

Cheshire West & Chester Council

Draft Statement of Accounts

2023-24

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Cheshire West
and Chester

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Narrative Report

Introduction

The Statement of Accounts is produced annually to give electors, local taxpayers, Members of the Council, employees and other interested parties clear information about the Council's finances. The narrative report is designed to provide an explanation of the Council's financial position and to assist in the interpretation of the financial statements. It also contains additional information about the Council in general and the main influences on the financial statements to provide a link between the Council's activities and challenges and how these impact on its financial resources.

The narrative report is structured as follows:

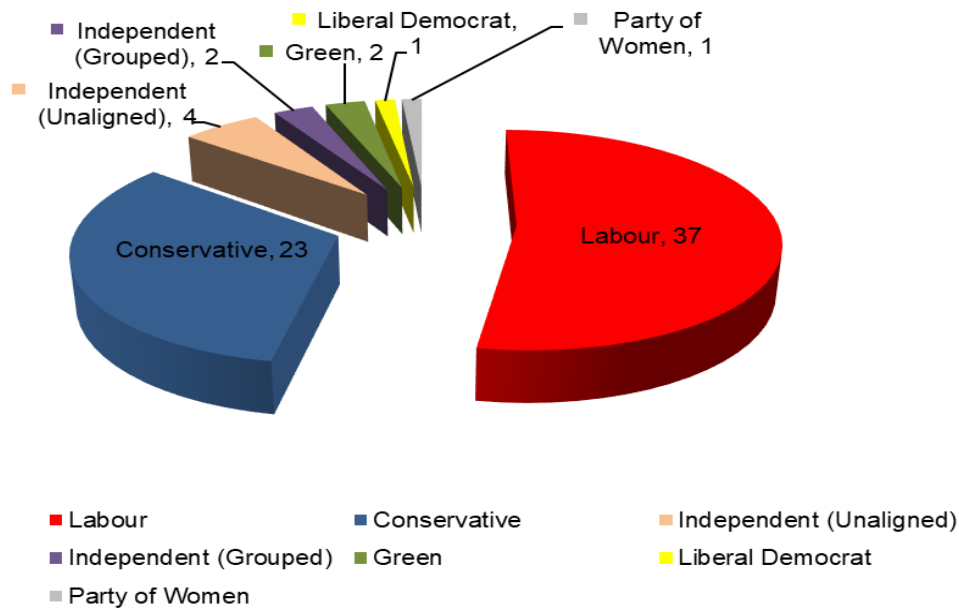
1. About Cheshire West and Chester
2. Strategic principles and priorities
3. Summary of Performance
4. Summary of financial performance and main issues in 2023-24
5. Summary of Significant Items 2023-24
6. Explanation of the financial statements

1. About Cheshire West and Chester

Cheshire West and Chester is a unitary authority with a population of 361,694 and covers 350 square miles. The borough is located in the North West of England and includes the historic city of Chester and the industrial and market towns of Ellesmere Port, Frodsham, Helsby, Malpas, Neston, Northwich and Winsford. About a third of the population lives in rural areas.

The Council is responsible for ensuring a wide range of services are provided to the residents, businesses, and visitors to the Borough. These include education, safeguarding vulnerable children and adults, social care, public health, highways, leisure, culture, waste collection and disposal, planning, housing benefits, regeneration, and community engagement. In addition to providing or commissioning services the Council is also responsible for the collection of local taxation in the form of Council Tax and Non-Domestic Rates on behalf of itself and local agencies such as Police and Fire authorities.

The Council is a politically led organisation and has adopted a Leader and Cabinet model. It has 70 elected members representing 45 wards across the Borough. The political make-up of the Council on 31st March 2024 is shown below.



2. Strategic Principles and Priorities

Cheshire West and Chester Council is an innovative organisation that seeks to pioneer new and improved ways of delivering services. As an ambitious Council we are determined to deliver the best possible services, improve the quality of life for all residents and help to tackle disadvantage.

In February 2020 Cheshire West and Chester Council approved a Council Plan for 2020-2024 called 'Play Your Part To Thrive'. This plan is supported by the Stronger Futures Recovery and Renewal plan which was published in December 2020 and which enabled the Council to refresh its plans in light of the opportunities and challenges arising from the pandemic. The Council Plan set out the Council's vision, what it wants to achieve, and the way its staff will work. The plan originally set out six priorities, but following the Council's declaration of a poverty emergency in October 2020 the Stronger Futures Plan added this as a seventh priority:

1. Tackling the climate emergency
2. A Fairer Future – tackling the poverty emergency
3. Growing the local economy and delivering good jobs with fair wages for our residents
4. Supporting children and young people to have the best start in life and reach their full potential
5. More adults live longer, healthier, happier lives
6. Making our neighbourhoods even better places to call home
7. Delivering a more efficient and empowering Council

In February 2024 Cheshire West and Chester Council approved a Borough Plan for 2024-2028, with a vision of a stronger future where we all play our part in thriving, caring and sustainable communities. The Borough Plan sets out the Council's vision for the next four years, what it wants to achieve, and the way its staff will work. The Plan outlines six missions for the next four years, what success looks like, and how we and our communities can work together to make a difference:

The Council Plan is fully joined-up with other key plans and strategies across the borough and is monitored through a performance management framework. The plan was developed alongside a four-year budget plan to ensure that resources are in place to deliver the focus areas.

Financial Scenario

The Council's financial position is set against a backdrop of continued financial uncertainty and challenge for the Local Government sector. A high prevailing level of inflation and increased demand for the Council's people-based services directly impacted the Council's in year expenditure in 2023-24 and, as a result, the Council had to identify significant mitigating actions in year to offset this additional pressure.

Current indications are that the demand led pressures being faced by the Council in year will continue into future years. These were a key consideration when setting the Council's budget for 2024-25 and indicative budget plan for 2025-28. The February 2024 budget report set out that, based on assumptions regarding Government funding and cost pressures, the Council faced a gross funding gap of over £165.3m over the next four years, with a gap of £48.8m in 2024-25. A package of savings proposals and additional income was approved in February 2024 to arrive at a balanced budget for 2024-25, with further indicative savings identified for the following three years. There however remains a residual funding gap of £13.8m to be bridged by 2027-28.

Revenue Outturn

There was an overspend for the year of £0.7m. This was after the delivery of significant in year mitigations to offset pressures.

There were significant overspends in Children and Families of £13.1m and Adults of £7.4m, largely due to increased demand on services and the increase in costs of meeting the needs of adults and children requiring care and support but this was offset by an underspend in the Communities, Environment & Economy (£1.1m), Corporate Services (£0.7m) and Public Health (£0.1m) directorates. The pressures were also offset by an underspend on Council wide budgets of £8.1m and one-off exceptional mitigations of £9.8m.

Throughout the year, to offset the underlying cost pressures, a number of actions were taken including the introduction of the Spending Review panel which provided a challenge to all expenditure greater than £5,000 along with all vacancy requests. In addition, there was a review of external funding opportunities and the identification of other mitigations by services to reduce spend which contributed towards the improved final position.

The £8.1m underspend on council-wide budgets reflects underspends on energy and contingencies, release of reserves and provisions following a robust review along with business rates and council fund levy surpluses. One-off exceptional mitigations were also agreed, following a £9.8m underspend on the capital financing budget, in view of the significant cost pressures experienced in year. The underspend was due to a number of factors: -

- Additional interest, due to higher interest rates, on cash balances held.
- Reduced short-term borrowing due to cash balances.
- Refresh of capital financing for key development projects.

3. Summary of Performance

The following table highlights key areas of Council performance during 2023-24.

Adults
<ul style="list-style-type: none"> • Adult Social Care continues to support a large number of local people to live independently in their communities. The proportion of new reablement clients that did not need ongoing support remains strong and stable, with 83% needing no ongoing support compared to 55% in 2019-20. Similarly, the proportion of people with learning disabilities living independently remains high at 93.8%. However, the proportion of older people remaining at home 91 days after discharge from hospital has reduced to 74% from 83% in 2022-23. The number of older people with a

permanent admission to a residential or nursing care home has also increased to 528 per 100,000 compared to 494 per 100,000 the previous year. A new Home First approach has been introduced to support increased independence going forward.

- The number of carers receiving an assessment increased in 2023-24 to 461 (2022-23 439). Assessments are now provided through the Cheshire and Warrington Carers Trust and the number delivered is expected to increase further over the coming years.
- Two new indicators were introduced this year to monitor the completion of Adult Social Care assessment reviews and the extent of the backlog. The completion of annual reviews is similar to last year at 36.5%, whilst the backlog of reviews overdue by more than 12 months increased slightly to 9.5%. Reviewing capacity within the complex care and review team has been increased and the potential to improve review processes are being explored.

Children and Families

- The rate of children in care showed an improving trend during the year, reducing to 81 per 10,000 (aged 0-17) from 85 per 10,000 in 2022-23. The percentage of children becoming the subject of a child protection plan for the second or subsequent time has also improved significantly on last year, improving from 23% to 19% but remains above the challenging target of 17%. The number of re-referrals to children's social care and the rate of children in need showed an improving trend during the year, but at 21% and 319 per 10,000 (aged 0-17) remain higher than at this time last year.
- The number of complex families being supported to achieve positive outcomes has improved significantly, with 547 families having been successfully supported in 2023-24 compared to 338 in the previous year. The percentage of care-leavers in employment, education or training remained stable during the year at 57%.
- The proportion of young people aged 16-17 who have an Education Health and Care Plan and who are participating in learning has fallen from 87% to 83%. The most common factor here has been young people withdrawing from education due to health and travel issues.
- Educational attainment at Key Stage 2 in relation to pupils achieving expected standards in reading, writing, and maths (7-11 years) remained stable in 2023-24 for both "all pupils", and "disadvantaged pupils" at 58% and 38% respectively. At Key Stage 4, whilst the progress of "all pupils" in comparison to the national average showed an improvement on the previous year, the progress of disadvantaged pupils in comparison to the national average reduced slightly. The Department of Education continue to advise that attainment data be treated with caution given the ongoing impacts of the COVID-19 pandemic and the fact that a different grading approach was taken in secondary schools during the 2021-22 academic year.
- In 2023-24 the proportion of pupils with special education needs and disabilities (SEND) who are educated in mainstream provision increased to 68% for primary age children and 42% for secondary age children. This represented an increase of 3% on the previous year for both age categories. The current ongoing review of SEND services is working to further improve inclusion and support.

Public Health

- Breastfeeding rates have increased steadily over the course of the Council Plan and are currently at their highest annual level at 48%.
- The percentage of adults doing at least 2.5 hours of physical activity per week, has increased to 72% from 65% seen during the previous two years. This is the highest reported rate of physical activity since 2020-21 when the pandemic and associated lockdowns had a significant impact on people's lifestyles.

Community, Environment and Economy

- The proportion of A, B, C and U roads which require structural maintenance all remain better than the England average. However, whilst showing as better than elsewhere on these indicators, over the course of the four years of the Council Plan 2020-24 the overall standard of local roads has fallen. The percentage of local A roads requiring structural maintenance has increased from 1.3% in 2019-20 to 1.5% at the end of 2023-24. This figure however compares favourably against a current national average of 4%. The proportion of local B & C roads requiring structural maintenance has increased from 3.9% in 2019-20 to 5.3% in 2023-24. Nationally 6% of B & C roads are in need of structural maintenance. The proportion of local U roads requiring structural maintenance has increased from 6.1% in 2019-20 to 8.4% at year end. This compares to a current national average of 16%.
- The percentage of residents satisfied with highways overall reduced in 2023-24 to 44% compared to 49% in the previous year. Similarly, the percentage of residents satisfied with highways maintenance reduced from 44% in 2022-23 to 39% in the current year.
- Household waste and recycling levels continued to improve up to Q3 of 2023-24. Full year figures for this indicator are not available due to the time required to collate data. Similarly, the proportion of sites inspected that meet acceptable standards for litter and detritus levels increased to 83% compared to 81% in the previous year. The Council's intelligence-led approach to tackling and deterring fly-tipping across the borough also resulted in 91% of fly-tips being cleared within the 5-10 day target.
- There were 92,000 trees planted or regenerated across the borough this year, with the majority being funded through the Trees for Climate programme. The number of Job starts increased by almost 15% in 2023-24 and remains high at 728. The Council supported 1,528 businesses during the year against a target of 850, and 97% of adult learners starting an adult education course completed it successfully.
- 91% of major planning decisions were determined within agreed time, with 19 out of 20 applications having an agreed extension. The percentage of minor planning applications determined within agreed time was 87%, with 550 out of 629 applications being determined following an agreed extension.
- The four-year target of 1,000 new homes to be delivered through direct Council investment has been narrowly missed, with work having begun on site for 961 homes by the end of 2023-24. The number of affordable homes delivered this year was 670 and a further 239 empty homes have been returned to use. The percentage of private landlords resolving serious damp and mould issues due to Council involvement is high at 88%, whilst 78% of private rented properties in serious disrepair have been improved within six months due to council intervention.
- The number of homeless preventions has increased by nearly 14% this year to 768 but remains low against the target of 900. The implementation of the Housing Options Service Review is underway and aims to address this shortfall. The number of households in temporary accommodation fell to 174 (212 2022-23), and the proportion of these in B&B accommodation also reduced significantly to 70% (81% 2022-23). The number of vulnerable residents supported to remain in their own homes through disabled facilities and other grants increased to 142 in 2023-24 compared to 118 in the previous year.

Corporate Services

- Council Tax and Non-Domestic Rates collection rates remained high during 2023-24 at 97% and 98.1% respectively. At an average of nine days, the processing time for housing benefit claims remains significantly better than the twelve-day target.
- Business mileage continues to increase from the historic lows achieved during lockdown as the organisation finds a new equilibrium between the benefits of flexible and home working and the value of face-to-face meetings. The number of miles travelled in 2023-24 was 1.73m compared to 1.58m in the previous year. Investigative work is continuing to explore the specific reasons for increases in mileage.
- The proportion of customer contact being dealt with digitally has increased consistently over the 4 years of the Council Plan, increasing from 56% to 75% in 2023-24. Customer satisfaction with telephone and digital customer services has also remained high at 90% in the current year.
- The timeliness of responses to stage two complaints has maintained its significant improvement. However, whilst the timeliness of stage one complaint responses has improved, it remains an issue, and work is continuing to improve the speed at which complaints are resolved.
- ICT service availability (99.6%) and project delivery (78%) continued to perform well against their respective targets in 2023-24. Staff engagement remains positive and stable, with 89% of staff agreeing that the Council has a positive impact on society. The majority of staff also feel that the Council is a great place to work and that it allows them to balance their work and personal life.
- £50.8million was spent with locally registered suppliers during 2023-24. This is lower than the previous year and partly reflects the award of the Highways Term Maintenance contract to a contractor from outside the borough, who nevertheless does have a local base, employs local people and invests in the local supply chain.

4. Summary of financial performance and main issues in 2023-24

Revenue Expenditure

The Statement of Accounts sets out the Council's spending and funding in line with accounting requirements. The Council measures financial performance against planned activity in the form of the Council's management accounts. In 2023-24 the Council reported an overspend of £0.7m and achieved £20.2m of savings. The table below reflects the final budget for 2023-24 and actual income and expenditure against it.

Directorate	Budget £m	Actual £m	Variance £m
Adults	147.8	155.2	7.4
Children and Families	85.3	98.4	13.1
Public Health	20.4	20.3	-0.1
Communities, Environment and Economy	72.6	71.5	-1.1
Corporate Services	33.5	32.8	-0.7
Other	27.9	10.0	-17.9
Total Net Spend	387.5	388.2	0.7

Capital Expenditure

The capital programme budget for 2023-24 totalled £107.5m, before decisions taken at outturn. Expenditure in year was £88.3m, representing a delivery rate of 82%, as shown in the table below.

Directorate	Revised Budget £m	Outturn £m	Variance £m	Delivery Rate %
Children & Families	15.032	12.725	-2.307	85%
Adults	5.143	4.893	-0.250	95%
Public Health	1.363	1.044	-0.319	77%
Communities, Environment and Economy	80.097	64.603	-15.494	81%
Corporate Services	5.842	5.028	-0.814	86%
Total Capital Programme	107.477	88.293	-19.184	82%

Some of the key outputs in 2023-24 were:

Childrens and Families

There was £12.6m of investment in schools and education, including expansion schemes at Hartford High and The County High School in Leftwich along with continued planned investment and ongoing maintenance to maintain school conditions. In addition, there was investment in special educational needs facilities across the Borough including Dee Banks, Dorin Park and Woodlands Primary, to support required provision.

Adults

There was continued support to housing adaptations totalling £4.9m to help residents live safely in their own homes as well as providing security measures for those at risk of domestic abuse.

Public Health

The council invested £0.5m in the phase 1 of the Northgate Arena development, £0.3m on ICT improvements in Brio and £0.2m was incurred in relation to the transfer of the Rudheath Leisure Centre.

Communities, Environment and Economy

The Council invested in major regeneration projects during 2023-24 including £8.3m on Winsford town centre along with preparatory work to transform Ellesmere Port town centre through the Levelling Up Fund (LUF) scheme.

£24.1m was invested in Highways and Transport related schemes during 2023-24 including £17.2m spent on maintaining highways through targeted works and £3.0m on reinstatement works at Soot Hill and a road safety scheme on the A540 in Neston.

The Housing Revenue Account (HRA) invested £9.1m in its existing stock including bathroom, kitchen, roof and window replacement to maintain a decent homes standard. In addition, £9.1m was spent in purchasing 37 properties in Borough to provide additional housing, including support to Ukrainian and Afghanistan resettlement. There was £1.3m spent on Supporting Housing for Vulnerable People including the purchase of 7 properties and refurbishment works at both Curzon House and the Mulberry Centre in Chester.

The Council has a commitment to a greener agenda and has spent £1.3m on climate related schemes including electric vehicle charging points and LED replacement across public

libraries and Vivo buildings. Grant funding has been provided for energy efficiency measures to 123 social housing properties in Blacon and progress has been made on Biodiversity Net Gain with new or improved grassland, wetlands and woodland.

Other areas of investment included preparatory work for the Archives facility in Chester, continued investment in Waste Collection with the purchase of 8 new vehicles and improvements at our Material Recovery Facility (MRF). There was also ongoing investment in football pitches and delivering improvements to existing Leisure Assets.

Corporate Services

Within Corporate Services there was £1.8m spent on continued improvements to core ICT infrastructure and systems including upgrades and development of the Finance and HR business system. There was also £1.4m spent on transformational activity to improve the efficiency and effectiveness of some Council services.

Financing of the Capital Programme

The capital programme expenditure for 2023-24 was £88.3m. A breakdown of how this expenditure has been financed is shown in the table below.

Capital Programme Financing	£m
Expenditure to be Financed	88.293
To be funded by:-	
General Capital Receipts	4.303
Specific Capital Receipts	1.114
Grants and Contributions	55.757
Revenue & Service Contributions	1.509
HRA Contributions	9.139
Sub-Total	71.822
Core Borrowing	10.607
Ringfenced Borrowing	5.864
Total Funding	88.293

Overall impact on the General Fund Reserve

The general fund reserve balance at the start of the year was £26.9m. The Council's risk assessed range for general reserves is £25.2m to £28.2m. Utilising £0.7m to offset the 2023-24 overspend has reduced the general fund reserve balance to £26.2m, which is within the risk assessed range.

5. Explanation of the financial statements

The Statement of Accounts sets out details of the Council's income and expenditure for the financial year 2023-24 and its Balance Sheet as at 31 March 2024. These statements cover the General Fund, the Collection Fund, Housing Revenue Account and the Pension Fund.

Core Financial Statements reflect Council activities including maintained schools:

- The **Comprehensive Income and Expenditure Statement (CIES)** shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices, rather than the amount to be funded from taxation.

- **Movement in Reserves Statement (MIRS)** shows the movement in year on reserves held by the Council, analysed into 'usable' reserves and 'unusable' reserves. The statement shows the true economic cost of providing the authority's services and how those costs are funded from the various reserves held.
- The **Balance Sheet** shows the value as at the Balance Sheet date of the assets and liabilities recognised by the authority. The net assets are matched by reserves held by the authority.
- The **Cash Flow Statement** shows the changes in cash and cash equivalents of the Council during the reporting period.
- The **Notes** to the Core Financial Statements provide more details about the Councils accounting policies and items contained in the statements.

Additional Financial Statements:

- **The Statement of Responsibilities for the Statement of Accounts** explains the Council's responsibilities and the responsibilities of the S151 Officer.
- **The Annual Governance Statement** comprises the systems and processes that enable the authority to monitor the achievement of its strategic objectives. This includes the system of internal control used to manage risk. It sets out the main features of this system and its effectiveness.
- The **Housing Revenue Account** is a record of revenue expenditure and income relating to the Council's housing stock. Its primary purpose is to ensure that expenditure on managing tenancies and maintaining dwellings is balanced by rents charged to tenants.
- 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.
- The **Group Accounts** provide details of the Council's overall financial interests including consideration of its interests in other companies and how their value has changed over the year.
- The **Pension Fund accounts** summarise the income and expenditure and the Balance Sheet position as at 31 March 2024 of the Cheshire Pension Fund, which is administered by Cheshire West and Chester Council.

Statement of Responsibilities for the Statement of Accounts

Our 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 authority, that officer is the Chief Operating Officer who is named as the Chief Finance Officer;
- Manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets;
- Approve the Statement of Accounts.

The Statement of Accounts was approved by the Audit and Governance Committee on XXX.

Date: XXX

Signed by:
Councillor Bissett
Chair of Audit and Governance Committee

The Chief Finance Officer's responsibilities

The Chief Finance Officer is responsible for the preparation of the Council's Statement of Accounts and of its Pension Fund Statement of Accounts in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom ('the Code').

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

- Selected suitable accounting policies and applied them consistently;
- Made judgements and estimates that were reasonable and prudent;
- Complied with the Code of Practice.

The Chief Finance 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.

This Statement of Accounts presents a true and fair view of the financial position of the Council at the accounting date and its income and expenditure for the year ended 31 March 2024.

Date: XXX

Signed by:
Simon Riley
Chief Operating Officer

Annual Governance Statement 2023-24

Executive Summary

The Leader of the Council and the Chief Executive both recognise the importance of having good management, effective processes and other appropriate controls in place to deliver services to the communities of Cheshire West and Chester.

The Annual Governance Statement describes how the Council's corporate governance arrangements have operated during the year. The Statement provides assurance that Council business has been conducted in accordance with law and proper standards. Also, that public money is safeguarded, properly accounted for, and used economically, efficiently, and effectively.

The Statement has been prepared following a considered review of various sources of assurance on how effectively the Council's governance framework and control environment have operated during 2023-24. These sources include:

- Directors, who are directly responsible for managing the delivery of their services and their associated risks.
- Functions overseeing the effectiveness of management activity or engaging in risk management or related control/compliance activities, including the Council's senior management and committees, performance management framework, and risk management, health & safety and information governance teams.
- Functions that provide independent and objective assurance regarding the integrity and effectiveness of governance, risk management and related controls (e.g. Internal Audit, external audit, regulators such as Ofsted and the Care Quality Commission, and peer reviews such as Local Government Association (LGA)).

Following review, five governance issues are considered 'significant':

- **Financial resilience to demand** – Funding settlements do not cover demand growth, particularly in Adults and Childrens. New financial controls mitigated this (overspend of £0.7m for 2023-24) but further reductions in spend need to be achieved in future years for the Council to remain financially sustainable.
- **Management of risks and opportunities** – A shifting risk landscape (including Artificial Intelligence (AI) and continued financial challenges has led to a focus on strengthening the risk framework in 2023-24. This needs to be embedded alongside horizon scanning to fully address the External Auditor's recommendations (for 2021-22 and 2022-23).
- **Strengthening and protecting the Council's assets** – The Council has taken steps to ensure value for money from the assets it uses, and that all assets it is responsible for in the Borough are appropriately maintained and safe. This remains challenging in the current financial context and requires prioritisation.
- **Strengthen Enterprise Resource Planning (ERP) system** – The Council has identified that improvements can be made to its new finance and HR payroll system (Unit 4 ERP). A plan has been agreed and is being implemented.
- **Creating the capability and capacity to transform whilst delivering key services** - Financial challenges and the pace of external change are placing pressures on the capacity and capability to transform services in a way which manages the changes well, whilst continuing to deliver services today. Steps have been taken and further will be taken to invest in the capacity and capability to deliver the transformation portfolio, whilst continuing to provide key services.

To the best of our knowledge, the governance arrangements, as outlined in this Statement remain fit for purpose and have been effectively operating during the year in accordance with the governance framework. We propose over the coming year to take steps to address the above matters to further enhance our governance arrangements. We are satisfied that these steps will address the need for

improvements that were identified in our review of effectiveness and will monitor their implementation and operation as part of our next annual review.

Signed on behalf of Cheshire West & Chester Council:

Leader of the Council

Chief Executive

Date:

Date:

Review of Annual Governance Statement

I have reviewed the Annual Governance Statement as approved by Cheshire West and Chester Council and certify that no significant issues arose during the preparation of the Statement of Accounts and it is not necessary to make a supplementary or supporting statement.

Simon Riley
Chief Operating Officer
Dated:

Introduction

Cheshire West and Chester Council (the Council) is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, having regard to a combination of economy, efficiency and effectiveness. In discharging this overall responsibility, the Council is responsible for putting in place proper arrangements for the governance of its affairs, and facilitating the effective exercise of its functions, including arrangements for the management of risk.

Under Regulation 6 (1) of the Accounts and Audit (England) Regulations 2015 local authorities are required to review the effectiveness of their governance arrangements at least once a year. The preparation and publication of an annual governance statement in accordance with the CIPFA / SOLACE Framework “Delivering Good Governance in Local Government” (2016) helps fulfil that requirement.

What is Governance?

The Council acknowledges its responsibility for ensuring there is a sound system of governance. Governance is about how the Council ensures it is doing the right things, in the right way, for the right people in a timely, inclusive, open, honest and accountable manner. Good governance contributes to effective:

- leadership and management;
- performance and risk management;
- stewardship of public money; and
- public engagement and outcomes for our citizens and service users.

This statement reports on the Council’s governance framework that has been in place during 2023-24 and explains how it has complied with its own code of corporate governance, including how the effectiveness of arrangements has been monitored. A copy of the Code of Corporate Governance is [available here](#).

Draft guidance on Best Value was published on 4 July 2023, and amended following consultation on 8 May 2024. This [guidance](#) has been reviewed, and a self-assessment was conducted which identified, alongside other review work, some areas for improvement (although no significant issues for 2023-24 that were not already known). A section detailing the priorities for 2024-25 following this self-assessment are at the end of this report.

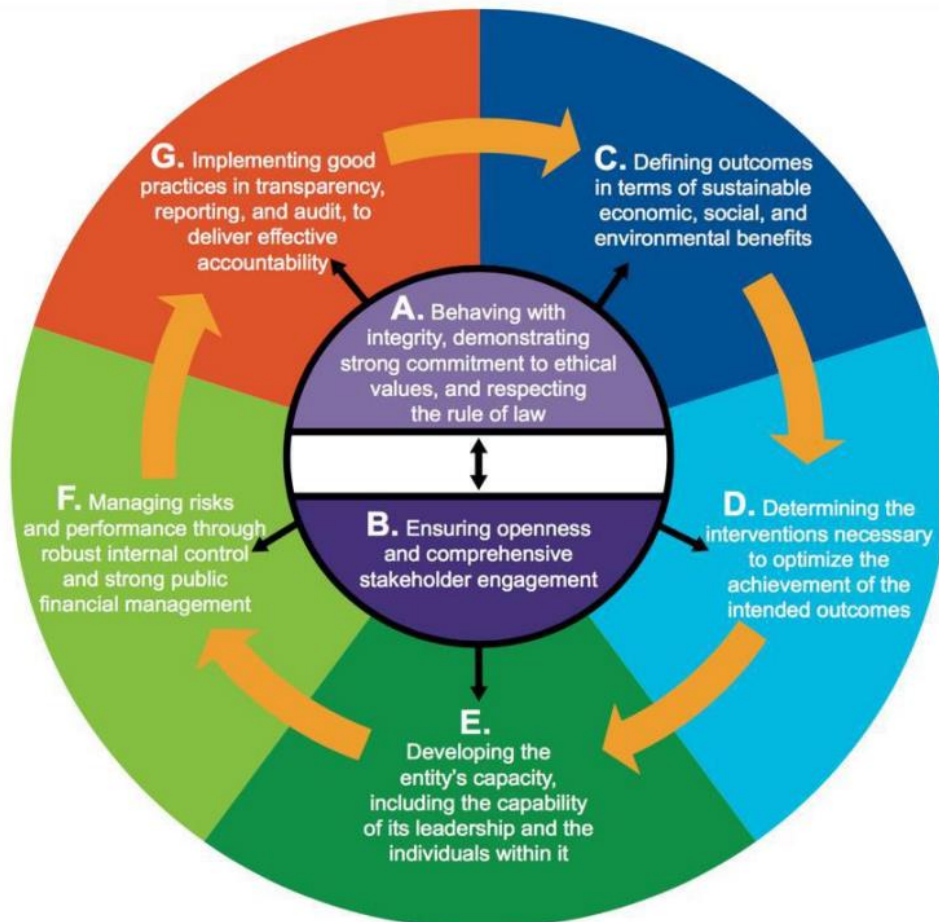
What is the purpose of the governance framework?

The governance framework comprises the systems and processes, and culture and values, by which the authority is directed and controlled and its activities through which it accounts to, engages with, and leads the community. It enables the authority to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate services and value for money.

The governance framework is designed to manage risk to a reasonable level. The associated processes cannot eliminate all risk of failure to achieve policies, aims and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the Council’s policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively, and economically.

What is the Council's governance framework?

Governance generally refers to the arrangements put in place to ensure that intended outcomes are defined and achieved. The Council has based its framework on the CIPFA/SOLACE guidance (2016) 'Delivering Good Governance in Local Government.' Aligned to the CIPFA guidance, the Council aims to achieve good standards of governance by:



Source: CIPFA/SOLACE

The key policies, procedures and arrangements that support compliance with these principles are set out in the Code. As part of the compilation of this Annual Governance Statement the Code has been reviewed and updated and confirms the Council's commitment to the principles of good governance.

Key elements of the governance framework are as follows:

Organisational Priorities

- For 2023-24 the Council Plan (Play your part to thrive) 2020-24 set out the Council's strategic priorities and included seven priority outcomes. During the year a new four-year Borough Plan (Play your part towards a Stronger Future) 2024-2028 was developed, which sets out the shared vision and goals for the borough and includes six missions.
- The Council Plan / Borough Plan shapes and is shaped by the strategic plans for a range of organisations that make a vital contribution to the borough. It shapes the Place Plan (which sets out a vision for residents' health and well-being) with the NHS and continues to influence Safer Communities Plans with the Police and other

partners. The plan also drives the Council's medium term financial plan, service plans and individual objectives for staff.

- For 2023-24 each of the seven priorities had accompanying Key Performance Indicators identified in a Performance Management Framework. Reporting of this performance data allows transparent analysis and challenge of outcomes. The indicators and targets are refreshed on an annual basis. The Framework has been referenced by the Local Government Association as an example of good practice. It is now in the process of update to reflect the priorities and missions as set out in the 2024-28 Plan.

Roles and Responsibilities of Members and Officers

- Elected Members are collectively responsible for the governance of the Council. The Council operates a Cabinet and elected Leader model of decision making with nine Members on the Cabinet, each responsible for a designated portfolio.
- Council has three principle statutory officers:
 - Head of Paid Service is the Chief Executive, who is responsible for all Council staff;
 - Section 151 Officer is the Chief Operating Officer, who is responsible for ensuring the proper administration of the Council's financial affairs and ensuring value for money; and
 - Monitoring Officer is the Director of Governance, who is responsible for ensuring legality and promoting high standards of public conduct.
- Other key statutory officers include:
 - Executive Director of Children and Families' Services, responsible for securing the provision of services which address the needs of all children and young people, including the most disadvantaged and vulnerable, and their families and carers;
 - Executive Director of Adult Social Services, responsible for assessing, planning and commissioning adult social care and wellbeing services to meet the needs of all adults with social care needs; and
 - Director of Public Health, with overall responsibility for the Council's duties to assess, protect and improve the health and wellbeing of the people in its area, and exercise its functions in planning for, and responding to, emergencies that present a risk to the public's health.
- The Council's Management Board (comprising the Chief Executive, Deputy Chief Executive, Assistant Chief Executive, Executive Directors for Adults and Children, Chief Operating Officer and Director of Public Health) has overall responsibility for the vision and culture of the organisation and for delivery against the Council's priorities.
- All directors are responsible for maintaining a sound system of internal control within their area of responsibility.

Standards of Conduct and Behaviour

- The Council has a local Code of Corporate Governance, in line with the latest CIPFA / SOLACE guidance, which demonstrates its commitment to the principles of good governance and to operate in an open and accountable manner, while demonstrating high standards of conduct.

- The Constitution sets out how the Council conducts its business and how decisions are made, together with a protocol for Member / Officer relations.
- Finance and Contract Procedure Rules provide the framework for managing the Council's financial affairs and apply to all Members and officers of the authority and anyone acting on its behalf.
- Codes of Conduct for Members and Employees, included in the Constitution, sets out expected standards of behaviour and include requirements to declare potential conflicts of interest and / or gifts or hospitality, which should be formally recorded. The Codes are communicated through induction, briefings and are available through the Council's intranet. Reminders to complete declarations of interest were issued to all officers during 2023-24.
- The Council values of THRIVE (Teamwork, Honesty, Respect, Innovation, Value for Money and Empowerment) are contained within the Council Plan 2020-24 and the new Borough Plan 2024-28 and were used to guide staff behaviours through their incorporation into recruitment, training and performance management and appraisal processes during 2023-24.
- The Council is committed to creating and maintaining an anti-fraud culture and high ethical standards in the administration of public funds. This is supported through the Anti-Fraud & Corruption Strategy, Whistle-blowing, Bribery and Anti-Money Laundering Policies.

Decision Making and Scrutiny

- The Leader and Cabinet are responsible both individually and collectively for all executive decisions. Forthcoming key decisions by the Cabinet are published in its Forward Plan.
- There are four Overview and Scrutiny Committees – Cheshire West and Chester Overview and Scrutiny Committee, People Overview and Scrutiny Committee, Places Overview and Scrutiny Committee, and Health Overview and Scrutiny Committee. The Scrutiny Committees hold the Cabinet to account and have the right to 'call-in' for reconsideration decisions made but not yet implemented by the Cabinet and individual Portfolio holders. The Council also is party to the Cheshire and Merseyside Integrated Care System Joint Health Scrutiny Committee which holds to account and scrutinises the work of the Integrated Care System at Cheshire and Merseyside.
- The Health and Wellbeing Board is a statutory committee of the Council established under the provisions of the Health and Social Care Act 2012 and the Local Authority (Public Health, Health and Wellbeing Boards and Health Scrutiny) Regulations 2013. The Board has a wide membership including strategic decision makers from the Council, NHS Police, Fire and the voluntary sector. The Board's main aim is to work in partnership to improve health and wellbeing for residents and reduce inequalities across the Borough. The Board played a key role in developing the Council's Place Plan which represents the Council's vision for residents' health and wellbeing.
- A Report Clearance Protocol that must be followed by officers when reporting to Members, ensuring that reports are subject to legal and financial review.
- Decision making arrangements delegated to officers are recorded in the Scheme of Delegation, with evidence of appropriate authorisation retained.
- The Council's Management Board meets twice a week. All Directors are invited to attend for matters relevant to their responsibilities and meet monthly as the Extended Management Board.

- The Board is supported by eight cross-directorate governance boards each chaired by a member of the Management Board, to facilitate more joined-up ways of working that align to the key priorities set out in the Council Plan.
- Several officer groups operate across the Council, responsible for the governance of specific areas of risk. These include the following:
 - Joint Officer Board
 - Commissioning Board
 - Strategic Assets Board
 - Capital Investments Board
 - Capital Operations Group
 - Value for Money Board
 - Financial Resilience Board
- Financial approval limits for officers are recorded in Schemes of Financial Delegation, which are prepared and updated by each Council Service.

Engaging with Local People

- The Authority has a communication strategy that is an audience-led and outcome-focused approach that supports the Council Plan. Channels of communication include the Council website, the Your West Cheshire website and social media channels.
- The Council's digital engagement platform – Participate Now – allows local people to participate in consultation and engagement activities. The Participate Panel is the Council's online citizens' panel and comprises a cross section of approximately 1,300 residents, broadly reflective of the local adult population, who are invited to take part in regular, online engagement with the Council. In 2023-24 this included a series of discussion groups to help prepare the 2024-28 Borough Plan, including its vision and goals, as well as consultation on the 2024-25 budget, and Local Transport Plan.
- Council meetings and those of its committees are held in public, and many are webcast. Agendas, minutes and decisions are recorded on the Council's website.

Finance, Risk and Performance Management

- The Council has a Performance Management Framework which supports the measurement and monitoring of financial performance as well as the delivery of the seven priority outcomes set out in the Council Plan. This is now being reshaped to reflect the six missions set out in the new Borough Plan
- Financial performance is monitored monthly. Performance by all Council Services against a range of key quantitative and qualitative indicators is also monitored through quarterly reporting to senior managers and members.
- The Medium-Term Financial Strategy sets out the Council's approach in managing resources to meet its priorities and ensure value for money.
- The Council's Risk Management Strategy seeks to embed the management of risk and opportunities in all Council business and activity. The Council's approach to risk management has been subject to a significant review and refresh during 2023-24 with the aim of it being fully rolled out in 2024-25.

Partnership working

- Collaborative working arrangements are covered specifically within the Council's Constitution, including a requirement for arrangements to be recorded in writing.

- Any such arrangements involving participation in or creation of a separate legal entity or acting as accountable body require approval at director level, including the Director of Governance. The authorisation for collaboration arrangements depends on the Council's contribution and compliance with corporate objectives.
- Governance arrangements for Shared Services are monitored and managed by the Shared Service Joint Committee and the Joint Officer Board.
- The Council has established a central register of significant partnerships to enable corporate oversight and ensure good governance arrangements continue to be in place. This was subject to review by Internal Audit in 2022-23 with a further review planned in 2024-25.

Council Companies

- Updated company governance arrangements, further to a review and refresh undertaken in 2021-22 against best practice guidance, have been embedded into business-as-usual activity.
- The Portfolio Holder for Legal and Finance is the Council's shareholder representative on the separate legal entities it has established (Avenue Services, Brio Leisure, Cheshire West Recycling Limited, Edsential, LGPS Central Limited, and Qwest Services). The Head of Companies, Compliance and Assurance is the senior accountable officer, reporting to the Section 151 Officer.
- The Companies Board meets fortnightly with representation from Heads of Services from Companies, Compliance and Assurance, Capital and Strategic Finance, Commercial Management. The Companies Lawyer and Senior Companies Manager are also in attendance with a set agenda in place.
- Oversight of shareholder interests is exercised via the Section 151 Officer, who supports the Portfolio Holder. Both receive monthly briefings on company matters.
- There are Cabinet member leads for each company including attendance at company boards as non-voting observers. There is also officer attendance, either as appointed Non-Executive Directors or non-voting observers.
- Several key decisions are identified as reserved matters for which the Council's consent is required.
- Financial oversight is exercised via submission of quarterly finance returns for each company to the Head of Capital and Strategic Finance. The financial impact of each company on the Council's budget position and risk is undertaken via quarterly performance reporting to Cabinet and Chester Overview and Scrutiny Committee.
- There are quarterly shareholder boards with the Chair and Managing Director for each company to review financial, risk and business plan performance.
- The Cabinet and Overview and Scrutiny Committee scrutinise annual business plan proposals, prior to member sign-off. Scrutiny arrangements were strengthened during 2022-23, including the development of a new Finance and Shareholder Scrutiny Working Group to operate post the May 2023 local election.

Pension Fund

- The Council is the administering authority for the Cheshire Pension Fund (the name of the Local Government Pension Scheme in Cheshire). The Council reviews the discharge of its responsibilities through its Audit and Governance Committee. The Fund publishes its own statement of accounts on an annual basis and includes a "Governance Compliance Statement" which outlines compliance to industry specific governance principles.

- The Pension Fund Committee advises the Council's Section 151 Officer on the management of the Fund. Also, the Local Pension Board assists the Council to ensure the effective and efficient governance and administration of the Pension Fund responsibilities through the Council's Audit and Governance Committee.

Audit and Assurance Arrangements

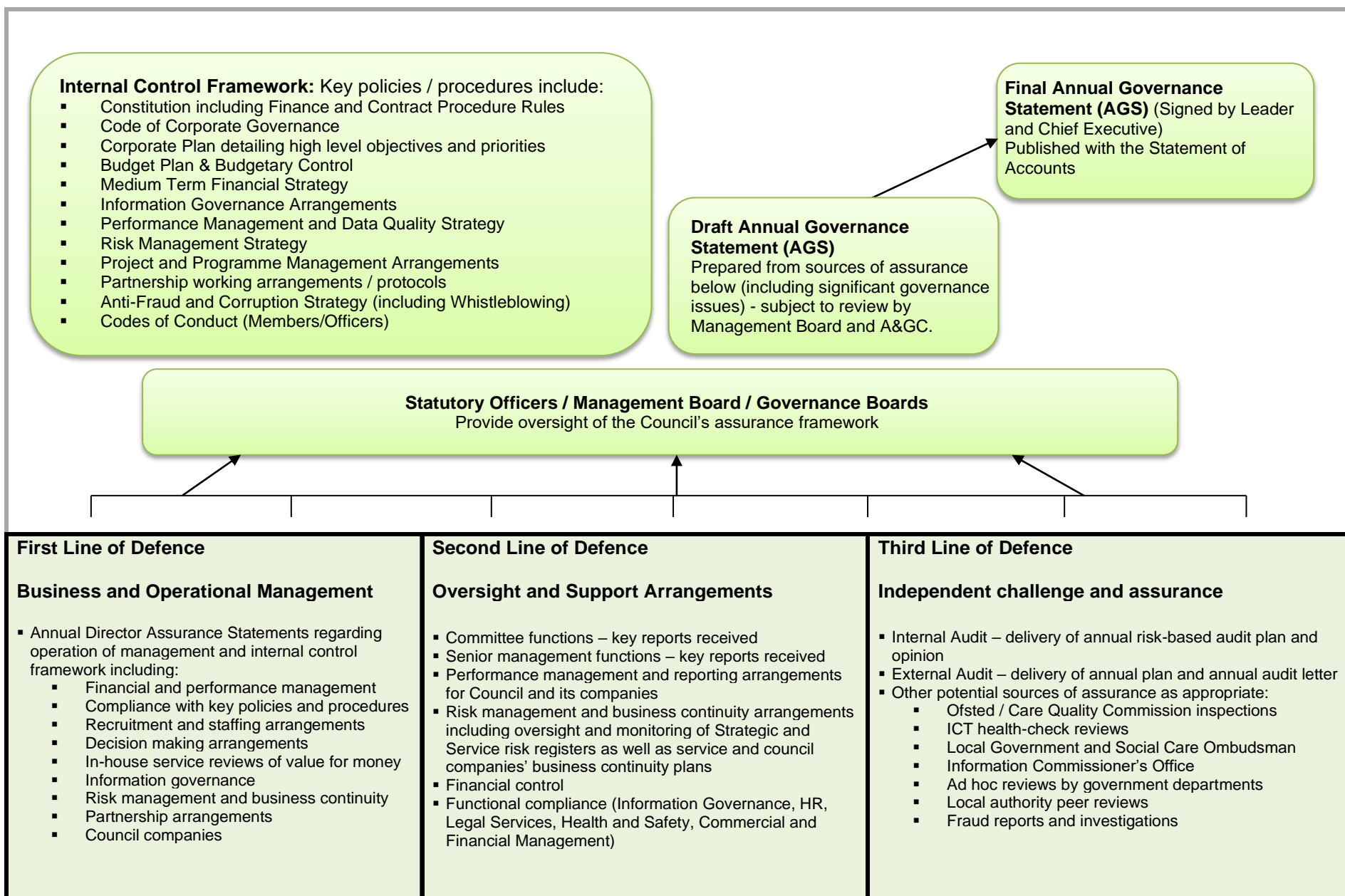
- Audit & Governance Committee is responsible for overseeing the Council's audit and assurance arrangements. It provides independent review of the Council's governance, risk management and control frameworks and oversees annual governance processes. It also has other corporate governance responsibilities including consideration of Member Standards.
- The Council's Internal Audit function examines and reports on the adequacy and effectiveness of the Council's internal control, risk management and governance arrangements, in accordance with its Internal Audit Charter and risk-based annual audit plan. Agreed actions in response to audit reports are followed up to ensure they have been implemented.
- Internal Audit reports that provide a 'No Assurance' or 'Limited Assurance' opinion on the risk management, governance and internal control environment for the area(s) examined are highlighted in reports to senior management and Audit and Governance Committee.
- The Head of Internal Audit produces an annual report, including an opinion on the overall adequacy of the Authority's framework of governance, risk management and control, in accordance with the Public Sector Internal Audit Standards.
- External audit provides an opinion on the Council's annual statement of accounts and whether the Council has secured economy, efficiency and effectiveness in the use of its resources.
- Other external inspections and peer reviews provide additional accountability and highlight good practice and areas for improvement.

How does the Council monitor and evaluate the effectiveness of its governance arrangements?

The Council has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework including the system of internal control. The review of the effectiveness is informed by various sources of assurance including directors who have overall responsibility for the development and maintenance of governance, internal control, performance and risk management arrangements for their services. Also, the work of the Council and its Committees; and reports from Internal Audit, external audit and other review agencies and inspectorates.

This process is set out in an assurance 'map' overleaf, using a 'three lines of defence' model to help identify and understand the different types of assurance, with further detail provided in support in subsequent paragraphs:

- First line of defence – business and operational management assurance i.e. management and supervisory controls
- Second line of defence – functions that oversee the risks e.g. performance management arrangements, Council committees.
- Third line of defence – independent assurances on the management of risk.



Business and Operational Management Assurance

All Service Directors were asked to provide statements of assurance regarding the effective operation of key areas of governance, risk management and internal control in their directorates during 2023-24. All statements of assurance were returned, with responses providing overall assurance that, from an operational management point of view there was effective management control during the year, including in regard to the Council's companies and its significant partnerships. There was evidence from several responses received that Services are regularly reviewing their own value for money and taking action to improve where possible. Council companies had also reviewed their governance arrangements against best practice and undertaken board effectiveness reviews.

Nevertheless, the returns identified a few areas for improvement. Some services, noted that they were continuing to experience difficulties with HR related processes, specifically recruitment, as well as financial forecasting via the Council's new Enterprise Resource Planning system (Unit 4). Services considered that the challenges experienced were compromising their efficiency. In June 2023 the Shared Services Transactional Services relaunched a new and much improved support site to support staff in carrying out tasks in Unit 4. Work continues to promote the new site and streamline HR related processes where possible.

The returns also highlighted that whilst in general services had risk registers and business continuity plans in place, many needed updating and/or testing. In all such cases support from the Service Transformation Lead in the Companies, Compliance and Assurance Service has been offered with several services already taking up the offer and opportunity to review and update these key documents.

Statements of assurance are also provided by the Directors and Council Companies in support of the Section 151 Officer sign off on the 'letter of representation'. This provides assurance to the external auditors that the Council systems and processes will not result in material errors in the financial statements.

Oversight and Support Arrangements

Senior Management Functions

There are eight cross-directorate governance boards set up to support the Council's Management Board. Of these, the Compliance, Assurance and Risk Board, chaired by the Chief Executive, has a remit of proactively ensuring a Council-wide overview of assurances that the Council's statutory responsibilities and governance are effective and well managed. Also, to ensure statutory officers are enabled and supported to exercise their functions. During 2023-24 the Board were provided with various briefings including the following key governance issues:

- Exercise of statutory officers and proper officers' responsibilities through the coverage of key risks and issues.
- The development of a Compliance Framework, aimed at ensuring the Council meets all its legal duties through relevant monitoring of compliance.
- The revitalisation of the Council's approach to the management of health and safety including the development of a Health and Safety Compliance Framework to evidence that the Council is proactively managing health and safety.
- Internal Audit activity including issues arising from audit reports on Council Services with a 'limited' or 'no' assurance opinion on the governance, risk management and internal control framework.

- Progress updates on service risk registers and business continuity plans and the development and update of the Strategic Risk Register.
- Horizon scanning of the risk and opportunity landscape, and regular deep dives into strategic risks.
- Information governance reports, covering data protection incidents (causes and lessons learnt), and proposals to improve information governance.

The Compliance Framework referenced above is still in pilot phase with the aim of rolling it out further during 2024-25. Work will also be undertaken to ensure it is aligned with the health and safety compliance framework. In addition, the potential for it to be expanded to include a formal framework of sources of assurance on the Council's governance arrangements will be explored at the time the awaited guidance from CIPFA on assurance mapping is issued.

Financial Control

In February 2024 the Council set a balanced budget for 2024-25 and indicative budgets plans for 2025-28, aligned to the new Borough Plan 2024-28. This included the need to address a funding gap of £48.8m during 2024-25 and £165m in the period to 2028. A four-year capital programme was also developed.

Financial performance is reported regularly to Cabinet. As at the third review in January 2024, the report noted that the Council was forecasting of £6.1m overspend against its budget, though this represented a decrease of £3.5m compared to the mid-year forecast. The mitigations had been achieved by a mix of using contingencies and reserves as well as immediately deliverable actions such as vacancy management. The main contributors to the forecast overspend are Adults and Children's Services. Budget pressures in these areas is recognised as a national issue. Both services are pursuing mitigating actions to control cost and reduce demand by investing in key areas on an 'invest to save' basis to improve the offer for service users and reduce demand on statutory services in the future.

At the beginning of October 2023, the Council introduced a spending review panel to ensure that only expenditure that is critical to service delivery is incurred and that staff / agency workers are only appointed if necessary. In addition, the panel reviews all requests for non-pay expenditure over £5,000 to ensure it is necessary. The Council launched a mutually agreed resignation scheme (MARS) in November 2023. These measures along with proactive work by the services have helped reduce in-year financial pressures though this remains an ongoing challenge. At year-end there was an overspend of £0.7m against the approved budget, significantly less than the £6.1m forecast reported to Cabinet in January 2024. In addition to the measures outlined previously, a review of external funding opportunities and the identification of other mitigations by services to reduce spend contributed towards the improved final position.

A self-assessment of the arrangements in place for 2023-24 has been completed against the CIPFA Statement on the Role of the Chief Financial Officer (CFO) in Local Government Framework, published in 2016. The Statement sets out how the requirements of legislation and professional standards should be fulfilled by CFOs in carrying out their role. The self-assessment evidenced full compliance with these requirements.

A self-assessment has also been undertaken against the principles in the Financial Management Code, published by CIPFA in 2019. The Code provides guidance on good and sustainable financial management in local authorities and compliance to provide assurance that an authority is managing its resources effectively. No areas of non-compliance were identified through this self-assessment.

Directors' Statements of Assurance for 2023-24 highlighted that Service schemes of financial delegation generally operated satisfactorily during the year with no significant issues arising.

Performance Management Framework

The performance management framework, implemented with the Council Plan 2020-24, includes an assessment of performance against 80 Council Plan indicators. Regular performance reports were taken to Cabinet during the year.

As at the third review in January 2024 the report noted that, of the 80 indicators, 26 were assessed as 'green' and performing well against target, 10 were 'amber', and 23 were 'red', performing below target. The remaining 21 indicators relate to indicators that are only available on an annual basis and not reported at this time. At year end the position had improved with 39 indicators assessed as 'green', 8 'amber' and 21 'red', with 12 indicators either reported earlier in the year or to be reported in the next period.

Strong areas of performance included reablement, support to complex families, waste and recycling, job starts, business support, the delivery of affordable homes and the return of empty homes to use. However, continued increases in demand which is driving pressure on services is also contributing to challenges in meeting performance targets. Demand on children's social services and the number of households needing temporary accommodation is at historically high levels. There are also increasing levels of complex demand in Adult Social Care and work to tackle the backlog in annual reviews continues to be impacted by capacity issues.

Risk Management and Business Continuity

During 2023-24, steps have been taken to improve and strengthen risk management and business continuity practices, considering recommendations made by external audit in their 2021-22 annual report. This has been facilitated further to a comprehensive review of arrangements led by the Head of Companies, Compliance and Assurance, supported by the Service Transformation Lead. The review of the risk framework incorporated consultation with Management Board and Cabinet Members to arrive at a set of agreed strategic risks and corresponding risk appetite statements. The first version of the revised framework was shared with Audit and Governance Committees in May 2024.

Further work is ongoing into 2024-25 to improve and quantify the Council's risk maturity, refresh and update service risk registers and horizon scan across the organisation to ensure a more pro-active approach is taken to risk management. To reinforce and improve existing practices a risk management toolkit is being developed to empower staff members to effectively identify, assess, and mitigate risks. It is intended that the Council's approach to risk management will be subject to independent review in 2024-25. This should guide any areas for further improvement as well as future strategies.

Working alongside the Emergency Planning Team, the Compliance and Assurance Team have encouraged and supported services to review and update their business continuity plans. This has included supporting the delivery of the National Power Outage Preparedness Group's 'Mini Oak' exercise, held in June 2023, which focused on how services would respond to a national power outage. Subsequently, the Group has evolved into the Council Business Risks Preparedness Group to focus on inter-related corporate business risks and activities including cyber security, business continuity and service emergency response plans. Quarterly meetings of this Group, to which all Heads of Service are invited, emphasise the importance of having comprehensive, up-to-date and tested business continuity plans in place. This culminated in an 'Operation Uninterrupted' session held in April 2024 which focused on enhancing business continuity preparations through

consideration of the impact and response to critical scenarios including cyber-attack, failure of key partners / suppliers, and significant loss of staff.

Work in this area continues into 2024-25 with several services taking up the offer of further support from the Emergency Planning and Compliance and Assurance Teams. Also, in response to Directors' assurance statements referenced earlier, further offers of support have been extended where there are indications that business continuity plans may be lacking or in need of further update and / or testing.

Functional compliance

Health and Safety

During 2023-2024 the Council has continued to ensure the aims of the health and safety strategy through the continued promotion of the health and safety compliance framework in line with HSG 65 and through a targeted action plan. Our health and safety compliance framework sets out the mandatory requirements to ensure compliance with health and safety legislation and our action plan builds on key areas such as communication, risk assessment, training, and responsibilities. The team monitors health and safety arrangements across the Council

Directors' report and present throughout the year at bimonthly Health and Safety Forum meetings which are chaired by the Chief Operating Officer. Directors have shared lessons learnt and case studies within their areas to promote positive health and safety management arrangements. The Forum meetings have a focus on RIDDOR (Reporting of Injuries, Diseases and Dangerous Occurrences Regulations (RIDDOR) 2013) reportable incidents to the Health and Safety Executive which allows for improvements to be managed and raises awareness of health and safety matters across the Council. Our framework and forum meeting are supported by an annual Health and Safety Week which ran during October 2023 during which time an employee survey was distributed, with results shared and action taken.

During 2023-24 accident / incident reporting has stayed consistent, with continued promotion of reporting. 55% of all accidents / incidents reported related to an education setting, with 34% reported relating to Vivo and adult social care. All accidents and incidents reported are reviewed by the health and safety team to ensure that the Council meets its statutory reporting under the RIDDOR Regulations 2013. There were 11 RIDDOR reportable incidents during 2023-2024, which is in line with the number reported in 2022-2023, 9 of these were within Education. None of the reported incidents led to prosecution by the Health and Safety Executive.

The Council continues to empower directors to take ownership, accountability, and responsibility for managing the health and safety risks within their service areas, in addition promoting individual responsibilities regarding health and safety. The health and safety forum will continue in 2024-25 along with delivery of the action plan targeting key areas relating back to the health and safety strategy themes.

Information Governance

There was a reduction in the number of reported security incidents involving the loss of personal data during 2023-24, with 149 reported compared to 195 in 2022-23. Only seven incidents met the threshold to be classed as a formal breach of data protection due to an identified loss of data or clear detriment / risk to the data subject (constituting a loss of control of personal data). Additionally, two incidents required reporting to the Information Commissioner's Office (ICO) as having hit the threshold for reporting. Both related to the inadvertent disclosure of personal data. The first arose from a technical error where direct debit letters were printed double-sided, and an individual received a letter intended for

another. The second case involved the disclosure of an individual's address to a former partner when it should have been withheld. A failure by staff to record the need to withhold this detail was the cause. In both cases the ICO took no further action, however the Council's Data Protection Officer will be issuing recommendations to staff working in the area where the disclosure error occurred on how confidential information should be recorded.

The remaining incidents were assessed as low risk because information was recovered with no ongoing concerns, there was no unauthorised access or there was no loss of control. As was the case in previous years, the majority of issues related to emails sent to the wrong recipient and failure to blind copy personal address details. This presents a continued challenge for the Council in taking appropriate action to remove or reduce the possibility of errors with the potential for further action by the ICO where it is considered the risk is known and addressable. Given continued concerns in this area, as well as the opportunity presented by the separation of ICT functions from Cheshire East Council as part of the Hybrid ICT Programme, additional recommendations to improve controls in this area will be presented for consideration by Compliance, Assurance and Risk Board in 2024-25.

As a result of proposed changes to data protection legislation under the new Data Protection Digital Information Bill, staff training was paused during 2023-24 in order to allow for changes to practices to be integrated. The Bill failed to pass through parliament before the general election, so as a result, training in all DP areas will resume in September.

