



**CAMBRIDGESHIRE  
& PETERBOROUGH**  
COMBINED AUTHORITY

<b>SKILLS COMMITTEE</b>	<b>AGENDA ITEM No: 2.6</b>
<b>11 NOVEMBER 2019</b>	<b>PUBLIC REPORT</b>

## **BUDGET AND PERFORMANCE REPORT**

### **1.0 PURPOSE**

- 1.1. This report provides a proposal for future Budget and performance reporting to the Skills Committee.

<b><u>DECISION REQUIRED</u></b>	
<b>Lead Member:</b>	<b>Councillor John Holdich</b>
<b>Lead Officer:</b>	<b>John T. Hill, Director, Business &amp; Skills</b>
<b>Forward Plan Ref: n/a</b>	<b>Key Decision: No</b>
The Skills Committee is recommended to:  (a) Note the November budget and performance monitoring update; (b) Agree to take reports in the format proposed for future meetings	<b>Voting arrangements</b>  Simple Majority of all Members

### **2.0 BACKGROUND**

- 2.1. Budget and performance reporting should be seen in the round. This report proposes the new format of reporting to the bi-monthly Skills Committee meetings.
- 2.2. At the September 2019 Combined Authority Board Meeting, the Board approved a refreshed Medium Term Financial Plan (MTFP), including balanced revenue and capital budgets for 2019/20. 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.

### 3.0 BUDGET

#### Revenue Budget

3.1 A breakdown of the Business & Skills Directorate 'Revenue' expenditure for the five-month period to 31<sup>st</sup> August 2019, is set out in the table below.

<b>Business &amp; Skills Revenue 2019/20</b>						
	<b>MTFP refresh Budget</b>	<b>Budget Adjustments</b>	<b>Revised 19-20 Budget</b>	<b>Actuals to 31 August 2019</b>	<b>Forecast Outturn</b>	<b>Forecast Outturn Variance</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Workstream Revenue Budgets</b>						
<b>Business and Skills</b>						
Work Readiness Programme (Hamptons)	110.0		110.0	50.7	82.5	(27.5)
Skills Brokerage	344.2		344.2	46.8	344.2	0.0
University of Peterborough	235.0		235.0	28.0	235.0	0.0
Skills Strategy Programme Delivery	150.0		150.0	148.3	148.3	(1.7)
AEB Devolution programme - Grant	6,858.6	(1,282.3)	5,576.3	1,285.3	5,576.3	0.0
AEB Devolution programme - ITP		1,282.3	1,282.3	0.0	1,282.3	0.0
AEB Programme Costs	115.4		115.4	63.5	115.4	0.0
Health and Social Care Work Academy	1,500.0		1,500.0	132.0	1,500.0	0.0
EU Exit Funding	90.9		90.9	0.0	90.9	0.0
Growth Company Development	63.0		63.0	52.5	63.0	0.0
<b>Total Business and Skills</b>	<b>9,467.1</b>	<b>0.0</b>	<b>9,467.1</b>	<b>1,807.1</b>	<b>9,437.9</b>	<b>-29.2</b>
<b>Economic Strategy</b>						
Growth Hub	92.2		92.2	28.6	92.2	0.0
Market Town Strategy Implementation	353.0	(153.0)	200.0	74.2	200.0	0.0
Energy Hub	615.4		615.4	6.6	615.4	0.0
Rural Communities Energy Fund	1,052.5		1,052.5	0.0	1,052.5	0.0
St Neots Masterplan Revenue	18.9	153.0	171.9	2.2	171.9	0.0
Trade and Investment Programme	100.0		100.0	49.3	100.0	0.0
CPCA LIS Implementation	200.0		200.0	60.8	200.0	0.0
LEP Capacity Funding	400.0		400.0	0.0	400.0	0.0
Skills Advisory Panel (SAP)	75.0		75.0	35.6	75.0	0.0
<b>Total Economic Strategy</b>	<b>2,907.0</b>	<b>0.0</b>	<b>2,907.0</b>	<b>257.4</b>	<b>2,907.0</b>	<b>0.0</b>
<b>Total Revenue Expenditure</b>	<b>12,374.1</b>	<b>0.0</b>	<b>12,374.1</b>	<b>2,064.5</b>	<b>12,344.9</b>	<b>-29.2</b>

3.2 The Forecast Outturn as set out in the table above shows a reduction in expected costs for the year of £29.2k compared to the budget. 'Actual' figures are based on payments made and accrued expenditure where known. The year to date costs may therefore be understated due to the delay between goods and services being provided by suppliers, and invoices being raised and paid.

