

OPEN

16 May 2025

## Enterprise Cheshire and Warrington – Budget and Business Plan 2025/26

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Report of: Acting Director of Finance (Deputy S151 Officer), Cheshire East Council

Report Reference No: CWJC/17/24-25

Significant/Key Decision?	Yes/No
Cheshire West and Chester	No
Warrington	No
Cheshire East	No

### Purpose of Report

- 1 This report sets out for approval by the Joint Committee the proposed Budget and Business Plan for Enterprise Cheshire and Warrington (ECW) including Marketing Cheshire (MC) for 2025/26. The plan is attached in **Appendix 1**.
- 2 These documents have been prepared in consultation with Growth Directors and finance colleagues from Cheshire West and Chester and Cheshire East and Warrington councils and requires the approval of the Joint Committee.

### Executive Summary

- 3 This report sets out the budget and business plan for Enterprise Cheshire and Warrington (ECW) including Marketing Cheshire (MC) for 2025/26; a company jointly owned by three local authorities (CEC, Cheshire West and Chester Council and Warrington Council).

## **RECOMMENDATIONS**

The Joint Committee is recommended to:

1. Approve the Budget and Business Plan for Enterprise Cheshire and Warrington (ECW) including Marketing Cheshire (MC) for 2025/26.
2. Delegate authority to accept additional income for programmes already being delivered by ECW should it be made available, to the ECW CEO, in consultation with CEC Finance Manager and the appropriate lead member of the Joint Committee (JC) on the understanding that any sums agreed will be reported to the next JC.
3. Agree that if ECW receives more commercial income during the year than currently budgeted, it can deploy this in consultation with Growth Directors and the CEC Finance Manager on projects of up to £100k that will strengthen C&W's ability to deliver the sub-regional vision.
4. Note that for any additional items of funding offered to the sub region, outside the scope of ECW programme, it will be for the Joint Committee to consider how it wants those funds to be deployed.
5. Note that ECW will be transferring to the North East Combined Authority the remaining NP11 assets it holds.

## **Report Detail**

- 4 The attached proposed budget for 25/26 has been prepared on a 'business as usual' basis, taking no account of the sub-region's devolution programme. In practice if agreement is reached on devolution, the Government Statutory tests are met and the CA progresses, ECW staff will be working alongside LA colleagues on devolution throughout 2025/6. There are also likely to be consequences for ECW as a company. These will both be covered via papers submitted to the JC by the devolution programme team.

## **ECW Income**

- 5 ECW's income comes from a wide range of sources including grants from central and local government, specific project and programme grants, retained business rates, and Marketing Cheshire's commercial activities. Many of these are subject to change during the year and the budget is therefore based on reasonable assumptions about income and expenditure. These will be firmed up in-year as funding is confirmed.
- 6 In previous years LAs have contributed towards ECW costs via annual subscriptions, reflecting a requirement from central Government for match

funding for its contribution. In 2024/5 the Government provided £240k towards core funding for ECW. No such funding will be provided in 2025/6 and the LA contributions towards ECW's costs of just under £42k pa each will also cease. Reductions in ECW's budget have been made to reflect the end of the LA funding.

### ***ECW Proposed Expenditure***

- 7      Around 80% of ECW's expenditure relates to grant funded programmes which must meet the conditions set by the provider of the grant. These include the Skills Bootcamp programme, the Careers Hub, the Growth Hub and work on decarbonisation funded by the Department for Energy Security. There is therefore little flexibility in the way this funding is used.
- 8      There is more flexibility in the way locally generated income (principally retained business rates from the Enterprise Zone programme) can be used. This funding is used pre-dominantly to cover the costs of ECW's strategic economic planning activity. The budgets for these items which has been kept in line with those for 2024/25.
- 9      The proposed budget for strategic work includes:
  - Undertaking consultation on and completion of the sub-region's Sustainable and Inclusive Economic Strategy;
  - Management of the Enterprise Zone, including completion of the grant to Enviroo which will enable the establishment of the plastic recycling site at Protos in Ellesmere Port
  - Work to strengthen the Cheshire Science Corridor as a location for the innovation sector and on capturing and spreading the economic benefits of decarbonisation
  - Working with the three LAs on strategic transport planning; providing £200k to fund Place Marketing work by Marketing Cheshire, including funding the sub-region's presence at the annual UKREiIF real estate investment conference
  - The provision of a £500k fund to cover the costs of other sub-regional work that the JC would like to undertake, increased from £350k in 2024/5.
- 10     The proposed budget also includes a now confirmed allocation of £9 million from the Department for Education (DfE) for the Skills Bootcamp programme. This represents a more than threefold increase from 2024 25 in recognition of the C&W programme's position as best performing in England.