Contract Management

The Commercial Management team adopts a standardised contract management approach focusing on the principles of accountability, value for money, robust performance management and reporting and health and safety compliance. The Service prepares quarterly reports on the performance of the Council's 13 major strategic contracts it manages (including all Council companies except Edsential). The reports consider, for each contract, performance against the performance management framework. A balanced score card approach is used to arrive at an overall contract health assessment. This considers financial performance, service delivery, health and safety compliance, risk and reputational damage and performance against contract outcomes.

The final quarter review for 2023-24 identified that for six of the 13 contracts, contract performance was satisfactory, with the other seven contracts amber rated. The contract with the lowest overall performance assessment was assessed as such due to continued underperformance against several of its key performance indicators. In response, the Commercial Management Service has implemented several interventions to support improvement. For the other contracts, the assessment primarily related to financial challenges for the Council arising from their delivery and potential risks connected to the recommissioning process and ensuring a smooth transition, which is natural for contracts of such a strategic nature. In all cases, the risks identified are being managed, with appropriate mitigations in place. As such, there are no significant governance issues arising.

Committee Functions

Council

The Council met on five occasions in 2023-24 and received / approved reports on a range of matters, including the appointment of the new Chief Executive, Special Severance Payments, and Review of Progress against the Climate Emergency Response Plan and Carbon Management Plan.

Agendas and reports are accessible here: [Council meetings](#)

Cabinet

The Cabinet met on nine occasions in 2023-24 and received / approved reports on a range of matters including Trees for Climate; Review of Performance 2022-23; Mid-Year Review of Performance 2023-24; Electric Vehicle Strategy; Update on the Property Asset Strategy and Management Plan; Household Waste and Recycling Centre contract extension and re-commissioning update; Borough Plan 2024-28.

Agendas and reports are accessible here: [Cabinet meetings](#)

Audit & Governance Committee

The Audit & Governance Committee met on six occasions during 2023-24 and received / approved reports including those related to the Statement of Accounts for the Council and Cheshire Pension Fund 2021-22; External Auditor's Audit Findings / Annual Report 2020-21, 2021-22, 2022-23 and Audit Plan 2022-23; Annual Governance Statement 2022-23; Internal Audit Plan and Plan Progress Reports 2023-24; Head of Internal Audit Annual Report and Opinion 2022-23; Treasury Management Update 2023-24 and Strategy 2024-25; and Appointment of Co-opted Member

Agendas and reports are accessible here: [Audit & Governance Committee meetings](#)

Cheshire West and Chester Overview and Scrutiny Committee

The Committee met on six occasions during 2023-24 and scrutinised items including 2022-23 Performance; Mid-Year Review of Performance 2023-24; Corporate Compliments and Complaints 2022-23; and Budget Report 2024-25, Medium Term Financial Strategy 2025-28 and Council Tax Setting 2024-25.

The Committee also undertook in-depth annual scrutiny reviews of Flood Management and Council Companies.

Agendas and reports are accessible here: [Cheshire West and Chester Overview and Scrutiny meetings](#)

People Overview and Scrutiny Committee

The Committee met on five occasions during 2023-24 and its work programme included scrutinising Staff Retention Rates for Adults and Children's Social Care Services; Summary of Regulation 44 Visits to Children's Homes; Adult Social Care Safeguarding and Performance Report; and Recommendation 41 Visits.

The Committee also undertook in-depth scrutiny reviews of Placements with Parents and Hospitals as a Source of Contact and Adults Social Care, Care Quality Commission Assurance.

Agendas and reports are accessible here: [People Overview and Scrutiny meetings](#)

Places Overview and Scrutiny Committee

The Committee met on five occasions during 2023-24 and its work programme included scrutinising: Highways Asset Management; Digital Connectivity; Housing Delivery Programme; and Bus Service Improvement Plan.

The Committee also undertook an in-depth annual scrutiny review of the Sources and Impact of River Pollution; and Community Safety Partnership

Agendas and reports are accessible here: [Places Overview and Scrutiny meetings](#)

Health Overview and Scrutiny Committee

The Committee met on six occasions during 2023-24, one of these being an informal meeting, and included consideration of Cheshire and Wirral Partnership Performance and Quality Accounts 2022-23; Winter Planning 2023-24; Falls Intervention and Prevention; and Cheshire West Community Partnership Programme Update.

Agendas and reports are accessible here: [Health Overview and Scrutiny Committee meetings](#)

Cheshire and Merseyside Integrated Care System Joint Health Scrutiny Committee

The Committee met on four occasions during 2023-24, and included consideration of Cheshire and Merseyside Integrated Care System Updates; Developing the NHS Cheshire and Merseyside Single Suite of Clinical Commissioning Policies; Integrated Care Board Winter Plan Update; and Performance Monitoring Arrangements.

Agendas and reports are accessible here: [Browse meetings - Cheshire and Merseyside Integrated Care System Joint Health Scrutiny Committee | Knowsley Council](#)

Members' Training

Members' training sessions have continued to take place remotely, and where agreement is in place, the sessions have been recorded to enable those unable to attend to view at a time to suit. Regular sessions have been held hosted by internal staff, with a number of sessions delivered by external providers. The Member i-learn package has been developing since its introduction in 2021, with a number of additional modules.

The Member Induction Programme was implemented following the council-wide elections in May 2023. This included statutory training to cover Code of Conduct, Register of Interests, Governance, Regulatory Committee Training and Scrutiny. It also included a "Meet the Director" facility where each Director was filmed presenting information about their service for all Members to view online. A 'Tour of the Borough' also took place to enable new Members to understand service delivery, events and issues across the Borough as a whole.

Cheshire Pension Fund

Cheshire West and Chester Council is the statutory Administering Authority for the Cheshire Pension Fund (the name of the Local Government Pension Scheme in Cheshire). The Council has delegated decision making responsibility for the Fund's affairs to the Chief Operating (S151) Officer who in turn has decided to appoint an advisory panel known as the Pension Fund Committee.

The Council, as Administering Authority, publishes an Annual Report including the Statement of Accounts for the Fund each year and includes a "Governance Compliance Statement". The Fund's governance arrangements are assessed as fully compliant with the Public Service Pensions Act 2013. These arrangements include those put in place to ensure appropriate oversight of LGPS Central Ltd, a wholly owned investment management company regulated by the Financial Conduct Authority. The company is jointly and equally owned by eight LGPS partner funds, of which Cheshire is one.

During 2023-24, The Pension Regulator launched their "General Code of Practice", a new set of regulatory requirements and expectations which apply across many types of public and private sector pension schemes. The General Code replaces the previous "Code of Practice 14: Governance and administration of public service pension schemes" which applied to the LGPS and other public sector schemes. The Fund has undertaken an initial self-assessment against those requirements of the General Code which are understood to be applicable to the LGPS, identifying a number of improvements to be implemented in order

to ensure full compliance with the new Code. These actions will be implemented during 2024-25, and a full self-assessment against the General Code will be carried out. The Fund then intends to commission an external independent assessment of its compliance with the General Code during 2025-26, ahead of the deadline for full compliance of 31 March 2026.

In parallel, the Fund awaits a further consultation from the Government in relation to the ongoing Good Governance review commissioned by the LGPS Scheme Advisory Board, and how the recommendations from that review will be brought into regulatory effect. The Fund continues to identify opportunities where possible to take forward relevant actions from the latest 2021 report arising from this external and independently commissioned review, while awaiting further guidance.

Independent challenge and assurance

Internal Audit and Counter Fraud

Internal Audit has continued to work to the UK Public Sector Internal Audit Standards. An external review undertaken in March 2024 confirmed that the team continue to fully conform to the Standards.

During 2023-24 Internal Audit issued 22 reports on Council activities where an assurance opinion was delivered (including eight reports where the draft report and opinion was issued in 2023-24 but was not finalised until first quarter 2024-25). In addition, 37 other pieces of non-assurance opinion based activity, including the audit and sign-off of grants where there is a statutory requirement and other consultancy / advisory work. All work undertaken contributes to improving the Council's governance, risk management and control arrangements.

Of the 22 reports where an assurance opinion was delivered, 13 (59%) were assessed as having 'substantial' or 'reasonable' assurance on the system of governance, risk management and control for the areas examined. Of the remainder, seven were assessed as 'limited' and two assessed as 'no' assurance.

Whilst the 'limited / no' assurance assessments identify areas of control weakness; in most cases they relate to areas where the controls were known to be at risk by the respective Services. In these cases, an independent review and opinion from Internal Audit was actively sought by the Director, with a view to identifying areas for improvement. Nevertheless, the proportion of reports assessed as 'substantial / reasonable' assurance is less than previous years (65% in 2022-23 and 69% in 2021-22) with services increasingly facing capacity pressures in maintaining an appropriate control regime.

Internal Audit is satisfied that appropriate actions have been identified to address the issues raised in its. However, for some of these audit reviews capacity issues within the Services first need to be addressed and may delay the effective implementation of agreed actions.

The actions agreed in all reports are followed up by Internal Audit to ensure implementation and enhancement of the Council's internal control framework. Overall, 171 of 181 (94%) of agreed actions were identified as having been implemented during the financial year, against a target of 85%, and a significant improvement on that achieved in 2022-23 (78%). Internal Audit provide regular reports to Directors to highlight overdue actions related to audits in their services, to ensure their awareness and, where possible, expedite their implementation. Internal Audit is satisfied that services are acting on the issues raised in its reports, with overdue actions either in progress or needing to be rescheduled where delay was unavoidable. Internal Audit continue to monitor, and report on, performance in this area escalating as appropriate to ensure actions raised are implemented on a timely basis.

Internal Audit work included a review of the governance of the Council's significant partnerships undertaken between February and May 2023 identified generally effective governance arrangements in place. The audit report finalised in July 2023 identified no areas of significant concern but noted a few areas for improvement. For example, ensuring that all partnerships maintain up to date risk registers, and that there is a process for annual oversight by Management Board and Audit and Governance Committee.

During 2023-24, the Corporate Fraud team dealt with 278 referrals, of which 212 were subject to full investigation during the year. None of these investigations identified systemic failings in Council services and were relatively 'low level'. The investigations led to outcomes such as discounts and exemptions being withdrawn, and civil penalties applied (primarily in respect of Council Tax). In addition, the Corporate Fraud Manager reviewed seven allegations made through the Council's whistleblowing arrangements. These allegations were found to be either without foundation or 'low level', where the need for limited action such as additional training was identified.

The Head of Internal Audit's Annual Report for 2023-24 will include the opinion that 'the Council has in place a satisfactory system of governance, risk management and internal control designed to meet its objectives'. This is based on the positive engagement with senior managers in terms of their openness in identifying areas at risk for review and in their timely responses to addressing recommendations for improvement. Also, that no significant fraud concerns were identified during the year. However, for 2024-25 and beyond it may be difficult to maintain that opinion if an increasing proportion of audits highlight concerns with the Council's capacity to maintain an adequate control framework for the areas examined.

External Audit

Last year it was reported that the audit and sign off of the Council's Group and Council's financial statements for 2020-21 and 2021-22 had been delayed. The primary cause of delay were issues identified in the 2020-21 financial statements regarding the Council's valuation of its land and buildings assets alongside capacity and delivery delays by External Audit (this was mirrored across the country). This led to the need for revaluations on most asset categories and a review of valuation processes which have taken time to resolve, with several adjustments needed.

During 2023-24 the 2020-21 and 2021-22 financial statements were signed off and the review of the financial statements for 2022-23 substantially completed. In their interim annual report for 2021-22 and 2022-23, received by Audit and Governance Committee in March 2024, the auditors reported that they had not identified any significant weaknesses in the Council's arrangements for improving value for money. The auditors identified one area of significant weakness related to the arrangements for reporting risk management during 2021-22. Whilst a key recommendation was raised in response, the auditors were satisfied that there was sufficient evidence of improvement, and a positive direction of travel so did not consider this a significant weakness in 2022-23. Ten additional improvement recommendations were included in their interim annual report. In all cases, actions and processes were already in place to address the recommendations made at the time they were reported to Audit and Governance Committee.

Other Sources of Assurance

Local Government and Social Care Ombudsman

The Local Government and Social Care Ombudsman reported details of complaints received against the Council in 2022-23 in July 2023 (2023-24 details are due in July 2024). The Ombudsman received 70 complaints of which eight were upheld (compared to 17 cases upheld in 2021-22). In each case the required remedies were implemented and there was an improvement in the timeliness of these actions being taken. The volume of complaints upheld is very low compared to the level of contact received (around 0.1%).

ICT Controls

The Council's ICT systems are subject to review through a number of external reviews as well as self-assessments. There is an annual independent ICT health check by an accredited organisation which includes penetration testing to assess system security and vulnerability to cyber-attack; as well as various other external audits or self-assessments to satisfy the requirements of bodies such as the Council's external auditors; the NHS, central government departments such as the Department for Work and Pensions and Cabinet Office. No significant issues of concern were raised. Further enhancements to the Council's security tools, systems and reporting processes, including exploring how an external SOC (Security Operations Centre) fits into the model, are all aimed at continuing to improve the security landscape and ensuring the overall security integrity of the ICT estate.

Other Assurances

Other sources of assurances on the robustness of the control framework that operated in 2023-24, as referenced by Directors in their annual assurance statements, included:

- Council's Children's Services self-evaluation and Peer Review via the North West Association of Directors of Children's Services Sector Led Improvement Team. This noted progress being made and its impact as well as highlighting several areas for development to further improve service delivery.
- Annual conversations with Ofsted on standards and performance which help promote improvements in services and outcomes for children.
- Completion of LGA Public Health Self-Assessment Tool which identified no significant areas of concern.
- CQC inspections of regulated services.
- External review of the Construction Delivery teams' Health and Safety systems which approved the systems in place with some suggestions for minor improvements which have been or are currently being implemented.
- Oversight by the Competition and Markets Authority of compliance with the requirements of the Funerals Market Investigation Order 2021.
- Oversight by the Department for Environment, Food and Rural and Affairs (Defra) of compliance with Part IV of the Environment Act 1995 (Local Air Quality Management).
- Audit of the Council's food hygiene inspection programme and associated responsibilities by the Food Standards Agency.
- Oversight by the General Register Office of compliance with the Proper Officers Guide to Registration Services in England and Wales (incl. statutory standards, service delivery standards and counter-fraud assurance framework).
- Financial audit by the Department for Business, Energy and Industrial Strategy of the regional investigations team grant funding.
- 'Satisfactory' assurance opinion on the Local Government Pension Scheme (LGPS) Central Limited governance arrangements for 2023-24 further to a review issued in May 2024 by Wolverhampton Council Internal Audit. The audit was undertaken on behalf of the LGPS Central Pool partner funds, of which the Cheshire Pension Fund is one.

What were the significant governance issues in 2023-24?

The five significant governance issues to be reported are as follows:

1. Financial resilience to demand

Responsible officers: Director of Finance, Chief Operating Officer (s151)

The national financial picture for Local Government has and is expected to remain extremely challenging. This continues to directly impact on the costs of providing services and capital investment and on cost of living for residents.

These economic challenges and funding uncertainty continue, and there's also increasing pressure on Local Government finances due to increases to demand, including adult and children's social care:

- The Government's Autumn Statement in November 2023 reaffirms previous funding commitments which aims to address issues in adult social care funding.
- The Government confirmed in Spring Budget 2024 'an additional £500m of new funding for councils to support the provision of adult and children's social care'.

These funding settlements do not match increases to demand. Equally, the Council is experiencing significant growth in demand for many other key services it provides, creating further pressures. The Council already had well established processes in place to monitor the delivery of budget savings in this climate, but delivery of this level of savings to be resilient to demand growth has been challenging and will continue to be.

In 2023-24, the Council has:

- Introduced new, robust financial controls including a 'Spending Review Panel' to give greater challenge and scrutiny to proposed spending.
- Invested £35.6m into Children's and Adults Social Care whilst prioritising service transformation to manage the growth in demand in the long term.

These steps, alongside performance and monitoring frameworks and rooting out inefficiencies, have enabled the Council to maintain financial sustainability. It has also enabled an appropriate focus on transforming and delivering according to the Borough Plan despite this challenging financial environment.

In 2024-25, the Council will strengthen its resilience to demand by:

- Doing things differently to deliver the six 'strong' missions whilst matching available funding, including working ever more closely with communities, scaling up prevention, improving use of data and insight, developing the workforce, and strengthening partnerships.
- Developing a four-year budget plan (2025-26 to 2028-29) which enables a focus on doing things differently in a financially sustainable way per the Borough Plan.
- Continuing to review financial controls, models and service level forecasts to ensure the Council is responsive to changing demand.

2. Management of risks and opportunities

Responsible officer: Director of Governance (and Monitoring Officer)

At the start of 2023-24, the Council recognised a need to review the risk management framework, ensuring it is responsive to a challenging and dynamic risk landscape and manages its risks and exploits its opportunities appropriately to support delivery of the new Borough Plan. Clarifying 'risk appetite' at an organisational level, and supporting colleagues in applying these appetites has and will continue to be a key focus, ensuring the Council is consistently managing its risks and opportunities to deliver its missions.

This attention on risk is key to ensuring the Council makes use of resources effectively. This work has also helped to show progress against recommendations recently received from the

External Auditor (in respect of 2021-22 and 22-23), who recognised that improvements have been made.

In 2023-24, the Council has:

- Worked with members to refresh the Risk Management Framework (including risk appetite and strategic risks).
- Strengthened the links between this new Framework and the strategic audit plan and overall assurance framework.
- Started to embed this Framework, including creating a Handbook to help colleagues manage risk in everything they do.

In 2024-25, the Council will build its 'risk maturity' by:

- Using this new framework to refresh risk registers within each service area, and giving colleagues the support, tools and confidence to effectively mitigate risks they face day to day.
- Continuing to horizon scan for risks and opportunities, making full use of insight and data.
- Continuing to scrutinise risks and assess opportunities at all levels, supporting the aim to deliver differently and prioritise activities within available funding.

3. Strengthening and protecting the Council's assets

Responsible officer: Chief Operating Officer

Given the financial challenge (see 1. above) and the transformation of services necessary to achieve financial sustainability, missions and the Borough Plan, the Council needs to realise strong value for money from the assets it uses. A key part of this is to ensure the assets enable the delivery of service priorities, the Council missions and the new Borough Plan.

At the same time, the Council must ensure the wider physical assets it is responsible for across the Borough (including all highways and property assets) are appropriately maintained and so safe for residents, communities, and wider stakeholders. This links into the need to conclude the development of the Health and Safety Compliance Framework for the Council's assets. This will help ensure risks are mitigated quickly.

Doing this within available funding is challenging and requires prioritisation decisions.

In 2023-24, the Council has:

- Reviewed its estate with external support as part of implementing its Property Asset Strategy and Management Plan, approved by Cabinet in December 2022. This forward-looking strategy and plan support the Council in fulfilling its obligations including those related to service delivery, value for money legal and governance, helping to achieve the six missions set out in the Borough Plan.
- Focussed on assessing the assets it is responsible for across the Borough, taking steps to ensure these are appropriately maintained and prioritised to mitigate risk in a challenging financial context. This is supported by an Asset Rationalisation Programme, which commenced in 2023, aimed at ensuring the right sizing of the Council's property portfolio to meet current and future needs, disposing of assets that no longer meet corporate objectives and delivering savings to support the delivery of the Borough Plan. Services are also required to develop their own Service Asset Management Plans to help inform the Council of assets essential for service delivery;

opportunities for asset sharing and co-location; opportunities for rationalisation and community asset transfer; and building maintenance and investment decisions.

In 2024-25, the Council will ensure its estate and asset base is strong by:

- Continuing to implement its Asset Rationalisation Programme.
- Embracing developments in technology and investing in data and insight capabilities to minimise risk and target resources appropriately.

4. Strengthen Enterprise Resource Planning (ERP) system

Responsible officers: Director of Finance, Chief Operating Officer

A stabilisation plan for the Transactional Shared Service has been agreed and is being implemented across the Shared Service portfolio. This will ensure sufficient stability and capacity to deliver both statutory duties and maximise the availability of data and insight to inform both demand management and improved financial forecasting across the Council.

Progress will continue to be made against this plan aligned with a future UNIT4 Optimisation and Improvement Programme, and this will be monitored through Management Board. The Council will also review its other key systems to identify and exploit similar opportunities for improvements.

In 2023-24, the Council has:

- Jointly commissioned an end-to-end health check of the UNIT4 System focussing on HR and Payroll functionality, reporting and the broader integration framework.
- Implemented a series of developments to improve the functionality of the UNIT4 system and end-user experience.
- Completed all maintenance upgrades to ensure the Council system is based on the latest UNIT4 release; and
- Extended the Support Contract to ensure service continuity and support for the UNIT4 system.

In 2024-25, the Council will strengthen its Enterprise Resource Planning system by:

- Developing and mobilising an Optimisation and Improvement Plan linked to the outcome from the UNIT4 health check to ensure the system is fully optimised;
- Reviewing the change control governance arrangements to ensure a risk-based approach is embedded in both incident and development management protocols.
- Re-defining the future scope and scale of the ERP support contract to ensure that this is fit-for-purpose, aligns to the strategic direction and priorities of both councils and maximises value for money for the shared service and its customers.

5. Creating the capability and capacity to transform whilst delivering key services

Responsible Officers: Assistant Chief Executive, Chief Operating Officer

The scale of the financial challenge, the challenges residents are facing, and the pace of external change (including Artificial Intelligence) are placing pressures on the capacity and capability to transform services in a way which manages the changes well from a governance perspective, whilst retaining sufficient pace and continuing to deliver services today.

In 2023-24, the Council has:

- Established a network of champions who will support transformation across the Council.
- Strengthened its governance through Value for Money Board which, alongside Capital Investment Board, supports successful programme delivery within financial constraints.
- Developed a new PMO framework to support a Council-wide approach to transformation.

In 2024-25, the Council will:

- Work with external support to exploit opportunities in Artificial Intelligence.
- Deliver its new PMO framework, including targeted resource investment to embed this approach alongside a new transformation portfolio and develop the workforce skills and capability to implement it.
- Develop its vision and policy to ensure Artificial Intelligence is used in the Council in a safe, ethical, and responsible way.
- Develop, deliver, and embed a Data Strategy to help enable transformation and improve the delivery of services, which includes developing the governance and standards to support this Strategy
- Strengthen links between the budget setting process and developing transformation proposals.

What are the governance development priorities for 2024-25?

As a result of the self-assessment against the new Best Value guidance, priorities were agreed for strengthening our governance framework over 2024-25. These are not considered significant issues, but if achieved would show progress against [the seven best value themes](#).

2024-25 Development Priority	Responsible Officer
<p>Ensure inclusion and sustainability are at the heart of decision making and the practices and processes that enable this.</p> <p>This will help the Council to be an ‘Employer of Choice’ and deliver on the six ‘strong’ missions in the Borough Plan.</p> <ul style="list-style-type: none"> • Build on existing strengths on impact assessments and options appraisals and apply these across the Council, ensuring all decision making fully incorporates climate change and wider social and sustainability factors. • Refresh officer governance structures to drive delivery of Borough Plan with effective, efficient decision making. • Development of a new People strategy. • Following this, refresh OD and HR practices and policies, ensuring inclusion is at the heart of how the Council operates. 	<p>Director of Governance and Monitoring Officer, Chief Operating Officer</p>
<p>Continue to strengthen business continuity plans.</p>	<p>Head of Companies, Compliance and</p>

2024-25 Development Priority	Responsible Officer
<p>Whilst services have business continuity plans and these are stronger now, these need to be updated and tested. There is a programme of activity for 2024-25 to test and update plans.</p> <p>A corporate business continuity plan will also be created to support the early stages of responding effectively to a major incident. Both will be reported up to Compliance, Assurance and Risk Board.</p> <p>A particular focus is cyber readiness and resilience, given growth in the cyber threat and the emergence of Artificial Intelligence. Exercises have already been conducted cross-Council. These will be continued to improve the overall framework.</p>	<p>Assurance working with all Heads of Service and Directors</p>
<p>Conclude review of companies.</p> <p>The Council will conclude its review of its companies, considering how the companies will best play their part in delivering the Borough Plan. This will include considering the Council's challenging financial position, the most appropriate structural models for future delivery, and any contractual milestones that need to be considered.</p>	<p>Head of Companies, Compliance and Assurance, Chief Operating Officer.</p>
<p>Delivering through partnerships.</p> <p>The creation of thriving, caring and sustainable communities requires strong partnership working, particularly where the aim is to shift focus towards prevention and tackling the root causes of the challenges people have in their lives. Focus will be given to developing stronger partnerships based on trust, openness aligned to common goals which strengthen communities.</p> <p>The regulatory environment has recently changed (e.g. Social Housing Regulation Act 2023, Procurement Act 2023) and with more expected (e.g. Martyn's Law, national Artificial Intelligence regulation). The Council will be responsive to these changes and work with partners and regulators as needed to deliver responsibilities alongside staying true to the missions in the Borough Plan.</p>	<p>All Directors</p>

What progress has been made on issues in the 2022-23 Annual Governance Statement?

There were five governance issues raised in the 2022-23 Annual Governance Statement. The first is reflected in a significant governance issue in 2023-24 (financial resilience to demand), the other issues below are now considered lower risk. However, there were actions taken in 2023-24 as noted below.

2022-23 Issue	Actions in 23-24
<p>Significant uncertainty about the level of the Council's future funding</p> <p>The national financial picture for Local Government remains extremely challenging, given funding uncertainty and inflationary pressures.</p> <p>At the same time, whilst funding was reaffirmed in Autumn Statement (November 2022), further reforms and reviews have been delayed.</p>	<p>The uncertainty of future funding the Council faces is a key aspect of the 'Increasing financial resilience to demand' governance issue for 2023-24 (above).</p> <p>New, robust financial controls have been introduced, including a 'Spending Review Panel' to give greater challenge and scrutiny to proposed spending.</p> <p>Beyond this, the Council has well established processes in place to monitor the delivery of budget savings, but delivery of the required level of savings will be challenging as noted in the 2023-24 governance issue.</p>
<p>Exposure to financial risk from major projects</p> <p>The Council regularly undertakes significant capital projects as part of its capital programme, and in some of these (e.g. Northgate, Winsford Town Centre) the Council takes on the role of primary developer to maintain control of the pace, costs and outputs.</p> <p>Strong monitoring arrangements are in place for these projects, including the approval of a Commercial Investment Strategy, the establishment of dedicated project boards and multi-disciplinary teams of design and development consultants to advise on delivery of major projects.</p>	<p>Significant capital projects continue to be managed in-house with monitoring arrangements in place by relevant Officer groups and reported to Members on a regular basis.</p> <p>Northgate, the largest such project where the Council has taken on the role of primary developer, concluded during 2023-24.</p> <p>Remaining risks across completed projects are being robustly managed through ongoing governance arrangements, and appropriate provisions have been set aside to ensure no unexpected losses are generated in future years from capital projects.</p> <p>The remaining risks across major projects are being well managed, and as significant commercial risks have been mitigated and no new significant commercial risks have been taken on, this 2022-23 issue is therefore being de-escalated. It will continue to be monitored through normal monitoring and governance arrangements.</p>
<p>Council companies and financial pressures</p>	<p>The Council is reviewing its companies to ensure they play their part in delivering the Borough</p>

2022-23 Issue	Actions in 23-24
<p>The Council owns or part owns several arms-length companies who delivers services to or on behalf of the Council.</p> <p>As a result, the Council is exposed to a degree of risk. In 2022-23, this risk remained high, due to the legacy of Covid-19 but also high levels of inflation, squeezing incomes and increasing costs.</p> <p>This was most evident in Brio, where underlying costs were £3m more than income in 2022/23.</p>	<p>Plan and offer value for money. This is flagged in other key governance priorities for 2024-25. The recovery plan agreed between the Council and Brio has seen a reduction in costs and growth of income, giving confidence of a return to a sustainable position by 2026-27.</p> <p>Edsential continue to face pressures, particularly through food inflation and growth in staff costs due to increases in the Local Living Wage. The Council continues to work with Edsential and Wirral Borough Council to mitigate the impact.</p> <p>Led by each company Board Chair and Managing Director, completion of an annual governance self-assessment checklist to be reviewed by the Council's Internal Audit team.</p>
<p>Climate change</p> <p>There is a risk that not rapidly progressing work to tackle the Climate Emergency will increase the degree of risk posed to residents' health, livelihoods and wellbeing, due to the impacts of climate change, such as greater incidence of flooding, heatwaves, new pests and diseases, among other impacts.</p> <p>If action is not accelerated to support the delivery of carbon neutrality and adaptation to the effects of climate change, this will also pose a risk to the Council's reputation, given the priority residents and partners place on responding to the climate emergency. Furthermore, given national legislative commitments to achieve carbon neutrality by 2050, in the long-term areas which do not demonstrate appropriate action may be subject to additional government scrutiny and intervention.</p>	<p>In 2022-23, the Council updated its two key plans that set out how it will mitigate climate risks and achieve carbon neutrality objectives for the Borough by 2045 and for the Council by 2030 (available here). The delivery of these is supported by the Climate Taskforce and Climate Emergency Governance Board. The strategies will be renewed for 2025-2030 in 2024-25.</p> <p>The Borough Plan gives focus to six missions, including 'Greener Communities.' This enshrines commitments to net zero, to green economic growth, active travel, and green infrastructure.</p> <p>The remaining challenge is ensuring sustainability issues, including climate change, are at the heart of decision making (see recommendation 1 under key governance development priorities for 2024-25).</p>
<p>Cyber Threats and Business Continuity</p> <p>There is an increased level of threats to the public sector and the recognition by government for local authorities to focus and invest in cyber defence. Further, that if</p>	<p>The Council infrastructure, networks and operating systems continue to be compliant with security standards, and the training and active monitoring of risk to business continuity have</p>

2022-23 Issue	Actions in 23-24
a major incident occurs whether internal or external service delivery would be adversely affected.	been strengthened. Whilst the threat of attack remains high, further cross-Council workshops, and continued one to one expert support on business continuity have further mitigated cyber risks, and ensured services are prepared to effectively respond to incidents.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CHESHIRE WEST
AND CHESHIRE COUNCIL**

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Cheshire West and Chester Council

Statements

Group Accounts

Cheshire West and Chester Council Group Accounts**Group accounts**

The group accounts contain core financial statements similar to those included in the Council's single entity statements but which represent the consolidated position of the group. Notes to the Group accounts have been included where the relevant values and/or the impact on the group statements are material.

The group accounts are presented in the following pages and include:

Group Comprehensive Income and Expenditure Statement	Page 49
Group Movement in Reserves Statement	Page 50
Group Balance Sheet	Page 52
Group Cash Flow Statement	Page 53
Notes to the group accounts:	Pages 53 to 63
1. Overview	Page 54
2. Group accounting policies	Page 54
3. Reconciliation of the Council's Single Entity statements to Group statements	Page 55
4. Defined benefit pension schemes	Page 60

Supporting notes have only been included where the group outcome is materially different to the disclosures in the Council's single entity accounts.

Group Comprehensive Income and Expenditure Statement for the year ended 31 March 2024

This account summarises the resources generated and consumed in providing services and managing the Group during the year.

2022-23			Group CIES	2023-24		
Expenditure £000	Income £000	Net £000		Expenditure £000	Income £000	Net £000
31,572	-24,584	6,988	Public Health	26,513	-21,391	5,122
184,198	-29,139	155,059	Adults Directorate	211,707	-58,445	153,262
390,539	-280,510	110,029	Children's Directorate	415,168	-299,650	115,518
179,162	-71,946	107,216	Community, Environment & Economy Directorate	197,697	-92,446	105,251
105,858	-67,428	38,430	Corporate Services Directorate	105,190	-68,799	36,391
14,428	-23,695	-9,267	HRA	18,406	-25,144	-6,738
14,029	-51,748	-37,719	Other	1,840	-39,245	-37,405
227	0	227	Capital Financing	11,405	-6,948	4,457
920,013	-549,050	370,963	Cost of Services	987,926	-612,068	375,858
2,678	-115	2,563	Other Operating Income & Expenditure	6,290	-2,296	3,994
84,669	-21,709	62,960	Financing & Investment Income and Expenditure	54,614	-28,081	26,533
20,660	-355,516	-334,856	Taxation & Non-Specific Grant Income & Expenditure	21,270	-378,876	-357,606
1,028,020	-926,390	101,630	(Surplus)/Deficit on Provision of Services	1,070,100	-1,021,321	48,779
		0	Share of the SDPS by Joint Ventures and Associates (Profit)/Loss			0
			Tax expenses of Joint Ventures and Associates			0
		-90	Tax expenses of Subsidiaries			0
		101,540	Group (Surplus)/Deficit			48,779
		-54,932	Surplus on Revaluation of Assets			-30,367
		-198,642	Re-measurement (gain)/loss on pension assets/liabilities			16,131
		0	(Surplus)/deficit on revaluation of available for sale assets			0
		0	Others			0
		-82	Deferred tax on actuarial gains			0
		-5	Share of Other Comprehensive Income & Expenditure of Associates			5
		-253,661	Other Comprehensive Income & Expenditure			-14,231
		-152,121	Total Comprehensive Income and Expenditure			34,548

Group Movement in Reserves Statement for the year ended 31 March 2024

This schedule shows the movement in the year of the Council's single entity usable and unusable reserves as well as the Council's share of the group reserves.

Consolidated MIRS 2023-24	General Fund Balance £000	Sums held by Schools £000	Earmarked Reserves £000	Total General Fund £000	Housing Revenue Account £000	Capital Receipts Reserve £000	HRA Major Repairs Reserve £000	Capital grants Unapplied £000	Council's Usable Reserves £000	Council's Unusable Reserves £000	Total Reserves of the Council £000	Council's share of Group £000	Total Reserves £000
Balance at 31 March 2023	26,901	11,373	114,523	152,797	694	15,756	9,565	47,351	226,163	1,137,834	1,363,997	420	1,364,417
Surplus or (deficit) on provision of services	-37,754	0	0	-37,754	4,889	0	0	0	-32,865	0	-32,865	-15,914	-48,779
Other Comprehensive Income and Expenditure	0	0	0	0	0	0	0	0	0	14,572	14,572	-341	14,231
Total Comprehensive Income and Expenditure	-37,754	0	0	-37,754	4,889	0	0	0	-32,865	14,572	-18,293	-16,255	-34,548
* Adjustments between group accounts and the Council's accounts	-16,310	0	0	-16,310	0	0	0	0	-16,310	0	-16,310	16,310	0
Adjustments between accounting basis & funding basis under regulations	17,449	0	0	17,449	-4,777	-1,322	-2,728	-8,639	-17	17	0	0	0
Net Increase/(Decrease) before transfers to Earmarked Reserves	-36,615	0	0	-36,615	112	-1,322	-2,728	-8,639	-49,192	14,589	-34,603	55	-34,548
Transfers (to)/from Earmarked Reserves	35,912	-2,589	-33,254	69	-69	0	0	0	0	0	0	0	0
Increase/(Decrease) in Year	-703	-2,589	-33,254	-36,546	43	-1,322	-2,728	-8,639	-49,192	14,589	-34,603	55	-34,548
Balance at 31 March 2024	26,198	8,784	81,269	116,251	737	14,434	6,837	38,712	176,971	1,152,423	1,329,394	475	1,329,869

The Group Reserves of £0.475m above are made up of usable reserves of £0.350m and unusable reserves of £0.125m.

*These adjustments relate to the purchase of goods and services from the Council's subsidiary companies, Brio Leisure and Cheshire West Recycling.

Group Movement in Reserves Statement 2022-23 Comparative figures

This schedule shows the movement in reserves for the comparative financial year 2022-23.

Consolidated MIRS 2022-23	General Fund Balance	Sums held by Schools	Earmarked Reserves	Total General Fund	Housing Revenue Account	Capital Receipts Reserve	HRA Major Repairs Reserve	Capital grants Unapplied	Council's Usable Reserves	Council's Unusable Reserves	Total Reserves of the Council	Council's share of Group Company	Total Reserves
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Balance at 31 March 2022	25,826	14,844	148,379	189,049	670	16,419	15,651	45,207	266,996	949,978	1,216,974	-16,566	1,200,408
Final Reserves Adjustment				0					0		0	-1,834	-1,834
Balance at 31 March 2022	25,826	14,844	148,379	189,049					266,996	949,978	1,216,974	-18,400	1,198,574
Surplus or (deficit) on provision of services	-88,111	0	0	-88,111	6,955	0	0	0	-81,156	0	-81,156	-20,384	-101,540
Other Comprehensive Income and Expenditure	0	0	0	0	0	0	0	0	0	246,978	246,978	6,683	253,661
Total Comprehensive Income and Expenditure	-88,111	0	0	-88,111	6,955	0	0	0	-81,156	246,978	165,822	-13,701	152,121
* Adjustments between group accounts and the Council's accounts	-18,799	0	0	-18,799	0	0	0	0	-18,799	0	-18,799	18,799	0
Adjustments between accounting basis & funding basis under regulations	70,589	0	0	70,589	-6,862	-663	-6,086	2,144	59,122	-59,122	0	0	0
Net Increase/(Decrease) before transfers to Earmarked Reserves	-36,321	0	0	-36,321	93	-663	-6,086	2,144	-40,833	187,856	147,023	5,098	152,121
Transfer of group company to CW&C												13,722	13,722
Transfers (to)/from Earmarked Reserves	37,396	-3,471	-33,856	69	-69	0	0	0	0	0	0	0	0
Increase/(Decrease) in Year	1,075	-3,471	-33,856	-36,252	24	-663	-6,086	2,144	-40,833	187,856	147,023	18,820	165,843
Balance at 31 March 2023	26,901	11,373	114,523	152,797	694	15,756	9,565	47,351	226,163	1,137,834	1,363,997	420	1,364,417

The Group Reserves of 0.420m above are made up of usable reserves of £0.290m and unusable reserves of £0.130m.

Group Balance Sheet as at 31 March 2024

This statement shows the value as at the Balance Sheet date of the asset and liabilities recognised by the Group.

Group Balance Sheet	31 March 2024 £000	31 March 2023 £000
Non-Current Assets		
- Property, Plant and Equipment	1,530,912	1,515,655
- Heritage Assets	30,376	29,549
- Investment Properties	138,274	147,316
- Intangible Assets	7,071	7,445
Long Term Investments	8,095	8,279
Investments in Associates	275	280
Deferred Taxation Asset	0	0
Long Term Debtors	18,924	21,450
Long Term Assets	1,733,927	1,729,974
Short Term Investments	7,500	10,800
Assets held for Sale	12,722	7,138
Current Intangible Assets	0	0
Inventories	212	207
Short Term Debtors	82,110	86,838
Cash and Cash Equivalents	82,512	95,942
Current Assets	185,056	200,925
Short Term Borrowing	-24,133	-23,865
Short Term Creditors	-225,303	-208,771
Provisions < 1 yr	-974	-809
Current Liabilities	-250,410	-233,445
Provisions	-25,725	-24,952
Long Term Borrowing	-231,556	-237,677
Pension Fund Liability	-14,495	-15,829
Other Long Term Liabilities	-21,539	-22,315
Capital Grant Receipts in Advance	-45,389	-32,264
Long Term Liabilities	-338,704	-333,037
Net Assets	1,329,869	1,364,417
Usable Reserves	177,321	226,453
Unusable Reserves	1,152,548	1,137,964
Total Reserves	1,329,869	1,364,417

Group Cash Flow Statement for the year ended 31 March 2024

The Cash Flow statement shows the changes in cash and cash equivalents in the group during the reporting period. The statement shows how the Group generates and uses cash equivalents by classifying cash flows as operating, investing and financing activities.

Group Cash Flow	31 March 2024 £000	31 March 2023 £000
Net (surplus) or deficit on the provision of services	48,779	101,630
Adjust net surplus or deficit on the provision of services for non cash	-113,537	-137,736
Adjust for items included in the net surplus or deficit on the provision of	46,693	51,642
Net cash flows from Operating Activities	-18,065	15,536
Investing Activities	21,223	15,781
Financing Activities	10,272	-5,786
Net increase in cash and cash equivalents	13,430	25,531
Cash and cash equivalents at the beginning of the reporting period	95,942	121,473
Cash and cash equivalents at the end of the reporting period	82,512	95,942
Net increase in cash and cash equivalents	13,430	25,531

Notes to the group core financial statements**Group Audit Costs for the year ended 31 March 2024**

Fees Payable for Audit Work	2023-24 £000	2022-23 £000
Fees payable for external audit services in regards to Cheshire West and Chester Council	415	229
Fees payable for external audit services in regards to certification of grant claims and other services for Cheshire West and Chester Council	33	34
Fees payable for external audit services in regards to subsidiary companies in group	31	26
Total	479	289

Group Audit Costs for subsidiary companies consolidated on a line by line basis. Details for the Council are in Note 34 of the Single Entity accounts.

1. Overview

Cheshire West and Chester chooses to deliver its services through a variety of delivery models, either under ultimate control or in partnership with other organisations. The financial statements consider the Cheshire West and Chester Council as a single entity thus any business interests in other organisations are reflected in terms of the level of the Council's investment and not their financial performance, year-end balances and exposure to risk. In order to reflect a full picture of the Council's financial activities and business relationships, group financial statements are produced to reflect the extent of Cheshire West and Chester's involvement in group undertakings.

The Group

The relevant accounting standards have been applied in determining which organisations are included in the group boundary. The extent of the Council's interest and control over the entity was considered as was the materiality of the financial impact on the Council's group accounts and the transparency of less material entities to allow the reader to understand the Group's consolidated position. From this assessment four organisations have been identified as being within the Council's group for financial reporting purposes and these are summarised below by the relevant group category under which they fall.

- **Subsidiaries** - where the Council either wholly or by majority controls an entity. Subsidiaries of the Council included in the 2023-24 group accounts are Cheshire West and Chester Leisure CIC (Brio Leisure) and Cheshire West Recycling (CWR). Vivo Care Choices ceased trading on 31 March 2022 and was dissolved 1st August 2023.
- **Joint Ventures** – where the Council and another party exercise joint control over an entity. Edsential CIC is the only Joint Venture included in the group financial statements.
- **Associates** – where the Council exercises a significant influence and has a participating interest. Avenue Services is the only Associate company included in the 2023-24 group accounts.

The Council has business interests in 14 organisations and these have been reviewed in accordance with the Code of Practice for consolidation purposes, of which only those reported above have been consolidated. Further information on all the organisations is given in the Related Parties note Council's single entity accounts (Note 37).

2. Accounting policies

The group accounts have been prepared in accordance with the Code of Practice for Local Authority Accounting in the United Kingdom 2023-24 issued by the Chartered Institute of Public Finance and Accountancy (CIPFA) and those International Financial Reporting Standards where CIPFA had provided guidance notes.

The accounting policies used in preparing the group accounts reflect those used by Cheshire West and Chester Council in their single entity financial statements, these can be found in Note 1 of the Chester West and Chester Financial Statements. In order to ensure consistency of Accounting treatment and the alignment of policies across the group the following policies have been adopted:

Consolidation of Subsidiaries

Subsidiaries have been consolidated using the acquisition accounting basis. This is the full, line by line consolidation of financial transactions and balances of the Council and its subsidiary companies. To avoid overstating balances within the group financial statements, all transactions and balances between the Council and group companies have been eliminated.

Consolidation of Joint Venture and Associate

Both the Joint Venture and Associate companies have been consolidated using the equity method. Here an investment is brought into the group balance sheet and adjusted to reflect the Council's share in the venture's net asset movement. The Council's share of the body's operating results for the year is included within the group income and expenditure account. Transactions between the Council and these bodies are not eliminated.

Alignment of accounting framework and policies

Where the accounting framework used by group companies differs from that of the Council (FRS102 rather than IAS19) including the accounting policies and the impact of such differences would have a material impact on the group financial statements then the relevant balances from the group companies will be adjusted to bring the accounting treatment into line with that applied by the Council.

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.

Company losses Accounting Treatment

In prior year's pension deficits have been the main contributor to the loss and these are included in the group accounts. In 2023-24 all group companies are reporting a pension surplus as a result of the Pension Fund triennial review. The Council offers Pension guarantees to some of its group companies that means it would, under specified circumstances, fund the pension obligations.

In 2023-24 the pension assets for Brio Leisure and Cheshire West Recycling exceed the liabilities by £1.69m and £0.34m respectively. In accordance with IFRIC14, an asset ceiling limits the amount of the net pension asset recognised in the accounts. The group accounts therefore include an asset ceiling adjustment for Brio Leisure of £1.69m and for Cheshire West Recycling of £0.34m which reduces the net pension asset to nil.

Edsential CIC has reported losses in the year. The losses have been treated in accordance with IAS 28, which states where the losses reduce the carrying amount to zero deductions are suspended, therefore the Edsential CIC losses have been excluded from the consolidated group accounts for 2023-24.

Non-Consolidated Members

See Notes 4 and 37 of the Council's Accounts.

3. Reconciliation of the Council's Single Entity statements to Group statements

Further explanations as to the movement between the single entity and group financial statements have been included in the notes to the accounts where the values and/or the impact on the group statements are material.

Group CIES by Entity type for the year ended 31 March 2024

	Council Single Entity £000	Subsidiaries £000	Joint Venture/ Associate £000	Intra-group transactions £000	Group Results £000
Public Health	5,122				5,122
Adults Directorate	153,262				153,262
Children's Directorate	115,518				115,518
Places Directorate	105,263	-16,239		16,227	105,251
Corporate Services Directorate	36,391				36,391
HRA	-6,738				-6,738
Other	-37,405				-37,405
Capital Financing	4,457				4,457
Cost of Services	375,870	-16,239	0	16,227	375,858
Other Operating Income & Expenditure	4,096	-102			3,994
Financing & Investment Income and Expenditure	26,815	-282			26,533
Taxation & Non-Specific Grant Income & Expenditure	-357,606				-357,606
Surplus/Deficit on Provision of Services	49,175	-16,623	0	16,227	48,779
Share of the SDPS by Joint Ventures and Associates (-Profit/Loss)					
Tax expenses of Joint Ventures and Associates					0
Tax expenses of Subsidiaries					
Group (Surplus)/Deficit	49,175	-16,623	0	16,227	48,779
Surplus on Revaluation of Assets	-30,417	50			-30,367
Re-measurement Gain/-loss on pension assets/liabilities	15,845	286			16,131
Share of Other Comprehensive Income & Expenditure of Associates			5		5
Share of the CIES of Joint Ventures					0
Other Comprehensive Income & Expenditure	-14,572	336	5	0	-14,231
Total Comprehensive Income and Expenditure	34,603	-16,287	5	16,227	34,548

Group Expenditure and Funding Analysis for the year ended 31 March 2024

This schedule shows how expenditure is allocated for decision making purposes between the Council's directorates Income and Expenditure.

Expenditure and Funding Analysis	2023-24						
	Outturn Reported to Management	Total adjustments to Outturn position	Net Expenditure Chargeable to the General	Adjustments between the Funding and Accounting	Net Expenditure in the CIES	Net Expenditure in the CIES Subsidiaries	Net Expenditure in the CIES Group Total
	£000	£000	£000	£000	£000	£000	£000
Public Health	20,300	-17,359	2,940	2,182	5,122		5,122
Adults Directorate	155,200	-2,743	152,457	805	153,262	0	153,262
Children's Directorate	98,400	6,435	104,835	10,683	115,518	0	115,518
Community, Environment, & Economy Directorate	71,500	4,125	75,625	29,638	105,263	-12	105,251
Corporate Services Directorate	32,800	-240	32,560	3,831	36,391		36,391
HRA	0	-12,289	-12,289	5,551	-6,738		-6,738
Central Services	19,800	-54,391	-34,591	-2,814	-37,405		-37,405
Capital Financing	-9,800	14,257	4,457	0	4,457		4,457
Net Cost of Services	388,200	-62,205	325,994	49,876	375,870	-12	375,858
Other Income and Expenditure	-387,500	98,009	-289,491	-37,204	-326,695	-384	-327,079
Joint Ventures and Associates							0
Tax expenses of Subsidiaries							0
(Surplus)/Deficit on Provision of Services	700	35,804	36,503	12,672	49,175	-396	48,779
Opening General Fund and HRA Balances at 31 March 2023			-153,491				
Deduct deficit on General Fund and HRA Balance in Year			36,503				
Closing General Fund and HRA Balances at 31 March 2024			-116,988				

Movement in Reserves Statement as at 31 March 2024

Cheshire West and Chester Council Group 2023-24	Usable Reserves						Unusable Reserves				Total Group Reserves
	Council Single Entity £000	Intra-group transactions £000	Council Group £000	Subsidiaries £000	Joint Venture/ Associate £000	Group Total £000	Council Single Entity £000	Subsidiaries £000	Joint Venture/ Associate £000	Group Total £000	£000
Balance at 31 March 2023	226,163		226,163	141	149	226,453	1,137,834		130	1,137,964	1,364,417
Surplus or (deficit) on provision of services (accounting basis)	-49,175	16,310	-32,865	-15,914		-48,779	0	0	0	0	-48,779
Other Comprehensive Expenditure and Income	0		0	-336		-336	14,572		-5	14,567	14,231
Total Comprehensive Expenditure and Income	-49,175	16,310	-32,865	-16,250	0	-49,115	14,572	0	-5	14,567	-34,548
Adjustments between group accounts and Council's accounts		-16,310	-16,310	16,310		0		0	0	0	0
Adjustments between accounting basis & funding basis under regulations	-17		-17	0	0	-17	17			17	0
Increase / (Decrease) in Year	-49,192	0	-49,192	60	0	-49,132	14,589	0	-5	14,584	-34,548
Balance at 31 March 2024	176,971	0	176,971	201	149	177,321	1,152,423	0	125	1,152,548	1,329,869

Balance Sheet as at 31 March 2024

Group Balance Sheet by Entity type as at 31 March 2024	Council Single Entity £000	Subsidiaries £000	Joint Venture/ Associate £000	Intra-group transactions £000	Group Results £000
Non-Current Assets	1,698,848	714			1,699,562
Intangible Assets	7,071	0			7,071
Long Term Investments	8,095	0			8,095
Investments in Associates	0	0	275		275
Deferred Taxation Asset	0	0			0
Long Term Debtors	18,924	0			18,924
Long Term Assets	1,732,938	714	275	0	1,733,927
Short Term Investments	7,500	0			7,500
Assets held for Sale	12,722	0			12,722
Current Intangible Assets	0	0			0
Inventories	107	105			212
Short Term Debtors	81,676	1,449		-1,015	82,110
Cash and Cash Equivalents	79,126	3,386			82,512
Current Assets	181,131	4,940	0	-1,015	185,056
Short Term Borrowing	-24,133	0			-24,133
Short Term Creditors	-221,208	-5,110		1,015	-225,303
Provisions < 1 yr	-974	0			-974
Current Liabilities	-246,315	-5,110	0	1,015	-250,410
Provisions	-25,725	0			-25,725
Long Term Borrowing	-231,556	0			-231,556
Pension Fund Liability	-14,495	0			-14,495
Other Long Term Liabilities	-21,195	-344			-21,539
Capital Grant Receipts in Advance	-45,389	0			-45,389
Long Term Liabilities	-338,360	-344	0	0	-338,704
Net Assets	1,329,394	200	275	0	1,329,869
Usable Reserves	176,971	200	150		177,321
Unusable Reserves	1,152,423		125		1,152,548
Total Reserves	1,329,394	200	275	0	1,329,869

The pension liability of £14.495m does not include any IAS19 assets for Joint Ventures of £3.0m.

Cash Flow Statement for the year ended 31 March 2024

Group Cash Flow by Entity type 2023-24	Council Single Entity £000	Subsidiaries £000	Intra-group transactions £000	Group Results £000
Net cash flows from Operating Activities	-18,211	146		-18,065
Investing Activities	21,310	-87		21,223
Financing Activities	10,272			10,272
Net increase in cash and cash equivalents	13,371	59	0	13,430
Cash and cash equivalents at the beginning of the reporting period	92,497	3,445		95,942
Cash and cash equivalents at the end of the reporting period	79,126	3,386		82,512
Net increase in cash and cash equivalents	13,371	59	0	13,430

4. Defined benefit pension schemes

The following transactions have been included in the Group Comprehensive Income and Expenditure Statement, and the General Fund Balance through the Group Movement in Reserves Statement.

Group Pension CIES and MIRS	<-----LGPS ----->			Group	Teachers Unfunded 2023-24	LGPS Unfunded 2023-24	Total 2023-24
	CW&C	Brio Leisure	CWR				
	£000	£000	£000				
Comprehensive Income and Expenditure Statement							
Service cost comprising:							
Current service cost	30,628	1,081	139	31,848			31,848
Past service costs and curtailments	408	17	0	425			425
(Gain) from settlements	-3,212	0	0	-3,212			-3,212
Financing and Investment Income and Expenditure							
Net Interest Cost	-12,439	-149	-66	-12,654	673	40	-11,941
Total post-employment benefits charged to Surplus or Deficit on the Provision of Services (SDPS)	15,385	949	73	16,407	673	40	17,120
Other post-employment benefits charged to the CIES							
Remeasurement of the net defined benefit liability comprising:							
Return on plan assets (excluding the amount included in the net interest expense)	-32,717	-399	-78	-33,194			-33,194
Actuarial Gains / Losses arising on changes in demographic assumptions	-9,832	-117	-24	-9,973	-118	-7	-10,098
Actuarial Gains / Losses arising on changes in financial assumptions	-84,953	-1,504	-270	-86,727	-273	-12	-87,012
Other experience	49,723	557	94	50,374			50,374
Adjustment for Asset Ceiling Calculation	94,034	1,687	340	96,061			96,061
Total post-employment benefit charged to the CIES	31,640	1,173	135	32,948	282	21	33,251
Movement in Reserves Statement							
Reversal of net charges made to the SDPS for post-employment	-15,385	-949	-73	-16,407	-673	-40	-17,120
Actual amount charged against the General Fund							
Employers' contributions	31,640	1,173	135	32,948			32,948
Retirement Benefits Payable					1,518	119	1,637
Effect of business combinations and disposals							

Pensions and Liabilities Recognised in the Balance Sheet

Pensions and Liabilities in the Group Balance Sheet	CW&C 2023-24 £000	Brio Leisure 2023-24 £000	CWR 2023-24 £000	LGPS Group 2023-24 £000	Teachers Unfunded 2023-24 £000	LGPS Unfunded 2023-24 £000	Total 2023-24 £000
Present value of obligations	-1,523,204	-18,836	-3,845	-1,545,885	-13,687	-808	-1,560,380
Fair value of plan assets	1,523,204	18,836	3,845	1,545,885	0	0	1,545,885
Net Pension Liability	0	0	0	0	-13,687	-808	-14,495

Assets and Liabilities in Relation to Post-employment Benefits

Reconciliation of present value of the scheme liabilities	<----- LGPS ----->				Teachers	LGPS	Total
	CW&C £000	Brio Leisure £000	CWR £000	Group £000	Unfunded 2023-24 £000	Unfunded 2023-24 £000	2023-24 £000
Opening Balance	1,526,515	17,805	3,725	1,548,045	14,923	906	1,563,874
Current Service Costs	30,628	1,081	139	31,848	0	0	31,848
Interest Cost	71,713	874	180	72,767	673	40	73,480
Contribution by Scheme Members	9,640	347	41	10,028	0	0	10,028
Remeasurement (gains) and losses:				0			
Actuarial gains/losses arising from changes in demographic assumptions	-9,832	-117	-24	-9,973	-118	-7	-10,098
Actuarial (gains)/losses arising from changes in financial assumptions	-84,953	-1,504	-270	-86,727	-273	-12	-87,012
Other experience	49,723	557	94	50,374	0	0	50,374
Benefits Paid	-62,509	-224	-40	-62,773	-1,518	-119	-64,410
Past Service Costs & curtailments	408	17	0	425	0	0	425
Liabilities Extinguished on Settlement	-8,129	0	0	-8,129	0	0	-8,129
Effect of Business combinations and disposals	0	0	0	0			0
Closing balance at 31 March 2024	1,523,204	18,836	3,845	1,545,885	13,687	808	1,560,380
Movement in Fair Value of Assets	<----- LGPS ----->				Teachers	LGPS	Total
	CW&C £000	Brio Leisure £000	CWR £000	Group £000	Unfunded 2022-23 £000	Unfunded 2022-23 £000	2022-23 £000
Opening Balance	1,526,515	17,805	3,725	1,548,045	0	0	1,548,045
Interest income	84,152	1,023	246	85,421			85,421
Remeasurement (gains) and losses:							
Return on plan assets, excluding the amounts included in net interest	32,717	399	78	33,194			33,194
Other Experience	0	0	0	0			0
Employer Contributions	31,640	1,173	135	32,948			32,948
Contribution by scheme members	9,640	347	41	10,028			10,028
Contributions - unfunded benefits	0	0	0	0	1,518	119	1,637
Benefits paid	-62,509	-224	-40	-62,773	0	0	-62,773
Unfunded benefits paid	0	0	0	0	-1,518	-119	-1,637
Effect of Business combinations and disposals	0	0	0	0			0
Adjustment for Asset Ceiling Calculation	-94,034	-1,687	-340	-96,061			-96,061
Assets distributed on Settlement	-4,917	0	0	-4,917			-4,917
Closing balance at 31 March 2024	1,523,204	18,836	3,845	1,545,885	0	0	1,545,885
Total Surplus/Deficit	0	0	0	0	-13,687	-808	-14,495
Deferred Taxation on losses							0
Net liability at 31 March 2024	0	0	0	0	-13,687	-808	-14,495

Local Government Pension Scheme Assets

Group Pension Scheme assets	Quoted Prices in active markets	Quoted Prices not in active markets	Total	Share of Total Assets	Quoted Prices in active markets	Quoted Prices not in active markets	Total
	2023-24 £000	2023-24 £000	2023-24 £000		%	2022-23 £000	2022-23 £000
Cash & Cash Equivalents		21,825	21,825	1.15%		79,833	79,833
Equity Securities:							
By industry type:							
Consumer	9,217		9,217	0.48%	8,202		8,202
Manufacturing	9,603		9,603	0.50%	8,376		8,376
Energy and Utilities	0		0		0		0
Financial Institutions	1,989		1,989	0.10%	0		0
Health and Care	3,508		3,508	0.19%	2,841		2,841
IT	63,824		63,824	3.35%	46,599		46,599
Other	4,949		4,949	0.26%	5,899		5,899
	93,090	0	93,090	4.88%	71,917	0	71,917
Private equity:		129,525	129,525	6.80%		126,280	126,280
Real Estate:							
UK		133,635	133,635	7.01%		150,950	150,950
Overseas		2,553	2,553	0.13%		2,398	2,398
	0	136,188	136,188	7.14%	0	153,348	153,348
Investment funds and unit							
Equities	550,068		550,068	28.86%	535,475	0	535,475
Bonds	433,977	286,311	720,288	37.80%	432,173	204,669	636,842
Hedge Funds		135,411	135,411	7.11%		120,324	120,324
Infrastructure		31,087	31,087	1.63%		11,969	11,969
Other		88,234	88,234	4.63%		75,827	75,827
	984,045	541,043	1,525,088	80.03%	967,648	412,789	1,380,437
Adjustment for Asset Ceiling			-359,831				-263,770
Total Assets	1,077,135	828,581	1,545,885	100.00%	1,039,565	772,250	1,548,045

The principal assumptions used by the actuary have been:

The estimation is assessed on an actuarial basis by Hymans for all group companies.

