Cheshire & Warrington Local Enterprise Partnership)	<ul style="list-style-type: none"> <li>Officer Phillip Cox (appointed 8 April 2024)</li> <li>Officer Charles Jarvis (appointed 8 April 2024)</li> <li>Councillor Craig Browne (resigned 8 April 2024)</li> </ul>
Everybody Health & Leisure	<ul style="list-style-type: none"> <li>Councillor Lata Anderson (appointed 11 July 2023)</li> <li>Councillor Andrew Kolker</li> </ul>
Mid Cheshire Hospitals NHS Foundation Trust	<ul style="list-style-type: none"> <li>Councillor Hazel Faddes</li> </ul>
Silk Heritage Trust	<ul style="list-style-type: none"> <li>Councillor Elizabeth Braithwaite (resigned 26 October 2023; re-appointed 1 May 2024)</li> <li>Councillor Lesley Smetham (resigned 26 October 2023)</li> </ul>
Transport for the North Partnership	<ul style="list-style-type: none"> <li>Councillor Craig Browne</li> </ul>

The table below shows net Receipts / Payments to related party organisations where Members / Officers or their close relatives hold a personal interest, and the amount is material to that organisation. Current net debtors / creditors as at 31<sup>st</sup> March 2024 (**Note 11** and **Note 13**) are also shown in respect of related parties:

Name of Company	Type of Organisation	Payments to the Organisations £000	(Receipts from) the Organisations £000	Amounts Owed from / (to) the Organisations £000
Alliance Environmental Services Limited	Joint Venture Company	0	(53)	24
Alderley Park Holdings Ltd	External Entity	0	0	1,531
ANSA Environmental Services Limited	Wholly Owned Company	47,458	(762)	(1,126)
Astbury Mere Trust	External Entity	2	(28)	18
Cheshire Association of Local Councillors (ChALC)	External Entity	37	0	0

Name of Company	Type of Organisation	Payments to the Organisations £000	(Receipts from) the Organisations £000	Amounts Owed from / (to) the Organisations £000
Enterprise Cheshire and Warrington (formerly Cheshire & Warrington Local Enterprise Partnership)	Associate Company	2,327	(362)	3,446
Cheshire Neighbours Credit Union	External Entity	0	0	11
Everybody Health & Leisure	External Entity	2,366	(87)	65
Greater Manchester & Cheshire Life Sciences Fund	External Entity	0	0	4,594
Orbitas, Bereavement Services Limited	Wholly Owned Company	3,013	(386)	6
Silk Heritage Trust	External Entity	111	0	0
Tatton Park Enterprises Limited	Wholly Owned Company	603	(100)	9
Transport Service Solutions Limited	Wholly Owned Company	1	(87)	2
<b>Total</b>		<b>55,918</b>	<b>(1,865)</b>	<b>8,580</b>

The comparators for net Receipts / Payments to related party organisations where Members / Officers or their close relatives hold a personal interest. Current net debtors / creditors as at 31<sup>st</sup> March 2023 are shown below:

Name of Company	Type of Organisation	Payments to the Organisations £000	(Receipts from) the Organisations £000	Amounts Owed from / (to) the Organisations £000
Alliance Environmental Services Limited	Joint Venture Company	71	(341)	11
Alderley Park Holdings Ltd	External Entity	2,845	0	1,531
ANSA Environmental Services Limited	Wholly Owned Company	39,716	(168)	921
Astbury Mere Trust	External Entity	3	(27)	17
Cheshire Association of Local Councillors (ChALC)	External Entity	98	0	0
Cheshire & Warrington Local Enterprise Partnership	Associate Company	2,400	(103)	3,776
Cheshire & Wirral Partnership	External Entity	1,669	(67)	12
Cheshire East Citizens Advice Bureau	External Entity	272	(31)	0
Cheshire Neighbours Credit Union	External Entity	0	0	11
Everybody Health & Leisure	External Entity	3,937	(130)	255
Greater Manchester & Cheshire Life Sciences Fund	External Entity	2,299	0	4,536
Macclesfield Silk Heritage	External Entity	109	0	0
Mid Cheshire Hospital NHS Trust	External Entity	1,226	(491)	464
Nantwich Museum Trust	External Entity	27	0	0
Orbitas Bereavement Services Limited	Wholly Owned Company	1,905	0	9

Name of Company	Type of Organisation	Payments to the Organisations £000	(Receipts from) the Organisations £000	Amounts Owed from / (to) the Organisations £000
Rossendale Trust Limited	External Entity	3,859	0	0
Tatton Park Enterprises Limited	Wholly Owned Company	1,395	(92)	(22)
Transport Service Solutions Limited	Wholly Owned Company	177	(254)	(2)
<b>Total</b>		<b>62,008</b>	<b>(1,704)</b>	<b>11,519</b>

### 34. Interest in Other Companies and Entities

With effect from 15<sup>th</sup> March 2024, Cheshire East Council wholly owns ANSA Environmental Services Limited (Ansa), Transport Service Solutions Limited (TSS), Orbitas Bereavement Services Limited (Orbitas), Tatton Park Enterprises Limited (TPE), Cheshire East Engine of the North Limited (EOTN), and Cheshire & Warrington DF (GP) Limited (CWDF). Previously, Ansa, Orbitas and TSS were owned as follows:

- 80% Cheshire East Residents First Limited (CERF), a wholly owned Cheshire East Council company which acted as a holding company, and
- 20% Cheshire East Council.

The Finance Sub Committee, as Shareholder, agreed to remove CERF as the Holding Company of Ansa, Orbitas and TSS at its meeting on 7<sup>th</sup> September 2023 following which CERF would proceed to being dissolved. The application to voluntarily strike off CERF was made on 17<sup>th</sup> April 2024 to Companies House and the company was dissolved on 16<sup>th</sup> July 2024.

As wholly owned companies, Ansa, and Orbitas are consolidated into the Group Accounts. TSS ceased trading on the 31<sup>st</sup> March 2022 and its employees and activities also transferred back to Cheshire East Council, the intention is to dissolve the company. TPE, whilst a wholly owned subsidiary of Cheshire East Council, is excluded from the Group Accounts on the grounds of materiality. EOTN ceased trading in 2019 and its employees and activities transferred back into the Council. It has been dormant since 2022. CWDF has been dormant since the point of incorporation. Both dormant companies are excluded from the Group Accounts. The turnover, profit and activities for each of the wholly owned companies are detailed in the tables below.

Turnover 2022/23 £000	Profit / (Loss) 2022/23 £000	Company	Interest	Turnover 2023/24 £000	Profit / (Loss) 2023/24 £000
Not applicable	Not applicable	Cheshire East Residents First Limited (Dissolved 16 <sup>th</sup> July 2024)	Wholly Owned Holding Company	Not applicable	Not applicable
45,614	283	ANSA Environmental Services Limited	Wholly Owned subsidiary (consolidated)	50,456	107
2,502	73	Orbitas Bereavement Services Limited	Wholly Owned subsidiary (consolidated)	2,543	66
595	106	Transport Service Solutions Limited	Wholly Owned subsidiary (consolidated)	-	-

Turnover 2022/23 £000	Profit / (Loss) 2022/23 £000	Company	Interest	Turnover 2023/24 £000	Profit / (Loss) 2023/24 £000
861	0	Tatton Park Enterprise Limited	Wholly Owned subsidiary (excluded from consolidation)	880	0
Dormant	Dormant	Cheshire East Engine of the North Limited	Wholly Owned subsidiary (dormant – excluded from consolidation)	Dormant	Dormant
Dormant	Dormant	Cheshire & Warrington DF (GP) Limited	Wholly Owned subsidiary (dormant – excluded from consolidation)	Dormant	Dormant

Company	Country of Incorporation	Principal Place of Business	Activities
Cheshire East Residents First Limited (Dissolved 16 <sup>th</sup> July 2024)	UK	Cheshire	Holding Company
ANSA Environmental Services Limited	UK	Cheshire	Parks and Grounds Management, Fleet Management, Waste Management, Street Cleansing
Cheshire and Warrington DF (GP) Limited	UK	Cheshire	Management of a Cheshire-wide development fund to aid regeneration in the region
Orbitas Bereavement Services Limited	UK	Cheshire	Burial, cremation, memorial and bereavement support services
Transport Service Solutions Limited	UK	Cheshire	Home to School Transport, Specialised Transport, TSS Passenger Service Fleet, Public Transport, Community Transport, Transport Associated Activities
Cheshire East Engine of the North Limited	UK	Cheshire	Strategic property company
Tatton Park Enterprises Limited	UK	Cheshire	Provider of labour and supplies for the catering services at the two restaurant facilities at Tatton Park

The Council has not provided, and does not intend to provide, any guarantees or financial support to the subsidiaries that are not required by contractual obligations.

Cheshire East Council also has investments in a number of other companies:

- Enterprise Cheshire and Warrington (formerly Cheshire and Warrington Local Enterprise Partnership) Limited is an associate company of Cheshire East Council. The company is limited by guarantee of which Cheshire East held a 20% share, as at 31<sup>st</sup> March 2024, along with the remainder held by Cheshire West and Chester Council, Warrington Borough Council and the Chair and Deputy Chair of the company in equal shares. In April 2024, Cheshire East Council's share increased to 33%, with the remainder held by Cheshire West and Chester Council and Warrington Borough Council in equal shares.

During 2023/24 the turnover of the company was £X.XXXm (£6.165m in 2022/23) with a total profit/loss of £X.XXXm (loss of £0.388m in 2022/23) and Net Assets of £X.XXXm (£9.169m in 2022/23). Cheshire East Council's associated share of the profit/loss and net assets would be £X.XXXm (£0.078m share of loss in 2022/23) and £X.XXXm (£1.834m in 2022/23)

respectively. The amounts involved are immaterial in the context of Cheshire East Council so have been excluded from the Group Accounts of Cheshire East Council.

Cheshire East Council acts as the Accountable Body to Enterprise Cheshire and Warrington (ECW), managing funding devolved to ECW from Government. As at 31<sup>st</sup> March 2024, the Council held a number of Government funds, on behalf of ECW, including the Enterprise Zone £3.161m (£3.677m in 2022/23), Growing Places Fund £9.206m (£8.948m in 2022/23), Local Growth Fund £0.551m (£0.551m in 2022/23) and Skills Bootcamp £0.074m (£0.346m in 2022/23).

- Cheshire East and fourteen other local authorities in the North West of England are limited partners in the fund known as North West Evergreen Fund Partnership. This Fund was set up to make loans to commercial property ventures in the North West to aid regeneration in the region.
- Cheshire East Council purchased 1,000,000 ordinary shares (a 10% interest) in a newly formed company Alderley Park Holdings Limited on 28th March 2014 at a cost of £1.07 per share, giving an equity investment of £1.1m. The ordinary share investment has been re-valued as at 31<sup>st</sup> March 2024 on a consistent fair value basis at £3.27 per share (£4.46 per share in 2022/23), giving an equity investment of £3.3m (£4.5m in 2022/23). In addition to the equity investment, Cheshire East Council has provided an interest free loan to the value of £1.5m which is included along with the equity investment in Long Term Investments.
- On 27<sup>th</sup> February 2016 Cheshire Energy Networks Limited was incorporated with Engie Services Limited holding a 51% interest in the company and Cheshire East Council holding the remaining 49%. The company is currently dormant.
- Ansa Environmental Services Limited purchased 150 ordinary shares (a 75% interest) in Alliance Environmental Services Limited (AES) on 7<sup>th</sup> August 2017 at a cost of £1.00 per share. AES is a joint venture company between Ansa Environmental Services Limited, High Peak Borough Council (HPBC) and Staffordshire Moorlands District Council (SMDC). HPBC and SMDC hold 25 ordinary shares each. During 2023/24, the turnover of the company was £13.8m with a total profit of £28,000 (£12.1m and £58,000 respectively for 2022/23).
- The authority is a limited partner in a fund known as Cheshire and Warrington Development Limited Partnership. The fund utilises grant funding to make loans with commercial property ventures to aid regeneration in the region. The general partner is Cheshire and Warrington DF (GP) Limited, incorporated on 24<sup>th</sup> September 2019 with the authority as the sole shareholder. As at 31<sup>st</sup> March 2024 this company was dormant.

