



Agenda Item No: 3.5

Budget and Performance Report

To:	Skills Committee
Meeting Date:	5 September 2022
Public report:	Yes
Lead Member:	Councillor Lucy Nethsingha, Chair of the Skills Committee
From:	Julia Hoban, Finance Manager
Key decision:	No
Forward Plan ref:	N/A
Recommendations:	<p>The Skills Committee is recommended to:</p> <ul style="list-style-type: none">a) Note the updated 2021/22 forecast outturn position for Skills related budgets.b) Note the 2022/23 Skills related budgets
Voting arrangements:	No vote required.

1. Purpose

- 1.1 To provide an update of the outturn position for 2021/22 and to provide a first analysis of the 2022/23 budgets.
- 1.2 The paper also provides a performance update on Skills projects and a trajectory of expected performance against devolution deal objectives.

2. Background

- 2.1 At the July meeting, the Committee received an update of the expected 2021/22 outturn position. This paper provides an update to that position and confirms any unspent balances that the CPCA Board approved to carry forward into the new (2022/23) financial year. The Committee is asked to note that these year-end balances are still subject to final audit.

This report also provides the Committee with a first analysis of the 2022/23 Skills budgets.

3. Revenue Income & Expenditure

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

	Year-end Budget £'000	Outturn Position £'000	Outturn Variance £'000
<u>Skills Grant Income</u>			
Adult Education Budget	-13,174	-13,004	170
Careers Enterprise Company Funding	-211	-114	97
Digital Skills Bootcamp	-1,826	-140	1,686
Mid-Life MOT	-40	-40	0
Skills Advisory Panel Grant	-75	-75	-
Total Skills Grant Income	-15,326	-13,372	1,954

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

<u>Skills Revenue Expenditure</u>	Revised Budget £'000	Outturn Expenditure £'000	Outturn Variance £'000
-			
AEB Devolution Programme	11,368	10,584	-784
AEB High Value Courses	237	38	-199
AEB Innovation Fund - Revenue	500	395	-105
AEB Level 3 Courses	809	418	-391
AEB National Retraining Scheme	40	40	0
AEB Programme Costs	442	457	15
AEB Sector Based Work Academies	233	116	-117
AEB Provider Capacity Building	250	94	-156
AEB Strategic Partnership Development	250	48	-202
Careers and Enterprise Company (CEC)	222	99	-123
Digital Skills Bootcamp	1,826	41	-1,785
Health and Care Sector Work Academy	730	566	-164
Mid-Life MOT	40	40	-0
Skills Advisory Panel (SAP) (DfE)	112	66	-46
Skills Rapid Response Fund	115	88	-27
Total Skills Revenue Expenditure	17,174	13,090	-4,084

3.3 The expected outturn position as set out in the table above shows an outturn variance for the year of £4,084k compared to budget. The majority of this variance relates to the AEB programme and to Digital Skills Bootcamp:

3.4 AEB Programme

AEB programme (combined)			
2021-22 Budget	£14,128k	Variance	-£1,938k
Outturn Expenditure	£12,189k	Requested Slippage	£285k
		Savings/Overspend	-£1,653k

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 to 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 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 held in a ringfenced reserve available in future fiscal years to ensure it is spent on learners in our region.

3.5 Digital Skills Bootcamp

Digital Skills Bootcamp (Wave 2)			
2021-22 Budget	£1,826k	Variance	-£1,785k
Outturn Expenditure	£41k	Requested Slippage	£1,785k
		Increase/Decreased income	-

As reported to the March Skills Committee, a change control notice was agreed with the Department for Education (DfE) which allowed enrolment of students to continue later into the year as 80% of course delivery could continue into 2022-23.

As payments to providers are made after the courses complete, and in line with payment milestone evidence, payments against this budget are expected to continue until December 2022.

Based on enrolments to the end of March Combined Authority have committed £1.4m against the total allocation of £1.8m; as a fully grant funded project any underspend will result in less funding being drawn down from DfE and so has no effect on the wider Combined Authority budget.

As the Combined Authority submits claims for this grant in arrears the grant income associated with this project is also now expected in 2022-23.

3.6 **Update to the 2022/23 Skills Revenue Budget**

The July CPCA Board approved a number of requests to carry forward unspent budget from 2021_22 into 2022_23. The impact on Skills budgets is shown in the tables below. Expenditure against these revised budgets will be reported on to the Committee at future meetings.

	MTFP Budget £'000	Adjustments £'000	Approved Carry Forwards £'000	Revised Budget £'000
<u>Grant Income</u>				
Adult Education Budget	-11,989.0			-11,989.0
Careers Enterprise Company Funding	-125.0	-75.0		-200.0
Digital Skills Bootcamp	-		-1,686.5	-1,686.5
Skills Advisory Panel Grant	-75.0			-75.0
Skills Bootcamp Wave 3	-	-4,892.0		-4,892.0
Total Grant Income	-12,189.0	-4,967.0	-1,686.5	-18,842.5

<u>Skills Revenue Budget</u>	MTFP Budget £'000	Adjustments £'000	Approved Carry Forwards £'000	Revised Budget £'000
-				
AEB Devolution Programme	10,449			10,449
AEB Innovation Fund - Revenue	500		129	629
AEB Programme Costs	367			367
AEB Provider Capacity Building	-		156	156
AEB Strategic Partnership Development	-		196	196
Careers and Enterprise Company (CEC)	50	25		75
Digital Skills Bootcamp			1,785	1,785
Health and Care Sector Work Academy	2,302		165	2,467
Skills Advisory Panel (SAP) (DfE)	-		40	40
Skills Bootcamp Wave 3	-	3,914		3,914
Skills Rapid Response Fund	-		27	27
Total Skills Revenue Budget	13,667	3,939	2,498	20,104

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.
- 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 Future performance reporting arrangements in support of the new Business Plan and Sustainable Growth Ambition Statement are being developed to adopt new metrics with a stronger outcome focus.
- 4.5 Appendix 1 also shows the RAG status for Skills projects as of the end of July 2022.

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