Actuarial assumptions	LGPS 2023-24	LGPS 2022-23
Financial Assumptions		
Rate of increase in salaries	3.5%	3.7%
Rate of increase in pensions	2.8%	3.0%
Discount rate used		
Rate used to Discount liabilities	4.9%	4.8%
Demographic Mortality Assumptions		
Longevity at 65 for current pensioners		
Men	21.1	21.6
Women	23.9	24.2
Longevity at 65 for future pensioners		
Men	21.8	22.8
Women	25.4	26.1

Sensitivity analysis - impact on the defined benefit obligation in the scheme	Increase in assumption	Increase in assumption	Increase in assumption	Decrease in assumption	Decrease in assumption	Decrease in assumption
	LGPS £000	Teachers Unfunded £000	LGPS Unfunded £000	LGPS £000	Teachers Unfunded £000	LGPS Unfunded £000
Longevity (change by 1 year)	60,928			-60,928		
Salary inflation (change by 0.1%)	1,055			-1,055		
Pension inflation (change by 0.1%)	26,638	239	11	-26,638	-239	-11
Discount rate (change by 0.1%)	27,189	239	11	-27,189	-239	-11

Liability split	CW&C	Brio	CWR
	Liability Split %	Liability Split %	Liability Split %
Active members	33.2%	70.8%	78.9%
Deferred members	18.1%	13.4%	3.5%
Pensioner members	48.7%	15.8%	17.6%
Total	100.0%	100.0%	100.0%

The average duration of the employer's funded liabilities are as follows:

Cheshire West and Chester Council – 19 years

Brio Leisure – 24 years

Cheshire West Recycling – 21 years

Cheshire West and Chester Council
Financial Statements

**Comprehensive Income and Expenditure Statement (CIES)
for the year ended 31 March 2024**

This account shows 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, which may be different from the accounting cost. The taxation position is shown in both the Expenditure and Funding Analysis (Note 2) and the Movement in Reserves Statement.

2022-23			Comprehensive Income and Expenditure Account	2023-24		
Expenditure £000	Income £000	Net £000		Expenditure £000	Income £000	Net £000
31,572	-24,584	6,988	Public Health	26,513	-21,391	5,122
189,212	-50,906	138,306	Adults Directorate	211,707	-58,445	153,262
390,539	-280,510	110,029	Children's Directorate	415,168	-299,650	115,518
165,840	-60,184	105,656	Community, Environment & Economy Directorate	184,209	-78,946	105,263
100,933	-62,848	38,085	Corporate Services	105,190	-68,799	36,391
14,428	-23,695	-9,267	HRA	18,406	-25,144	-6,738
14,029	-34,561	-20,532	Other	1,840	-39,245	-37,405
227	0	227	Capital Financing	11,405	-6,948	4,457
906,780	-537,288	369,492	Cost of Services	974,438	-598,568	375,870
2,678	0	2,678	Other Operating Income & Expenditure (Note 11)	6,290	-2,194	4,096
84,265	-21,624	62,641	Financing & Investment Income and Expenditure (Note 12)	54,489	-27,674	26,815
20,660	-355,516	-334,856	Taxation & Non-Specific Grant Income and Expenditure (Note 13)	21,270	-378,876	-357,606
1,014,383	-914,428	99,955	(Surplus)/Deficit on Provision of Services	1,056,487	-1,007,312	49,175
		-55,066	Surplus on Revaluation of Assets			-30,417
		-191,912	Remeasurement of the pension liability / (asset)			15,845
		-246,978	Other Comprehensive Income & Expenditure (Note 14)			-14,572
		-147,023	Total Comprehensive Income and Expenditure			34,603

Movement in Reserves Statement for the year ended 31 March 2024

This statement 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 reserves. The Surplus or (Deficit) on the Provision of Services (SDPS) line shows the true economic cost of providing the Council's services, more details of which are shown in Comprehensive Income and Expenditure Statement (CIES). These are different from the statutory amounts required to be charged to the General Fund Balance and Housing Revenue Account for Council Tax setting and dwellings rent purposes. The 'Net increase/decrease before transfers to Earmarked Reserves' line shows the statutory General Fund Balance and Housing Revenue Account Balance before any discretionary transfers to or from Earmarked Reserves undertaken by the Council.

Movement in reserves statement	General Fund Balance £000	Sums held by Schools £000	Earmarked Reserves £000	Total General Fund £000	Housing Revenue Account £000	Capital Receipts Reserve £000	HRA Major Repairs £000	Capital Grants Unapplied £000	Total Usable Reserves £000	Unusable Reserves £000	Total Authority Reserves £000
Opening Balance at 1st April 2023	26,901	11,373	114,523	152,797	694	15,756	9,565	47,351	226,163	1,137,834	1,363,997
Surplus or (deficit) on provision of services	-54,064			-54,064	4,889				-49,175		-49,175
Other Comprehensive Income and Expenditure (Note 14)					0					14,572	14,572
Total Comprehensive Income and Expenditure	-54,064	0	0	-54,064	4,889	0	0	0	-49,175	14,572	-34,603
Adjustments between accounting basis & funding basis under regulations (Note 8)	17,449			17,449	-4,777	-1,322	-2,728	-8,639	-17	17	0
Net Increase / Decrease before Transfers to Earmarked Reserves	-36,615	0	0	-36,615	112	-1,322	-2,728	-8,639	-49,192	14,589	-34,603
Transfers to / from Earmarked Reserves	35,912	-2,589	-33,254	69	-69				0		0
Increase / (Decrease) in Year	-703	-2,589	-33,254	-36,546	43	-1,322	-2,728	-8,639	-49,192	14,589	-34,603
Balance at 31 March 2024	26,198	8,784	81,269	116,251	737	14,434	6,837	38,712	176,971	1,152,423	1,329,394

2022-23 Comparative figures

Movement in reserves statement	General Fund Balance £000	Sums held by Schools £000	Earmarked Reserves £000	Total General Fund £000	Housing Revenue Account £000	Capital Receipts Reserve £000	HRA Major Repairs £000	Capital Grants Unapplied £000	Total Usable Reserves £000	Unusable Reserves £000	Total Authority Reserves £000
Opening Balance at 1st April 2022	25,826	14,844	148,379	189,049	670	16,419	15,651	45,207	266,996	949,978	1,216,974
Surplus or (deficit) on provision of services	-106,910			-106,910	6,955				-99,955		-99,955
Other Comprehensive Income and Expenditure (Note 14)										246,978	246,978
Total Comprehensive Income and Expenditure	-106,910	0	0	-106,910	6,955	0	0	0	-99,955	246,978	147,023
Adjustments between accounting basis & funding basis under regulations (Note 8)	70,589			70,589	-6,862	-663	-6,086	2,144	59,122	-59,122	0
Net Increase / Decrease before Transfers to Earmarked Reserves	-36,321	0	0	-36,321	93	-663	-6,086	2,144	-40,833	187,856	147,023
Transfers to / from Earmarked Reserves	37,396	-3,471	-33,856	69	-69				0		0
Increase / (Decrease) in Year	1,075	-3,471	-33,856	-36,252	24	-663	-6,086	2,144	-40,833	187,856	147,023
Balance at 31 March 2023	26,901	11,373	114,523	152,797	694	15,756	9,565	47,351	226,163	1,137,834	1,363,997

Balance Sheet as at 31 March 2024

This statement shows the value as at the Balance Sheet date of the asset and liabilities recognised by the Council. The net assets of the Council (assets less liabilities) are matched by the Usable and Unusable Reserves held by the Council. Usable Reserves are those the Council may use to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use. Unusable Reserves are not available to fund services and include reserves that hold unrealised gains and losses (for example the Revaluation Reserve), where amounts would only become available to provide services if the assets are sold and reserves that hold timing differences shown in the Movement in Reserves Statement line 'Adjustments between accounting basis and funding basis under regulations'.

Balance Sheet	Note	31 March 2024 £000	31 March 2023 £000
Non-Current Assets			
- Property, Plant and Equipment	15	1,530,198	1,514,599
- Heritage Assets	16	30,376	29,549
- Investment Properties	17	138,274	147,316
- Intangible Assets	18	7,071	7,445
Long Term Investments	20	8,095	8,279
Long Term Debtors	20	18,924	21,450
Long Term Assets		1,732,938	1,728,638
Short Term Investments	20	7,500	10,800
Assets held for Sale	19	12,722	7,138
Inventories		107	79
Short Term Debtors	21	81,676	86,159
Cash and Cash Equivalents	22	79,126	92,497
Current Assets		181,131	196,673
Short Term Borrowing	20	-24,133	-23,865
Short Term Creditors	23	-221,208	-204,005
Provisions < 1 yr	24	-974	-809
Current Liabilities		-246,315	-228,679
Provisions	24	-25,725	-24,952
Long Term Borrowing	20	-231,556	-237,677
Pension Fund Liability	44	-14,495	-15,829
Other Long Term Liabilities	20	-21,195	-21,913
Capital Grant Receipts in Advance	36	-45,389	-32,264
Long Term Liabilities		-338,360	-332,635
Net Assets		1,329,394	1,363,997
Usable Reserves	25	176,971	226,163
Unusable Reserves	26	1,152,423	1,137,834
Total Reserves		1,329,394	1,363,997

Cash Flow Statement for the year ended 31 March 2024

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 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.

Cash Flow Statement	31 March 2024 £000	31 March 2023 £000
Net (surplus) or deficit on the provision of services	49,175	99,955
Adjust net surplus or deficit on the provision of services for non cash movements	-113,730	-135,077
Adjust for items included in the net surplus or deficit on the provision of services that are investing and financing activities	46,344	51,886
Net cash flows from Operating Activities	-18,211	16,764
Investing Activities	21,310	15,272
Financing Activities	10,272	-5,786
Net increase in cash and cash equivalents	13,371	26,250
Cash and cash equivalents at the beginning of the reporting period	92,497	118,747
Cash and cash equivalents at the end of the reporting period	79,126	92,497
Net increase in cash and cash equivalents	13,371	26,250

Further details are disclosed in Notes 27, 28 and 29 of the supporting information.

1. Significant Accounting policies

1.1 General principles

The Statement of Accounts summarises the Council's transactions for the 2023-24 financial year and its position at the year end of 31 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 of the 'The Code of Practice on Local Authority Accounting in the United Kingdom' (the Code) issued by the Chartered Institute of Public Finance and Accountancy (CIPFA) and those International Financial Reporting Standards (IFRS) where CIPFA has provided guidance notes. The accounting convention adopted in the accounts is principally historical cost and fair value, modified by the revaluation of certain categories of non-current assets and financial instruments. The accounts have been prepared on a going concern basis.

1.2 Changes to accounting policies, presentation, disclosure and comparative information

Where there is a change in an accounting policy, the changes for the current reporting period and, where practical, the changes resulting from retrospective application are disclosed in each financial statement. Corrections are only made to update accounting estimates or to correct errors where failure to do so would materially misrepresent the Council's financial position.

Where changes to prior periods are required these will be set out in a separate note disclosing the impact and, where material, within comparative information.

There are several amendments to the Code of Practice for 2023-24 and these are listed below;

- IFRS 16 *Leases* (but **only** for those local authorities that have decided to adopt IFRS 16 in the 2023/24 year).

The annual IFRS improvement programme notes 4 changed standards for 2023-24:

- Definition of Accounting Estimates (Amendments to IAS 8) issued in February 2021. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty".
- Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2) issued in February 2021. An organisation is now required to disclose its material accounting policy information instead of its significant accounting policies.
- Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12) issued in May 2021. The initial recognition exemption does not now apply to transactions in which both deductible and taxable temporary differences arise on initial recognition that result in the recognition of equal deferred tax assets and liabilities.
- Updating a Reference to the Conceptual Framework (Amendments to IFRS 3 "Business combinations") issued in May 2020. These update an outdated reference in IFRS3 without significantly changing its requirements.

In addition, in relation to Pension accounting and the IFRIC14 standard, an asset ceiling has been introduced in the Statement of Accounts for 2023-24 and retrospectively in 2022-23. This change references the maximum benefit that is available in terms of any pension surplus and the present value of any reduction in future service costs. The asset ceiling recognises the lower of any IAS19 surplus or asset ceiling (present value of future economic benefits available)

Some changes may need to be adopted retrospectively meaning that on adoption 2023-24 information included within these accounts could be restated in the 2024-25 accounts to reflect the new reporting requirements.

1.3 Accruals of income and expenditure

Revenue recognition

Revenue is a sub-set of income and is defined as the gross inflow of economic benefits or service potential during the reporting period when those inflows result in an increase in net

worth. Revenue is defined as income arising as a result of the Council's normal operating activities and where income arises from contracts with service recipients it is recognised when or as the Council has satisfied a performance obligation by transferring a promised good or service to the service recipient. Revenue is measured as the amount of the contract/transaction price which is allocated to that performance obligation when met. Where the Council is acting as an agent of another organisation the amounts collected for that organisation are excluded from revenue.

Income and expenditure are accounted for on an accrual basis in the year the activity it relates to takes place.

This means income is recorded when it is earned not when it is received and expenditure when it is incurred not paid.

In particular:

- Sales, fees, charges and rent due from customers are accounted for as income at the date the Council has satisfied a performance obligation by transferring a promised good or service to the service recipient;
- Supplies are recorded as expenditure when they are consumed, where there is a gap between their purchase and consumption they are carried as inventory on the balance sheet;
- Interest payable on borrowing and receivable on investments is accounted for on the basis of effective interest rate for the relevant financial instrument rather than the cash flows determined by the contract.
- Where assets are identified as impaired because of the likelihood arising from a past event that payments due under the contract will not be made, the asset is impaired and written down to the recoverable amount and a charge made to the revenue for income that might not be collected.
- Where payment is made or income received in advance of a service being received or delivered then a prepayment or receipt in advance is recorded in the Balance Sheet.

Exceptions to these rules include:

- Rents for Council houses - these are due in full on the date the weekly debit is raised. No receipt in advance is recorded for any part of the debit raised in the last week of March that relates to a period after 31 March.
- Payroll costs – expenses earned in March but not paid until April or later are not accrued for and are recognised in the new financial year's accounts.

These exceptions are applied consistently to ensure that 12 months costs are charged each year and there is no material impact on the reported accounts.

1.4 Accounting for Council Tax

While the Council Tax income credited to the Collection Fund is the accrued income for the year, regulations determine when it should be released from the Collection Fund and paid out to major preceptors. The amount credited to the General Fund under statute is a Council's precept or demand for the year plus or minus the Council's share of the surplus/deficit on the Collection Fund for the previous year as estimated in January of the financial accounting year.

The Council Tax income included in the Comprehensive Income and Expenditure Statement (CIES) is the Council's share of the Collection Fund's accrued income for the year. The difference between this value and the amount required by regulation to be credited to the General Fund is taken to the Collection Fund Adjustment Account via the Movement in Reserves Statement.

The cash collected by the Council from Council Tax payers belongs proportionately to all the major preceptors. The difference between the amounts collected on behalf of the other major preceptors and the payments made to them is reflected as a debtor or creditor balance as appropriate.

1.5 Accounting for Non Domestic Rates (NDR)

Similarly to Council Tax, regulations dictate that there are differences between when Non Domestic Rates (NDR) income is recognised in the Council's accounts and when it is released to the General Fund. The NDR income reflected in the Collection Fund represents the total accrued income for the year for the Cheshire West and Chester area; this includes allowances for non-collection and any repayments which may be required due to appeals. The Council is entitled to receive 49% of this income (with 50% being due to Central Government and 1% to Cheshire Fire and Rescue Service) and this is reflected in the CIES.

Under regulation the amount of NDR that can be credited to the Council's General Fund in any year is restricted to the level estimated at the start of that financial year plus/minus its share of any surpluses or deficits anticipated at that time. Any differences between this sum and the share of accrued NDR income is included in the CIES is taken to the Collection Fund Adjustment Account via the Movement in Reserves Statement.

The Government operates equalisation arrangements whereby funding is top-sliced from councils with a large NDR income base and transferred to those with a lower income base. Under this scheme Cheshire West and Chester is required to transfer approximately 25% of its accrued share of NDR income to Central Government each year as a tariff payment. The cost of making this payment is recorded in the CIES.

1.6 Accounting for schools

In line with the accounting standards and the Code on group accounts and consolidation, all maintained schools 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. Maintained schools exclude Academies and Free Schools but cover all the following schools:

- Community
- Voluntary Aided
- Voluntary Controlled
- Foundation

Schools non-current assets (school buildings and playing fields) 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 the right to use the assets transferred to them. The Council has judged that faith schools (voluntary aided or controlled) which are not sited on Council land, over

which it has no long term guarantees of availability, do not meet the criteria for recognition as an asset under IAS16. Consequently, the non-current assets of Church Owned schools are not recognised 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 Financing and Investment Income and Expenditure within the CIES. Any revaluation gains accumulated for the asset in the Revaluation Reserve are transferred to the Capital Adjustment Account.

The written-off asset is not a charge to the General Fund, as the cost of the non-current asset disposals resulting from schools transferring to an Academy 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 Reserve Statement.

1.7 Agency income and expenditure

Under various statutory powers, a Council may agree with other local authorities, water companies and government departments to do work on their behalf. The body carrying out agency services is reimbursed by the responsible body to the extent of approved expenditure together with any agreed contribution toward administrative costs.

Cheshire West and Chester Council have acted as an agent on behalf of:

- Major preceptors – Cheshire Police and Cheshire Fire and Rescue in the collection of Council Tax.
- Central Government and Cheshire Fire and Rescue – In relation to the collection of Non-Domestic Rates income.
- Business Improvement Districts – Collecting income in relation to BIDs in Northwich, Gadbrook Park, West Chester, and Winsford 1-5 and paying the sums over to Groundwork or CH1 for the provision of security and environmental services.

1.8 Current and Non-Current Distinction

Assets are classified as current when they are expected to be realised within one year. Liabilities are classified as current when they are expected to be settled within one year of the date of the Statement of Accounts. All other assets and liabilities are classified as non-current.

The following are generally classified as non-current:

- intangible assets
- tangible assets (property plant and equipment, heritage, investment property)
- investments in group companies
- pension fund liability
- capital receipts in advance
- long term borrowing
- other debtors

Generally the following are classified as current assets or liabilities:

- cash and cash equivalents

- inventories
- assets held for sale
- short term investments
- short term borrowing
- other creditors

1.9 Events after the Balance Sheet date

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

- those that provide evidence of conditions that existed at the end of the reporting period (the Statement of Accounts is adjusted to reflect such events);
- those that are indicative of changes in conditions after the reporting period. The Statement of Accounts is not adjusted to reflect such events but where they will have a material impact, disclosure is made in the notes of the nature of these events and their estimated financial effect.

Events taking place after the date of authorisation for issue are not reflected in the accounts, see Note 7 for details.

1.10 Exceptional items

When items of expenditure or income are individually material, their nature and amount are disclosed separately, either in the CIES or in the Notes to the accounts, depending on how significant the items are to the understanding of the Council's financial performance.

1.11 Cash and cash equivalents

Cash comprises cash in hand and recoverable on demand deposits. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

1.12 Employee benefits

Benefits payable during employment

The Council recognises the costs of benefits received by current employees (such as wages, salaries or long-term benefits) as they are incurred. All such costs are charged to the CIES.

Payments for accumulating paid absences (e.g. annual/flexi leave entitlements) are accounted for as they are earned and not when they are taken. Where leave has been earned during the current year but not fully taken (and can be carried forward to the following year), the cost of the earned leave entitlement is recognised in the current year. An annual accrual is undertaken to reflect these untaken entitlements at current rates of pay, as any change to current rates of pay for which the entitlement is paid is deemed not material and therefore no uplift has been accrued.

To prevent fluctuations from impacting on Council Tax, the year on year change in costs generated by this accrual is transferred to a specific reserve via the Movement in Reserves Statement.

Termination benefits

Termination benefits are usually payable following compulsory or voluntary redundancy decisions. These include lump-sum payments and enhancement of retirement benefits and salary beyond the period in which the employee provides economic benefit to the Council.

Redundancy and enhanced salary costs are recognised in the CIES as soon as the Council is demonstrably committed to incurring the costs. However, enhanced retirement benefits, paid via the Pension Fund, are charged to the General Fund in accordance with the pension regulations. The Council funds these actuarial early retirement costs through the long term liability reserve.

Post-employment benefits (Pensions)

The LGPS provides defined benefits based on a member's career average salary in the form of lump sums and pensions based on scheme membership earned during employment.

Any fundamental amendments to the Pension Plan will require comparator values to be included in the Accounts to establish any resultant gain or loss.

(i) Local Government Pension Scheme

All employees (other than teachers and NHS), subject to certain qualifying criteria, are eligible to join the Local Government Pension Scheme. Councillors were also eligible to participate in the scheme up to the year ending March 2016. The scheme is known as the Cheshire Pension Fund and is administered by Cheshire West and Chester Council; it is governed by the Public Services Pensions Act 2013 and administered with the following secondary legislation on behalf of all participating employers:

- The LGPS Regulations 2013 (as amended)
- The LGPS (Transitional Provisions, Savings and Amendment) Regulations 2014 (as amended)
- The LGPS (Management and Investment of Funds) Regulations 2016

Under International Accounting Standard 19 (IAS 19) the Local Government Scheme is accounted for as a defined benefit 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, which is an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees. Those liabilities are discounted to their present-day equivalent using the indicative rate of return on a high-quality corporate bond.

The assets of the Fund attributable to the Council are included at their fair value as follows:

- | | |
|-----------------------|---------------------------------|
| • Quoted securities | using current bid price. |
| • Unquoted securities | based on professional estimate. |
| • Unitised securities | current bid price. |
| • Property | market value. |

The annual change in the net pension liability is analysed into the following components:

A) Service Costs

i) Current service cost – any increases due to service earned this year;

ii) Past service cost – changes arising from current year decisions which affect the value of service earned in earlier years. Curtailments are additional employer liabilities incurred when a member stops contributing to the scheme earlier than expected, e.g. following redundancy, but without a reduced pension;

iii) Gains/Losses on settlements – the result of actions that change the scope of the Council's future pension liability, for example a group of staff transferring to a different employer;

B) Net Interest on the defined benefit liability – difference between the increase in the present value of liabilities as they move a year closer to payment and the expected return on investments over the same period;

C) Remeasurements of the defined benefit liability – the impact of changes to the assumptions underpinning the actuarial estimates of the value of assets and liabilities are charged to the Pension Reserve as Other Comprehensive Income and Expenditure. These could be due to changes in assumed mortality rates, discount rates, inflation or because the actual level of investment returns is different from the long-term averages assumed under B;

D) Contributions paid to the Fund – cash paid as employer contributions to the Pension Fund.

Components A-B are charged to the CIES in year (as detailed in Note 44) but, to avoid changes in pension liabilities from having a disproportionate impact on Council Tax, statutory provisions exist that restrict the amount charged against the General Fund.

(ii) Teachers' Pension Scheme

This scheme is administered by the Teachers' Pensions Agency (TPA), on behalf of the Department for Education (DfE). Although the scheme is unfunded, the Government operates a notional fund as the basis for calculating employers' contributions.

This scheme is accounted for on a defined contribution basis – no liability for future payments is recognised in the Balance Sheet, and the Children's Directorate line in the CIES is charged with the employer's contributions payable in the year.

(iii) Teachers' Unfunded Scheme

In addition, the Council is responsible for any payments outside the scheme relating to early retirement and these are charged to the CIES within Net Cost of Service to the Directorate they relate. This scheme holds no assets and is accounted for on a defined benefit basis using the same policies that are applied to the Local Government Pension Scheme.

1.13 Fair value measurement

The Council measures a number of its non-financial assets such as surplus assets and investment properties at fair value and its financial instruments at amortised cost at each reporting date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement assumes that the transaction to sell the asset or transfer the liability takes place either:

- a) in the principal market for the asset or liability, or
- b) in the absence of a principal market, in the most advantageous market for the asset or liability.

The authority measures the fair value of an asset or liability using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

When measuring the fair value of a non-financial asset, the authority takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The authority uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Inputs to the valuation techniques in respect of assets and liabilities for which fair value is measured or disclosed in the authority's financial statements are categorised within the fair value hierarchy, as follows:

- Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities that the authority can access at the measurement date e.g. Treasury Bills, Gilts and Certificates of Deposit.
- Level 2 – inputs other than quoted prices included within Level 1 that is observable for the asset or liability, either directly or indirectly e.g. fixed term bank deposits.
- Level 3 – unobservable inputs for the asset or liability. For example Ordinary shares in unquoted limited companies.

1.14 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.

1.15 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 or 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.

The inputs to the measurement techniques are categorised in accordance with the accounting policy set out in section Fair Value Measurement.

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.

The Council holds pooled investments in a property fund and an equity fund. Any changes in the valuation are required to be recognised as fair value through profit and loss, which again would impact upon the Council's general fund reserve and revenue budget. The Department for Levelling Up, Housing and Communities (DLUHC) has permitted a temporary (5 year) statutory override to English Local Authorities to mitigate the impact of these changes in

valuations. The Council has utilised the statutory override to account for any changes in the value of these investments.

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

The Council has equity instruments designated at fair value through Other Comprehensive Income (FVOCI) whether this be by election or by reason of statute. The Council has made an irrevocable election to designate certain financial assets as FVOCI on the basis that they are not held for trading but are held for longer term strategic purposes which includes the collection of dividend income.

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) are transferred from the Financial Instruments Revaluation Reserve and recognised in the SDPS.

1.16 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.

1.17 Grants and contributions

All Government grants and other contributions are accounted for on an accruals basis and recognised in the CIES as soon as there is reasonable assurance that the money will be received and all conditions attached to the funding will be met.

Income is not recognised until there is assurance that grant conditions will be met. Where funding has been received which still has outstanding conditions, the balance of cash received is recorded as a revenue or capital receipt in advance and included as a creditor on the Council's Balance Sheet.

When conditions have been met, specific grants and contributions are recorded within the Cost of Services section of the CIES, in line with the service area to which they relate. Non Specific Grants such as the Revenue Support Grant, Local Services Support Grant or PFI Grant are shown under Taxation and Non-Specific Grant Income (see Note 13).

No distinction is made between capital and revenue funding on initial recognition but as capital income should not be charged to the General Fund or HRA it is subsequently adjusted out through the Movement in Reserves Statement and credited to:

- The Capital Grants/Contributions Unapplied Account (until costs have been incurred);
- The Capital Adjustment Account (after costs have been incurred).

1.18 Group Accounts

The Council is the largest service provider of the Group whereas the members of the Group are wholly owned companies, joint ventures, associates and non-controlling interests. The interests in these companies are reported in the Council's balance sheet within Long Term Debtors less impairment losses and any gains or losses are recognised in the CIES.

Consolidation of entities in the Group accounts is dependent on a number of factors including the extent of the Council's interest and power to influence and control, materiality, investment and transparency to allow the reader of the accounts to understand the boundary of the accounts; where these factors are not considered material those members of the Group have not been consolidated. An assessment of all the Council's interests has been carried out in accordance with the Code of Practice to determine the relationship and whether inclusion in the group accounts is required.

Specific policies in relation to the group accounting and consolidation process are contained in the notes to the Group statements.

1.19 Leases and lease-type arrangements

Leases are classified as finance leases where the terms of the lease transfer substantially all the risks and rewards of ownership from the lessor to the lessee. This judgement is made at the inception of the lease using criteria set out in IAS 17. Arrangements that are not legally leases but convey a right to use an asset in return for a payment are subject to the same accounting treatment as if they were a lease.

(i) Finance leases

Where the Council enters into finance leases for assets, it reflects the value of the assets acquired at the lower of their fair value and the present value of minimum lease payments required by the contract. The resulting asset is matched by a creditor reflecting the obligation to pay future lease payments.

The annual lease payment is apportioned between;

- | | |
|---------------------|---|
| • Acquisition costs | The cost of acquiring the original interest in the asset, charged against the liability in the Balance Sheet. |
| • Finance charge | Charged to the Financing and Investment Income line of the CIES. |
| • Contingent rent | Any difference between the rent paid in year and the original amount guaranteed under the lease is also charged to the Financing and Investment line of the CIES. |

The asset created is treated as per any other Council asset of its type and is depreciated in the year of acquisition, impaired and revalued as appropriate. The costs of finance leases are not directly payable from Council Tax but as they form part of the Capital Financing Requirement the Council is required to make prudent provision for the repayment of the perceived capital investment. Any differences between this provision

and the actual depreciation, impairment or revaluation costs charged in the CIES are reimbursed from the Capital Adjustment Account in the Movement in Reserves Statement.

(ii) Operating leases

Leases that do not meet the definition of a finance lease are accounted for as operating leases. Where the Council acts as lessee all lease payments are charged to the CIES on a straight-line basis over the life of the lease, even if this does not match the pattern of payment.

Where the Council is the lessor all income is credited to the CIES as it becomes due. The Council continues to hold the asset on its Balance Sheet and treats it in accordance with its non-current asset policies.

1.20 Non-current Assets

Expenditure on the acquisition, creation or enhancement of Non-current Assets is capitalised on an accruals basis, provided that it will yield benefits to the Council for more than one financial year. These include intangible assets, property, plant and equipment, heritage assets and investment properties. It would not typically include assets held for sale as they would normally be expected to be disposed of within twelve months.

The costs of these assets may include initial costs of acquisition and construction and subsequent costs to enhance or replace part of the asset. All other expenditure arising from day to day servicing of assets is recognised in the CIES as the costs are incurred. The Council does not utilise a de-minimis and capitalises any expenditure which has led to the creation or enhancement of a capital asset.

a. Investment assets

Investment assets are properties or land held solely to earn rental income or for capital appreciation. These include property interests held by the Council under finance leases and investment property let to lessees under operating leases. Where industrial estates are held partly for economic regeneration purposes they are classified as property, plant and equipment not investment properties.

Investment property is measured initially at cost and subsequently included in the statement of accounts at fair value. It is recognised as an asset when it is probable that the future economic benefits that are associated with the investment will flow to the Council and the cost or fair value can be measured reliably. Investment properties are not depreciated and an annual valuation programme ensures that they are held at highest and best value at the Balance Sheet date. Subsequent updated valuations based on market evidence will be undertaken to ensure that the value at which investment assets are held in the accounts is a reasonable estimate of their fair value. Valuations are carried out in accordance with Statements of Asset Valuation Principles and Guidance Notes issued by the Royal Institution of Chartered Surveyors (RICS).

Any gain or loss experienced on revaluation, and any profit or loss on disposal is charged to the 'Financing and Investment' line of the CIES. These charges are not proper charges to the General Fund and are subsequently transferred to the Capital Adjustment Account through the Movement in Reserves Statement.

b. Heritage assets

These are typically tangible assets which are held by the Council for the benefit of the residents of the Borough. Heritage assets are held for their contribution to knowledge and culture and will include assets such as historic buildings, monuments, cultural artefacts or artistic exhibits. Where an asset meets these criteria but is also used extensively to deliver a service then it will be classified as property, plant and equipment.

Heritage assets are initially measured at cost and subsequently at an approximation of fair value. Due to the historic or unique nature of heritage assets it is not always possible to determine a fair value based on a market valuation. A hierarchy of valuation methods is therefore utilised:

- Market Valuation
- Depreciated Replacement Cost Valuation
- Insurance Valuation
- Depreciated Historic Cost
- No Valuation

The Council's heritage assets include the following major categories:

- **Historic buildings and memorials**
The Council owns a number of historic buildings which are held in trust for the residents of the Borough. These properties do not directly provide a service but do contribute to tourism around their locations. As these assets have no comparable market value, they are held at historic costs of the works the Council has undertaken to maintain or improve their appearance and function.

Due to their nature the properties/sites are not acquired or disposed of. Depreciation is charged to reflect the physical deterioration of the assets over time and expenditure to restore their condition is capitalised as it is incurred.
- **Statues, monuments and war memorials**
The Council owns and maintains a wide range of physical structures which exist for historic, cultural or commemorative reasons. These properties do not have an alternate use and would not have a reliable market value of their own beyond the materials used to construct them. The costs of obtaining such a valuation would be disproportionate to the benefit provided so these assets are not included on the Balance Sheet. New expenditure incurred to restore these structures to a reasonable condition will be capitalised.
- **Sites of historic interest**
The Council owns a number of historic sites which are held in trust for the residents of the Borough. These properties do not directly provide a service but do contribute to tourism around their locations. As these assets have no comparable market value, they are held at historic costs of the works the Council has undertaken to maintain or improve their appearance and function.

Due to their nature the properties/sites are not acquired or disposed of. Depreciation is charged to reflect the physical deterioration of the assets over time and expenditure to restore their condition is capitalised as it is incurred.

- **Museum collections**

The Council holds collections of exhibits which are considered to be significant in recording the social and natural history of the Borough and its residents. These exhibits are held for the purpose of promoting knowledge, understanding and appreciation of the Council's history and are primarily held in the Council's museums. The assets are recorded in the Balance Sheet at their Insurance Valuation which is updated annually.

- **Historic archives**

The Council's historic archives contain historic documents recording the written and printed history of the county of Cheshire. These documents have been compiled from a range of sources and include loaned and donated items. The collections are primarily held in Chester but relate to the whole of the former county, as such only part of the value of the collection is recorded in the Council's accounts. Due to the nature of these assets there is no ready market valuation available. Insurance valuations are based on the costs the Council would consider incurring in making repairs to the items. The documents are by definition not replaceable but this gives an indication of the value the Council attaches to these assets.

The archive is a shared resource between Cheshire West and Chester and Cheshire East Borough Council's.

On occasion the Council acquires new documents for identifiable cash payments. In these cases the assets will be added to the Balance Sheet at historic cost. The costs of acquiring new valuations for the other documents held by the Council would be disproportionate to the benefit this would give the users of the accounts, these assets are therefore held at their insurance valuations. The assets recorded are not depreciated.

- **Fine art and sculptures**

The Council also holds a number of items of fine art, largely paintings, sculpture and metalwork, which are held within its museums or civic buildings. These items are held on the Balance Sheet at insurance valuation as they have particular links to the local area and would not have a ready market value.

There is a limited turnover on these artefacts, any acquisitions/donations or disposals are recorded as capital expenditure or receipt in the year incurred. The assets are considered to have an unlimited useful life and as a result no depreciation is charged.

- **Civic regalia**

The civic regalia held by the Council are items such as chains of office, badges and ceremonial maces for the various historic or current roles discharged by Council Members. These include items related to the Mayor, Mayoress, Deputy Mayor and their predecessors. All items are valued at their insurance valuation.

Where there are no meaningful measures of the value of a heritage asset, or the cost of acquiring such a valuation would be disproportionate to the benefit of doing so, the existence of the asset will be disclosed in the supporting statements (Note 16).

Depreciation costs and any gain or loss on revaluation/disposal are accounted for in the same manner as for property, plant and equipment assets (see below).

c. Property, plant and equipment

These are tangible assets that have a physical substance and are expected to be used during more than one financial year. These assets are held for operational reasons, i.e. in the production or supply of goods and services or for administrative purposes. This category excludes properties which are held solely for the purpose of generating a financial return (Investment properties, Assets held for Sale and Surplus assets) and those held primarily for their contribution to knowledge and culture (heritage assets).

Initial recognition and valuation

Assets are initially measured at the direct cost of bringing the asset into working condition for its intended use and subsequently using professionally undertaken valuations using bases recommended by the Chartered Institute of Public Finance and Accountancy (CIPFA) and in accordance with the Statements of Asset Valuation Principles and Guidance Notes issued by the Royal Institution of Chartered Surveyors (RICS).

- Historic cost – Infrastructure, Community and Assets under construction
- Current value – All other property, plant and equipment assets

The CIPFA Code of Practice definition of current value requires that property, plant and equipment that are operational are recognised in the Statement of Accounts at their service potential value and not their fair value. This is measured by the following valuation techniques:

- Property/land (Specialised assets no market) - depreciated replacement cost
- Vehicles, plant and equipment - depreciated historical cost
- Council housing - existing use value for social housing

Schools are valued using a Modern Equivalent Asset methodology which is a form of depreciated replacement costs. This approach estimates the value of an asset based on the cost of replacing it with a new asset that can deliver the same services. In the case of schools this means the cost of a modern school of appropriate design and capacity for number of pupils that could be educated at the existing school. As such the value of a school is determined by its existing physical structure.

Subsequent changes in value

All assets held at current value with the exception of vehicles, plant and equipment are subject to revaluation. Property and Plant assets are revalued when due under the five year cycle (the short period as defined by CIPFA) or earlier where there has been a change in circumstances either for the specific asset or the wider asset group, which may have a material impact on its value. Housing stock is valued under the beacon methodology, with each beacon property being re-valued annually by applying an appropriate housing price index to their value at the start of the financial year.

Gains recognised on revaluation are normally credited to the Revaluation Reserve to recognise an unrealised gain. If the asset had previously been impaired or suffered a

revaluation decrease which was charged to the CIES then the gain is instead credited to the CIES.

Where revaluation losses occur the decrease is recognised in the Revaluation Reserve to the extent the asset had previously been revalued upwards, and thereafter in the CIES.

Componentisation of valuations

IAS 16 requires all components with a significant cost in relation to the total cost of the asset to be depreciated separately. Where an item of Property, Plant and Equipment has major components these are depreciated separately such as windows, mechanical and electrical fixtures. This is necessary to reflect the fact that some components have an appreciably different useful life than the wider asset and will therefore need replacing sooner. Where assets are recognised as their component parts then each element is considered independently for future valuations, depreciation, replacement and disposal accounting. Assets with a valuation in excess of £5m have been considered for componentisation on their first valuation date after 1 April 2017. Where componentisation is appropriate this has been adopted from the valuation date onwards.

Depreciation of assets to reflect usage

Depreciation is charged to the CIES to reflect the usage of the asset over its estimated useful life. It is provided for on all property, plant and equipment with the exception of:

- Land or other assets without a determinable useful life; and
- Assets under construction as they are not being used yet.

Useful lives of assets are as follows:

Council Housing	up to 60 years
Operational Building	up to 100 years
Infrastructure	up to 40 years
Vehicles	up to 12 years
Plant and Equipment	up to 10 years

Charges commence when the asset becomes available for use and cease on derecognition. Depreciation is calculated on a straight-line basis over the useful life of the assets.

Depreciation charges are applied annually to the carrying balances and are reflected in the Cost of Services area of the CIES. The residual value, useful life and depreciation method are reviewed at least annually. If expectations differ from previous estimates the changes will be accounted for as a change in an accounting estimate. The useful lives used for depreciating capital assets are set out in this note to the accounts.

Depreciation is calculated based on the current value of the asset. Where this valuation is above the historic cost the difference between depreciation as calculated on current value and that calculated on historic cost is transferred each year from the Revaluation Reserve to the Capital Adjustment Account.

Derecognition of assets

Assets are derecognised on disposal or when no future economic benefits are expected from their use. When property, plant and equipment are disposed of, the carrying value is written off

to the Other Operating Expenditure line of the CIES. This cost is subsequently transferred to the Capital Adjustment Account in the Movement in Reserves Statement.

A similar approach is taken on the transfer of property to newly formed Academy Schools. Under legislation the Council is required to make available premises from which the new Academy can provide its services for nil consideration. As a result the existing school premises (if in Council ownership) are leased to the Academy for a peppercorn rent and the former value of the site is derecognised from the Council's Accounts as if it had been disposed of. As no compensation is received this is recorded as a loss on disposal in the Financing and Investment Income line of the CIES and subsequently transferred to the Capital Adjustment Account. The value of such disposals in any year is disclosed in Note 12.

Any receipts generated by the disposal are credited to the same line of the CIES to show the overall profit or loss on disposal. A proportion of the receipts from the sale of Council housing are set aside for repayment to Government and the remaining receipts are transferred to the Capital Receipts Reserve in the Movement in Reserves Statement.

Any outstanding balance on the revaluation reserve for derecognised assets is transferred to the Capital Adjustment Account through the Movement in Reserves Statement.

Charges to revenue for Non-current Assets

The CIES is charged with the following amounts to record the real cost of holding Non-current Assets during the year:

- Depreciation and amortisation of assets used by the service
- Revaluation and impairment losses on assets used by the service
- Profit or loss on disposal of assets

The Council is not required to raise council tax to cover these costs. However, it is required to set aside an annual contribution from revenue towards its overall borrowing requirement. These costs are therefore replaced by the Minimum Revenue Provision by way of an adjusting entry in the Movement in Reserves Statement.

1.21 Non-current assets held for sale

When it becomes probable an asset will be sold rather than its continued use as an operational or investment asset, it will be reclassified within current assets as held for sale subject to strict criteria being met. The asset must be available for immediate sale, actively marketed and must have a high probability of being sold within one year of the date of classification. Where the Council does not need to carry out active marketing due to already having a prospective buyer at a reasonable price (such as transfers to a joint venture), or a buyer initiates a transaction such as right to buys; this test is not applicable.

Held for sale assets are carried at the lower of cost, or the fair value less costs to sell, and no longer depreciated.

1.22 Overheads and support services

Services are analysed in the CIES and Expenditure and Funding Analysis (EFA) in line with the organisational structure of the Council and in accordance with the Code of Practice (Code) for:

- Corporate and Democratic
- Trading Accounts
- Housing Revenue Accounts (HRA)

Income and Expenditure is allocated to services to reflect the way the Council operates its services and reported to management. The full costs of overheads, such as utility bills, are apportioned to services within the Net Cost of Services section of the CIES and the EFA. Central support recharges and Corporate costs are reported in accordance with the Code as Corporate Services within the CIES and EFA. Overheads and support services for HRA and trading accounts are allocated in accordance with the Code and CIPFA Service Reporting Code of Practice (SeRCOP).

1.23 Private Finance Initiatives (PFI) and service concession arrangements

PFI contracts, and similar arrangements, contain agreements for the Council (grantor) to receive services under a contract where the contractor (operator) takes on responsibility for creating and maintaining the assets needed to deliver the service. All assets created under such contracts need to be considered to determine whether or not they should be reported on the Balance Sheet of the Council or of the contractor. The contracts are assessed against criteria set out under International Financial Reporting Standards (IFRIC 12), namely:

- Are the assets being used to deliver a public service;
- Does the Council significantly influence who can access the facilities; and
- Does ownership of the asset revert to the Council at the end of the PFI contract (or does the Council have an option to take back the assets).

The Council's two PFI schemes meet all of these conditions so the Council reflects the value of the properties used under the contracts on the Balance Sheet. On initial recognition, fair value is the estimated cost to purchase the asset. Subsequently, the asset is measured at current value, which will follow the appropriate class of property, plant and equipment.

These assets are revalued and depreciated in the same way as other property, plant and equipment owned by the Council.

As with Finance Leases the original recognition of the assets is balanced by the recognition of the liability for amounts payable to the scheme operator in return for use of the assets. The amounts payable to the PFI operators each year are analysed into five elements (shown in Note 41):

- **Services received** – debited to a service line in the CIES.
- **Finance cost** – an interest charge of 7.86% for the School's PFI and 4.59% for the Extra Care PFI based upon the outstanding Balance Sheet liability, are charged to Financing and Investment Income in the CIES.
- **Contingent rent** – inflationary increases in the amount to be paid for the property arising during the contract, charged to Financing and Investment Income in the CIES.
- **Payment towards liability** – writes down the Balance Sheet liability to the PFI operator.

- **Lifecycle replacement costs** – recognised as expenditure on non-current assets and added to the asset on the Balance Sheet.

Where assets accessed through a PFI contract generate income through their usage, then consideration is given as to whether that income should be treated as a contribution towards the cost of financing the asset's construction (and be treated as deferred income), or as a contribution to its net operating costs. In the case of the Council's schemes all income generated is considered to be operational and as a result the future income generation potential is not reflected on the balance sheet.

1.24 Provisions, Contingent Assets and Contingent Liabilities

Provisions are shown where the Council has a present legal or constructive obligation as a result of a past event which has placed the Council in a position where it has an obligation that is likely to lead to it incurring a cost. The precise timing and value of the cost may be unknown but can be reliably estimated.

Provisions are charged to the CIES in the year that the Council becomes aware of the obligation, based on the best estimate of the likely settlement. Estimates are reviewed at the end of each financial year and any changes are reflected within relevant service revenue accounts. When payments related to the obligation are eventually made they are charged to the provision set up in the Balance Sheet.

Contingent Assets and Contingent Liabilities are obligations or assets arising from past events where:

- The existence or value of the obligation is dependent on future events which are outside the control of the Council;
- It is not probable that a flow of economic benefits will be required to settle the obligation; and
- The obligation/contingent asset cannot be easily quantified.

Contingent Assets and Liabilities are not recognised in the Balance Sheet but are disclosed in Notes 45 and 46. The disclosure sets out the scale of potential costs and likelihood of these being realised.

1.25 Reserves

The Council maintains a range of reserves, reflecting both the extent to which its assets exceed its liabilities and any restrictions (statutory or voluntary) which are placed upon the usage of these balances. The main unrestricted reserve used to hold available Council funds is the General Fund.

The Council has discretion to set aside specific amounts as reserves where they wish to earmark available funds to support future policies, to cover contingencies or manage cash flows. These are summarised in Note 9.

Expenditure to be financed from an earmarked reserve is initially shown as a cost in the CIES. An offsetting transfer is then recorded in the Movement in Reserves Statement to ensure that there is no impact on General Fund or Council Tax.

A number of reserves exist to manage the accounting for Non-current Assets, financial instruments and employee benefits; these do not represent usable funds for the Council. These are explained in the relevant policies and notes.

1.26 Revenue Expenditure funded by Capital under Statute (REFCUS)

Revenue Expenditure funded by Capital under Statute represents expenditure incurred during the year that may be capitalised under statutory provisions but does not result in a Council asset being created. The expenditure may support a third party's asset (e.g. home improvement grants) or may be being capitalised based on a capitalisation order from Government.

This expenditure is initially charged to the relevant service within the CIES and then transferred by charging to the Capital Adjustment Account and crediting the General Fund Balance in the Movement in Reserves Statement. The purpose of this is to enable the expenditure to be funded from capital resources rather than charged to the General Fund and impact on the level of council tax. This expenditure does form part of the Council's Capital Financing Requirement.

1.27 Value Added Tax (VAT)

Income and expenditure excludes any amounts related to VAT, as all VAT collected is payable to HM Revenue and Customs and all VAT paid is recoverable from them.

2. Expenditure and Funding Analysis

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, rents, 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.

The adjustments from Outturn reported to management to the Net Expenditure Chargeable to the General Fund by service includes costs that are reported to management but are not chargeable to the net cost of services, such as Interest Receivable and Interest payable, non-budgeted grant income, but can be found within the Surplus/Deficit on the Provision of Services Position. It also includes the schools carry forwards and HRA final appropriation, and grant income that are held centrally which are in the net cost of services, but not in outturn. A further explanation of the Other Income and Expenditure totals are detailed in Notes 12, 13 and 14.

Expenditure and Funding Analysis	2023-24				
	Outturn Reported to Management	Total adjustments to Outturn position	Net Expenditure Chargeable to the General Fund and HRA Balance	Adjustments between the Funding and Accounting Basis	Net Expenditure in the CIES
	£000	£000	£000	£000	£000
Public Health	20,300	-17,359	2,940	2,182	5,122
Adults Directorate	155,200	-2,743	152,457	805	153,262
Children's Directorate	98,400	6,435	104,835	10,683	115,518
Community, Environment, & Economy Directorate	71,500	4,125	75,625	29,638	105,263
Corporate Services Directorate	32,800	-240	32,560	3,831	36,391
HRA	0	-12,289	-12,289	5,551	-6,738
Other	19,800	-54,391	-34,591	-2,814	-37,405
Capital Financing	-9,800	14,257	4,457	0	4,457
Net Cost of Services	388,200	-62,205	325,994	49,876	375,870
Other Income and Expenditure	-387,500	98,009	-289,491	-37,204	-326,695
(Surplus)/Deficit on Provision of Services	700	35,804	36,503	12,672	49,175
Opening General Fund and HRA Balances at 31 March 2023			-153,491		
Deduct deficit on General Fund and HRA Balance in Year			36,503		
Closing General Fund and HRA Balances at 31 March 2024			-116,988		

2022-23 Comparative Figures

Expenditure and Funding Analysis	2022-23				
	Outturn Reported to Management	Total adjustments to Outturn position	Net Expenditure Chargeable to the General Fund and HRA Balance	Adjustments between the Funding and Accounting Basis	Net Expenditure in the CIES
	£000	£000	£000	£000	£000
Public Health	19,307	-14,700	4,607	2,381	6,988
Adults Directorate	131,293	936	132,229	6,077	138,306
Children's Directorate	78,400	4,535	82,935	27,094	110,029
Community, Environment, & Economy Directorate	68,500	4,132	72,632	33,024	105,656
Corporate Services Directorate	31,100	-1,079	30,021	8,064	38,085
HRA	0	-13,473	-13,473	4,206	-9,267
Other	16,100	-42,417	-26,317	5,785	-20,532
Capital Financing	0	227	227	0	227
Net Cost of Services	344,700	-61,839	282,861	86,631	369,492
Other Income and Expenditure	-346,200	99,567	-246,633	-22,904	-269,537
(Surplus)/Deficit on Provision of Services	-1,500	37,728	36,228	63,727	99,955
Opening General Fund and HRA Balances at 31 March 2022			-189,719		
Deduct deficit on General Fund and HRA Balance in Year			36,228		
Closing General Fund and HRA Balances at 31 March 2023			-153,491		

The 'Other' category EFA line contains Central & Asset Management directorate balances. The Net Expenditure chargeable to the General Fund and HRA balance from 22/23 to 23/24 is broadly in line at (Surplus)/Deficit on Provision of Services level.

The increase in income (and therefore decrease in net expenditure) in 'Other' is offset by an increase in costs within the Net Expenditure chargeable to the general fund and HRA balance in the Adults and Childrens directorates. This is due to an increase in external care growth in the Adult's directorate, plus an increase in costs in the Children's directorate due to leaving care, residential care and staff costs. The increase in income in Other is driven by Central increases in council tax, business rates, S31 grant.

Note 2a

Adjustments between Funding and accounting basis

This note explains the main adjustments from the Net Expenditure Chargeable to the General Fund and HRA Balances to arrive at the amounts in the Comprehensive Income and Expenditure statement.

Adjustments between funding and accounting basis	2023-24			
	Adjustments for Capital Purposes	Net Change for the Pensions Adjustments	Other Adjustments	Total Adjustments
	£000	£000	£000	£000
Public Health	2,186	-4	0	2,182
Adults Directorate	860	-123	68	805
Children's Directorate	12,657	-2,053	79	10,683
Community, Environment, & Economy Directorate	29,723	-174	89	29,638
Corporate Services Directorate	3,846	-112	97	3,831
HRA	5,551	0	0	5,551
Other	173	-2,987	0	-2,814
Capital Financing	0	0	0	0
Cost of Services	54,996	-5,453	333	49,876
Other Income and Expenditure	-30,021	-11,726	4,543	-37,204
Difference between General Fund (Surplus) and CIES (Surplus) or Deficit	24,975	-17,179	4,876	12,672

Adjustments for Capital Purposes include the depreciation, impairments and revaluation gains and losses. It also adjusts for capital disposals with a transfer on the income to disposals and amounts that have been written off, MRP and RCCO are deducted because they are not chargeable under generally accepted accounting practices to the General Fund.

Pension Adjustment shows where costs have been affected by the removal of pension contributions and replaced with IAS19 costs.

Other adjustments are costs that cannot be allocated to either Capital or Pension adjustments.

2022-23 Comparative Figures

Adjustments between funding and accounting basis	2022-23			
	Adjustments for Capital Purposes	Net Change for the Pensions	Other Adjustments	Total Adjustments
	£000	£000	£000	£000
Public Health	2,175	218	-12	2,381
Adults Directorate	840	5,064	173	6,077
Children's Directorate	12,860	14,174	60	27,094
Community, Environment, & Economy Directorate	26,033	6,895	96	33,024
Corporate Services Directorate	3,423	4,633	8	8,064
HRA	4,206	0	0	4,206
Other	6,525	-740	0	5,785
Capital Financing	0	0	0	0
Cost of Services	56,062	30,244	325	86,631
Other Income and Expenditure	-24,168	19,482	-18,218	-22,904
Difference between General Fund (Surplus) and CIES (Surplus) or Deficit	31,894	49,726	-17,893	63,727

The total adjustments have decreased year on year driven by a significant movement in IAS19 Pensions adjustment.

Expenditure and Funding Analysis – Expenditure and Income Analysed by Nature

This note explains the nature of the expenditure and income of the Council as shown in the CIES.
The authority's expenditure and income is analysed as follows:

Expenditure and Income Analysis by Directorate 2023-24	Public Health	Adults Directorate	Childrens Directorate	Community, Environment, & Economy Directorate	Corporate Services Directorate	HRA	Central Services	Capital Financing	Total
Expenditure	£000	£000	£000	£000	£000	£000	£000	£000	£000
Employee benefits expenses	1,660	34,000	217,119	40,420	21,468	0	2,228	0	316,895
Other services expenses	22,668	179,850	186,067	122,279	79,855	12,931	8,262	43,096	655,008
Support service recharges	0	0	0	0	0	0	0	0	0
Depreciation, amortisation, impairment	2,186	860	12,657	29,471	3,885	5,551	184	9,859	64,653
Interest payments	0	763	678	2,067	0	2,113	8,853	0	14,474
Precepts and levies	0	0	0	250	0	0	5,207	0	5,457
Payments to Housing Capital Receipts Pool	0	0	0	0	0	0	0	0	0
Gain on the disposal of assets	0	0	0	0	0	0	0	0	0
Total expenditure	26,514	215,473	416,521	194,487	105,208	20,595	24,734	52,955	1,056,487
Income									
Fees, charges and other service income									
Over time	-2,715	-55,162	-24,397	-58,022	-3,930	-25,126	-3,229	-3,213	-175,794
At a point in time	0	0	0	0	0	0	0	0	0
Interest and investment income	0	-126	-319	-2,412	-1	-340	-8,697	-31	-11,926
Income from Council Tax, Non Domestic	0	0	0	0	0	0	-306,122	0	-306,122
Support service recharges	0	0	0	0	0	0	0	0	0
Government grants and contributions	-18,676	-4,983	-275,253	-35,653	-64,870	-18	-67,431	-46,586	-513,470
Total income	-21,391	-60,271	-299,969	-96,087	-68,801	-25,484	-385,479	-49,830	-1,007,312
(Surplus) or Deficit on the Provision of Services	5,123	155,202	116,552	98,400	36,407	-4,889	-360,745	3,125	49,175

2022-23 Comparative Figures

Expenditure and Income Analysis by Directorate 2022-23	Public Health	Adults Directorate	Childrens Directorate	Community, Environment, & Economy Directorate	Corporate Services Directorate	HRA	Central Services	Capital Financing	Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Expenditure									
Employee benefits expenses	1,922	36,410	231,196	44,205	25,469	0	13,908	0	353,110
Other services expenses	27,476	154,144	146,964	104,037	71,818	10,490	38,222	5,108	558,259
Support service recharges	0	0	0	0	0	0	0	0	0
Depreciation, amortisation, impairment	2,175	840	12,860	25,964	3,661	4,220	1,135	34,634	85,489
Interest payments	0	813	661	2,081	0	2,187	0	6,814	12,556
Precepts and levies	0	0	0	243	0	0	4,726	0	4,969
Payments to Housing Capital Receipts Pool	0	0	0	0	0	0	0	0	0
Gain on the disposal of assets	0	0	0	0	0	0	0	0	0
Total expenditure	31,573	192,207	391,681	176,530	100,948	16,897	57,991	46,556	1,014,383
Income									
Fees, charges and other service income									
Over time	-2,755	-49,334	-18,631	-52,409	-3,676	-23,675	-460	0	-150,940
At a point in time	0	0	0	0	0	0	0	0	0
Interest and investment income	0	-56	-234	-890	-2	-160	-737	-4,700	-6,779
Income from Council Tax, Non Domestic Rates	0	0	0	0	0	0	-288,626	0	-288,626
Support service recharges	0	0	0	0	0	0	0	0	0
Government grants and contributions	-21,829	-3,278	-261,879	-22,621	-59,176	-17	-67,907	-31,376	-468,083
Total income	-24,584	-52,668	-280,744	-75,920	-62,854	-23,852	-357,730	-36,076	-914,428
(Surplus) or Deficit on the Provision of Services	6,989	139,539	110,937	100,610	38,094	-6,955	-299,739	10,480	99,955

- The expenditure in adults has increased year on year driven by an increase in external care growth.
- The expenditure in children's directorate has increased year on year due cost increases in leaving care, residential and staff.
- Income has increased year on year in Central services in Council Tax, Non Domestic rates and Grant Income.