## 35. Pooled Budget

### Better Care Fund (BCF and iBCF)

Cheshire East Council and the Cheshire and Merseyside Integrated Care Board (ICB) are partners in the operation of the BCF and iBCF.

The BCF has been established by the Government to provide funds to local areas to support the integration of health and social care and to seek to achieve the National Conditions and Local Objectives. It is a requirement of the BCF that the Partners establish a pooled fund / joint arrangement for this purpose and a Section 75 agreement is in place.

The iBCF was first announced in the 2015 Spending Review and is paid as a direct grant to local government, with a condition that it is pooled into the local BCF plan.

Under IFRS 10 'Consolidated Financial Statements', all partners agree that they have joint control of the allocation of resources within the BCF and iBCF. However, within the overall fund, the partners have agreed that they each retain control and effectively act as lead commissioners for the funds that they are allocated and bear the risks in relation to the services that they commission.

As the Reporting Partner for the BCF and iBCF, Cheshire East Council collates and reports the overall position to partners. £45.8m of jointly agreed funding was allocated to the BCF, iBCF and Winter Pressures by the Partners for 2023/24. Within this, Cheshire East Council was responsible for the commissioning of £19.801m of revenue expenditure and £2.342m of capital expenditure.

In 2023/24 additional Discharge Funding also continued, again to be pooled within the BCF. This funding was granted to speed up patient discharge, freeing up hospital beds to reduce ambulance handover times and improving capacity in social care.

The aims and benefits of the Partners in entering in to this Agreement are to:

- Improve the quality and efficiency of the Services;
- Meet the National Conditions and Local Objectives; and
- Make more effective use of resources through the establishment and maintenance of a pooled fund for revenue and capital expenditure on the Services.

Services provided by the Partners as part of the BCF and iBCF include:

- Assistive Technology and Equipment
- Schemes to Facilitate Early Discharge
- Carers Support
- Reablement Services
- Rapid Response Domiciliary Care
- Intermediate Care
- Mental Health Services
- Meeting Adults social care needs and ensuring that the provider market is supported

2022/23 Total	Funding	2023/24 Cheshire East Footprint Total £000
£000		
	<b>Revenue Contributions</b>	
20,091	Cheshire & Merseyside ICB	21,233
2,545	Cheshire & Merseyside ICB – Discharge Funding	2,423
8,657	Cheshire East	9,142
1,209	Cheshire East – Discharge Funding	1,221
0	Cheshire East – Community Equipment Service	550
32,502		34,569
	<b>Capital Contributions</b>	
2,342	Disabled Facilities Grant	2,546
2,342		2,546
	<b>Temporary Contributions</b>	
7,255	Improved Better Care Fund	8,706
0	Community Grants ICB Contribution	183
1,451	Winter Pressures (WP)	0
8,706		8,889
43,550	<b>Total Better Care Fund and Improved Better Care Fund</b>	46,004

2022/23 Total	Expenditure	2023/24 Cheshire East Footprint Total £000
£000		
	<b>Revenue Expenditure</b>	
20,091	Cheshire & Merseyside ICB	21,233
2,302	Cheshire & Merseyside ICB – Discharge Funding	2,423
8,472	Cheshire East BCF	9,142
1,209	Cheshire East BCF – Discharge Funding	1,221
0	Cheshire East – Community Equipment Service	550
7,255	Cheshire East (iBCF)	8,706
0	Community Grants ICB Contribution	183
1,451	Cheshire East (WP)	0
40,780		43,458
	<b>Capital Expenditure</b>	
2,342	Disabled Facilities Grant	2,546
2,342		2,546
43,122	<b>Total</b>	46,004

2022/23 Total  £000	Variance	2023/24 Cheshire East Footprint Total £000
	<b>Revenue Variance</b>	
(242)	Cheshire CCG – Discharge Funding	0
(185)	Cheshire East BCF	0
(427)		0
(427)	<b>Total</b>	0
(427)	<b>Net Overspend / (Underspend)</b>	0

**Balance attributable to Cheshire East for Better Care Fund**

2022/23 Cheshire East £000		2023/24 Cheshire East £000
	<b>Current Assets</b>	
2,545	Cash in Hand	3,459
	<b>Current Liabilities</b>	
2,118	Creditors	3,459
	<b>General Reserves</b>	
427	Better Care Fund Reserve	0

### 36. Contingent Liabilities and Contingent Assets

There are no material contingent assets and liabilities at the balance sheet date.

Contingent assets and liabilities that are material to any of the Council's wholly owned companies are disclosed in the notes of the respective single entity accounts.

### 37. Events after the Reporting Period

These accounts have been authorised for issue by the Interim Chief Finance Officer – Section 151 Officer – Section 151 Officer on 17<sup>th</sup> July 2024 and reflect all known post Balance Sheet events affecting the financial statements for the financial year 2023/24 up to this date. Events taking place after this date are not reflected in the financial statements or notes.

Where events took place before this date, providing that information about conditions existed at 31<sup>st</sup> March 2024, the figures in the financial statements and notes have been adjusted in all material respects to reflect the impact of this information.

#### Academy Conversions

There have been no academy conversions since the 1<sup>st</sup> April 2024.

#### Prior year (2021/22 & 2022/23) IAS19 Report misstatement

On the 14th November 2024, the Council were made aware via the Cheshire Pension Fund that the Actuary, Hymans Robertson, had identified an error which had occurred in the Council's IAS19 report for March 2022. The error had been identified as part of preparations by the Actuary ahead of the 2025 valuation.

The Actuary had identified that certain data in respect of ceased contractors and historic employers (pre 2009 Local Government Reorganisation) was omitted from the Cheshire East Council Pool valuation assets, this has resulted in the assets attributable to the Council at 31 March 2022 being overstated. The overstated asset figure had rolled forward into the 2022/23 and 2023/24 IAS19 reports and therefore requires correction due to the material effect in the opening position of the 2022/23 Statement of Accounts.

The system error has been corrected by the Actuary and necessary steps are in place to reduce the possibility of this happening again. To rectify the misstatement, the Actuary prepared revised IAS19 accounting reports for the Council as at 31 March 2022, allowing for the corrected valuation positions and subsequent updated reports for 31 March 2023 and 31 March 2024.

As a consequence, the Council received revised IAS19 reports and restated the 2021/22 prior year comparative statements and the associated notes through the Statement of Accounts approved for the period ended 31 March 2023.

### 38. Assumptions made about the Future & Other Major Sources of Estimation Uncertainty

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

The items in the Council's balance sheet at 31<sup>st</sup> March 2024 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:

Item	Uncertainties	Effect if Actual Results Differ from Assumptions
Property Valuations	The Council carries out an asset valuation and asset life assessment each year on selected asset categories based on its assessment of risk determined by market conditions (e.g. inflation, interest rates, certainty of expected cash flows, changes in supply and demand) and asset use (NBV £1.2bn as at 31 <sup>st</sup> March 2024).	A 1% fall in property values would result in a reduction of £11.6m in the value of property held on the balance sheet. If a loss this could mean either a reduction in the balance held in the Revaluation Reserve and/or a loss to the Comprehensive Income & Expenditure Account. If a gain this would mean an increase in the Revaluation Reserve and/or the Comprehensive Income & Expenditure Account If asset lives were to reduce by 10% there would be an increase in the annual depreciation charge of £5.11m that would be reduce the value of assets held on the balance sheet. .
Pensions Liability	Estimation of the net assets (£115.0m as at 31 <sup>st</sup> March 2023, before the notional asset ceiling adjustment) to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. The Council adopts the assumptions proposed by the Cheshire Pension Fund Actuary, Hymans Robertson LLP. These assumptions are prepared on a neutral basis which means that, in the Actuary's opinion, there is an equal chance of actual experience being better or worse than the 'best estimate' assumptions proposed.	The effects on the net pension liability of changes in individual assumptions can be measured. For instance, a 0.1% decrease in the discount rate assumption would result in an increase in the Local Government Pension Scheme liability of approximately 2%, or £23.7m. A sensitivity analysis is included in <b>Note 29</b> , Defined Benefit Pension Schemes.

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

## 39. Critical Judgement in Applying Accounting Policies

In applying the accounting policies set out in **Note 41**, the Council has had to make certain judgements about complex transactions or those involving uncertainty about future events. The critical judgements made in the Statements of Accounts are:

### Group Accounts

An assessment of the Council's interests has been carried out during the year in accordance with the Code of Practice to determine the Group relationships that exist. Inclusion in the Group is dependent upon the extent of the Council's control over the entity as demonstrated through ownership, such as a shareholding in an entity or representation on an entity's board of directors. In accordance with the assessment of both the qualitative and quantitative factors the Group accounts of Cheshire East Council include the combined results of Ansa Environmental Services Limited, and Orbitas Bereavement Services Limited.

The Council has considered the following related parties and assessed that they do not fall within the Group accounts boundary for the following reasons:

- Everybody Health and Leisure - excluded on the grounds of lack of control and influence over the leisure trust;
- Tatton Park Enterprises Limited, Cheshire and Warrington Development Fund Limited and Cheshire and Warrington Enterprise Partnership Limited - excluded on the grounds of immateriality;
- Alderley Park Investments and Northwest Evergreen Partnership Limited – excluded on the grounds of lack of significant control and influence.

### Private Finance Initiative

The Council has one PFI contract for extra care housing. It has determined that it substantially controls both the service provided from and the residual value of the assets used to deliver the contract. Consequently, the assets relating to the Extra Care Housing scheme (£19.5m) have been recognised on the balance sheet as property, plant and equipment, in accordance with IFRIC 12 'Service Concession Arrangements'. Details of the values of these assets are disclosed in **Note 7** and **Note 32**.

### Accounting for Schools:

#### Consolidation

- In line with Accounting Standards and the Code on Group Accounts and consolidation, all maintained schools in the Borough are considered to be entities controlled by the Council. Rather than produce Group Accounts the income, expenditure, assets, liabilities, reserves and cash flows of each school are recognised in the Council's single entity accounts.
- The transactions relating to the income and expenditure for schools are included in the Comprehensive Income and Expenditure Statement under Education and Children's services, this treatment is consistent with previous years, see Accounting Policy **Note 41(p)**.

#### Balance Sheet Recognition of Schools

The Council recognises the land and buildings used by schools in line with the provisions of the CIPFA Code of Practice. It states that property used by local authority maintained schools should

be recognised in accordance with the asset recognition tests relevant to the arrangements that prevail for the property. IAS16 (Property, Plant and Equipment) determines that an asset shall be recognised on the balance sheet if:-

- it is possible that the future economic benefits or service potential associated with the item will flow to the authority, that is the authority does not have to own the item but have gained the rights to generate cash from the item or to use it for the provision of services;
- the cost of the item can be measured reliably; where costs are identifiable and not an integral part of some wider expenses.

In accordance with the Code of Practice the Council has completed a school-by-school assessment across the different types of schools. Judgements have been made to determine the arrangements in place and the accounting treatment of the land and building assets, where it is deemed that the Local Authority has overall control of the building regardless of legal ownership a school will be included on the balance sheet.

When a maintained school converts to an Academy, the school's non-current assets held on the Council's Balance Sheet are treated as a disposal. The carrying value of the asset is written off to Other Operating Expenditure in the Comprehensive Income and Expenditure Statement. Any revaluation gains accumulated for the asset in the Revaluation Reserve are transferred to the Capital Adjustment Account. The written-off asset value is not a charge against the General Fund, as the cost of non-current asset disposals resulting from schools transferring to an Academy status is fully provided for under separate arrangements for capital financing. Amounts are appropriated to the Capital Adjustment Account from the General Fund Balance in the Movement in Reserves Statement.

The Council has included the following schools on its balance sheet.

