



BUSINESS BOARD	AGENDA ITEM No: 3.2
23 MARCH 2020	PUBLIC REPORT

BUDGET UPDATE - BUSINESS BOARD FUNDS

1.0 PURPOSE

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

<u>DECISION REQUIRED</u>	
Lead Member:	Austen Adams, Chair of the Business Board
Lead Officer:	Robert Emery, Section 73 Officer, Business Board
Forward Plan Ref:	Key Decision:
The Business Board is recommended to: (a) Note the update and financial position relating to the revenue funding lines under the control of the Business Board.	

2.0 BACKGROUND & OVERVIEW

- 2.1. The Business Board has requested a summary of the revenue funding lines available within the Business & Skills Directorate, to assist in ensuring financial decisions relating to the revenue funding lines under their control are well informed, financially viable, and procedurally robust.
- 2.2. This report highlights where potential carry forward of underspends from the 2019-20 budget into the 2020-21 budget are likely to be requested. As these underspends are forecasts there may be changes between the actual expenditure at year end and that predicted in this report. A report will be brought to the CPCA Board meeting in June to formally request these carry forwards where they are realised.

3.0 BUSINESS & SKILLS FUNDING LINES – BUSINESS BOARD

- 3.1 A breakdown of the Business and Skills Directorate Revenue Expenditure for funding lines under direct control of the Business Board for the ten-month period to 3^{1st} January 2020, is set out in Table 1.1 below. The budget lines reported are those with a direct relationship to the Business Board.

Table 1.1 Business & Skills Revenue - Business Board						
Para Ref.	Revenue	Revised 19-20 Budget	Actuals to 31 Jan 2020	Budget Commitment s	Forecast Outturn (Jan)	Forecast Outturn Variance
		£'000	£'000	£'000	£'000	£'000
	CPCA LIS Implementation	£ 200.0	£ 58.9	£ 141.1	£ 200.0	£ -
	EU Exit Funding	£ 90.9	£ 30.2	£ 60.7	£ 90.9	£ -
	Growth Company Development	£ 63.0	£ 42.4	£ 20.6	£ 63.0	£ -
	Growth Hub	£ 92.2	£ 55.0	£ 37.2	£ 92.2	£ -
3.3.1	LEP Capacity Funding	£ 320.0	£ 19.3	£ 183.5	£ 202.8	-£ 117.2
	Trade and Investment Programme	£ 100.0	£ 45.0	£ 54.0	£ 99.0	-£ 1.0
	Total Business & Skills Expenditure (B-B)	£ 866.1	£ 250.8	£ 497.1	£ 747.9	-£ 118.2

- 3.2 The Forecast Outturn as set out in the table above shows a reduction in expected costs for the year of £118.2k 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. This also includes Service Level Agreements and other similar arrangements where invoices are received once a year.

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

- 3.3.1 Local Enterprise Partnership (LEP) Capacity Funding is currently showing a potential underspend of £117.2k, but it is possible that new opportunities will arise in the coming months that may utilise the budget.
- The LEP capacity grant is a ringfenced grant, thus underspend on this line must be used for the same purposes in 2020-21 or returned to Government; therefore, it will be requested that the budget be carried forward into next year to enhance the Growth Service and LEP priorities in line with the purposes of the grant funding.
- The secession of the LEP Capacity funding means that the total budget for implementing the Combined Authority's LIS is forecast to drop significantly between 2019-20 and 2020-21: carrying forward the underspend on the LEP capacity line will partially, but not wholly, mitigate this decrease.

4.0 BUSINESS & SKILLS FUNDING LINES – NON-BUSINESS BOARD

- 4.1 A breakdown of the Business and Skills Directorate Revenue Expenditure for funding lines not under direct control of the Business Board for the ten-month period to 31st January 2020, is set out in Table 1.2 below. This data is provided for information purposes only.