3. Accounting Standards issued, but not yet been 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 April 2024, if relevant.

IAS 1 Presentation of financial statements

Amendments to IAS 1 regarding non-current liabilities with covenants provide additional guidance on the disclosures in the accounts.

IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments

The IASB has issued 'Supplier Finance Arrangements (Amendments to IAS 7 and IFRS 7)' to add disclosure requirements that ask entities to provide qualitative and quantitative information about supplier finance arrangements.

These amendments are not anticipated to have a significant impact on the council's accounts.

IFRS 16 Leases

IFRS 16 Leases will replace IAS 17 Leases and IFRIC 4 Determining whether an arrangement contains a lease and other interpretations. The local authority code board CIPFA LASAAC has confirmed that local authorities will need to implement IFRS 16 Leases from 1 April 2024.

IFRS 16 Leases will lead to a substantial change in accounting practice for lessees, the current distinction between finance and operating leases will be removed. Instead, lessees are required to recognise assets and liabilities for all leases i.e., the lessee will recognise a right-of-use asset representing its right to use the leased asset; and a lease liability representing the lessee's obligation to make lease payments for the asset.

Lessees will have a single accounting model for all leases with two exemptions:

- Low-value assets
- Short term leases (lease term of 12 months or less)

Lessor accounting however remains largely unchanged from IAS 17 and the distinction between operating and finance leases is retained.

Work has been undertaken to identify current leases and arrangements containing a lease held on 1 April 2024, which will become assets and liabilities in the Statement of Financial Position at this date. The council has reviewed all existing arrangements and is progressing the implementation of IFRS 16 in a timely manner.

The transition to IFRS 16 will be completed in accordance with para. C5 (b) of the Standard, applying IFRS 16 requirements retrospectively recognising the cumulative effects at the date of initial application. The council will apply IFRS 16 to new leases only therefore and will transfer its existing leases under the old standard as its opening position of whether existing arrangements contain a lease. As the council currently holds no material operating leases there is expected to be no material impact of applying IFRS 16 in 2024-25.

4. Critical Judgments in Applying Accounting Policies

The following significant management judgements have been made in applying the accounting policies as set out in Note 1 of the accounts. The Council has had to make certain judgements about complex transactions or those involving uncertainty about future events.

- **Group Boundary**

The Council has interests in a number of external companies either as a direct owner or in partnership with other organisations. The nature of these relationships has been assessed under IFRS 11, IAS 27 and IAS 28 (Accounting for Joint Arrangements, Subsidiaries and Associates) and it has been determined that four five companies are considered to be subsidiaries of the Council while one meets the criteria to be recognised as a joint venture and another a joint operation. In addition, the Council has shares in five associate companies (non-controlling) and minority interests in a further three companies.

These Accounts contain a set of Group statements and supporting notes to reflect the nature and value of the Council's interests in entities, where the accounts are deemed material. The approach taken by the Council in determining the group boundary and consolidating relevant entries into its group statements is based on materiality, transparency and public perception, to enable the reader to understand the Council's obligations as set out in the accompanying notes to those statements.

Non-consolidation of entities in the Group accounts is dependent on a number of factors including the extent of the Council's interest and power to influence and control, materiality, investment and transparency; where these factors are not considered material those members of the Group have not been consolidated. A full list of members of the Group can be found in the Council Accounts Note 37.

- **Treatment of Schools**

The Council recognises land and building used by schools for educational purposes in line with the Code of Practice. The Code states local authority maintained schools should be recognised using the asset recognition tests whilst recognising the schools governing bodies are separate entities to the Council. The Council recognises the schools land and buildings on its Balance Sheet where it 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 the right to use the assets transferred to them.

School governing bodies are separate entities to the Council but (with the exception of academies and free schools), for the purpose of preparing financial statements, they are within the group boundary and their activities must be reported. In recognition of the unique nature of the relationship, Councils are required to report any material expenditure, income, assets and liabilities of these schools within its primary statements (not just its Group statements). Specific consideration has to be given as to whether the assets from which these schools operate meet the necessary criteria (in terms of access to services and control) to be recognised as Council assets under IAS16. The Council has judged that faith schools (voluntary aided or controlled) which are not sited on Council land, over which it has no long term guarantees of availability, do not meet the criteria for recognition as an asset under IAS16.

The Council has entered into a Private Finance Initiative (PFI) for five schools in the Borough of which one remained within Council control at the end of 2023-24.

The Council has completed a school by school assessment across the different types of schools it controls within the Borough. The outcomes of that review are outlined below:

	Total schools	Council Controlled			Outside Council Control		
		Owned by CWAC	Leased to Governors	Restrictive Covenant	Owned by NHS/Other	Owned by Church	Leased to Academies
Community Schools	56	55		1			
Foundation Schools	4		4				
Voluntary Controlled	18			2		16	
Voluntary Aided	26			2		24	
Academies	52						52
Community - Pupil Referral unit	2	1			1		
Studio	1				1		
Free school	2				2		
	161	56	4	5	4	40	52
		65	on Balance Sheet		96	off balance sheet	

Academies are not considered maintained schools within the Council's control. The land and buildings are not owned by the Council and therefore not included on the Council's Balance Sheet.

- ### Categorisation of Assets

All property assets have been assigned to a category of asset which reflects their primary usage by the Council. Where properties are held primarily for the generation of rental income or capital appreciation or both they are treated as an investment asset based on the criteria for recognition under IAS 40 Investment Property, valued annually, held at fair value and are not depreciated. Where they are used for operational purposes or to further policy objectives the property is treated as Property, Plant and Equipment (PPE) and where appropriate will be depreciated to reflect its usage over its life.

Some assets could potentially meet both criteria and a judgement must be made over the most appropriate classification. For example, the Council operate a number of shops and shopping centres; where these are considered to be primarily held for the purposes of regeneration and the promotion of economic growth in an area they are treated as PPE assets, otherwise they are investment assets.

5. Assumptions made about the future and 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 take into account historical experience, current trends and other relevant factors. However, because balances cannot be determined with certainty, actual results could materially differ from the assumptions and estimates. The items in the Council's Balance Sheet at 31 March 2024 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:

Item	Uncertainties	Effect if Results Differ from Assumptions
Property Valuations	<p>The Council re-values its assets on a five year rolling cycle (excluding investment assets and schools), with one fifth of these assets being reviewed each year, all investment properties annually and schools on a two year rolling programme. It is possible that property, plant and equipment values could fluctuate considerably within this five year timeframe. It bases its valuations on assumptions about asset conditions, useful lives, residual values and market conditions. These judgements are underpinned by the best available information and made by qualified valuation officers but are still based on estimates.</p>	<p>In order to mitigate the risk around non-valued assets an exercise is undertaken each year to establish what the potential impact could be by applying the average movement on valued assets to the portfolio of non-valued assets</p> <p>A 1% fluctuation in property values would amount to £12.1m being reduced from the Non-Current Assets value on the Balance Sheet.</p> <p>Should remaining asset lives fall by an average of 10%, then there would be a corresponding 10% increase in relevant annual depreciation charges, approx. £3.0m across operational and housing assets.</p>
Pensions Asset /Liability	<p>The value of the Council's net pension asset / liability is estimated by professional actuaries based on complex and interdependent assumptions, such as life expectancy, long-term salary and pension inflation, and the discount rate used. Any variation in these assumptions will lead to a change in the value of the net pension asset / liability.</p> <p>During 2023/24 the Councils actuaries advised that the net pension asset had increased by £94m as a result of updating assumptions. However, this has been adjusted to nil in line with the IAS 19 asset ceiling calculation.</p>	<p>The pensions' asset / liability and reserve will vary significantly should any of the assumptions prove inaccurate. For instance, a 0.1% decrease in discount rate would increase the pension liabilities by £27m. Similarly, a one-year increase in pensioner lifespans would increase liabilities by £61m.</p> <p>Where assumptions change the impacts are reported as re-measurement gains and losses within Other Income and Expenditure. These changes only impact on the pensions asset / liability and reserve and not the General Fund.</p>
PWLB loans	<p>Both the carry value and the fair value of the PWLB loans is included in the disclosure of Note 20 Financial Instruments. The fair value disclosed has been determined by discounting the contractual cash flows over the life of the loan at the market rate for local authority loans. PWLB loans are carried at amortised cost and their fair value is disclosed for information only.</p>	<p>Should the loan be cancelled or reissued with the PWLB at today's interest rates the value would differ to the carry value disclosed in the accounts. This would depend on prevailing rates at this point in time and the formula used by the PWLB to determine the early redemption 'penalty'. The variability of the carry value if it moved by 10% +/- would impact the carry value by +/- £21m.</p>

Item	Uncertainties	Effect if Results Differ from Assumptions
Business Rate Appeals	<p>The Council is responsible for collecting non-domestic rates from businesses located within the area on behalf of itself, central government and Cheshire Fire Authority.</p> <p>The business rates paid by a business for a property within the Council area equate to the rateable value multiplied by a rate set by Central Government (the multiplier). A historical trend of appeals to the charge is assessed and provided for within the relevant Collection Fund accounts.</p>	<p>Appeals have been received over a period of years and an historical analysis of the relative success of the appeals has been prepared accordingly.</p> <p>Should the rate of successful appeals deviate from this trend, the results of this will be factored into the appropriate 3 year spread of any deficit to the overall Collection Fund.</p>
Expected Credit Loss	<p>As part of IFRS 9, the Council is required to use the expected losses approach to calculate the impairment loss allowance. Using this approach provides a more accurate impairment charge to the CIES.</p> <p>Following the implementation of IFRS 9 in 2017-18 a risk assessment was agreed to determine the levels of 'estimated unrecoverable debt' which is predicted by applying a sliding scale percentage to all debt irrespective of age.</p>	<p>The actual credit loss experienced, if divergent from the expected level will create either a charge or benefit to the income level secured by the Council.</p> <p>Any fluctuation will therefore be accommodated in the following charging period to ensure integrity to the financial position.</p>

6. Material Items of Income and Expense

Exceptional items are ones that fall within the ordinary activities of the Council but are material in terms of the Council's overall expenditure and not expected to recur frequently or regularly. Exceptional items are included on the face of the Comprehensive Income and Expenditure Statement (CIES) where it is felt that the costs are so significant as to warrant a separate disclosure.

During 2023-24 a further eight schools became Academies, with a loss on disposal of £30.4m (Note 12).

7. Events after the Balance Sheet Date

The Statement of Accounts were authorised for issue by the Council's S151 officer on **XX XXXX 2024**. Events taking place after this date are not reflected in the financial statements or notes. Where events taking place before this date provide information about conditions existing at 31 March 2024, the figures in the financial statements and notes have been adjusted in all material respects to reflect the impact of this information. Where events do not require an adjustment to the Accounts but do offer additional contextual information they are included in this note.

In August 2023 the Government confirmed its decision to cease core funding for Local Enterprise Partnerships (LEPs) and, where appropriate, to integrate and transfer functions to local authorities. Consequently, the functions of the Cheshire and Warrington Local Enterprise Partnership, transferred to Enterprise Cheshire and Warrington Limited on 1st April 2024. The new organisation is owned equally by Cheshire East, Cheshire West and Chester and Warrington Borough Councils. This change has no impact on the 2023-24 Statement of Accounts and the financial performance of Enterprise Cheshire and Warrington Limited will be reported within the Related Party note to the accounts in 2024-25.

There are no significant events after the Balance Sheet Date for 2023-24.

8. Adjustments between accounting basis and funding basis under regulations

This note details the adjustments that are made to the total comprehensive income and expenditure recognised by the Council in the year in accordance with proper accounting practice to the resources that are specified by statutory provisions as being available to the Council to meet future capital and revenue expenditure.

Adjustments between accounting basis and funding basis 2023-24	Usable reserves					Movement in Unusable reserves £000
	General Fund Balance £000	Housing Revenue Account £000	Capital Receipts Reserve £000	Major Repairs Reserve £000	Capital Grants Unapplied £000	
Adjustments to the Revenue Resources						
Pension costs (transferred to/from the Pension Reserve)	17,179					-17,179
Council tax and NDR (transfers to/from the Collection Fund Adjustment Account)	-4,460					4,460
Financial instruments (transferred to the Financial Instruments Adjustments Account)	102					-102
Financial Instrument Revaluation Reserve Pooled Investments - Statutory override	-184					184
Holiday pay (transferred to the Accumulated Absences Account)	-334					334
Reversal of entries included in the surplus or Deficit on the provision of Services in relation to capital						0
Depreciation of Non Current Assets	-46,530	-4,767				51,297
Write-off negative balances in Revaluation Reverse to CAA	-1,340					1,340
Revaluation/Impairment of capital creditors/debtors	-75					75
Impairment and Revaluation of Assets	1,206	-784				-422
Amortisation of Intangible Assets	-2,528					2,528
Movements in the fair value of investment properties	-8,850					8,850
Revenue expenditure funded from capital under statute	-4,457					4,457
Net assets written off to the CIES upon disposal or sale	-35,191	-743				35,934
Total Adjustments to Revenue Resources	-85,462	-6,294	0	0	0	91,756

Adjustments between Revenue and Capital Resources						
Transfer of non-current asset sale proceeds from revenue to Capital Receipts Reserve/Deferred Capital Receipts Reserve	5,913	1,068	-4,281			-2,700
Non-current asset disposal costs funded from the CRR	0					0
Statutory provision for the repayment of debt	20,583					-20,583
Posting of HRA resources from Revenue to the Major Repairs Reserve	0	10,003		-10,003		0
Payments to the government housing receipts pool (funded by a transfer from CRR)	0					0
Capital expenditure charged against general fund	1,879					-1,879
Capital grants and contributions unapplied credited to the CIES	3,569				-3,569	0
Capital Grants and Contributions through the CIES	36,069					-36,069
Total Adjustments between Revenue and Capital resources	68,013	11,071	-4,281	-10,003	-3,569	-61,231
Adjustments to Capital Resources						
Use of Capital Receipts Reserve to finance capital expenditure			5,828			-5,828
Use of Major Repairs Reserve to finance capital expenditure				12,731		-12,731
Cash payments in relation to deferred capital receipts			-225			225
Application of capital grants to finance capital expenditure					12,208	-12,208
Total Adjustments to Capital Resources	0	0	5,603	12,731	12,208	-30,542
Total Adjustments	-17,449	4,777	1,322	2,728	8,639	-17

Adjustments between accounting basis and funding basis 2022-23	Usable reserves					Movement in Unusable reserves £000
	General Fund Balance £000	Housing Revenue Account £000	Capital Receipts Reserve £000	Major Repairs Reserve £000	Capital Grants Unapplied £000	
Adjustments to the Revenue Resources						
Pension costs (transferred to/from the Pension Reserve)	-49,726					49,726
Council tax and NDR (transfers to/from the Collection Fund Adjustment Account)	19,242					-19,242
Financial instruments (t/f to the Financial Instruments Adjustments Account)	112					-112
Financial Instrument Revaluation Reserve Pooled Investments - Statutory override	-1,135					1,135
Holiday pay (transferred to the Accumulated Absences Account)	-325					325
Reversal of entries included in the surplus or Deficit on the provision of Services in relation to						0
Depreciation of Non Current Assets	-43,052	-4,206				47,258
Impairment and Revaluation of Assets	-1,442	-13				1,455
Amortisation of Intangible Assets	-2,449					2,449
Movements in the fair value of investment properties	-30,742					30,742
Revenue expenditure funded from capital under statute	-4,865					4,865
Net assets written off to the CIES upon disposal or sale	-11,118	-2,269				13,387
Total Adjustments to Revenue Resources	-125,500	-6,488	0	0	0	131,988

Adjustments between Revenue and Capital Resources						
Transfer of non-current asset sale proceeds from revenue to Capital Receipts Reserve	3,588	2,296	-5,884			0
Non-current asset disposal costs funded from the CRR	-3		3			0
Statutory provision for the repayment of debt	19,382					-19,382
Posting of HRA resources from Revenue to the Major Repairs Reserve	0	11,054		-11,054		0
Payments to the government housing receipts pool (funded by a transfer from CRR)	0					0
Capital expenditure charged against general fund	568					-568
Capital grants and contributions unapplied credited to the CIES	6,923				-6,923	0
Capital Grants and Contributions through the CIES	24,453					-24,453
Total Adjustments between Revenue and Capital resources	54,911	13,350	-5,881	-11,054	-6,923	-44,403
Adjustments to Capital Resources						
Use of Capital Receipts Reserve to finance capital expenditure			6,790			-6,790
Use of Major Repairs Reserve to finance capital expenditure				17,140		-17,140
Cash payments in relation to deferred capital receipts			-246			246
Application of capital grants to finance capital expenditure					4,779	-4,779
Total Adjustments to Capital Resources	0	0	6,544	17,140	4,779	-28,463
Total Adjustments	-70,589	6,862	663	6,086	-2,144	59,122

9. Transfers to/from Earmarked Reserves

This note sets out the amounts set aside from the General Fund and HRA balances in Earmarked Reserves to provide financing for future expenditure plans and the amounts transferred back from Earmarked Reserves to meet expenditure in 2023-24 and 2022-2023.

Revenue Earmarked Reserves	Balance at 31 March 2022	Transfers Out 2022-23	Transfers In 2022-23	Balance at 31 March 2023	Transfers Out 2023-24	Transfers In 2023-24	Balance at 31 March 2024
	£000	£000	£000	£000	£000	£000	£000
Council Wide Reserves							
Long Term Liability	32,943	-846	1,943	34,040	-3,617	288	30,711
Insurance	8,568	-2,589	4,128	10,107	-10,006	8,098	8,199
Covid-19	12,402	-5,084		7,318	-7,318	0	0
Collection Fund Deficit	23,175	-20,959		2,216	-2,239	668	645
Community Benefits	100	-6		94	-7	0	87
Directorate Reserves							
Unapplied Revenue Grants	21,464	-16,260	7,839	13,043	-10,301	2,143	4,885
PFI	7,025	-140	284	7,169	0	351	7,520
Revenue Budget Carry Forwards	7,281	-7,281	6,120	6,120	-6,120	2,540	2,540
HRA Pension Contingency	669		69	738	0	69	807
S106 Developer Contributions	802	-256	889	1,435	-510	437	1,362
Local Authority Elections	578	-96		482	-566	240	156
Local Plan	160			160	-160	0	0
Adoption Support Fund	160	-74	36	122	-122	0	0
SEND/DSG	1,969			1,969	0	0	1,969
HS2	385	-98		287	-271	0	16
Transformation Reserves							
HR & Finance System Replacement	561	-98		463	-213	0	250
Renewable Energy	0	-141	141	0	0	0	0
ICT Transformation	2,435		509	2,944	-768	0	2,176
Delivering Council Priority Outcomes	395	-80		315	-315	0	0
Invest to Save	24	-24		0	0	0	0
Flexible and Mobile Working	303			303	-303	0	0
New Ways of Working	28	-28		0	0	0	0
Economic Growth Reserves							
Northgate Development	294	-490	238	42	-42	0	0
Winsford Cross Development Account	2,349	-2,975	626	0	0	0	0
Partnership Reserves							
Mersey Forest	677	-47	151	781	-48	395	1,128
Council Company Reserves							
Waste Collection Contract Exit Arrangements	16,033	-2,540	2,717	16,210	-5,178	0	11,032
Council Company Reserves	6,057	-129	1,054	6,982	-638	0	6,344
Other Reserves and Balances	1,542	-1,014	655	1,183	-1,276	1,535	1,442
Total	148,379	-61,255	27,399	114,523	-50,018	16,764	81,269

Significant movements during the year were:

- A net appropriation of £5.2m from the Waste reserve. This includes revenue costs of £4.352m to support the cost of the waste collection service ran by CWR and £0.454m funding to CWR for loss of income from recyclable materials during the construction of the new Material Recycling Facility (MRF). £0.372m has been used to fund capital expenditure relating to a new big bite vehicle and a larger glass breaker for the MRF.
- A net appropriation of £3.3m from the long-term liabilities reserve, which includes £2.2m budgeted use to fund Invest to Save proposals, £0.6m to fund the employee Mutually Agreed Resignation Scheme (MARS) implemented in year, £0.4m to fund in year losses relating to Winsford Cross Shopping Centre, £0.5m to fund a provision in relation to the Local Enterprise Partnership (LEP) loan and £0.3m to fund early retirement and redundancy costs. This is offset by a £0.7m contribution from Barons Quay to refund the reserve for funds advanced against historic losses in previous years.

- The net appropriation of £7.3m from the Covid-19 reserve. This primarily relates to the budgeted release of £6.8m of council resources set aside in previous years, to support general Council expenditure in 2023-24. £0.5m relates to the element of the reserve that has been funded by central government. £0.1m has been used to fund final costs against covid projects and £0.4m is the unallocated remainder that is able to be released.
- The net appropriation of £1.6m from the collection fund deficit reserve. £2.2m reflects budgeted use of this reserve to support general Council expenditure in 2023-24, offset by the setting aside of £0.5m surplus S31 Business Rates grants and Renewable Energy income.
- The net appropriation of £8.2m from the unapplied grant reserve. This includes £4.8m use of the DSG reserve, £1.1m use of the Public Health Grant reserve and £1.9m use of Homes for Ukraine to fund associated expenditure in 2023-24.
- The net appropriation of £3.6m from the reserve for revenue budget carry forwards. This is the drawdown of £6.1m carry forwards in 2023-24, and the addition of £2.5m carry forwards to fund expected budget pressures in 2024-25.
- The appropriation of £0.8m from the ICT Transformation reserve to support costs of implementation of the new ICT model.
- The net appropriation of £0.6m from the Council Company reserve, reflecting the drawdown to fund increases in companies' provisions.

Reasons for the earmarked reserves over £500k

Council wide reserves

Long term liability	Funds set aside to smooth the impact of long-term liabilities, such as debt re-payment and the pension fund deficit.
Insurance	Funds insurance liabilities relating to Cheshire West & Chester functions.
Collection Fund Deficit	Equalisation fund to mitigate volatility in Business Rates income.

Directorate reserves

Unapplied revenue grants	Enable grants to be used when needed, avoiding year end 'forced' spend.
PFI	Balances spend and income across life of contract.
Revenue budget carry forwards	Agreed, committed spend not accrued funding.
HRA pension contingency	Provides funding for future pensions linked to HRA.
S106 developer contributions	Funding earmarked for specific work per S106.
SEND/DSG	Reserve set-up to mitigate against the DSG / SEND deficit.

Transformation reserves

ICT transformation	Funds to meet the cost of an ICT Recovery Plan.
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Partnership reserves

Mersey Forest	Partnership agreement between 7 contributing local authorities co-ordinated by the Mersey Forest Team to invest in long-term tree planting programmes to improve the local environment.
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Council company reserves

Former waste collection contract	Reserve linked to long term debtor depends on receipts for funds to be available.
Council company	Funds available to manage pressures in Council companies.

10. Material Changes within the Comprehensive Income and Expenditure Statement

Within the Cost of Services in the top half of the CIES (Comprehensive Income and Expenditure Statement), the net spend (expenditure less income) has increased from £369.5m to £375.9m; an increase of £6m.

The major reasons for this are net spend increases year on year of £14m in Adults, £6m in Childrens, and £4m in Capital financing, offset somewhat by a decrease in net spend in the Other directorate of -£17m.

The increase in net spend in the Adults directorate is due to increase in external care growth (mitigated slightly by increases in grant funding - Market Sustainability, Better care fund grants). The increase in the net spend in the Childrens directorate is driven by increases in leaving care costs, residential costs and staffing costs. The year on year increase in corporate net spend is due to depreciation.

This is offset by a -£17m decrease in Other net spend driven by Central income increases in council tax, business rates, S31 grant and renewable energy.

11. Other operating income and expenditure

Other Operating Income and Expenditure comprises all other costs that do not form part of the costs of any one service. A breakdown of the amounts included within this line is as follows:

Other Operating Income & Expenditure	2023-24 £000	2022-23 £000
Loss / (Gain) on disposal of Non-current assets	-1,348	-2,097
Parish Precepts	4,721	4,252
Levies	736	717
Housing Capital Receipts to National Pool	0	0
Other income and expenditure	-13	-195
	4,096	2,678

12. Financing and investment income and expenditure

This note contains details of any financial costs or returns the Council has incurred which are not directly associated with the delivery of services.

Financing & Investment Income & Expenditure	2023-24 £000	2022-23 £000
Interest payable and similar charges	14,474	12,556
Unrealised gains or losses on financial assets held at fair value through profit and loss transferred to Unusable Reserve	184	1,135
Net interest on pension assets and liabilities	-11,726	5,036
Remeasurement of the net defined liability	0	14,304
Interest receivable and similar income	-11,926	-6,779
Expected Credit Loss Allowance	3,186	2,564
Loss on transfer of schools to Academy status	30,425	8,853
Income and expenditure in relation to investment Properties and changes in their fair value	2,045	24,782
Trading Accounts not related to Services	153	190
	26,815	62,641

13. Taxation and non-specific grant income and expenditure

The Council received the following funding which does not relate to specific services.

Taxation and Non-specific Grant Income & Expenditure	2023-24 £000	2022-23 £000
Income:		
Council Tax	-234,299	-220,485
Non Domestic Rates	-71,823	-68,141
Other COVID-19 Grants	0	-567
Revenue Support Grant	-4,192	-3,468
Capital Grants and Contributions	-39,638	-31,376
PFI Grants	-3,092	-3,092
Local Services Support Grant	-638	-638
New Homes Bonus	-1,549	-4,765
S31 Non Domestic Rates Grant Funding	-20,702	-10,852
Other Grants	-2,943	-12,131
Expenditure:		
Non Domestic Rates - Tariff and Levy Payment	21,270	20,660
	-357,606	-334,856

The year on year variance is driven by an increase in Council tax, capital grants, S31 non domestic rate grant funding, offset by a decrease in New Homes Bonus and Other Grants (made up of many small grant amounts).

14. Other Comprehensive Income and Expenditure (CIES)

The Other Comprehensive Income and Expenditure section of the CIES recognises increases and decreases to the value of assets and liabilities which have yet to be realised by the Council. As these gains and losses were unrealised at 31 March 2024 they are not reflected against the Council's usable reserves at this point and are held separately in Unusable Reserves as described in Note 26.

Other Comprehensive Income and Expenditure (CIES)	2023-24 £000	2022-23 £000
Property Revaluation (Gains)	-29,077	-55,066
Pension Deficit Remeasurement Losses/(Gains)	15,845	-191,912
Write-off negative balances in Revaluation Reverse to CIES	-1,340	0
	-14,572	-246,978

- Property revaluation gains reflect estimated increases in the value of Council owned assets. These will only be realised by the Council on sale or disposal or over time through usage. The balances created are held on the Revaluation Reserve until this time. Revaluation losses occur when the situation leading to an initial increase changes and the asset value is reduced towards its original cost.
- Pension deficit re-measurements reflect revised estimates as to the value of future pension liabilities or assets made by actuaries.

15. Property, Plant and Equipment

Within the table below and on the following page, references to RR refer to the Revaluation Reserve and SDPS refers to the Surplus or Deficit on Provision of Service line in the Comprehensive Income and Expenditure Statement.

The Net Book Values for 2023-24 include £1.1m of assets which are held in partnership with Cheshire East Council at a 50% shared ownership agreement.

Property, Plant and Equipment Movements in 2023-24	Non-Current Assets						
	Council Houses £000	Land and Buildings £000	Vehicles, Plant and Equipment £000	Community Assets £000	Surplus Assets £000	Assets Under Construction £000	Total £000
Value as at 31 March 2023	232,999	852,057	110,100	27,425	738	104,258	1,327,577
Additions	10,667	26,940	7,416	953	2	9,958	55,936
Revaluation Gain/(Loss) to Revaln Res	-12,340	18,818	0	0	0	0	6,478
Reval/Impair Losses to SDPS	-797	-791	0	0	0	0	-1,588
Reverse Reval/Impair to SDPS	0	2,264	0	0	0	0	2,264
Derecognition - Disposals	-758	-34,863	-1,709	0	0	-136	-37,466
Derecognition - Other	0	0	0	0	0	0	0
Re-classification of assets	0	1,243	0	-1,243	0	0	0
Reclass (to)/from Held for Sale	0	-400	0	0	0	0	-400
Reclass (to)/from Heritage	0	-245	0	-637	0	0	-882
Reclass (to)/from Investment	90	0	0	0	0	0	90
Reclass (to)/from Intangible	0	0	0	0	0	0	0
Value as at 31 March 2024	229,861	865,023	115,807	26,498	740	114,080	1,352,009
Depreciation							
Accum Depn at 31 March 2023	-69	-19,076	-77,697	-456	0	-65	-97,363
Charges for the year	-4,767	-19,393	-7,076	0	0	0	-31,236
Revaluation Gain/(Loss) to Revaln Res	4,671	12,744	0	0	0	0	17,415
Reval/Impair Loss to SDPS	12	23	0	0	0	0	35
Reverse Reval/Impair to SDPS	0	-289	0	0	0	0	-289
Derecognition - Disposals	15	846	1,524	0	0	0	2,385
Derecognition - Other	0	0	0	0	0	0	0
Re-classification of assets	0	0	0	0	0	0	0
Reclass to/from Held for Sale	0	0	0	0	0	0	0
Reclass to/from Heritage	0	0	0	0	0	0	0
Accum Depn at 31 March 2024	-138	-25,145	-83,249	-456	0	-65	-109,053
Net Book Value at 31 March 2024	229,723	839,878	32,558	26,042	740	114,015	1,242,956
Net Book Value at 31 March 2023	232,930	832,981	32,403	26,969	738	104,193	1,230,214
Nature of Asset Holding							
Owned	229,723	823,702	31,001	26,042	740	114,015	1,225,223
PFI	0	16,176	0	0	0	0	16,176
Leased	0	0	1,557	0	0	0	1,557
Total	229,723	839,878	32,558	26,042	740	114,015	1,242,956

Movements in 2022-23	Non-Current Assets						
	Council Houses £000	Land and Buildings £000	Vehicles, Plant and Equipment £000	Community Assets £000	Surplus Assets £000	Assets Under Construction £000	Total £000
Value as at 31 March 2022	210,283	861,325	90,477	26,372	738	92,247	1,281,442
Additions	9,081	17,606	21,775	1,053		12,011	61,526
Revaluation Gain/(Loss) to Revaln Res	15,928	26,191	0				42,119
Reval/Impair Losses to SDPS	-16	-3,403	0				-3,419
Reverse Reval/Impair to SDPS	0	1,623	0				1,623
Derecognition - Disposals	-2,277	-9,255	-2,152				-13,684
Derecognition - Other	0	0	0				0
Re-classification of assets	0	0	0				0
Reclass (to)/from Held for Sale	0	-950	0				-950
Reclass (to)/from Heritage	0	0	0				0
Reclass (to)/from Investment	0	-41,080	0				-41,080
Reclass (to)/from Intangible	0	0	0				0
Value as at 31 March 2023	232,999	852,057	110,100	27,425	738	104,258	1,327,577
Depreciation							
Accum Depn at 31 March 2022	0	-9,694	-74,076	-456		-65	-84,291
Charges for the year	-4,206	-18,857	-5,488				-28,551
Revaluation Gain/(Loss) to Revaln Res	4,126	8,821	0				12,947
Reval/Impair Loss to SDPS	3	371	0				374
Reverse Reval/Impair to SDPS	0	0	0				0
Derecognition - Disposals	8	283	1,867				2,158
Derecognition - Other	0	0	0				0
Re-classification of assets	0	0	0				0
Reclass to/from Held for Sale	0	0	0				0
Reclass to/from Heritage	0	0	0				0
Accum Depn at 31 March 2023	-69	-19,076	-77,697	-456	0	-65	-97,363
Net Book Value at 31 March 2023	232,930	832,981	32,403	26,969	738	104,193	1,230,214
Net Book Value at 31 March 2022	210,283	851,631	16,401	25,916	738	92,182	1,197,151
Nature of Asset Holding							
Owned	232,930	810,932	31,322	26,969	738	104,193	1,207,084
PFI		22,049					22,049
Leased			1,081				1,081
Total	232,930	832,981	32,403	26,969	738	104,193	1,230,214

Infrastructure Assets

In accordance with the Temporary Relief offered by the update to the CIPFA Code on infrastructure assets 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.

Movements on Balances	2023-24 £000
Net Book Value (Modified historic cost) at 1st April 2023	284,385
Additions	22,680
Derecognition	0
Depreciation	-19,823
Impairment	0
Other Movement in Cost	0
Net Book Value (Modified historic cost) at 31 March 2024	287,242

In order to show a true and fair view of the overall position on PPE for 2023-24, the table below demonstrates the total Net Book Value balance of these assets.

Summary of Assets	31 March 2024 £000
Infrastructure Assets	287,242
PPE	1,242,956
Total PPE Assets	1,530,198

In order to show a true and fair view of the overall position on PPE for 2022-23 as a comparator, the tables below demonstrate the total Net Book Value balance of these assets.

Movements on Balances	2022-23 £000
Net Book Value (Modified historic cost) at 1st April 2022	286,834
Additions	16,022
Derecognition	
Depreciation	-18,471
Impairment	0
Other Movement in Cost	0
Net Book Value (Modified historic cost) at 31 March 2023	284,385

Summary of Assets	31st March 23 £000
Infrastructure Assets	284,385
PPE	1,230,214
Total PPE Assets	1,514,599

Depreciation

The following useful lives and depreciation rates are used for depreciating new or revalued capital assets. In exceptional circumstances other useful lives may be retained if appropriate to the asset. Operational Buildings will normally be assigned a 50 year useful life unless there is a reason to override this assumption. All depreciation is charged on a straight line basis.

Asset Classification	Useful Lives	Most Common Depreciation Rate %
Operational Buildings	Up to 60 years	3.8%
Operational Buildings	Up to 100 years	2.0%
Infrastructure	Up to 40 years	3.0%
Vehicles	Up to 12 years	13.3%
Plant and Equipment	Up to 10 years	20.0%

Bases of valuations

The Council re-values its operational properties over a five year cycle to ensure that values do not become out of date. Where values may change outside of these planned dates (e.g. due to work undertaken, change in usage or economic conditions) then valuations are brought forward.

For 2023-24 a de-minimis of £20,000 has been applied to operational properties, this does not have a material impact on the property valuations.

The Council's Property Services section value the freehold and leasehold properties which make up the Council's portfolio. They are valued in accordance with the Statements of Asset Valuation Practice and Guidance Notes of the Royal Institution of Chartered Surveyors (The Red Book). Valuations are undertaken to reflect asset values as at 31 March 2024.

Operational properties of a specialised nature are valued on the basis of what it would cost to re-instate the asset or to acquire a modern equivalent. This is adjusted to reflect the age, wear and tear and obsolescence of the existing asset.

Council Houses are valued on a five year cycle using a beacon value methodology. The recorded value is an Existing Use Value for Social Housing, which is the value the properties would be exchanged at on the presumption that they must continue to be used for social housing purposes. The valuations are reduced to reflect the fact these houses are occupied by secure tenants.

Vehicles, Equipment, Community Assets, Infrastructure Assets and Assets under Construction are all held in the accounts at historic cost.

Non-specialised operational properties are valued by reference to the open market value of equivalent assets of a similar type and condition. This is evidenced by recent market transactions and done on the assumption that they would continue in their existing use. Non-operational properties are valued by reference to their open market value for an alternative use allowed by planning permissions.

Where assets are included in the Balance Sheet at current value, they are required to be re-valued at intervals no longer than five years. The Council has done this on the basis of a rolling programme. The following statement shows the age profile of existing asset values and compares these to their historic cost equivalents.

Effects of changes in methodologies and estimates

There have been no significant changes to the way in which the Council carries out valuations during 2023-24. New valuations are otherwise directly comparable to the approach taken in previous years, and changes in those values reflect changes in the asset or the wider economic climate.

Valuations	Council Dwellings £000	Operational Land and Buildings £000	Surplus Assets £000	Total PPE Assets £000
Revaluation Year Of Net Book Value:				
31 March 2024	229,723	391,126	0	620,849
31 March 2023	0	22,535	0	22,535
31 March 2022	0	61,795	0	61,795
31 March 2021	0	311,227	0	311,227
31 March 2020	0	39,315	0	39,315
31 March 2019	0	12,898	739	13,637
31 March 2018	0	967	0	967
31 March 2017 or previous	0	16	1	17
Total	229,723	839,878	740	1,070,341

Significant commitments under capital contracts

The value of significant commitments under capital contracts, where amounts of £0.5m or more are contracted to be paid after 31 March 2024, totals £15m (£12.7m at 31 March 2023).

The following table breaks down these commitments:

Scheme	Contract Total Commenced in 2023-24 £000	Contract Amount paid to date 2023-24 £000	Outstanding balance on Contract 2023-24	Outstanding balance on Contract 2022-23
Curzon House	1,496	0	1,496	0
Sutton Way Redevelopment (HRA)	0	10,010	3,890	8,711
Northgate - Curtain Wall	965	0	965	0
Recycling Facility	0	3,080	538	2,409
Verdin	0	2,938	0	1,552
Winsford Town Centre	14,770	6,671	8,099	0
Total	17,231	22,699	14,988	12,672

16. Heritage assets

Movements in 2023-24	Non-current Assets						Total £000
	Historic Buildings/Memorials £000	Sites of Historic Interest £000	Museum Collections £000	Historic Archives £000	Fine Art/ Sculpture £000	Civic Regalia £000	
Certified Valuation at 31 March 2023	12,229	3,261	10,625	500	4,032	593	31,240
Additions	184						184
Revaluation Gains/Losses							0
Reclassification to/from other asset category	867	15					882
Value as at 31 March 2024	13,280	3,276	10,625	500	4,032	593	32,306
Depreciation							
At 31st March 2023	-1,686	-5	0	0	0	0	-1,691
Charges for the year	-239						-239
Revaluation Gains/Losses							0
Reclassification to/from INV Assets							0
Accumulated Depn at 31 March 2024	-1,925	-5	0	0	0	0	-1,930
Net Book Value at 31 March 2024	11,355	3,271	10,625	500	4,032	593	30,376

Historic buildings

The Council's historic buildings are currently held at Fair Value based on depreciated historic cost. The Council holds the following under historic buildings:

- The Lion Salt Works
- Stretton Mill Museum
- The Anchorite Cell, The Groves
- The Guildhall, Watergate Street
- Dee House, Little St. John Street

Public monuments/memorials

The Council also has responsibility for the management and maintenance of a significant number of public monuments and memorials. These assets take the form of statues, crosses, historic way markers and a significant number of war memorials. There are estimated to be over 100 individually recorded memorials within the borough and several hundred smaller marker posts. The majority of these assets record historically significant figures or events which affected the people of Cheshire West and Chester.

Sites of historic interest

The Council has two sites of historic interest, part of the Chester Walls and the St Johns Church ruins. These assets are held at Depreciated Historic Cost (DHC) as there is no mechanism for replacing these assets. The Council incurs maintenance work to reverse the impacts of wear and tear and deterioration.

Museum collections

These assets are valued based on their insurance value which is reviewed for currency annually. Additions to the collection are initially recorded at the costs paid and items which are donated are recorded based on professional judgements of their value. The valuation shown does not reflect items which are held in the museums but have only been loaned to the Council by a benefactor or are part of an exchange programme with other museums/collections, as they are not in Council ownership.

Historic archives

The valuation of £0.5m is based on half of the insurance value held against the costs of repairing damage to the documents held. This is an approximation of the value the Council attaches to the archives as there was no acquisition cost for the majority of these assets and by definition they cannot be replaced. This valuation is not expected to change significantly over time.

17. Investment properties

The Council operates a portfolio of Investment Properties which it either leases out to local business for industrial or commercial usage or holds for capital appreciation. The Council operates its investment property portfolio as a trading account, recording both the income generated and costs incurred.

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

Investment Asset Income and Expenditure	2023-24 £000	2022-23 £000
Rental Income from Investment Property	-11,703	-11,570
Direct Expenditure Arising from Properties	5,007	4,912
Net Cost/(Income) in the Year	-6,696	-6,658

The movements in the value of investment properties during 2023-24 are analysed below:

Investment Assets Movements in Year	2023-24 £000	2022-23 £000
Balance at Start of Year	147,316	138,052
Additions	773	955
Disposals		
- Outright Disposals	-875	-2,029
Fair Value Adjustments		
- Increases in Fair Value	2,412	1,843
- Decreases in Fair Value	-11,262	-32,585
Transfers (to) or from other asset categories	-90	41,080
Value as at 31 March	138,274	147,316

Details of investment properties and information about the fair values hierarchy as at 31 March 2024 are as follows:

Investment Properties Fair Value hierarchy 2023-24	Quoted prices in active markets for identical assets	Other significant observable inputs	Significant unobservable inputs	Fair Value as at 31 March 2024	Fair Value as at 31 March 2023
	Level 1 £000	Level 2 £000	Level 3 £000	Total £000	Total £000
Recurring fair value measurement using:					
Residential properties		140		140	104
Commercial units		86,800		86,800	81,466
Industrial units		40,551		40,551	41,874
Land (including Car Parks)		9,593		9,593	22,644
Other		1,190		1,190	1,228
Total	0	138,274	0	138,274	147,316

The Council measures its investment properties at Fair Value. Fair Value is the price that would be received to sell an asset or paid to transfer a liability at the measurement date.

The Fair Value measurement assumes that the transaction to sell the asset or transfer the liability takes place either: in the principal market for the asset or liability, or, in the absence of a principal market, in the most advantageous market for the asset or liability.

The Council uses qualified external property valuers to provide a valuation of its assets in line with the highest and best use definition of its investment properties. In estimating the Fair Value of the Council's investment properties, the highest and best use is their current use.

All the Council's investment properties have been value assessed as Level 2 in the Fair Value hierarchy for valuation. The fair value of investment properties has been determined using a market and income approach, which takes into account direct and indirect observable data from the market where there are no quoted prices. Information is obtained about similar assets, existing lease terms and rentals, research of market evidence including yields and rentals. Adjustments made based on valuer judgement, are unlikely to be material to the overall change in value. We also use the local knowledge and understanding of the Council portfolio when valuing the investment portfolio. Market conditions of similar assets actively purchased and sold within the market and from within the portfolio provide a level of observable inputs, 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 this year for investment properties. There have been no transfers between Levels 1 and 2 during the year.

Valuation techniques

The Fair Value of investment properties has been measured using a market approach. The quoted prices of similar assets, existing lease terms, market rentals and yields. The property valuers who manage the portfolio are qualified valuers with many years of experience and their knowledge of the market is reflected in these valuations. Market conditions of similar properties has also contributed to the valuation and level of hierarchy determined.

There has been no change in the valuation techniques used during the year for investment properties.

18. Intangible Assets

Intangible Assets	Other Assets 2023-24	Assets Under Construction 2023-24	Total Assets 2023-24	Total Assets 2022-23
	£000	£000	£000	£000
Balance at start of year:				
Gross carrying amount	14,307		14,307	13,287
Accumulated amortisation	-6,862		-6,862	-4,503
Net carrying amount at start of year	7,445	0	7,445	8,784
Purchases & Asset under Construction:				
Additions	2,154		2,154	1,110
Reclassification	0		0	0
Disposals:				
Gross carrying amount	-1,575		-1,575	-90
Accumulated amortisation	1,575		1,575	90
Amortisation for the Period	-2,528		-2,528	-2,449
Net carrying value at end of year	7,071	0	7,071	7,445
Comprising:				
Gross Carrying Amount	14,886		14,886	14,307
Accumulated Amortisation	-7,815		-7,815	-6,862
Total	7,071	0	7,071	7,445

19. Assets Held for Sale

The balance of Assets Held for Sale has increased by £5.584m during 2023-24. The assets within this category are currently being marketed and expected to sell within the next 12 months.

Assets held for sale	2023-24 £000	2022-23 £000
Balance at Start of Year	7,138	6,188
Assets Transferred into Assets Held for Sale:		
Property, Plant and Equipment	400	950
Investment Assets		
Assets under construction		
Additions	0	0
Valuation Changes:		
- Revaluation Gains/Losses	5,184	0
Assets Transferred out of Assets Held for Sale:		
Property, Plant and Equipment	0	0
Assets sold	0	0
Balance at end of the year	12,722	7,138

20. Financial instruments

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; these 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. Non-exchange transactions, such as those relating to prepayments, expected losses, taxes and Government grants, do not give rise to financial instruments.

The tables below outline the categories of financial instruments that are carried in the Council's balance sheet.

Financial Assets

A financial asset is the right to receive future economic benefits. The financial assets held by the Council during the year are accounted for under the following bases:

Type of Assets	Classification	Measurement
	2023-24 and 2022-23	2023-24 and 2022-23
Cash	Amortised cost	Amortised cost
Bank current and deposit accounts	Amortised cost	Amortised cost
Government Deposits	Amortised cost	Amortised cost
Fixed term deposits with banks	Amortised cost	Amortised cost
Loans to other councils	Amortised cost	Amortised cost
Trade receivables	Amortised cost	Amortised cost
Shares in UK Municipal Bond Agency (UKMBA)	Fair Value Through other Comprehensive Income (FVOCI)	Fair Value Through other Comprehensive Income (FVOCI)
Units in pooled equity and property funds managed by Schroders and CCLA	Fair Value Through Profit and Loss (FVTPL)	Fair Value Through Profit and Loss (FVTPL)
Units in instant access pooled money market funds	Fair Value Through Profit and Loss (FVTPL)	Fair Value Through Profit and Loss (FVTPL)

Prior to the introduction of IFRS 9 the Council's shareholding in the UK Municipal Bond Agency was classified as being held at fair value through profit and loss (FVTPL). On the introduction of IFRS 9 the Council elected to treat the Council's shareholding in the UK Municipal Bond Agency (350,000 ordinary 1p shares) as being classified at fair value through other comprehensive income (FVOCI).

The following investment are classified as Fair Value Through Profit and Loss by regulation:

Type of Investment	Unit Held
Income units in CCLA Local Authorities Mutual Investment Trust Property Fund	1,545,356
Income units in Schroders Income Maximiser Fund	9,681,318

The following categories of financial instrument are carried in the balance sheet:

Long term investments represent interest in minority shareholdings and long term strategic holdings in property and equity funds. Short term investments represent fixed term deposits with other local councils and HM Treasury, notice accounts with banks and investments in instant access accounts.

Cash and cash equivalents are reported on the Balance Sheet as £79.1 million which includes balance a bank overdraft of £24.1 million reported within the financial liabilities table.

Financial Assets	Long Term		Short Term	
	31 March 2024 £000	31 March 2023 £000	31 March 2024 £000	31 March 2023 £000
Assets at amortised cost				
Principal amount			7,500	10,800
Loss allowance			0	0
Assets at fair value through other comprehensive income (FVOCI)			0	0
Equity investments elected FVOCI			0	0
Assets at fair value through profit and loss				
Pooled Property and Equity Funds	8,095	8,279		
Total Investments	8,095	8,279	7,500	10,800
Assets at amortised cost				
Principal amount			170	163
Loss allowance				0
Balance at Bank			20,932	17,745
Assets at fair value through profit and loss				
Money Market Funds			82,080	92,743
Total Cash and Cash Equivalents	0	0	103,182	110,651
Total Financial Assets	8,095	8,279	110,682	121,451

Equity Instruments

Equity Instruments elected to fair value through other comprehensive income	Fair Value		Dividends	
	31 March 2024 £000	31 March 2023 £000	2023-24 £000	2022-23 £000
UKMBA 1p ordinary shares	0	0	0	0
Total Equity Instruments	0	0	0	0

The UKMBA investment is carried at zero value as a result of impairments in previous years.

Pooled Investments

The Council holds pooled investments in a property fund and an equity fund. Any changes in the valuation are required to be recognised as fair value through profit and loss, which again would impact upon the Council's general fund reserve and revenue budget. The Department for Levelling Up, Housing & Communities (DLUHC) has permitted a temporary (5 year) statutory override to English Local Authorities to mitigate the impact of these changes in valuations. The Council has utilised the statutory override to account for any changes in the value of these investments.

Details of the investments are as follows:

Instruments at fair value through profit and loss	Fair Value		Dividends	
	31 March 2024 £000	31 March 2023 £000	2023-24 £000	2022-23 £000
Schroder Income Maximiser Fund Class Z Units	3,936	3,941	346	300
CCLA LAMIT Property Fund Income Units	4,159	4,338	268	190
Money Market Funds	82,080	92,743	4,763	2,256
Total Instruments at fair value	90,175	101,022	5,377	2,746

Financial Liabilities

A financial liability is an obligation to transfer economic benefits. The financial liabilities held by the Council during the year are accounted for under the following basis:

Type of Liability	Classification	Measurement
	2023-24 and 2022-23	2023-24 and 2022-23
Long term loans from the Public Works Loan Board (PWLB)	Amortised cost	Amortised cost
Long term loans from banks and other commercial organisations	Amortised cost	Amortised cost
Loans to other councils	Amortised cost	Amortised cost
Payments due under finance leases	Amortised cost	Amortised cost
Private Finance Initiative (PFI) contracts	Amortised cost	Amortised cost

Financial Liabilities	Long Term		Short Term	
	31 March 2024 £000	31 March 2023 £000	31 March 2024 £000	31 March 2023 £000
Loans at amortised cost				
Principal Amount	231,556	237,677	21,515	21,213
Accrued Interest			2,618	2,652
Total Borrowing	231,556	237,677	24,133	23,865
Loans at amortised cost				
Bank Overdraft			24,056	18,154
Total Cash Overdrawn	0	0	24,056	18,154
Long Term Liabilities at amortised cost				
Finance Leases	842	469		
PFI contracts	19,829	20,996		
Amounts owed to Cheshire East Council	524	448		
Total Other Long Term Liabilities	21,195	21,913	0	0
Short Term Liabilities at amortised cost				
Finance Leases			940	801
PFI contracts			1,168	1,134
Amounts owed to Cheshire East Council				
Trade Creditors			114,369	109,020
Total Trade Creditors	0	0	116,477	110,955
Non financial instrument creditors	0	0	104,731	93,050
Total Creditors	0	0	221,208	204,005
Amount Included in Creditors	0	0	116,477	110,955
Total All Financial Liabilities	252,751	259,590	164,666	152,974

Short term borrowings comprise in the main of loan principal and interest payments due in less than one year and bank overdrafts. The 'Other long term liabilities' section includes PFI, finance leases and amounts owed to Cheshire East Council in relation to shared properties. Within the debtors and creditors analysis, certain transactions are removed where they are not considered to be financial instruments (i.e. they do not meet the definition of a financial asset or a financial liability). This is the case for arrangements such as the payover of deductions for tax and national insurance to Government, receipts in advance or prepayments. These are not contractual arrangements whereby the Council is giving or receiving credit so they are not classed as financial instruments.

Financial assets and liabilities are set off against each other where the Council has a legally enforceable right to set off and it intends to settle on a net basis or to realise the asset and settle the liability simultaneously. The Council has adopted this approach in respect of its main bank accounts at Lloyds Bank which are shown in the table below on the bank

overdraft line. See note 22 Cash and cash equivalent for details of accounts that have permitted right of set off.

Offsetting Financial Assets and Liabilities	31 Mar 2024			31 Mar 2023		
	Gross assets (liabilities) £000	(Liabilities) assets set off £000	Net position on balance sheet £000	Gross assets (liabilities) £000	(Liabilities) assets set off £000	Net position on balance sheet £000
Trade receivables				0	0	0
Bank accounts in credit	18,424	-18,424		13,388	-13,388	0
Total financial assets	18,424	-18,424	0	13,388	-13,388	0
Trade payables				0	0	0
Bank overdrafts	-24,056	18,424	-5,632	-18,154	13,388	-4,766
Total financial liabilities	-24,056	18,424	-5,632	-18,154	13,388	-4,766

Income, expense, gains and losses

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

Financial Instruments Gains and Losses	Financial Liabilities	Financial Assets			Total 2023-24 £000	Total 2022-23 £000
	Amortised Cost £000	Amortised Cost £000	Elected to Fair Value through Other Comprehensive Income £000	Fair Value through Profit & Loss £000		
Interest payable	14,474				14,474	12,556
Loss on de-recognition					0	0
Fees paid					0	0
Interest payable and similar charges	14,474	0	0	0	14,474	12,556
Interest receivable		-5,377			-5,377	-3,452
Dividend income				-6,549	-6,549	-3,327
Interest receivable and investment income	0	-5,377	0	-6,549	-11,926	-6,779
Net impact on surplus / deficit on provision of services	14,474	-5,377	0	-6,549	2,548	5,777
(Gains)/Losses on revaluation		0	0		184	1,135
Impact on other comprehensive income	0	0	0	0	184	1,135
Net (Gain) / Loss for the Year	14,474	-5,377	0	-6,549	2,732	6,912

Fair Values of Assets and Liabilities

All of Council's financial liabilities are carried in the balance sheet at amortised cost. Many of the Council's financial assets are also carried in the balance sheet at their amortised cost. The fair value of both can be assessed by calculating the present value of the cash flows that will take place over the remaining term of the instruments using the following assumptions:

- The carrying value of the Lender's Option Borrower's Option (LOBO) loan has been increased by the value of the embedded options. The lender's option to increase the rate of interest payable has been valued by reference to a pricing model for Bermudan cancellable swaps. The borrower's option to accept the increased interest rate or repay the loan has been valued at zero;
- No early re-payment or impairment is recognised;

- Where an instrument will mature in the next 12 months, carrying amount is assumed to be approximate to fair value;
- The fair value of trade and other receivables is taken to be the invoiced or billed amount;
- All loans issued are relatively short term (less than one year) and therefore fair value will not vary significantly from carrying value;
- The fair value of unquoted equity is calculated by reference to the estimated amount of equity attributable to the owners of the company as shown in the company's most recent set of published accounts;
- Finance lease liabilities and PFI scheme liabilities have been calculated by discounting the contractual cash flows (excluding service charge elements) at the appropriate Public Works Loans Board annuity loan certainty rate.

The fair value of financial assets and liabilities are determined using one of three bases (level 1, 2 or 3), which is set out in Note 1. Significant accounting policies.

Fair value of assets

Fair Value of Financial Assets	Fair Value Level	Balance Sheet Value	Fair Value	Balance Sheet Value	Fair Value
		31 March 2024 £000	31 March 2024 £000	31 March 2023 £000	31 March 2023 £000
Financial assets held at fair value					
Money market funds	1	82,080	82,080	92,743	92,743
Pooled equity funds	1	3,936	3,936	3,941	3,941
Shares in listed companies	3		0		0
Pooled property funds	1	4,159	4,159	4,338	4,338
Financial assets held at amortised cost					
Bank deposits and notice accounts	2	970	970	963	963
Government Deposits	2	6,700	6,700	0	0
Loans to other local councils	2	0	0	10,000	10,000
Short term debtors	2	60,387	60,387	63,801	63,801
Long term debtors	2	18,924	18,924	21,450	21,450
Balance at Bank		-3,124	-3,124	-409	-409
Total Financial Assets		174,032	174,032	196,827	196,827
Recorded on the balance sheet as					
Long term investments		8,095		8,279	
Long term debtors		18,924		21,450	
Short term investments		7,500		10,800	
Short term debtors		60,387		63,801	
Cash and cash equivalents		79,126		92,497	
Total Financial Assets		174,032		196,827	

The financial assets whose recurring fair value is determined using level 1 inputs (the ex-div share price on 31 March) comprise of a long term strategic shareholding in the CCLA Local Authorities Property Fund and the Schrodgers Income Maximiser Fund. The Council view this shareholding as being a long term strategic shareholding. Changes in the fair value of the shareholding are therefore taken direct to the Financial Instruments Revaluation Reserve in accordance with the accounting treatment set out in IFRS 9, and the DLUHC statutory override.

Instant access pooled money market funds are valued using level 1 inputs namely the ex-dividend share price on 31 March 2024.

The financial assets held by the Council at amortised cost on the balance sheet date, and whose fair value is determined using level 2 bases, comprise of short term fixed rate deposits with UK local councils and HM Treasury, instant access accounts with UK banks, notice accounts with UK banks. Trade receivables for goods and services supplied have

their fair value determined using level 3 bases. All such monies were, or would become, available to the Council within two months of the balance sheet date.

The financial assets whose recurring fair value is determined using level 3 inputs comprise of a minority shareholding in the UK Municipal Bond Agency (UKMBA). The company having incurred significant set up costs.

The fair value of the Council's 5% shareholding in the company has been calculated by reference to the Council's estimated pro-rata share of the total equity attributable to the owners of UKMBA as shown in the financial statements for the year ended 30 November 2023.

The Council views the shareholding in UKMBA as being a long term strategic shareholding. Consequently changes in the fair value of the shareholding are taken to the Financial Instruments Revaluation Reserve in accordance with the accounting treatment set out in IFRS 9.