School Status as at 31 <sup>st</sup> March 2024	Alternative Provision	Nursery	Primary	Secondary	Special	Total
Community	0	1	25	2	3	<b>31</b>
Voluntary Aided	0	0	17	0	0	<b>17</b>
Voluntary Controlled	0	0	7	0	0	<b>7</b>
Foundation	0	0	1	1	0	<b>2</b>
<b>Total</b>	<b>0</b>	<b>1</b>	<b>50</b>	<b>3</b>	<b>3</b>	<b>57</b>

#### 40. Accounting Standards Issued but yet to be Adopted

The Code of Practice on Local Authority Accounting in the United Kingdom (the Code) 2023/24 requires the Council to disclose information setting out the impact of accounting changes by a new accounting standard that has been issued but not yet adopted by the Code. The relevant changes relate to the following standards all of which will be amended for accounts produced for financial periods starting after 1<sup>st</sup> April 2024.

- Classification of Liabilities as Current or Non-current (Amendments to IAS 1)
- Non-current Liabilities with Covenants (Amendments to IAS 1)
- International Tax Reform: Pillar Two Model Rules (Amendments to IAS 12)
- Supplier Finance Arrangements (Amendments to IAS 7 and IFRS 7)

None of these amendments are expected to have a material impact on the information contained in the Council's financial statements.

- **IFRS 16:** Leases will require local authorities that are lessees to recognise most leases on their balance sheets as right-of-use assets with corresponding lease liabilities (there is an exemption for low-value and short-term leases). CIPFA/LASAAC have deferred implementation of IFRS16 for Local Government to 1<sup>st</sup> April 2024. Work is ongoing to quantify the impact and further details will be included in the 2024/25 accounts when the standard has been adopted.

## 41. Accounting Policies

### General Principles

The Statement of Accounts summarises the Council's transactions for the 2023/24 financial year and its balance sheet position as at 31<sup>st</sup> March 2024. The Council is required by The Accounts and Audit (England) Regulations 2015 to prepare an annual Statement of Accounts, and those regulations require it to be prepared in accordance with proper accounting practices. These practices primarily comprise the CIPFA Code of Practice on Local Authority Accounting in the United Kingdom 2023/24 supported by International Financial Reporting Standards (IFRS) and the update to the Code and Specifications for Future Codes for Infrastructure Assets published in November 2022.

The Statement of Accounts has been prepared on a 'going concern' basis. The accounting convention adopted in the Statement of Accounts is principally historical cost, modified by the revaluation of certain categories of non-current assets and financial instruments.

### 41(a) Accounting for Council Tax and Non-Domestic Rates (NDR)

The collection of Council Tax and Non-Domestic Rates (NDR) is, as identified in the Code of Practice for Local Authority Accounting, in substance, an agency arrangement for both billing authorities and major preceptors. The Council is the billing authority in this arrangement, while Police and Fire are the preceptors. Therefore, the income included in each body's Comprehensive Income and Expenditure Statement for the year is their proportion of accrued income for the year. The cash collected belongs proportionately to the Council and the preceptors.

There is, therefore, a debtor / creditor position between the billing authority and each major preceptor recognised in the balance sheets. The Council only recognises in its balance sheet the Council's share of any outstanding arrears, receipts in advance, receivables impairment allowance and provision for alteration of lists and appeals allowance.

The difference between the income included in the Comprehensive Income and Expenditure Statement, and the amount required by regulation to be credited to the General Fund is taken to the Collection Fund Adjustment Account and included in the Movement in Reserves Statement.

The cost of collection allowance received by Cheshire East Council is the billing authority's income and is included in the Comprehensive Income and Expenditure Statement.

### 41(b) Accruals of Income and Expenditure

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

- Revenue from contracts with service recipients, whether for services or the provision of goods, is recognised when (or as) the goods or services are transferred to the service recipient in accordance with the performance obligations in the contract.
- Supplies are recorded as expenditure when they are consumed – where there is a gap between the date supplies are received and their consumption, they are carried as inventories on the Balance Sheet.
- Expenses in relation to services received (including services provided by employees) are recorded as expenditure when the services are received rather than when payments are made.

- Interest receivable on investments and payable on borrowings is accounted for respectively as income and expenditure on the basis of the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract.
- Where revenue and expenditure have been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet. Where debts may not be settled, the balance of debtors is written down and a charge made to revenue in financing and investment income and expenditure for the income that might not be collected.

#### **41(c) Cash and Cash Equivalents**

Cash is represented by cash in hand and deposits with financial institutions that are immediately repayable without penalty. Cash equivalents are highly liquid investments held at the balance sheet date that are readily convertible to known amounts of cash on the balance sheet date with insignificant risk of change in value.

In the Cash Flow Statement, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Council's approach to cash management.

#### **41(d) Charges to Revenue for Non-Current Assets**

Service Income and Expenditure Accounts, support services and trading accounts are debited with the following amounts to record the real cost of holding non-current assets during the year:

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

The Council is not required to raise Council Tax to fund depreciation, revaluation and impairment losses or amortisations. However, it is required to make an annual contribution from revenue towards the reduction in its overall borrowing requirement equal to an amount calculated on a prudent basis determined by the Council in accordance with statutory guidance. Depreciation, revaluation, impairment losses and amortisation are therefore replaced by the contribution in the General Fund balance (Minimum Revenue Provision), by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement for the difference between the two.

#### **41(e) Employee Benefits**

##### **Benefits Payable during Employment**

Short-term employee benefits are those due to be settled within 12 months of the year end. They include such benefits as salaries, paid annual leave and paid sick leave for current employees. These are recognised as an expense for services in the year in which employees render service to the Council.

An accrual is made for the cost of leave entitlements which were not taken before the year end and which employees can carry forward to the next financial year. The accrual is made at the salary rates applicable in the following accounting year, being the period in which the employee takes the benefit.

## Termination Benefits

Termination Benefits are amounts payable as a result of a decision by the Council to terminate an officer's employment before the normal retirement date or an officer's decision to accept voluntary redundancy in exchange for those benefits and are charged on an accruals basis to the appropriate service or, where applicable, to the Central Budgets line in the Comprehensive Income and Expenditure Statement at the earlier of when the Council can no longer withdraw the offer of those benefits or when the Council recognised costs for a restructuring.

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

Details of Termination Benefits are contained in **Note 24**.

## Post-Employment Benefits

Local authorities are required by the Code to account for post-employment benefits in accordance with IAS19 'Employee Benefits as amended in 2011'. Most employees of the Council participate in one of three pension schemes which meet the needs of employees in particular services (further details are provided in **Note 28** and **Note 29** to the financial statements). These Schemes provide defined benefits to members (retirement lump sums and pensions) based on membership earned during the time that the employee was a member of the Scheme.

There are two types of scheme:

### 1) Defined Benefit Schemes

A defined benefit scheme is one for which post-employment benefits are determined independently of the investments of the plan, with employers having an obligation to make further contributions where assets are insufficient to meet employee benefits. Employer contributions are accounted for as revenue expenditure in the period to which they relate. Additionally, liabilities are recognised as benefits are earned and, for funded schemes, are matched with the organisation's attributable share of scheme assets. Liabilities are the post-employment benefits that have been promised under the formal terms of a pension scheme, measured on an actuarial basis; assets are the Authority's attributable share of the investments held in the pension scheme to cover the liabilities and are measured at fair value at the balance sheet date.

- **Local Government Pension Scheme (LGPS)**

The LGPS is a funded scheme, meaning that the Scheme's liabilities are backed by investment assets. It is a statutory defined benefit scheme and all employees of Cheshire East Council (excluding teachers and employees in the NHS Pension Scheme) may participate in the Scheme. The Council and its employees pay contributions into the Cheshire Pension Fund, which is administered by Cheshire West and Chester Council. The Council contributes to the Fund at a rate which is intended to fund the growth in pensions over the longer term, as calculated by the Fund's independent Actuary.

The LGPS Scheme is accounted for as a defined benefit scheme in accordance with International Accounting Standard 19 (IAS19). The liabilities of the Scheme attributable to Cheshire East Council are included in the balance sheet on an actuarial basis, using the projected unit method. The assets of the Fund are included at their fair value. Any changes in the present value of the defined benefit obligation resulting from experience adjustments and / or changes in actuarial assumptions are accounted for in the year in which they arise.

As part of the Cheshire East Group, employees of the Council's wholly owned and controlled companies participate in the LGPS. A tripartite agreement is in place between the Council, the respective companies and the Cheshire Pension Fund to the effect that each company's obligation to Cheshire Pension Fund is limited only to paying fixed employer contributions as they fall due - they have no legal or constructive obligation to pay further contributions to Cheshire Pension Fund over and above a fixed contribution; and the economic substance of the principal terms and conditions for the companies means that, with reference to IAS 19, they account for the pension plan as if it were a defined contribution plan. The Council holds all the investment and actuarial valuation risk and its obligation to Cheshire Pension Fund is in respect of any exit (end of contract) deficits/ surpluses; consequently the Council accounts for the liabilities of the Scheme attributable to the whole of the Cheshire East Group on its balance sheet, and also any changes in the present value of the defined benefit obligation resulting from experience adjustments and / or changes in actuarial assumptions are accounted for in the Council's comprehensive income and expenditure statement in the year in which they arise.

- **Teachers Unfunded Scheme (Discretionary Benefit Scheme)**

The Council is also responsible for any discretionary retirement benefits awarded by the Council to teachers on a discretionary basis. These awards fall outside the scope of the Teachers' Pension Scheme and are referred to in the accounts as the Teachers Unfunded Scheme. This Scheme is accounted for on a defined benefit basis using the same policies that are applied to the Local Government Pension Scheme. The liabilities of the Scheme attributable to the Council are included in the balance sheet on an actuarial basis using the projected unit method.

- Under IFRIC14, an asset ceiling limits the amount of the net pension asset that can be recognised to the lower of (1) the amount of the net pension asset or (2) the present value of any economic benefits available in the form of refunds or reductions in future contributions to the plan.

## 2) Defined Contribution Schemes

Defined contribution schemes are pension plans where the level of benefits depends on the value of the contributions paid in respect of each member and the investment performance achieved on those contributions. The rate of contribution is determined by the scheme's rules and the employer's liability is limited by the contributions it has agreed to pay. The employer has no obligation to pay further amounts if the scheme does not have sufficient assets to pay employee benefits. Employer contributions for defined contribution schemes are accounted for as revenue expenditure in the period to which they relate, with the balance sheet reflecting only the extent of any prepaid or outstanding contributions.

The following schemes are technically defined benefit schemes. However, the Council is not able to identify its share of either Scheme's underlying surpluses or deficits with sufficient reliability for accounting purposes. Therefore, for the purposes of this Statement of Accounts, they are accounted for on the same basis as a defined contribution scheme, with the Council's obligation being limited

to the contributions payable to the Scheme for the financial year in question. No actuarial assumptions are required to measure the obligation or expense, and there are no remeasurement gains or losses.

- **Teachers' Pensions Scheme (TPS)**

Teachers employed by the Council are members of the Teachers' Pension Scheme, a multi-employer defined benefit scheme which is administered by Teachers Pensions on behalf of the Department for Education (DfE). The scheme is unfunded and the DfE uses a notional fund as the basis for calculating the employers' contribution rate paid by local authorities. Valuations of the notional fund are undertaken every four years. The Scheme provides teachers with specified benefits upon their retirement, and the Council contributes towards the costs by making contributions based on a percentage of members' pensionable salaries. The Council is not liable for any other entities' obligations under the plan.

- **NHS Pension Scheme**

A small number of Council employees are members of the NHS Pension Scheme.

### **3) Wholly Owned and Controlled Companies within the Cheshire East Group**

As noted above, being part of the Cheshire East Group, employees of the Council's wholly owned and controlled companies participate in the Local Government Pension Scheme (defined benefit scheme). However, the existence of a tripartite agreement between the Council, the respective companies and the Cheshire Pension Fund ensures that each company's obligation to Cheshire Pension Fund is limited only to paying fixed employer contributions as they fall due; and also that the Council's obligation to Cheshire Pension Fund is in respect of any exit (end of contract) deficits/surpluses; i.e., the Council holds all the investment and actuarial valuation risk. Consequently, with the tripartite agreement in place each subsidiary company has no legal or constructive obligation to pay further contributions to Cheshire Pension Fund over and above a fixed contribution; and the economic substance of the principal terms and conditions for the companies means that, with reference to IAS 19, they account for the pension plan as if it were a defined contribution plan.

