

## Appendix 1 ~ Enterprise Cheshire and Warrington 2025/26 Quarter 1 Financial Update

### SECTION 1 - Q1 2025/26 FINANCIAL OVERVIEW AS AT 30 JUNE 2025

#### INTRODUCTION

This report sets out the financial position for Enterprise Cheshire and Warrington (ECW) based on quarter one 2025/26.

#### Update to Accounting Practices

At the start of the financial year 2025/26, ECW introduced a change to accounting practices to bring them into line with CIPFA guidance; recognising funds when received and accruing them for future spend, rather than entering sums received onto the balance sheet and drawing down to balance expenses. This change will result in an in-year imbalance between income and expenditure; however a balanced budget will be achieved by the year end.

Skills and employment funding is the most notable example of the impact of this change. Funds received and accounted for in 2024/25, covered activity that spanned ECW 2024/25 and 2025/26 budget years. Unallocated funds were accrued at the end of 2024/25. Funds will next be received in Autumn 2025 for activity that spans ECW 2025/26 and 2026/27 budget years. At that point, the financial position will balance.

To support this new approach, we are reporting year-end forecasts.

#### ECW Forecasts

This table details the quarter 1 results and year end forecasts for ECW.

<b>INCOME/FUNDING</b>	<b>Q1</b>	<b>Annual Budget</b>	<b>Forecast outturn</b>	<b>Note</b>
	<b>£</b>	<b>£</b>	<b>£</b>	
Central Government	153,940	1,865,873	2,047,952	1
Central gov delivery				
Other funding	55,200	297,000	642,990	2
Retained rates operational	299,804	2,276,650	2,227,219	3
Corporate service recharge	19,833	235,515		
	<b>528,777</b>	<b>4,675,038</b>	<b>4,918,161</b>	
<b>EXPENDITURE</b>				
Commissioned activity	186,037	971,983	1,385,162	4
Staff & related costs	462,078	2,329,286	2,147,423	5
Operating costs	149,566	978,015	1,032,925	6
Governance & overhead	28,603	333,500	287,210	7
	<b>826,284</b>	<b>4,612,784</b>	<b>4,852,720</b>	
<b>Surplus/(Deficit)</b>	<b>(297,507)</b>	<b>62,254</b>	<b>65,441</b>	<b>8</b>

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### **Notes**

1. ECW has not received any grant funding for Skills Boot Camp in the first quarter; these are expected in the next quarter.  
Economic Development spent £55,000 on marketing and PR in Q1, this is a third of their annual marketing and PR budget representing work required to support future in year activity.
2. The figure for other income is low due to the timing of payments from Careers and Enterprise Company funds. For financial year 25/26, Q1 and Q2 were paid in 2024/25.
3. Retained rates have been drawn down to fund revenue costs, in line with the approved budget.
4. The largest proportion of commissioned activity, £141,977, was undertaken against the Environment and Climate budget. This line also includes funded activity to support regional programmes including Skills Boot Camp.
5. Staff and related costs were slightly less than anticipated; the Finance Director has dropped to 4 days and week, and there were a couple of vacant posts.
6. Operating costs were lower than anticipated in quarter 1, this is due to timing and is expected to come back into line next quarter.
7. Governance costs were low; a contingency has been built into this budget to reflect the increase in skills bootcamp activity; with additional governance costs that are likely to arise once the programme is fully deployed.
8. The deficit in Q1 resulted from funding for Skills programmes. Careers Hub funding for Q1 and Q2 2025/26 delivery was received in advance and recognised in the 2024/25 accounts. Only the management fee for Skills Boot Camp is received in advance.

### **Northern Powerhouse11**

In Q1, ECW prepared to close down the Northern Powerhouse11, end its role as accounting body and pass assets to the Great North Partnership. NP11 funds are not included in the figures.