### ***Marketing Cheshire***

- 11     Marketing Cheshire's budget enables it to undertake a wide range of activities to promote Cheshire and Warrington as the healthiest, most sustainable and growing economy in the UK. In 2025/6 this will include the completion of a feasibility study into the creation of a Film Office in C&W which would promote

the sub-region as a location for film and television productions alongside further work with hoteliers on a possible “Accommodation Business Improvement District” (ABID) for Chester. If the ABID is approved it could generate an additional £1 million a year to support and market Chester’s visitor economy. In the meantime the proposed budget includes an extra £50k compared to 2024/5 for Marketing Cheshire from locally generated income.

### ***Additional In-Year Income***

- 12 Government departments have historically often provided ECW with additional funding to expand or commission specific projects as part of existing programmes. Where that occurs, the Joint Committee is asked to delegate permission to ECW’s CEO, in consultation with CEC Finance Manager and the appropriate lead member of the Joint Committee to accept these sums and to enter into the associated contractual variations. Where the Government or other grant providers offer funding for entirely new programmes it is proposed these are brought to Joint Committee to consider how they will be delivered in the sub-region.
- 13 This request is particularly relevant to work ECW is undertaking on part of the Government’s Regional Skills Pilot programme, which is exploring approaches to tackling skills shortages for local home retrofit work. During 2024/5, the NW Net Zero Hub provided two grants to ECW totalling £180k for initial work on this programme and depending on the results it is anticipated DESNZ will offer an additional £900k to pilot ways of providing the necessary training. This additional sum is not included in the current budget but the if the JC is happy to agree the process described in para [12], ECW will be able to take on the project.
- 14 ECW has a number of sources of income that are subject to some degree of commercial uncertainty, including income generated by Marketing Cheshire, income from capital balances, and income from the Enterprise Zone. Cautious assumptions have been adopted in the proposed ECW budget, but this means we have not been able to commission work, for example, to strengthen our intelligence and understanding of C&W’s economic strengths and weaknesses. In the event ECW receives more commercial income than budgeted, we are seeking the JC’s agreement that ECW, in conjunction with the Growth Directors and Cheshire East’s Finance Manager, can commission projects of up to £100k that contribute to the delivery of the sub-regional Vision.

### ***NP11***

- 15 ECW, and the LEP before it, has acted as the host body for the NP11 pan-regional partnership of Northern LEPs. With the closure of LEPs, the Northern Mayors are discussing a new pan-regional partnership under the “Great North” brand and they have asked the North East Combined Authority (NECA) to take the lead on this proposal. With the support of Government officials,

ECW is in discussion with NECA about transferring NP11's remaining assets (around £150k cash, all of which was provided by the Government) to NECA. The timing of this transfer is uncertain and it has therefore been left out of the budget but will have no impact on ECW's activity in Cheshire and Warrington.

### **Reasons for Recommendations**

- 16 The proposed budget allows ECW to deliver its obligations under grant funding agreements with the Government which account for 80% of its budget, and to continue its work towards the delivery of a sustainable, inclusive, healthy and growing sub-region.
- 17 There have been instances when ECW has either been offered additional funds to deliver extensions to contracted schemes or given the opportunity to apply for them, often at short notice. The current approach, which relies on the JC giving approval to bid for or accept sums above £100k has caused issues and a robust but agile approach outlined in paragraph [10] is proposed to avoid losing these opportunities.
- 18 The Budget will form the basis for in-year monitoring reports for ECW to the Cheshire East Council Finance subcommittee as ECW's accountable body; ECW Board of Directors, Growth Directors, MC Board and the JC.
- 19 Approval of the Business Plan is required by the JC to enable ECW to operate effectively, legally and to meet its contractual obligations.

