

Appendix 1

Introduction to the 2021/22 Group Statement of Accounts

Welcome to the consolidated group accounts for Cheshire East Council and its operating subsidiaries for the period 1st April 2021 to 31st March 2022.

The ongoing impact of the global Coronavirus pandemic means the Council has faced challenges in service delivery and financial uncertainty for the second year in a row. Since March 2020, the Council has worked alongside our partners to respond to the Coronavirus pandemic, protecting lives and managing essential services under national restrictions and economic shifts. The Council has still achieved significant outcomes through the provision of local services, protecting our most vulnerable people and supporting our communities and local businesses. The financial impact of the pandemic on the Council continues to be significant though. The net revenue budget for the Council was again significantly increased in-year with almost £100m being provided in COVID-19 related government grants. The majority of this funding being passported directly to local people and businesses.

The Council entered the year with a four-year balanced budget, approved in February 2021. In May 2021 the Council adopted a Committee System of governance, moving from the previous Cabinet system. Budgets were clearly aligned to the politically proportionate Committees in July. This approach has continued to support transparent decision making in line with the revised Constitution agreed by Council. The budget recognised the ongoing impacts of the pandemic and continued to isolate such costs to align them with government funding, aiming to minimise the impact on services funded locally.

The 2021/22 single year budget was robust relying on several key actions:

- Council Tax was increased by 4.99% including a 3% ring-fenced increase to fund increasing costs of Adult Social Care.
- The Council Tax Support scheme was reviewed to increase support to residents in 2022/23.
- Net Revenue Spending increased by £11m reflecting rising demand across key services, particularly Social Care for adults and children as well as increasing costs in waste services linked to housing growth.
- Proposals were subject to robust review to eliminate unachievable targets.
- Training and development in achieving financial control was enhanced to provide greater certainty over the achievement of value for money.
- Reserves were retained at relatively low levels based on the requirement to support front line services, but also in light of attempts to de-risk the financial plans.
- COVID-19 spending was isolated and aligned to COVID-19 funding

A revised Corporate Plan 2021-25 was approved by Council, alongside the MTFs, in February 2021. Agreeing a balanced budget for the four-year period of the new Corporate Plan has been a significant achievement, considering the financial uncertainties during the pandemic.

The financial outturn for 2021/22 presents an overall revenue budget underspend of £1.1m. Within this overall position there was overspending from pressure in care services, but with compensating underspending in other areas, significantly due to unplanned vacancies. The overall financial standing of the Council therefore remains significantly aligned to the Medium Term Financial Strategy. The strategy provides for significant growth in Children's and Adults Social Care to mitigate risks of ongoing demand, but this remains under constant review. In Adult services for example there was higher fourth quarter spending than forecast, and this must be closely analysed and monitored to understand any underlying additional pressure. The revised MTFs does not

remove budgets from services with unplanned vacancies, to ensure they are able to increase capacity and maintain vital services where possible.

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, local residents, Members, partners, other stakeholders and interested parties' confidence that public money received and spent by the Council is properly accounted for even in an exceptional year, 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 2021/22;
- Commentary on the financial statements; and
- Future opportunities and challenges for the Group and the Council.

Alex Thompson

Alex Thompson FCPFA

Director of Finance and Customer Services

(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 over 386,000 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 2021/22 one company, partially owned by the Council (Cheshire and Warrington Local Enterprise Partnership Limited) also provided services to residents of Cheshire West and Chester and Warrington and are 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: Office for National Statistics Mid-Year Estimates for 2020 shows an estimated population of 386,700. Cheshire East has a relatively older population than the England average..

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. Average unemployment over the twelve-month period January to December 2021 was 6,600. This equates to 3.7% of the economically active (employed or unemployed) population aged 16 and above (compared to 3.6% in 2020). The current rate is below the regional and national averages of 4.6% for the North West and 4.4% for Great Britain.
- 6,200 of Cheshire East's residents were claiming out-of-work benefits as of March 2022, down from 6,320 in the previous month and 10,520 in March of 2021. This is still around a third higher than the number of claimants in March 2020 (4,655). These figures reflect the impact of COVID-19 on the local and national economy. 6,200 claimants equates to 2.7% of the Borough's working-age (16-64 year-old) population (down from 4.6% in March 2021, but higher than the 2.0% rate recorded in March 2020); this is significantly less than the rates in the North West and the UK as a whole (4.8% and 4.2% respectively). For the Borough's 18-24 year-olds, the claimant rate is 4.2% (up from 3.5% in March 2020, but lower than the 8.5%

rate recorded for March 2021). This is higher than for other age groups (0.1% for 16-17 year-olds, 3.2% for 25-49s and 1.8% for those aged 50 to 64), but is below the rates for this age group in the North West and the UK as a whole (5.9% and 4.9% respectively).

- Note that Government changes to the eligibility criteria for Universal Credit (in response to COVID-19) mean that claimants now include some people who are in work, but on low incomes.
- Average household income is high compared to the region and UK. Gross disposable household income (GDHI) per head of population was £25,500 in 2019 – 18.9% higher than in the UK as a whole (£21,400) and even further above the North West average (£18,600). Income levels vary widely within the Borough. In the financial year ending 2018, average (mean) gross annual household income in the Borough’s MSOAs (Middle Super Output Area used by 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).

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 2021/22 the political membership of the Council was as follows:

| | 2021/22 |
|-------------------------|---------|
| Conservative | 31 |
| Labour | 25 |
| Independent Group | 18 |
| Liberal Democrat | 4 |
| Real Independents | 2 |
| Non-Grouped Independent | 2 |

On 19th November 2020 the Council resolved to cease operating the existing Leader and Cabinet model of governance and implement a committee system model of governance. This was implemented on 4th May 2021 following the Annual Council meeting. The Council now operates with six service committees, a Finance Sub-Committee and a Scrutiny committee in place of the Cabinet and Overview and Scrutiny structure.

Details of Member Expenses for 2021/22 are available on the Cheshire East website.