#### **41(f) Financial Instruments**

Financial liabilities are recognised on the Balance Sheet when the Council becomes a party to the contractual provisions of a financial instrument. They are initially measured at fair value and are carried at their amortised cost (carrying value). Interest payable on such amounts is charged to the CIES by multiplying the carrying value by the effective interest rate. For most of the borrowings that the Council has, this means that the amount presented in the Balance Sheet is the outstanding principal repayable (plus accrued interest); and interest charged to the CIES is the amount payable for the year according to the loan agreement.

Penalties on the early repayment of existing loans are debited to the Financing and Investment Income and Expenditure line in the CIES in the year of early repayment.

Where the early repayment involves the exchange of an existing loan for a new replacement loan (modification), then the cost of any penalty for the early repayment of the loan is added to the carrying value of the new replacement loan and charged to the CIES over the life of the replacement loan as part of the interest charge on the loan. Where penalties for early repayment have been charged to the CIES, regulations allow the impact on the General Fund to be spread over future years. The Council has a policy of spreading such penalties over the remaining term of the replacement loan. The reconciliation of amounts charged to the CIES to the net charge required

against the General Fund is managed by a transfer to or from the Financial Instruments Adjustment Account in the Movement in Reserves Statement.

## Financial Assets

Financial assets are classified and measured according to the reason the Council has for holding the financial assets and the asset's cash flow characteristics.

There are three main classes and measurement bases for financial assets:

- at amortised cost
- at fair value through profit or loss (FVPL), and
- at fair value through other comprehensive income (FVOCI)

The Council's business model is to buy and hold investments in order to collect contractual cash flows i.e., payments of interest over the term of the asset and repayment of the principal amount invested at the end. Most of the Council's financial assets are therefore classified as being at amortised cost.

### Financial Assets Measured at Amortised Cost

For most of the financial assets held by the Council, this means that the amount presented in the Balance Sheet is the outstanding principal receivable (plus accrued interest). Likewise, the amount of interest credited to the CIES is the amount receivable for the year as per the loan agreement. Any profit or loss on the sale of the financial asset is debited / credited to the Financing and Investment Income and Expenditure line in the CIES in the year of sale.

### Financial Assets Measured at Fair Value through Profit of Loss (FVPL)

These assets are initially measured at fair value (market price). At each balance sheet date the asset's fair value is re-measured to the current fair value (market price). Changes in fair value between balance sheet dates are charged or credited to the Surplus / Deficit on the Provision of Services (SDPS).

The fair values of such assets are determined as follows:

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

When an asset measured at FVPL is sold any profit or loss on sale is credited or debited to the Financing and Investment Income and Expenditure line in the CIES.

IFRS 9 Financial Instruments sets out that equity type investments should be classified as fair value through profit and loss unless there is an irrevocable election to recognise changes in Fair Value through other Comprehensive Income. The Council will assess each equity type investment on an individual basis and assign an IFRS 9 category. The assessment will be based on the underlying purpose for holding the financial instrument. Any changes in the fair value of instruments held at fair value through profit or loss will be recognised in the net cost of service in the CIES and will have a General Fund impact.

### Financial Assets measured at Fair Value through Other Comprehensive Income (FVOCI)

The Council measures its equity instruments at fair value through Other Comprehensive Income (FVOCI). It has made an irrevocable election to designate the equity instruments as FVOCI on the basis that they are not held for trading but are held for longer term strategic purposes.

The asset is initially measured and subsequently re-measured to current fair value at each balance sheet date. Dividend income is credited to Financing and Investment Income and Expenditure in the CIES when it becomes receivable by the Council. Changes in fair value between balance sheet dates are charged / credited to Other Comprehensive Income and Expenditure and are matched by an entry in the Financial Instruments Revaluation Reserve. This matching entry means that there is no impact on the SDPS at that time. When the asset concerned is finally sold the cumulative profits or losses previously recognised in Other Comprehensive Income and Expenditure (i.e., sale proceeds less original cost) is transferred from the Financial Instruments Revaluation Reserve and recognised in the SDPS.

### Expected Credit Loss Model

The Council recognises expected credit losses (i.e., non-payment of principal and / or interest) on all of its financial assets held at amortised cost (or where relevant FVOCI). Usually only credit losses arising in the next 12 months are calculated. Lifetime losses are only recognised when the risk of the amount lent out not being made in full, increases significantly over the year. Trade receivables (debtors) and HRA tenant debtors are permitted to use the simplified approach to expected credit losses. Impairment losses are calculated to reflect the expectation that the future cash flows might not take place because the borrower could default on their obligations.

### 41(g) Grants and Contributions

Whether paid on account, by instalments or in arrears, Government grants and third-party contributions and donations are recognised as due to the Council when there is reasonable assurance that the Council will comply with the conditions attached to the payments, and the grants or contributions will be received.

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

Monies advanced as grants and contributions for which conditions have not been satisfied are carried in the balance sheet as creditors. When conditions are satisfied, the grant or contribution is credited to the relevant service line (attributable revenue grants and contributions) or Taxation and Non-Specific Grant Income (non ring-fenced revenue grants and all capital grants) in the CIES. Where a capital grant or contribution has been received, and conditions remain outstanding at the balance sheet date, the grant or contribution is recognised as part of the Capital Grants Receipts in Advance. Once the condition has been met, the grant or contribution is transferred from the Capital Grants Receipts in Advance and recognised as income in the CIES.

### 41(h) Investment Property

Investment properties are measured initially at cost and subsequently at fair value. Properties are not depreciated but are revalued annually according to market conditions at the year end. Gains and losses on revaluation are posted to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. However, revaluation and disposal gains and losses are not permitted by statutory arrangements to have an impact on the General Fund balance. The gains and losses are therefore reversed out of the General Fund balance in the Movement in Reserves Statement and posted to the Capital Adjustment Account.

## 41(i) Leases

Leases are classified as finance leases where the terms of the lease transfer substantially all the risks and rewards incidental to ownership of the property, plant or equipment from the lessor to the lessee. All other leases are classified as operating leases.

Where a lease covers both land and buildings, the land and buildings elements are considered separately for classification.

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

### The Council as Lessee

#### Finance Leases

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

Lease payments are apportioned between:

- a charge for the acquisition of the interest in the Property, Plant or Equipment – applied to write down the lease liability, and
- a finance charge (debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement).

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

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

#### Operating Leases

Rentals paid under operating leases are charged to the Comprehensive Income and Expenditure Statement as an expense of the services benefiting from use of the leased property, plant or equipment. Charges are made on a straight-line basis over the life of the lease; even if this does not match the pattern of payments (e.g., there is a rent-free period at the commencement of the lease).

### The Council as Lessor

#### Finance Leases

Where the Council grants a finance lease over a property or an item of plant or equipment, the relevant asset is written out of the balance sheet as a disposal. At the commencement of the lease, the carrying amount of the asset in the balance sheet (whether Property, Plant and Equipment or Assets Held for Sale) is written off to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. A gain, representing the Council's net investment in the lease, is credited to the same line in the Comprehensive Income and Expenditure Statement also as part of the gain or loss on disposal (i.e., netted off against the carrying value of the asset at the time of disposal), matched by a lease (long-term debtor) asset in the balance sheet.

Lease rentals receivable are apportioned between:

- a charge for the acquisition of the interest in the property – applied to write down the lease debtor (together with any premiums received), and
- finance income (credited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement)

The gain credited to the Comprehensive Income and Expenditure Statement on disposal is not permitted by statute to increase the General Fund balance and is required to be treated as a capital receipt. Where a premium has been received, this is posted out of the General Fund balance to the Capital Receipts Reserve in the Movement in Reserves Statement. Where the amount due in relation to the lease asset is to be settled by the payment of rentals in future financial years, this is posted out of the General Fund balance to the Deferred Capital Receipts Reserve in the Movement in Reserves Statement.

The written-off value of disposals is not a charge against Council Tax, as the cost of Property, Plant and Equipment is fully provided for under separate arrangements for capital financing. Amounts are therefore appropriated to the Capital Adjustment Account from the General Fund balance in the Movement in Reserves Statement.

### **Operating Leases**

Where the Council grants an operating lease over a property or an item of plant or equipment, the asset is retained in the balance sheet. Rental income is credited to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement. Credits are made on a straight-line basis over the life of the lease, even if this does not match the pattern of payments (e.g., there is a premium paid at the commencement of the lease). Initial direct costs incurred in negotiating and arranging the lease are added to the carrying amount of the relevant asset and charged as an expense over the lease term on the same basis as rental income.

### **41(j) Pooled Budgets**

The Better Care Fund was announced in June 2013 with the intention to drive the transformation of local services and was to be operated through pooled budget arrangements between the Council and local Clinical Commissioning Groups. Specific resources were earmarked for the Better Care Fund by NHS England in its allocation to Clinical Commissioning Groups. The remainder of the fund was made up of the Social Care Capital Grant and the Disabled Facilities Grant which were paid to local authorities.

In accounting for the pooled resources, in agreement with the Clinical Commissioning Groups:

- Activity where funding was received and expended under the control of Clinical Commissioning Groups has been accounted for in their accounts
- Activity where funding was received and expended under the control of the Council has been accounted for in its accounts

- Activity where funding was under joint control has been accounted for on the basis of the share for each organisation

Further details on the Better Care Fund are provided in **Note 35**, Pooled Budgets.

#### 41(k) Property, Plant and Equipment

Assets that have physical substance and are held for use in the production or supply of goods or services, for rental to others, or for administrative purposes and that are expected to be used during more than one financial year are classified as Property, Plant and Equipment.

#### Recognition and Measurement

Expenditure on the acquisition, creation or enhancement of Property, Plant and Equipment is capitalised on an accruals basis, provided that it is probable that the future economic benefits or service potential associated with the item will flow to the Council and the cost of the item can be measured reliably. Expenditure that maintains but does not add to an asset's potential to deliver future economic benefits or service potential (i.e., repairs and maintenance) is charged as an expense when it is incurred.

The Council applies a capital expenditure de minimus level of £10,000.

Assets are initially measured at cost, comprising the purchase price, and any costs attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended.

Assets are then carried in the balance sheet using the following measurement bases:

- Assets under construction – historical cost.
- Council offices – current value, determined as the amount that would be paid for the asset in its existing use (existing use value – EUV).
- School buildings – current value, but because of their specialist nature, are measured at depreciated replacement cost using the Modern Equivalent Asset approach.
- Surplus assets – the current value measurement base is fair value, estimated at highest and best use from a market participant's perspective.
- Vehicles, plant, furniture and equipment – depreciated historical cost is used as an estimate for current value.
- All other assets – current value, determined as the amount that would be paid for the asset in its existing use (EUV).

The values of properties used in the accounts are based on certificates issued by the Assets Manager, Montagu Evans LLP and the Farms Estate Shared Service manager.

#### Revaluations

Where assets are revalued (i.e., the carrying amount is based on current value), revaluations are made with sufficient regularity to ensure that the carrying amount does not differ materially from that which would be determined using the current value at the end of the reporting period. The items within a class of Property, Plant and Equipment are revalued simultaneously to avoid selective revaluation of assets and the reporting of amounts in the financial statements that are a mixture of costs and values as at different dates. However, a class of assets may be revalued on a rolling basis provided revaluation of the class of assets is completed within a short period and provided

the revaluations are kept up to date. Valuations shall be carried out at intervals of no more than five years.

Any increases in the valuation of properties since April 2007 arising from general price level movements are matched by corresponding credits to the Revaluation Reserve. Any revaluation increases/decreases that took place prior to 1<sup>st</sup> April 2007 are recorded in the Capital Adjustment Account.

Gains recognised on revaluation of Property, Plant and Equipment are matched by credits to the Revaluation Reserve to recognise an unrealised gain, unless the asset has previously been subject to an impairment loss or revaluation decrease charged to the Surplus or Deficit on the Provision of Services. In this case the gain is credited to the Comprehensive Income and Expenditure Statement.