Fair Value of Liabilities

Fair Value of Financial Liabilities	Fair Value Level	Balance Sheet Value	Fair Value	Balance Sheet Value	Fair Value
		31 March 2024 £000	31 March 2024 £000	31 March 2023 £000	31 March 2023 £000
Long and short term loans from PWLB	2	214,283	212,912	219,466	228,241
Long term LOBO loans	2	7,351	7,870	7,361	7,994
Other long and short term loans	2	34,055	34,268	34,715	35,961
PFI contracts	2	20,997	23,123	22,130	32,984
Finance leases and other long term liabilities	2	2,306	2,306	1,718	1,718
Short term creditors	2	114,369	114,369	109,020	109,020
Total Financial Liabilities		393,361	394,848	394,410	415,918
Recorded on the balance sheet as					
Long term borrowing		231,556		237,677	
Other long term liabilities		21,195		21,913	
Long term creditors		0			
Short term liabilities		2,108		1,935	
Short term borrowing		24,133		23,865	
Short term creditors		114,369		109,020	
Total Financial Liabilities		393,361		394,410	

Ascertaining the fair value of long term loans that are held on the balance sheet at amortised cost makes use of level 2 inputs:

- The level 2 input used is the new market borrowing rate for local councils. The new market borrowing rate has been used to discount the scheduled interest payments and principal re-payments that the Council is committed to under its existing loan agreements back to a fair (net present) value at the balance sheet date.
- The fair value here (and which is shown above) represents the amount of loans that could be raised on the balance sheet date that would give rise to the same profile of interest payments and principal repayments as those the Council is committed to under its existing loan agreements were the loans to be raised at the prevailing market rates.
- Finance leases carrying value is representative of the fair value of the assets and are carried at level 2 inputs.
- PFI contracts fair value is derived using the interest payable on equivalent PWLB annuity loans raised at the certainty rate at the balance sheet date. This rate is considered to be a fair reflection at which the Council could raise equivalent debt were it to refinance the existing debt.

21. Debtors

The Council's debt position as at 31 March 2024 is:

Current Debtors	31 March 2024 £000	31 March 2023 £000
Trade receivables	60,387	63,801
Prepayments	3,711	3,915
Local Taxation	9,390	8,163
Other receivable amounts	8,188	10,280
Total	81,676	86,159

Overall, there has been a reduction in outstanding debt of £4.5m when compared to 31 March 2023.

The majority of the Council's debt is with individuals (rent arrears, social care debt or Council Tax) or is trade debt with other private sector organisations. The Council also holds significant debts with other Councils (joint working) and the Government (VAT and NI payments). Where the Council holds debt provisions these have been reflected against the appropriate category.

As part of IFRS 9, the Council is required to use the expected losses approach to calculate the impairment loss allowance. Using this approach provides a more accurate impairment charge to the CIES.

Debtors for Local Taxation

Historic total sums due for council tax and non-domestic rates are:

Debtors for Local Taxation	31 March 2024 £000	31 March 2023 £000
Less than twelve months	8,691	1,489
More than one year	19,084	25,632
Total	27,775	27,121

An expected credit loss (bad debt provision) of £32.2m (2022-23 £29.2m) has been provided for. The main reason for the increase in local taxation debt is that the Council Tax arrears have increased. This is partly due to inflation and partly due to lower arrears collection rates.

22. Cash and cash equivalents

The following table shows the balance of cash and cash equivalents as of 31 March 2024.

	31 March 2024 £000	31 March 2023 £000
Bank Current Accounts	20,932	17,745
Bank Overdraft	-24,056	-18,154
Short Term Deposits	82,250	92,906
Total	79,126	92,497

The Council holds current balances for processing payroll, payment, and income transactions as well as a Council Fund account to ensure there are sufficient funds available to meet all short-term commitments. Where payments have been initiated on the last working day of March, the current account balance shows them as if they have already been made, even though they will not physically leave the account until the next working day.

The Council also holds balances in longer term deposit accounts to ensure the balances generate a financial return until they are required to fund expenditure.

The following table shows the types of accounts held by the Council and where there is a legally enforceable right of set off and it intends to settle on a net basis or to realise the assets and liabilities simultaneously. See Note 20 for further details.

	31 March 2024 £000	31 March 2023 £000	Legal right to set off
Council fund account	18,424	13,388	Yes
Payables account	-23,951	-18,067	Yes
Payroll account	-105	-87	Yes
Instant access account	170	163	
Money market funds	82,080	92,743	
School bank accounts	2,055	3,967	
Imprest bank accounts	43	57	
Other	410	333	
Total	79,126	92,497	

23. Creditors

The Council's creditor position as at 31 March 2024 is analysed as follows:

Creditors	31 March 2024 £000	31 March 2023 £000
Trade payables	87,718	79,321
Receipts in advance	86,175	74,634
Other payables	47,315	50,050
TOTAL	221,208	204,005

Overall, the Council's creditors have increased by £17.2m compared to 31 March 2023. The movement reflects increases in Receipts in Advance (£11.5m) and Trade Payables (£8.4m) which have been partially offset by a decrease in Other Payables (£2.7m).

The increase in Trade Payables is mainly due to a reduction in the number of invoices paid by BACS payment during the year-end period due to the cut-off date being 28th March as a result of Easter rather than the 31st March in the prior year. The trade payables BACS payments made in March-24 was lower by £12.8m from March-23 (£55m in March-24 compared to

£67.8m in March-23), resulting in an increase in creditors, this has been partially offset by a reduction in year-end accruals and other creditors of £4.4m.

The increase in the value of Receipts in Advance mainly relates to funding received for Mersey Forest, which has increased the level of grant carried forward by £13m to fund future tree planting. This increase has been partially offset by the Energy Bills Rebate Grant previously held by the Council. £1.7m of this grant was carried over to allocate in 23-24 with the unspent value of £1.5m returned to the Department for Energy Security and Net Zero in 2023-24.

The decrease in other payables mainly relates to Business Rates. The Business Rates collection fund has moved from a surplus of £16.8m at the start of the year to a surplus of £10.1m at the end of 2023-24. This reduces the share that is owed to business rate partners (Cheshire Fire and Central Government) by £3.4m. Changes in the receipts in advance, arrears and provisions also impact the share of the collection fund relating to the partners (net increase of £0.3m).

24. Provisions

The Council holds a provision when it has identified a liability that it is exposed to 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 close 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 CIES in the year the difference is identified.

	Short Term Provisions			
	Redundancy £000	Public Enquiry £000	Other ST Provisions £000	Shot Term Total £000
Balance at 31 March 2022	195	686	244	1,125
Amounts used in year	-26	-557	-65	-648
Unused amount released	0	0	0	0
Additional provisions made	99	40	193	332
Balance at 31 March 2023	268	169	372	809
Amounts used in year	-99	-169	-193	-461
Unused amount released	0	0	-179	-179
Additional provisions made	635	170	0	805
Balance at 31 March 2024	804	170	0	974

Short Term (likely to become payable within 12 months) provisions include:

- **Redundancy** - Sums held to fund the costs of redundancy payments to individuals which have been agreed in advance of 31 March but will take place in the following financial year.

- **Public Enquiry Costs** – This provision is to fund any costs incurred by the Council in responding to legal challenges to the appropriateness of planning decisions made.
- **Other Short-Term Provisions** – This mainly relates to a provision created in 2022-23 for a deficit on a school due to become an academy, this was used in 2023-24 when the school converted to an academy. It also includes a provision for repairs to solar panels which was no longer required and released in 2023-24.

	Long Term Provisions					
	Insurance Provision £000	Closed Landfill £000	Business Rates £000	Council Companies £000	Other LT Provisions £000	Long Term Total £000
Balance at 31 March 2022	3,300	2,387	18,637	851	1,233	26,408
Amounts used in year	-1,081	0	-2,533	0	-33	-3,647
Unused amount released	-862	-177	0	-570	0	-1,609
Additional provisions made	1,617	0	1,873	310	0	3,800
Balance at 31 March 2023	2,974	2,210	17,977	591	1,200	24,952
Amounts used in year	-1,275	-210	-6,415	0	-100	-8,000
Unused amount released	-530	0	0	-149	-1,100	-1,779
Additional provisions made	2,261	0	7,779	424	88	10,552
Balance at 31 March 2024	3,430	2,000	19,341	866	88	25,725

Long Term Provisions include:

- **Insurances** – The Council holds insurance provisions for the cost of known claims up to the excess level on its insurance policies. The value of this provision is based on the individual claim reserves set by either external claims handlers or internal insurance staff.
- **Closed Landfill Sites** – Representing the future costs of necessary remedial works to remove contamination and make safe former landfill sites across the borough.
- **Business Rates Appeals** – The Council's share of costs that would arise should the appeals lodged by a range of companies against their Non-Domestic Rates charges be upheld by the Valuation Office Agency.
- **Council Companies** – This provision is held in recognition of costs the Council may face as a result of its ownership of arms-length companies. Specifically, the provision reflects potential exposure to costs from underwriting losses that have been made by those companies, and the risk from pension fund guarantees the Council has provided.
- **Other LT Provisions** – The brought forward balance mainly relates to a provision set aside in 2020-21 linked to a legal judgement which was no longer required and released in 2023-24. The provision created in 2023-24 is for the HMO licence fees, this is income received for houses with multiple occupancy which spans 5 years. The income is released from the provision annually.

25. Usable Reserves

The Council holds both revenue and capital usable reserves for a number of reasons, they provide a source of assurance to ensure the Council is financially stable, investment funds for future initiatives and allow balances to be set aside to fund known cost pressures that will occur in later years.

The revenue reserves are split into three core funds for general activities (General Fund), budgets devolved to schools (School Reserves) and Council Housing (HRA Balance) and a number of specific earmarked reserves held for a particular purpose. Capital Reserves are similarly split between a pot for funding future capital expenditure (Capital Receipts Reserve) and earmarked balances. A breakdown of the earmarked reserves and their movement is contained in Note 9, other balances are explained below.

The overall movements show a net reduction in reserves of £49.2m during 2023-24. This largely reflects decreases to Earmarked Reserves, the Schools Reserve, the Major Repairs Reserve and the Capital Grants Unapplied Reserve. Further explanations for major variances follow the table.

Usable reserves	31 March 2024 £000	31 March 2023 £000
Held for Revenue Purposes		
General Fund	26,198	26,901
School Reserves	8,784	11,373
Housing Revenue Account	737	694
Earmarked General Fund Reserves	80,462	113,785
Earmarked HRA Reserves	807	738
	116,988	153,491
Held for Capital Purposes		
Capital Receipts Reserve	14,434	15,756
Capital Grants Unapplied Reserve	38,712	47,351
Major Repairs Reserve	6,837	9,565
	59,983	72,672
Total	176,971	226,163

Revenue Reserves

General Fund – The general fund reserve balance at the start of the year was £26.9m the transfer of the in-year overspend of £0.7m to the general fund has reduced the balance at the end of the financial year to £26.2m.

School Balances – School Balances represent the use of the Dedicated Schools Grant (DSG), other school specific grants and income generation, which have been devolved to schools.

Earmarked Reserves – See Note 9 for analysis of the individual movements on earmarked reserves.

Capital Reserves

Capital Receipts Reserve – The Capital Receipts Reserve holds balances which have been generated from the sale of assets or funds the Council has chosen to set aside to fund future capital works. The balance is used each year to finance part of the Council’s capital expenditure. In 2023-24 there was a net decrease of £1.3m in the balance on the reserve. This decrease reflects a combination of £4.3m of additional income from new receipts and the utilisation of £5.6m of the reserve to fund capital projects in 2023-24. The new capital receipts received related to commercial property receipts (£1.0m), Right to Buy receipts (£1.1m), compulsory purchase order receipts (£0.1m) and general capital receipts (£2.1m).

Capital Grants Unapplied Reserve – This reserve decreased by £8.6m in 2023-24. The decrease reflects a combination of £3.6m of grants transferred to the reserve and £12.2m utilised in 2023-24. The grant utilised in year largely relates to a draw-down from the Community Infrastructure Levy reserve of £4.6m and from the Section 106 reserve £1.2m to fund the capital programme and a £3.4m drawn-down from the Winsford Future High Streets Fund reserve to fund 2023-24 spend. The remaining £3.0m was drawn down from reserves relating to Disabled Facilities grant, Phoenix House, the Local Authority Housing Fund and the Social Housing Decarbonisation Fund to support related 2023-24 spend.

Major Repairs Reserve – The Major Repair Reserve holds all the balances that the HRA has set aside to fund the future repayment of its debt or to invest in capital expenditure on the housing stock. The balance on this reserve is managed in line with the HRA Financial Model. In 2023-24 the balance decreased by £2.7m mainly due to a planned increase in capital expenditure funded from the reserve. Further details on the use of this reserve are contained in the Housing Revenue Accounts.

26. Unusable Reserves

Unusable Reserves are those that are restricted and cannot be used to finance the Council’s operational activities. This is typically due to one of two reasons:

- They represent assets or profits recognised in the Council’s accounts but which are not readily available to support current expenditure, e.g. the value is tied up in assets whose valuation exceeds their outstanding funding requirement or investments which have increased in value since purchase; or
- They represent future liabilities that will fall to the Council in later years but under statute are not chargeable against the General Fund until they become due, e.g. pensions deficits.

Unusable reserves	31 March 2024 £000	31 March 2023 £000
Revaluation Reserve	468,632	463,734
Capital Adjustment Account	698,998	688,240
Financial Instruments Adjustments Account	-1,140	-1,242
Deferred Capital Receipts Reserve	5,269	2,794
Pensions reserve	-14,495	-15,829
Collection Fund Adjustment Account	5,940	10,400
Accumulated Absences Account	-8,570	-8,236
Financial Instrument Revaluation Reserve	-2,211	-2,027
Total	1,152,423	1,137,834

Revaluation Reserve

The Revaluation Reserve contains the gains made by the Council from increases in the value of its property, plant and equipment. The balance is reduced when assets with accumulated gains are:

- Revalued downwards or impaired and the gains are lost
- Used to provide services and the value is consumed through depreciation; or
- Disposed of and the gains are realised.

Where the impairment value is greater than the re-value amount, then the excess impairment is charged to the CIES.

Revaluation Reserve Movements	2023-24 £000	2022-23 £000
Balance at 1 April	463,734	421,557
Upwards Revaluation of assets	50,802	60,149
Downward revaluations and impairment losses	-21,725	-5,083
Write-off negative balances in Revaluation Reverse to CIES	1,340	0
Surplus on revaluation of non-current assets	30,417	55,066
Difference fair value and historic cost depreciation	-9,454	-8,957
Accumulated gains on assets sold or scrapped	-16,065	-3,932
Written off to the Capital Adjustment Account	-25,519	-12,889
Balance at 31 March	468,632	463,734

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.

The Account is:

- Debited with the cost of depreciation, impairment losses and amortisation;
- Credited with Revaluation Reserve funds to convert fair value figures to a historical cost basis;
- Credited with the amounts set aside by the Council as capital financing;
- Allocated gains and losses on Investment Properties not yet used by the Council.

The account also contains revaluation gains accumulated on property, plant and equipment before 1 April 2007, the date that the Revaluation Reserve was created to hold such gains. The movement on the reserve during the year is as follows:

Capital Adjustment Account	2023-24 £000	2022-23 £000
Balance at 1 April	688,240	702,396
Capital funded items charged to CIES		
Charges for depreciation	-51,297	-47,259
Amortisation of Intangible assets	-2,528	-2,449
Revaln and impairment losses on non current assets	422	-1,422
Revaluation/Impairment of capital creditors/debtors	-75	-33
REFCUS (Rev exp funded from capital under statute)	-4,457	-4,865
Assets written off to the CIES on disposal	-35,934	-13,387
Write-off negative balances in Revaluation Reverse to CIES	-1,340	0
Change in market value of investment properties charged to CIES	-8,850	-30,742
Subtotal	-104,059	-100,157
Values released from revaluation reserve		
Depreciation costs funded from revaluation reserve	9,454	8,957
Revalued assets disposed of in year	16,065	3,932
	25,519	12,889
Net cost of non-current assets used in the year	-78,540	-87,268
Capital financing applied in the year		
Application of capital receipts	5,828	6,790
Transfer from Major Repairs Reserve	12,731	17,140
Capital grants and contributions from CIES	36,069	24,453
Funding from capital grants unapplied reserve	12,208	4,779
Statutory revenue provision for capital financing from CIES	20,583	19,382
Revenue contributions to capital costs from CIES	1,879	568
Subtotal	89,298	73,112
Balance at 31 March	698,998	688,240

Financial Instruments Adjustment Account

The Financial Instruments Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for income and expenses relating to certain financial instruments and for bearing losses or benefiting from gains per statutory provisions.

This reserve is used to manage Lender Option Borrower Option (LOBO) loans. These reflect the difference between recording LOBO loans using the effective interest rate as opposed to their normal value, i.e. the principal amount outstanding. These differences will be transferred to the General Fund through the Movement in Reserves Statement over the remaining lives of the loans (until 2054).

Financial Instrument Adjustment Account Movement	2023-24 £000	2022-23 £000
Balance at 1 April	-1,242	-1,354
Premiums/discounts incurred in previous years released to CIES	-4	-4
Proportion of premiums/discounts incurred in previous financial years to be charged to against the General Fund Balance in accordance with statutory requirements	18	17
Amounts by which finance costs charged to the CIES are different from the finance costs chargeable in the year in accordance with statutory requirements	88	99
Difference between costs charged to CIES and costs chargeable under statutory requirements	102	112
Balance at 31 March	-1,140	-1,242

Deferred Capital Receipt

The deferred capital receipt relates to assets which have already been disposed of, but for which the linked receipts will be received in annual instalments through to 2038.

Deferred Capital Receipts Movement	2023-24 £000	2022-23 £000
Balance at 1 April	2,794	3,040
Deferred Capital Receipts from disposals where cash has not yet been received	2,700	0
Transfer to capital receipts reserve upon receipt of cash	-225	-246
Balance at 31 March	5,269	2,794

Pensions Reserve

The Pensions Reserve absorbs the timing differences arising from the different arrangements for accounting for post-employment benefits and for funding them in accordance with statutory provisions. The Council accounts for post-employment benefits in the CIES as the benefits are earned by employees accruing years of service, updating the

liabilities recognised to reflect inflation, changing assumptions and investment returns on any resource set aside to meet the costs. However, statutory arrangements require that benefits earned should only be recognised against the General Fund when the Council makes employer's contributions to the Pension Fund or pays any pension for which it is directly responsible.

The Pension Reserve included an asset ceiling adjustment of £94.034m in 2023-24 (£259.283m in 2022-23) as calculated by the Actuary (Hymans Robertson LLP), as the year end results showed a net asset in the pension scheme. Further information is provided in Note 44.

Pensions Reserve Movement	2023-24 £000	2022-23 £000
Balance at 1 April	-15,829	-158,015
Remeasurement of the net defined benefit liability	78,189	451,195
Reversal of items Charged to CIES		
- Current Service Costs	-30,628	-66,182
- Past Service Costs, Settlements and Curtailments	2,804	1,668
- Net Interest Costs	11,726	-5,036
Effect of business combinations and disposals	0	-14,304
Actual Pension Contris Charged to General Fund	33,277	34,128
Asset Ceiling Adjustment	-94,034	-259,283
Balance at 31 March	-14,495	-15,829

Accumulated Absences Account

The Accumulated Absences Account absorbs the differences that would otherwise arise on the General Fund from accruing for paid absences earned but not taken in the year, e.g. annual leave entitlement carried forward at 31 March. The reserve represents accrued costs that have not been charged to the General Fund so it holds a deficit balance.

Accumulating Absences Adjustment Account	2023-24 £000	2022-23 £000
Leave Entitlement		
- School Based Staff	-6,216	-6,108
- Non School Staff	-2,354	-2,128
Balance at 31 March	-8,570	-8,236

Financial Instrument Revaluation Reserve

The Financial Instrument Revaluation Reserve comprises of changes in the fair value of investments held by the Council.

Financial Instrument Revaluation Reserve	2023-24 £000	2022-23 £000
Balance at 1 April	-2,027	-892
Upward revaluation of investments	-184	-1,135
Downward revaluation of investments	0	0
Balance at 31 March	-2,211	-2,027

Collection Fund Adjustment Account

The Collection Fund Adjustment Account comprises two distinct balances which reflect timing differences between the recognition of Council Tax and Non-Domestic Rates income in the CIES as it falls due and the statutory arrangements that dictate when this funding can be paid across to the General Fund from the Collection Fund.

The level of income that can be passed from the Collection Fund to the General Fund each year is determined in advance of the financial year when the Council sets its budget for the year ahead. Any difference between the initial estimates and actual income lead to a surplus or deficit on the Collection Funds which can only be distributed to the General Fund in the following year. In the meantime, the balance is held on the Collection Fund adjustment account.

The movement on the reserve is as follows:

The reserve holds a surplus of £1.0m for Council Tax which will be available to the Council from 2024-25. This is a movement of £1.2m from last year's surplus and reflects the payment of £1.8m of the brought forward surplus and an in-year surplus (Council share) of £0.6m. The in-year surplus is largely the result of lower than anticipated costs of the Council Tax Reduction Scheme.

The reserve holds a surplus of £5.0m for Non-Domestic Rates which will be available to the Council from 2025-26. This is a movement of £3.3m from last years surplus and reflects the payment of £5.5m of the brought forward surplus and an in-year surplus (Council share) of £2.2m. The in year surplus is the result of a number of significant new hereditaments on the ratings list in the year.

Collection Fund Adjustment Account	2023-24			2022-23		
	Council Tax £000	Non Domestic Rates £000	Total £000	Council Tax £000	Non Domestic Rates £000	Total £000
Balance at 1 April	2,169	8,231	10,400	1,783	-10,625	-8,842
Share of Collection Fund Surplus/(Deficit)	-1,187	-3,273	-4,460	386	18,856	19,242
Balance at 31 March	982	4,958	5,940	2,169	8,231	10,400
Billed Income for in year activities	-228,934	-67,383	-296,317	-214,448	-63,560	-278,008
Council Tax Collected for Parish Precepts	-4,721	0	-4,721	-4,252	0	-4,252
CWaC Contribution to (Surplus)/Deficit	-1,831	-5,522	-7,353	-1,399	15,222	13,823
Actual Collection Fund (Surplus)/Deficit	1,188	3,272	4,460	-386	-18,856	-19,242
Income in CIES	-234,298	-69,633	-303,931	-220,485	-67,194	-287,679
Less Actual Surplus/(Deficit)	-1,188	-3,272	-4,460	386	18,856	19,242
Income Credited to General Fund	-235,486	-72,905	-308,391	-220,099	-48,338	-268,437

27. Cash Flow Statement – Operating Activities

The Cash Flow Statement sets out the cash flows of the Council over the financial year, splitting these into operational, investing and financing activities. The following notes show details of the transactions that are included in or adjusted out of the Cash Flow Statement.

The following adjustments were removed from the net surplus or deficit on the provision of services (SDPS) as they relate to costs and income which does not reflect cash based transactions, they instead relate to notional costs or movements in working capital.

Adjustments to remove non-cash items from the SDPS	2023-24 £000	2022-23 £000
Depreciation and amortisation of non current assets	-53,825	-49,707
Impairments and downward valuations	422	-1,422
Revaluation Gains on Investment Assets	-8,850	-30,742
Reduction in fair value of soft loans	-89	-99
Pension Fund Adjustments	17,179	-49,726
Other non cash Financial Instrument adjustments	0	0
(Increase)/ Decrease in Provisions	-12,278	-4,957
Increase/(Decrease) in Inventories	28	-33
Increase/(Decrease) in Debtors	-5,595	30,284
(Increase)/Decrease in Creditors	-15,092	-15,443
Carrying value of assets which have been sold	-35,956	-13,555
Other non cash movements	326	323
Adjustments for Non Cash Items	-113,730	-135,077

The tables below identify those transactions which are recorded in the SDPS and are cash based but do not relate to operational activities. As such they are transferred to be shown under the investing or financing sections of the Cash Flow Statement.

Adjustments to remove Investing and Financing Activities from the SDPS	2023-24 £000	2022-23 £000
Proceeds from sale or disposal of non current assets	4,506	6,128
Capital grant income credited to SDPS	37,512	21,403
Income from Trading Operations	-3,354	19,920
Other adjustments for financing activities	7,680	4,435
Net cash flows from investing/financing activities in SDPS	46,344	51,886

The figures shown in the Cash Flow Statement for operating activities do include the following amounts relating to interest and investment income.

Interest and Investment Income in Operating Activites	2023-24 £000	2022-23 £000
Interest received	-11,926	-6,779
Interest paid	14,474	12,556

28. Cash Flow Statement – Investing Activities

The following note sets out cash transactions the Council undertook in managing or restructuring its investments and asset portfolio.

Investing Activities	2023-24 £000	2022-23 £000
Purchase of property, plant and equipment, investment property and intangible assets	87,617	73,916
Purchase of short-term and long-term investments	518,916	928,260
Proceeds from the sale of property, plant and equipment, investment property and intangible assets	-4,506	-6,128
Proceeds from short-term and long-term investments	-522,400	-946,895
Capital grants received	-50,637	-29,446
Other receipts from investing activities	-7,680	-4,435
Net cash flows from investing activities	21,310	15,272

29. Cash Flow Statement – Financing Activities

The following note sets out cash transactions the Council undertook in managing or restructuring its borrowing and other long term liabilities.

Financing Activities	2023-24 £000	2022-23 £000
Cash receipts of short- and long-term borrowing	-25,399	-15,518
Other receipts from financing activities	-100	-308
Cash payments for the reduction of the outstanding liabilities relating to finance leases and on-balance sheet PFI contracts	2,532	2,062
Repayments of short- and long-term borrowing	31,218	27,898
Other payments for financing activities	2,021	-19,920
Net cash flows from financing activities	10,272	-5,786

30. Agency Services

Cheshire West and Chester Council undertakes some activities on behalf of other bodies. Only those costs and balances that relate to the Council's own share are reflected in the CIES and Balance Sheet. During 2023-24, the Council acted as an agent in respect of the following:

Non-Domestic Rates Collection Fund

The Council collects Business Rates on behalf of central government, itself and Cheshire Fire Authority. This is distributed based on the following shares – central government (50%), Cheshire West and Chester Council (49%) and Cheshire Fire Authority (1%). The table below shows the balances on 31 March 2024 relating to each of these bodies.

Non-Domestic Rates Collection Fund – Balances at 31 March	2023-24 Collection Fund £000	CWAC £000	Central Government £000	Cheshire Fire £000	2022-23 Collection Fund £000
Arrears	7,953	3,897	3,977	79	7,645
Impairment Allowance	-5,900	-2,891	-2,950	-59	-5,698
Appeals Provision	-39,474	-19,342	-19,737	-395	-36,689
Receipts in Advance	-5,450	-2,671	-2,725	-54	-7,622
(Surplus)/Deficit	-10,121	-4,959	-5,061	-101	-16,798
Amount owing (to)/from other bodies	0	27,027	-26,497	-530	0

The total surplus of £10.1m is mainly due to some high value new properties coming onto the ratings list in the year.

Council Tax Collection Fund

The Council collects Council Tax on behalf of itself, Cheshire Police Authority and Cheshire Fire Authority. This is distributed based on each body's share of the total Council Tax requirement, and in 2023-24 this was as follows – Cheshire West and Chester Council (84.42%), Cheshire Police Authority (11.55%), Cheshire Fire Authority (4.03%). The table below shows the balances on 31 March 2024 relating to each of these bodies.

Council Tax Collection Fund – Balances at 31 March	2023-24 Collection Fund £000	CWAC £000	Cheshire Police £000	Cheshire Fire £000	2022-23 Collection Fund £000
Arrears	25,994	21,964	3,002	1,028	23,713
Impairment Allowance	-16,639	-14,059	-1,922	-658	-15,718
Receipts in Advance	-6,344	-5,361	-732	-251	-5,913
(Surplus)/Deficit	-1,164	-982	-134	-48	-2,567
Amount owing (to)/from other bodies	0	285	-213	-72	0

The reduction in surplus of £1.4m is largely due to an increase in exemptions and discounts.

Business Improvement Districts

The Council also collects income from a Business Rates levy in relation to five Business Improvement Districts (BIDs). The table below shows the amount of levy billed for in 2023-24, the amount paid to the BID management company, other transactions (write-offs, receipts in advance, outstanding arrears, and any surplus or deficit brought forward from the previous year) and any cash balances yet to be paid to or owed by the management company.

Business Improvement District	2023-24 Net Debit £000	Amount Paid £000	Other Transactions £000	Cash Balance Awaiting Payment £000	2022-23 Net Debit £000
Winsford	114	-109	12	17	115
Gadbrook Park	237	-231	10	16	225
Northwich	185	-179	10	16	183
CH1	414	-446	116	84	393
West Chester	108	-95	-17	-4	110
Total	1,058	-1,060	131	129	1,026

31. Members' Allowances

In accordance with the Local Authorities (Member's Allowances) Regulations 2003, the total amount spent on member's allowances in 2023-24 was £1.35m. The payments include basic allowance, special responsibility allowance, travel and accommodation expenses and members NI costs. The current level of allowances was established following an independent review.

	2023-24 £000	2022-23 £000
Basic Allowance	997	918
Special Responsibility Allowance	255	207
Travel and Accommodation expenses	10	9
Member NI	90	75
Total Members' Allowances	1,352	1,209

32. Officers' Remuneration

The table below shows the number of employees (excluding Senior Officers) who were paid more than £50,000 but less than £149,999 in 2023-24. Pay includes salary costs, taxable travel costs and any redundancy payments. It does not include employers' pension or national insurance contributions.

Employee Pay Band	2023-24	2022-23
£50,000 - £54,999	283	218
£55,000 - £59,999	172	179
£60,000 - £64,999	107	56
£65,000 - £69,999	59	67
£70,000 - £74,999	51	39
£75,000 - £79,999	26	26
£80,000 - £84,999	21	15
£85,000 - £89,999	6	5
£90,000 - £94,999	2	5
£95,000 - £99,999	4	4
£100,000 - £104,999	2	0
£105,000 - £109,999	5	4
£110,000 - £114,999	0	0
£115,000 - £119,999	1	0
£120,000 - £124,999	1	1
£125,000 - £129,999	1	0
Total	741	619

The split by teachers and non-teachers for 2023-24 is shown in the table below:

Employee Pay Band	2023-24			2022-23		
	Non Teachers	Teachers	TOTAL	Non Teachers	Teachers	TOTAL
£50,000 - £54,999	110	173	283	90	128	218
£55,000 - £59,999	106	66	172	114	65	179
£60,000 - £64,999	57	50	107	30	26	56
£65,000 - £69,999	31	28	59	27	40	67
£70,000 - £74,999	20	31	51	16	23	39
£75,000 - £79,999	10	16	26	12	14	26
£80,000 - £84,999	10	11	21	10	5	15
£85,000 - £89,999	0	6	6	1	4	5
£90,000 - £94,999	0	2	2	0	5	5
£95,000 - £99,999	1	3	4	0	4	4
£100,000 - £104,999	0	2	2	0	0	0
£105,000 - £109,999	0	5	5	0	4	4
£110,000 - £114,999	0	0	0	0	0	
£115,000 - £119,999	0	1	1	0	0	0
£120,000 - £124,999	0	1	1	0	1	0
£125,000 - £129,999	0	1	1	0	0	1
Total	345	396	741	300	319	619

The numbers have increased from last financial year, however this difference is predominantly due to 200 people moving into the £50-£55k banding after the recent NJC pay award and movements upwards.

In accordance with the Accounts and Audit Regulations 2015, there is a legal requirement to report the remuneration of certain senior employees:

- Senior employees whose salary is £150,000 or more per year must be identified by name.
- Senior employees who meet the regulation’s definition, appear on the senior management structure and whose salary is between £50,000 and £150,000 must be listed by job title.

The following tables below show the remuneration for senior officers per annum. The figures include salary costs, taxable travel costs and where posts are removed any redundancy payments.

Post holder information (Post title)	Salary, Fees & Allowances £	Employer Pension Contributions £	Total Remuneration including Pension Contributions 2023-24 £
2023-24 Current structure:			
Andrew Lewis - Chief Executive (Apr-May 23)	£27,156	£4,803	£31,959
Delyth Curtis - Chief Executive (Jun-23 onwards)	£148,514	£30,594	£179,108
Delyth Curtis - Deputy Chief Executive - People (Apr- May 23)	£21,237	£4,375	£25,612
Helen Brackenbury - Deputy Chief Executive - People (from June-23 to Dec-23)	£69,993	£14,419	£84,412
Charles Seward - Deputy Chief Executive - Place	£146,624	£30,205	£176,829
Director of Public Services Reform (Apr-Dec-23) / Assistant Chief Executive (Jan-24 onwards)	£108,209	£22,291	£130,500
Executive Director Children's Services (Jan-24 onwards)	£41,803	£8,611	£50,414
Executive Director Adult's Services (Jan-24 onwards)	£41,161	£8,479	£49,640
Chief Operating Officer (left Mar-23 but pay adj this yr)	£902	£186	£1,088
Chief Operating Officer	£132,383	£27,134	£159,517
Director of Adult Social Care and Health	£77,645	£15,995	£93,640
Director of Public Health (Jun-23 onwards)	£82,496	£11,810	£94,306
Director of Public Health (Apr-Jun 23)	£25,549	£5,263	£30,812
Director of Children's Social Care (Jun-23 onwards)	£86,231	£17,764	£103,995
Director of Children and Families (Apr-May-23)	£16,582	£3,416	£19,998
Director of Economy and Housing	£95,329	£22,177	£117,506
Director of Economy and Housing (Apr-May 23 mat. cover overlap)	£17,430	£3,199	£20,629
Director of Environment and Communities	£96,511	£19,512	£116,023
Director of Finance	£108,209	£21,877	£130,086
Director of Governance - Monitoring Officer	£108,209	£21,755	£129,964
Director of Place Commercial Management and Delivery (Apr - Dec 2023)	£70,476	£14,518	£84,994
Director of Transport and Highways	£108,209	£22,291	£130,500
Director of Vivo Care Choices	£108,209	£22,291	£130,500
Total	£1,739,067	£352,965	£2,092,032
Number of posts in management structure as at 31 March 2024 - 14			
Total contractual value of salary for the year - £1.64m			

There have been the following changes to the Senior Officer structure in 2023-24:

- The Deputy Chief Executive (People), Director of Children and Families and Director of Adult Social Care & Health posts were removed in January 2024 and replaced with two Executive Director posts (one Children and Families and one Adults).
- The Director of Place Commercial Management and Delivery post was deleted in December 2023, when the postholder left the authority.
- The role of the Director of Public Sector Reform was renamed Assistant Chief Executive in January 2024.

The following changes in personnel also arose during 2023-24:

- The Chief Executive left in May 2023 and was replaced by the previous Deputy Chief Executive (People) in June 2023.
- The Director of Children and Families at the time was appointed interim Deputy Chief Executive (People) from June 2023 to January 2024 when the Deputy Chief Executive (People) post was removed and then subsequently assimilated into the Executive Director of Children and Families post.
- The Director of Adult Social Care & Health was assimilated to the Executive Director Adults Services post in January 2024.
- The Director of Public Health left the organisation in June 2023 and was replaced in the same month.
- The Director of Economy and Housing returned from maternity leave in April 2023 but the maternity cover remained in place until May 2023.

In addition to the costs shown in the table above, the Chief Executive has also received payments for undertaking the duties of Returning Officer for Cheshire West and Chester Borough Elections and a Town/Parish by-election.

The payments relating to these roles was £13.3k and was funded by Cheshire West & Chester Council and the individual Town/Parish Council.

In addition, there were also payments to Directors for the duties of: Deputy Returning Officers, Polling Station Inspectors, Count Centre Managers, Head Verification, Head Count Assistant and Clerical roles (Cheshire West and Chester Borough Elections). These payments totalled £7.5k which will be funded by the Electoral Commission.

2022-23 structure

Post holder information (Post title)	Salary, Fees & Allowances £	Employer Pension Contributions £	Total Remuneration including Pension Contributions £
2022-23 Current structure:			
Andrew Lewis - Chief Executive	169,247	37,742	206,989
Charles Seward - Deputy Chief Executive - Places	143,731	32,052	175,783
Delyth Curtis - Deputy Chief Executive - People	153,135	34,149	187,284
Mark Wynn - Chief Operating Officer	157,568	33,401	190,969
Director of Finance	107,607	23,996	131,603
Director of Economy and Housing - mat. leave from Oct 2022	75,732	23,224	98,956
Director of Economy and Housing - mat. cover from 31 Oct 2022	37,388	8,338	45,726
Director of Place Commercial Management and Delivery	107,145	23,653	130,798
Director of Children and Families	116,485	25,976	142,461
Director of Public Health	107,073	23,653	130,726
Director of Public Services Reform	110,705	24,687	135,392
Director of Environment and Communities	97,724	21,792	119,516
Director of Transport and Highways	104,936	23,401	128,337
Director of Governance - Monitoring Officer	110,699	24,687	135,386
Director of Vivo Care Choices	106,067	23,653	129,720
Total	1,705,242	384,404	2,089,646
Number of posts in management structure as at 31 March 2023 - 15			
Total contractual value of salary for the year - £1.87m			

Termination Costs

The number of exit packages and total cost of compulsory and other redundancies are set out in the table below.

Exit package cost band (incl special payments)	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	
	2023-24 People	2022-23 Restated People	2023-24 People	2022-23 Restated People	2023-24 People	2022-23 Restated People	2023-24 £000	2022-23 Restated £000
£0 - £20,000	4	15	9	19	13	34	102	303
£20,001 - £40,000	1	1	5	7	6	8	163	214
£40,001 - £60,000	0	0	0	2	0	2	0	97
£60,001 - £80,000	1	0	1	0	2	0	131	0
£80,001 - £100,000	0	0	0	1	0	1	0	94
£100,001 - £150,000	0	0	0	0	0	0	0	0
£150,001 - £200,000	0	0	0	0	0	0	0	0
£200,001 - £250,000	1	0	0	0	1	0	213	0
Total	7	16	15	29	22	45	609	708

33. Audit Costs

The Council's appointed auditors are Grant Thornton and it will incur audit fees of £415k in 2023-24 relating to external audit activities. From 1st April 2023 KPMG has taken over responsibility for grant certification in respect of the Housing Benefit Subsidy claim, Teachers Pension Certificate and Housing Receipts Capital Pooling. The fee for grant certification in 2023-24 is £33k.

Fees Payable for Audit Work	2023-24 £000	2022-23 £000
Fees payable to Grant Thornton with regard to external audit services carried out by the appointed auditor	415	229
Fees payable in respect of certification of grant claims and other services (Grant Thornton in 22/23 and KPMG in 2023-24)	33	34
Total	448	263

34. Dedicated Schools Grant (DSG)

The primary source of funding for schools is provided by the Education and Skills Funding Agency via the Dedicated Schools Grant which was allocated at £334.746m in 2023-24. This initial allocation is reduced by £109.489m as funding relating to academies and high needs provisions not maintained by the Local Authority is passed directly to those establishments and is not reflected in the accounts.

The Schools Budget includes elements for a restricted range of services provided on a Council 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 the year 2023-24 were as follows:

DSG for 2023-24	Central Expenditure £000	Individual Schools Budget £000	Total £000
Final DSG for 2023-24 before academy and high needs recoupment			334,746
Academy and high needs figure recouped for 2023-24			-109,489
Total DSG for 2023-24 (after Academy and high needs recoupment)			225,257
Less Carry forward to 2024-25 agreed in advance			0
Final budgeted distribution for 2023-24	47,014	178,243	225,257
Less: Actual Central Expenditure	-51,783	0	-51,783
Less: Actual ISB deployed to Schools		-178,243	-178,243
Carry Forward 2023-24	-4,769	0	-4,769
Brought forward from 2022-23			-2,712
Total of DSG Unusable reserve at the end of 2023-24			-7,481

Overspends on central expenditure are carried forward by the Council as part of its Earmarked Reserves, this amount equated to a deficit of £4.769m (£0.742m in 2022-23) as at the end of 2023-24. Unspent ISB is retained by the individual schools and recorded on the Balance Sheet in the School Balances reserve (£8.784m) at 31 March 2024 (£11.373m at 31 March 2023).

DSG for 2022-23	Central Expenditure £000	Individual Schools Budget £000	Total £000
Final DSG for 2022-23 before academy and high needs recoupment			314,279
Academy and high needs figure recouped for 2022-23			-85,450
Total DSG for 2022-23 (after Academy and high needs recoupment)			228,829
Less Carry forward to 2023-24 agreed in advance			0
Agreed initial budgeted distribution in 2022-23	45,519	183,310	228,829
In year adjustments	46	-264	-218
Final budgeted distribution for 2022-23	45,565	183,046	228,611
Less: Actual Central Expenditure	-46,307	0	-46,307
Less: Actual ISB deployed to Schools	0	-183,046	-183,046
Local authority contribution 2022-23			0
Carry Forward 2022-23	-742	0	-742
Brought forward from 2021-22			-1,970
Total of DSG Unusable reserve at the end of 2022-23			-2,712

35. Grant Income

The following grants, contributions and donations were credited to the CIES in 2023-24.

Grant income	2023-24 £000	2022-23 £000
Credited to Taxation and Non Specific Grant Income		
Used to finance Council activities in year		
Local Taxation:		
Council Tax	234,299	220,485
Non-Domestic Rate	71,823	68,141
Non Specific Grant Income:		
S31 Non Domestic Rates Grant Funding	20,702	10,852
Revenue Support Grant	4,192	3,468
Local Services Support Grant	638	638
New Homes Bonus	1,549	4,765
PFI Grant	3,092	3,092
Housing and Council Tax Benefit Administration Subsidies	871	864
Local Tax Support Scheme	0	0
Infection Control	0	91
Test and Trace/Self Isolation/Rapid Testing/Community Testing	0	476
UK Shared Prosperity Fund	0	448
Services grant	2,142	3,650
Homes for Ukraine - guest tariff	-723	5,752
Other Core Revenue Grants	653	1,417
Used to finance Capital Expenditure		
Capital Grants Utilised in Year	36,069	24,453
Capital Contributions Utilised in Year	2,816	2,849
Set aside for future Capital Financing		
Capital Grants Set Aside for Future Usage	753	4,074
Total	378,876	355,515
Credited to Services		
Dedicated Schools Grant (DSG)	224,864	226,056
Public Health Grant	17,748	17,187
Mandatory and HRA Rebates	6,813	6,892
Independent Living Fund	0	1,499
Sixth Forms Funding (Young Peoples Learning Agency)	5,982	6,573
Mandatory Rent Allowances: subsidy	50,893	49,464
Mersey Forest grants	21,445	12,966
Adult and Community Learning	1,215	1,147
Pupil Premium Grant	9,466	9,546
Improved Better Care Fund/Adult Social Care Support Grant	33,234	23,844
Adult Social Care Market Sustainability and Improvement	5,667	990
Household Support Fund	4,570	4,580
Covid Recovery Premium	1,972	1,822
UK Shared Prosperity Fund	2,735	1,134
Homes for Ukraine	424	1,454
Afghan Relocation and Assistance	2,323	31
PE and Sports Grant	6,694	1,813
Disabled Facilities Grant	4,010	3,765
Universal Infant Free School Meals	2,990	2,825
Other Grants	21,908	27,277
Total	424,953	400,865

The Council has received several grants, contributions and donations that have yet to be recognised as income as they still have conditions attached. If these conditions remain unmet, this may require the monies or property to be returned. The balances at year-end are as follows:

Capital Grants and Contributions Receipts in Advance	2023-24 £000	2022-23 £000
Devolved Formula Capital	180	180
Other Grants	1,142	82
Special Educational Needs Grant	11,214	7,157
Transport Funding	3,490	1,622
s106 and other Contributions	29,363	23,223
Total	45,389	32,264

Revenue Grants Receipts in Advance	2023-24 £000	2022-23 £000
Dept of Education - Various	2,034	818
Department of Levelling Up, Housing and Communities	433	5
Other Govt Bodies	58,955	47,173
Other	300	706
Total	61,722	48,702

36. Related Parties

The Council is required to disclose related party relationships that have the potential to control or influence the Council or to be controlled or influenced by the Council. Disclosure of these interests allows readers to assess the extent to which the Council might have been constrained in its ability to operate independently or might have secured the ability to limit another party's ability to bargain freely with the Council. In this context, related parties include:

- Central Government
- Elected Members of the Council
- Senior Officers
- Other Public Bodies
- Entities controlled or significantly influenced by the Council

Central Government

Central Government has significant influence over the general operations of the Council. It is responsible for providing the statutory framework, within which the Council operates, provides a significant proportion of its funding in the form of grants, and prescribes the terms of many of the transactions that the Council has with other parties (e.g. Council Tax bills, housing benefits).

Details of material transactions with Central Government are shown throughout these notes and include those listed below (2022-23 comparators in brackets).

Funding from Government (Note 36)	£498m (£468m)
Non-Domestic Rates Share Payable Collection Fund	£74.3m (£49.1m)

Non-Domestic rates tariff and levy payments £20.6m (£20.1m)

The increase in the NDR share payable is due to the 2020 deficit being paid off in 22/23, and a surplus due back to central government in 23/24.

The Council undertakes significant transactions with Cheshire Police Authority and Cheshire Fire Authority. These relate to the payment of Council Tax income collected on behalf of both bodies and Non-Domestic Rates collected on behalf of Cheshire Fire Authority. These transactions are disclosed in the Collection Fund account and amount to payments of £32.2m (Police) and £11.2m (Fire) in respect of Council Tax precepts and shares of a prior year deficit and £1.5m (Fire) in respect of its share of Non-Domestic Rates income.

Other Public Bodies

The Pension Fund is administered and governed independently of the Council to avoid the potential for undue influence to be exerted. The Council undertakes transactions with the Pension Fund in the form of contributions to fund future pension payments of Council employees, valued at £31.6m (2022-23 £31.7m). As the Council is the administering authority of the Cheshire Pension Fund, the Council makes payments on behalf of the fund throughout the year. The amount due to the Council or the fund each month is paid via an intercompany cross balance payment. At the year-end 31 March 2024, the amount due from the pension fund to the Council was £115.1k (2022-23 £69.4k). Monthly contributions were also due to the fund as at 31 March 2024 of £3.5m (2022-23 £3.1m). The contributions related to March 2024, paid April 2024.

The Cheshire Pension Fund has set up an arm's length company, LGPS Central Ltd, along with seven other Local Government Pension Funds as an equal partner to manage their investment assets.

The Council holds stakes in a number of organisations who are funded to provide services. The Council has significant influence over all of these organisations as they receive funding from the Council. The Council has governance responsibilities and Members, or officers, occupy seats on their boards. Further details on these relationships are disclosed in this note.

The Council works closely in partnership with local health care commissioners, principally through the Integrated Care Board. These bodies fund a number of services provided by the Council on behalf of the health sector where health, care and education needs coincide. In 2023-24 this figure was £22m (2022-23 £21m).

Entities controlled or significantly influenced by the Council

Alongside the individually significant relationships, the Council works with a wide range of charitable and voluntary bodies in areas complementary to the Council's objectives. The contributions can be either a direct financial payment or non-financial contribution to support the running of the body. The Council also commits staff time and support when working with its partners and, in certain cases, is represented at officer or member level in strategic decision making. On review of these payments the Council does not feel that any undue influence has been exerted to these organisations as a result of the contributions made. The total direct financial contributions to such organisations for 2023-24 amounted to £5.5m (2022-23 £5.7m).

Elected Members of the Council and Officers

Members of the Council have a direct control over the Council's financial and operating policies. The total of Members' Allowances paid in 2023-24 is shown in Note 32.

During 2023-24 there were no reported material transactions with related parties advised by members or Chief Officers (Senior Management Team).

The following Members and Officers of the Council held interests in the following companies, which had transactions with the Council during 2023-24:

Organisation	Member/Officer
Age UK	Cllr Wright
Blacon History Group	Cllr Smith
Caldy Valley Centre	Cllr Collings
Castle Park Trust	Cllr Copeman Cllr Deynem Cllr Garvey Cllr Sumner
Chalice Media Limited	Cllr Gould
Chapter (West Cheshire) Limited	Cllr Gould
Cheshire & Merseyside Healthcare Partnership	Cllr Gittins Cllr Lewis Cllr Marr
Cheshire & Wirral Partnership NHS Foundation Trust	Cllr Akhtar Cllr Millar
Cheshire Association of Local Councils (ChALC)	Cllr Jones
Cheshire Community Action (CCA)	Cllr Gould
Cheshire Fire Authority	Cllr Akhtar Cllr Collings Cllr Daniels Cllr Lewis Cllr Parker, S Cllr Wheeler Cllr Wright
Cheshire Police & Crime Panel	Cllr Gould Cllr Millar Cllr Naylor
Cheshire Search & Rescue	Cllr Gould
Cheshire West Voluntary Action	Cllr Smith Officer A Jeffs
Chester Art Beat CIC	Cllr Collings
Chester Bluecoat Charity	Cllr Bisset Cllr Chamberlain

Chester Mystery Plays	Cllr Little
Chester Pride	Cllr Gould
Childer Thornton Primary School (Concordia Multi Academy Trust)	Cllr Hogg
Countess of Chester NHS Foundation Trust	Cllr Gahan
Eco Community UK	Cllr Eardley
Healthbox CIC	Cllr Gould
Here & Now Chester	Cllr Smith
ITS Technology Group Ltd	Cllr Jones
Kelsall Pre-School	Cllr Deynem
Malpas Victoria Jubilee Hall	Cllr Williams, R
Mickle Trafford Village Hall Trust	Cllr Parker, S
Mid Cheshire Foodbank	Cllr Lewis
Mid Cheshire Hospitals NHS Foundation Trust (MCHT)	Cllr Lewis
Ness Village Hall Fund	Cllr Gittins
Neston Community Youth Centre Limited	Cllr Gittins
Neston High School (Academy)	Cllr Gittins
The Neuromuscular Centre (NMC)	Officer A Jeffs
North West Inshore Fisheries Conservation Authority	Cllr Jones
Pantry for Blacon (Blacon Beacon)	Cllr Little
PATROL	Cllr Blackmore
Public Transport Consortium	Cllr Shore
Queens School Chester	Cllr Daniels
Rudheath Senior Academy	Cllr Naylor
Sanctuary Group Chester and District Committee	Cllr Little
St Martin's Academy	Cllr Eardley
Storengy Responsible Business Board	Cllr Naylor
Tarvin Community Centre	Cllr Lush
Tattenhall Community Association	Cllr Jones
Transport for the North	Cllr Cooper, A Cllr Gittins Cllr Shore Cllr Walker
Victoria Road Primary School (ASPIRE Academy Trust)	Cllr Cooper, A Cllr Naylor
Warrington & Vale Royal College	Cllr Naylor
Weaverham Community Association (Centre)	Cllr Edwards
Weaverham High School Academy (Sandstone Trust)	Cllr Edwards
Winsford Youth Forum	Cllr Blackmore Cllr Lewis

The following Members and Officers of the Council held interests in the following group companies, which had transactions with the Council during 2023-24 in which the Council also has an interest:

Organisation	Member/Officer
Avenue Services (NW) Limited	Cllr Little Cllr Parker, M Cllr Smith Cllr Warner
Brio Leisure (Cheshire West & Chester Leisure CIC)	Cllr Langan
Cheshire & Warrington Local Enterprise Partnership	Cllr Donovan Cllr Gittins Cllr Pardoe Cllr Shore
Cowest Services Ltd (T/A Qwest Services)	Officer C Seward Officer C Matthews
Edsential CIC	Officer H Brackenbury
ENTEPE Properties Ltd	Cllr Denson
HQ Management Company Ltd	Officer H Job Officer G Joyce

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. There were no significant 'pecuniary interests' identified during 2023-24.

Interest in Companies

Following a review of the Council's relationships with various organisations in whom it has a stake hold, it has been determined that the activities of some of these entities should be reported alongside the Council's in the Group Accounts. Those organisations to be included within Group Accounts are Brio Leisure, Edsential CIC, Avenue Services Limited and Cheshire West Recycling. Information is included below on these entities and any others the Council has a material interest in. The Council's relationship with Qwest is that of a joint operation which is 'outside the scope' of group accounts.

Interest in Companies 2023-24	Details of Arrangement	2023-24						
		Total Assets	Total Liabilities	Total Equity	Turnover	Operating Profit/ (Loss)	Actuarial gains/ (losses)	Total Profit/(Loss) for the year
		£000	£000	£000	£000	£000	£000	£000
Associates								
Avenue Services (Blacon Asset Management Company) Limited	The company has been operational since 1 April 2012 providing services and facilities for the benefit of residents of Blacon and the wider community. The company is jointly owned by the Council (49%) and CDHT (51%) (under the banner of Sanctuary Housing). During the year the Council had expenditure with Avenue Services totalling £0.55m and income totalling £0.006m. There are no debtor or creditor balances with Avenue Services at 31.3.24.	1,578	-1,273	305	2,154	-36	0	0
	2022-23	1,399	-1,094	305	2,170	-6	0	0
Subsidiaries								
Brio Leisure Community Interest Company	Brio Leisure is the trading name of the Cheshire West and Chester Leisure Community Interest Company (CIC) which was formally incorporated on 16 March 2011. The CIC is a wholly owned subsidiary of the Authority and has responsibility for managing a number of leisure and entertainment venues across the borough. As a not for profit social enterprise company, its purpose is to provide a range of leisure activities for the benefit of the community. The company has a contract to provide services to the Council until March 2030. The CIC at 31st March 2024 had a £4.8m pension surplus (22-23 £3.1m pension surplus). The improved position is largely reflective of changes to the financial assumptions used to calculate future pension obligations. The Council is guarantor for any future pension liability, in the event that the company ceases trading. During the year the Council had expenditure with Brio totalling £2.8m and income totalling £0.27m. Included in the Council's accounts was £0.045m of trade debtors and £0.005m of trade creditors.	2,904	-2,655	249	13,690	302	1,463	360
	2022-23	2,773	-2,882	-109	12,540	53	10,561	50

Interest in Companies 2023-24	Details of Arrangement	2023-24							
		Total Assets	Total Liabilities	Total Equity	Turnover	Operating Profit/ (Loss)	Actuarial gains/ (losses)	Total Profit/(Loss) for the year	
		£000	£000	£000	£000	£000	£000	£000	
Subsidiaries									
Cheshire West Recycling	<p>Cheshire West Recycling Limited was incorporated on 12th October 2019 and started to operate in March 2020. CWR is a wholly owned subsidiary of the Council and its primary role is to provide a domestic waste collection service for more than 140,000 households across the borough. The company provides these services under a contract from the Council that runs until March 2026.</p> <p>The accounts include a £1.7m pension surplus (22-23 £1.4m surplus). The improved position is largely reflective of changes to the financial assumptions used to calculate future pension obligations. The Council is guarantor for any future pension liability, in the event that the company ceases trading. During the year the Council had expenditure with CWR totalling £14.6m and received income totalling £0.93m. Included in the Council's accounts was £0.782m of trade debtors and £0.182m of trade creditors .</p>								
		2,748	-2,799	-51	16,745	-341	278	-250	
		2022-23	3,472	-3,222	250	18,867	179	2,041	-574
Joint Operation									
CoWest Services Limited (Qwest)	<p>In June 2015 the Council launched QWest, in partnership with Engie (previously known as Cofely), to deliver its Customer Services, Business Operations and Building Maintenance/Cleaning Services. The council owns 49% ordinary B shares in the company. These shares entitle the council to an annual dividend of between 2% and 6% of the company's turnover to customers external to the council.</p> <p>During the year to 31st March 2024 the Council had expenditure with Qwest of £17.8m and income of £0.54m. At the year end the Council included £0.48m of trade debtors and £2.4m of trade creditors.</p>								
		5,688	-3,224	2,464	18,822	919	-1,836	1,177	
		2022-23	11,251	-9,318	1,933	20,590	729	9,264	647

Joint Venture									
Edsential CIC	<p>Edsential CIC is a Community Interest Company jointly owned with Wirral Borough Council, both councils have a 50% share. The company has been set up to provide a 'one stop shop' approach for schools to buy services such as music services, outdoor education, governor services, catering, cleaning, school development and learning outside the classroom.</p> <p>The CIC has a £4.9m pension surplus (22-23 surplus of £2.9m). £3.0m in relation to Cheshire Pension Fund. The improved position is largely reflective of changes to the financial assumptions used to calculate future pension obligations. The Council is guarantor for any future Cheshire pensions liability, in the event that the company ceases trading. During the year the Council had expenditure with Edsential totalling £7.9m and income totalling £0.417m. Included within the Council's accounts is £0.13m of trade debtors and £0.25m of trade creditors.</p>								
		4,457	-6,787	-2,330	18,279	18	1,376	18	
		2022-23	5,236	-7,584	-2,348	17,268	-2,268	9,413	-2,474

The following items are not consolidated into the accounts for reasons stated and are included here for completeness.

Local Capital Finance Company

The Council is a shareholder in the United Kingdom Municipal Bond Agency (UKMBA), a publicly listed company, which has been formed to raise capital through the sale of bonds. The money raised from issuing bonds to investors will be lent onwards to councils to either invest in capital projects or to refinance existing loans. This provides diversity of funding sources for local authorities and will potentially allow councils to borrow at a lower cost than is currently the case through the Public Works Loans Board (PWLB).

The Council subscribed for £350,000 worth of ordinary shares in UKMBA in 2014-15. The total investment from all Councils totalled £6m. The company has received a letter of comfort from the Local Government Association that sets out ongoing financial and operational support for a period of 10 years from January 2018. The board of UKMBA recently issued a statement saying that because the UKMBA has not yet completed its first combined transaction as a proof of concept, "it is not yet certain that the company will be able to price its debt competitively".

Northwest Evergreen Limited Partnership

Fifteen 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 Northwest to aid regeneration in the region.

The Council is one of six Councils that form the County Area Partners who together have 50% of the voting rights on the board. As a limited partner, the Council provides a capital contribution of £1 to the Fund but in order to enjoy limited liability as a limited partner, the Authority cannot participate in the management of the Fund's business.

No interest is due from the Fund to the limited partners on any capital contributions, nor on any net income or capital gain allocated to the partners for distribution. The Fund uses the finance made available to it, under an operational agreement made between it and the European Investment Bank, for eligible projects in the region.

The life of the Fund is twenty years. In entering into the partnership agreement, the Council has committed to pay an annual contribution for twenty years. Capital liability of the Limited Partners for any of the Fund's debts, liabilities or obligations is limited to the amount of their respective Capital Contributions. The General Partner has unlimited liability for the debts, liabilities and obligations of the Fund.