3.3 Variances between the predicted revenue outturn position and the annual budget for the main budget headings are set out below:

- The £29.2k variance in Business and Skills is largely due to the reprofiling of the Work Readiness Programme according to academic years. The unspent balance will need to be carried forward into 2020/21.
- Adult Education Budget (AEB) funding is provided in line with the academic year, with grant funded providers having their first payment made in August and the tendered providers not drawing down until September. As the 2019-20 academic year is the first year of AEB devolution, 100% of the AEB expenditure for this financial year is

expected between August and March. Hence there is limited expenditure shown against these budget lines for the year to date. For clarity the AEB programme budget line has been split into two parts, one for grant funded providers, as they are paid in advance based on an agreed profile and procured providers who are paid in arrears based on actual performance. This separation is designed to make it clear whether the tendered providers are delivering to profile.

- (c) The delivery body for the Health and Social Care Work Academy received their first tranche of funding in the previous financial year and have been delivering within this funding envelope to date. Based on the programme's current spend profile drawdown of new funding should commence from November 2019.
- (d) The budget for the 19-20 revenue elements of the St Neots Masterplan implementation were rolled into the Market Town Masterplan implementation line in the MTFP refresh, for clarity these budgets have been separated here.
- (e) The Rural Communities Energy Fund is a grant fund awarded by the Energy Hub. The governance arrangements were approved at the September Board and the programme is due to make its first awarding decisions in October. This timing matches the budget prediction and the forecast expenditure for the year has not changed.

## Capital Budget

3.4 A breakdown of the Business & Skills Directorate 'Capital' expenditure for the five-month period to 31<sup>st</sup> August 2019, is set out in the table below. It should be noted that whilst Local Growth Fund is within the Business & Skills Directorate, the authority for this lies with the Business Board, therefore, the figures are not contained within this report.

<b>Business &amp; Skills Capital Programme - 2019/20</b>						
<b>Direct Control</b>	<b>MTFP Refresh Budget £m</b>	<b>Budget Adjustments £m</b>	<b>Revised 19-20 Budget £m</b>	<b>Actuals to 31 August 2019 £m</b>	<b>Forecast Outturn £m</b>	<b>Forecast Outturn Variance £m</b>
University of Peterborough - Business case	1.52		1.52	0.00	1.52	0.00
<b>Total Committed Direct Control Expenditure</b>	<b>1.52</b>	<b>0.00</b>	<b>1.52</b>	<b>0.00</b>	<b>1.52</b>	<b>0.00</b>
<b>Costed but not Committed</b>						
Market Town pump priming	0.50		0.50	0.00	0.50	0.00
<b>Schemes Previously Identified and Costed Total</b>	<b>0.50</b>	<b>0.00</b>	<b>0.50</b>	<b>0.00</b>	<b>0.50</b>	<b>0.00</b>
<b>Total</b>	<b>2.02</b>	<b>0.00</b>	<b>2.02</b>	<b>0.00</b>	<b>2.02</b>	<b>0.00</b>

3.5 The University of Peterborough project is proceeding as planned and is the subject of a separate paper being presented to this Committee. The subcontractor Mace has started to submit invoices for payment and expenditure will begin to flow over the next few months.

- 3.6 Market Town Pump Priming is dependent on the outcomes from the revenue section of the project and is currently awaiting agreed outcomes before spending commences.

#### **4.0 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 A performance report update is currently presently quarterly at the Combined Authority Board meeting. This provides an overview of the rating of the key projects on a Red/Amber/Green scale, which reflects financial, delivery and risk considerations.
- 4.3 Appendix 1 shows the current Performance Dashboard with the RAG status for Skills' projects. This performance report is currently being updated by the Project management team and a revised version will be proposed to the Combined Authority Board at the end of November.
- 4.4 It is proposed that once updated, the Performance Dashboard is presented to the bi-monthly Skills Committee meetings, along with an overview of the RAG status of projects that fall within Skills.

#### **5.0 FINANCIAL IMPLICATIONS**

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

#### **6.0 LEGAL IMPLICATIONS**

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

#### **7.0 SIGNIFICANT IMPLICATIONS**

- 7.1 There are no implications for nature.

#### **8.0 APPENDICES**

- 8.1. Appendix 1 – Performance Dashboard.

<b><u>Background Papers</u></b>	<b><u>Location</u></b>
None	N/A