The Cheshire East Council Group Structure

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

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

Over the last three years the council has been undertaking an extensive review of each of the wholly owned companies to consider the ever-changing environment in which services are delivered, as well as the current strategic objectives of the council and our future ambitions, as outlined in the Corporate Plan.

Decisions have previously been made to bring a number of the companies back in-house, these included Engine of the North and the Skills & Growth Company in 2019/20 and Civicance Ltd from 1st April 2020.

Following a review of the Transport Services Solution Ltd in 2020/21, the strategic, planning, commissioning and procurement functions of these services are to be brought back in-house and delivered directly by Cheshire East Council from 1st April 2022.

The Group Management Structure (2021/22)

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 |
|--|--|--|
| Cheshire East Council (Gross Revenue Spend £825m; Capital Spend £84.5m) | Chief Executive (Head of Paid Service) | Lorraine O'Donnell |
| | Executive Directors | |
| | <ul style="list-style-type: none"> Executive Director Place Executive Director of Corporate Services | Jayne Traverse Jane Burns |

| Company | Role | Name |
|---|--|--|
| | <ul style="list-style-type: none"> Executive Director of Adults, Health and Integration | Helen Charlesworth-May |
| | <ul style="list-style-type: none"> Executive Director of Children's Services | Deborah Woodcock |
| Other Statutory Officers | | |
| | <ul style="list-style-type: none"> Director of Governance and Compliance – Monitoring Officer | David Brown |
| | <ul style="list-style-type: none"> Director of Finance and Customer Service – Section 151 Officer | Alex Thompson |
| | <ul style="list-style-type: none"> Director of Public Health | Matt Tyrer |
| Wholly Owned Subsidiaries: 2021/22 position | | |
| Cheshire East Residents First (CERF) | Chairman | Paul Bayley |
| Ansa Environment Services Limited (Turnover £43m) | Chairman | Cllr Steve Hogben |
| | Managing Director | Kevin Melling |
| Transport Service Solutions Limited (Turnover £18m) | Chairman | Cllr Jonathan Parry – resigned 17/02/2022 |
| | Managing Director | Kevin Melling – Resigned from TSS 17/02/2022 Paul Bayley appointed 17/02/2022 |
| Orbitas Bereavement Services Limited (Turnover £2m) | Chairman | Cllr David Marren |
| | Managing Director | Kevin Melling |
| Tatton Park Enterprise Limited¹ (Turnover £0.9m) | Chairman | Cllr Kathryn Flavell |
| | Director | Graham Jones |
| Associate: | | |
| Cheshire & Warrington Local Enterprise Partnership Limited¹ | Chairman | Clare Hayward MBE, DL |
| | Chief Executive | Philip Cox |

Note 1: Accounts for TPE & C&WLEP are not consolidated in 2021/22 on the grounds of materiality.

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

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

Cheshire East Council www.cheshireeast.gov.uk
 Ansa Environmental Services Limited www.ansa.co.uk
 Cheshire and Warrington Enterprise Partnership Limited www.871candwep.co.uk

Accounts for Tatton Park Enterprise Limited will be published on the Tatton Park website: 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 4,098 people (excluding school based employees).

| | No.* | % |
|--|--------------|------------|
| Cheshire East Council | 3562 | 87 |
| Ansa Environmental Services Limited (ANSA) | 434 | 10 |
| Transport Service Solutions Limited (TSS) | 67 | 2 |
| Orbitas, Bereavement Services Limited | 35 | 1 |
| Total | 4,098 | 100 |

*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

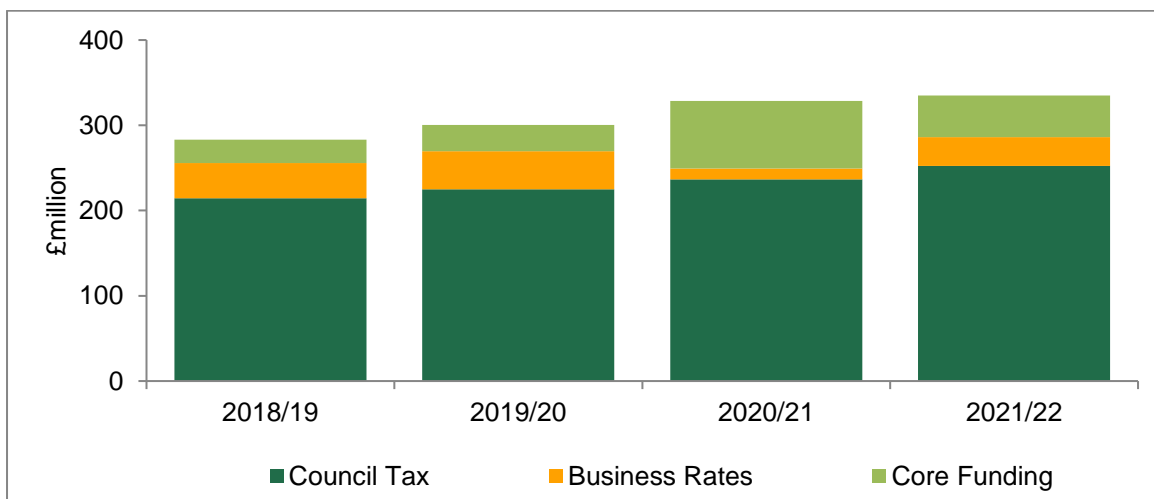
Our Values



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, 2021/22 Core Funding is returning towards normal levels as support for COVID-19 from central government reduces.