Table 1.2 Business & Skills Revenue - Non Business Board						
Para Ref.	Revenue	Revised 19-20 Budget	Actuals to 31 Jan 2020	Budget Commitment s	Forecast Outturn (Jan)	Forecast Outturn Variance
		£'000	£'000	£'000	£'000	£'000
	AEB Devolution programme - Grant	£ 5,576.3	£ 4,639.2	£ 937.1	£ 5,576.3	£ -
4.3.1	AEB Devolution programme - ITP	£ 1,282.3	£ 274.1	£ 129.9	£ 404.0	-£ 878.3
4.3.2	AEB Programme Costs	£ 115.4	£ 85.5	£ 9.5	£ 95.0	-£ 20.4
4.3.3	Energy Hub	£ 615.4	£ 14.3	£ 505.7	£ 520.0	-£ 95.4
	Health and Social Care Work Academy	£ 1,500.0	£ 267.1	£ 1,232.9	£ 1,500.0	£ -
4.3.4	Market Town Strategy Implementation	£ 200.0	£ 75.5	£ 27.1	£ 102.6	-£ 97.4
4.3.3	Rural Communities Energy Fund	£ 1,052.5	£ -	£ 500.0	£ 500.0	-£ 552.5
	Skills Advisory Panel (SAP)	£ 75.0	£ 15.2	£ 59.8	£ 75.0	£ -
4.3.5	Skills Brokerage	£ 344.2	£ 183.9	£ 125.7	£ 309.6	-£ 34.6
	Skills Strategy Programme Delivery	£ 150.0	£ 148.0	£ -	£ 148.0	-£ 2.0
	St Neots Masterplan Revenue	£ 171.9	£ 45.6	£ 126.3	£ 171.9	£ -
	University of Peterborough	£ 235.0	£ 238.3	-£ 3.3	£ 235.0	£ -
4.3.6	University of Peterborough (Taught Degree Awarding Powers)	£ 201.9	£ 182.9	£ 7.9	£ 190.8	-£ 11.1
	Work Readiness Programme (Hamptons)	£ 110.0	£ 109.7	£ -	£ 109.7	-£ 0.3
	Total Business & Skills Expenditure (Non B-B)	£ 11,629.9	£ 6,279.3	£ 3,658.6	£ 9,937.9	-£ 1,692.0

4.2. The Forecast Outturn as set out in the table above shows a reduction in expected costs for the year of £1,692k 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. This also includes Service Level Agreements and other similar arrangements where invoices are received once a year.

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

4.3.1 The AEB – ITP expenditure is expected to be £878k below the original forecast at year end as delivery numbers have not kept up with the expected profile. The AEB team have been working with providers to understand the reasons for this, and providers have highlighted that it is due to it taking time for them to gain traction in the market as this is the first 6 months of the new devolved regime; however, providers remain confident that they can deliver the total number of contracted courses within the academic year. As the contracts with the providers are for a number of courses to be run over the academic year, and providers are forecasting to over deliver in the latter part of the academic year to make up for slow take up in the earlier part. As such the committed budget across the academic year remains unchanged and thus it is prudent to carry forward the underspend in this financial year to cover the increased expenditure expected in the next.

4.3.2 AEB programme costs are projected to come in under budget by £20.4k, due to several items which are paid for over the 2019-20 academic year falling into the 2020-21 financial year. As this expenditure was not budgeted for in the original 2020-21 budget it is recommended that the underspend be carried forward into the next year's AEB programme costs budget.

4.3.3 Both the Energy Hub and the Rural Communities Energy Fund have experienced lengthy delays due to putting in place the required governance arrangements in parallel with work to identify a more suitable Accountable Body. The latter will result in the grant funding, and responsibilities, being passed to a different Local Authority within the next six months. While there is a significant underspend forecast, the expenditure is entirely funded by a ring-

fenced grant and therefore cannot be re-allocated to another project. As such, it will be recommended that the budget be carried forward into next year.

4.3.4 The £97.4k forecast underspend for the Market Town Strategy Implementation is due to timing delays with local district councils carrying out the feasibility studies. There may be accruals for this period as much of the work is being carried out at present. Any underspend will be applied to be carried into 2020/21 as it will be required to continue the work.

4.3.5 Skills Brokerage is forecast to underspend by £34.6k, partly due to the AGE Grant project completing, and lower spend on research and data analysis. The Skills Brokerage contract is being extended to run to the end of the academic year, rather than the current financial year, therefore it is recommended that any underspend is carried forward to assist with running the programme prior to transition to the Growth Service.

4.3.6 University of Peterborough Taught Degree Awarding Powers budget line has now been completed and will be brought in under the original budget by £11.1k.

5.0 LEGAL IMPLICATIONS

5.1. There are no direct legal implications

6.0 LEGAL IMPLICATIONS

6.1. There are no implications for nature

7.0 OTHER SIGNIFICANT IMPLICATIONS

7.1. There are no significant implications

8.0 APPENDICES

8.1. None

<u>Source Documents</u>	<u>Location</u>
None	N/a