

## **Appendix 1 – Enterprise Cheshire and Warrington Quarter 2 Financial Update 2024/25**

### **Introduction**

This Appendix sets out the financial position for the Enterprise Cheshire and Warrington (ECW) group at the end of quarter two financial year 2024/2025.

The combined financial position across the ECW group has resulted in a surplus of £184,120. This is as expected due to the timing of income and expenditure. Expenditure is typically higher, and income is normally lower in the first half of the financial year. The opposite occurs during the second half of the year.

ECW is reporting a surplus of £278,058 compared to a budgeted surplus position of £16,276. The variations in both income and expenditure are driven by the project portfolio, where the pattern of income and expenditure varies throughout the financial year, and the timing of inter-company recharges. Some variances remain, staff costs were lower than budgeted due to vacancies, but these posts are now being filled.

Marketing Cheshire (MC) reports a deficit of £93,938, compared to a budgeted deficit position at the end of Q2 of £13,563. Again, this is driven by the timing of receipts and payments; however, expenditure on marketing and subscriptions has been higher than budgeted.

The year end position is anticipated to have a larger than anticipated deficit, but one that can be accommodated within useable reserves. Steps are being taken to increase income and reduce expenses to bring the year end position closer to budget.

Work is being undertaken with budget holders to further improve profiling. The budget across the group is expected to balance by the year end.

## SECTION 1 - FINANCIAL OVERVIEW Q2 AS AT 30 SEPTEMBER 2024.

This table details revenue income for both MC and ECW, for the period to 30 September 2024.

INCOME	PERIOD TO DATE				ANNUAL
	Actual YTD	Budget YTD	Variance	Note	Budget 24/25
	£	£	£		£
<b>MC</b>					
LA Funding	-156,787	-140,700	-16,087		-281,400
Central government	0	-7,500	7,500		-15,000
Other funding	-167,496	-177,500	10,004		-155,000
Commercial / partnership	-169,103	-186,367	17,264		-425,000
<b>TOTAL MC INCOME</b>	<b>-493,386</b>	<b>-512,067</b>	<b>18,681</b>	<b>1</b>	<b>-876,400</b>
<b>ECW excluding NP11</b>					
Central government	-607,754	-556,500	-51,254	2	-1,113,000
Interest on idle funds	-46,875	-46,875	0		-93,750
Interest on idle funds	-357,357	-300,000	-57,357		-600,000
Other Funding	-233,660	-185,500	-48,160		-371,000
Retained Business Rates	-579,385	-631,875	52,490		-1,263,750
Overhead Recovery	-25,000	-30,280	5,280		-60,560
<b>TOTAL ECW INCOME</b>	<b>-1,850,031</b>	<b>-1,751,030</b>	<b>-99,001</b>	<b>3</b>	<b>-3,502,060</b>
<b>TOTAL COMBINED ECW &amp; MC INCOME</b>	<b>-2,343,417</b>	<b>-2,263,097</b>	<b>-80,320</b>		<b>-4,378,460</b>

### Income Notes

1. MC income was lower than predicted, this is due to differences in timing between when activity takes place and income for that activity is received. In addition, related income is only recognised in the profit and loss account when paid. This practice was introduced two years ago and will be reversed to comply with CIPFA guidance.
2. Skills boot camp was originally budgeted to receive more funding which would provide a higher management fee. The funding anticipated was not awarded, so the management fee is less than budgeted. Overhead costs have been reduced to compensate.
3. ECW is the accountable body for NP11, only the nominal management fee for overhead costs have been included in the figures.

This table details revenue expenditure for both MC and ECW, for the period to 30 September 2024.