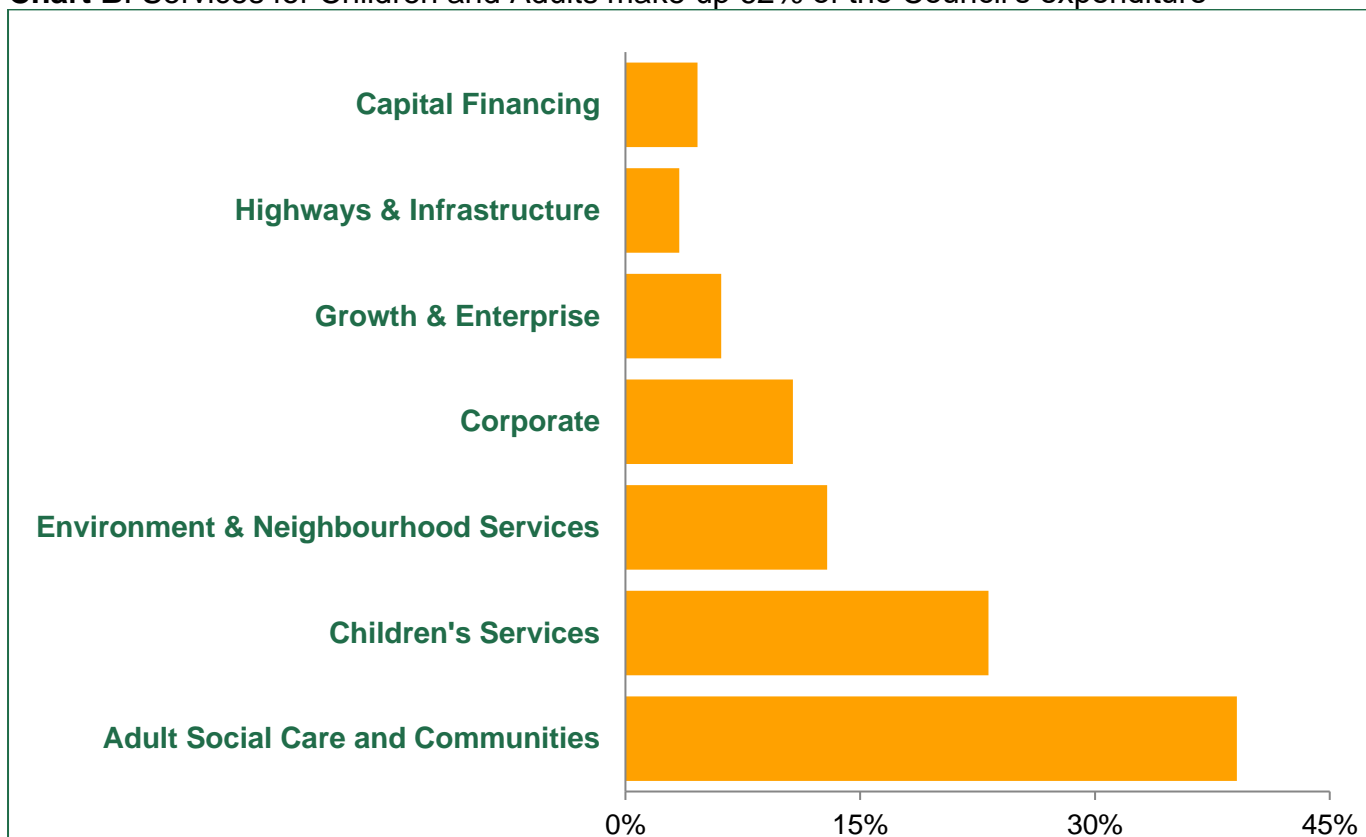


Most of the Council’s £297m Services Net Budget is allocated to Social Care

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 62% of the Council's expenditure



Revenue Outturn position

The financial outturn for Cheshire East Council (excluding expenditure funded by COVID-19 emergency grants) is an underspend of £1.1m. This is net of specific allocations to useable reserves, in line with the MTFS, of £3.1m.

The COVID-19 emergency started to impact on the Council's finances in March 2020. Central Government has provided emergency grant funding throughout the pandemic with £8.5m being received in 2021/22. This has therefore been used to fund the impact of the pandemic in 2021/22. Pandemic related expenditure and income losses has not therefore affected the Council's outturn or reserves position, although for transparency it is shown under the relevant Directorates.

COVID-19 related spending and income losses are isolated and set against COVID-19 funding. Any surplus or deficit is managed via the COVID-19 Earmarked Reserve. At outturn COVID-19 funding of £0.8m is carried forward to the reserve increasing it to £6.0m.

The overall financial outturn also includes a net underspending of £0.5m from the wholly owned subsidiary companies of the Cheshire East Group. This shows a consolidated strong performance from the Council's wholly owned companies, with most companies recording improvements in the strength of their respective balance sheets. The outturn also included further allocations to earmarked reserves for transformation funding and management of unmitigated risk as well as to reflect service based costs originally forecast to occur in 2020/21 that will instead take place in 2021/22.

Overall revenue reserves of the Group have reduced from £110.7m to £100.3m. This is made up primarily from:

- General reserves for Cheshire East Council have increased from £11.5m to £12.6m.
- Earmarked reserves for Cheshire East Council of £80.9m (including carried forward COVID-19 grants of £18.4m).
- Schools reserves and balances of £6.8m.

The Council will be audited by Mazars LLP and each of the wholly owned subsidiaries of the Group will be separately audited by Grant Thornton UK LLP. Any findings will be reported to the relevant 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 underspend of £1.1m to be added to general reserves

| 2021/22 Outturn Review (GROSS Revenue Budget £492.7m) | Revised Budget (NET) | Outturn (Including Covid) | Covid related Expenditure Grant Funded | Net Outturn (excluding Covid) | Net Over / (Underspend) |
|---|----------------------------|---------------------------------|--|-------------------------------------|-------------------------------|
| | £m | £m | £m | £m | £m |
| Service Directorates | | | | | |
| Adults, Health & Integration | 118.5 | 122.4 | 0.9 | 121.5 | 3.0 |
| Children and Families | 67.3 | 73.2 | 1.1 | 72.1 | 4.8 |
| Place | 74.3 | 74.3 | 4.3 | 70.0 | -4.3 |
| Corporate | 35.8 | 34.2 | 1.0 | 33.2 | -2.6 |
| Total Services Net Budget | 295.9 | 304.1 | 7.3 | 296.8 | 0.9 |
| Central Budgets | | | | | |
| Capital Financing | 14.3 | 14.3 | 0.0 | 14.3 | 0.0 |
| Transfer to/(from) Earmarked Reserves | -12.4 | -12.4 | 0.0 | -12.4 | 0.0 |
| Corporate Contributions / Central Budgets | -0.4 | -2.3 | 0.0 | -2.3 | -1.9 |
| Total Central Budgets | 1.5 | -0.4 | 0.0 | -0.4 | -1.9 |
| Total Net Budget | 297.4 | 303.7 | 7.3 | 296.4 | -1.0 |
| Business Rates Retention Scheme | -13.4 | -13.4 | 0.0 | -13.4 | 0.0 |
| Specific Grants | -41.7 | -49.1 | -7.3 | -41.8 | -0.1 |
| Council Tax | -242.8 | -242.8 | 0.0 | -242.8 | 0.0 |
| Sourced from Collection Fund | 0.5 | 0.5 | 0.0 | 0.5 | 0.0 |
| FUNDING | -297.4 | -304.8 | -7.3 | -297.5 | -0.1 |
| Net Position | 0.0 | -1.1 | 0.0 | -1.1 | -1.1 |

