

BetaDen Finance Report – July 2021 (Appendix 1)

1.1.1. The estimated public-sector funding has not moved since the last report and reflects the continued reprofiling of the budget. The position now reflects the latest ERDF eligible funded expenditure (£500k), match funding, paid via the Growth Fund (£500k) and specific employee funding paid via dedicated WLEP funding.

1.1.2. In 2021/22, Betaden will join forces with MHSP to maximise opportunities available. The latest financials assume that there will be a future (2021/22 onwards) quasi contribution from MHSP that offsets the rent and associated costs of BetaDen. It also anticipated that BetaDen will generate modest amounts of private sector funding over the next 3 years, estimated at £20k, £115k and £150k respectively. There has already been an investment of £20k received in 2020/21.

1.1.3. The table below shows the changes to GPG for recent board updates:

Growing Place Grant (£1,219k) profile	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2023/24	2024/25	2025/26	2026/27	Total year
	£	£	£	£	£	£	£				£
March 2021 LEP Board	134,728	126,659	355,189	122,745	20,396	58,860	167,625	223,500	9,296		1,218,998
May 2021 LEP Board	134,728	126,659	209,027	276,635	11,351	58,641	167,625	223,500	9,296		1,217,462
Sept 2020 LEP Board	134,728	126,659	366,820	113,697	68,725	184,106	0	137,912	80,449	0	1,213,096
Dec 2020 LEP Board	134,728	126,659	305,597	130,048	37,734	111,295	167,625	204,875	0	0	1,218,561
Latest position - now	134,728	126,659	259,549	310,757	183,886	63,515	139,905	0	0	0	1,219,000
Movement since last report (May 2021)	0	0	50,522	34,122	172,535	4,874	-27,720	-223,500	-9,296	0	1,538

1.1.4. The BetaDen budget is constantly being evolved and the changes reflect the latest known position and funding streams. The changes are:

The commercial income received and targeted of £285k is transferred to a notional 'reserve account' to be utilised after the ERDF programme.
The impact of this is that the GPG will run out in 2023/24.

Significant year on year investment will be required to cover the anticipated £0.5m operating costs from 2024. Betaden are continuing to explore funding options which may derive from commercial investors, cohort re-investment, external government funding initiatives or partnerships. MHSP and Betaden also have symbiotic benefits to develop new funding.

1.1.5. The WLEP core budget continues to contribute for staffing and staff associated WLEP overheads. In 2021/22 this is forecast to be £233k, including a redundancy provision, which is moved to the current financial year of the programme. The Investment Manager is funded from GPG and the project support from ERDF / GPG match funding

1.1.6. The Board are asked to approve the funding profile outlined below:

Funding Source for Expenditure	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2023/24	2024/25	2025/26	2026/27	Total year
	£	£	£	£	£	£	£	£	£	£	£
Total Expenditure	289,357	269,697	564,864	696,655	616,974	153,097	477,375	557,500	557,500	557,500	4,740,520
Funded by:											
Growing Places Grant (other)	128,539	70,763	101,906	194,453	67,204	16,231	139,905	0	0	0	719,000
Growing Places Grant (ERDF match funding)	3,095	55,271	161,363	116,304	116,682	47,284	0	0	0	0	500,000
ERDF income	3,095	55,271	161,363	116,304	116,682	47,284	0	0	0	0	500,000
WLEP Core Funding for CoE posts	98,987	88,392	120,232	126,094	128,406	32,797	0	0	0	0	594,908
5G bid funding for office space	55,642	0	0	0	0	0	0	0	0	0	55,642
Revenue running contribution - MHSP	0	0	0	28,500	38,000	9,500	0	0	0	0	76,000
Other income	0	0	20,000	115,000	150,000	0	337,470	557,500	557,500	557,500	2,294,970
	289,357	269,697	564,864	696,655	616,974	153,097	477,375	557,500	557,500	557,500	4,740,520

Based on the actual results to date, it is likely that there will be a saving on the budgeted costs, which will extend the 'life' of the GPG by a further few months. This is continually reprofiled as required.

Betaden Expenditure Summary	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2023/24	2024/25	2024/25	2024/25	Total
	£	£	£	£	£	£	£	£	£	£	£
Salaries	98,987	88,392	185,240	215,724	130,368	32,797	105,000	140,000	140,000	140,000	1,276,508
Operating overheads	147,620	66,937	28,900	124,143	90,756	22,547	55,042	83,500	83,500	83,500	786,445
BetaDen Development / Promotion and Cohort grants	36,561	3,826	7,998	9,180	12,485	3,184	317,333	334,000	334,000	334,000	1,392,567
ERDF Marketing	5,839	26,870	84,767	53,960	46,320	24,510	-	-	-	-	242,266
ERDF Subject experts	350	42,992	50,172	48,912	52,958	59,564	-	-	-	-	254,948
ERDF Cohort funding	-	40,680	176,537	112,784	120,000	10,495	-	-	-	-	460,496
ERDF Project Support	-	-	11,250	16,953	14,087	-	-	-	-	-	42,290
Commercial income transferred to reserves	-	-	20,000	115,000	150,000	-	-	-	-	-	285,000
	289,357	269,697	564,864	696,655	616,974	153,097	477,375	557,500	557,500	557,500	4,740,520

During the next 2-3 years of ERDF funding, BetaDen has been targeted to generate external income to support the non-cohort operating costs. These currently total £285k.