Where a revaluation loss occurs as a result of revaluation to account for downward changes in market value, the decrease is recognised in the Revaluation Reserve to the extent the asset had previously been revalued upwards and thereafter in the surplus or deficit on the Provision of Services.

### **Impairment**

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

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

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

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

### **Disposals and Non-Current Assets Held for Sale**

When it becomes probable that the carrying amount of an asset is recovered principally through a sale transaction rather than through its continuing use, it is reclassified as an Asset Held for Sale. The following strict criteria have to be met before an asset can be classified as held for sale:

- The asset must be available for immediate sale in its present condition and is being marketed for sale at a price that is reasonable in relation to its fair value;
- The sale must be highly probable, the appropriate level of management must be committed to a plan to sell the asset and an active programme to locate a buyer and complete the plan must have been initiated;
- The sale should be expected to qualify for recognition as a completed sale within one year of the date of classification.

The asset is revalued immediately before reclassification and then carried at the lower of this amount and fair value less costs to sell. Where there is a subsequent decrease to fair value less costs to sell, the loss is posted to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement. Gains in fair value are recognised only up to the amount of any previous losses recognised in the Surplus or Deficit on Provision of Services. Depreciation is not charged on Assets Held for Sale.

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

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

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

The written-off value of disposals is not a charge against Council Tax, as the cost of Property, Plant and Equipment is fully provided for under separate arrangements for capital financing. Amounts are appropriated to the Capital Adjustment Account from the General Fund balance in the Movement in Reserves Statement.

### Capital Receipts

Capital receipts are the amounts derived from the sale of capital assets. The Capital Receipts policy is to ensure that capital receipts are used in the most beneficial way to support corporate priorities and strategic objectives of the Council. This will mean that all receipts will be pooled centrally. The policy is intended to separate the use of resources from the means of acquiring resources therefore supporting the strategic approach to capital investment. The Council has implemented a Disposals Policy as part of the Asset Management Plan; where property assets are not meeting the Council's objectives, their retention will be subject to asset challenge and a process of rationalisation and disposal for surplus/under-performing property will be adopted.

### Depreciation

Depreciation is provided for on all Property, Plant and Equipment assets by the systematic allocation of their depreciable amounts over their useful lives. An exception is made for assets without a determinable finite useful life (i.e., freehold land and certain Community Assets), assets that are not yet available for use (i.e., assets under construction), investment properties carried at fair value and land where it can be demonstrated that the asset has an unlimited useful life (excluding land subject to depletion, i.e., quarries and landfill sites). It is not charged in the year of acquisition, or on revaluations in the year of revaluation. In the year of disposal, depreciation is calculated for the whole year.

Depreciation is calculated on the following bases:

- dwellings and other buildings (including surplus assets) – straight-line allocation over the useful life of the property, (ranging up to 50 years) as estimated by the valuer;
- vehicles, plant, furniture and equipment – a straight line allocation over the useful life of the asset, (ranging up to 15 years) as advised by a suitably qualified officer;

No depreciation charges are made for land, assets under construction, investment properties and community assets.

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

### **Componentisation**

IAS16 requires all components of an asset with a significant cost in relation to the total cost of the asset to be depreciated separately. The principal distinction is between Land (no depreciation) and Buildings (depreciable).

Where an item of Property, Plant and Equipment has major components with costs significant in relation to the total cost of the item, the components are depreciated separately. The main components of buildings are identified as 'main structure', 'temporary buildings and external works, and 'services and specialist equipment'. The requirement for componentisation for depreciation purposes only applies to enhancement and acquisition expenditure incurred, and revaluations carried out, from 1<sup>st</sup> April 2011.

The Council has determined a de-minimus asset value of £1.9m as a basis for componentising depreciation charges.

### **41(I) Highways Infrastructure Assets**

Highways infrastructure assets include carriageways, footways and cycle tracks, structures (e.g., bridges), street lighting, street furniture (e.g., illuminated traffic signals, bollards), traffic management systems and land which together form a single integrated network.

### **Recognition**

Expenditure on the acquisition or replacement of components of the network is capitalised on an accrual basis, provided that it is probable that the future economic benefits associated with the item will flow to the Authority and the cost of the item can be measured reliably.

### **Measurement**

Highways infrastructure assets are generally measured at depreciated historical cost. However, this is a modified form of historical cost – opening balances for highways infrastructure assets were originally recorded in balance sheets at amounts of capital undischarged for sums borrowed as at 1<sup>st</sup> April [1994 England] [1996 Wales], which was deemed at that time to be historical cost. Where impairment losses are identified, they are accounted for by the carrying amount of the asset being written down to the recoverable amount.

### **Depreciation**

Depreciation is provided on the parts of the highways network infrastructure assets that are subject to deterioration or depletion and by the systematic allocation of their depreciable amounts over their

useful lives. Depreciation is charged on a straight-line basis. Annual depreciation is the depreciation amount allocated each year. Useful lives of the various parts of the highways network are assessed by the Chief Highways Engineer using industry standards where applicable as follows:

Part of the Highways Network	Useful Life
Carriageways	25 Years
Footpaths and Cycle Tracks	25 Years
Structures (bridges, tunnels and underpasses)	120 Years
Street Lighting	40 Years
Street Furniture	20 Years
Traffic Management Systems	15 Years

### Disposals and Derecognition

In accordance with Regulation 30M of the Local Authorities (Capital Finance and Accounting) (England) (Amendment) Regulations 2022 and the temporary relief offered by the update to the Code on infrastructure assets and specifications for future Codes for Infrastructure Assets published November 2022, the authority has chosen not to disclose gross cost and accumulated depreciation for infrastructure assets as the previously reported practices and resultant information deficits mean that gross cost and accumulated depreciation are not measured accurately and would not provide the basis for the users of the financial statements to take economic or other decisions relating to infrastructure assets. Therefore, when a component of the network is disposed of or decommissioned, it is assumed therefore that any carrying value to be de-recognised has a net value of Nil.

Receipts from disposals (if any) are credited to 'Other operating expenditure' in the Comprehensive Income and Expenditure Statement, as part of the gain or loss on disposal. The written-off amounts of disposals are not a charge against Council Tax, as the cost of non-current assets is fully provided for under separate arrangements for capital financing. Amounts are transferred to the capital adjustment account from the General Fund Balance in the Movement in Reserves Statement.

### 41(m) Private Finance Initiative (PFI) and Similar Contracts

PFI and Similar Contracts are agreements to receive services, where the responsibility for making available the Property, Plant and Equipment needed to provide services passes to the PFI contractor. The Council is deemed to control the services that are provided under its PFI scheme and, as ownership of the Property, Plant and Equipment will pass to the Council at the end of the contract for no additional charge, the Council carries the Property, Plant and Equipment used under the contracts on the balance sheet.

The Council is party to one PFI contract in respect of Extra Care Housing. The contract also involves Cheshire West and Chester Council and will terminate in 2039.

The recognition of these assets has been balanced by the recognition of a liability for amounts due to the scheme operator to pay for the assets. The Property, Plant and Equipment recognised on the balance sheet are revalued and depreciated in the same way as Property, Plant and Equipment owned by the Council.

The amounts payable to the PFI operator each year are analysed into five elements:

- fair value of the services received during the year – debited to the relevant service in the Comprehensive Income and Expenditure Statement;
- finance cost – an interest charge on the outstanding balance sheet liability, debited to Financing and Investment Income and Expenditure line on the Comprehensive Income and Expenditure Statement;

- contingent rent – increases in the amount to be paid for the property arising during the contract, debited to the Financing and Investment Income and Expenditure line on the Comprehensive Income and Expenditure Statement;
- payment towards liability – applied to write down the balance sheet liability towards the PFI operator;
- operator lifecycle replacement costs – recognised as Property, Plant and Equipment on the balance sheet.

#### 41(n) Provisions

Provisions are made when the Council recognises that it has an obligation as a result of a past event, when it is probable that a transfer of economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. Provisions are charged to the appropriate service line in the Comprehensive Income and Expenditure Statement in the year when the Council becomes aware of the obligation, based on the best estimate of the likely settlement.

When payments are eventually made, they are charged to the provision carried in the balance sheet. Estimated settlements are reviewed at the end of each financial year and, if no longer required, are reversed and credited back to the Comprehensive Income and Expenditure Statement. Where some or all of the payment required to settle an obligation is expected to be met by another party (e.g., from an insurance claim), this is only recognised as income in the relevant service if it is virtually certain that reimbursement will be received if the obligation is settled.

#### 41(o) Reserves

The Council sets aside specific amounts as reserves for future policy purposes or to cover contingencies and are split between usable and non-usable. Usable Reserves are those reserves that the Council may use to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitation on their use. Unusable reserves cannot be used to provide services; this category includes reserves that hold unrealised gains and losses (e.g., the Revaluation Reserve).

Resources set aside for specific purposes or to meet predicted liabilities are held as 'earmarked reserves'. The Council also sets aside sums as a more general reserve, called the General Fund, to cover the impact of unexpected events or emergencies or provide a working balance to help manage the effect of uneven cash flows. The Council seeks to maintain the General Fund at a level consistent with a detailed assessment of risk as set out in its Reserves Strategy. This assessment is updated annually as part of the Council's Medium Term Financial Planning.

#### 41(p) Schools Accounting

In line with accounting standards and the Code on Group Accounts and consolidation, all maintained schools are now considered to be entities controlled by the Council. Rather than produce Group Accounts the income, expenditure, assets, liabilities, reserves and cash flows of each school are recognised in the Council's single entity accounts. The Council has the following types of maintained schools:

- Community
- Voluntary Aided
- Voluntary Controlled
- Foundation

Dedicated Schools Grant (DSG) is credited to the Comprehensive Income and Expenditure Statement within Net Cost of Service, based on amounts due from the Department for Education for 2023/24. The DSG is allocated between central Council Budget and budgets allocated to individual schools (delegated school budgets). Expenditure from central Council budgets and delegated schools' budgets is charged to the Comprehensive Income and Expenditure Statement under Education and Children's services.

Individual schools' balances at 31<sup>st</sup> March 2024 are included in the balance sheet of the Council under the heading Earmarked Reserves and Balances held by Schools.

Schools Non-Current (fixed) Assets are recognised on the balance sheet where the Council directly owns the assets, where the Council holds the balance of control of the assets or where the school or the school Governing Body own the assets or have had rights to use the assets transferred to them. Where schools transfer to Academies, the value of school buildings are removed from the balance sheet.

### **41(q) Value Added Tax**

Income and expenditure excludes any amounts related to Value Added Tax (VAT), as all VAT collected is payable to HM Revenue and Customs and all VAT paid is recoverable from them. At the year-end any amounts outstanding are represented by a debtor or creditor on the balance sheet.