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 | 42,655 | 35,086 | 7,569 | 7504 | 65 |
| TSS | 17,809 | 17,822 | -13 | 50 | -63 |
| Orbitas | 1,996 | 1,936 | 60 | 15 | 45 |
| Total | 62,460 | 54,844 | 7,616 | 7,569 | 47 |

COVID-19 Financial impact and response

The spread of COVID-19 created unprecedented circumstances within which the Council, working with our communities and partners, has had to respond. The Council's pandemic response has aligned with advice and guidance provided by Government. The Council have reviewed guidance and announcements regularly throughout the pandemic and established a robust and responsive governance to facilitate cross partnership and organisational response.



The Council's Public Health Team's response to COVID-19 included advice and guidance, implementation of Test and Trace, outbreak management, roll out of vaccinations, self-isolation support, distribution of funding for care providers and the Cheshire East Swab Squad which provided advice, training and testing support, including delivering rapid response urgent testing to prevent COVID-19 outbreaks.

The [People Helping People service](#) continued to provide community-based support to meet the needs of our residents during the pandemic. The service has over 1,950 volunteers supporting vulnerable people and individuals who were shielding.

Delivering COVID-19 grants for residents and business – our revenues and benefits teams have delivered millions of pounds in support grants to businesses and residents who have been disadvantaged by the pandemic.

The discretionary business grant programme supports local business through the lockdown and recovery periods. It successfully administered the grant allocation of £4.2m, within the Governments deadlines receiving 1,230 grants applications. A further 7,760 applications were received for National Grant Schemes for the Retail, Hospitality & Leisure Sectors and a total of £21.3m awarded.

Cheshire East Council, with the help of a wide range of local partners, distributed vouchers worth £2.2m on behalf of the Department of Work and Pensions funded from the Household Support Fund. This supported the most vulnerable households across the borough with food, utilities, housing costs, and other essentials.

The Holiday Activities and Food Programme has run since April 2021. The scheme provides enjoyable activities and nutritious meals for primary and secondary school aged children who are eligible for benefits-related free school meals during the school holidays. It is also an important source of support for children and families during the holiday period. Over 50,000 hours of support had been provided to over 3,000 free school meal eligible young people, and over 20,000 healthy meals.

Cheshire East Education and Public Health Teams worked closely with schools throughout the pandemic to ensure they could provide the very best and safe learning opportunities for pupils. The School Immunisation Team offered two sessions to all schools with pupils aged 12-15 years by the end of March 2022. The Education Recovery Group has met regularly to focus on issues that will help schools and settings get back to normal as quickly as possible. The remit has now been expanded to include health and wellbeing, attendance and behaviour.

The financial impact of COVID-19 in 2021/22, including grants administered by schools and grants passported to third parties, totalled £97m.

| COVID-19 Funding | £000 |
|---|----------------|
| Emergency Funding for Local Government – Unring-fenced Grant | |
| Brought forward as at 1 April 2021 | (5,153) |
| Grant received in 2021/22 | (8,508) |
| COVID-19-related expenditure and income losses in 2021/22 | 8,544 |
| Sales, Fees & Charges Compensation received in 2021/22 | (872) |
| Unringfenced Grant Carried forward as at 31 March 2022 | (5,989) |

| Other COVID-19 Funding Applied or Passported during 2021/22 | £000 |
|--|---------------|
| Business Rate Reliefs | 36,010 |
| Business Restart Grants | 21,295 |
| Infection control measures and rapid testing & Vaccine | 8,751 |
| Additional Restrictions Grant Top-up Allocation | 4,232 |
| Omicron Hospitality and Leisure Grant Scheme | 3,486 |
| Local Council Tax Support | 3,373 |
| Workforce Recruitment and Retention fund | 2,796 |
| Contain Outbreak Management Fund 7 | 2,196 |
| Test & Trace Support Payments | 1,524 |
| Covid Local Support Grant | 1,036 |
| Community Testing Funding | 545 |
| Test & Trace Practical Support | 479 |
| Adult Social Care – Omicron Support Fund | 363 |
| Local Transport Authority Bus Recovery Funding (LTA BRG) | 344 |
| Welcome Back Fund | 340 |
| Bus Service Support Grant (CBSSG) Restart scheme | 331 |
| LA Framework/ Practical Support for those Self Isolating | 283 |
| Protect and Vaccinate for Rough Sleepers | 81 |
| Wellbeing for Education Return | 48 |
| Coronavirus (COVID-19) National Testing Programme | 30 |
| Additional Dedicated Home to School and College Transport | 26 |
| Elections | 14 |
| Tax Income Guarantee Scheme | 3 |
| Total | 87,586 |

Performance Overview

The Council's outcomes, are achieved through a combination of staff, commissioners and providers targetting 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 and Public Health Services



Cheshire East Council's Test and Trace Team have worked relentlessly over the past two years to protect residents and staff, and the work of the team has been recognised as national best practice. The team implemented one of the first dedicated locally supported contact tracing teams, regularly reaching over 95% of local cases, and often being in the top 10 performers in the country. The Cheshire East 'Swab Squad' undertook well over 30,000 tests in the community and supported over 100 businesses during 2021, and were national finalists for an APSE Award in 2021 for 'Best Workforce Initiative'.