<b>Option</b>	<b>Impact</b>	<b>Risk</b>
Do nothing (ie not approve the budget)	ECW and MC would be unable to operate and meet its contractual obligations	Delayed delivery of at least some of the activities. Contractual obligations missed.

### **Comments from the Business Advisory Board (BAB)**

- 20 The Business Advisory Board supports the proposed budget as a necessary step in ensuring the region is equipped to support and help navigate Devolution. The budget maintains critical skills and capacity at a modest investment, enabling the successful delivery of strategic priorities, including the sub-region's Growth Plan. While acknowledging the need for clearer alignment of objectives and broader marketing efforts beyond the Visitor Economy, the Chair believes that approving the budget is essential to maintaining momentum and safeguarding the timely implementation of the current Devolution process, ultimately driving sustainable economic growth across Cheshire and Warrington.

## Other Consultation and Engagement

- 21 The draft business plan has been completed by officers of ECW and MC who have also engaging with stakeholders in setting their targets and objectives for 2025/6.
- 22 The plan remains a living document, and delivery of the activities contained within it will entail further consultation and engagement with a wide range of stakeholders. The plan therefore reflects as far as is possible within the limitations of ECW and Marketing Cheshire resources, the priorities of those stakeholders.

## Implications and Comments

### *Legal implications*

- 23 The Joint Committee acts on behalf of the three shareholding councils to undertake their respective shareholding activities. Its terms of reference provide for it to approve ECW's budget and business plan, any variations and to ensure it delivers against those matters. This report requests approval of the business plan in line with those terms of reference together with associated financial measures in relation to ongoing funding.
- 24 The Joint committee may wish to request a further report during this financial year to update on the budget position, taking into account the financial comments below and its role in monitoring that budget.

### *Finance implications*

- 25 The financial projections set out in the ECW Business Plan have been reviewed by Finance Officers from the Council and ECW as part of the preparatory work being undertaken in advance of any devolution decisions. This did not identify any significant immediate financial risks that would prevent the approval of the ECW business plan for 25-26.
- 26 The funding assumptions are reasonable, and the budget has been prepared on a prudent basis. If anything, assumptions underpinning the budget are cautious as they don't presume any income from interest on their cash balances (recently this has been up to £0.5m pa but is expected to be lower in 2025-26). On that basis it is likely that the actual funding position for ECW will show an improvement on that presented in the Business Plan.
- 27 Looking beyond 2025-26 there are some longer-term pressures and issues to be considered and addressed:
  - a. **Sustainability of the ECW budget** – Changes in funding sources, including the withdrawal of some Council funding, mean that the ECW has become increasingly reliant on the use of Enterprise Zone (EZ) Retained Business



Rates to support its budget. This may create issues in future years for two reasons:

- i. EZ funds are currently being drawn down at a faster rate than they are being replenished, reducing the balance held in reserves by approx. £400k per year. At this rate the reserves would fall below the target level minimum level of £1.5m by 2027-28 and could be fully exhausted by 2030. To sustain current levels of activity a new funding source would need to be identified, or costs reduced in line with available funding.
  - ii. EZ retained business rate receipts can be volatile and in any one year the level of new receipts can be significantly reduced by appeals e.g. in 2023-24 receipts were approx. £800k lower than expected. A reducing balance on the reserve will reduce the level of resilience of ECW to unplanned changes in its income base.
- b. **Budget Prioritisation** - While most of ECW's income is ringfenced and must be used to support delivery of Government defined priorities, approximately 20% can be applied more flexibly against a range of locally determined competing priorities as set out in the report.

Looking forward, improvements could be made to strengthen the process undertaken to establish, evaluate and decide what to fund each year, and make these decisions more transparent and clearly evidenced. This should be underpinned by a clear evaluation of the effectiveness of existing activities in contributing to agreed objectives.

### *Risk Management*

- 28 Financial risks are actively managed and mitigated and form part of the corporate risk report.

### *Equality, Diversity and Inclusion*

- 29 Equality, Diversity and Inclusion factors are considered as each activity or element of the business plan is developed and performed.

### *Policy*

- 30 The activities set out in the proposed business plan all contribute to the delivery of the sub-regional vision that C&W will be the healthiest, most sustainable, inclusive and growing economy in the country.

<b>Access to Information</b>
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Appendices:	Appendix 1 Budget and Business Plan 2025/26
Background Papers:	None