

Core Operational Revenue Budget

2.1 There are no changes in anticipated income from the budget approved by the MCA on the 25 March 2019. The following table provides a breakdown of the sources of income.

2.2

| | Budget | Outturn | Variance |
|--|---------------|---------------|-----------|
| Income Stream | £'000 | £'000 | £'000 |
| EZ Business Rates | £3,023 | £3,023 | £0 |
| Traded Income - AMP | £1,428 | £1,428 | £0 |
| Transport Hub Subscriptions | £1,000 | £1,000 | £0 |
| Base LEP Subscriptions | £204 | £204 | £0 |
| LEP Grants | £500 | £500 | £0 |
| Investment Income - Treasury | £195 | £195 | £0 |
| Investment Income - Property Portfolio | £155 | £155 | £0 |
| | £6,506 | £6,506 | £0 |

The EZ business rates growth for the year is based on the estimates provided by each authority to Government prior to the start of the financial year capped at £1m in Chesterfield's case. Differences between actual and estimates are not budgeted for but are instead taken to the business rates resilience reserve where an assessment is then made on how much, if any, can be refunded. The difference between actual and estimated business rates growth for 2018/19 will be confirmed shortly once authority accounts have been audited. This will then enable the amount of any refund to be determined.

2.3 Expenditure

The main costs of running the MCA/LEP include staffing, accommodation, business support, international marketing and the commissioning of specific pieces of work as part of implementing the Strategic Economic Plan (SEP), Local Industrial Strategy (LIS) and Shared Prosperity Fund (SPF). At the end of Q1, an underspend of £204k is anticipated.

The table below provides a breakdown of these costs and includes the virements proposed in paragraph 2.7.

| | Original | Virements | Revised | Outturn | Variance |
|---------------------------------------|---------------|-----------|---------------|---------------|--------------|
| Expenditure | £'000 | £'000 | £'000 | £'000 | £'000 |
| Staffing | £2,277 | £242 | £2,519 | £2,152 | £-367 |
| SEP, LIS and SPF Development | £1,160 | £0 | £1,160 | £1,160 | £0 |
| AMP* | £1,022 | £0 | £1,022 | £1,038 | £16 |
| Business Support, Supplies & Services | £983 | £-218 | £765 | £797 | £32 |
| Trade and Investment | £601 | £0 | £601 | £601 | £0 |
| Other Property Costs | £253 | £-24 | £229 | £345 | £116 |
| | £6,296 | £0 | £6,296 | £6,092 | £-204 |
| Change in overhead share with PTE | £210 | £0 | £210 | £210 | £0 |
| | £6,506 | £0 | £6,506 | £6,302 | £-204 |

2.3.1 Staffing

The budget as originally approved was for staffing costs (net of recharges to revenue programmes and capitalisation) of £2.277m. A virement has been requested (see paragraph 2.6) to increase staffing costs by £0.242m (£0.218m from Business Support as a consequence of the Finance team becoming employees of the MCA and £0.024m from Property Costs following the appointment of a Building Manager). Since the start of the financial year, the SCRMCAs have taken the opportunity to manage vacancies that have arisen as officers have left the organisation and not been replaced. On the assumption that the current vacancy management policy is maintained the estimated staffing costs are forecast to be £2.152m representing a saving of £0.367m or 15% against the revised post virement budget of £2.519m.

2.3.2 Other Property Costs

These represent a combination of the share of the Broad Street West premises costs apportioned to the LEP and property costs associated with the investment property portfolio.

The forecast overspend has arisen due to:

- The tenant vacating Midland Road bus depot, and the SCRMCAs, as a consequence, becoming liable for premises costs, the principal one being Business Rates of £80k
- A reduction in recharges to revenue programmes

2.3.3 Supplies & Services

The forecast overspend is due to a reduction in recharges to programmes partly offset by savings against insurance and audit expenditure.