**Collection Fund Statement 2023/24**

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

2022/23 Council Tax £000	2022/23 Non- Domestic Rates £000	2022/23 Total £000		2023/24 Council Tax £000	2023/24 Non- Domestic Rates £000	2023/24 Total £000
			<b>INCOME</b>			
(313,798)	0	<b>(313,798)</b>	Council Tax	(334,494)	0	<b>(334,494)</b>
0	(123,633)	<b>(123,633)</b>	Non-Domestic Ratepayers	0	(136,347)	<b>(136,347)</b>
(174)	0	<b>(174)</b>	Foster Carers Income from General Fund	(186)	0	<b>(186)</b>
(20)	0	<b>(20)</b>	Other Income from General Fund	(544)	0	<b>(544)</b>
<b>(313,992)</b>	<b>(123,633)</b>	<b>(437,625)</b>		<b>(335,224)</b>	<b>(136,347)</b>	<b>(471,571)</b>
			<b>Contribution towards Previous Year's Deficit</b>			
0	(15,662)	<b>(15,662)</b>	Central Government	0	(3,740)	<b>(3,740)</b>
(114)	0	<b>(114)</b>	Police and Crime Commissioner	(16)	0	<b>(16)</b>
(42)	(313)	<b>(355)</b>	Fire Authority	(7)	(75)	<b>(82)</b>
(840)	(15,349)	<b>(16,189)</b>	Cheshire East Council	(130)	(3,665)	<b>(3,795)</b>
<b>(996)</b>	<b>(31,324)</b>	<b>(32,320)</b>		<b>(153)</b>	<b>(7,480)</b>	<b>(7,633)</b>
			<b>EXPENDITURE</b>			
			<b>Precepts, Demands and Shares</b>			
0	68,607	<b>68,607</b>	Central Government	0	73,847	<b>73,847</b>
36,872	0	<b>36,872</b>	Police and Crime Commissioner	39,765	0	<b>39,765</b>
12,917	1,372	<b>14,289</b>	Fire Authority	13,890	1,477	<b>15,367</b>
263,991	67,234	<b>331,225</b>	Cheshire East Council	281,213	72,370	<b>353,583</b>
<b>313,780</b>	<b>137,213</b>	<b>450,993</b>		<b>334,868</b>	<b>147,694</b>	<b>482,562</b>
			<b>Charges to the Collection Fund</b>			
549	851	<b>1,400</b>	Write-offs	2,979	977	<b>3,956</b>
2,641	(402)	<b>2,239</b>	Provision for Uncollectable Amounts	736	(1,098)	<b>(362)</b>
0	1,211	<b>1,211</b>	Provision for alteration of lists and appeals	0	(11,330)	<b>(11,330)</b>
0	573	<b>573</b>	Costs of Collection	0	578	<b>578</b>
<b>3,190</b>	<b>2,233</b>	<b>5,423</b>		<b>3,715</b>	<b>(10,873)</b>	<b>(7,158)</b>
<b>1,982</b>	<b>(15,511)</b>	<b>(13,529)</b>	<b>(Surplus) / Deficit for the Year</b>	<b>3,206</b>	<b>(7,006)</b>	<b>(3,800)</b>
			<b>Allocation of (Surplus) / Deficit in-year *</b>			
0	(7,756)	<b>(7,756)</b>	Central Government	0	(3,503)	<b>(3,503)</b>
240	0	<b>240</b>	Police and Crime Commissioner	383	0	<b>383</b>
81	(155)	<b>(74)</b>	Fire Authority	132	(70)	<b>62</b>
1,661	(7,600)	<b>(5,939)</b>	Cheshire East Council	2,691	(3,433)	<b>(742)</b>
<b>1,982</b>	<b>(15,511)</b>	<b>(13,529)</b>		<b>3,206</b>	<b>(7,006)</b>	<b>(3,800)</b>

\* In-year position plus contribution towards previous year's (Surplus)/Deficit. See **Note 6** to the Cheshire East Council Statement of Accounts.

## Movements on Collection Fund

2022/23 Council Tax £000	2022/23 Non- Domestic Rates £000	2022/23 Total £000		2023/24 Council Tax £000	2023/24 Non- Domestic Rates £000	2023/24 Total £000
			<b>COLLECTION FUND BALANCE</b>			
1,114	30,692	<b>31,806</b>	Balance at the Beginning of the Year	3,096	15,181	<b>18,277</b>
1,982	(15,511)	<b>(13,529)</b>	(Surplus) / Deficit for the Year (as above)	3,206	(7,006)	<b>(3,800)</b>
<b>3,096</b>	<b>15,181</b>	<b>18,277</b>	<b>Balance at the End of the Year</b>	<b>6,302</b>	<b>8,175</b>	<b>14,477</b>
			<b>Allocation of Collection Fund Balance to:</b>			
0	7,590	<b>7,590</b>	Central Government	0	4,087	<b>4,087</b>
365	0	<b>365</b>	Police and Crime Commissioner	748	0	<b>748</b>
129	152	<b>281</b>	Fire Authority	261	82	<b>343</b>
2,602	7,439	<b>10,041</b>	Cheshire East Council	5,293	4,006	<b>9,299</b>
<b>3,096</b>	<b>15,181</b>	<b>18,277</b>	<b>Balance at the End of the Year</b>	<b>6,302</b>	<b>8,175</b>	<b>14,477</b>

## Notes to the Collection Fund Statement 2023/24

### 1. Non-Domestic Rates

2022/23		2023/24
£354.850m	a) Total Rateable Value at 31 <sup>st</sup> March 2024	£389.477m
51.2p	b) Standard Multiplier	51.2p
49.9p	c) Small Business Multiplier	49.9p

### 2. Precepts and Demands (Council Tax)

2022/23 £000		2023/24 £000
263,991	a) Cheshire East Council (including Parish Precepts)	281,213
36,872	b) Police and Crime Commissioner	39,765
12,917	c) Cheshire Fire Authority	13,890
<b>313,780</b>		<b>334,868</b>

In England, billing authorities act as agents, collecting Council Tax and Non-Domestic Rates (NDR) on behalf of the major preceptors and itself. Council Tax and NDR transactions and balances therefore need to be allocated between the billing authority and major preceptors. This means that Cheshire East Council has to remove from its Comprehensive Income and Expenditure Statement the share of the demand on the Collection Fund and any surplus or deficit in respect of the other major preceptors. Similarly, on the balance sheet the Council has to remove the share of assets and liabilities that relate to the other major preceptors, to leave only the assets and liabilities that relate to the Council.

Consequently, the other major preceptors will show their share of the demand on collection, surplus or deficit on the Fund, assets and liabilities within their own Comprehensive Income and Expenditure Statements and Balance Sheets.

### 3. General

These accounts represent the transactions of the Collection Fund that are required by Section 89 of the Local Government Finance Act 1988 (as amended by the Local Government Finance Act 1992).

### 4. Income and Expenditure – Non-Domestic Rates

In April 2013, the Business Rates Retention Scheme was introduced to replace the previous National Pooling System for business rates. Cheshire East is the billing authority for the scheme and is entitled to retain 49% of the Non-Domestic Rates collected, with 50% being paid over to Central Government and 1% to Cheshire Fire Authority. In 2023/24, Cheshire East's share amounted to £89.237m (net of levy), plus a share of the year end net position (including 100% Renewable Energy rates of £0.093m), less fixed tariff payable to Central Government of £27.641m, resulting in net income to the General Fund of £61.689m.

By comparison, the net income for 2022/23 was £43.146m. This growth is mainly attributable to a significant increase of £10.871m in Section 31 grants issued by Central Government. Another key contributing factor is an increase in retained rates, as per the NNDR1 declaration, of £5.136m. This

is due to the rateable value of commercial properties increasing following the update to the Non-Domestic Ratings List in April 2023. Net income levels have been steadily rising following the Covid-19 pandemic, and they have now returned to pre-pandemic levels.

The net Non-Domestic Rates income for the year is compared to a 'Funding Baseline'. Any amount in excess of this Baseline is subject to a levy or, conversely, if the amount of retained business rates falls below this Baseline, the loss is capped by a safety net payment. Cheshire East has to pay 37p in the £1 to Central Government as a levy, effectively limiting the income the Council can gain from business rates growth.

The net levy payable by Cheshire East in 2023/24 is forecast to be £4.555m, subject to MHCLG confirmation of the audited accounts. By comparison, the net levy payable by Cheshire East in 2022/23 amounted to £2.376m.

Other factors that impact the balance on the Collection Fund include payee accounts in arrears, the provision for alterations of lists and appeals, and the provision for bad debt write-offs.

The carried forward deficit on the Business Rates Collection Fund at the end of 2023/24 is £8.175m. By comparison, the 2022/23 deficit was £15.181m. As net income levels continue to increase following the Covid-19 pandemic, it is anticipated that the Collection Fund deficits will continue to reduce in future years.

Non-Domestic Rates accounts in arrears has seen a reduction of £0.027m compared to the previous year.

The Provision for Business Rates Alterations of Lists and Appeals, and the Provision for Uncollectable Amounts have both seen significant reductions during 2023/24, totalling £12.429m as per the table below.

Business Rates Collection Fund Balances	Balance at 1 <sup>st</sup> April 2023 £000	Net Movement In-Year £000	Balance at 31 <sup>st</sup> March 2024 £000
Non-Domestic Rates Arrears Carried Forward	8,723	(27)	8,696
Provision for Business Rates Alterations of Lists and Appeals	19,805	(11,331)	8,474
Provision for Uncollectable Amounts	3,055	(1,098)	1,957

## 5. Income and Expenditure – Council Tax

The Council, as the Billing Authority, collects Council Tax on behalf of Cheshire Fire Authority, Cheshire Police and Crime Commission, and itself. This is then redistributed based on each authority's share of the total Council Tax requirement, as declared in the Statutory Resolution 2023/24 report.

The proportionate share for each authority is detailed in the table below:

2023/24 Council Tax Allocation	
Cheshire East Council (including Parish Precepts)	83.98%
Police and Crime Commissioner	11.87%
Cheshire Fire Authority	4.15%

The carried forward deficit on the Council Tax Collection Fund at the end of 2023/24 is £6.302m, to be shared proportionately among the major preceptors. This deficit is largely attributable to a significant increase in Council Tax Support payments and other discounts and exemptions awarded. Work carried out by Cheshire East Council has helped raised awareness of the discounts available to residents. As a result, the total discounts and exemptions awarded have increased by £4.206m from the previous year.

Council Tax arrears have increased to £23.307m at the end of 2023/24. This equates to an in-year increase of £0.181m, which represents less than 0.05% of the net liability raised in the period. Collection rates for the period remain strong at 97.9%.

Council Tax Collection Fund Balances	Balance at 1 <sup>st</sup> April 2023 £000	Net Movement In-Year £000	Balance at 31 <sup>st</sup> March 2024 £000
Council Tax Arrears Carried Forward	23,126	181	23,307
Provision for Uncollectable Amounts	11,949	736	12,685

## 6. Council Tax

Council Tax is a property-based tax which was introduced by the Local Government Finance Act 1992. Each relevant property is allocated a Council Tax Band (A to H) upon valuation. The Billing Authority levies a Council tax amount for each band within each area of the Borough, based upon its own Council Tax requirement, the demands made by its precepting authorities and the Council Tax base. The Council Tax base is the number of chargeable dwellings in each valuation band, converted to an equivalent number of Band D dwellings.

The following table shows the composition of the Council Tax for each property banding in 2023/24:

Band	Property Valuation at 1 <sup>st</sup> April 1991	Cheshire East £	Fire Authority £	Police and Crime Commissioner £	Total Council Tax Payable £
A	Up to £40,000	1,138.26	166.96	58.32	<b>1,363.54</b>
B	£40,001 to £52,000	1,327.97	194.79	68.04	<b>1,590.80</b>
C	£52,001 to £68,000	1,517.68	222.61	77.76	<b>1,818.05</b>
D	£68,001 to £88,000	1,707.39	250.44	87.48	<b>2,045.31</b>
E	£88,001 to £120,000	2,086.81	306.09	106.92	<b>2,499.82</b>
F	£120,001 to £160,000	2,466.23	361.75	126.36	<b>2,954.34</b>
G	£160,001 to £320,000	2,845.65	417.40	145.80	<b>3,408.85</b>
H	Over £320,000	3,414.78	500.88	174.96	<b>4,090.62</b>

## 7. Council Tax Base Calculation

The Council Tax Base is the total number of properties in each band multiplied by a factor to convert the number to a Band D equivalent adjusted for discounts. For 2023/24 this was:

Band	Number of Properties after Discount	Ratio to Band D	Band D Equivalent	Adjustment for 99.0% Collection Rate
<b>Dis *</b>	66.91	5/9 <sup>th</sup>	37.17	36.80
<b>A</b>	20,921.85	6/9 <sup>th</sup>	13,947.90	13,808.42
<b>B</b>	29,905.51	7/9 <sup>th</sup>	23,259.85	23,027.25
<b>C</b>	31,379.84	8/9 <sup>th</sup>	27,893.19	27,614.26
<b>D</b>	24,916.26	1	24,916.26	24,667.10
<b>E</b>	20,871.32	11/9 <sup>th</sup>	25,509.39	25,254.29
<b>F</b>	14,282.62	13/9 <sup>th</sup>	20,630.46	20,424.15
<b>G</b>	12,311.25	15/9 <sup>th</sup>	20,518.75	20,313.56
<b>H</b>	1,834.70	18/9 <sup>th</sup>	3,669.40	3,632.71
<b>Total</b>			<b>160,382.37</b>	<b>158,778.54</b>

\*Band A entitled to disability relief reduction.

