



Agenda Item No: 3.4

Budget and Performance Report

To:	Skills Committee
Meeting Date:	16 March 2022
Public report:	Yes
Lead Member:	Councillor Lucy Nethsingha, Chair of the Skills Committee
From:	Vanessa Ainsworth, Finance Manager
Key decision:	No
Forward Plan ref:	N/A
Recommendations:	<p>The skills Committee is recommended to:</p> <p>a) Note the update and financial position relating to the revenue funding lines within the Skills Committee remit.</p>
Voting arrangements:	A simple majority of all Members present and voting

1. Purpose

- 1.1 To provide an update and overview of the revenue and capital funding lines that are within the Business and Skills Directorate to assist the Skills Committee to enable informed decision making regarding the expenditure of these funds.

2. Background

- 2.1 The Skills Committee has requested a summary of the funding lines available within the Business and Skills Directorate, to assist in ensuring financial decisions under their control are well informed, financially viable, and procedurally robust.
- 2.2 At the January 2021 Combined Authority Board Meeting, the Board approved a Medium-Term Financial Plan (MTFP) which includes a balanced revenue and capital budgets for 2021/22. This report shows the actual expenditure to date and forecast outturn position against those budgets.
- 2.3 The outturn forecast reflects costs incurred to date, accrued expenditure and the impact on the current year assumptions made on staffing, overheads and workstream programme delivery costs as set out in the revised MTFP.

3. Revenue Income & Expenditure

- 3.1 A breakdown of the Business and Skills Directorate 'Skills Revenue' income for the period to 31 January 2022, is set out in Table 1. below.

Table 1. Skills Revenue Income Budgets 2021/22

	December Budget £'000	Board Approvals & Adjustments £'000	Revised Budget £'000	Actuals to 31 Jan 2022 £'000	Forecast Outturn £'000	Forecast Outturn Variance £'000
<u>Skills Revenue Funding Streams</u>						
Adult Education Budget	(13,174.0)	-	(13,174.0)	(13,174.0)	(13,174.0)	-
Careers Enterprise Company Funding	(211.0)	-	(211.0)	(109.6)	(211.0)	-
Mid-Life MOT	(40.0)	-	(40.0)	-	(40.0)	-
Skills Advisory Panel Grant	(75.0)	-	(75.0)	(75.0)	(75.0)	-
Total Skills Revenue Expenditure	(13,500.0)	-	(13,500.0)	(13,358.6)	(13,500.0)	-

- 3.2 A breakdown of the Business & Skills Directorate 'Skills Revenue' expenditure for the period to 31 January 2022, is set out in Table 2. below.

Table 2. Skills Revenue Expenditure Budgets 2021/22

	December Budget £'000	Board Approvals & Adjustments £'000	Revised Budget £'000	Actuals to 31 Jan 2022 £'000	Forecast Outturn £'000	Forecast Outturn Variance £'000
Skills Revenue Expenditure						
AEB Devolution Programme	11,367.6	-	11,367.6	8,934.3	10,174.8	(1,192.8)
AEB High Value Courses	236.6	-	236.6	37.9	37.9	(198.7)
AEB Innovation Fund - Revenue	500.0	-	500.0	287.7	425.0	(75.0)
AEB Level 3 Courses	808.8	-	808.8	232.5	382.5	(426.3)
AEB National Retraining Scheme	39.5	-	39.5	32.9	39.5	-
AEB Programme Costs	442.1	-	442.1	359.6	436.5	(5.6)
AEB Sector Based Work Academies	233.2	-	233.2	19.8	119.8	(113.4)
AEB Provider Capacity Building	250.0	-	250.0	-	125.0	(125.0)
AEB Strategic Partnership Development	250.0	-	250.0	45.5	125.0	(125.0)
Careers and Enterprise Company (CEC)	222.1	-	222.1	24.4	206.9	(15.2)
Digital Skills Bootcamp	1,826.3	-	1,826.3	94.9	1,826.3	(0.1)
Health and Care Sector Work Academy	3,031.0	(2,300.8)	730.2	424.5	624.5	(105.7)
Mid-life MOT	40.0	-	40.0	23.9	40.0	-
Skills Advisory Panel (SAP) (DfE)	112.3	-	112.3	35.0	96.7	(15.6)
Skills Rapid Response Fund	115.2	-	115.2	63.6	115.1	(0.1)
Total Skills Revenue Expenditure	19,474.7	(2,300.8)	17,173.9	10,616.5	14,775.5	(2,398.4)

3.3 The Forecast Outturn as set out in the table above shows a reduction in expected costs for the year of £2,398.4k compared to the budget and compared to £3,859.4k reported at the January committee. 'Actual' figures are based on payments made and accrued expenditure where known.