In joining the partnership as a County Area Limited Partner the Authority is expected to advance annually to the Fund (as a loan) an index-linked amount equal to £250k divided by the number of County Area Limited Partners, to meet the ongoing expenses of the fund (Cheshire West and Chester holding is £42k). For 2023-24 the Partnership reviewed the payment and notified the Council that no payment was required for the year (£nil in 2022-23). As a minority General Partner, CW&C is not required to include the financial activities of Evergreen in its group accounts.

Chester Renaissance Limited

The company was dissolved on 4th June 2024.

Cheshire Provider Services Trading Company Limited

The company was dissolved on 1st August 2023.

PSP Cheshire West and Chester LLP

A joint venture with PSP Facilitating Limited has been created to assist the Council to access wider funding sources and take advantage of ad-hoc development opportunities. Whilst the Council has equal control of PSP Cheshire West and Chester LLP the current level of financial activity is not sufficient to have a material impact on the Council's 2023-24 group accounts. Turnover can vary significantly from year to year depending on the timing of disposals. In 2023-24 turnover was minimal and net assets remained at around £3.7m (£1.04m turnover and £3.7m assets 2022-23).

The company has a net outstanding loan of £2.2m from the council which will be repaid on the disposal of the Winsford employment site. The wind up of the company will also be linked to the completion of the development of this site, which is expected to be within the next 24 months.

HQ Management Company Limited

The Council holds a 50% interest in HQ Management Company Limited. The company continues to be dormant. At 28th September 2022, the company had net assets of £16.

ENTEPE Properties Limited

ENTEPE Properties was established in 1983 with the Council holding a minority shareholding limited by guarantee. Currently the Council leases land off Rother Drive in Ellesmere Port to ENTEPE Properties on a 25 year lease which commenced in December 1996. The company has net assets of £1.65m as at 30th September 2023.

LGPS Central Limited

LGPS Central was created in 2017-18 to manage the investment funds of several local government pension schemes across the Midlands and North West, this included the funds of the Cheshire Pension Fund. CWAC is the administering authority of the fund and therefore hold a shareholding in the company. The pooled arrangements for the management of the pension fund assets took effect from the 3rd April 2018. The Council is an associate of this company with a 12.5% holding. Any consolidation will be in the Cheshire Pension Fund Accounts.

Cheshire and Warrington Local Enterprise Partnership (CWLEP)

Cheshire East Council acts as the Accountable Body to CWLEP and manages the funding devolved to CWLEP from central government. The company is limited by guarantee to £1 per member. In 2023-24 there were 5 members each holding equal shares; Cheshire East Council, Cheshire West and Chester Council, Warrington Borough Council, and the Chair and Deputy Chair of CWLEP. Following the government's decision to cease core funding for

Local Enterprise Partnerships (LEPs), the functions of CWLEP transferred to Enterprise Cheshire and Warrington Limited on 1st April 2024. The new organisation is owned equally by Cheshire East, Cheshire West and Chester and Warrington Borough Councils.

37. Better Care Fund

The Better Care Fund (BCF) is a national initiative led by NHS (England) which was launched on 1st April 2015. The BCF seeks to support both social care and health service integration, and deliver improved outcomes for patients, service users, and carers. In 2023-24 Cheshire West and Chester BCF agreed to contribute the minimum agreed funding of £45.020m (NHS minimum/IBCF/DFG) and additional funding of £5.154m (Discharge/Place funding) through a pooled budget. This is held by each Commissioning Partner; Cheshire West and Chester Council, and NHS Cheshire and Merseyside Integrated Care Board (ICB).

The below table outlines the breakdown of the planned funding for each authority in year held under the BCF.

BCF Planned Funding 2023-24	Cheshire West and Chester Council £000	NHS Cheshire and Merseyside ICB £000
Minimum Pooling		
NHS minimum contribution to the BCF	11,450	18,735
Improved Better Care Fund	10,825	
Disabled Facilities Grant	4,010	
Total Minimum Pooling	26,285	18,735
Additional Funding		
ASC Discharge Funding*	3,861	
Place Funding	288	1,005
Total Additional Funding	4,149	1,005
Total BCF Planned Funding	30,434	19,740

* The ASC Discharge Funding is made up of the following - £1.517m direct grant and £2.344m from NHS Cheshire and Merseyside ICB, but agreed that the total value will be pooled and managed by the LA.

Funding of £2.195m brought forward from the previous year was also available (combination of BCF minimum Pooling, Place Funding and DFG), of which, a total of £1.493m was used in year. The remaining unused funding of £0.702m is made up of £0.296m, which is available to be used in line with the agreed plan and underpinning section 75 agreement and £0.406m Disabled Facilities Grant funding (ringfenced).

Funding was utilised to deliver several schemes which aim to improve outcomes across a range of national conditions. These include managing avoidable admissions, reducing length of stay, discharge to normal place of residence, reducing residential care admissions, and improving the effectiveness of reablement. The use of the funding is consistent and in line with the aims and visions set out in the BCF narrative for 23-24.

The local BCF pooled budget is underpinned by a Section 75 agreement. Under IFRS 10 Consolidated Financial Statements and IFRS 11 Joint Arrangements, all partners agree that they have joint control of the allocation of resources. As part of this agreement partners in the main are responsible for the risks associated with schemes for which they are the commissioning partner. As the reporting partner for the BCF, the Council collates and reports the overall position to its partners. Planned and actual expenditure for 2023-24 is shown below.

BCF Funding 2023-24	Cheshire West and Chester Council		NHS Cheshire and Merseyside ICB		Total	
	Plan £000	Actual £000	Plan £000	Actual £000	Plan £000	Actual £000
BCF Funding B/Fwd from 2022/23	0	-2,195	0	0	0	-2,195
Income	-30,434	-30,434	-19,740	-19,740	-50,174	-50,174
Expenditure	30,434	31,927	19,740	19,740	50,174	51,667
Total	0	-702	0	0	0	-702
BCF Funding C/Fwd to 2024/25	0	-702	0	0	0	-702

The Council does not act as the lead commissioner for the BCF as a whole, but is lead commissioner of its own element, which is reported in the Council's statement of accounts.

38. Capital Expenditure and Financing

The Council's Capital Financing Requirement has decreased by £3.1m in year as capital costs of £93.2m were lower than the funding set aside of £96.3m. The overall Capital Financing Requirement will be funded from a combination of future revenue contributions, capital receipts and external funding.

	2023-24 £000	2022-23 £000
Opening Capital Financing Requirement	558,140	546,885
Capital Investment		
- Expenditure on capital assets		
- Property, plant and equipment	78,616	77,547
- Heritage assets	184	25
- Investment assets	773	955
- Intangible assets	2,154	1,110
- Assets Held for Sale	0	0
- REFCUS - expenditure of a capital nature	11,405	12,415
- Change in value of capital creditor	75	33
Total	93,207	92,085
Sources of Finance		
- Capital Receipts applied	-5,828	-6,790
- Govt grants and contributions applied	-36,069	-24,453
- Tfr from unapplied grants and contributions	-12,208	-4,779
- Revenue contributions	-1,879	-568
- Income from repayment of capital debtors	-90	-6
- Release of surplus capital creditors	-17	-162
- Use of other Capital Reserves	-12,731	-17,140
- Revenue provision for debt repayment	-20,583	-19,382
- REFCUS income	-6,948	-7,550
Total	-96,353	-80,830
Closing Capital Financing Requirement	554,994	558,140
Explanations of Movement in Year		
Increase in underlying need to borrow (unsupported)	44	10,012
Assets transferred from Vivo	0	100
Assets acquired under finance leases	1,757	794
Assets acquired / Disposed under PFI/PPP contracts	-4,947	349
Reduction/Increase in Capital Financing Requirement	-3,146	11,255

39. Leases**Authority as Lessee: Finance Leases**

The following asset values are held under finance leases by the Council and are accounted for as part of property, plant and equipment.

Movements in the values of Finance Lease Assets	Vehicles, Plant and Equipment 2023-24 £000	Vehicles, Plant and Equipment 2022-23 £000
Net Book Value at 1 April	1,082	1,449
New Leases	1,757	794
Depreciation	-1,262	-919
Disposals	-20	-242
Value at 31 March	1,557	1,082

The Council is committed to making minimum payments under these leases comprising settlement of the long term liability for the interest in the property or equipment acquired and finance costs that will be payable by the Council in future years while the liability remains outstanding. The minimum lease payments are made up of the following amounts:

Finance Lease Liabilities	2023-24 £000	2022-23 £000
Current (payable within 1 year)	940	801
Non Current	842	468
Finance costs payable in future years	185	90
Minimum lease payments	1,967	1,359

The Minimum lease payments will be payable over the following periods:

Age Profile of Finance Lease Payments	Minimum Lease Payment		Finance Lease Liabilities	
	2023-24 £000	2022-23 £000	2023-24 £000	2022-23 £000
No later than one year	1,032	854	940	801
Between one and five years	832	490	746	454
Later than five years	103	15	96	14
	1,967	1,359	1,782	1,269

The minimum lease payments do not include rents that are contingent on events taking place after the lease was entered into, such as adjustments following rent reviews. In 2023-24, no contingent rent payments were payable by the Council.

Embedded Leases

From April 2023 the Council entered into a new long-term contractual arrangement for highways maintenance within the borough. The contractors involved utilised a range of vehicles and equipment to provide the services required. Following an assessment of the arrangements, the Council determined that these contracts represented embedded leases as the assets were for the sole use of the authority.

Authority as Lessee: Operating Leases

In 2022-23 the authority used 2021-22 figures to estimate figures relating to Operating Leases.

Commitments under Operating Leases

The Council estimates that at 31 March 2024 the authority was committed to making payments of £7.8m under operating leases, comprising the following elements:

Land and Buildings

The Council leases various buildings on a long term basis, these are accounted for as operating leases. The lease payments for 2023-24 were calculated at £0.7m.

Vehicles, Plant and Equipment

The Council uses cars, vans, recycling vehicles, street cleansing vehicles, photocopiers and printers financed under terms of an operating lease. The amount paid under these arrangements in 2023-24 was calculated at £0.3m.

The Council operates a salary sacrifice scheme whereby it leases cars on behalf of an employee who signs an agreement to agree to be liable for future payments. The annual cost in 2023-24 was estimated at £0.27m and as at 31 March 2024, there were estimated to be 40 employees participating in the scheme. As the Council carries no risk associated with these arrangements and no Council funds are committed, they are not included as Council leases.

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

Age Profile of Operating Lease Payments	2023-24 £000	2022-23 £000
No later than one year	1,032	1,048
Between one and five years	2,354	2,996
Later than five years	4,432	4,499
	7,818	8,543

The Council has sub-leased out a small number of properties that it has leased under operating lease contracts. The expenditure and income have been charged to the Financing and Investment Income line in the Comprehensive Income and Expenditure Statement as it forms part of the commercial properties trading account. As at 31 March 2024 the estimated outstanding income linked to future usage of these properties was as below:

Age Profile of Sub-lease payments receivable	2023-24 £000	2022-23 £000
No later than one year	343	113
Between one and five years	187	0
Later than five years	1,499	0
	2,029	113

The lease payments payable and sub-lease income receivable in 2023-24 is calculated to be:

Lease payments and Sub-lease receivable	2023-24 £000	2022-23 £000
Minimum Lease payments	122	137
Sublease Payments Receivable	-343	-113
	-221	24

Authority as Lessor

The Council leases out elements of its Property portfolio to various organisations as part of its dual aims of helping to generate economic activity in the area and in order to generate a return on assets held. These leases are all categorised as operating leases due to the fact the returns only reflect a small proportion of the asset's value or the nature of the lease agreements. The properties comprise a mix of commercial offices and outlets, industrial units and pieces of land for development or farms. These leases vary in length from short term to over one hundred years with the longer leases largely only for peppercorn rental income.

All income generated from these leases is reflected in the Comprehensive Income and Expenditure Statement as it becomes due, primarily on the Financing and Investment Income line of the Statement.

Future minimum lease payments receivable under non-cancellable leases in future years are estimated as follows:

Age Profile of Lease Income	2023-24 £000	2022-23 £000
No later than one year	11,277	12,106
Between one and five years	19,989	27,555
Later than five years	119,756	164,102
	151,022	203,763

The minimum lease payments receivable do not include rents that are contingent on events taking place after the lease was entered into, such as adjustments following rent reviews. In 2023-24 no contingent rents were received by the authority.

40. Private Finance Initiative (PFI)

PFI contracts are agreements to receive services, where the responsibility for making available the assets needed to provide the services passes to the PFI contractor. Following a competitive procurement process, this contractor will design, build, finance and operate these assets in response to a specification set out by the Council. The assets are made available to the Council over a specified period (the service concession period) and in return the Council will make regular payments to the contractor over this period (the Unitary Payment). This charge covers the running costs of the facility and contributes to the capital financing costs the contractor incurred.

The Council has two operational PFI schemes:

- A scheme to provide school premises together with associated facilities management services (e.g. caretaking, cleaning and catering) in the Ellesmere Port area. There were originally five schools which were constructed under this agreement and additional facilities were developed at a sixth. The service commenced in September 2003 for a period of 30 years until 2033. Following the conversion of William Stockton Primary School to an academy in September 2023, four of the original five schools have now become academies, leaving just one school and additional facilities within the Council's ownership. These facilities will revert to Council ownership at the end of the PFI contract.
- A contract for providing facilities and support for extra care housing at two sites in Winsford and Ellesmere Port. This scheme is managed in partnership with Cheshire East Borough Council where there are a further three sites, although one of these three sites was subject to extensive fire damage during 2019-20. The scheme's first site became operational in January 2009 with others (including both the West sites) following in 2009-10. The contract runs until 2039. 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.

PFI Assets

The Council has determined control of the assets by looking at how we manage the facilities, right of access to the facilities and decisions around the day to day managing of the facilities. The accounting policy for PFI's and similar arrangements has been applied to these assets. Consequently, the assets relating to these contracts (£16.2m) have been recognised on the Balance Sheet as property, plant and equipment, in accordance with IFRIC 12 Service Concession Arrangements.

Under the requirements of IFRIC 12 (Service Concession Arrangements) the assets which were constructed to deliver these schemes 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.

In addition the Council needs to consider the treatment of the income generating potential of these assets. Where these assets generate income an assumption needs to be made as to whether the income primarily funds: operational running costs, or repayment of initial capital, or a combination of the two. In the case of the Council's PFI schemes it is assumed that third party income is primarily to support operational running costs with all capital expenditure being funded from the PFI unitary payment the Council makes to the contractor. This judgement is based on the respective financial models for the PFIs as approved by the Council at the inception of the programme.

The assets recognised under these schemes are held within property, plant and equipment in the Council's Balance Sheet; they are treated in exactly the same way as any other Council asset, are subject to five yearly valuations and charged with annual depreciation.

Movement in PFI Asset Values	2023-24			2022-23		
	Schools £000	Extra Care £000	Total £000	Schools £000	Extra Care £000	Total £000
Opening Net Book Value	8,624	13,425	22,049	8,710	13,919	22,629
Additions/Disposal	-5,254	307	-4,947	93	256	349
Revaluations	0	-152	-152	0	-154	-154
Depreciation	-181	-593	-774	-179	-596	-775
Closing Net Book Value	3,189	12,987	16,176	8,624	13,425	22,049

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 five separate components reflecting what is being funded:

- Service Costs Reflecting the net cost of services delivered in 2023-24
- Financing Costs Effective costs of borrowing and interest on outstanding balances
- Contingent Rent Inflationary costs
- Liability Repayment Writing down the PFI liability
- Lifecycle Costs Reflecting new capital expenditure on the asset

Allocation of Unitary Payment	2023-24			2022-23		
	Schools £000	Extra Care £000	Total £000	Schools £000	Extra Care £000	Total £000
Service Costs	1,309	405	1,714	1,143	286	1,429
Financing Costs	528	707	1,235	556	740	1,296
Contingent Rents	133	56	189	92	73	165
Liability Repayment	434	699	1,133	351	709	1,060
Lifecycle Costs	146	307	453	234	256	490
Total	2,550	2,174	4,724	2,376	2,064	4,440

The spread of the Unitary Payment and the liability balances reflect that the Council's Unitary Payments are the primary means by which the PFI operator is recovering the costs of constructing these 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 costs).

The amounts of payments made in 2023-24 and in future years are set out in the following tables. These payments reduce the liability over the life of the contracts to nil by the final year of the contracts.

Movement in Liability during the year	2023-24			2022-23		
	Schools £000	Extra Care £000	Total £000	Schools £000	Extra Care £000	Total £000
Opening Liability	-6,715	-15,415	-22,130	-7,066	-16,124	-23,190
Payments made in year	434	699	1,133	351	709	1,060
Closing Liability	-6,281	-14,716	-20,997	-6,715	-15,415	-22,130

Future Payments under the PFI Contracts	Service Costs £000	Principal Payments £000	Capital Costs £000	Interest £000	Total £000
Schools					
Obligations Payable in 2024-25	893	480	130	494	1,997
Due between 2025-26 and 2028-29	3,896	2,388	388	1,549	8,221
Due between 2029-30 and 2033-34	4,713	3,413	848	770	9,744
Total	9,502	6,281	1,366	2,813	19,962
Extra Care					
Obligations Payable in 2024-25	236	688	355	675	1,954
Due between 2025-26 and 2028-29	930	3,228	1,308	2,376	7,842
Due between 2029-30 and 2033-34	1,635	4,547	2,302	2,052	10,536
Due between 2034-35 and 2038-39	1,212	6,253	1,222	848	9,535
Total	4,013	14,716	5,187	5,951	29,867

PFI Funding

The Unitary Payments are primarily funded from grants received from the Department for Levelling Up, Housing and Communities (DLUHC) but the Council also contributes to the costs. In the case of the Schools scheme these contributions are split between the Council and the schools themselves.

The nature of the Government funding is such that the Council receives a fixed grant payment each year. These payments are not index linked and will not alter throughout the contract period. The Unitary Payment is index linked and will vary with inflation over the thirty years of the scheme. As time elapses this leads to an imbalance between the schemes main sources of income and the payments it needs to make, with the scheme operating at a surplus in early years and a deficit in later years. To prevent this imbalance from impacting upon Council Tax requirements the Council operates two PFI equalisation reserves to retain the surpluses generated in the early years of the schemes. The balances on these reserves are disclosed in the following table.

Movement in Equalisation Reserves during the year	2023-24			2022-23		
	Schools £000	Extra Care £000	Total £000	Schools £000	Extra Care £000	Total £000
Opening Balance	5,662	1,507	7,169	5,552	1,473	7,025
In Year Additions	277	74	351	110	34	144
Closing Balance	5,939	1,581	7,520	5,662	1,507	7,169

41. Capitalisation of Borrowing Costs

Councils are able to capitalise borrowing costs that are incurred during the undertaking of capital works to construct or acquire an asset. Borrowing costs can only be capitalised where there is a significant period between when the funded expenditure is incurred and the relevant asset becoming operational.

There were no borrowing costs capitalised in the year 2023-24 (nil 2022-23).

42. Pension Schemes accounted for as Defined Contribution Schemes

Teachers employed by the Council are eligible for the Teachers' Pension Scheme, administered by the Department for Education. The Scheme provides teachers with specified benefits upon their retirement and the Council contributes towards the costs, making a payment based on a percentage of members' pensionable salaries.

The Scheme is technically a defined benefit scheme. However, the Scheme is unfunded and the Department for Education uses a national fund as the basis for calculating the employer's contribution rate paid by local authorities. The Council is not able to identify its share of the underlying financial position and performance of the Scheme with sufficient reliability for accounting purposes. For the purposes of the Statement of Accounts, it is therefore accounted for on the same basis as a defined contribution scheme. In 2023-24, the Council paid £19.3m (2022-23, £19.8m) to Teachers' Pension in respect of teachers' retirement benefits, representing 23.55% (2022-23, 23.63%) of pensionable pay. The Council is responsible for the costs of any additional benefits awarded upon early retirement outside of the terms of the teachers' scheme. These costs are accounted for on a defined benefits basis and are detailed in Note 44.

Public Health transferred from Clinical Commissioning Groups in 2013-14, and the Council inherited a small number of workers who are Members of the NHS Pension Scheme. This scheme is a defined benefit scheme but similarly to the Teachers' Pension Scheme must be treated as a defined contribution scheme. Contributions made in 2023-24 equated to £25k (2022-23 £23k) representing 14.38% of pensionable pay.

43. Defined Benefit Pension Scheme

Participation in Pension Scheme

The terms and conditions of employment include the Council's contributions towards the cost of post-employment benefits. Although these benefits are not actually payable until employees retire, the Council's commitment to make the payments must be disclosed at the time their future entitlement is earned.

Accounting Treatment

The Council participates in the Local Government Pension Scheme (LGPS) and Discretionary Pensions for Teachers under the Teachers' Pension Scheme (TPS). Both schemes are accounted for as a defined benefit scheme in accordance with International Accounting Standard 19 (IAS 19). The liabilities for both schemes are calculated using a projected unit method and the assets of the funds are included at their fair value. The liabilities attributable to the Council for both schemes are included in the Balance Sheet.

Asset Ceiling

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. An adjustment has been made in the 2023/24 accounts to apply this asset ceiling, as calculated by the Actuary (Hymans Robertson LLP), as the year end results showed a net asset in the pension scheme.

Local Government Pension Scheme (LGPS)

The Cheshire Pension Fund operates under the regulatory framework for the Local Government Pension Scheme. The governance of the Fund is the responsibility of the full

Council within Cheshire West and Chester Council, supported by the Pension Fund Committee. The Fund's policies and investment strategy are set by the Committee and administered by the Chief Operating Officer from Cheshire West and Chester. The Local Pension Board assists the Administering Authority to ensure the effective and efficient governance and administration of the LGPS.

The principal risks to the authority are the assumptions on longevity, inflation, salary changes, investment returns and changes in the structure of the fund. Consideration of these risks, based on the best estimates for these assumptions following the advice of the Fund's actuary (Hymans Robertson LLP) is included at the end of this note.

The LGPS is a funded scheme, meaning that the scheme's liabilities are backed by investment assets. The Cheshire Pension Fund manages four investment strategies each with different objectives and different allocations to growth assets and defensive assets. The overarching principle being to tailor investment strategies to better match the risk / return requirements of employers, on their journey towards the long term funding objective. A key part of the Fund's investment strategy is the embedded dynamic risk management framework. The risk management framework ensures that employers only take the level of investment risk that is necessary to meet their funding objectives by adjusting the strategic asset allocation and investment risk profile based on pre-determined funding level triggers.

The Cheshire Pension Fund operates four investment strategies each with different allocations to growth assets and diversifying and matching assets reflecting the differing pension liabilities and funding positions of employers. At 1 April 2023 the four strategies were as follows:

	Growth	Diversifying and Matching
Open Employers	50%	50%
Academies	55%	45%
Exiting/Closed Employers	50%	50%
Exited Employers	0%	100%

The net return on investments for the Fund for the 2023-24 year was a gain of £416m (2022-23: gain of £669m). The fund achieved a positive return on its investments of 6.4% (2022-23: negative return -9.8%), against a tailored benchmark of 4.9% (2022-23: -8.4%). For the three years ending 31 March 2024 (2023) the Fund achieved an annualised return of 0.8% (4.5%) per annum against the Fund's benchmark return of 0.5% (2.1%) per annum.

Teachers Discretionary Payments

The Council also funds discretionary early retirement benefits for teachers and this scheme is unfunded. The Council paid £4.2m in 2023-24 (£4.2m in 2022-23) in relation to this scheme, of which £2.6m (£2.6m in 2022-23) has been recovered from Cheshire East, Halton and Warrington Borough Councils.

Transactions Relating to Post-employment Benefits

The costs of retirement benefits are recognised in the CIES as they are earned by employees, rather than when the benefits are eventually paid as pensions. However, the charges that are required to be made against council tax are based on the cash paid to the Pension Fund in the year; to reconcile the real cost of post-employment/retirement benefits

is reversed out of the General Fund via the MIRS (Movement in Reserves Statement) and replaced by the payments made.

The following transactions occurred during the year:

CIES and Movement in Reserves Statement	LGPS	Teachers Unfunded Scheme	LGPS Unfunded Scheme	Total	LGPS	Teachers Unfunded Scheme	LGPS Unfunded Scheme	Total
	2023-24	2023-24	2023-24	2023-24	2022-23	2022-23	2022-23	2022-23
	£000	£000	£000	£000	£000	£000	£000	£000
Service cost comprising:								
Current service cost	30,628	0	0	30,628	66,182	0	0	66,182
Past service costs and curtailments	408	0	0	408	637	0	0	637
(Gain) from settlements	-3,212	0	0	-3,212	-2,305	0	0	-2,305
								0
Financing and Investment Income and Expenditure								
Net Interest Cost (Note 12)	-12,439	673	40	-11,726	4,545	464	27	5,036
Total post-employment benefits charged to SDPS	15,385	673	40	16,098	69,059	464	27	69,550
Other post-employment benefits charged to the CIES								
Remeasurement of the net defined benefit liability comprising:								
Return on plan assets (excluding the amount included in the net interest expense)	-32,717	0	0	-32,717	226,928	0	0	226,928
Actuarial Gains / Losses arising on changes in demographic assumptions	-9,832	-118	-7	-9,957	-13,579	-208	-73	-13,860
Actuarial Gains / Losses arising on changes in financial assumptions	-84,953	-273	-12	-85,238	-786,251	-2,711	-118	-789,080
Other experience	49,723	0	0	49,723	123,741	957	119	124,817
Adjustment for Asset Ceiling Calculation	94,034	0	0	94,034	259,283	0	0	259,283
Total post-employment benefit charged to the CIES	31,640	282	21	31,943	-120,819	-1,498	-45	-122,362
Movement in Reserves Statement								
Reversal of net charges made to the SDPS for post-employment benefits	-15,385	-673	-40	-16,098	-69,059	-464	-27	-69,550
Actual charged to the General Fund								0
Employers' contributions	31,640	0	0	31,640	32,503	0	0	32,503
Effect of Business combinations and disposals	0	0	0	0	-14,304	0	0	-14,304
Retirement Benefits Payable	0	1,518	119	1,637	0	1,503	122	1,625

Pensions Assets and Liabilities Recognised in the Balance Sheet

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

Balance Sheet entries	LGPS	Teachers	LGPS	Total	LGPS	Teachers	LGPS	Total
	2023-24	2023-24	2023-24	2023-24	2022-23	2022-23	2022-23	2022-23
	£000	£000	£000	£000	£000	£000	£000	£000
Present value of obligations	-1,523,204	-13,687	-808	-1,537,699	-1,526,515	-14,923	-906	-1,542,344
Fair value of plan assets	1,523,204	0	0	1,523,204	1,526,515	0	0	1,526,515
Net Pension Liability	0	-13,687	-808	-14,495	0	-14,923	-906	-15,829

Assets and Liabilities in Relation to Post-employment Benefits

Reconciliation of present value of the scheme liabilities	LGPS	Teachers Unfunded	LGPS Unfunded	Total	LGPS	Teachers Unfunded	LGPS Unfunded	Total
	2023-24	2023-24	2023-24	2023-24	2022-23	2022-23	2022-23	2022-23
	£000	£000	£000	£000	£000	£000	£000	£000
Opening balance	1,526,515	14,923	906	1,542,344	2,069,896	17,924	1,073	2,088,893
Current Service Costs	30,628	0	0	30,628	66,182	0	0	66,182
Interest Cost	71,713	673	40	72,426	57,576	464	27	58,067
Contribution by Scheme Members	9,640	0	0	9,640	9,013	0	0	9,013
Remeasurement gains and losses:								
Actuarial gains/losses arising from changes in demographic assumptions	-9,832	-118	-7	-9,957	-13,579	-208	-73	-13,860
Actuarial gains/losses arising from changes in financial assumptions	-84,953	-273	-12	-85,238	-786,251	-2,711	-118	-789,080
Other experience	49,723	0	0	49,723	123,741	957	119	124,817
								0
Benefits Paid	-62,509	-1,518	-119	-64,146	-52,175	-1,503	-122	-53,800
								0
Past Service Costs & Curtailments	408	0	0	408	637	0	0	637
Liabilities Extinguished on Settlement	-8,129	0	0	-8,129	-5,286	0	0	-5,286
Effect of Business combinations and disposals	0	0	0	0	56,761	0	0	56,761
Closing balance at 31 March	1,523,204	13,687	808	1,537,699	1,526,515	14,923	906	1,542,344
Closing balance at 31 March	1,523,204	0	0	1,523,204	1,526,515	0	0	1,526,515

Local Government Pension Scheme Assets

	LGPS 2023-24	Teachers Unfunded Liabilities 2023-24	LGPS Unfunded Liabilities 2023-24	LGPS 2022-23	Teachers Unfunded Liabilities 2022-23	LGPS Unfunded Liabilities 2022-23
Financial Assumptions						
Rate of increase in salaries	3.5%	n/a	n/a	3.7%	n/a	n/a
Rate of increase in pensions	2.8%	2.8%	2.8%	3.0%	3.0%	3.0%
Discount rate used						
Rate used to Discount liabilities	4.9%	4.9%	4.9%	4.8%	4.8%	4.8%
Demographic Mortality Assumptions						
Longevity at 65 for current pensioners						
Men	21.1 years	21.1 years	21.1 years	21.6 years	21.6 years	21.1 years
Women	23.9 years	23.9 years	23.9 years	24.2 years	24.2 years	24.1 years
Longevity at 65 for future pensioners						
Men	21.8 years	n/a	n/a	22.8 years	n/a	n/a
Women	25.4 years	n/a	n/a	26.1 years	n/a	n/a

The Local Government Pension Scheme's assets consist of the following categories, and whether the investment is quoted in active markets or not.

Local Government Pension Scheme assets	Quoted Prices in active markets		Total	Share of Total Assets	Quoted Prices not in active markets		Total	Share of Total Assets
	2023-24 £000	2023-24 £000			2023-24 £000	%		
Cash & Cash Equivalents	0	21,491	21,491	1%	0	78,687	78,687	4%
Equity Securities:								
By industry type:								
Consumer	9,076	0	9,076	0%	8,084	0	8,084	0%
Manufacturing	9,456	0	9,456	1%	8,255	0	8,255	0%
Energy and Utilities	0	0	0	0%	0	0	0	0%
Financial Institutions	1,959	0	1,959	0%	0	0	0	0%
Health and Care	3,454	0	3,454	0%	2,800	0	2,800	0%
IT	62,846	0	62,846	3%	45,930	0	45,930	3%
Other	4,873	0	4,873	0%	5,815	0	5,815	0%
	91,664	0	91,664	4%	70,884	0	70,884	3%
Private equity:	0	127,541	127,541	7%	0	124,467	124,467	7%
Real Estate:								
UK	0	131,588	131,588	7%	0	148,782	148,782	8%
Overseas	0	2,514	2,514	0%	0	2,363	2,363	0%
	0	134,102	134,102	7%	0	151,146	151,146	8%
Investment funds and unit trusts:								
Equities	541,641	0	541,641	29%	527,785	0	527,785	30%
Bonds	427,329	281,924	709,254	38%	425,967	201,730	627,697	35%
Hedge Funds	0	133,336	133,336	7%	0	118,596	118,596	7%
Infrastructure	0	30,612	30,612	2%	0	11,798	11,798	2%
Other	0	86,882	86,882	5%	0	74,738	74,738	4%
	968,970	532,753	1,501,723	81%	953,752	406,863	1,360,615	78%
Adjustment for Asset Ceiling Calculation			-353,317	0%			-259,283	0%
Total Assets	1,060,634	815,887	1,523,204	100%	1,024,636	761,162	1,526,515	100%

Basis for Estimating Assets and Liabilities

Liabilities have been assessed on an actuarial basis using the projected unit credit method, a method for estimating future pension payments dependent on assumptions about mortality rates, salary levels, etc. Both the Local Government Pension Scheme and the Unfunded Teachers Liability have been assessed by Hymans Robertson LLP, an independent firm of actuaries. Demographic estimates for the Council Fund are based on the 2022 valuation of the scheme as at 31 March 2022.

This report and note do not address any risks to the Fund itself. Such advice would generally be given to the Administering Authority by the Fund's Actuary through the actuarial valuation process.

The principal assumptions used by the Actuary have been:

The estimation of the defined benefit obligation is sensitive to the actuarial assumptions set out in the table above. The sensitivity analyses below have been determined based on reasonably possible changes of the assumptions occurring at the end of the reporting period and assumes for each change that the assumption analysed changes while all the other assumptions remain constant. The estimations in the sensitivity analysis have followed the accounting policies of the scheme, on an actuarial basis using the projected unit credit method.

Sensitivity analysis - impact on the defined benefit obligation in the scheme	Increase in assumption			Decrease in assumption		
	LGPS	Teachers Unfunded	LGPS Unfunded	LGPS	Teachers Unfunded	LGPS Unfunded
	£000	£000	£000	£000	£000	£000
Longevity (change by 1 year)	60,928	548	32	-60,928	-548	-32
Salary inflation (change by 0.5%)	1,055	0	0	-1,055	0	0
Pension inflation (change by 0.5%)	26,638	239	11	-26,638	-239	-11
Discount rate (change by 0.5%)	-27,189	-239	-11	27,189	239	11

Impact on the Council's Cash Flows

A key objective of the Pension Fund is to keep employers' contributions as stable and affordable as possible, whilst also ensuring the solvency of the Pension Fund.

The Council has agreed a funding plan with the Pension Fund that targets to achieve a funding level of 100% over the next 20 years.

Funding plans and contribution rates are formally reviewed on a triennial basis. The latest review was 31 March 2022 and applies for the period from 1 April 2023 to 31 March 2026.

The current funding plan provides the Council with stability of contribution rates by limiting any increases/decreases to the Council's pension contributions to +1/-1% per year at each 3 year review.

The estimated LGPS pension contribution to be made by Cheshire West and Chester in 2024-25 is £30m.

44. Contingent Liabilities

At 31 March 2024, the Council had the following material contingent liability:

Conway Centre

The Council leases the Conway Centre and is responsible for managing property dilapidations over the life of the lease. The current lease runs until January 2036. Whilst significant remedial works have recently been completed it is not possible to estimate the impact on future dilapidations. At the most recent review (September 2022) future costs were estimated at £3.5m. Since this date, it is considered likely that the figure has increased due to inflationary pressures. Whilst it is anticipated that these costs will be managed down over the life of the contract through planned maintenance, the Council will be responsible for any outstanding remedial work should the contract be terminated at an earlier date. The Council has the opportunity to trigger the lease break clause in December 2024 with a 2 year notice period. This means the effective termination date is December 2026. As at 31 March

2024 this liability is not reflected in the Council's accounts as the likelihood of early termination of the lease is considered relatively low.

45. Contingent Assets

At 31 March 2024, the Council had no material contingent assets.

46. Risks Arising from Financial Instruments

The Council complies with the CIPFA Code of Practice on treasury management and with the Prudential Code for Capital Finance in Local Authorities both of which were revised in December 2021.

The Council's treasury management activity is carried out in accordance with the Council's annual Treasury Management Strategy (TMS) that is approved by full Council shortly before the start of each financial year. The TMS sets out the broad framework for the use of financial instruments. For the year 2023-24 the TMS allowed the Council to deposit up to £10 million with a number of large banks, building societies and sterling denominated money market funds that met a range of specified criteria the most objective of these being to have a long term credit rating equivalent to at least A-. This limit of £10 million is increased to £12.5 million for the Council's main banker, Lloyds Banking Group.

The use of financial instruments by their very nature exposes the Council to a variety of risks and details of these risks, along with how the Council seeks to manage them, are set out below:

Credit Risk

Credit risk is the risk that failure by a third party to make a payment of interest or repay an amount lent to it will have an unexpected adverse impact on the Council's financial position.

During 2023-24 the Council chose to place deposits with a number of selected large banks, and sterling denominated money market funds. Such banks and money market funds are of a high credit quality (i.e. they have as a minimum a long term credit rating of A-). The Council also lent monies to other local councils and HM Treasury during the year. The Council does not expect any losses from its dealings with any of these counterparties except in the most exceptional of circumstances. IFRS 9 does, however, require that some allowance for potential losses be provided for in the Council's financial statements.

No loss allowances on treasury investments have been provided for in the Council's account at 31st March 2024 as the amounts involved were immaterial (31 March 2023 nil).

Form of Financial Asset Held	Credit rating	31st March 2024		31st March 2023	
		Long Term £000	Short Term £000	Long Term £000	Short Term £000
Fixed Term Deposits	A+		6,700		
Call Accounts	A+		970		963
Fixed Term Deposits	A				
Call Accounts	A				
Fixed Term Deposits	Unrated local councils				10,000
Sub-total		0	7,670	0	10,963
Pooled Equity and Property Funds	n/a	8,095		8,279	
Money Market Funds	n/a		82,080		92,743
		8,095	89,750	8,279	103,706

The Council has provided working capital loans to three Council owned companies during the year 2023-24. The maximum amount available to those companies totals £5.5 million. At the balance sheet date just one of the companies were making use of the facility, for an amount of £0.125 million. In addition to this the Council also holds a long term loan with one of its companies, issued to support that company with losses incurred during the pandemic. This has an outstanding balance of £0.857m, giving total outstanding loans of £0.982m. After allowing for £0.869 million of loss allowances the recorded loan balance reduces to £0.113m. Loss allowances on these working capital loans has been calculated on an individual basis taking account of the circumstances impacting on each of the companies at the balance sheet date. The loss allowance takes account of the fact that all of the companies have a relatively short trading history and have no credit rating assigned to them.

Borrower	Exposure Type - loan commitments	31st March 2024		31st March 2023	
		Balance Sheet £000	Risk Exposure £000	Balance Sheet £000	Risk Exposure £000
Council owned company	Market rates	113	5,500	225	5,500
Total		113	5,500	225	5,500

Customers for goods and services are assessed often taking into their financial position, account trading history and ability to pay. The Council's policy is to obtain payment in advance, where permitted to avoid any risk of unpaid debt.

The Council has adopted a simplified loss approach where impairment loss allowance on trade receivables and HRA tenant arrears has been calculated by using the expected losses approach. Using this approach provides a more accurate impairment charge.

Receivables are written off to the Surplus or Deficit on the Provision of Services within the Comprehensive Income and Expenditure Statement when they are deemed unrecoverable, steps are taken to collect sums owing including pursuit through legal means, courts and the use of bailiffs.

Accounts Receivable

Period	Impairment allowance rate %	Trade Receivables £000	Impairment Loss £000	31 March 2024 £000
Current	4.6%	50,356	-2,323	48,033
Past due < 3 Months	0.0%	6,045	-1	6,044
Past due 3-6 Months	7.0%	2,165	-151	2,014
Past due 6-9 Months	94.2%	1,499	-1,412	87
Past due 9-12 Months	100.5%	1,591	-1,599	-8
Past due 12+ Months	95.6%	6,352	-6,073	279
Deferred Debt	2.5%	3,156	-80	3,076
Total		71,164	-11,640	59,524

Period	Impairment allowance rate %	Trade Receivables £000	Impairment Loss £000	31 March 2023 £000
Current	4.2%	59,105	-2,453	56,652
Past due < 3 Months	0.0%	2,112	-1	2,111
Past due 3-6 Months	29.0%	1,654	-480	1,174
Past due 6-9 Months	95.8%	1,491	-1,429	62
Past due 9-12 Months	96.2%	1,037	-998	39
Past due 12+ Months	91.4%	4,730	-4,323	407
Deferred Debt	7.6%	2,656	-202	2,454
Total		72,785	-9,886	62,899

Housing Revenue Account

Period	Impairment allowance rate %	HRA Tenant Arrears £000	Impairment Loss £000	31 March 2024 £000
Up to 28 days	3.0%	175	-5	170
29 - 60 days	4.0%	239	-10	229
61 - 90 days	10.0%	164	-16	147
91 - 120 days	70.0%	133	-93	40
121 - 150 days	70.0%	98	-69	29
151 - 180 days	70.0%	93	-65	28
181 - 365 days	70.0%	238	-167	71
Over 365 days	100.0%	87	-87	0
Former Debt	91.8%	1,790	-1,643	147
Total		3,017	-2,155	862

Period	Impairment allowance rate %	HRA Tenant Arrears £000	Impairment Loss £000	31 March 2023 £000
Up to 28 days	3.9	305	-12	293
29 - 60 days	3.9	260	-10	250
61 - 90 days	9.7	195	-19	176
91 - 120 days	69.9	146	-102	44
121 - 150 days	70.1	87	-61	26
151 - 180 days	70.4	98	-69	29
181 - 365 days	76.0	350	-266	84
Former Debt	100.0	1,334	-1,334	0
Total		2,775	-1,873	902

Liquidity Risk

Liquidity risk is the risk that the Council will not have sufficient cash resources to meet its obligations as they fall due for payment. The Council will manage this risk by ensuring it has adequate, though not excessive, short term cash resources, borrowing arrangements, overdrafts or standby facilities in place. It will also make use of cash flow forecasting to give as accurate a picture as possible of daily cash balances.

An inability to raise finance is not a risk that the Council perceives that it faces.

The Council, like all UK Councils, is able to borrow at favourable rates from the Public Works Loans Board and other local councils. Loans from the Public Works Loans Board can be received into the Council's bank account within 5 working days. In addition, the Council can also borrow from banks and other commercial organisations. There is also an active intra-local authority loans market through which Councils can borrow from and lend to each other on a short term (up to 5 years) basis.

There is a risk, however, that when loans or other forms of borrowing fall due to be repaid the Council will be unable to re-finance the borrowings on reasonable terms. To manage this risk down to an acceptable level, the Council endeavours to even out the maturity profile of its existing long term loans (i.e. greater than 1 year) such that, where possible, no more than £10 million of loans will mature in any given financial year. A separate limit of £10 million applies to the General Fund loans portfolio and the Housing Revenue Account loans portfolio. The £10m limit excludes variable rate loans and short-term loans paid within one year.

The existing long term loans of Cheshire West and Chester Council are scheduled to mature as follows; these balances include the interest that will be re-payable:

Profile of Borrowing in relation to General Fund activities	Public Works Loans Board £000	Salix Loans £000	Banks £000	Other Local Authorities £000	Total 2023-24 £000
In the next financial year	4,655	868	279	15,400	21,202
In the following financial year	2,480	824			3,304
In 2 to 5 years	8,423	1,268			9,691
In 5 to 10 years	38,598				38,598
In 10 to 15 years	29,041				29,041
In 15 to 20 years	14,411				14,411
In 20 to 25 years	14,742		12,404		27,146
In 25 to 30 years	25,621				25,621
In 30 to 40 years	12,285		5,184		17,469
Total	150,256	2,960	17,867	15,400	186,483

Profile of Borrowing in relation to HRA activities	Public Works Loans Board £000	Salix Loans £000	Banks £000	Other Local Authorities £000	Total 2023-24 £000
In the next financial year	2,841		90		2,931
In the following financial year	2,844				2,844
In 2 to 5 years	9,027				9,027
In 5 to 10 years	16,849				16,849
In 10 to 15 years	19,416				19,416
In 15 to 20 years	13,051				13,051
In 20 to 25 years	0		5,088		5,088
Total	64,028	0	5,178	0	69,206

The Council has £7m of lender's option borrower's option (LOBO) loans where the lender has the option to propose a change in the rate of interest payable. If this option is exercised the Council, as borrower, has the option of either accepting the new rate of interest payable or repaying the loan in full without penalty. In the table above the LOBO loan is shown as maturing on its scheduled maturity date except in those years preceding the next available option date. In those years the LOBO loan is shown as an amount payable within one year.

Cheshire West and Chester Council is in a strong financial position and has a proven track record of using its financial standing to invest in the delivery of key regenerative projects. In 2023-24 the regeneration scheme that carried the greatest risk to the Council was Chester Northgate Phase 1. This is a mixed-use scheme in the centre of the city incorporating a Multi

Storey Car Park, Cinema, Market and Restaurants. This scheme partially opened in late 2022, and remaining units are being opened progressively with the aim of having a fully occupied development by late Summer 2024.

The Council is also undertaking re-development in Winsford Town Centre and was awarded £10 million of Future High Street Funding for a package of measures that will begin the transformation of the town centre. The Council has matched the external funding to create a £22m development fund, which is being used to deliver new retail units, a coffee shop and a community hub, reduce the number of empty retail units and make public realm improvements. Works on the site started in 2023-24.

The Council's first town centre regeneration scheme was in Northwich. Barons Quay was completed in 2018 and the Council now has the role of managing the asset for the long term.

The Council has implemented a robust financial risk management process to ensure that it always makes provision within its budget for the running of these schemes, and to ensure that the Council's long-term contribution towards the financing, operational and maintenance costs is sustainable. Every 6 months the long-term financial assumptions for each major scheme is reviewed and the Council's budget adjusted accordingly annually. This ensures that the Council's financial position is robust and reflects a realistic long term forecast position for these assets. At the last review for these schemes, an additional £1.2m budget provision was made against the Northgate scheme for 2024-25 given the risk of ongoing revenue shortfalls primarily related to car parking income.

Interest Rate Risk

Interest rate risk is the risk that unexpected changes in interest rates may expose the Council to greater costs or a lower level of investment income than has been budgeted for.

The impact on the Council of a rise / fall in interest rates will be as follows:

- i) the amount of interest payable on variable rate loans will increase
- ii) the amount of interest receivable on variable rate investments will increase
- iii) there will be no change to the rate of interest payable on fixed rate investments or the rate of interest receivable on fixed rate investments
- iv) the fair value of any investments held at fair value through other comprehensive income or profit and loss will fall / increase

The impact of i) to iii) will be reflected in the surplus or deficit on the provision of services while the impact of iv) will be reflected in the comprehensive income and expenditure for the year.

Financial assets and liabilities measured at amortised cost will see a change in their fair value as interest rates rise / fall. These changes in fair value will appear as disclosures in the notes to the accounts and will not impact on the Council's financial performance for the year.

At present the majority of the Council's long term loans are fixed rate loans. Loans at fixed rates of interest provide the Council with certainty of interest cost and also shield the Council from increases in long term interest rates.

Had short term and long-term interest rates been 1% higher during 2023-24 but all other circumstances been the same, the financial effect would be:

Impact of a 1.0% increase in interest rates	£000
Increase in interest receivable on variable rate investments	-1,899
Increase in interest payable on variable rate loans	14
Impact on Income and Expenditure Statement	-1,885
Reduction in the fair value of fixed rate borrowing (notional impact only)	-22,183
Reduction in the fair value of fixed rate investments (notional impact only)	n/a
Impact of a 5.0% fall in equity prices	£000
Reduction in the fair value of pooled fund investments	197
Impact of a 5.0% fall in commercial property prices	£000
Reduction in the fair value of pooled fund investments	211

Price Risk

This is the risk of financial loss as a consequence of adverse interest rate and stock / bond market movements.

The Council's investment in a pooled property fund is subject to the risk of falling commercial property prices. This risk is limited by the Council's maximum exposure to any individual pooled property fund being £10 million. A 5% fall in commercial property prices at 31 March 2024 would result in a £211,000 (31 March 2023: £219,000) charge to Financing and Investment Income in the CIES and this would then have a statutory override applied to move to the Financial Instrument Revaluation Reserve in the balance sheet.

The Council's investment in pooled equity funds is also subject to the risk of falling share prices. This risk is limited by the Council's maximum exposure to any single pooled equity fund being £10 million. A 5% fall in share prices at 31 March 2024 would result in a £197,000 (2023: £197,000) charge to Financing and Investment Income in the CIES and this would then have a statutory override applied to move to the Financial Instrument Revaluation Reserve in the balance sheet.

47. Trust Funds

During 2023-24, Cheshire West and Chester Council acted as sole trustee for six charitable trusts. The trusts, shown below do not represent assets of the Council and have not been included in the Council's Balance Sheet.

Please note values are £, not £000.

Trust Funds	2023-24				
	Income £	Expenditure £	Assets £	Liabilities £	Reserves £
Castle Park Trust The building and park land were given to the former Runcorn Rural District Council in 1933 to hold on trust for the public benefit of the area	-156,724	113,778	902,616	-4,952	-897,664
The Grosvenor Park A park for the enjoyment and recreation of the inhabitants of the city	-23,314	23,314	3,172,260	0	-3,172,260
Johnston Recreation Ground Held for the general benefit of the residents of Willaston	-535	0	4,067	0	-4,067
Little Sutton Reading and Recreation Rooms Held for the general benefit of the residents of Little Sutton	0	0	2,479	0	-2,479
Fred Venables Literary Trust Established in 1998 to provide annual book prizes to young people attending secondary schools	0	0	12,099	0	-12,099
Reg Chrimes Trust for the Arts Established in 1999 for the promotion and development of the arts in the borough of Ellesmere Port and Neston	0	0	13,427	0	-13,427

Trust Funds	2022-23				
	Income £	Expenditure £	Assets £	Liabilities £	Reserves £
Castle Park Trust	-138,274	109,497	853,048	-1,471	-851,577
The Grosvenor Park	-45,208	45,208	3,172,260	0	-3,172,260
Johnston Recreation Ground	-515	0	3,532	0	-3,532
Little Sutton Reading and Recreation Rooms	0	0	2,479	0	-2,479
Fred Venables Literary Trust	0	0	12,099	0	-12,099
Reg Chrimes Trust for the Arts	0	0	13,427	0	-13,427

In respect of the following charities, Cheshire West and Chester Council do not hold or administer their funds. These are administered by the charity trustees but advice may be given by Council Officers (Finance, Legal, and Democratic Services) and Members may be appointed as trustees.

- The Cheshire West and Chester Chairman's Trust
- The Fred Venables Higher Education Trust
- Lion Salt Works Trust
- Charity of Nessie Mathews and John Monk
- The Mayor of Chester Charity Fund

Cheshire West and Chester Council
Supplementary Financial Statement
Housing Revenue Account

Supplementary Financial Statements – Housing Revenue Account

The Housing Revenue Account (HRA) Income and Expenditure Statement shows the economic cost in the year of providing housing services in accordance with generally accepted accounting practices, rather than the amount to be funded from rents and government grants. Authorities charge rents to cover expenditure in accordance with the legislative framework; this may be different from the accounting cost. The increase or decrease in the year, on the basis on which rents are raised, is shown in the movement on the HRA Statement.

Housing Revenue Account (HRA) Income and Expenditure Statement	2023-24	2022-23
	£000	£000
Expenditure		
Repairs and Maintenance	6,594	5,310
Supervision & Management	6,055	4,775
Special Services	125	101
Depreciation & impairment of non-current assets	5,552	4,219
Total Expenditure	18,326	14,405
Income		
Dwelling Rents	-24,462	-23,019
Non-dwelling rents	-409	-429
Charges for services and facilities	-118	-113
Contributions towards expenditure	-79	-115
Total Income	-25,068	-23,676
Net cost of HRA Services as included in the CIES	-6,742	-9,271
HRA services' share of Corporate and Democratic Core	4	4
Net Income/Expenditure for HRA Services	-6,738	-9,267
HRA share of the operating income and expenditure included in the CIES		
(Gain) or Loss on sale of HRA non-current assets	-325	-27
Interest payable and similar charges	2,113	2,187
Interest and Investment Income	-340	-158
Movement in the allowance for bad debts	401	310
(Surplus) or deficit for the year on HRA Services	-4,889	-6,955

Notes to the Housing Revenue Account

Movement on the Housing Revenue Account Statement 2023-24

Movement on the HRA	2023-24	2022-23
	£000	£000
Balance of HRA at the end of the previous year	-694	-670
(Surplus) for the year on the HRA Income and Expenditure Account	-4,889	-6,955
Adjustments between accounting basis and funding under statute	4,777	6,862
Net (increase) or decrease before transfers to reserves	-112	-93
Transfer to (from) reserves	69	69
(Increase) or decrease on the HRA	-43	-24
Balance on the HRA at the end of the year	-737	-694

Adjustments between accounting basis and funding under statute	2023-24 £000	2022-23 £000
Difference between interest payable and similar charges including amortisation of premiums and discounts	0	0
Differences relating to other items of income and expenditure: (Gain) or loss on the sale on non current HRA assets		
- Sale proceeds	1,068	2,296
- Carrying amount of assets	-743	-2,269
Differences relating to changes in property values:		
- Reversal of revaluation (losses)/gains on HRA Properties	-784	-13
- Funding of depreciation from Capital Adjustment Account	-4,767	-4,206
Transfers to the Major Repairs Reserve		
- Funding set aside for capital expenditure	6,411	3,036
- Funding for future debt repayment /MRA equivalent sum	3,592	8,018
Total Adjustments	4,777	6,862

1. The number and types of dwellings and garages in the housing stock at 31 March

Housing Stock	2023-24 No.	2022-23 No.
Houses	2,899	2,909
Flats	1,744	1,733
Bungalows	625	627
Maisonettes	74	74
Total Dwellings	5,342	5,343
Garages	1,167	1,181

2. Housing stock valuations at 31 March

Housing Stock Valuations	2023-24 £000	2022-23 £000
Property Plant and Equipment		
- Dwellings	226,463	229,562
- Garages	3,260	3,368
Total	229,723	232,930

3. Vacant possession value of dwellings at 31 March

Dwellings Value	2023-24 £000	2022-23 £000
Market value - Vacant possession	560,596	570,835
Existing use value for social housing	224,237	227,259
Shared Ownership	2,226	2,303
Difference between market value and balance sheet value	334,133	341,273

The difference between market value and the Balance Sheet value for dwellings represents the economic cost to the Government of providing council housing at less than open market rents. The vacant property adjustment factor for NW England is 40% for 2023-24.

4. Major Repairs Reserve for the year ending 31 March

Major Repairs Reserve	2023-24 £000	2022-23 £000
Balance brought forward	-9,565	-15,651
Debt repayment	3,592	8,018
Set aside voluntary debt repayment	0	0
Transfer of MRA equivalent sum	-4,661	-4,202
Revenue contribution to capital	-5,342	-6,810
Less capital expenditure financed from Reserve	9,139	9,080
Balance Carried Forward	-6,837	-9,565

5. Housing repairs expenditure for the year ending 31 March

Housing repairs	2023-24 £000	2022-23 £000
Housing repairs	6,594	5,310
Total	6,594	5,310

6. Capital expenditure in the year ending 31 March

Capital work	2023-24 £000	2022-23 £000
Existing Dwellings	10,667	9,080
Assets under construction	0	0
Total	10,667	9,080
Funded by:		
Borrowing	0	0
Usable capital receipts, grants & contributions	-1,529	0
Major Repairs Reserve	-9,138	-9,080
Total Funding	-10,667	-9,080

7. Capital receipts from disposal of assets in the year ending 31 March

Capital receipts	2023-24 £000	2022-23 £000
Disposal of dwellings	1,068	2,296
Total from disposals	1,068	2,296

8. Depreciation in the year ending 31 March

Depreciation	2023-24 £000	2022-23 £000
Property, Plant and Equipment	4,767	4,206
Total	4,767	4,206

9. Rent Arrears at 31 March

Rent Arrears	2023-24 £000	2022-23 £000
Current tenants	1,430	1,441
Former tenants	1,587	1,334
Total arrears	3,017	2,775
Deduct - impairment allowance	-2,154	-1,873
Net arrears	863	902

Cheshire West and Chester Council
Supplementary Financial Statement
Collection Fund

Supplementary Financial Statements - Collection Fund

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 central government of council tax and non-domestic rates.

Collection fund for the year ended 31 March 2024

Collection Fund Statement	2023-24			2022-23		
	Non Domestic Rates £000	Council Tax £000	Total £000	Non Domestic Rates £000	Council Tax £000	Total £000
Income						
Council Tax Receivable	0	-278,896	-278,896	0	-262,638	-262,638
Non Domestic Rates	-143,575	0	-143,575	-139,004	0	-139,004
Transitional Relief	-5,230	1	-5,229	424	1	425
	-148,805	-278,895	-427,700	-138,580	-262,637	-401,217
Prior Year Surplus/(Deficit)						
Central Government	5,634	0	5,634	-15,533	0	-15,533
Cheshire West and Chester	5,522	1,831	7,353	-15,222	1,399	-13,823
Police Authority	0	250	250	0	188	188
Fire Authority	113	86	199	-311	66	-245
	11,269	2,167	13,436	-31,066	1,653	-29,413
Precepts Demands and Shares						
Central Government	68,646	0	68,646	64,633	0	64,633
Cheshire West and Chester	67,383	228,934	296,317	63,560	214,448	278,008
Police Authority	0	31,950	31,950	0	29,540	29,540
Fire Authority	1,375	11,160	12,535	1,297	10,348	11,645
Town and Parish Councils	0	4,721	4,721	0	4,252	4,252
	137,404	276,765	414,169	129,490	258,588	388,078
Charges to Collection Fund						
Write offs	1,029	1,108	2,137	741	699	1,440
More/(less) Bad Debt	202	921	1,123	618	1,403	2,021
More/(less) Appeals	2,785	0	2,785	-1,346	0	-1,346
Disregarded amounts	2,302	-663	1,639	1,172	-165	1,007
Cost of Collection	491	0	491	490	0	490
	6,809	1,366	8,175	1,675	1,937	3,612
In Year Movement on Fund	6,677	1,403	8,080	-38,481	-459	-38,940
Opening Fund Balance	-16,798	-2,567	-19,365	21,683	-2,108	19,575
Closing Fund Balance (surplus) /	-10,121	-1,164	-11,285	-16,798	-2,567	-19,365

Non-domestic rates

The Council is responsible for collecting non-domestic rates from businesses located within the area on behalf of itself, central government and Cheshire Fire Authority. The total rateable value of all business properties within the Council's area at the end of March 2024 is £406.9m. The business rates paid by a business for a property within the Council area equate to the rateable value multiplied by a rate set by central government (the multiplier). The multiplier charged is based on the rateable value of the property as follows:

Rateable Value	2023-24 multiplier
Up to £51,000	0.499
Over £51,000	0.512

The following table shows how the surplus on the non-domestic rates collection fund on 31 March 2024 is due to be allocated to partners in 2024-25.