## Statement of Responsibilities for the Statement of Accounts

### The Council's Responsibilities

The Council is required:

- to make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. In this Council, that officer is the Chief Finance Officer – Section 151 Officer;
- to manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets;
- to approve the Statement of Accounts.

### The Chief Finance Officer – Section 151 Officer's Responsibilities

The Chief Finance Officer – Section 151 Officer is responsible for the administration of the financial affairs of the Council and for the preparation of the Council's Statement of Accounts which, in accordance with proper practices as set out in the CIPFA / LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2023/24 ('the Code of Practice') and the update to the Code and Specifications for Future Codes for Infrastructure Assets published in November 2022, is required to present a true and fair position of the Council at the accounting date and its income and expenditure for the year ended 31<sup>st</sup> March 2024.

In preparing this Statement of Accounts, the Chief Finance Officer – Section 151 Officer has:

- selected suitable accounting policies and then applied them consistently;
- made judgements and estimates that were reasonable and prudent;
- complied with the Code of Practice.

The Chief Finance Officer – Section 151 Officer has also:

- kept proper accounting records which were up to date;
- taken reasonable steps for the prevention and detection of fraud and other irregularities;
- ensured that accurate representations have been made to the Council's Auditor, all relevant records made available and any matters that could have a material effect on the financial statements have been disclosed.

### Chief Finance Officer – Section 151 Officer's Certificate

I certify that the Statement of Accounts presents a true and fair financial position of Cheshire East Council as at 31<sup>st</sup> March 2024 and its income and expenditure for the year ended 31<sup>st</sup> March 2024, and authorise the financial statements for issue on 17<sup>th</sup> July 2024.

*Adele Taylor*

**Adele Taylor** FCPFA

Interim Chief Finance Officer – Section 151 Officer

Dated: 17<sup>th</sup> July 2024

## Approval of Accounts

PLACEHOLDER FOR APPROVAL OF ACCOUNTS

## Independent Auditor's Report to the Members of Cheshire East Council

PLACEHOLDER FOR INDEPENDENT AUDITOR'S REPORT

## Glossary of Terms

### Accounting Period

The period of time covered by the accounts which, for local authorities, is the twelve months commencing 1<sup>st</sup> April. The 31<sup>st</sup> March is the end of the accounting period and the balance sheet date.

### Accruals

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

### Agency Services

These are services provided by the Council to a third party on behalf of another organisation.

### Appropriations

Amounts transferred between the Comprehensive Income and Expenditure Statement and revenue or capital reserves.

### Asset Valuation

The Council's property, plant and equipment are valued in the balance sheet using the following measurement bases:

- Infrastructure, community assets, assets under construction – depreciated historical cost
- Dwellings – current value, determined using the basis of existing use value (EUV)
- Surplus assets – fair value
- All other assets – current value, determined as the amount that would be paid for the asset in its existing use (existing use value or EUV).

### Assets Held for Sale

An asset is deemed as 'held for sale' if it meets the following criteria:

- the asset must be available for immediate sale in its present condition subject to terms that are usual and customary for sales of such assets;
- the sale must be highly probable, the appropriate level of management must be committed to a plan to sell the asset and an active programme to locate a buyer and complete the plan must have been initiated; and
- the asset must be actively marketed for a sale at a price that is reasonable in relation to the current value.

### Associate Companies

This is an entity other than a subsidiary or joint venture in which the Council has a participating interest and over who's operating and financial policies the Council is able to exercise significant influence.

## Balance Sheet

This statement shows the true and fair value of the assets and liabilities recognised by the Council at the balance sheet date (31<sup>st</sup> March). The net assets of the Council are matched by the reserves held. The following terms are used within the balance sheet:

- **Assets:** Items of worth that are measurable in terms of value. Long term (non-current) assets yield benefit to the Council for a period of more than one year, whereas current assets are cash and items which can be readily converted into cash.
- **Liabilities:** Amounts due to individuals or organisations. Current liabilities are usually payable within one year of the balance sheet date, whereas long term (non-current) liabilities will not become payable for over one year.
- **Net Assets:** The total value of the Council's assets less total liabilities.
- **Reserves:** These are either usable or unusable, see entry for Reserves.

## Budget

A statement of the Council's planned service provision, income and expenditure in respect of the financial year.

## Capital Transactions (excluding reserves)

- **Capital Assets:** See Property, Plant and Equipment.
- **Capital Expenditure:** Expenditure on the acquisition of an item of Property, Plant or Equipment, or expenditure that extends the useful life or operational capability of an existing asset.
- **Capital Financing:** The means by which capital expenditure incurred by the Council is funded. Usually such funding comprises grants, contributions from third parties, receipts from the sale of assets, contributions from Council reserves and borrowing.
- **Capital Programme:** The planned capital schemes the Council intends to carry out over a specified period of time.
- **Capital Receipts:** Proceeds received from the sale of capital assets. The proceeds are set aside in the Capital Reserve in order to repay the Council's borrowings or to finance new capital expenditure.
- **Capitalisation:** The classification of expenditure as capital rather than revenue, subject to the condition that the expenditure yields a benefit to the Council for a period of more than one year.
- **Revenue Expenditure Funded from Capital Resources under Statute (known as REFCUS):** Expenditure incurred that may be capitalised although it does not create a non-current asset.

## Cash and Cash Equivalents

This comprises cash in hand, cash overdrawn and short term investments that are readily convertible into known amounts of cash.

### Cash Flow Statement

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

### CIPFA

The Chartered Institute of Public Finance and Accountancy is the accountancy body which recommends accounting practice for the preparation of local authority accounts.

### Collection Fund

This is a statutory fund kept separate from the main accounts of the Council and provides details of Council Tax and Non-Domestic Rate transactions of precepting authorities. As a billing authority the Council will share the risks and rewards that the amount of Council Tax and Non-Domestic Rates collected could be greater or less than that anticipated.

Collection Fund terms include the following:

- **Billing Authority:** Cheshire East Council is classed as a billing authority as it has responsibility for collecting Council Tax and Non-Domestic Rates. It collects Council Tax on behalf of Cheshire Police and Crime Commissioner, Cheshire Fire Authority and Parish Councils (also known as precepting authorities) and collects Non-Domestic Rates on behalf of Central Government and Cheshire Fire Authority.
- **Council Tax:** The means of raising money locally to fund local Council services. This is a property-based tax where the amount levied depends on the valuation of each dwelling.
- **Non-Domestic Rates (NDR):** Also known as Business Rates, NDR is collected from businesses in the Council's geographic area. The rates are set nationally by the Government.
- **Precept:** The amount the Council is required to raise in Council Tax on behalf of other local authorities, for example Cheshire Police and Crime Commissioner.

### Comprehensive Income and Expenditure Statement (CIES)

The CIES sets out the income and expenditure for the all the Council's functions for the financial year, according to the CIPFA Service Reporting Code of Practice (SeRCOP).

The CIES has two sections:

- **Surplus or Deficit on the provision of Services** – the increase or decrease in the net assets of the Authority as a result of incurring expenses and generating income.
- **Other Comprehensive Income and Expenditure** – shows any changes in net assets which have not been reflected in the Surplus or Deficit on the provision of Services. Examples include the increase or decrease in net assets of the Authority as a result of movements in the fair value of its assets and actuarial gains or losses on pension assets and liabilities.

## Consistency

The principle that the same accounting treatments are used from year to year so that useful comparisons can be made. Any significant change in policies must be declared in the accounting statements.

## Constitution

The fundamental principles by which the Council operates and is governed.

## Contingencies

Sums set aside to meet either the potential costs of activities expected to occur during the year, over and above those costs included in the services budgets, or items which are difficult to predict in terms of financial impact or timing.

## Contingent Assets

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence of one or more uncertain future events not wholly within the entity's control.

## Contingent Liabilities

A contingent liability is either:

- a possible obligation arising from past events whose existence will be confirmed only by the occurrence of one or more uncertain events not wholly with the Council's control; or
- a present obligation arising from past events where it is probable that a transfer of economic benefits will be required, but the amount cannot be measured with sufficient reliability.

## Credit Loss

A loss caused by customers and third parties not paying the money they owe to the Council. The Council holds reserves for estimated potential credit losses.

## Creditors

These are financial liabilities arising from the contractual obligation to pay cash in the future for goods or services or other benefits that have been received or supplied and have been invoiced or formally agreed with the supplier.

## Debtors

Debtors (or income due from third parties) are recognised in the balance sheet as an asset. The income is recognised at the point at which a service or good is provided; a debtor is raised for the cash or cash equivalent amount i.e., contract value.

Where there is a risk that a debtor cannot be recovered at its initial contract value, the asset will be reduced to the amount at which it can be recovered in the balance sheet. This is accounted for in a provision for impairment (bad debt) and included in the Comprehensive Income and Expenditure Account in the Surplus or Deficit on the Provision of Services.

## Deficit

Arises when expenditure exceeds income or when expenditure exceeds available budget.

## Delegated Budgets

Budgets for which schools and other services have complete autonomy in spending decisions.

## Depreciation

Depreciation is a measurement of consumption of the service potential inherent in an item of property, plant or equipment and is recognised in the cost of services.

## Exceptional Items

Items that derive from the ordinary activities of the Council and are material in terms of the Council's overall expenditure and not expected to recur frequently or regularly.

## Financial Instruments

A financial instrument is any contract which gives rise to a financial asset for one party and a financial liability or equity instrument for the other. Terms relating to Financial Instruments include:

- **Amortised cost:** the amount at which the asset or liability is measured at initial recognition (usually 'cost'), minus any repayments of principal, minus any reduction for impairment or uncollectibility, plus or minus the cumulative amortisation of the difference between that initial amount and the maturity amount.
- **Effective rate of interest:** the rate of interest that is used to calculate the value today of any future investment.
- **Equity instrument:** A contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities (such as equity share in a company) – this will only apply to investments in other entities held by the Council.
- **Fair value:** The price that would be received to sell an asset or paid to transfer a liability in an orderly transaction.
- **Financial asset and derivatives:** A right to future economic benefits controlled by the Council that is represented by:
  - cash;
  - an equity instrument of another entity;
  - a contractual right to receive cash (or another financial asset) from another entity; or
  - a contractual right to exchange financial assets or liabilities with another entity under conditions that are potentially favourable to the Council.
- **Financial liability:** An obligation to transfer economic benefits controlled by the Council that is represented by; a contractual obligation to deliver cash (or another financial asset) to another entity / a contractual obligation to exchange financial assets or liabilities with another entity under conditions that are potentially unfavourable to the Council.
- **Market value:** The monetary value of an asset as determined by current market conditions at the balance sheet date.
- **Soft loans:** The Council may sometimes make loans that are interest free or at less than market rates, where a service objective would justify the Council making a concession. Examples include:
  - Loans to lower tier authorities and voluntary organisations to aid service provision;
  - Local businesses to encourage economic development;
  - Employees as part of a relocation package.

## Government Grants

These are amounts received from Central Government towards funding the Council's activities. These represent a significant amount of Council income.

## Grants and Contributions

Grants and contributions are defined as assistance in the form of transfers of resources to the Council in return for past or future compliance with certain conditions relating to the operation of activities. Most grants have stipulations as to how they are spent and consequences if resources are not applied in the manner authorised. There are a number of terms used to explain these:

- **Conditions:** specify what future economic benefits or service delivery/potential need to be achieved to avoid having to return funding or assets.
- **Restrictions:** limit what the funding / assets can be used for.
- **Stipulations:** where laws or other binding arrangements form part of the agreement between the grantor and the grantee.

## Heritage Assets

Assets which are preserved in trust for future generations, or which are held for their contribution to knowledge and culture.

## Impairment

Relates to a reduction in book value of either a physical or financial asset, for example:

- A reduction in the book value of an item of property, plant or equipment arising from physical damage to the asset, dilapidation or obsolescence; or
- A reduction in the book value of a financial asset for which the carrying value exceeds the estimated recoverable amount.