Two new mental health crisis cafes opened in February 2022: Crewcial in Crewe and The Weston Hub in Macclesfield. Crisis cafes are warm and welcoming safe spaces for people seeking support whilst in mental health distress. The vision for both cafes has been co-produced with people who use mental health services, families, and communities including the police, social services, the fire service and health and social care professionals. The cafes are the result of a partnership between Cheshire and Wirral Partnership NHS Foundation Trust (CWP), Cheshire East Council, Independence Supported Living (ISL) and East Cheshire Housing Consortium (EHC).

We have supported Ukrainian refugees under the national Homes for Ukraine scheme. The first phase of the scheme is a sponsorship route to allow Ukrainians, who are known to sponsors in the UK, to come into the country under a visa to live, work and study in the UK and access public funds for three years. 130 sponsors across the borough have offered accommodation, with 316 Ukrainian refugees having applied for visas to come to Cheshire East.

Cheshire East Council's online health and wellbeing system MyCareView has achieved national recognition by winning two awards: the Gold Award at the iESE Public Sector Transformation Awards 2022 for the 'Best Use of Digital and Technology', and an award at the Health Tech Awards 2021. MyCareView is available through the NHS App and is currently providing nearly 40,000 people in Cheshire East with access to healthcare services and the data held about them in primary and secondary care.

Cheshire East Council launched an exciting new crowdfunding initiative, Cheshire East Crowd, to encourage and create community-led projects that will make a difference. Residents who have ideas on how to improve their community now have the opportunity to gain funding via the crowdfunding platform. Examples of projects

Our communities team have helped to deliver life-changing outcomes for some of the most digitally-excluded groups within Cheshire and Merseyside, through a kit recycling project undertaken by the digital inclusion team from the Cheshire and Merseyside Health and Care Partnership. The project helped individuals get online, empowering them to access a range of

support so far include a community sensory projector in Crewe, a repair café in Macclesfield, the restoration of the footpath along part of the Trent and Mersey canal bank at Wheelock Wharf, and a project to provide adaptive bikes on a local cycle track in Poynton.



digital health services, such as diabetes and mental health support.

The Adult Social Care (Operations and Commissioning) and Public Health budgets remain under continued pressure across the country. The rising cost of Social Care in Cheshire East is driven by increasing demand for services, increasing complexity of the demand and increasing costs in providing them. Demand for Social Care is therefore not driven exclusively by an ageing population, the prevalence of disability among working-age adults has also increased over recent years. In addition to increasing demand, the unit cost of providing care services is also going up, driven mainly by workforce costs and this has been recognised in the 2021/22 budget where growth has been allocated.

COVID-19 for the social care and health system has thrown into turmoil what we normally accept as the status quo. Whilst the human, social and economic cost of COVID-19 has been inexorably high, the pandemic challenged Cheshire East on the way services were delivered meaning reduced costs in some areas as services had to be closed/stopped in line with government guidance, and pressures in other areas where demand has increased. Utilisation of COVID-19 funding has meant that the services have responded by diverting resources to the most critical services during this challenging year, as well as supporting our NHS Partners.

Children's Services



As a council we are committed to working together with our children, young people and families, and during 2021/22 we have co-produced a number of key strategies. We launched our strategy for children and young people with special educational needs and/or disabilities (SEND). We are increasing our local SEND educational provision and are on track to deliver over 250 new special school places. We also launched a new strategy to support children and young people experiencing neglect, which has improved identification of neglect across the partnership. Our new Children and Young People's Plan and Cared for and Care Leavers Strategy are in development with our young people and will be launched in summer 2022.

We received three inspections of our support to children and young people during 2021/22:

- The Ofsted and the Care Quality Commission (CQC) SEND re-visit in May 2021 found services for children with special educational needs and/or disabilities (SEND) in Cheshire East had made sufficient progress in addressing all of the significant weaknesses identified at the initial inspection.
- The multi-agency inspection of the Cheshire Youth Justice Service in July 2021 rated the service as 'Good' overall, with 'Outstanding' ratings in some areas including leadership.
- The Ofsted focused visit of services for children who need help or protection in November 2021 found that since the last inspection in November 2019, the quality of social work with these children and families has improved, and senior leaders are successfully embedding a child-centred culture.

Staff from Cheshire East Council's Education Service received awards for their support to children who are educated out of school. The 'Kit' awards, presented by the charity Education Otherwise, are based on nominations from families who home educate their children. They recognise and celebrate education officers who enjoy good relationships with home educating families in their area.

The Domestic and Sexual Abuse Partnership were successful in their bid to be the national pilot site for the [Whole Housing Approach](#). This lottery funded project will enable agencies across the partnership to develop and test new ways of working that ensure children and families living with domestic abuse receive support in safe accommodation. The three year project will include support and expertise from national lead domestic abuse organisations including Standing Together Against Domestic Violence, Safer London and Surviving

| | |
|--|--|
| | Economic Abuse. This is a really exciting opportunity to strengthen domestic abuse support locally. |
| Cheshire East Council, with the help of a wide range of local partners, distributed vouchers worth £4m on behalf of the Department of Work and Pensions to support the most vulnerable households across the county with food, utilities, housing costs, and other essentials over 2021/22. The programme released over 100,000 payments to over 10,000 individuals in need across Cheshire East, receiving excellent feedback from the community. | Cheshire East Council held the first Early Help Diamond Awards in October 2021 to celebrate exceptional individuals and organisations who get involved with children and families as soon as possible to help them to tackle problems, preventing them from going into crisis. Award-winners were a mixture of council employees, professionals in partner organisations, and volunteers. Young people were involved in designing and planning the event and selecting the award categories. |
| Our Supported Internship Programme continues to achieve strong outcomes for our young people with special educational needs and/or disabilities who have an education, health and care plan. A supported internship helps to bridge the gap from education into paid work by providing additional support for both the young person and the employer. Last year, 79% of the interns progressed into paid work. | |

The main spending pressure within Children’s Social Care is on the agency placements budget of £3m. The number of children in care is 522 at March 2022. This is down from 531 in May 2021 and the 2020/21 average of 535. The reduction is positive for the outcomes being sought but numbers in care remain higher than in previous years although in line with the national average. The unit costs for all types of placement have increased due to market inflation. The average cost of an external placement has increased by 15.3% over the 2020/21 average cost. Rising costs and the level of activity continue to place a strain on the budget.

