



**CAMBRIDGESHIRE
& PETERBOROUGH**
COMBINED AUTHORITY

Agenda Item No: 2.2

Finance and Performance Report November 2022

To:	Skills Committee
Meeting Date:	7 November 2022
Public report:	Yes
Lead Member:	Councillor Lucy Nethsingha, Chair of the Skills Committee
From:	Read Baurtally, 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 August 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 received an update of the finalised 2021/22 outturn position and confirmed any unspent balances that the CPCA (Cambridgeshire and Peterborough Combined Authority) Board approved to carry forward into the current (2022/23) fiscal year.

This report provides the Committee with an analysis of the 2022/23 Skills outturn to date, against the approved annual budget. Currently unprofiled budgets will be profiled across 22-23 for future Committee meetings to generate more meaningful analysis of the year-to-date position.

3. Revenue Income & Expenditure

- 3.1 A breakdown of the Business and Skills Directorate 'Skills Revenue' income for the period to 31 August 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 £k	YTD Actuals £k	YTD Variance £k	FY Forecast Outturn	FY Forecast Outturn Variance
Adult Education Budget	(11,989)	(11,973)	16	(11,989)	0
Careers Enterprise Company Funding	(200)	(44)	156	(200)	0
Digital Skills Bootcamp	(1,686)	0	1,686	(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)	(12,017)	6,825	(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 £6,825k compared to the full year budget. 'Actual' figures are based on payments made and accrued expenditure 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 is due to land in October totalling £725k, followed by further similar sized tranches in November and 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) are to confirm claims process; however, CPCA are geared up in terms of providers being au fait with contractually submitting compliant delivery evidence each month.
2. Digital Skills Bootcamp accounts for £1,686k 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 in late October 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. Again, this appears to be a timing issue, with three claims being processed imminently and will be processed in the next month (November '22).
4. To note, in the overall AEB (Adult Education Budget) programme, there has been a significant improvement in delivery by providers in August 2022 compared to August 2021. Providers are reporting delivery of £11.1m compared to £9.33m. This equates to a 20% increase in spend and equates with an increase in learner participation, particularly on Level 3 courses and ESOL. The final close for the 2021/22 academic year will be reported at January '23 Skills Committee.

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

Table 2

Skills Revenue Budget	22/23 Budget £k	YTD Actuals £k	YTD Variance £k	FY Forecast Outturn	FY Forecast Outturn Variance
AEB Devolution Programme	10,449	5,548	(4,901)	10,449	0
AEB Innovation Fund - Revenue	629	128	(501)	629	0
AEB Programme Costs	367	101	(266)	367	0
AEB Provider Capacity Building	156	0	(156)	156	0
AEB Strategic Partnership Development	196	0	(196)	196	0
Careers and Enterprise Company (CEC)	75	50	(25)	75	0
Digital Skills Bootcamp	1,785	124	(1,661)	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	3,914	0	(3,914)	3,914	0
Skills Rapid Response Fund	27	0	(27)	27	0
Total Skills Revenue Budget	20,104	6,155	-13,949	20,104	0

3.6 The YTD Actuals as set out in the table above shows an underspend against full year budget of £13,949k. '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 £4,901k 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.
 - 1.1. AEB Innovation Fund £501k - 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.
 - 1.2. AEB Programme Costs £101k - The variance is due to the team carrying a vacancy for which recruitment is underway. Many of the large invoices for external support including audit, data analysis, quality assurance and evaluation come through later in the year.
 - 1.3. AEB Provider Capacity Building £266k - There is a separate Innovation Fund Report which deals with this variance and proposals to allocate residual funds once invoices in the system have been processed. This funding line will be merged into the main Innovation Fund for 2023/24.
 - 1.4. AEB Strategic Partnership Development - There is a separate Innovation Fund Report which addresses the allocation of residual funds. This funding line will be merged into the main Innovation Fund for 2023/24.
2. Skills Bootcamp Wave 3 £3,914 variance – timing, see funding points. Following procuring and contracting, Training Providers began delivering in September, therefore expenditure to Training Providers for initial course delivery will begin in October 2022.
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 is being considered at this Skills Committee.
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. DfE extended job outcome achievement timelines late in the contract timeline. This will potentially drive some slippage between fiscal years.

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. Appendices

- 9.1 Appendix 1 – Performance Dashboard

10. Background Papers

- 10.1 None.

11. Accessibility

- 11.1 An accessible version of the information contained in the tables in this report and appendix are available on request from democratic.services@cambridgeshirepeterborough-ca.gov.uk