Non-Domestic Rates	Central Govt £000	CW&C £000	Cheshire Fire £000	Total £000
Surplus/(Deficit) at 31 March 2024	5,061	4,959	101	10,121
To be distributed 2024-25 (from prior year)	-2,765	-2,710	-55	-5,530
Remaining Surplus/(Deficit)	2,296	2,249	46	4,591

The remaining surplus of £4.591m will be available for distribution in 2025-26.

Council Tax

The Council is responsible for collecting council tax from its residents on behalf of itself, Cheshire Police Authority and Cheshire Fire Authority. At the time of setting council tax for 2023-24, the tax base was estimated as 127,573.9 band D equivalent properties. The table below shows the number of band D equivalent properties in each valuation band.

Band	Number of Properties (after discounts)	Band Ratio	Band D Equivalent 2023-24	Band D Equivalent 2022-23
Disabled A	95	5/9	52.7	45.6
A	26,334	6/9	17,555.7	17,207.3
B	36,887	7/9	28,689.6	28,252.2
C	30,946	8/9	27,507.8	27,119.3
D	20,028	9/9	20,027.8	19,647.1
E	12,992	11/9	15,877.7	15,591.9
F	6,703	13/9	9,681.7	9,544.9
G	4,574	15/9	7,624.1	7,508.3
H	278	18/9	556.8	548.0
	138,837		127,573.9	125,464.6

The following table shows how the surplus on the council tax collection fund on 31 March 2024 is due to be allocated to partners in 2024-25.

Council Tax	CW&C £000	Cheshire Police £000	Cheshire Fire £000	Total £000
Surplus/(Deficit) at 31 March 2024	982	134	48	1,164
To be distributed 2024-25 (from prior year)	-1,649	-225	-79	-1,953
Remaining Surplus/(Deficit)	-667	-91	-31	-789

The resulting deficit of £0.8m will be recovered in 2025-26.

Cheshire Pension Fund Accounts

Cheshire Pension Fund - Fund Account for the year ended 31 March 2024

	Notes	2023-24 £000	2022-23 £000
Contributions and Benefits			
Contributions Receivable			
From Employers		169,228	161,348
From Employees		48,059	44,725
Total Contributions Receivable	6/6a	217,287	206,073
Transfers in from Other Schemes	7	15,265	12,896
Benefits Payable			
Pensions		-192,989	-173,099
Lump Sums		-38,288	-31,497
Death Benefits		-5,640	-4,817
Total Benefits Payable	8	-236,917	-209,413
Payments to and on account of Leavers			
Refund of Contributions		-538	-514
Transfers to Other Schemes		-12,753	-15,760
	9	-13,291	-16,274
Net Additions / (withdrawals) from dealing with members		-17,656	-6,718
Management Expenses	10/10a	-27,683	-26,152
Returns on Investments			
Investment Income	11	39,781	34,881
Taxes on Income	12	676	-80
Profits and losses on disposal of investments and changes in the market value of investments	13f	375,981	-704,284
Net Returns On Investments		416,438	-669,483
Net Increase/(Decrease) in the Fund During the Year		371,099	-702,353
Opening Net Assets of the Scheme		6,265,627	6,967,980
Closing Net Assets of the Scheme		6,636,726	6,265,627

Cheshire Pension Fund - Net Assets Statement as at 31 March 2024

	Notes	2023-24 £000	2022-23 £000
Investment Assets	13/f, 17/18/19	6,628,499	6,254,040
Long Term Debtors	22	832	661
Current Assets	23	20,446	23,224
Current Liabilities	24	-13,051	-12,298
Total Net Assets		6,636,726	6,265,627

Note 1 – Description of the Fund

The Cheshire Pension Fund (the Fund) is part of the Local Government Pension Scheme (LGPS) and is administered by Cheshire West and Chester Council (the Council). The Council is the reporting entity for this pension fund.

The following description is a summary only. For more detail, reference should be made to the Cheshire Pension Fund Annual Report and the underlying statutory powers underpinning the scheme.

The scheme is governed by the Public Service Pensions Act 2013 and is administered in accordance with the following secondary legislation:

- The LGPS Regulations 2013 (as amended)
- The LGPS (Transitional Provisions, Savings and Amendment) Regulations 2014 (as amended)
- The LGPS (Management and Investment of Funds) Regulations 2016

The LGPS is a statutory, defined benefit, funded pension scheme. The Fund is administered by the Council to provide pensions and other benefits for pensionable employees of Cheshire West and Chester, Cheshire East, Halton and Warrington Borough Councils and a range of other scheduled and admitted bodies within the County of Cheshire area. The Fund excludes provision for teachers, fire fighters and police officers as they come within other national pension schemes. A full list of the employers contributing into the Fund is shown at the end of the Fund's Statement of Accounts.

Responsibility for managing the Fund lies with the full Council of Cheshire West and Chester Council. The Council has delegated responsibility for the Fund's affairs to the Chief Operating Officer, who is also the Section 151 Officer. The Chief Operating Officer is advised by the Pension Fund Committee with external advice from Mercer, the Fund's appointed investment consultant, and Hymans Robertson the appointed actuary. The Council's Audit and Governance Committee oversees the Council's arrangements for the Fund.

The Local Pension Board was established with effect from the 1 April 2015 in accordance with the Public Service Pensions Act 2013. The role of the Board, as defined in regulations, is to assist the Administering Authority to ensure the effective and efficient governance and administration of the Fund. The Board is comprised of two Employer Representatives (including one Cheshire West and Chester nominated Councillor), two Scheme Member representatives, and one independent chair (non-voting).

The Cheshire Pension Fund operates four investment strategies each with different allocations to growth assets and diversifying and matching assets reflecting the differing pension liabilities and funding positions of employers. At 1 April 2023 the four strategies were as follows:

	Growth	Diversifying and Matching
Open Employers	50%	50%
Academies	55%	45%
Exiting Employers	50%	50%
Exited Employers	0%	100%

To manage the Fund's assets in accordance with its investment strategy, the Council had eleven appointed external investment managers as at 31 March 2024 who each have specific responsibility for part of the Fund's investment portfolio in addition to the LGPS Central asset pool.

As part of investment pooling, the Fund is continuing to transfer assets to LGPS Central Ltd, its jointly owned pooling delivery company. As at the 31 March 2024 LGPS Central Ltd managed £2,038m (31 March 2023: £1,798m) of the Fund's assets with additional private market commitments of £489m (31 March 2023: £515m) to be drawn down.

The Council uses the services of Bank of New York Mellon Asset Servicing to independently monitor the performance of the investment strategy as a whole and the contributions of individual managers. Performance is monitored against the Fund's tailored asset allocation benchmark rather than to a peer group benchmark.

Bank of New York Mellon Asset Servicing reported that for the year ending 31 March 2024 the Fund achieved a positive return from its investments of 6.4% (2022-23 negative return of -9.8%) compared with the Fund's tailored benchmark return of 4.9% (-8.4% in 2022-23). For the three years ending 31 March 2024 the Fund achieved an annualised return of 0.8% per annum against the Fund's benchmark return of 0.5% per annum.

Membership

In accordance with the Government's Automatic Enrolment Legislation, eligible employees are automatically enrolled into the LGPS from their first day of employment. However membership of the LGPS is voluntary and after auto enrolment employees are able to choose whether to remain in the scheme, opt out of the scheme, re-join at a later date or to make their own personal arrangements outside of the scheme.

Organisations participating in the Fund include:

- Scheduled bodies (scheme employers), which are local authorities and similar bodies whose staff are automatically entitled to be members of the Fund; and
- Admitted bodies, which are other organisations that participate in the Fund under an admission agreement between the Fund and the relevant organisation. Admitted bodies include voluntary, charitable and similar bodies or private contractors undertaking public sector authority functions following outsourcing.

In the year to 31 March 2024 a total of 341 employer organisations, including the Administering Authority itself, contributed into the Fund. The membership figures as at 31 March 2023 and 2024 are a snapshot of the Funds pensions administration database at this date and the categorisation of members between the active, deferred and pensioner categories is subject to change as the Fund completes backlog casework and receives information from members and employers to complete processes in progress as at this date.

Cheshire Pension Fund	31-Mar-24	31-Mar-23
Number of employers making contributions into the fund	341	328
Number of employees in the scheme		
Cheshire West and Chester Council	8,717	7,982
Other employers	36,536	34,040
Total	45,253	42,022
Number of pensioners		
Cheshire West and Chester Council	4,003	3,687
Other employers	31,047	29,929
Total	35,050	33,616
Number of Deferred pensioners		
Cheshire West and Chester Council	4,977	5,157
Other employers	26,645	27,147
Total	31,622	32,304
Undecided Leavers	2,810	2,578
Total Membership	114,735	110,520

Funding

Benefits are funded by contributions and investment earnings.

Contributions are made by active members of the Fund in accordance with the LGPS Regulations 2013 and range from 5.5% to 12.5% of pensionable pay for the financial year ending 31 March 2024.

In addition to employee contributions, employers pay contributions into the Fund which are set through triennial actuarial valuations. The last such valuation was at 31 March 2022 which set employer contribution rates for the 3 year period commencing 1 April 2023 and ending 31 March 2026. Details of employer rates can be found in the Fund valuation report available on the Fund's website.

Benefits

From 1 April 2014, the LGPS became a career average revalued earnings (CARE) scheme, whereby members accrue benefits based on their pensionable pay each year at an accrual rate of 1/49th. The accrued pension is inflated annually in line with the Consumer Prices Index.

There are a range of other benefits provided under the scheme including early retirement, disability pensions and death benefits. For details, please refer to the scheme handbook which is available from the Fund or visit the website www.cheshirepensionfund.org. Prior to 1 April 2014, LGPS pension benefits were based on final pensionable pay and length of pensionable service, summarised below:

Service pre 1 April 2008	Service post 31 March 2008 to 31 March 2014
Pension	Pension
Each year worked is worth 1/80 x final pensionable salary.	Each year worked is worth 1/60 x final pensionable salary.
Lump sum	Lump Sum

Automatic lump sum of 3 x pension.	No automatic lump sum
In addition, part of the annual pension can be exchanged for a one-off tax free cash payment. A lump sum of £12 is paid for each £1 of pension given up.	Part of the annual pension can be exchanged for a one-off tax free cash payment. A lump sum of £12 is paid for each £1 of pension given up

Note 2 – Basis of Preparation

The Statement of Accounts summarises the Fund's transactions for the 2023-24 financial year and its position as at year ending 31 March 2024. The accounts have been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2023-24 which is based upon International Financial Reporting Standards (IFRS), as amended for the UK public sector. The accounts have been prepared on a going concern basis.

IFRS standards that are issued but not yet effective

The Code requires the disclosure of any accounting standards issued but not yet adopted. IFRS 16, introduced on 1 January 2019, is due to be adopted by the Code for accounting periods commencing on or after 1 April 2024. This new accounting standard largely removes the distinction between operating and finance leases. However, the implementation of IFRS 16 is not expected to have a material impact on the Fund.

The accounts summarise the transactions of the Fund and report on the net assets available to pay pension benefits. The accounts do not take account of obligations to pay pensions and benefits which fall due after the end of the financial year. The actuarial present value of promised retirement benefits, valued on an International Accounting Standard (IAS) 19 basis, is appended to the statement of accounts. Further information is included within Note 21 of these accounts.

Note 3 – Summary of significant accounting policies

Fund Account – revenue recognition

a) Contribution income

Normal (primary) contributions, both from the members and from the employers, are accounted for on an accruals basis at the percentage rate of pensionable pay set in regulations or recommended by the Fund actuary in the payroll period to which they relate.

Employer deficit (secondary) funding contributions are accounted for on the due dates on which they are payable under the schedule of contributions set by the Fund actuary or on receipt if earlier than the due date.

Employers' augmentation contributions and pensions strain contributions are accounted for in the period in which the liability arises. Any amount due in year but unpaid will be classed as a current financial asset. Amounts not due until future years are classed as long-term assets.

b) Transfers to and from other schemes

Transfer values represent the amounts received and paid during the year for members who have either joined or left the Fund during the financial year, and are calculated in accordance with the Local Government Pension Scheme regulations (see notes 7 and 9).

Individual transfers in/out are accounted for when they are received/paid, which is normally when the member liability is accepted or discharged.

Transfers in from members wishing to use the proceeds of their additional voluntary contributions (see below) to purchase scheme benefits are accounted for on a receipts basis and are included in Transfers In (see Note 7).

Bulk (group) transfers are accounted for on a cash basis once terms have been agreed and payment made to/from the respective fund.

c) Investment income

Interest income is recognised in the fund account as it accrues, using the effective interest rate of the financial instrument as at the date of acquisition or origination.

Dividend income is recognised on the date the shares are quoted ex-dividend. Any amount not received by the end of the reporting period is disclosed in the net assets statement as a current financial asset.

Distributions from pooled funds are recognised within investment income at the date of issue. Any amount not received by the end of the reporting period is disclosed in the net assets statement as a current financial asset. Any other income from pooled investments is automatically reinvested within the fund and reflected in the unit price and resultant market value of these investments.

Property related income consists primarily of rental income. Rental income from operating leases on properties owned by the Fund is recognised on a straight-line basis over the term of the lease. Any lease incentives granted are recognised as an integral part of the total rental income over the term of the lease. Contingent rents based on the future amount of a factor that changes other than with the passage of time, such as turnover rents, are only recognised when contractually due.

Changes in the net market value of investments (including investment properties) are recognised as income and comprise all realised and unrealised profits/losses during the year.

Foreign income has been translated into sterling at the date of the transaction. Income from overseas investments is recorded net of any withholding tax where this cannot be recovered.

Fund account – expense items

d) Benefits payable

Pensions and lump-sum benefits payable include all amounts known to be due as at the end of the financial year. Any amounts due but unpaid are disclosed in the net assets statement as current liabilities.

e) Taxation

The Fund is a registered public service scheme under section 1 (1) of Schedule 36 of the Finance Act 2004 and as such is exempt from UK income tax on interest received and from capital gains tax on the proceeds of investments sold. Income from overseas investments suffers withholding tax in the country of origin, unless exemption is permitted. Irrecoverable tax is accounted for as a fund expense as it arises.

f) Management Expenses

The CIPFA Code of Practice on Local Authority Accounting (Code) does not require any breakdown of pension fund administration expenses. However, in the interest of greater transparency, the pension fund management expenses are accounted for in accordance with the CIPFA guidance Accounting for Local Government Pension Scheme Management Expenses (2016).

Investment Management Expenses

All investment management expenses are accounted for on an accruals basis.

Fees of the external investment managers and custodian are contractually agreed in the respective mandates governing their appointments. Broadly, these are based on the market value of the investments under their management and therefore increase or reduce as the value of these investments change.

In addition the Fund has negotiated with the following managers that an element of their fee be performance related:

- Baillie Gifford
- Darwin Alternatives

Performance related fees amounted to £2.1m in 2023-24 (£1.9m in 2022-23) for managers who outperformed their target.

Where an investment manager's fee invoice has not been received by the balance sheet date, an estimate based upon the market value of their mandate as at the end of the year is used for inclusion in the fund account. The total of fees based on estimates in 2023-24 was £5.2m relating to fees due for the quarter ending 31 March 2024 (2022-23: £4.5m).

Administration expenses

All administration expenses are accounted for on an accruals basis. All staff costs of the pension's administration team are charged directly to the Fund. Associated management, accommodation and other overheads are apportioned to this activity and charged as expenses to the Fund.

Oversight and governance costs

All oversight and governance expenses are accounted for on an accruals basis. All staff costs associated with governance and oversight are charged directly to the Fund. Associated management, accommodation and other overheads are apportioned to this activity and charged as expenses to the Fund.

Net Assets Statement

g) Financial assets

Cheshire West and Chester Council jointly owns an asset pooling company, LGPS Central Ltd, along with seven other Partner Funds. The Council's shareholding in the asset pool company is valued at £1.315m which is the transaction price i.e. cost of the investment. LGPS Central Ltd began to trade on 3 April 2018 and consequently there are only limited trading results available. As a wholly owned company of the Partner Funds its shares are not traded. The Fund's view is that the market value of this investment at 31 March 2024 cannot be reasonably assessed and that cost is therefore an appropriate estimate of fair value.

All other investment assets, with the exception of the loan to LGPS Central Ltd, are included in the financial statements on a fair value basis at the reporting date. Financial assets are included in the net assets statement on a fair value basis as at the reporting date. A financial asset is recognised in the net assets statement on the date the fund becomes party to the contractual acquisition of the asset. From this date any gains or losses arising from changes in the fair value of asset are recognised by the Fund.

The values of investments as shown in the net assets statement have been determined at fair value in accordance with the requirements of the Code and IFRS13 (see Note 18). For the purposes of disclosing levels of fair value hierarchy, the fund has adopted the classification guidelines recommended in the Practical Guidance on Investments Disclosures (PRAG/Investment Association 2016).

h) Freehold and leasehold properties

The Scheme's freehold and leasehold investment properties were valued by an external valuer, Savills. The valuations were in accordance with the requirements of the RICS Valuation-Professional Standards. The valuation of each property was on the basis of Fair Value, subject to the following assumptions:

- (i) For investment property: that the property would be sold subject to any existing leases.
- (ii) For property held for development: that the property would be sold with vacant possession in its existing condition.

The valuer's opinion of Fair Value was primarily derived using comparable recent market transactions on arm's length terms.

i) Cash and cash equivalents

Cash comprises cash in hand and on demand deposits, and includes amounts held by the Fund's external managers. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and that are subject to minimal risk of changes in value.

j) Loans and receivables

Financial assets classed as amortised cost are carried in the net asset statement at amortised cost i.e. the outstanding principal receivable as at the year end date, plus accrued interest.

k) Financial liabilities

The Fund recognises financial liabilities at fair value as at the reporting date, excluding creditors which are measured at amortised cost. A financial liability is recognised in the net assets statement on the date the Fund becomes party to the liability. From this date, any gains or losses arising from changes in the fair value of the liability are recognised by the Fund.

l) Actuarial present value of promised retirement benefits

The actuarial present value of promised retirement benefits is assessed on a triennial basis by the scheme actuary in accordance with the requirements of IAS19 Employee Benefits and relevant actuarial standards.

As permitted under the Code, the Fund has opted not to disclose the actuarial present value of promised retirements in the net assets statement, instead providing the information by reference to an accompanying actuarial report. A copy of the full actuarial calculation is appended to the Statement of Accounts.

m) Additional voluntary contributions

The Fund provides an Additional Voluntary Contributions (AVC) scheme for its members, the assets of which are invested separately from those of the pension fund.

From the 1 April 2019, Standard Life were appointed as the sole AVC provider for the Fund. Prior to 1 April 2019 the AVC providers to the members of the Fund were Scottish Widows, Standard Life and Utmost, who took over Equitable Life on 1 January 2020.

Individual member's AVC contributions are paid directly to the AVC provider by their respective employers and are specifically for providing additional benefits for individual members. AVC contributors receive an annual statement showing the amount held in their account and the movements in the year.

AVCs are not included in the accounts in accordance with section 4 (1) (b) of the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016 (SI 2009/3093) but are disclosed as a note only (Note 25).

n) Contingent assets and contingent liabilities

A contingent liability arises where an event has taken place prior to the year-end giving rise to a possible financial obligation whose existence will only be confirmed or otherwise by the occurrence of future events. Contingent liabilities can also arise in circumstances where a provision would be made, except that it is not possible at the balance sheet date to measure the value of the financial obligation reliably.

A contingent asset arises where an event has taken place giving rise to a possible asset whose existence will only be confirmed or otherwise by the occurrence of the future events.

Contingent assets and liabilities are not recognised in the net assets statement but are disclosed by way of narrative in the notes.

Note 4 – Critical judgements and key sources of estimation uncertainty

In the application of the Fund's accounting policies, which are described in Note 3, those charged with governance of the Fund are required to make judgements, estimates and assumptions about the values of assets and liabilities which are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Note 4.1 – Critical Judgements in applying accounting policies

There were no material critical judgements in 2023-24.

Note 4.2 – Assumptions made about the future and other major sources of estimation uncertainty

The Statement of Accounts contains some 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 statement of accounts 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
Pension fund liability	The pension fund liability is calculated every three years by the Fund's actuary, Hymans Robertson, with annual updates in the intervening years. The methodology used is in line with accepted guidelines and in accordance with financial standards. Assumptions underpinning the valuations are agreed with the actuary and are disclosed in the actuarial calculation which is included within the Annual Report. This estimate is not included in the net asset statement but is appended to the accounts is subject to significant variances based on changes to the underlying assumptions.	The effects on the net pension liability of changes in individual assumptions can be measured. For instance, <ul style="list-style-type: none"> A 0.5% increase in the discount rate assumption would reduce the value of the liabilities by approximately £510m. A 0.5% increase in pensions increase rate would increase the value of the liabilities by approximately £490m.

Item	Uncertainties	Effect if actual results differ from assumptions
		<ul style="list-style-type: none"> A 0.5% increase in the salaries increase rate would increase the value of the liabilities by approximately £20m.

The items in the net assets statement at 31 March 2024 include the following items of estimation uncertainty which are significant but not material to the accounts.

Item	Uncertainties	Effect if actual results differ from assumptions
Private equity	It is important to recognise the highly subjective nature of determining the fair value of private equity investments. They are inherently based on forward looking estimates and judgements involving many factors. Private equity investments are valued at fair value in accordance with International Private Equity and British Venture Capital Association guidelines. These investments are not publicly listed and as such there is a degree of estimation involved in the valuation.	<p>The total private equity investments in the financial statements are £449m (£437m 2022-23).</p> <p>There is a risk that this investment may be under or overstated in the accounts. A potential under or over statement of the value of these investments of 10% would equate to £44.9 m increase or decrease to the market value of these investments.</p>
Absolute Return funds	Absolute Return funds are valued at the sum of the fair values provided by the administrators of the underlying funds plus adjustments that the funds' directors or independent administrators judge necessary. These investments are not publicly listed and as such there is a degree of estimation involved in the valuation.	The total value of absolute return funds in the financial statements is £450m (£411m in 2022-23). There is a risk that this investment may be under or overstated in the accounts. A potential under or over statement of the value of these investments of 10% would equate to £45.0m increase or decrease to the market value of these investments.

Item	Uncertainties	Effect if actual results differ from assumptions
Property valuations	The Scheme's freehold and leasehold investment properties are valued by an external valuer, Savills, who operate entirely independently from the Fund's appointed property manager Patrizia. The valuations are made in accordance with the requirements of the RICS Valuation-Professional Standards. The valuer's opinion of Fair Value is primarily derived using comparable recent market transactions and therefore involves a degree of judgement and estimation.	The total value of direct property investments in the financial statements is £369m (£383m in 2022-23). There is a risk that this investment may be under or overstated in the accounts. A potential under or over statement of the value of these investments of 10% would equate to £36.9m increase or decrease to the market value of these investments.

See Note 18 for a full list of possible market movements.

Note 5 – Events after the Balance Sheet date

These are events, both favourable and unfavourable, that occur between the end of the reporting period and the date when the financial statements are authorised for issue. Two types of events can be identified:

- a) Those that provide evidence of conditions that existed at the end of the reporting period (adjusting events after the reporting period), and
- b) Those that are indicative of conditions that arose after the reporting period (non-adjusting events after the reporting period).

There are no events after the balance sheet date to report.

Note 6 – Contributions Receivable	2023-24 £000	2022-23 £000
Employees Normal Contributions	48,059	44,725
Employers Normal Contributions	163,923	144,134
Employers Deficit Funding	2,873	15,753
Employers Cost of Early Retirements (pension strain)	2,432	1,461
Total Employers Contributions	169,228	161,348
Total Employees and Employers Contributions	217,287	206,073

The cost of early retirements represents the contributions from Employers to meet the capitalised costs of discretionary early retirements. The Fund recharges Employers for such costs and the income received is made up of both one-off lump sum payments and instalments.

The accounts recognise the full cost due from employers for early retirement contributions based on the date the scheme member left the scheme regardless of whether scheme employers have the option of paying over more than one year.

Note 6a – Analysis of Contributions Receivable	2023-24		2022-23	
	Employers	Employees	Employers	Employees
	£000	£000	£000	£000
Scheme Employers	125,554	34,663	112,760	31,830
Cheshire West & Chester Council	31,652	9,645	31,647	9,013
Community Admission Bodies	9,411	3,254	14,668	3,356
Transferee Admission Bodies	2,611	497	2,273	526
Total	169,228	48,059	161,348	44,725

Note 7 – Transfers in from other Pension Funds	2023-24 £000	2022-23 £000
Transfers from other Local Authorities	9,546	10,386
Transfers from other pension funds	5,719	2,510
Total	15,265	12,896

Note 8 – Benefits payable	2023-24 £000	2022-23 £000
Scheme Employers	149,534	130,820
Cheshire West & Chester Council	61,734	55,072
Community Admission Bodies	19,677	18,106
Transferee Admission Bodies	5,972	5,415
Total	236,917	209,413

Note 9 – Payment to and on account of leavers	2023-24 £000	2022-23 £000
Individual transfers out	12,753	15,760
Refunds to Members leaving service	538	514
Total	13,291	16,274

The transfer out figure will vary year on year depending on the number of people that move to employers outside of the Fund and the value of the pension accrued for these individuals.

The refunds to members leaving service relates to members who opted out of the scheme within two years of joining.

Note 10 – Management Expenses	2023-24 £000	2022-23 £000
Investment management expenses	22,319	21,285
Administration costs	3,112	2,774
Oversight and governance costs	2,252	2,093
Total	27,683	26,152

No costs have been included for carried interest. Included within the investment management expenses and oversight and governance costs are fees paid to LGPS Central Ltd, further details of these fees paid and the amounts are included in Note 26- Related Party Transactions.

In addition to these costs, indirect costs are incurred through the bid-offer spread on investment sales and purchases. These are reflected in the cost of investment acquisitions and in the proceeds of sales from investments (see Note 13f).

Note 10a – Investment Management Expenses 2023-24	Total £000	Management Fees £000	Performance related fees £000	Transaction Costs £000
Equities	5,540	3,334	2,069	137
Pooled Investments	9,331	9,331		
Pooled Property	505	505		
Private Equity	4,988	4,988		
Private Debt	739	739		
Property	1,108	1,108		
	22,211	20,005	2,069	137
Custody fees	108			
Total	22,319			

Note 10a – Investment Management Expenses 2022-23	Total £000	Management Fees £000	Performance related fees £000	Transaction Costs £000
Equities	4,932	3,111	1,683	138
Pooled Investments	8,797	8,797	0	0
Pooled Property	796	613	183	0
Private Equity	4,733	4,733	0	0
Private Debt	695	695	0	0
Property	1,210	1,210	0	0
	21,163	19,159	1,866	138
Custody fees	122			
Total	21,285			

Note 10b – External Audit Costs	2023-24 £000	2022-23 £000
Payable in respect of external audit	95	69
Payable in respect of other services	13	30
Total	108	99

Fees in respect of other services relates to work completed in respect of the IAS19 process which is an audit related non-audit service.

Note 11 – Investment Income	2023-24 £000	2022-23 £000
Net Rents from Properties	21,466	18,008
Income from Fixed Interest Securities	13,179	9,836
Dividends from Equities	410	977
Other	6	12
Interest from Cash Deposits	4,699	5,509
Income from Pooled Property	3	401
Stock Lending	18	138
Total	39,781	34,881

No investment income has been recognised for private market investments. Calls and distributions in relation to these investments are accounted for within the private equity sales and purchases figures in Note 13f.

Note 12 – Taxes on income	2023-24 £000	2022-23 £000
Withholding tax - Equities	-676	80
Total	-676	80

The Fund is exempt from UK income tax on interest and from capital gains tax on the profits resulting from the sale of investments.

The Fund is exempt from United States withholding tax on dividends and can recover all or part of the withholding tax deducted in some other countries. The amount of withholding tax deducted from overseas dividends which the Fund is unable to reclaim in 2023-24 amounted to £65k (2022-23: £80k) however in 2023-24 the Fund received income of £741k as a result of a successful reclaim of French tax in relation to prior years leading to an income figure in the year for tax of £676k.

As Cheshire West and Chester Council is the administering authority for the Fund, VAT input tax is recoverable on all Fund activities including expenditure on investment and property expenses.

Note 13 – Investments	2023-24	2022-23
Investment Assets	£000	£000
Equities	332,508	263,818
Pooled Investments		
UK Government Index Linked Gilts	1,362,490	1,294,500
Fixed Income - Multi Strategy	1,291,863	1,196,173
UK Equity Listed	1,910,559	1,803,663
Infrastructure	111,547	95,183
Hedge Funds	450,017	410,542
	5,126,476	4,800,061
Other Investments		
Pooled Property Investments	70,062	91,177
Directly Managed Property	368,910	383,235
Private Equity	448,909	436,522
Private Debt	182,401	92,034
	1,070,282	1,002,968
Cash Deposits	94,084	181,298
Loans	685	686
Other investment balances:		
Outstanding dividends entitlements and withholding tax claims	4,464	5,209
Total	6,628,499	6,254,040

During the year, as part of a rebalancing exercise in line with the Fund's Investment Strategy Statement, the Fund redeemed £120m from LGPS Central Multi Factor Climate Fund (within UK Listed Equities) and utilised £40m of reserve cash balances to top up its allocation to UK Index Linked Gilts by £160m.

Cash balances reduced in year as funds were called into private market funds in relation to infrastructure, private equity and private debt, which the Fund had committed to in line with its strategic asset allocation model. Cash balances were topped up by a £40m redemption from the LGIM FTSE Developed Core Infrastructure Index Fund towards the end of the year to ensure there were sufficient cash balances to pay calls to private market funds as they fall due.

Note 13a – Fixed Income Multi Strategy

The Fund has invested in five pooled fixed income investment vehicles managed separately by Janus Henderson Investors, BlueBay, M&G and LGPS Central. The market value of investments with each manager as at the 31 March 2024 was:

- £236m in Janus Henderson Investors (2022-23: £228m),
- £473m (2022-23: £431m) in BlueBay,
- £292m in M&G Alpha Opportunities Fund (2022-23: £272m).
- £142m in LGPS Central Emerging Market Debt Fund (2022-23: £126m)
- £149m in LGPS Central Multi Asset Credit Fund (2022-23 £139m)

The underlying assets of these pooled vehicles are invested by the managers in diversified portfolios of a wide range of fixed income assets including Government Bonds (UK and Overseas), Corporate Bonds, High Yield Bonds, Emerging Market Bonds, Asset and Mortgage Backed Securities, Secured Loans and currency. Within these mandates, each manager may use derivative instruments to manage their exposure to specific risks arising from its investment activities.

Note 13b – Absolute Return Funds	Strategy	2023-24 £000	2022-23 £000
Blackstone	Hedge Fund of Funds	450,017	410,542
Total		450,017	410,542

Note 13c – Private Equity	Number of Funds	2023-24 £000	2022-23 £000
Pantheon Ventures	13	245,136	238,223
Adam Street Partners	21	165,123	172,966
LGPS Central Ltd	5	38,557	25,186
Lexington Partners	1	93	147
Total	40	448,909	436,522

Note 13d – Loans

The Fund has a £685k loan advanced to LGPS Central Ltd in January 2018. The interest accrued on the loan for the year is £65k. The loan is held at amortised cost in the statement of accounts at a value of £750k at 31 March 2024 (31 March 2023: £732k).

Note 13e – Cash	2023-24 £000	2022-23 £000
Cash Instruments	61,543	161,768
Cash Deposits	32,541	19,530
Total	94,084	181,298

Note 13f – Reconciliation of movements in Investments

	Fair Value at 31 March 2023	Purchases at cost and derivative payments	Sales proceeds and derivative receipts	Change in Fair value	Fair Value at 31 March 2024
	£000	£000	£000	£000	£000
Equities	263,818	50,799	-50,010	67,901	332,508
Pooled Investments	4,800,061	179,173	-174,625	321,867	5,126,476
Pooled Property Investment	91,177	0	-757	-20,358	70,062
Directly Managed Property	383,235	1,399	-350	-15,374	368,910
Private Equity	436,522	42,272	-42,257	12,372	448,909
Private Debt	92,034	85,527	-4,733	9,573	182,401
Loans	686		-1	0	685
	6,067,533	359,170	-272,733	375,981	6,529,951
Derivatives	0				0
Cash and Cash Equivalents	181,298				94,084
	6,248,831	359,170	-272,733	375,981	6,624,035
Outstanding dividend entitlements, accrued interest and recoverable withholding tax	5,209				4,464
Net Investments	6,254,040	359,170	-272,733	375,981	6,628,499

	Fair Value at 31 March 2022	Purchases at cost and derivative payments	Sales proceeds and derivative receipts	Change in Fair value	Fair Value at 31 March 2023
	£000	£000	£000	£000	£000
Equities	607,359	35,496	-336,170	-42,867	263,818
Pooled Investments	4,964,631	527,553	-74,445	-617,678	4,800,061
Pooled Property Investment	90,152	0	-2,327	3,352	91,177
Directly Managed Property	441,300	1,764	-2,700	-57,129	383,235
Private Equity	408,520	55,148	-35,298	8,152	436,522
Private Debt	6,054	90,316	-5,228	892	92,034
Loans	686	0	0	0	686
	6,518,702	710,277	-456,168	-705,278	6,067,533
Derivatives	0	3	-997	994	0
Cash and Cash Equivalents	436,921				181,298
	6,955,623	710,280	-457,165	-704,284	6,248,831
Outstanding dividend entitlements, accrued interest and recoverable withholding tax	3,135				5,209
Net Investments	6,958,758	710,280	-457,165	-704,284	6,254,040

Note 14 – Stock Lending

In accordance with the LGPS (Management and Investment of Funds) Regulations 2016, the Fund allows its stock to be lent, provided that the total value of the securities loaned out does not exceed 25% of the total Fund value.

The Fund has entered into a stock lending programme managed by its custodian the Bank of New York Mellon. The market value of the securities at year end is taken from prices from a number of reputable vendors in accordance with the Bank of New York Mellon pricing policy.

In addition, LGPS Central Ltd operate a stock lending programme in respect of their pooled equity funds such as the Global Active Equity Fund, in which the Cheshire Pension Fund invests.

During the year ended 31 March 2024 the Fund earned £18k (2022-23: £138k) of income from its stock lending activities.

At the balance sheet date, the value of aggregate stock on loan was £3.3m (2022-23: £14.9m) and the value of collateral held was £3.5m (2022-23: £15.8m).

Note 15 Property Holdings

The Fund's investment in property comprises investments in pooled property funds and a number of directly owned properties which are leased commercially to various tenants. Details of income from these directly owned properties are below:

Note 15a – Property Income	2023-24 £000	2022-23 £000
Rental Income	23,897	20,598
Direct Operating Expenses	-2,431	-2,590
Balance at the end of the year	21,466	18,008

Note 15b – Fair Value of Investment Properties	2023-24 £000	2022-23 £000
Balance at the start of the year	383,235	441,300
Disposals	-350	-2,700
Capital Expenditure	1,399	1,764
Net gain/loss on fair value	-15,374	-57,129
Balance at the end of the year	368,910	383,235

During the year the Fund did not purchase any investment properties. The Fund disposed of one property in the year.

Investment properties were independently valued by Savills as at 31 March 2024.

At the year-end there were no restrictions on the Fund's ability to realise investment property or the remittance of proceeds of disposals.

Contractual obligations for development, repairs and maintenance amount to £4.0m (£4.1m in 2022-23).

Note 16 – Operating Leases

The Fund's property portfolio comprises a variety of units which are leased to organisations with the objective of generating an appropriate investment return.

These leases are all categorised as operating leases due to the relatively short length of the agreements i.e. relative to the overall life of the asset and proportion of the assets overall value. The leases do not meet the assessment criteria for finance leases, and the risks and rewards of ownership of the leased assets are retained by the Fund (and reflected in the Net Assets Statement).

The properties comprise a mix of office, retail and industrial buildings. These leases vary in length from short term to over 25 years.

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

Age profile of lease income	2023-24 £000	2022-23 £000
No later than one year	27,911	21,647
Between one and five years	90,784	59,842
Later than five years	106,708	128,050
Total	225,403	209,539

The above disclosure for 2023-24 and 2022-23 has been reduced by a credit loss allowance of 5% for income due within one year and 3% for the second year onwards reflecting the Fund's expected loss from late or non-recovery of rents from tenants.

With regards to the properties owned and leased by the Fund, all are leased to tenants under contracts that have been assessed as operating leases and which may include periodic rent reviews etc. The minimum lease payments receivable do not include rents that are contingent on events taking place after the lease entered into, such as adjustments following rent reviews.

Note 17 – Investment by Fund Manager	2023-24 £000	2023-24 %	2022-23 £000	2022-23 %
Investments managed by LGPS Central Ltd Asset Pool:				
All World Equity Climate Multi Factor Fund	696,383	10.5	705,180	11.3
Global Equity Active Multi Manager Fund				
- Schroders	120,528	1.8	97,848	1.6
- Union	107,476	1.6	86,352	1.4
- Harris	84,244	1.3	71,279	1.1
Sustainable Equity Broad Fund	221,949	3.4	182,563	2.9
Sustainable Equity Target Fund	181,879	2.7	175,205	2.8
Multi Asset Credit Fund	149,310	2.3	139,140	2.2
Emerging Market Debt Fund	142,005	2.1	126,390	2.0
Credit Partnership II (Private Debt) Fund	95,444	1.4	48,460	0.8
Credit Partnership III (Private Debt) Fund	86,957	1.3	43,573	0.7
Infrastructure Core / Core Plus Fund	62,056	0.9	52,034	0.8
Infrastructure Single Asset Credit Fund	45,929	0.7	39,978	0.6
Private Equity Funds	38,557	0.6	25,186	0.4
Infrastructure Value Add/Opportunistic	3,561	0.1	3,171	0.1
LGPS Central Ltd Asset Pool	2,065	0.0	2,047	0.0
Total	2,038,343	30.7	1,798,406	28.7
Investments managed outside of LGPS Central Ltd Asset Pool:				
Legal & General	1,860,590	28.1	1,779,735	28.5
Bluebay	473,386	7.1	431,022	6.9
Blackstone	450,017	6.8	410,542	6.6
Patrizia	375,881	5.7	387,862	6.2
Baillie Gifford & Co	334,248	5.0	265,868	4.3
M&G Investments	294,610	4.4	275,491	4.4
Pantheon Ventures	245,136	3.7	238,223	3.8
Janus Henderson	235,654	3.6	227,710	3.6
Adams Street Partners	165,123	2.5	172,966	2.8
Darwin	69,858	1.1	90,695	1.5
Fidelity (Money Market)	30,946	0.5	49,271	0.8
Deutsche Bank (Money Market)	27,199	0.4	101,991	1.6
Bank of New York Mellon	24,968	0.4	21,663	0.3
Arrowgrass Capital Partners	2,433	0.0	2,433	0.0
Lexington Capital Partners	93	0.0	147	0.0
GMO	14	0.0	15	0.0
Total	4,590,156	69.3	4,455,634	71.3
Total	6,628,499	100.0	6,254,040	100.0

Key movements in assets during the year are detailed in Note 13.

Note 17a – Concentration of Investments

The CIPFA Code of Practice requires disclosure where there is a concentration of investment which exceeds 5% of the total value of the net assets of the scheme. Four investments fall into this category as follows:

Security Description	Market Value 31-Mar-24 £000	% of Total Fund	Market Value 31-Mar-23 £000	% of Total Fund
Legal & General - Over 5 Yr Index Linked Gilts	1,362,490	20.56%	1,294,499	20.70%
LGPS Central Ltd - All World Equity Climate Multi Factor Fund	696,383	10.51%	705,180	11.28%
Bluebay - Total Return Diversified Fund	473,386	7.14%	431,022	6.89%
Blackstone Partners - Class A1 Initial Series	450,017	6.79%	410,542	6.56%

Note 18 – Fair Value – Basis of Valuation

The basis of the valuation of each class of investment asset is set out below. There have been no changes in the valuation techniques used during the year. All assets have been valued using fair value techniques which represent the highest and best use available at the reporting date.

Description of Assets	Valuation Hierarchy	Basis of Valuation	Observable and unobservable inputs	Key sensitivities affecting the valuations provided
Market Quoted investments	Level 1	Published bid market price ruling on the final day of the accounting period	Not required	Not required
Pooled investments	Level 2	Fair value based on the weekly/monthly market quoted prices of the respective underlying securities	Evaluated price feeds	Not required
Pooled investments-property funds	Level 3	Closing bid price where bid and offer prices are published Closing single price where single price published	NAV based pricing set on a forward pricing basis	Not required

Pooled investments - Absolute return funds	Level 3	These are Fund of Fund investments the underlying securities are valued at fair value using closing bid price where bid and offer prices are published Closing single price where single price published	NAV based pricing set on a forward pricing basis	Valuations could be affected by material events occurring between the date of the financial statements provided and the pension fund's own reporting date, by changes to expected cashflows, and by any differences between audited and unaudited accounts
Freehold and leasehold properties	Level 3	Valued at fair value at the year-end using the investment method of valuation by Savills in accordance with the RICS valuation professional standards	Existing lease terms and rentals Independent market research Nature of tenancies Covenant strength for existing tenants Assumed vacancy levels Estimated rental growth Discount rate	Significant changes in rental growth, vacancy levels or the discount rate could affect valuations as could more general changes to market prices
Unquoted equity	Level 3	Comparable valuation of similar companies in accordance with Private Equity and Venture Capital Valuation Guidelines (2012)	EBITDA multiple Revenue multiple Discount for lack of marketability Control premium	Valuations could be affected by material events occurring between the date of the financial statements provided and the pension fund's own reporting date, by changes to expected cashflows, and by any differences between audited and unaudited accounts

Description of Assets	Valuation Hierarchy	Basis of Valuation	Observable and unobservable inputs	Key sensitivities affecting valuations provided
Private Debt	Level 3	Valued at fair value in accordance with the principles set out under the relevant Financial Accounting Standards Board codification, as supplemented by	Comparable valuation of similar assets EBITDA multiple Revenue multiple Discounted cash flows	Valuations could be affected by material events occurring between the date of the financial statements provided and the Pension Fund's own reporting date, by changes to

		detailed manager valuation policies which include but are not limited to, enterprise valuation, discounted cash flows and comparable to valuations of similar assets	Enterprise value estimation	expected cash flows, and by any differences between audited and unaudited accounts
Pooled investments- Unquoted Infrastructure	Level 3	At the price or net asset value advised by the manager using the latest financial information available from the respective manager, adjusted for drawdowns and distributions to the final date of the accounting period, if the latest financial information is not produced at that date.	EBITDA multiple Revenue multiple Discount for lack of marketability Discounted cash flows	Valuations could be impacted by material events occurring between the date of the financial statements provided and the year end, by changes to expected cash flows, and any differences between the audited and unaudited accounts

Sensitivity of Assets Valued at Level 3

The Fund has determined that the valuation methods described above for level 3 investments are likely to be accurate to within the following ranges, and has set out below the consequent potential impact on the closing value of investments held at 31 March 2024 and 31 March 2023.

	Potential variation on fair value	Value at 31 March 2024	Potential value on increase	Potential value on decrease
		£000	£000	£000
Pooled investments	+/- 5%	1,034,950	51,748	51,748
Pooled Property	+/- 5%	69,858	3,493	3,493
Private Equity	+/- 5%	448,909	22,445	22,445
Private Debt	+/- 5%	182,401	9,120	9,120
Property	+/- 5%	368,910	18,445	18,445
		2,105,028	105,251	105,251

	Potential variation on fair value	Value at 31 March 2023	Potential value on increase	Potential value on decrease
		£000	£000	£000
Loans	+/-0%	1	0	0
Pooled investments	+/- 5%	936,747	46,837	46,837
Pooled Property	+/- 5%	90,695	4,535	4,535
Private Equity	+/- 5%	436,522	21,826	21,826
Private Debt	+/- 5%	92,034	4,602	4,602
Property	+/- 5%	383,235	19,162	19,162
		1,939,234	96,962	96,962

Note 18a – Fair Value Hierarchy

The valuation of investment assets and liabilities has been classified into three levels, according to the quality and reliability of information used to determine fair values. Transfers between levels are recognised in the year in which they occur.

Level 1

Assets and liabilities at level 1 are those where the fair values are derived from unadjusted quoted prices in active markets for identical assets or liabilities. Fair value measurement defines an active market as a market in which transactions for the financial instrument occur with sufficient frequency and volume to provide pricing information on an ongoing basis, as well as the reporting date. Products classified as level 1 comprise listed equities.

Level 2

Assets and liabilities at level 2 are those whose values are based on quoted market prices that are not as active as level 1 markets, or based on models whose inputs are observable either directly or indirectly for substantially the full term of the asset or liability. Funds classified as level 2 comprise of fixed income multi strategy funds, UK Government Index Linked Gilts, loans, pooled equity funds and listed infrastructure.

Level 3

Assets and liabilities at level 3 are those where at least one input that could have a significant effect on the instrument's valuation is not based on observable market data.

Such instruments would primarily include private equity, absolute return funds, pooled property, fixed income multi strategy funds with less observable inputs than level 2, private debt and unlisted infrastructure investments which are valued using various valuation techniques that require significant judgement in determining appropriate assumptions.

Valuations for private equity, private debt and infrastructure are usually undertaken annually at the end of December. Estimated market values or cash flow adjustments are used to roll forward the valuations to 31 March as appropriate.

The values of the investment in absolute return funds are based on the net asset value provided by the fund manager. Assurances over the valuation are gained from the independent external audit of the individual funds.

The following table provides an analysis of the assets and liabilities of the Fund grouped into levels 1 to 3, based on the level at which the fair value is observable.

Note 18a – Assets carried at fair value

Assets carried at Fair Value:

Assets carried at cost:

	Quoted Market Price	Using observable inputs	significant unobservable inputs	
Values at 31 March 2024	Level 1	Level 2	Level 3	Total
	£000	£000	£000	£000
Financial Assets at fair value through profit and loss				
Equities	331,193	0	0	331,193
Pooled investments	0	4,091,526	1,034,950	5,126,476
Pooled Property	0	204	69,858	70,062
Private Equity	0	0	448,909	448,909
Private Debt	0	0	182,401	182,401
Loans	0	685	0	685
Cash	94,084	0	0	94,084
Accrued Investment Income	4,464	0	0	4,464
Net investment assets	429,741	4,092,415	1,736,118	6,258,274
Non-financial assets at fair value through profit and loss				
Property	0	0	368,910	368,910
Total	429,741	4,092,415	2,105,028	6,627,184

	Quoted Market Price	Using observable inputs	With significant unobservable inputs	
Values at 31 March 2024	Level 1	Level 2	Level 3	Total
	£000	£000	£000	£000
Investments in LGPS Central Ltd			1,315	1,315
Investments held at cost	0	0	1,315	1,315

Assets carried at Fair Value:

	Quoted Market Price	Using observable inputs	With significant unobservable inputs	
Values at 31 March 2023	Level 1	Level 2	Level 3	Total
	£000	£000	£000	£000
Financial Assets at fair value through profit and loss				
Equities	262,503	0	0	262,503
Pooled investments	0	3,863,314	936,747	4,800,061
Pooled Property	0	482	90,695	91,177
Private Equity	0	0	436,522	436,522
Private Debt	0	0	92,034	92,034
Loans	0	685	1	686
Cash	181,298	0	0	181,298
Accrued Investment Income	5,209			5,209
	449,010	3,864,481	1,555,999	5,869,490
Non-financial assets at fair value through profit and loss				
Property	0	0	383,235	383,235
Total	449,010	3,864,481	1,939,234	6,252,725

Assets carried at cost:

	Quoted Market Price	Using observable inputs	With significant unobservable inputs	
Values at 31 March 2023	Level 1	Level 2	Level 3	Total
	£000	£000	£000	£000
Investments in LGPS Central Ltd			1,315	1,315
Investments held at cost	0	0	1,315	1,315

Note 18b – Transfers between levels 1 and 2

No assets were transferred between level 1 and 2 during the year.

Note 18c – Reconciliation of fair value measurements within level 3

	Market Value 1 April 2023	Transfers into Level 3	Transfers out of Level 3	Purchases	Sales	Unrealised Gains/ (Losses)	Realised Gains	Market Value 31 March 2024
	£000	£000	£000	£000	£000	£000	£000	£000
Absolute return funds	410,542			-	- 3,663	39,475	3,663	450,017
Direct Property	383,235			1,399	- 350	- 1,768	- 13,606	368,910
Private equity	436,522			42,272	- 42,257	6,655	5,717	448,909
Pooled Property	90,695			-	- 504	- 20,837	504	69,858
Fixed income	431,022			1,078	- 3,076	41,287	3,076	473,387
Secured Loans	1			-	- 1	1,323	- 1,323	-
Infrastructure	95,183			18,094	- 4,257	2,008	518	111,546
Private debt	92,034			85,526	- 4,732	8,739	834	182,401
	1,939,234	-	-	148,369	- 58,840	76,882	- 617	2,105,028

Absolute return funds, fixed income and infrastructure funds are included within the pooled investment figure shown in Note 18a.

Note 18d – Classification of financial instruments

Accounting policies describe how different asset classes of financial instruments are measured, and how income and expenses, including fair value gains and losses, are recognised.

The following table analyses the market value of financial assets and liabilities (excluding cash) by category and net assets statement heading. No financial instruments were reclassified during the accounting period.

Note 18d – Classification of Financial Instruments

	Fair value through profit and loss	Financial assets at amortised cost	Financial liabilities at amortised cost	Fair value through profit and loss	Financial assets at amortised cost	Financial liabilities at amortised cost
	31 March 2024			31 March 2023		
	£000	£000	£000	£000	£000	£000
Financial Assets						
Equities	332,508			263,818		
Pooled Investments	5,126,475			4,800,061		
Pooled Property	70,062			91,177		
Private Equity and Joint Venture	448,909			436,522		
Private Debt	182,401			92,034		
Loans		685		1	686	
Cash		88,050			177,639	
Other Investment balances		3,732			4,723	
Debtors		21,277			19,617	
	6,160,355	113,744	0	5,683,613	202,665	0
Financial Liabilities						
Creditors			-8,670			-7,586
TOTAL	6,160,355	113,744	-8,670	5,683,613	202,665	-7,586

Note 18e – Net Gains and Losses on Financial Instruments

	2023-24 £000	2022-23 £000
Financial Assets		
Fair value through profit and loss	391,355	-647,157
Total	391,355	-647,157

Cheshire West & Chester as administering authority has not entered into any financial guarantees that are required to be accounted for as financial instruments.

Note 19 – Nature and extent of risks arising from financial instruments**Risk and risk management**

The Fund's primary long term risk is that the Fund's assets will fall short of its liabilities (i.e. promised benefits payable to members). Therefore the aim of investment risk management is to minimise the risk of an overall reduction in the value of the Fund and to maximise the opportunity for gains across the whole fund portfolio. The Fund achieves this through asset diversification to reduce risk exposure to market risk (price risk, currency risk and interest rate risk) and credit risk to an acceptable level. In addition, the Fund manages its liquidity risk to ensure that there is sufficient liquidity to meet forecast cash flows. The Council manages these investment risks as part of its overall Pension Fund risk management programme.

Risk management policies were established to identify and analyse the risks faced by the Council's pension operations. Policies are reviewed regularly to reflect changes in activity and in market changes.

a) Market risk

Market risk is the risk of loss from fluctuations in equity and commodity prices, interest and foreign exchange rates and credit spreads. The Fund is exposed to market risk from its investment activities, particularly through its equity holdings. The level of risk exposure depends on market conditions, expectations of future price and yield movements and the asset mix.

The objective of the Fund's risk management strategy is to identify, manage and control market risk exposure within acceptable parameters, whilst optimising the return on risk.

In general, excessive volatility in market risk is managed through the diversification of the portfolio in terms of geographical and industry sectors and individual securities. To mitigate market risk, the Council and its investment advisers undertake appropriate monitoring of market conditions and benchmark analysis.

Equity futures contracts and exchange traded option contracts on individual securities may also be used to manage market risk on equity investments. It is possible for over-the-counter equity derivative contracts to be used in exceptional circumstances to manage specific aspects of market risk.

Other price risk

Other price risk represents the risk that the value of a financial instrument will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or foreign exchange risk). Whether those changes were caused by factors specific to the individual, instrument or its issuer, or factors affecting all such instruments in the market.

The Fund is exposed to share and derivative price risk. This arises from investments held by the fund for which the future price is uncertain. All securities investments present a risk of loss of capital. Except for shares sold short, the maximum risk resulting from financial instruments is determined by the fair value of the financial instruments. Possible losses from shares sold short are unlimited.

The Fund's investment managers mitigate this price risk through diversification, and the selection of securities and other financial instruments is monitored by the Council to ensure it is within limits specified in the Fund's investment strategy.

Other price risk - sensitivity analysis

In consultation with the Fund's investment advisers and, following analysis of historical data and expected investment return movement during the financial year, the Council has determined that the following movements in market price risk are reasonably possible for the 2023-24 reporting period:

Year ended 31 March 2024	
Asset Type	Potential market movements
	% (+ / -)
Private Equity	25.4
Global Equities - Emerging	23.8
Global Equities - Developed	18.5
Infrastructure - Listed	16.5
Infrastructure - Unlisted	16.3
UK Equities	16.5
Property Unit Trusts	15.2
Private Debt	10.8
High Yield	11.8
Absolute Return Funds	7.4
Corporate Bonds	7.6
Government Bonds	9.6
Cash	0.0

Year ended 31 March 2023	
Asset Type	Potential market movements
	% (+ / -)
Private Equity	27.1
Global Equities - Emerging	25.1
Global Equities - Developed	19.5
Infrastructure	16.9
UK Equities	17.6
Property Unit Trusts	15.0
High Yield	13.0
Absolute Return Funds	7.5
Corporate Bonds	8.1
Government Bonds	9.9
Cash	0.0

The potential price changes disclosed above are broadly consistent with a one-standard deviation movement in the value of the assets. The sensitivities are consistent with the assumptions contained in the investment adviser's most recent review. This analysis assumes that all other variables, in particular foreign currency exchange rates and interest rates, remain the same.

Had the market price of the Fund's investments increased/decreased in line with the above, the change in the net assets available to pay benefits in the market price would have been as follows:

Asset Type	Value at 31 March 2024	Percentage Change	Change in Value on increase	Change in Value on decrease
	£000	%	£000	£000
Government Bonds	1,362,490	9.6	130,799	-130,799
Global Equities - Developed	1,773,883	18.5	328,168	-328,168
Corporate Bonds	888,334	7.6	67,513	-67,513
High Yield	473,386	11.8	55,860	-55,860
Cash	109,210	0.0	0	0
Private Equity	448,909	25.4	114,023	-114,023
Absolute Return Funds	450,017	7.4	33,301	-33,301
Global Equities - Emerging	141,331	23.8	33,637	-33,637
UK Equities	80,343	16.5	13,257	-13,257
Investment Income Due	3,666	0.0	0	0
Private Debt	182,401	10.8	19,699	-19,699
Infrastructure - Listed	225,035	16.5	37,131	-37,131
Infrastructure - Unlisted	111,547	16.3	18,182	-18,182
Property Unit Trusts	205	15.2	31	-31
Equities - LGPS Central Ltd	1,315	0.0	0	0
Loans - LGPS Central Ltd	750	0.0	0	0
Total assets available to pay benefits	6,252,822		851,601	-851,601

Asset Type	Value at 31 March 2023	Percentage Change	Change in Value on increase	Change in Value on decrease
	£000	%	£000	£000
Government Bonds	1,294,500	9.9	128,155	- 128,155
Global Equities - Developed	1,716,367	19.5	334,692	- 334,692
Corporate Bonds	855,846	8.1	69,324	- 69,324
High Yield	523,057	13.0	67,997	- 67,997
Cash	202,170	-	-	-
Private Equity	436,522	27.1	118,297	- 118,297
Absolute Return Funds	410,542	7.5	30,791	- 30,791
Global Equities - Emerging	239,303	25.1	60,065	- 60,065
UK Equities	85,964	17.6	15,130	- 15,130
Investment Income Due	4,677	-	-	-
Infrastructure	95,183	16.9	16,086	- 16,086
Property Unit Trusts	482	15.0	72	- 72
Equities - LGPS Central Ltd	1,315	-	-	-
Loans - LGPS Central Ltd	732	-	-	-
Total assets available to pay benefits	5,866,660		840,609	- 840,609

The above table excludes direct property due to the illiquidity of this asset type.

Interest rate risk

The Fund invests in a number of interest bearing instruments such as Government bonds, corporate bonds and secured loans for the primary purpose of obtaining a return on those investments. These investments were subject to interest rate risks, which represent the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Fund's interest rate risk is routinely monitored by the Council and its investment advisers in accordance with the Fund's risk management strategy, including monitoring the exposure to interest rates and assessment of actual interest rates against the relevant benchmarks.

The Fund's assets which have direct exposure to interest rate movements as at 31 March 2024 and 31 March 2023 are set out below. These disclosures present interest rate risk based on the underlying financial asset at fair value:

Asset Type	2023-24	2022-23
	£000	£000
Corporate and Government Bonds	2,654,352	2,490,671
Cash balances	58,022	150,873
Cash and cash equivalents	36,062	30,425
Total	2,748,436	2,671,969

Interest rate risk sensitivity analysis

The Fund recognises that interest rates can vary and can affect both income to the Fund and the carrying value of fund assets, both of which affect the value of the net assets available to pay benefits. A 100 basis points (BPS) movement in interest rates is consistent with the level of sensitivity applied as part of the Fund's risk management strategy. The Fund's investment advisor has advised that long term average rates are expected to move less than 100 basis points from one year to the next and experience suggests that such movements are likely.