During the year COVID-19 related costs were £1.1m including £1m from additional agency placement costs and associated staffing plus higher legal costs within Children’s Social Care.

Dedicated Support Grant

The key pressure on DSG relates to the high needs block where the SEND service has significant numbers of Education, Health and Care Plans. This has placed pressure on the grant used to provide funding for children with SEND in various settings and led to a £15.7m overspend against the Council’s Dedicated Schools Grant. This will take the DSG Reserve to a £25.7m deficit position at 31st March 2022. This is in line with the budget gap as determined by the council’s DSG Management Plan that was reported to Cabinet in March 2021 and set out the planned expenditure and income on high needs over the medium term. Specific issues for 2021/22 include pressures on external placements and the medium term plan to increase local provision as an alternative to higher cost placements.

Place

Notable successes this year include:

Tree Planting

The Council has continued its tree planting as part of its commitment to be carbon neutral by 2025 with 22 hectares of trees now planted since 2019. This includes the seven-hectare tree planting site (equivalent to around 10 football pitches) at Leighton Grange, Crewe delivered in partnership with the Mersey Forest. Volunteers from the Green Task Force, a charity that uses nature-based therapy to help veterans struggling with their mental health into work, helped to plant the large site over five days in March 2022. Planning permission has also been secured to install a large-scale solar farm on the same site.



Nantwich Leisure Centre

Nantwich Leisure Centre has benefitted from a £2.2m investment, creating a larger gym, a new exercise studio, improved changing and locker provision, a café and a new bright and spacious reception area. The council was also able to draw on the public sector decarbonisation fund to help finance the project to make the build eco-efficient and sustainable, with energy-saving solar panels on the roof and smart control technology throughout the building as part of the council's drive to be a carbon neutral council by 2025, with the redeveloped facility rated 'Good' through the Bream certification scheme.



Congleton Leisure Centre

The £10m refurbishment of Congleton Leisure Centre started in June 2021 with the construction due to be completed in December 2022. Children from a local primary school were given their chance to sign one of



the last pieces of steel used to form the structure of the new pool hall. The refurbishment will see the demolition of the legacy pool and hall and the delivery of two new swimming pools, with a thermal suite, modern gym, café area and soft play area.



May 2021 - New and improved walking and cycling route in Wilmslow

Work to deliver a new and improved walking and cycle route between Alderley Park and Wilmslow railway station completed within twelve weeks.

The work has improved access to the town centre, railway station, employment and education sites for pedestrians and cyclists, whilst also boosting opportunities for greener and more active travel across the borough and supporting Cheshire East Council's goal of becoming carbon neutral by 2025.

In addition, continuing to focus on green innovation across the Highway Service a 'Polydeck' bench was installed, made from 100% recycled plastic material.

The old bus shelters from Alderley Road were removed and donated to Wilmslow Rugby Club to be used as pitch side dug outs which helped to decrease our carbon footprint by reducing waste.



Cllr Craig Browne, Cllr Laura Crane and Mark Heywood, Construction Manager and the new 'polydeck'



Wilmslow operational team donating bus shelters to Wilmslow Rugby Club

Completed December 2021 - A51 Nantwich Road

Work to stabilise 750 metres of carriageway on the A51 Nantwich Road completed after a 16-week closure.

The road was totally reconstructed to prevent any further decline in its condition. Facing extra challenges due to the close proximity of the Trent and Mersey Canal, as well as being a major route for heavy haulage traffic, the work was finally completed on the 17th December and the road was officially reopened by the mayor of Cheshire East and local ward member, Councillor Sarah Pochin.



Site team open road alongside Cllr Sarah Pochin.

Poynton Relief Road

Good progress has been maintained on the 3.5km project. The final beams have been lifted into place for the Chester Road Bridge, work has been completed on the Bonis Hall Lane junction improvements and is now underway on the Adlington Crossroads



improvements. Work remains on track for a road opening later in 2022.

North West Crewe Highway Package

Work has continued throughout the year ready for a site start in May 2022. The main works consist of a 2.6km new single carriageway and 7 new roundabouts with existing junction improvements on A530 Middlewich Road and Minshull New Road.

A contract has now been let with Balfour Beatty and construction will take approximately 2 years.

Delivery of public realm scheme for Castle St in the heart of Macclesfield town centre.



Working with collaborative partners to deliver outdoor hospitality area in Market Place, Macclesfield.

Business Support through COVID

Over the last 2 years the Business and Growth Team have processed and assessed 4,114 grant applicants and awarded 2,374 grants. In addition, it established and delivered the Cheshire East Recovery & Growth Programme, which provided support to more than 350 businesses to help develop recovery

Welcome Back Fund delivered across 11 Towns including the Say Hi to the High Street campaign

1. Working collaboratively with Town Councils to deliver a variety of Welcome Back Fund initiatives across 11 town centres including, planting, volunteer litter picking equipment, deckchairs, tables, chairs, bunting, and pianos



2. Communication and promotions marketing town centres under the 'Say Hi to the Hi Street' strapline including the production of 33 social media videos promoting 11 towns across the borough and a leaflet drop to 187,000 businesses and residents.



and growth plans through an online [portal](#) and one-to-one consultancy support.

This work has been a huge task and brought together more than 20 colleagues from across the Place Directorate and agency staff who joined us at different times over the last 2 years to help deliver these grant schemes.

We are in the process of conducting an economic impact assessment report on the Recovery & Growth Programme to capture the benefits of the grants and business support on the recovery and growth of the beneficiary businesses. The responses from recipients of the Recovery & Growth Grant shows that from these 62 businesses, have had the following direct benefits from the grant award:

Number of jobs saved: 376

Number of new jobs created: 271

Additional revenue growth: £15.2m

This is just based on a sample of one-third of recipients, so the final impact is likely to be much higher.

