



Agenda Item No: 3.5

Budget and Performance Report

To:	Skills Committee
Meeting Date:	9 January 2023
Public report:	Yes
Lead Member:	Councillor Lucy Nethsingha, Chair of the Skills Committee
From:	Read Bourtally, Finance Manager
Key decision:	No
Forward Plan ref:	N/A
Recommendations:	The Skills Committee is recommended to note the year-to-date outturn position against budget.
Voting arrangements:	No vote required.

1. Purpose

- 1.1 To provide an update of the outturn position for 2022/23 and to provide analysis against the 2022/23 budgets, up to the period ending October 2022.
- 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 last meeting, the Committee was provided with an analysis of the 2022/23 Skills outturn to the end of August, against the approved annual budget. This report will provide an update to the end of October.

3. Revenue Income & Expenditure

- 3.1 A breakdown of the Business and Skills Directorate 'Skills Revenue' income for the period to 31 October 2022, is set out in Table 1 below. The Business & Skills Directorate 'Skills Revenue' expenditure is set out in Table 2 below.

Table 1

Skills Grant Income	22/23 Budget	YTD Actuals	YTD Variance	FY Forecast Outturn	FY Forecast Outturn Variance
	£k	£k	£k		
Adult Education Budget	-11,989	-11,989	0	-11,989	0
Careers Enterprise Company Funding	-200	-44	156	-200	0
Digital Skills Bootcamp	-1,686	-114	1,572	-1,686	0
Skills Advisory Panel Grant	-75	0	75	-75	0
Skills Bootcamp Wave 3	-4,892	0	4,892	-4,892	0
Total Skills Grant income	-18,842	-12,147	6,695	-18,842	0

- 3.2 The expected YTD position for income - as set out in the table above - shows a variance for the year to date of £6,695k compared to the full year budget. 'Actual' figures are based on payments received and accrued income where known. The bulk of this variance relates to Skills Bootcamp Wave 3 and Digital Skills Bootcamp.
- 3.3 Variances between the YTD position for income and the associated annual budget are set out below:
 1. Skills Bootcamp Wave 3 accounts for £4,892k of the underfunding against full year budget; however, funding has landed in October totalling £725k, followed by £500k in November and a further £500k expected in December. This is committed and will be paid up front; however, claims into next calendar year will be paid in arrears. DfE (Department for Education) have now confirmed process - once the upfront funding has all been used, DfE will review with us that we have paid out monthly to providers and will then pay CPCA this amount in arrears. This

is through the monthly data submitted to DfE and via the contract calls with DfE. Further discussion on updates to outturn will be covered below in the Revenue Expenditure section.

2. Digital Skills Bootcamp accounts for £1,572k of the underfunding against full year budget. Funding has arrived at the beginning of October for £100k to be followed by further invoicing of DfE towards the end of 2022 for £200k. This reflects the tardiness in terms of claims seemingly being stuck in the system, despite being actioned by DfE in August. This is currently being investigated, which should expedite the future claims and minimise the quantum of slippage into the next fiscal year. Furthermore, there is commitment to be invoicing DfE on Wave 2 for provision from The Skills Network.
3. Careers Enterprise Company Funding accounts for £156k of the underfunding against full year budget. Three claims are being processed following a slight delay in relation to queries that DfE had over the original submission.

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

Table 2

Skills Revenue Budget	22/23 Budget	YTD Actuals	YTD Variance	FY Forecast Outturn	FY Forecast Outturn Variance
	£k	£k	£k		
AEB Devolution Programme	10,449	7,476	-2,973	10,449	0
AEB Innovation Fund - Revenue	629	158	-471	629	0
AEB Programme Costs	367	249	-118	367	0
AEB Provider Capacity Building	156	68	-88	156	0
AEB Strategic Partnership Development	196	33	-163	196	0
Careers and Enterprise Company (CEC)	75	79	4	77	2
Digital Skills Bootcamp	1,785	172	-1,613	1,785	0
Health and Care Sector Work Academy	2,467	218	-2,249	2,467	0
Skills Advisory Panel (SAP) (DfE)	40	0	-40	40	0
Skills Bootcamp Wave 3	3,640	17	-3,623	1,449	-2,190
Skills Rapid Response Fund	27	0	-27	27	0
Skills Bootcamp Wave 3 PM costs	274	0	-274	101	-172
Total Skills Revenue Budget	20,104	8,470	-11,634	17,743	-2,361

3.6 The YTD Actuals as set out in the table above shows an underspend against full year budget of £11,634k. 'Actual' figures are based on payments made and accrued expenditure where known.

3.7 Variances between the revenue expenditure YTD and the annual budget are set out below:

1. AEB Devolution Programme accounts for £2,973k of the YTD underspend

against full year budget. 80% of AEB is allocated to grant funded colleges and providers and this is paid on a monthly profile. The weight of payments is at the beginning of the academic year – September to December. ITP contracts are in mobilisation phase and are paid in arrears. This means expenditure will increase in the next period.

- 1.1. AEB Innovation Fund £471k - Innovation Fund is paid based on actual expenditure being received. Several invoices are still being processed together with evidence and so we expect the outturn to be higher. Some projects have also been extended and so expenditure will be reported in the next period. At the November 2022 Skills Committee, new projects were approved, and funding agreements are currently in development.
- 1.2. AEB Programme Costs £118k - The variance is due to the team carrying a vacancy for which recruitment has been completed with fixed-term resource. Many of the large invoices for external support including audit, data analysis, quality assurance and evaluation are being processed and are expected to reduce the underspend in this programme budget by year-end.
- 1.3. AEB Provider Capacity Building £88k and AEB Strategic Partnership Development - £163k - There was a separate Innovation Fund Report tabled at the November 2022 Skills Committee which members have approved. Residual funds will be carried forward into 2023/24 Local Innovation Fund, once invoices in the system have been processed. A forecast position for proposed carry-forward will be available for March 2023 Committee.
2. Skills Bootcamp Wave 3 £3,623 variance – timing, see funding points. Following procuring and contracting, Training Providers began delivering in September, with expenditure to Training Providers for initial course delivery having begun in October 2022. A more realistic forecast has been calculated for the remaining quarter, in line with the new freedoms and flexibilities being offered by DfE, permitting slippage into next year.
3. HCSWA (Health Care Sector Work Academy) £2,249k - The Health and Care Sector Work Academy continues to face challenges in delivery. A separate paper on performance was considered at the last meeting.
4. Digital Skills Bootcamp £1,661k - Expenditure lags income as providers are paid after receipt of the funding. Final income and claims in terms of learner numbers will be monitored up until December 2022. This relates to the payment milestones set by DfE where the second and third payment milestones cannot be claimed until after course delivery plus achievement of job outcomes, therefore claims were to run in to the current fiscal year 2022-23. Most claims are to be processed between September – November 2022; as the programme is not set to be extended beyond the calendar year, considerable underspend (c. £1.4m) is expected.

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 are being developed to adopt new metrics with a stronger outcome focus.

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