Appendix 2

Core Operational Revenue Budget

2.1 Income

There is an additional £722k 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.

	Budget	Outturn	Variance
Income Stream	**£'000**	**£'000**	**£'000**
EZ Business Rates	£3,023	£3,038	-£15
Traded Income - AMP	£1,428	£1,619	-£191
Transport Hub Subscriptions	£1,000	£1,000	£0
Base LEP Subscriptions	£204	£204	£0
LEP Grants	£500	£725	-£225
Investment Income - Treasury	£195	£479	-£284
Investment Income - Property Portfolio	£155	£162	-£7
	£6,506	**£7,228**	**-£722**

2.1.1 EZ Rates

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.

2.1.2 LEP Grants

£200k has been awarded by government for compliance with the LEP review. In addition, a 1% administration fee (£25k) of the £2.5m Sustainable Transport Access Fund (STAF) has been agreed as a contribution to revenue towards the programme management costs.

2.1.3 Investment Income – Treasury

Treasury investment income comprises interest receivable from cash invested in accordance with the MCA Group's treasury management strategy. The MCA/LEP takes a low-risk approach in terms of its investment strategy in order to provide a secure source of income to the authority. The actual investment income forecast in 2019/20 exceeds budget due to slippage on delivering the LGF programme resulting in higher cash balances being held by the MCA yielding greater interest (£184k) together with interest on LGF loans advanced to third parties where we now have greater certainty that interest will be received (£100k).

2.1.4 Traded Income – AMP

The second largest source of income comes from the tenants who occupy workspace at the AMP Technology Centre. Occupancy levels in 2019/20 are exceeding budgeted levels, thus yielding an expected income surplus.

2.2 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 P8, a saving of £300k is anticipated. The table below provides a breakdown of these costs.

	Revised	**Outturn**	**Variance**
Expenditure	**£'000**	**£'000**	**£'000**
Staffing	£2,519	£2,196	-£323
SEP, LIS and SPF Development	£1,160	£1,160	£0
AMP	£1,022	£1,040	£18
Business Support, Supplies & Services	£975	£982	£7
Trade and Investment	£601	£501	-£100
Other Property Costs	£229	£327	£98
	£6,506	**£6,206**	**-£300**

2.2.1 Staffing

Since the start of the financial year, the SCRMCA has 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 reduce to £2.2m net of recharges, a net saving of £323k or 13%.

2.2.2 SEP, LIS and SPF Development

The £1.16m budget has been allocated to the following activities for 2019/20.

	Forecast
SEP, LIS and SPF Development	**£'000**
SEP/LIS development	£190
Business Growth programme	£180
Research & Evaluation programme	£100
Transport strategy implementation	£190
Infrastructure plan implementation	£100
Skills	£50
Corporate communications	£160
Governance and organisational development	£190
	£1,160

2.2.3 Trade & Investment

The £601k budget has allocated to the following activities for 2019/20. However, it is forecasted that a saving of £100k will be achieved in the year.

Trade and Investment	Budget £'000	Forecast £'000	Variance £'000
MIPIM 2020	£155	£95	-£60
Trade missions – China and India	£131	£131	£0
Other Trade and Investment	£197	£167	-£30
Corporate Marketing	£118	£108	-£10
	£601	**£501**	**-£100**

2.2.4 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 SCRMCA, as a consequence, becoming liable for premises costs, the principal one being Business Rates of £80k
- A reduction in recharges to revenue programmes