<b>COSTS</b>							
		<b>Actual £</b>	<b>Budget £</b>	<b>Variance £</b>	<b>Note</b>		<b>Budget £</b>
<b>MC DELIVERY COSTS</b>							
Commissioned activities		196,017	180,098	15,919			384,800
Staff and related costs		291,534	281,532	10,002			563,063
Operating costs		105,398	54,750	50,648			109,500
Governance and overhead		7,938	9,250	-1,312			18,500
<b>TOTAL MC DELIVERY COSTS</b>		<b>600,887</b>	<b>525,630</b>	<b>75,257</b>	<b>1</b>		<b>1,075,863</b>
<b>ECW DELIVERY COSTS Excluding NP11</b>							
Commissioned activities		364,189	404,000	-39,811			808,000
Staff and related costs		838,517	947,645	-109,128	2		1,895,291
Operating costs		245,789	284,459	-38,670			568,918
Governance and overhead		107,202	98,650	8,552			197,300
<b>TOTAL ECW DELIVERY COSTS</b>		<b>1,555,697</b>	<b>1,734,754</b>	<b>-179,057</b>			<b>3,469,509</b>
<b>TOTAL COMBINED ECW &amp; MC DELIVERY COSTS</b>		<b>2,156,584</b>	<b>2,260,384</b>	<b>-103,800</b>			<b>4,545,372</b>

## Cost Notes

### Note 1

Most of MC costs are incurred during the first half of the year, when preparing for summer and Christmas events; costs will decrease significantly during the second half of the year. Unbudgeted expenditure on marketing, consultants, and subscription memberships has contributed to the overspend, but steps are in place to reduce these expenses, to bring the year end deficit more closely in alignment with the budget.

### Note 2

Staff costs were lower than anticipated due to holding vacancies, including one senior post. Most of these have been or are in the process of being filled.

This table summarises the position for the ECW group.

	Q2 actual	Q2 budget	Q2 Variance	Annual Budget 24/25	Note
	£	£	£	£	
MC income	-493,386	-512,067	18,681	-876,400	
MC expenses	600,887	525,630	75,257	1,075,863	
<b>Surplus/deficit</b>	<b>107,501</b>	<b>13,563</b>	<b>93,938</b>	<b>199,463</b>	<b>1</b>
ECW income	-1,850,031	-1,751,030	-99,001	-3,502,060	
ECW expenses	1,555,697	1,734,754	-179,057	3,469,509	
<b>Surplus/deficit</b>	<b>-294,334</b>	<b>-16,276</b>	<b>-278,058</b>	<b>-32,551</b>	
<b>Total</b>	<b>-186,833</b>	<b>-2,713</b>	<b>-184,120</b>	<b>166,912</b>	

### Note 1

MC is expected to end the year at a deficit of c.£90,000.

## SECTION 2 – VALUE OF ECW FUNDS HELD BY CEC AT THE END OF Q2, AND MOVEMENT DURING THE QUARTER

Enterprise Zone				
Receipts	Draw down £	Loan repayments £	Capital balance £	Interest value £
2,023,347	770,000	1,509,442	2,279,342	146,113

Growing Places Fund							
Capital Receipts	Capital Payments	Capital interest	Capital balance	Revenue receipt	Revenue payment	Revenue interest	Revenue balance
£	£	£	£	£	£	£	£
0	465,000	421,980	8,418,096	0	0	16,133	323,274

Skills Boot Camp							
Capital Receipts	Capital Payments	Capital interest	Capital balance	Revenue receipt	Revenue payment	Revenue interest	Revenue balance
£	£	£	£	£	£	£	£
1,716,996	1046,734	20,788	594,589	0	154,970	3,976	0

## SECTION 3 – ANY OTHER MATTERS

The 2023/24 audited accounts for CWTB, and for ECW have been presented to the Boards and await sign off.

2025/26 budgets are being worked on. They were due to go to the Board in November 2024, however due to uncertainty around income streams, it has been decided to allow longer for development and take the budget for approval during January 2025.

Work is due to begin to ensure all financial processes align with CIPFA guidance.

## FINANCIAL RISKS

Risk	Impact	Mitigation	Post mitigation risk level
Reduced EZ funding	EZ is used for loan repayments, so any decrease in the predicted income places ECW financial position at risk.	Full review of retained rate assumptions.	
Overspending	Insufficient income to meet costs.	Tighter controls on expenditure.	
Reduction in LA contributions	Insufficient income to meet costs.	Revisit commitment with LAs.	
Loss of commercial income	Insufficient income to meet overhead.	Production of s structured commercial plan.	
Reduced funding	Insufficient income to meet overhead.	A flexible staffing model ensures that resources can be flexed according to the funding received.	