It is also worth noting the following inward investment successes of the team including:

- Likewise - £50m investment in Customer Service Centre in Crewe
- Bentley - £2.5bn investment in the Crewe campus over the next 10 years
- Barclays – application submitted for Phase 1 campus redevelopment and relocation of 1,000 jobs to Radbroke Technology Centre
- Tatton Services – application submitted for new motorway services with farm shop and hotel

The COVID-19 impact has been evident across large parts of the Directorate, there have been significant income losses within Car Parking, at Tatton Park and within the Planning Service.

There have also been significant COVID-19 costs for some services. For example, in Environmental Services there has been an increased cost associated with waste collection and disposal, particularly due to increased waste tonnage as more people are working from home and cover for sickness and isolation.

The number of unplanned vacancies across the Directorate has led to an underspend of £2.9m on staffing and savings on general supplies. There has also been £1.1m underspends on water, energy and waste in closed or underutilised buildings with Facilities Management. Delays have also been

experienced on a number of projects notably the HS2 programme due to the later submission of the Phase 2b bill.

Corporate Services

Customer Services

- We have continued to provide financial support to businesses, delivering the Government's Covid Business Support Grants
- We have delivered the Governments Track and Trace service and ensured customers self isolating are supported financially through the issue of self isolation payments
- We have supported the delivery of the Household Support Fund providing financial assistance to families and children

Communications

By the end of the 2021/22 year, the council surpassed 34,000 subscriptions for Council e-newsletters for a range of services, surpassed 30,000 Twitter followers and 20,000 Facebook followers for its corporate accounts, issued 287 media releases and responded to 741 media enquiries. The communications and media team also continued to support the council's emergency response to the COVID-19 pandemic, providing essential information, updates and behaviour change campaigns.

Demonstrate commitment to open data – transparency and information sharing

- All Contracts awarded above £5k are published every quarter
- £500 spend report published monthly
- Procurement forward plan published quarterly
- P Card spend published quarterly

A committed and motivated workforce

A new council wide contract management system has been implemented to support the council to manage its contract.

Achievements

- Lead on the North West SEND purchasing system, 23 North West authorities have signed up to utilise the new Purchasing System
- Assistive equipment / telecare - £7.4m
- Integrated community Equipment Service - £100m Lead on the procurement for CWAC and CCG's
- Energy Contract awarded £30m
- Housing Development Framework – £80m Awarded
- Low Value Construction Framework – £16.5m Awarded
- Facilities Management - £100m Awarded
- Service Contract for the Operation of Crewe Markets - £2m

Social value supplier survey over the last 3 years

| | 2020/21 | 2019/20 | 2018/19 |
|---|---------|---------|---------|
| Number of suppliers surveyed | 100 | 50 | 50 |
| Number of suppliers responding | 48 | 37 | 20 |
| Response rate | 48% | 54% | 40% |
| Percentage of total commercial spend accounted for | 44% | 51% | 54% |
| Percentage of respondents from small and medium size enterprises, charities or trusts | 56% | 56% | 50% |

Social value survey highlights

| Social value criterion | 2020/21 | 2019/20 | 2018/19 |
|---|---------|---------|---------|
| Estimated number of jobs provided by respondents for Cheshire East residents | 3,317 | 3,317 | 2,104 |
| Volunteer work hours provided by respondents | 20,343 | 29,959 | 1,820 |
| Employees paid living wage | 86.9% | 85.6% | 72.45% |
| Estimated number of apprenticeships provided by respondents (not specifically for Cheshire East Council work) | 1,688 | 1,003 | 325 |

The Corporate Services Directorate, which includes the Housing Benefits (HB) Payments Centre, has reported an underspend against budget of £2.5m.

The main underspends in the service were due to marriage income in registrations, higher than expected recovery of HB grant, through vacancies and reduced non-essential spend. These were partially offset by additional one-off costs relating to implementing the B4B System, which are one-off additional costs that cannot be charged to the capital project.

There has been additional COVID-19 related revenue costs and lost income within Corporate Services totalling £1m, however this has been met by un-ringfenced COVID-19 grant and sales, fees and charges compensation.

Changes in Pension Estimates

Due to the scale of the pension assets (£1.6bn) and liabilities (£2.0bn) detailed in the Accounts, even small percentage changes in assumptions regarding their value can have a noticeable impact on the reported position.

In 2021/22 the net pension liability (deficit) reported in the Accounts has decreased by £169m.

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 31st March 2019. The balance sheet position for 2021/22 is based on the 2019 formal valuation rolled forward to 31st March 2022.

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 Parish Councils in addition to its own requirement. The total budgeted collectable amount for 2021/22 was £299.0m. The carried forward deficit on the Council Tax Collection Fund at the end of 2021/22 is £1.1m.

The Council Tax in-year collection rate for 2021/22 is 97.8%, a slight increase from the previous year's performance. The strong economy in Cheshire East also contributed to an increase in the overall tax base of 0.78% (from 152,597.84 to 153,196.10).

Business Rates

Cheshire East collects Business Rates for the whole area and the income is split 49% to Cheshire East, 50% to the Department for Levelling Up, Housing and Communities (DLUHC) and 1% to the Cheshire Fire Authority. The total budgeted collectable amount for 2021/22 was £142.0m as per the NNDR1 return. The carried forward deficit on the Business Rates Collection Fund at the end of 2021/22 is £30.7m, however £24.6m of this deficit is due to the accounting arrangements required for the Expanded Retail and Nursery Relief due to COVID-19 and will be repaid in full in 2022/23 with S31 grant that has already been received from DLUHC for the CEC share and the remaining 50% share will be repaid by central government.

The Business Rates in-year collection rate for 2021/22 is 95.6% which is an increase of 3.2% from the previous year's performance.

Financial Overview - Capital Programme

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

Total capital expenditure in 2021/22 was £84.5m compared to the original budget, as at February 2021, of £171.3m.