There are now 2 columns for 2023/24 reflecting the transition year for BetaDen, when the ERDF and WLEP match funding will cease. From 2023/24 BetaDen will be sourcing its financing from a commercial finance streams and new opportunities.

The future income requirements are based on BetaDen running a minimum of 2 cohort groups per year, based on the current cohort support activities and the associated operating costs. The budgets are and will continue to fluctuate as the business commercial strategy and plans are developed and tailored for economic conditions.

An alternative model

The Betaden team is reviewing their structure for delivering particular aspects of the Betaden programme and how this could facilitate their income targets with a view to operating commercially.

The attached schedule details the costs which are considered directly relevant to uphold the ERDF funded programme and how they are currently financed. In addition to the directly attributable supplier costs, staffing costs for the Operation Manager and a part time marketing post are included.

Betaden ERDF related Income and Expenditure	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2023/24	2024/25	2024/25	2024/25	2024/25	Total
Income												
Growing Places Grant - match funding	3,095	55,271	161,363	116,304	116,682	47,284						500,000
ERDF	3,095	55,271	161,363	116,304	116,682	47,284						500,000
WLEP Core Funding	98,987	88,392	120,232	82,539	84,602	28,906						503,658
	105,176	198,935	442,958	315,147	317,967	123,475	0	0	0	0	0	1,503,658
Expenditure												
Salaries - Operations Manager and 1 marketing only (from 21/22)	98,987	88,392	120,232	82,539	84,602	28,906						503,658
Marketing	4,046	17,388	55,710	36,070	30,000	10,455						153,669
Cohort Marketing	1,793	9,483	29,057	17,890	16,320	14,055						88,597
Subject Experts	350	42,992	50,172	48,912	52,958	59,564						254,948
POC Grants	-	40,680	176,537	112,784	120,000	-						450,001
% grant variance	-	-	-	-	-	10,495						10,495
Project support	-	-	11,250	16,953	14,087	-						42,290
	105,176	198,935	442,958	315,147	317,967	123,475	0	0	0	0	0	1,503,658

The schedule below details the costs which are funded via the Growing Places Grant (non-ERDF match funding), WLEP Core and Commercially generated income.

The expenditure is an estimate of the future salary costs, operational overheads, cohort marketing and subject expert support and cohort grants. These schedules will change as the commercial partners are developed, the combined offering with MHSP and 5G is considered and the level and design of cohort support is collated.

Betaden Commercial related Income and Expenditure	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2023/24	2024/25	2024/25	2024/25	2024/25	Total
Income												
Growing Places Grant - non ERDF	128,539	70,763	101,906	194,453	67,204	16,231	139,905	-	-	-	-	719,000
WLEP Core Funding	-	-	-	43,555	43,803	3,891	-	-	-	-	-	91,250
5 G investment - office space	55,642	-	-	-	-	-	-	-	-	-	-	55,642
MHSP - Revenue operational contribution (running rent)	-	-	-	28,500	38,000	9,500	-	-	-	-	-	76,000
BetaDen commercial income - accumulated	-	-	-	-	-	-	-	-	-	-	-	-
BetaDen commercial income in year	-	-	20,000	115,000	150,000	-	337,470	557,500	557,500	557,500	557,500	2,294,970
	184,181	70,763	121,906	381,508	299,007	29,622	477,375	557,500	557,500	557,500	557,500	3,236,862
Expenditure												
Salaries (non Operational and 1 marketing)	-	-	65,008	133,185	45,766	3,891	105,000	140,000	140,000	140,000	140,000	772,850
Professional Fees	2,300	12,991	-	9,180	12,485	3,184	7,875	-	-	-	-	48,014
IT & Computer Equipment	11,317	381	-	383	520	133	2,917	-	-	-	-	15,650
Fixtures & Equipment	39,067	-	-	3,060	4,169	707	-	-	-	-	-	47,003
Website	18,967	1,260	1,772	1,970	1,561	398	1,167	-	-	-	-	27,094
Running costs (i.e. Rent & Utilities)	28,202	37,500	157	28,500	38,000	9,500	23,333	-	-	-	-	165,192
Investment Broker	-	-	-	50,000	-	-	-	-	-	-	-	50,000
LEP Overheads	20,770	14,805	25,679	23,551	24,022	6,126	-	-	-	-	-	114,953
Other activities	26,997	-	1,292	7,500	10,000	2,500	15,363	-	-	-	-	63,652
Post ERDF Funding - Overhead	-	-	-	-	-	-	4,387	83,500	83,500	83,500	83,500	254,887
Betaden Development / Promotion	-	-	7,582	9,180	12,485	3,184	7,583	-	-	-	-	40,014
BetaDen Marketing	8,766	6,247	-	-	-	-	-	-	-	-	-	15,013
BetaDen Cohort Marketing	27,795	921	-	-	-	-	-	-	-	-	-	26,874
BetaDen Subject Expert	-	1,500	416	-	-	-	-	-	-	-	-	1,084
Cohort marketing and subject expert	-	-	-	-	-	-	169,750	194,000	194,000	194,000	194,000	751,750
Cohort grants	-	-	-	-	-	-	140,000	140,000	140,000	140,000	140,000	560,000
Transferred to reserves	-	-	20,000	115,000	150,000	-	-	-	-	-	-	285,000
	184,181	70,763	121,906	381,508	299,007	29,622	477,375	557,500	557,500	557,500	557,500	3,236,862