3.4 Variances between the revenue outturn position and the annual budget are set out below:

a. The AEB programme accounts for £2,261.8k of the underspend that is currently forecast. A large amount of work is being carried out with both existing and potential providers to improve the delivery of the various projects within the programme, and whilst improvements are being made, these will not necessarily impact the current fiscal year. They will, however, improve the academic year outturn.

Some of the actions that are being implemented that will reduce the underspend, particularly by the end of the academic year include:

- Inviting providers to submit cases for in-year 'growth' and increasing grant and contract values where realistic proposals have been agreed. £0.5m of additional funding has been approved for in-year growth.
- Introducing a new grant-funded adult learning institute, the Workers Education Association (WEA) in-year to commence delivery from March.
- Payments for level 3 courses to grant providers are made in arrears. We expect to pay in March for delivery for the past quarter.
- We expect to increase the number of Independent Training Providers, through our upcoming commissioning round from eight to at least 15 for the 2022/23 academic year. Doubling the capacity and funding that is contracted

The funding for AEB is ring-fenced, and whilst it is not ideal that there will be an underspend, this funding will be carried forward into the new fiscal year to ensure it is spent on learners within our region.

b. The CEC budget line began the Careers Hub aspect of the contract in September, and

as such the budget has not yet been fully committed. Most of this budget is either staffing or charges from the Cambridgeshire & Peterborough Growth Company (Growth Co) for delivery of the service. There have been delays in creating the legal contracts between the Combined Authority and Growth Co, and as soon as these are completed invoices will flow between the two organisations.

c. The performance of the Digital Skills Bootcamp project was the subject of a separate paper at the last committee detailing the changes in providers. Expenditure lags income as providers are paid after receipt of the funding. It is probable that there will be a timing issue with regards to final income and claims, which may therefore, impact on the final numbers for the financial year.

d. The Health and Social Care Work Academy project was reprofiled in January further to a paper to the Skills Committee which was approved at the CA Board. Unfortunately, due to lack of claims from the project for January, this profile is again showing a potential underspend in the current financial year. It is understood that additional activities are being undertaken but it is unlikely they will impact on the current financial year.

e. Skills Advisory Panel funding has been received and most of the income has been spent or committed, with a small amount still being finalised. It is likely that this figure will potentially roll into the next financial year linking with academic year spend.

4 Performance Reporting

- 4.1 The Cambridgeshire and Peterborough Devolution Deal is about delivering better economic outcomes for the people of our area and commits us to specific results. The Combined Authority needs to monitor how well it is doing that.
- 4.2 Appendix 1 shows the Skills Performance Dashboard, with an update on delivery against the following growth outcomes at the heart of the Devolution Deal (of which outcomes are embodied in the business cases which the Board and Committee consider):
 - Prosperity (measured by Gross Value Added (GVA))
 - Housing
 - Jobs
- 4.3 These metrics are updated to align with the Board Performance Reports.
- 4.4 The Board in March will consider future performance reporting arrangements in support of the new Business Plan and Sustainable Growth Ambition Statement. Performance metrics are also being reviewed as part of the Skills Strategy. Following this we will be proposing adoption of new metrics to the Skills Committee with a stronger outcome focus.
- 4.5 Appendix 1 also shows the current RAG status for Skills projects, as at the end of December 2021.

Significant Implications

5. Financial Implications

- 5.1 There are no financial implications other than those included in the main body of the report.

6. Legal Implications

- 6.1 The Combined Authority is required to prepare a balanced budget in accordance with statutory requirements.

7. Public Health implications

- 7.1 N/A

8. Environmental and Climate Change Implications

- 8.1 N/A

9. Other Significant Implications

- 9.1 N/A

10. Appendices

- 10.1 Appendix 1 – Performance Dashboard