

Budget & Performance Report

To:	Skills Committee
Meeting Date:	10 November 2021
Public report:	Yes
Lead Member:	Councillor Lucy Nethsingha
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 & 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 revenue and capital funding lines available within the Business & Skills Directorate, to assist in ensuring financial decisions relating to the revenue and capital funding lines 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 Expenditure & Income

- 3.1 A breakdown of the Business & Skills Directorate 'Skills Revenue' expenditure for the period to 31 August, is set out in Table 1. below.

Table 1. Skills Revenue Expenditure Budgets 2021/22						
Skills Revenue Expenditure	July Budget £'000	Board Approvals & Adjustments £'000	Revised Budget £'000	Actuals to 31st Aug 2021 £'000	Forecast Outturn £'000	Forecast Outturn Variance £'000
AEB Devolution Programme	11,367.6	-	11,367.6	5,071.3	10,533.5	(834.1)
AEB High Value Courses	236.6	-	236.6	38.2	198.2	(38.4)
AEB Innovation Fund - Revenue	500.0	-	500.0	189.4	303.2	(196.8)
AEB Level 3 Courses	808.8	-	808.8	80.0	610.0	(198.8)
AEB National Retraining Scheme	39.5	-	39.5	-	39.5	-
AEB Programme Costs	442.1	-	442.1	146.5	475.4	33.3
AEB Sector Based Work Academies	233.2	-	233.2	135.2	210.0	(23.2)
Careers and Enterprise Company (CEC)	222.1	-	222.1	-	103.3	(118.8)
Digital Skills Bootcamp	1,826.3	-	1,826.3	-	1,826.3	-
Health and Care Sector Work Academy	3,031.0	-	3,031.0	188.8	1,238.8	(1,792.2)
Mid-life MOT	40.0	-	40.0	20.8	40.0	-
Skills Advisory Panel (SAP) (DfE)	112.3	-	112.3	-	94.1	(18.2)
Skills Rapid Response Fund	115.2	-	115.2	4.9	92.8	(22.4)
Total Skills Revenue Expenditure	18,974.7	-	18,974.7	5,875.1	15,765.1	(3,209.6)

- 3.2 The Forecast Outturn as set out in the table above shows a reduction in expected costs for the year of £3,209.6k compared to the budget. 'Actual' figures are based on payments made and accrued expenditure where known.
- 3.3 Variances between the revenue outturn position and the annual budget are set out below:

- a. The variances in the AEB expenditure were outlined in the AEB Reserve Fund paper presented to the Skills Committee and CA Board in September. This paper gave full details of the use of the projected underspends across the various budget lines, with spend being spread across the academic year, which straddles two financial years.
- 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. Additionally, charges have not yet been received from the Growth Company as legal agreements are still being finalised.
- c. As reported at previous committees, the Health & Social Care Work Academy is forecasting a large underspend. A revised agreement with Department for Work & Pensions is being sought, to enable an extension of the end date of the contract. The Committee will be provided with an update to confirm this extension, after it has been granted.
- d. Skills Advisory Panel funding has been received and most of the income has been spent or committed, with a small amount still being finalised in the next few months.
- e. The Skills Rapid Response budget has been spent or committed with a small amount held in reserve to allow for quick reactive responses to emerging opportunities as per the title of the budget.

3.4 A breakdown of the Business & Skills Directorate 'Skills Revenue' income for the period to 31 August, is set out in Table 2. below.

Table 2. Skills Revenue Income Budgets 2021/22

Skills Revenue Funding Streams	July Budget £'000	Board Approvals & Adjustments £'000	Revised Budget £'000	Actuals to 31st Aug 2021 £'000	Forecast Outturn £'000	Forecast Outturn Variance £'000
Adult Education Budget	(12,097.6)	(1,076.4)	(13,174.0)	(13,174.0)	(13,174.0)	-
Careers Enterprise Company Funding	(211.0)	-	(211.0)	(32.3)	(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	(12,423.6)	(1,076.4)	(13,500.0)	(13,281.3)	(13,500.0)	-

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 Appendix 1 also shows the current RAG status for Skills projects, as at the end of September 2021.

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. Appendices

- 7.1 Appendix 1 – Performance Dashboard

8. Background Papers

- 8.1 None.