

OPEN

## **Finance Sub-Committee**

**09 January 2025**

### **Enterprise Cheshire & Warrington In-Year Financial Review 2024/25**

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**Report of: Adele Taylor, Interim Executive Director of Resources (S151)**

**Report Reference No: FSC/23/24-25**

**Ward(s) Affected: None**

**For Decision or Scrutiny: Scrutiny**

#### **Purpose of Report**

- 1 The purpose of the report is to enable the Finance Sub-Committee, as the Council's shareholder representative of wholly and partly-owned companies, to review the in-year financial performance of Enterprise Cheshire & Warrington (ECW), a company jointly-owned with Cheshire West & Chester and Warrington Borough Councils.
- 2 This aligns with the Council's priority of being "An open and enabling organisation".

#### **Executive Summary**

- 3 The in-year financial performance report for ECW is attached as Appendix 1. In summary, the ECW group is reporting a surplus of £0.2m as at Quarter 2.
- 4 Unlike the 'forecast outturn' style of internal financial management reports of the Council, the nature and style of ECW's in-year reporting is that of 'spend-to-date' compared to 'profiled' budget. As such, the main focus is on expenditure and income to September, compared to budgets for expenditure and income over that period.
- 5 It is worthy of note that ECW itself is largely funded by various Government initiatives – be it specific programmes, or the retention of

business rates through the Enterprise Zones – whereas its Marketing Cheshire arm has more of a commercial nature.

- 6 The Cheshire and Warrington Joint Committee is the principal governance body, as regards receiving reports from ECW, and making decisions with regard to its activities. However as Accountable Body for ECW, on behalf of the three local authorities, it is important that Finance Sub-Committee also maintains an awareness of the financial affairs of the company, going forward.
- 7 The format, content and frequency of such reports to Sub-Committee will be reviewed and developed in the future, as the company aligns further to CIPFA best practice and local authority reporting standards.

#### RECOMMENDATIONS

Finance Sub-Committee is recommended to:

1. Note the information provided in the in-year financial review for Enterprise Cheshire & Warrington.
2. Note that this is the first such report under the new arrangements and the format, content and frequency of reporting to the Sub-Committee will be developed during 2025/26.

#### **Background**

- 8 In August 2023 the Government confirmed that the functions carried out by local enterprise partnerships would become the responsibility of local authorities by April 2024. As a result, for our area, the responsibility for Government-funded strategic economic development activity transferred to the sub-region of Cheshire East, Cheshire West & Chester, and Warrington Borough Councils.
- 9 ECW Ltd was created as a company where ownership is shared equally between the three councils; it provides continuity as regards the ongoing management and delivery of pre-existing programmes, and is also enabled to act, as determined by the three councils – via the Cheshire and Warrington Joint Committee – and deliver new programmes to support economic growth.
- 10 As part of the transfer it was agreed that the Cheshire East Council would continue to act as Accountable Body, on behalf of the sub-region. In this capacity, Finance Sub-Committee will receive in-year financial

management reports in broadly the same frequency as the Council's own Financial Review reports, going forward.

- 11 The attached report is produced by ECW using their own systems. It represents the position at the end of Quarter 2.
- 12 Cheshire East Council remains the Accountable Body for any funding streams provided by Government to the sub-region of Cheshire and Warrington. CEC has details of that funding, along with capital and revenue funds held on behalf of ECW.
- 13 The report includes details of both ECW and its commercial arm, Marketing Cheshire.
- 14 The key observations are:
  - (a) The combined financial position across the ECW group has resulted in a surplus of £184,120 at Quarter 2. This is compared to a profiled budget surplus of £2,713.
  - (b) Within that figure, Marketing Cheshire reports a deficit of £93,938, compared to a budgeted deficit position at the end of Q2 of £13,563.

## **Consultation and Engagement**

- 15 The report has been produced and signed off by ECW and reviewed by CEC Finance.

## **Reasons for Recommendations**

- 16 The report has been requested as part of the creation of ECW and supports being an Open Council.

## **Other Options Considered**

- 17 This is a requested report to link in with in-year reporting on Council services.

## **Implications and Comments**

*Monitoring Officer/Legal*

- 18 Following the government's decision to transfer the Local Enterprise Partnership functions directly to local authorities, the Cheshire and Warrington Joint Committee has been created and its terms of reference include the governance of the newly formed ECW Ltd. ECW is a company jointly owned by all three local authorities. Cheshire East

Council remains the accountable body for the funding received into the sub region. The Finance Sub Committee is being asked to review the in year financial position for ECW in its capacity as shareholder representative and given Cheshire East's accountable body status.

- 19 The operation of both the Joint Committee and ECW Ltd are in their early stages and this report also commits to a continuing review of the format, frequency and content of reports to the Committee. An ongoing review of the governance processes of both the Joint Committee and ECW Ltd (including Marketing Cheshire) would also be prudent to ensure they remain legally compliant following the structural changes that have taken place.

#### *Section 151 Officer/Finance*

- 20 The report sets out the in-year financial position for ECW.
- 21 The in-year report has been produced by ECW.
- 22 Cheshire East Council acts as the Accountable Body for Government funds passed to ECW and holds funds on its behalf.
- 23 Cheshire East Council's revenue budget includes an annual subscription to ECW of £31,250, and also income with regard to support service fees in relation to the Accountable Body role.
- 24 Funding for ECW is under review by central government and budget setting for 2025/26 will be considered in January 2025.

#### *Policy*

- 25 This report is a backward look at ECW activities.
- 26 It supports the Corporate Plan aim Open and priority to be an open and enabling organisation.

#### *Equality, Diversity and Inclusion*

- 27 None

#### *Human Resources*

- 28 None

#### *Risk Management*

29 Financial risks are assessed and reported on a regular basis, and remedial action taken if required.

*Rural Communities*

30 None

*Children and Young People including Cared for Children, care leavers and Children with special educational needs and disabilities (SEND)*

31 None

*Public Health*

32 None

*Climate Change*

33 None

<b>Access to Information</b>	
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Appendices:	Appendix 1 - Enterprise Cheshire and Warrington Quarter 2 Financial Update 2024/25
Background Papers:	<a href="#">Link to the CEC report to create ECW</a> at item 86.