## Income

Amounts which the Council receives, or expects to receive, from any source. Income includes Council Tax, Non-Domestic Rates, Revenue Support Grant and other Government grants, fees, charges, sales and capital receipts.

## Intangible Assets

Expenditure incurred on those assets that do not have physical substance but which are separately identifiable and provide the Council with a right of use for a period in excess of one year.

## International Financial Reporting Interpretations Committee

The IFRS Interpretations Committee is the interpretative body of the IFRS Foundation. Its mandate is to review on a timely basis widespread accounting issues that have arisen within the context of current International Financial Reporting Standards (IFRSs).

## International Financial Reporting Standards

A set of international accounting standards which state how particular types of transactions and other events should be reported in financial statements. IFRS are issued by the International Accounting Standards Board.

### Inventories

These assets are valued at the lower of cost and net realisable value. Inventories include:

- Materials or supplies to be consumed in the provision of services (e.g., road salt, transport fuel);
- Stocks held for sale or distribution (e.g., publications, leaflets).

#### Valuation Definitions:

- **Average Cost:** Where goods such as stocks may be purchased at different times and at different prices, an average cost is calculated to give a value to goods held at the balance sheet date.
- **Cost:** Purchase price, costs of conversion and other costs in bringing the inventories to their present location and condition.
- **Net Realisable Value:** the estimated selling price of an asset after all the costs attributed to bringing an asset to a point at which it can be sold, have been deducted.
- **Work in Progress:** The value of rechargeable work which has not been recharged at the end of the financial year.

### Investment Properties

Assets which are held with a view to providing income, capital appreciation or both. Examples of investment properties are:

- Land held for long term capital appreciation;
- A building held under a finance lease and rented out;
- A property under construction or development / redevelopment for future use as an investment property.

### Investments

Short-term investments comprise deposits of temporary surplus funds with banks or similar institutions. Long term investments comprise similar funds held for a period of more than one year.

### Joint Venture

A Joint Venture is an arrangement under which two or more parties have contractually agreed to share control, such that decisions about the activities of the arrangement are given unanimous consent from all parties.

### Leasing

A method of acquiring the use of a non-current asset by paying a rental for a specified period of time, rather than purchasing it outright. There are two categories for leasing:

- **Finance Lease:** An arrangement whereby the owner of an asset (the lessor) accepts a rental in return for allowing another party (the lessee) use of an asset for a specified period, such that substantially all of the risks and rewards associated with ownership are transferred to the lessee.
- **Operating Lease:** An arrangement similar to a finance lease but where the risks and rewards associated with ownership remain with the lessor.

## Loans and Receivables

These are defined as financial assets (excluding derivatives) that have fixed or determinate payments and that are not quoted in an active market, other than those that the Council intends to sell immediately or in the near term and are classified as held for trading.

## Long Term Borrowing

The main element of long term borrowing comprises loans that have been raised to finance capital expenditure projects.

## Materiality

Materiality relates to the significance of transactions, balances and errors contained in the financial statements. Information is material if omitting it or misstating it could influence decisions that users make on the basis of financial information about the Council.

## Minimum Revenue Provision (MRP)

The minimum amount (as laid down in statute) that the Council must charge to the accounts each year in order to meet the costs of repaying amounts borrowed.

## Movement in Reserves Statement (MiRS)

The MiRS shows the movement in the year on the different reserves held by the Authority, analysed into 'usable' reserves (i.e., those that can be applied to fund expenditure or reduce local taxation) and other 'unusable' reserves.

## Non-Distributed Costs

Costs which cannot be specifically applied to a service or services and are held centrally, comprising certain pension costs and the costs of unused shares of IT facilities and other assets.

## Pensions

There are a number of terms used when accounting for pension costs:

- **Actuarial Assumptions:** Assumptions made by the Pension Fund Actuary in valuing the Fund's assets and liabilities.
- **Actuarial Gains and Losses:** A combination of the effects of changes in actuarial assumptions and experience adjustments (the effects of differences between the previous actuarial assumptions and what has actually occurred, including reflection of any funding valuation which has taken place since the last report).
- **Actuarial Valuation:** The valuation of the Pension Fund's assets and liabilities. The Actuary then calculates how much needs to be paid into the Fund by both the employer and contributing members to ensure there will be adequate funds to pay pensions when they become due.
- **Actuary:** An independent qualified professional who is engaged in the valuation of pension scheme assets and liabilities. The Local Government Pension Scheme Actuary reassesses the rate of employer contributions to the Pension Fund every three years.
- **Current Service Cost:** The increase in the present value of the defined benefit obligation resulting from employee service in the current period.

- **Curtailments:** costs arising from early payment of accrued pensions in respect of any redundancies during the year.
- **Deferred Benefits:** A future benefit which is being paid for in the current accounting period.
- **Defined Benefit Obligation:** the liability of a pension scheme, as shown on the balance sheet.
- **Defined Benefit Pension Scheme:** A pension scheme which is constructed to provide pre-determined pension benefits for retired members, with employers' and employees' contribution rates being calculated based on actuarial assumptions.
- **Defined Contribution Pension Scheme:** A pension scheme where the level of benefits depends on the value of the contributions paid in respect of each member and the investment performance achieved on those contributions.
- **Net Interest Expense:** The increase during a period in the present value of a defined benefit obligation which arises because the benefits are one period closer to payment.
- **Net Defined Benefit Liability:** the difference between the fair value of the scheme assets and the present value of the defined benefit obligation, shown as either an asset or liability on the balance sheet (depending on whether a surplus or deficit).
- **Past Service Cost:** The increase in the present value of the defined benefit obligation for employee service in prior periods, resulting in the current period from the introduction of, or changes to, post-employment benefits or other long-term employee benefits. Past service cost may either be positive (where benefits are introduced or improved) or negative (where existing benefits are reduced).
- **Projected Unit Credit Method:** An accrued benefits valuation method in which the Fund liabilities make allowance for projected earnings.
- **Remeasurement Gains/Losses:** changes in the balance sheet value of a scheme liability relating to year-on-year changes in the assumptions applied by the actuary.
- **Settlements:** liabilities settled at a cost materially different to the IAS 19 reserve during the year.

### Prepayments

Amounts paid by the Council in-year that related to goods and services not received until the following year.

### Prior Period Adjustments

Those material adjustments applicable to prior years arising from changes in accounting policies or from the correction of fundamental errors. They do not include minor corrections or adjustments of accounting estimates made in prior years.

### Private Finance Initiative (PFI)

A means of securing new assets and associated services in partnership with the private sector.

### Property, Plant and Equipment (PPE)

This covers all assets held by the Council with physical substance (tangible assets) that are held for use in the provision of services, for rental to others or for administrative purposes.

Key Definitions used for PPE:

- **Accumulated Depreciation:** The cumulative accounting estimate (excluding the current year) relating to the consumption of a non-current asset.
- **Amortisation:** The process of writing down capitalised expenditure (usually on intangible assets) to the Cost of Services over the estimated useful life of the asset.
- **Community Assets:** Assets that the Council intends to hold in perpetuity, that have no determinable finite useful life and in addition may have restrictions on their disposal (e.g., parks and historic buildings).
- **Depreciated Historic Cost:** The value of an asset shown in the balance sheet calculated from the original cost less depreciation to date.
- **Depreciation:** The process of writing down capitalised expenditure (usually on Plant and Equipment) to the Cost of Services over the estimated useful life of the asset.
- **Disposals:** the value of assets which have been disposed of or decommissioned.
- **Existing Use Value (EUV):** The estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm's length transaction, after proper marketing. The fair value of land and buildings is to be interpreted as the amount that would be paid for an asset in its existing use.
- **Gross Book Value:** The historical cost or the revalued amount of the asset before depreciation.
- **Infrastructure Assets:** Cheshire East Council's network of roads, pavements, and bridges included within Property, Plant and Equipment.
- **Net Book Value:** The amount at which assets are included in the balance sheet, i.e., their historical cost or current value less the cumulative amounts provided for depreciation.
- **Net Current Replacement Cost:** The estimated cost of replacing or recreating the particular asset in its existing condition and in its existing use, i.e., the cost of its replacement or of the nearest equivalent asset, adjusted to reflect the current condition of the existing asset.
- **Net Realisable Value:** The expected proceeds from the sale of an asset when sold on the open market between a willing buyer and a willing seller less all the expenses incurred in selling the asset.
- **Rateable Value:** The annual assumed rental value of a property that is used for business purposes.

## Provisions

Amounts set aside to meet costs that are likely or certain to be incurred but where the amount of cost or timing of payment is uncertain.

## Prudential Code

The Prudential Code for Capital Finance in Local Authorities (2021) (Prudential Code) was introduced in 2004 and was developed as a professional code of practice to support local strategic planning, asset management planning and proper option appraisal for local authorities when developing their programmes for capital investment in fixed assets.

## Public Works Loan Board (PWLB)

The Public Works Loan Board (PWLB) is a statutory body operating within the United Kingdom Debt Management Office, an Executive Agency of HM Treasury. Its function is to lend money from the National Loans Fund to local authorities, and to collect the repayments.

## Receipts in Advance

Amounts received by the Council during the year relating to goods or services to be delivered in the following year.

## Related Party

A person or organisation who or which has influence and control over another person or organisation.

## Reserves

Specific amounts set aside for future policy purposes or to cover contingencies. There are two types of reserve:

- **Usable Reserves:** These include the revenue and capital resources at the Council's disposal which can be used to fund expenditure or reduce local taxation. Usable reserves include:
  - Capital Receipts Reserve
  - Capital Grants Unapplied
  - Reserves and Balances Held by Schools
  - General Fund Earmarked Reserves (various)
  - General Fund Reserve
  
- **Unusable Reserves:** These include unrealised gains and losses, particularly in relation to the revaluation of property, plant and equipment where the value of the asset would only become available to fund the provision of services if the asset was sold. Also included are adjustment accounts used to absorb the difference between the outcome of applying proper accounting practices and the requirements of statutory arrangements for funding expenditure. Unusable Reserves include:
  - Revaluation Reserve
  - Available for Sale Financial Instruments Reserve
  - Capital Adjustment Account
  - Capital Receipts Deferred
  - Financial Instrument Adjustment Account
  - Pensions Reserve
  - Collection Fund Adjustment Account
  - Accumulated Absences Account

## Revenue Expenditure

Revenue expenditure is spending on the day to day running costs of the Council. It includes expenditure on employees, premises, transport and supplies and services.

## Section 151 Officer

An Officer appointed under Section 151 of the Local Government Act 1972 which requires every local authority to appoint a suitably qualified officer to assume overall responsibility for the administration of the financial affairs of the Council and preparation of the Statement of Accounts.

## Share Accruals

These are the proportional amounts of Net Profit / (Loss) which are shared in accordance with the profit-sharing agreement made between Cheshire East Council and its subsidiary and or joint venture entities.

## Shared Services

This is a process of merging functions with other organisations to streamline mainstream services, standardise functions and deliver more efficient and effective services. This also enables the Council to have greater leverage and buying power within Government.

## Slippage

This is when delays occur in capital works and therefore payments are not made in the financial year originally anticipated.

## Subsidiary

This is an entity over which the Council is able to demonstrate it has control, such as a shareholding or representation on the entity's Board of Directors.

## Surplus

Arises when income exceeds expenditure or when expenditure is less than available budget.

## Surplus Assets

Property, plant and equipment held by the Council which are not currently used in the provision of Council services.

## 'The Code'

The Code is a code of practice on Local Authority accounting that has been developed by the CIPFA/LASAAC Code Board under the oversight of the Financial Reporting Advisory Board. The Code is based on International Financial Reporting Standards (IFRS), on which local authority accounts are now required to be based.

## Transfer Payments

Relates to payments for which no goods or services are received by the Council e.g., rent allowances.

## Trust Funds

Accounts for which the Council acts as trustee but for which it is not financially responsible and does not own. These amounts are not included within the Council's balance sheet.

### **Valuation Office Agency (VOA)**

The Valuation Office Agency is a government body in England and Wales. It is an executive agency of Her Majesty's Revenue and Customs. The Agency values properties for the purpose of Council Tax and for non-domestic rates in England and Wales.