The forecast for planned spend is updated throughout the year and published in the Quarterly Finance Update reports. During 2021/22 a number of major projects have either completed or got under way including the Congleton Link Road (£4.9m), Poynton Relief Road (£11.3m), Schools Improvement Programme (£8.3m), ICT Programme (£4.9m), Congleton Leisure Centre (£5.1m) and Nantwich Leisure Centre (£1.7m).

Slippage against the revised forecast of £144.9m reported at the Mid Year Review has totalled £60.4m.

Capital receipts in year amounted to £2.6m from the sale of surplus assets, including The Gables (£0.4m), Land off Coppice Way (£0.3m), Farms Sales (£0.3m) and former housing right to buy receipts (£1.1m).

The Council has succeeded in attracting £41.9m 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

| | Outturn 2021/22 £m | Three Year Forecast | | | Total £m |
|---|--------------------------|---------------------|---------------|---------------|---------------|
| | | 2022/23 £m | 2023/24 £m | 2024/25 £m | |
| Expenditure | | | | | |
| Children's and Families | 9.79 | 37 | 28.69 | 0.29 | 75.78 |
| Adults, Commissioning and Public Health | 0.01 | 0.47 | 0 | 0 | 0.48 |
| Highways and Infrastructure | 45.6 | 86.61 | 38.74 | 32.65 | 203.59 |
| Growth and Enterprise | 13 | 65.18 | 43.74 | 4.72 | 126.64 |
| Environment and Neighbourhood Services | 8.25 | 12.31 | 0.05 | 0 | 20.6 |
| Corporate | 7.9 | 14.14 | 7.67 | 7.67 | 37.38 |
| Total Expenditure | 84.54 | 215.71 | 118.89 | 45.33 | 464.48 |
| Funding | | | | | |
| Grants and Other Contributions | 42.45 | 166.38 | 73.57 | 26.96 | 309.36 |
| Capital Receipts and Reserves | 0.53 | 0.7 | 2.15 | 1.84 | 5.22 |
| Borrowing | 41.56 | 48.63 | 43.18 | 16.53 | 149.9 |
| Total Funding | 84.54 | 215.71 | 118.9 | 45.33 | 464.48 |

Protecting Against Risks

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

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

The Council's key strategic risks recognise potential threats from increasing demand for services, our capacity to deliver and the Council's financial resilience. The growing challenges of cyber risk has been recognised during this period, which may potentially give rise to events that could have a negative impact upon the Council's ability to deliver services. The economic position and austerity challenge has also been recognised for the impact on both the Council, and its partners, and the potential negative impact on the achievement of objectives.

The Council continued to lead and support the Local Resilience Forum (LRF) in planning for the recovery from the pandemic. The Strategic Co-ordinating Group of the LRF established a recovery sub group, which has been chaired by the Chief Executive of Cheshire East Council and included partners from other local authorities, the NHS, Public Health, Police and Fire. The Council's own emergency response arrangements continued though 2021/22, with regular meetings reviewing the operational challenges of service delivery through the various stages of restrictions, ensuring emerging risks were being managed, and the Council's business continuity arrangements being revised in response.

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 2021/22 ('the Code'), issued by the Chartered Institute of Public Finance and Accountancy (CIPFA).

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

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

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

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

The Financial Statements

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

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

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

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

General (£12.6m) and Earmarked reserves (£87.7m including Schools) have decreased in 2021/22 to £100.3m. This includes COVID-19 reserves totalling £18.4m.

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 by the reliance on the use of reserves to balance the 2019/20 Outturn and other one off measures to balance the 2020/21 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 Director of Finance and Customer Services.

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 2022/23 – 2025/26

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 2022-26 that balances spending on services against resources across each of the next four years.

The response to COVID-19 continues to distort the local and national public finances throughout 2022 and into future years. The legacy impact of the pandemic continues to remain largely unpredictable. The Council was proactive in the way staff and our suppliers and partners responded to keep people safe and support the local economy. The response accelerated changes to ways of working and developed new relationships with residents and partner organisations like the NHS. Lessons will clearly be learnt, and many new ways of working could become ongoing features of our service provision for the future.

The budget and future years estimates were prepared during the COVID-19 pandemic. The budget will be monitored to determine any in-year variations. Any action required to balance in 2022/23 will be appropriately reported and approved and will inform the budget requirements for the MTF period. However, given the uncertainty, about so many issues, not least the sharp increases in inflation, the scope and size of the financial challenge will continue to evolve.

Central Government COVID-19 un-ringfenced grants totalling of £6.0m have been carried forward into 2022/23, via an earmarked reserve, to meet urgent and unforeseen costs and financial pressures impacting on the Council and the Cheshire East economy.

Growth in demand for services has to be funded locally as there are no general government grants to Cheshire East Council (barring £7,000 for 2022/23). This created a requirement to increase Council Tax levels in line with Government expectations, which was **2.99%** in 2022/23. There are forecast increases of up to 2.99% in 2023/24 and beyond, but these may well need to be reviewed in-line with increasing inflation levels. 1% (£2.4m) of the council tax increase in 2022/23 will be solely utilised to fund increasing care costs within Adult Social Care.

The Fair Funding Review (FFR) and Business Rates Retention (BRR) were not implemented in April 2022 as originally planned and may not be implemented for 2023/24 either. Council officers will continue to work with the Government on informing the approach to funding for the next financial year and beyond.

The medium term outlook is one of continuing uncertainty. Locally the Council has however, developed a balanced strategy. But this continues to assume ongoing government support to eliminate the impacts of COVID-19 as well as an assumption that funding provided to support social care is not reduced, even though it is currently temporary in nature. There is also now the emerging cost of living increases and rising inflation that will undoubtedly change the medium-term view. Detailed cost analysis and forecasting will be undertaken in 2022 to quantify the risks to the Councils budget both in the short and medium term.

Acknowledgements

The production of the Statement of Accounts would not have been possible without the exceptional hard work and dedication of staff across the Council and its subsidiaries. I would like to express my gratitude to all colleagues, from my team and other services and organisations, who have assisted in the preparation of this document. I would also like to thank them for all their support and expertise during the 2021/22 financial year.

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

Alex Thompson FCPFA

Director of Finance and Customer Services

(Chief Finance Officer - Section 151 Officer)