The £2,654m fair value of the bond mandates managed by M&G Alpha Opportunities Fund, Janus Henderson Investors, BlueBay, Legal and General and the Emerging Market Debt Fund and Multi Asset Credit Fund managed by LGPS Central are particularly sensitive to movements in interest rates. This sensitivity is measured by their duration of 2.98, 5.52, 2.9, 19.42, 7.07 and 5.13 years respectively.

A 100BPS increase in the prevailing level of interest rates would decrease the aggregate fair value of these mandates by £321.3m (£304.1m in 2022-23). Likewise a 100BPS decrease in the level of interest would be expected to increase the fair value of these mandates by a similar amount.

The analysis that follows assumes that all other variables, in particular exchange rates remain constant and shows the effect in the year on the net assets available to pay benefits of a +/- 100 BPS change in interest rates.

Asset Type	Duration	Carrying amount at 31 March 2024	Effect of Asset Values	
		£000	+100 BPS	-100 BPS
Cash and Cash Equivalents		36,062		
Cash Balances		58,022		
Fixed Income - M&G	2.98	291,508	- 11,981	11,981
Fixed Income - Janus Henderson	5.52	235,653	- 13,668	13,668
Fixed Income - BlueBay	2.9	473,386	- 10,983	10,983
Fixed Income - Legal and General	19.42	1,362,490	- 269,364	269,364
Fixed Income - LGPSC EMD Fund	7.07	142,005	- 9,372	9,372
Fixed Income - LGPSC MAC Fund	5.13	149,310	- 5,898	5,898
Total change in assets available		2,748,436	-321,266	321,266

Asset Type	Duration	Carrying amount at 31 March 2023	Effect of Asset Values	
		£000	+100 BPS	-100 BPS
Cash and Cash Equivalents		30,425		
Cash Balances		150,873		
Fixed Income - M&G	4.11	271,911	- 11,176	11,176
Fixed Income - Janus Henderson	5.8	227,710	- 13,207	13,207
Fixed Income - BlueBay	2.32	431,022	- 10,000	10,000
Fixed Income - Legal and General	19.77	1,294,499	- 255,922	255,922
Fixed Income - LGPSC EMD Fund	6.6	126,390	- 8,342	8,342
Fixed Income - LGPSC MAC Fund	3.95	139,140	- 5,496	5,496
Total change in assets available		2,671,970	- 304,143	304,143

A 1% increase in interest rates will not affect the interest received on fixed interest assets but could reduce their fair value and vice versa. Changes in interest rates do not impact on the value of cash/cash equivalent balances but they will affect the interest income received on those balances. Any cash surplus to the Funds immediate requirements is held in money market funds which earn interest for the Fund. In the year to 31 March 2024 interest earned in these funds equated to £4m (2022-23: £5.1m) a change of 1% to the interest rate during the year would have increased or decreased interest received by approximately £1m (2022-23 £2.7m).

Currency risk

Currency risk represents the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Fund is exposed to currency risk on financial instruments that are denominated in any currency other than the functional currency of the fund (GBP). The Fund holds both monetary and non-monetary assets denominated in currencies other than GBP.

The Fund's liabilities are denominated in GBP but as part of its investment strategy the Fund invests in assets denominated in foreign currencies, which exposes the Fund to the risk of movement in exchange rates. The Fund's investment managers may, at their own discretion, hedge part or all of the foreign exchange risk inherent in their portfolio.

The Fund's currency rate risk is routinely monitored by the Fund and its investment advisers in accordance with the Fund's risk management strategy, including monitoring the range of exposure to currency fluctuations.

The following tables summarise the Fund's net currency exposure, after hedging, as at 31 March 2024 and 31 March 2023:

Currency Exposure - Asset Type	Gross Exposure	Hedging Exposure	Net Exposure
2023-24	£000	£000	£000
Overseas Listed Equities	334,190		334,190
Overseas Unquoted Securities	410,352		410,352
Overseas Unit Trusts	205		205
Total	744,747	0	744,747

Currency Exposure - Asset Type	Gross Exposure	Hedging Exposure	Net Exposure
2022-23	£000	£000	£000
Overseas Listed Equities	263,187		263,187
Overseas Unquoted Securities	411,336		411,336
Overseas Unit Trusts	658		658
Total	675,181	0	675,181

Currency risk - sensitivity analysis

Following analysis of historical data in consultation with the Fund investment advisers, the Fund considers the likely volatility associated with foreign exchange rate movements to be 7.5% (as measured by one standard deviation) for 2022-23 this was 13%.

A 7.5% fluctuation in the currency risk is considered reasonable based on the Fund adviser's analysis of long-term historical movements in the month-end exchange rates over a rolling 36-month period. This analysis assumes that all other variables, in particular interest rates, remain constant.

A 7.5% strengthening/weakening of the GBP against the various currencies in which the Fund holds investments would increase/decrease the net assets available to pay benefits as follows.

Net Currency Exposure - Asset Type	Asset Values		Change to net Assets available to pay benefits	
	2023-24		+7.5%	-7.5%
	£000		£000	£000
Overseas Listed Equities:	334,190	25,064	-25,064	
Of which from United States Dollar	264,106	19,808	-19,808	
Of which from Hong Kong Dollar	13,259	994	-994	
Of which from other currencies	56,825	4,262	-4,262	
Overseas Unquoted Securities:	410,352	30,777	-30,777	
Of which from United States Dollar	403,810	30,286	-30,286	
Of which from Euro	6,542	491	-491	
Overseas Unit Trusts:				
Of which from Euro	205	15	-15	
Total	744,747	55,856	-55,856	

Net Currency Exposure - Asset Type	Asset Values		Change to net Assets available to pay benefits	
	2022-23		+13%	-13%
	£000		£000	£000
Overseas Listed Equities:	263,187	34,214	-34,214	
Of which from United States Dollar	196,587	25,556	-25,556	
Of which from Hong Kong Dollar	22,245	2,892	-2,892	
Of which from other currencies	44,355	5,766	-5,766	
Overseas Unquoted Securities:	411,336	53,474	-53,474	
Of which from United States Dollar	403,487	52,454	-52,454	
Of which from Euro	7,849	1,020	-1,020	
Overseas Unit Trusts:				
Of which from Euro	658	86	-86	
Total	675,181	87,774	-87,774	

b) Credit risk

Credit risk represents the risk that the counterparty to a transaction or a financial instrument will fail to discharge an obligation and cause the Fund to incur a financial loss. The market values of investments generally reflect an assessment of credit risk in their pricing and consequently the risk of loss is implicitly provided for in the market value of the Fund's financial assets and liabilities.

In essence the Fund's investment portfolio is exposed to some form of credit risk, with the exception of the derivatives positions where the risk equates to the net market value of a positive derivative position. However the selection of high quality counterparties, brokers and financial institutions minimises credit risk that may occur through the failure to settle a transaction in a timely manner.

The primary credit risk to the Fund is through its fixed interest instruments managed by Janus Henderson Investors, BlueBay, M & G Alpha Opportunities Fund and LGPS Central. However, the majority of the Fund's fixed income assets are investment grade quality (above BBB rated) sovereign or corporate bonds rated.

Multi Asset

The Fund's aggregate exposure to credit risk through these six mandates as measured by the credit rating of external agencies is summarised in the table below:

S&P Quality Rating	Fair Value 2023-24	% of Fair Value of Fixed Income Assets
	£000	£000
AAA	68,739	3.0
AA	1,490,648	56.0
A	381,363	14.0
BBB	221,991	8.0
Below BBB	386,505	15.0
Cash	69,441	3.0
NR	35,665	1.0
Total	2,654,352	100.0

S&P Quality Rating	Fair Value 2022-23	% of Fair Value of Fixed Income Assets
	£000	£000
AAA	159,090	6.0
AA	1,344,040	54.0
A	73,425	3.0
BBB	447,386	18.0
Below BBB	367,713	15.0
Cash	76,101	3.0
NR	22,916	1.0
Total	2,490,671	100.0

Deposits were not made with banks and financial institutions unless they were rated independently and met the Fund's credit criteria. The Fund also set limits as to the maximum percentage of the deposits placed with any one class of financial institution. In addition, the Fund invests an agreed percentage of its assets in the money markets to provide diversification. Money market funds chosen all have at least an AA rating from a leading ratings agency.

The Fund believes it has managed its exposure to credit risk and has experienced only a very small amount of non collectable debt in recent years. Any recognised credit losses are disclosed in Note 28. The Fund's cash holding under its treasury management arrangements as at 31 March 2024 was £58.0m (31 March 2023 £150.9m) and was held in

the Deutsche Bank and Fidelity money market accounts. The remainder of the cash was held by the Fund's custodian, Bank of New York Mellon with a small amount of cash in transit which was held by the Fund's property investment manager.

2023-24 Counterparty	Moodys Rating	£000	% of cash balances
Bank of New York Mellon (Money Market Cash / Cash Accounts)	P-1	30,028	31.9
Fidelity Worldwide Investment (Money Market)	Aaa-mf	30,946	32.9
Deutsche Bank Advisors (Money Market)	A1	27,076	28.8
Cash in Transit	NR	6,034	6.4
Total		94,084	100.0

2022-23 Counterparty	Moodys Rating	£000	% of cash balances
Bank of New York Mellon (Money Market Cash / Cash Accounts)	P-1	26,766	14.8
Fidelity Worldwide Investment (Money Market)	Aaa-mf	49,271	27.2
Deutsche Bank Advisors (Money Market)	A2	101,603	56.0
Cash in Transit	NR	3,659	2.0
Total		181,299	100.0

c) Liquidity risk

Liquidity risk represents the risk that the Fund will not be able to meet its financial obligations as they fall due. The Fund therefore takes steps to ensure that the Fund has adequate cash resources to meet its commitments.

The Fund has immediate access to its Pension Fund cash holdings.

The Fund defines liquid assets as assets that can be converted to cash within three months, subject to normal market conditions. Illiquid assets can include assets where:

- a) there are no highly liquid active markets, such as investment properties and private equity or,
- b) individual fund structures, where the Fund's investment is locked in for a specific period or where the investment manager may have the ability to 'gate' or limit investors withdrawal from the fund.

As at 31 March 2024 the value of illiquid assets was £1,111.8m, which represented 17% of the total fund assets (31 March 2023 £1,007.0m which represented 16% of the total fund assets).

In terms of liquidity risk, the Fund had £94.1m (2022-23 £181.3m) of cash balances as at 31 March 2024 and net current assets of £7.4m (£10.9m in 2022-23). The Fund's net cash flow, before taking account of investments and excluding management expenses, as at 31 March 2024 was -£17.7m (-£6.7m in 2022-23). Income from investments supports the cash flow for

the year to ensure there is no significant risk that the Fund will be unable to meet its current commitments.

All current liabilities are due to be paid in less than one year.

Other risks

Financial mismatch –

1. The risk that Fund assets fail to grow in line with the developing cost of meeting Fund liabilities.
2. The risk that unexpected inflation increases the pension and benefit payments and the Fund assets do not grow fast enough to meet the increased cost.

Changing demographics – The risk that longevity improves and other demographic factors change increasing the cost of Fund benefits.

Systemic risk - The possibility of an interlinked and simultaneous failure of several asset classes and/or investment managers, possibly compounded by financial ‘contagion’, resulting in an increase in the cost of meeting Fund liabilities.

The Council measures and manages financial mismatch in two ways. As indicated above, it has set a strategic asset allocation benchmark for the Fund. It assesses risk relative to that benchmark by monitoring the Fund’s asset allocation and investment returns relative to the benchmark. It also assesses risk relative to liabilities by monitoring the delivery of benchmark returns relative to liabilities.

The Fund prepares regular cash flow forecasts to understand and manage the timing of cash flows. The appropriate strategic level of cash balances to be held is a central consideration in preparing the Fund’s annual investment strategy.

The Council keeps under review mortality and other demographic assumptions which could influence the cost of the benefits. These assumptions were considered formally at the triennial valuation.

The Council seeks to mitigate systemic risk through a diversified portfolio but it is not possible to make specific provision for all possible eventualities that may arise under this heading.

Stock Lending

The Fund has entered into a stock lending programme managed by its custodian the Bank of New York Mellon and only accepts government and quasi government bonds as collateral against loaned stock to safeguard the Fund’s assets. The credit rating of the collateral accepted is summarised below.

	Fair Value of collateral	% of Fair Value of collateral	Fair Value of collateral	% of Fair Value of collateral
	31 March 2024	31 March 2024	31 March 2023	31 March 2023
Moody's rating	£000	%	£000	%
Aaa	2,097	59.9	12,717	80.6
Aa1	0	0.0	0	0.0
Aa2	40	1.1	2,393	15.2
Aa3	1,363	39.0	669	4.2
Grand Total	3,500	100.0	15,779	100.0
Value of Stock on Loan	3,337		14,945	

During the year ended 31 March 2024 the Fund earned £18k (2022-23: £138k) of income from its stock lending activities. At the balance sheet date the value of aggregate stock on loan was £3.3m (2022-23: £14.9m) and the value of collateral held was £3.5m (2022-23: £15.8m).

Note 20 – Funding Arrangements

In line with the LGPS Regulations 2013, the Fund's actuary undertakes a funding valuation every three years for the purpose of setting employer contribution rates for the forthcoming triennial period. The last such valuation took place as at 31 March 2022. The next valuation is at 31 March 2025.

The key elements of the funding policy are:

- To ensure long-term solvency of the Fund
- To ensure that sufficient funds are available to meet all members/dependants' benefits as they fall due for payment;
- To ensure that employer contribution rates are reasonably stable where appropriate;
- To minimise the long-term cash contributions which employers need to pay to the Fund, by recognising the link between assets and liabilities and adopting an investment strategy which balances risk and return;
- To reflect the different characteristics of employers in determining contributions rates;
- To have a clear and transparent funding strategy to demonstrate how each employer can best meet its own liabilities over future years; and
- To use reasonable measures to reduce risk to other employers including tax raising employers from an employer defaulting on its pension obligations.

The aim is to achieve 100% solvency over each employer's payment period and to provide stability in employer contribution rates by spreading any increases in rates over a period of time. Solvency is achieved when the funds held, plus future expected investment returns and future contributions are sufficient to meet expected future pension benefits payable.

At the 2022 valuation, the fund was assessed as 113% funded (97% at the March 2019 valuation). This corresponded to a surplus of £822m (2019 valuation: deficit of £156m) at that time.

Each employer had contribution requirements set at the valuation, with the aim of achieving full funding within a time horizon and probability measure as per the Funding Strategy Statement. Individual employer's contributions for the period 1 April 2023 to 31 March 2026 were set in accordance with the Fund's funding policy as set out in the Funding Strategy Statement.

The liabilities were assessed using an accrued benefits method which takes into account pensionable membership up to the valuation date, and makes an allowance for expected future salary growth to retirement or expected earlier date of leaving pensionable membership. A market related approach was taken to valuing the liabilities for consistency with the valuation of the Fund assets at their market value.

The principal assumptions were:

Financial assumptions	Real
Discount rate	3.70%
Salary increase assumption	3.40%
Benefit increase assumption (CPI)	2.70%

Longevity assumptions

Assumed life expectancy at age 65	Current Pensioners	
	Male	Female
Current Pensioners	21.1 Years	24.1 Years
Future Pensioners*	21.8 Years	25.5 Years

*Aged 45 at the valuation date

Note 21 – Actuarial value of promised retirement benefits

CIPFA's Code of Practice on Local Authority Accounting 2023-24 requires administering authorities of LGPS funds that prepare pension fund accounts to disclose what IAS26 Accounting and Reporting by Retirement Benefit Plans refers to as the actuarial present value of promised retirement benefits. There are three options for disclosure.

The Fund has opted not to disclose the actuarial present value of promised retirements in the net assets statement, instead providing the information by reference to an accompanying actuarial report. A copy of the full actuarial calculation is appended to the Statement of Accounts.

Note 22- Long term assets	2023-24 £000	2022-23 £000
Long Term Debtors:		
Reimbursement of lifetime tax allowances	832	661
Total	832	661

Note 23 – Current Assets	2023-24 £000	2022-23 £000
Current Debtors and cash:		
Contributions Due - Employers	16,297	13,512
Contributions Due - Employees	3,535	3,644
Sundry Debtors	2,714	3,912
Provision for Doubtful Debt	-2,309	-2,298
Payments in advance	209	186
Cash balances	0	4,268
Total	20,446	23,224

Note 24 – Current Liabilities	2023-24 £000	2022-23 £000
Sundry Creditors	4,623	4,304
Benefits Payable	4,047	3,282
Receipts in Advance	4,243	4,712
Cash and cash equivalents	138	0
Total	13,051	12,298

Note 25 – Additional Voluntary Contributions (AVCs)

From the 1 April 2019 Standard Life were appointed as the sole AVC provider for the Fund. Prior to 1 April 2019 the AVC providers to the members of the Fund were Scottish Widows, Standard Life and Utmost who took over Equitable Life on 1 January 2020.

The AVCs are invested separately from the Fund's main assets and used to acquire additional pension benefits and therefore are not included in the Fund's accounts in accordance with regulation 4 (1) (a) of the LGPS (Management and Investment of Funds) Regulations 2016. Members participating in these AVC arrangements each receive an annual statement confirming the amounts held in their account and the movements during the year.

A summary of the information provided by Standard Life and Utmost for the year to 31 March 2024 is shown below, along with a prior year comparator. Scottish Widows have been unable to provide the information for 31 March 2023 and 2024.

	Scottish Widows £000	Standard Life £000	Utmost £000	Total £000
Contributions received in year 2024		950	1	951
Contributions received in year 2023		506	1	507
Fair value at 31 Mar 2024		4,918	347	5,265
Fair value at 31 Mar 2023		3,797	345	4,142

Note 26 – Related Party Transactions

Cheshire West & Chester Council

The Fund is administered by Cheshire West and Chester Council. During the reporting period, the Council incurred costs of £4.477m (2022-23: £3.298m) in relation to the administration and management of the fund and was reimbursed by the fund for these expenses. The Fund repays cash due to the Council for such transactions plus any interest charges on a monthly basis. In 2023-24 the Fund paid £18.1k (2022-23: £7.8k) to the Council for interest accrued on these balances.

The Council is one of the largest participating employers and contributed £31.6m into the Fund in 2023-24 (2022-23: £31.7m). At the year end, a balance of £3.451m (2022-23: £3.152m) was due to the Fund from the Council, primarily relating to contributions which were paid in April but became due in March. A balance of £115.1k was owed to the Council (2022-23: £69.4k) for recharges from the Council in relation to the administration and management of the Fund.

The Fund has not made any employer related investment at any time during the period.

Pension Fund Committee and Local Pensions Board

Specific declarations have been received from Pension Fund Committee and Local Pension Board Members regarding membership of and transactions with any parties related to the Pension Fund.

A number of Members act as Councillors or Board Members of particular employers who maintain a conventional employer relationship with the Fund. Employer representatives for the Local Pension Board also act as Trustees for employers of the Fund.

The value of transactions with each of these related parties, namely routine monthly payments to the Fund of employer's and employee's contributions is determined by the Local Government Pension Scheme Regulations, and as such no related party transactions have been declared.

A register of outside bodies that Members are appointed to, along with a register of interests is available on the websites of Cheshire West and Chester, Cheshire East, Warrington and Halton Councils.

Details of the membership of the Local Pension Board are available on the Fund's website.

Investment Pooling

LGPS Central Ltd has been established to manage investment assets on behalf of eight Local Government Pension Scheme (LGPS) administering authorities across the Midlands including Cheshire. It is jointly owned in equal shares by the eight administering authorities participating in the Pool.

In 2017-18 the fund invested £1.315m in share capital and granted a loan of £685k to LGPS Central Ltd. In 2023-24 interest of £65k (2022-23: £47k) accrued on the loan balance to give a balance at the end of the year of £750k (2022-23: £732k) The share capital was valued at cost at the end of the year at £1.315m. Investments managed by LGPS Central Ltd as at 31 March 2024 are disclosed in Note 17 to the accounts.

During the year the Fund incurred charges for the running costs of LGPS Central Ltd totalling £1.237m (2022-23: £1.155m) and joint pool governance costs of £11k (2022-23: £8k).

The Fund has £122m committed to LGPS Central Private Equity Funds. During the year the Fund paid £14.1m calls to these funds and received £1.4m in distributions (£5.8m calls were made and £1m distributions were received in 2022-23).

The Fund has committed £510m to the LGPS Private Debt Funds. During the year the Fund paid £85.5m calls to these funds and received £4.0m in distributions. (£90.3m calls were made and £4.5m distributions were received in 2022-23).

The Fund has committed £135m to LGPS Central Infrastructure Funds. During the year the Fund paid £18.1m calls to these funds and received £3.8m in distributions. (£66.5m calls were made and £1.1m distributions were received in 2022-23).

The Fund has committed £50m to the LGPS Central Residential Indirect Property Partnership Fund. During the year no calls or distributions were made into this fund.

The market values at the end of the year of all investments with LGPS Central are shown in Note 17.

Investment management fees of £5.9m (2022-23: £5.2m) were incurred on the Fund's investments managed by LGPS Central Ltd.

Governance

Responsibility for managing the Fund lies with the full Council of Cheshire West and Chester Council. The Council has delegated responsibility to the Chief Operating Officer who is also the s151 officer. The Chief Operating Officer is advised by the Pension Fund Committee and external advice from Mercer the appointed investment consultant. The Fund also receives actuarial advice from Hymans Robertson. The Council's Audit and Governance Committee has oversight of the Council's governance arrangements for the Fund.

The Local Pension Board was established with effect from the 1 April 2015. The role of the Board, as defined in regulations, is to assist the Administering Authority to ensure the effective and efficient governance and administration of the LGPS.

From January 2004 elected members who were offered membership of the Scheme under their respective Council's scheme of allowances were eligible to join the Scheme. From the introduction of the new scheme in 2014 Councillors in England could only continue to accrue rights until the end of the term of office which they were serving on 1 April 2014. As a consequence, all councillors ceased membership of the scheme from 12 May 2015 including those members of the Pension Fund Committee who had been active members of the Scheme.

There are three members of the Committee who are in receipt of pension benefits from the Fund (Councillor M. Hogg, Councillor Bailey and Neil Harvey). In addition, Councillor Neil, Councillor Dennett and Neil Harvey were active members of the Fund, Councillor Corcoran had a deferred pension as at 31 March 2024.

There are three members of the Local Pension Board who were active members of the Fund as at 31 March 2024; G. Wright, J Lambert and K Lennon. P. Raynes also has a deferred pension with the Fund.

Each member of the Committee and Board is required to declare their interests at each meeting.

As the Fund forms part of the LGPS it does not have trustees. The members of the Committee do not receive any fees in relation to their specific responsibilities as members of the Committee, although they may be reimbursed for any out of pocket expenses incurred whilst discharging their Committee role.

Similarly the members of the Board do not receive any fees in relation to their specific responsibilities as members of the Board, although they may be reimbursed for any out of pocket expenses incurred whilst discharging their role.

Further information on Fund governance can be found in the Fund's Governance Compliance Statement available on the Fund's website at www.cheshirepensionfund.org.

Key Management Personnel

The key management personnel of the Fund are the Chief Operating Officer and the Head of Pension Fund. The Chief Operating Officer had resigned before 31 March 2023 and a new Chief Operating Officer started in April 2023, therefore the Chief Operating Officer was excluded from the long term benefits figure at 31 March 2023.

The combined financial value of their relationship with the fund (in accordance with IAS24 Related Party Disclosures) is set out below:

	31-Mar-24 £000	31-Mar-23 £000
Short term benefits	129	116
Long term/post-retirement benefits	859	763
Total	988	879

The long term/post-retirement benefits are calculated on an IAS19 basis and will be affected by the assumptions used for the calculation which can vary from year to year.

Note 27 – Contingent Liabilities and Contractual Commitments

The Fund has contractual commitments to the value of £956m (2022-23 £915m) in private equity funds.

During 2023-24 the Fund made new commitments to private equity funds of the following private equity funds:

- £40m to the LGPS Central Primary Partnership 2023
- €23 to Adams Street Partners European Venture Fund 2023

As at 31 March 2024 the Fund had actually invested £715.3m (2022-23 £682.3m). As the Pantheon and Adam Street Partner funds are denominated in US Dollars and Euros the commitment in Sterling is subject to changes due to currency fluctuations.

The Fund has contractual commitments to the value of £510m in private debt funds. As at 31 March 2024 the unfunded commitment to these Funds was £329m (2022-23 £417m).

The Fund made an additional £5m commitment to the LGPS Central Single Asset Partnership infrastructure fund in the year. At 31 March 2024 the Fund had contractual commitments to the value of £135m in infrastructure funds. As at 31 March 2024 the unfunded commitment to these Funds was £25m (2022-23 £38m).

The Fund also made a £50m commitment to the LGPS Central Residential Indirect Property Partnership Fund. As at 31 March 2024 the unfunded commitment was £50m.

There are 18 admitted bodies in the Cheshire Pension Fund who hold insurance bonds to guard against the possibility of being unable to meet their pension obligations, along with an additional 1 employers with Parent Company Guarantees or Deeds of Guarantee in place. The bonds or guarantees are drawn in favour of the Council as administering authority for the Fund and payment will only be triggered in the event of employer default.

Note 28 – Impairment of Financial Assets

During 2023-24 the Fund has recognised expected credit losses of £2.3m (2022-23: £2.3m) for possible and actual non-recovery of rental income on its investment properties.

Note 29 – Investment Strategy Statement

The Investment Strategy Statement (ISS) sets out the current investment strategy of the Fund, provides transparency in relation to how the Fund's investments are managed, acts as a high level risk register, and has been designed to be informative for all stakeholders. The ISS also includes the Fund's Responsible Investment Policy which sets out the Fund's approach to the governance and stewardship of its investment assets.

A full copy of the ISS can be obtained is available on the Fund's website at: www.cheshirepensionfund.org

Note 30 – Funding Strategy Statement

Under the LGPS Regulations 2013 (as amended) administering authorities are required to prepare a Funding Strategy Statement (FSS).

Fund members' accrued benefits are guaranteed by statute. Members' contributions are fixed in the Regulations at a level which covers only part of the cost of accruing benefits. Employers pay the balance of the cost of delivering the benefits to members (net of returns from the Fund's investments). The FSS focuses on the pace at which these liabilities are funded and, insofar as is practical, the measures to ensure that employers pay for their own liabilities.

The Funding Strategy Statement is available on the Fund's website at: www.cheshirepensionfund.org

Employers that have contributed into The Cheshire Pension Fund and their applicable Investment Strategy for the financial year ending 31 March 2024

*Employers who joined the fund during 2023-24

Major Scheme Employers	Strategy	Admitted Bodies - Continued	Strategy
Cheshire West & Chester Council	OPEN	Market Asset Management	OPEN
Cheshire East Council	OPEN	Mellors - St Basils	OPEN
Cheshire Fire Authority	OPEN	Mellors - St Michael & St Thomas	OPEN
Halton Borough Council	OPEN	Mellors - Learning for Life	OPEN
Police & Crime Commissioner	OPEN	Mellors Frank Field Trust	OPEN
Warrington Borough Council	OPEN	Midshire Catering Ltd	OPEN
		Midshire Catering Services Ltd - Hartford High School	OPEN
		Midshire Signature Services - Tarvin & Eaton	OPEN
		Millbrook Healthcare Limited*	OPEN
		Nationwide Property Clean Ltd - The Bridge*	OPEN
		Norton Priory Museum Trust	OPEN
		Orbitas Bereavement Service	OPEN
		Orian Solutions Ltd	OPEN
		Ringway Infrastructure	OPEN
		Ringway Jacobs	OPEN
		RM Estates Ltd	OPEN
		Sanctuary Housing Association	CLOSED
		SMC Premier Group - Omega	OPEN
		Starcare	OPEN
		Tarmac Trading Limited	OPEN
		Torus 62	OPEN
		Torus 62 Foundation	OPEN
		Trafalgar UK Theatres Crewe Limited	OPEN
		TuVida*	OPEN
		University Of Chester	OPEN
		Verve People	OPEN
		Via Community Ltd	OPEN
		Warrington Housing Association	OPEN
		Warrington Voluntary Action	CLOSED
		Weaver Vale Housing Trust	OPEN

Admitted Bodies	Strategy
A.B.M Catering Limited	OPEN
ABM Catering Ltd - Sandbach High School & Sixth Form	OPEN
Active Cheshire	OPEN
Adoption Matters	OPEN
ANSA Environmental Services	OPEN
Aramark - Eaton Bank*	OPEN
Aramark - Macclesfield	OPEN
Aspens Svcs Ltd - Brine Leas	OPEN
Belong Limited	CLOSED
Bouygues E & S Solutions Limited*	OPEN
Bulloughs - Cheshire College South & West*	OPEN
Bulloughs - Lymm	OPEN
Bulloughs - Tarporley High School	OPEN
Bulloughs Collegiate	OPEN
Care Quality Commission	CLOSED
Catalyst Choices	OPEN
Caterlink - Sir John Brunner Foundation	OPEN
Caterlink (Ruskin)	OPEN
Cheshire West Recycle Ltd	OPEN
Churchill Services Ltd	OPEN
Citizens Advice	OPEN
Clean Tec - Hartford High School*	OPEN
COLAs*	OPEN
Compass - St Barts MAT	OPEN
Compass - True Learning Partnership	OPEN
Culture Warrington	OPEN
CWP NHS Trust	OPEN
Dalkia Operations Limited	OPEN
David Lewis Centre	CLOSED
Deafness Support Network	CLOSED
Dolce - Meadow*	OPEN
Dolce - Woodside*	OPEN
ForHousing	OPEN
Halton Housing Trust	OPEN
Hutchison Catering	OPEN
Innovate Ltd - Tytherington	OPEN
ISS Facility Services Ltd	OPEN
Kings School Chester	CLOSED
Livewire	OPEN

Other Employers	Strategy
Alderley Edge Parish Council	OPEN
Alsager Town Council	OPEN
Appleton Parish Council	OPEN
Avenue Services (NW) Ltd	OPEN
Barnton Parish Council	OPEN
Birchwood Town Council	OPEN
Bollington Town Council	OPEN
Brereton Parish Council	OPEN
Brio Leisure (CWaC CIC)	OPEN
Chelford Parish Council	OPEN
Cheshire College South & West	OPEN
Congleton Town Council	OPEN
Crewe Town Council	OPEN
Cuddington Parish Council	OPEN
Delamere and Oakmere Parish Council	OPEN
Disley Parish Council	OPEN
Edsential	OPEN
ENGIE	OPEN
Everybody Sport + Recreation	OPEN
Frodsham Town Council	OPEN
Grappenhall and Thelwell Parish Council	OPEN
Handforth Parish Council	OPEN
Hartford Parish Council	OPEN
Holmes Chapel Parish Council	OPEN
Kingsmead Parish Council	OPEN
Knutsford Town Council	OPEN
Lymm Parish Council	OPEN
Macclesfield College	OPEN
Macclesfield Town Council	OPEN
Mersey Gateway Crossing Board	OPEN
Middlewich Town Council	OPEN
Nantwich Town Council	OPEN
Neston Town Council	OPEN
Northwich Town Council	OPEN
NW Fire Control Limited	OPEN
Odd Rode Parish Council	OPEN
Pickmere Parish Council*	OPEN
Poulton with Fearnhead Parish Council	OPEN
Poynton with Worth Parish Council	OPEN
QWest Services Ltd	OPEN
Reaseheath College	OPEN
Riverside College	OPEN
Sandbach Town Council	OPEN
Sandymoor Parish Council	OPEN
Shavingham cum-Gresty Parish Council	OPEN
Stockton Heath Parish Council	OPEN
Warrington & Vale Royal College	OPEN

Other Employers - Continued	Strategy
Warrington Transport	OPEN
West Cheshire Facilities Management	OPEN
Wilmslow Town Council	OPEN
Winsford Town Council	OPEN
Winwick Parish Council	OPEN
Wybunbury Parish Council*	OPEN
Your Housing Group	OPEN
Youth Federation	CLOSED

Free Schools	Strategy
Grosvenor Park CoE Academy	ACADS
Sandbach Primary School	ACADS
Sandymoor Academy	ACADS
St Martins Academy	ACADS

Academies	Strategy	Academies - Continued	Strategy
Acorns Primary School and Nursery	ACADS	Cornerstone Academy	ACADS
Acresfield Primary School	ACADS	County High School Leftwich	ACADS
Acton CE Primary Academy	ACADS	Cranberry Academy	ACADS
Adelaide Heath Academy	ACADS	Crewe Engineering UTC	ACADS
Adelaide Primary School	ACADS	Croft Primary School	ACADS
Adlington Primary Academy	ACADS	Cuddington Primary School	ACADS
Alderman Bolton Community Primary School	ACADS	Daresbury Primary School	ACADS
All Hallows Catholic College	ACADS	Daven Primary School	ACADS
Alsager Highfield Community Primary School	ACADS	Delamere Primary School	ACADS
Alsager School	ACADS	Disley Primary School	ACADS
Appleton Thorn Primary School*	ACADS	Ditton Primary School	ACADS
Ash Grove Academy	ACADS	Eaton Bank High School	ACADS
Astbury St Mary's CoE Primary School	ACADS	Eaton Primary School	ACADS
Audlem St James CE Primary School	ACADS	Egerton Primary School	ACADS
Axis Academy	ACADS	Ellesmere Port Catholic High School*	ACADS
Barnton Primary School	ACADS	Elworth Hall Primary School	ACADS
Beamont Primary School	ACADS	Evelyn Street Primary School	ACADS
Beaumont Collegiate Academy	ACADS	Excalibur Primary School	ACADS
Belgrave Academy	ACADS	Frodsham Primary Academy	ACADS
Bexton Primary School	ACADS	Gawsworth Primary School	ACADS
Birchwood High School	ACADS	Glazebury Primary School	ACADS
Bishops Blue Coat CofE High School	ACADS	Gorse Covert Primary School	ACADS
Black Firs Primary School	ACADS	Gorseybank Primary School	ACADS
Bosley St Marys CE Primary School	ACADS	Grange Community & Primary School	ACADS
Boughton Heath Academy	ACADS	Great Sankey High School	ACADS
Brereton CoE Primary School	ACADS	Great Sankey Primary School	ACADS
Bridgewater High School	ACADS	Halton Lodge Primary School*	ACADS
Bridgewater Park Primary School	ACADS	Handforth Grange Community Primary School	ACADS
Brine Leas High School	ACADS	Hartford Primary School*	ACADS
Broken Cross Primary Academy	ACADS	Haslington Primary School	ACADS
Brookfields Community School	ACADS	Highfields Community Primary School	ACADS
Broomfields Junior School	ACADS	Hollinhey School	ACADS
Bruche Primary School	ACADS	Hollins Green St Helens CoE Primary School	ACADS
Bunbury Aldersey CofE Primary School	ACADS	Holmes Chapel Comprehensive School	ACADS
Burtonwood Community Primary School	ACADS	Holmes Chapel Primary School	ACADS
Calveley Primary Academy	ACADS	Hungerford Primary School	ACADS
Cavendish High Academy	ACADS	Huxley Church of England Primary School*	ACADS
Chapelford Village Primary School	ACADS	Ivy Bank Primary School	ACADS
Cheshire Academies Trust	ACADS	Kelsall Primary School	ACADS
Childer Thornton Primary School	ACADS	Kings Leadership Academy	ACADS
Christ The King Primary School	ACADS	Knutsford Academy	ACADS
Christleton High School	ACADS	Lacey Green Primary Academy	ACADS
Cloughwood Academy	ACADS	Leftwich Primary School	ACADS
CLTA	ACADS	Leighton Academy	ACADS
Clutton CoE Primary School	ACADS	Little Bollington Primary School	ACADS
Comberbach Primary School	ACADS	Little Leigh Primary School	ACADS
Congleton High School	ACADS	Little Sutton CoE Primary School	ACADS

Academies - Continued	Strategy	Academies - Continued	Strategy
Lostock Hall Primary School	ACADS	Shavington Academy	ACADS
Lymm High School	ACADS	Shavington Primary School	ACADS
Macclesfield Academy	ACADS	Simms Cross Primary School	ACADS
Manor Park Primary School	ACADS	Sir John Deanes College	ACADS
Marlborough Primary School	ACADS	Sir Thomas Boteler High School	ACADS
Marfields Primary Academy	ACADS	Sir William Stanier Community High School	ACADS
Meadowside Community Primary School	ACADS	Smallwood CofE Primary Academy	ACADS
Middlewich High School	ACADS	St Albans Catholic Primary School	ACADS
Mill View Primary School	ACADS	St Augustines Catholic Primary School	ACADS
Millfields Primary School and Nursery*	ACADS	St Bernards RC Primary School	ACADS
Monks Coppenhall Academy	ACADS	St Chad's COE & Catholic High School	ACADS
Mossley CE Primary School	ACADS	St Joseph's Catholic Primary School*	ACADS
Mottram St Andrew Primary Academy	ACADS	St Marys Catholic Primary School	ACADS
Nantwich Primary Academy	ACADS	St Michael with St Thomas Primary School	ACADS
Neston High School	ACADS	St Michaels Community Academy	ACADS
Nether Alderley Primary School	ACADS	St Oswalds CofE Aided Primary School*	ACADS
New Horizons School	ACADS	St Oswalds Worleston Primary School	ACADS
North West Academies*	ACADS	St Pauls Catholic Primary School	ACADS
Oak View Primary Academy	ACADS	St Thomas More Catholic High School	ACADS
Oakfield Lodge Primary School	ACADS	Stapeley Broad Lane Primary School	ACADS
Oakwood Avenue Primary School	ACADS	Statham Primary School	ACADS
Offley Primary Academy	ACADS	Stretton - St Matthews CofE Primary School*	ACADS
Ormiston Bolingbroke Academy	ACADS	Tarporley High School & 6th Form College	ACADS
Ormiston Chadwick Academy	ACADS	Tarvin Primary School	ACADS
Oughtrington Primary School	ACADS	The Berkeley Academy	ACADS
Over Hall Community School	ACADS	The Catholic High School - Chester	ACADS
Padgate Academy	ACADS	The Ellesmere Port C of E College	ACADS
Palacefields Academy	ACADS	The Fallibroome Academy	ACADS
Park Road Primary School	ACADS	The Fermain Academy	ACADS
Parklands Community Primary School	ACADS	The Grange School	ACADS
Parkroyal Community School	ACADS	The Heath Academy	ACADS
Pear Tree Primary School	ACADS	The Hermitage Trust	ACADS
Penketh High School	ACADS	The Oaks Academy	ACADS
Penketh Primary School	ACADS	The Quinta Primary School	ACADS
Penketh South Primary School	ACADS	The Russett School	ACADS
Peover Superior Primary School	ACADS	Thelwell Primary School	ACADS
Pikemere Primary School	ACADS	Tytherington High School	ACADS
Poynton High School	ACADS	Underwood West Academy	ACADS
Priestley 6th Form College	ACADS	University Technical College (UTC) Warrington	ACADS
Puss Bank Primary School	ACADS	Upton Heath CoE Primary School	ACADS
Queens Park High School	ACADS	Upton Priory Primary School	ACADS
Ravensbank Primary School	ACADS	Utkinton St Pauls CofE Primary School	ACADS
Rudheath Primary School	ACADS	Victoria Road Primary School	ACADS
Rudheath Senior Academy	ACADS	Wade Deacon High School	ACADS
Sandbach High School & 6th Form	ACADS	Warmingham CofE Primary School	ACADS
Sandbach Primary Academy School	ACADS	Weaverham High School*	ACADS
Sandiway Primary School	ACADS	Weaverham Primary Academy	ACADS

Academies - Continued	Strategy
Westbrook Old Hall Primary School	ACADS
Westminster Community Primary School	ACADS
Weston Point Primary Academy*	ACADS
Weston Village Primary School	ACADS
Wheelock Primary School	ACADS
Whirley Primary School	ACADS
Whitley Village Primary School	ACADS
Widnes Academy	ACADS
Willaston Primary Academy	ACADS
William Stockton Community Primary School*	ACADS
Wilmslow Academy	ACADS
Wimboldsley Community Primary School*	ACADS
Winsford Academy	ACADS
Wistaston Academy	ACADS
Wistaston Church Lane Academy	ACADS
Wolverham Primary and Nursery School	ACADS
Woolston Community Primary School	ACADS
Worth Primary School	ACADS
Wybunbury Delves Primary School	ACADS

Glossary of terms

Accruals

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

Actuary

An actuary is an expert on pension scheme assets and liabilities. The Local Government Pension Scheme Actuary reassesses the rate of employer contributions to the Pension Fund every three years.

Agency services

Services the Council provides for other organisations, or services other organisations provide for the Council.

Amortisation

The process of charging capital expenditure, usually on intangible non-current assets, to the accounts over a suitable period of time.

Amortised cost

Amortised cost is the real amount at which the financial instrument is measured rather than the payments made under a contract.

Appropriations

Amounts transferred between the Comprehensive Income and Expenditure Statement and revenue or capital reserves.

Assets held for sale

Property (land or a building, or part of a building) which is expected to be sold within the next 12 months and is therefore held primarily as a means of generating a capital receipt.

Associate

Where the Council exercises a significant influence and has a participating interest in a company.

Balance Sheet

The Balance Sheet is a summary of an authority's financial position at the year end. It shows the balances and reserves at an authority's disposal and its long-term indebtedness, and the non-current and net current assets employed in its operations, together with summarised information on non-current assets held.

Better Care Fund (BCF)

The BCF is a pooled budget between the Council and the Clinical Commissioning Group (CCG).

Budget

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

Capital Adjustment Account

The Capital Adjustment Account is made up of amounts set aside from revenue resources or capital receipts to pay for spending on non-current assets or for repaying external loans and certain other capital financing transactions.

Capital Assets

See Non-current Assets.

Capital expenditure

Expenditure on the acquisition of a Non-current asset 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.

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.

Capital receipts

Proceeds received from the sale of capital assets. The proceeds are set aside in the Capital Receipts Reserve in order to repay the Council's borrowings or to finance new capital expenditure.

Capital Receipts Reserve

A reserve held to provide an alternative source for financing future capital expenditure, and to ensure some stability in the level of capital programmes that can be financed.

Cash Flow Statement

Summarises the inflows and outflows of cash arising from transactions with third parties for capital and revenue purposes. It provides a link between the Balance Sheet at the beginning of the year, the Comprehensive Income and Expenditure Statement for the year and the Balance Sheet at the end of the year.

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. It records all income due from the Council Tax, Business Rates and remaining Community Charge and shows the precept payments due to Cheshire West and Chester Council, Cheshire Police Authority and Cheshire Fire Authority.

Community assets

Assets that the local authority intends to hold forever, that have no determinable useful life and that may have restrictions on their disposal. (e.g. parks).

Comprehensive Income and Expenditure Statement (CIES)

This statement consolidates all the gains and losses experienced by the Council during the financial year. The statement has two sections:

- Surplus or Deficit on the Provision of Services (SDPS) – the increase or decrease in net worth as a result of incurring expenditure and generating income.
- Other Comprehensive Income and Expenditure – any changes in net worth not reflected in the surplus or deficit on the provision of services.

This statement shows the accounting cost in year of providing services in accordance with accounting practice rather than the amount to be funded from taxation.

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.

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 (pay and price), or items which are difficult to predict in terms of financial impact or timing (uncertain items).

Corporate and Democratic Core

Corporate and Democratic Core represents costs associated with democratic representation and management and corporate management. Democratic representation and management include all aspects of Members' activities. Corporate management concerns the cost of the infrastructure that allows services to be provided and the cost of providing information that is required for public accountability. Such costs form part of total service expenditure but are excluded from costs of any particular service.

Corporate Governance

The authoritative rules and controls in place within an organisation required to promote openness, inclusivity, integrity and accountability.

Council Tax

The means of raising money locally to pay for local authority services. This is a property-based tax where the amount levied depends on the valuation of each dwelling.

Council Fund / General Fund

The Council's main revenue fund to which all revenue receipts are credited, and from which revenue liabilities are discharged. The movement on the fund in year represents the excess of income over expenditure once notional charges and credits have been replaced by the amounts required to be funded from Council Tax.

Creditors

Amounts owed by the Council for goods or services that it has received but for which payment had not been made by 31 March 2024.

Credit Adjusted Interest Rate

The rate that exactly discounts the estimated future cash payments or receipts through the expected life of the financial asset to the amortised cost of a financial asset that is a purchased or originated credit-impaired financial asset.

Current Assets and Liabilities

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

Current Service Cost (IAS 19 term)

Employer pension contributions charged during the year have been removed from the Comprehensive Income and Expenditure Statement and replaced with an amount (i.e. current service cost) which reflects the increase in the scheme liabilities expected to arise from employee membership of the Scheme in the year of account.

Current Value

The current value of an asset reflects the economic environment prevailing for the service or function the asset is supporting at the reporting date.

Debtors

Amounts owed to the Council at 31 March 2024, where services have been delivered but payment has not been received.

Deferred capital receipts

Amounts derived from asset sales, which will be received in instalments over a period of years. (e.g. mortgages on the sale of council houses).

Deferred liabilities

An amount already received by the Council that is being credited to the Comprehensive Income and Expenditure Statement over a number of years.

Defined Benefits 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.

Delegated budgets

Budgets for which schools and other services have complete autonomy in spending decisions.

Depreciation

The measure of the wearing out, consumption, or other reduction in the useful economic life of a non-current asset, whether arising from use, age or obsolescence through technological or other changes. There are different ways to attribute the cost of the asset over its economic life, of which the most common are straight line method and reducing balance method.

- Straight line depreciation method – the useful life of the asset is estimated, for instance at 3 years for IT equipment or 5 years for a vehicle, and the cost of the asset is divided equally over that number of financial years.
- Reducing balance method – the value of the asset is reduced by a non-current percentage each year, reflecting a greater loss of value in earlier years.

Depreciated historic cost

The value of an asset shown in the Balance Sheet calculated from the original cost less depreciation to date.

Derecognition

The removal of an asset or liability from the Balance Sheet as it has been extinguished, for example, the settling of a liability by paying the creditor.

Discounting

Process of determining the present value of a payment or a stream of payments that is to be received in the future.

Discretionary benefits

Retirement Benefits which the employer has no legal, contractual or constructive obligation to award and are awarded under the Council's discretionary powers.

Donated assets

Assets transferred at nil value or acquired at less than fair value.

Earmarked Reserves

These reserves represent monies set aside that can only be used for a specific usage or purpose.

Effective interest rate

The rate of interest that would discount expected cash flows throughout the life of the financial instrument down to the fair value of the asset calculated at initial measurement.

Emoluments

All sums paid to or receivable by an employee and sums due by way of taxable expense allowances.

Entity

For accounting purposes, an 'entity' is a business, division or other aspect of an organisation that requires its own financial reporting structure for legal or tax purposes.

Events after the Balance Sheet date

Events after the Balance Sheet date are those events, favourable and unfavourable, that occur between the Balance Sheet date and the date when the Statement of Accounts is authorised for issue.

Exceptional items

Items that derive from the ordinary activities of the Council and are material in terms of the Council's overall expenditure but not expected to recur frequently or regularly.

Expected Credit Losses

Defined as the weighted average of credit losses with the respective risks of a default occurring as the weights.

12 Month Expected Credit Loss

The portion of lifetime expected credit losses that represent the expected credit losses that result from default events on a financial instrument that are possible within the 12 months after the reporting date.

Lifetime Expected Credit Losses

The expected credit losses that result from all possible default events over the expected life of a financial instrument.

Expected return on assets (IAS 19 term)

The average rate of return expected on the actual assets held by the scheme.

Expenditure and Funding Analysis (EFA)

The Expenditure and Funding Analysis links the Comprehensive Income and Expenditure Statement by demonstrating how available funding has been used to provide services. Whilst still reported in accordance with accounting practice, the analysis shows how the expenditure has been allocated by directorates for decision making purposes rather than legislative purposes.

Fair value

The fair value of an asset is the price at which it could be exchanged in an arm's length transaction between unrelated parties at the measurement date.

Fair Value Through Profit and Loss

Classification is dependent on the contractual terms (i.e. solely payments of principle and interest (SPPI) on the principle outstanding), if any other kind of payment is included the instrument will fail the test and fall into the FVTPL class. The primary objective is to hold the financial asset by any other means than to collect contractual cash flows.

Fair Value Through Other Comprehensive Income

Objective is to receive contractual cash flows and sell the financial asset. The terms give rise to specified cash flow on specific dates and must be solely principal and interest (SPPI) on outstanding balance. Election can be made where changes to the value can be reported in Other Comprehensive Income and Expenditure.

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.

Financial Instrument

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another. The term financial instrument covers both financial assets and financial liabilities and includes trade debtors, investments, trade creditors and borrowings.

Financial Instrument Revaluation Reserve

Unusable Reserve that holds financial instrument unrealised gains and losses. These amounts will only become available to provide services once the gain/loss has been realised and the financial asset has either been disposed of or reached maturity.

General reserves

These are amounts set aside for use in future years, not earmarked for any specific purpose.

Government grants

Amounts received from central Government towards funding the Council's activities. Revenue grants and contributions are credited to the appropriate service revenue account. Capital grants and contributions are recognised in the Comprehensive Income and Expenditure Statement, unless there are conditions attached which have not been satisfied. Capital grants and contributions recognised in year are not a credit against the General Fund balance and are reversed out via the Movement in Reserves Statement.

Government grants and contributions unapplied

Capital grants and contributions that have been recognised in the Comprehensive Income and Expenditure Statement not yet applied to finance capital expenditure.

Heritage Assets

Assets that are intended to be preserved in trust for future generations because of their cultural, environmental or historical associations. Heritage assets include historical buildings, archaeological sites, military and scientific equipment of historical importance, civic regalia, museum and gallery collections and works of art.

Housing Revenue Account (HRA)

Local authorities are required to maintain a separate account. This sets out expenditure and income arising from the provision of Council housing.

Impairment

A reduction in the value of a non-current asset arising from physical damage to the asset, dilapidation or obsolescence.

Impairment Allowance

A provision held on the balance sheet as a result of the raising of a charge against profit for the inherent expected loss.

Income

Income is defined as increases in economic benefits during the accounting period in the form of inflows or enhancements of assets or decreases of liabilities that result in an increase in reserves or net worth. Amounts which the Council receives, or expects to receive, from any source. Income includes fees, charges, sales, capital receipts, government grants, the precept on Council Tax collection funds, Revenue Support Grant and National Non-Domestic Rates.

Infrastructure

The Council's network of roads, pavements and bridges.

Infrastructure assets

Non-current assets that are held by the Council in perpetuity and cannot be given or taken away. Spending on these assets is recoverable only by continued use of the asset created (e.g. highways and footpaths).

Intangible Non-current Assets

Expenditure incurred on those non-current 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.

Interest Cost (IAS 19 term)

A financing charge reflecting the increases in the present value of scheme liabilities.

International Financial Reporting Standards (IFRS)

International Financial Reporting Standards form a principles based set of standards that establish broad rules and dictate specific accounting treatments. The Code of Practice on Local Authority Accounting in the UK (the Code), interprets IFRS accounting principles for local government and recognises the following hierarchy of standards on which accounting treatment and disclosures should be based:

- International Financial Reporting Standards (IFRS)
- International Public Sector Accounting Standards (IPSAS)
- UK Generally Accepted Accounting Practice (UK GAAP)

IFRS16 Leases

An accounting standard that will become mandatory for implementation by Local Authorities from 1st April 2024. Its main impact is to remove the traditional distinction between Finance Leases and Operating Leases for lessees. This will require recognition of Assets and Liabilities for most leases.

Inventories

Raw materials and consumable goods bought but not yet used at the end of the accounting period.

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.

Investment properties

Assets that are available for immediate sale, where there is a committed plan to sell the asset, an active marketing programme and where the sale is highly probable within 12 months.

Joint Control

Where decisions about the relevant activities of an arrangement require the unanimous consent of all the parties sharing control.

Joint Operation

Where the Council and another party have joint control of an arrangement and have rights to the assets and obligations for the liabilities relating to the arrangement. The activities undertaken by the Council in conjunction with other joint operators involve the use of the assets and resources of those joint operators.

Joint Venture

Where the Council and another party exercise joint control over a company.

Lifetime Probability

The likelihood of accounts entering default during the expected remaining life of the asset.

Loans and receivables

Assets that have fixed or determinable payments but are not quoted in an active market.

Long term borrowing

The main element of long-term borrowing comprises of loans that have been raised to finance capital expenditure projects.

Market value

The monetary value of an asset determined by current market conditions at the Balance Sheet date.

Materiality

The concept that any omission from or inaccuracy in the Statement of Accounts should not be so large as to affect the understanding of those statements by a reader.

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

This statement shows the movement in the year on the different reserves held by the Council, analysed into usable and unusable reserves. The statement reconciles the surplus or deficit on the provision of services, in the Comprehensive Income and Expenditure Statement, to the movement in the General Fund balance for the year.

Non-Domestic Rate (NDR)

The government levies a standard rate on all properties used for commercial purposes and cannot increase it by any more than the Retail Price Index. The rates are collected by Councils, and are then shared between Central Government, the Billing Authority (Council) and other bodies in proportion to prescribed shares.

Net book value

The amount at which non-current 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 an asset in its existing condition and existing use, i.e. the cost of its replacement or of the nearest equivalent asset, adjusted to reflect the condition of the existing asset.

Net debt

This comprises short term investments plus cash in hand less cash overdrawn and long-term borrowing.

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.

Non-current Asset

An asset which is intended to be in use for several years such as a building or a vehicle. These may be tangible or intangible.

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.

Operating lease

An arrangement similar to a finance lease where the risks and rewards associated with ownership remain with the lessor.

Operational assets

Non-current assets held and occupied, used or consumed by the Council in the direct delivery of those services for which it has either a statutory or discretionary responsibility.

Past Service Cost (IAS 19 term)

The increase in the scheme liabilities arising in the current period as a result of the introduction of, or improvement to, retirement benefits.

Precept

Amounts the Council is required to raise from Council Tax on behalf of other authorities.

Prepayments

Amounts paid by the Council in 2023-24 in relation to goods and services not received until 2024-25.

Prior year adjustments

Those material adjustments applicable to prior years arising from changes in accounting policies or from the correction of material 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.

Projected Unit Method (IAS 19 term)

An accrued benefits valuation method in which the scheme liabilities make allowance for projected earnings.

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.

Receipts in advance

Amounts received by the Council during 2023-24 relating to goods or services delivered in 2024-25.

Related party

A person or organisation which has influence over another person or organisation.

Remeasurements (IAS19 term)

For a defined benefit pension scheme, the changes in the value of a schemes assets and liabilities as a result of the changes to the underlying assumptions concerning their value, as opposed to any performance or activity in year.

Reserves

Specific amounts set aside for future policy purposes or to cover contingencies. There are two types of reserve: usable reserves which are available to meet current expenditure, and unusable reserves which are not. Most revenue reserves are capable of being used, but the Revaluation Reserve, Capital Adjustment Account, and the Financial Instruments Adjustment Account cannot be used to meet current expenditure.

Retirement benefits

All forms of consideration given by an employer in exchange for services rendered by employees that are payable after the completion of employment.

Revaluation Reserve

Revaluation Reserve is intended to hold surpluses or deficits arising from the regular revaluation of non-current assets.

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.

Revenue Expenditure Funded from Capital under Statute (REFCUS)

Certain expenditure can be classified as capital for funding purposes when it does not result in the expenditure being carried on the Balance Sheet as a Non-current asset. The purpose of this is to enable it to be funded from capital resources rather than be charged to the General Fund and impact on that year's Council Tax.

Revenue Support Grant (RSG)

Central Government grant support towards local government expenditure.

Scheme liabilities

The liabilities of a defined benefit scheme for outgoings due after the valuation date. Scheme liabilities measured using the projected unit method reflects the benefits that the employer is committed to provide for service up to the valuation date.

Section 151 Officer

The Officer designated to assume overall responsibility for the administration of the financial affairs of the Council and for the preparation of the Council's Statement of Accounts.

Service concession

An arrangement under which the Council passes to a third party an obligation to deliver a service to the public on its behalf. Organisations delivering services under a service concession arrangement are effectively doing so as an extension of the Council, so any assets employed by them to deliver the contracted services are reported on as if they were the Council's own. This is commonly the case for Private Finance Initiative contracts.

Settlements and Curtailments (IAS 19 term)

Settlements are liabilities settled at a cost materially different to the IAS 19 reserve during the year. Curtailments represent the cost arising from early payment of accrued pensions in respect of any redundancies during the year.

Short period

In terms of non-current assets this is interpreted to mean that assets are normally revalued once every five years for each class of assets, provided that carrying amount does not differ materially from that which would be determined using the current value at the end of the reporting period.

Short Term Accumulating Paid Absences

Benefits that employees receive as part of their contract of employment, the entitlement to which is built up as they provide services to the Council, e.g. annual leave, flexi leave.

Slippage

This is when delays occur in capital works and therefore payments are not made in the financial year originally anticipated.

Solely Payments of Principle and Interest

The classification of a financial asset depends on whether its contractual terms give rise on specific dates to cash flows that are solely payments of principle and interest.

Subsidiary

Where the Council either wholly or by majority controls a company.

Tangible Non-current Assets

Non-current assets of physical substance and which yield benefits to the Council for a period of more than one year.

Useful life

The period over which the local authority will derive benefits from the use of a non-current asset.

Vested rights

In relation to a defined benefit scheme, these are:

- a) for active members, benefits to which they would unconditionally be entitled on leaving the scheme
- b) for deferred pensioners, their preserved benefits
- c) for pensioners, pensions to which they are entitled

They include where appropriate the related benefits for spouses or other dependants.