### **Marketing Cheshire**

This table details the quarter 1 results and year end forecasts for Marketing Cheshire:

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<b>INCOME/FUNDING</b>	<b>Q1</b>	<b>Annual Budget</b>	<b>Forecast outturn</b>	<b>Note</b>
	<b>£</b>	<b>£</b>	<b>£</b>	
Central Government	0		0	
Other funding	116,260	350,000	400,000	
Retained rates operational	0	50,000	50,000	
Core service recharge	0		0	
LA funding	56,391	213,948	213,948	
Commercial and partnership	106,770	446,000	466,000	1
Management fee		20,000		
	<b>279,421</b>	<b>1,079,948</b>	<b>1,129,948</b>	
<b>EXPENDITURE</b>				
Commissioned activity	105,820	353,000	353,000	2
Staff & related costs	147,003	545,957	545,957	
Operating costs	69,129	199,200	199,200	3
Governance & overhead	3,866	15,050	15,050	
	<b>325,818</b>	<b>1,113,207</b>	<b>1,113,207</b>	
<b>Surplus / (Deficit)</b>	<b>(46,397)</b>	<b>-33,259</b>	<b>16,741</b>	<b>4</b>

### Notes

1. Commercial income was slightly higher than anticipated due to an increase in the amount of activity and a move to a cost-plus model.
2. Commissioned activity was slightly more than expected in the quarter due to the additional work arising from the sub regional agenda, some of which was not known at the time of budget setting.
3. Operating costs were slightly more than anticipated in Q1 due to staff overtime at the Visitor Information Centre.
4. It is anticipated that the deficit will be rectified in Q2 with an increase in work recharged.

## SECTION 2 – VALUE OF ECW FUNDS HELD BY CEC ON BEHALF OF ECW

### Retained rates

Cheshire East Council (CEC), Warrington Council and Cheshire West and Chester, pay business rates generated from enterprise zones, into a fund, to be used by ECW to support a programme of regional economic development. Funds are received, held and dispersed by CEC.

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In Q1, £984,640 of retained rates income was received from Warrington Borough Council, bringing the balance of funds held by CEC to £3,482,141 and additional interest of £31,643.

### Other Funds

Cheshire East Council acts as accountable body for various ECW funds, receiving funds from Government etc, and dispersing them on instruction from ECW. The figures below provide an overview of funds held by CEC as at the end of 30 June 2025:

1. **Growing Places fund** provides the opportunity to support business growth through loans, investments and grants. Loans repaid are reinvested to support other businesses. At the end of Q1, the total of funds held by CEC was £7,793,096 for capital and £323,274 for revenue. Additional interest was £88,493.
2. **Skills Boot Camp** is a programme delivered by ECW. It delivers flexible, government-funded training programmes designed to help local people gain valuable, in-demand skills, and support employers across Cheshire and Warrington to grow. ECW commission and manage delivery of the Skills Bootcamps. The balance of funds held by CEC at the end of June 2025 was £2,448,875 for capital and £1,848,912 revenue plus interest of £5,314.
3. **Local Growth Fund** is a 'single fund, devolved to support local economic growth. At the end of June 2025, the fund balance held by CEC was £551,306 with an additional £5,928 of interest.

### SECTION 3 – ANY OTHER MATTERS

1. The 2024/25 draft year- end statutory accounts for CWTB (Marketing Cheshire) and Enterprise Cheshire and Warrington (ECW) will be presented to ECW Board in September 2025.
2. Development of the 2026/27 budget will commence in September 2025, with the objective of achieving sign off in February 2026.

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**SECTION 4 - FINANCIAL RISKS**

Risk	Impact	Mitigation	Post mitigation risk level
Inability to match expenditure to income	Insufficient income to meet overhead.	A flexible staffing model ensures that resources can be flexed according to the funding received.  Tight financial controls	
Insufficient resource due to increase in work and / or unforeseen staff absence	Inability to complete work with quality and time constraints	Request to recruit made	