



<b>Skills &amp; Employment Committee</b>		Agenda Item
<b>4 September 2023</b>		<b>9</b>
Title:	Budget and Performance Report	
Report of:	Bruna Menegatti, Finance Manager	
Lead Member:	Councillor Lucy Nethsingha, Chair of the Skills & Employment Committee	
Public Report:	Yes	
Key Decision:	No	
Voting Arrangements:	No vote required.	

#### Recommendations:

A	Note the financial position of the Skills Division for the financial year 23/24 to July 2023
B	Review and comment on the current Skills and Employment budgets within the Combined Authority's Medium-Term Financial Plan and Capital Programme.

#### Strategic Objective(s):

The proposals within this report fit under the following strategic objective(s):

x	Achieving ambitious skills and employment opportunities
x	Achieving good growth
x	Achieving best value and high performance

#### 1. Purpose

1.1	To provide an update of the financial position for 2023/24 and to provide analysis against the 2023/24 budgets, up to the period ending July 2023
1.2	To provide the Committee an opportunity to review the multi-year budgets within their remit and provide a steer to be considered as part of the development of the 2024-25 Medium Term Financial Plan.

#### 2. Background

2.1	At the last meeting, the Committee was provided with an analysis of the 2023/24 Skills annual budget. This report provides an update of the performance against budget up to the period ending July 2023.
2.2	The Combined Authority annually approves a budget for the forthcoming year as part of a 4-year Medium-Term financial plan. Development of the plan occurs between September and January each year and the Thematic Committees are engaged throughout to provide the opportunity to shape the development of the budget.

### 3. Revenue Income and Expenditure

3.1 A breakdown of the Economy and Growth Directorate Skills Grant income for the period to 31 July 2023 is set out in Table 1 below.

**Table 1**

Skills Grant Income	23/24 Actual YTD £k	23/24 Budget YTD £k	23/24 Variance YTD £k	23/24 Budget FY £k	23/24 FO FY £k	23/24 Variance FY £k	23/24 Deferral £k
Adult Education Budget	-12,678	-	12,678	-12,597	-12,650	53	-
AEB Level 3 Courses	-	-	-	-954	-816	-138	-
Bootcamp Wave 4	-	-	-	-2,878	-2,878	-	-
Careers and Enterprise Company (CEC)	-	-	-	-313	-313	-	-
Multiply	-349	-	349	-1,565	-1,150	-415	-
Skills Bootcamp Wave 3	-	-	-	-2,001	-514	-1,487	-
<b>Total Skills Grant Income</b>	<b>-13,026</b>	<b>0</b>	<b>13,026</b>	<b>-20,308</b>	<b>-18,321</b>	<b>-1,987</b>	<b>-</b>

3.2 The income received in the year is £13m. The variance compared to budget to date is due to timing difference.

3.3 The forecast outturn is £2m lower than full year budget, key variances are:

1. Skill Bootcamp Wave 3 (£1.5m), the forecast has been revised to reflect the balance due from DfE for the programme, taking in account the revenue received in the previous year and the reduction in candidature.
2. Multiply (£0.4m), this reflects the underspend for 22/23, which will be deducted by DfE in this financial year's allocation.
3. AEB Level 3 Course (Free Courses for Jobs) (£0.1m), this reflects the underspend for 22/23, which will be deducted by DfE in this academic year's allocation.

3.4 A breakdown of the Economy and Growth Directorate Skills Revenue Expenditure for the period to 31 July 2023 is set out in Table 2 below.

**Table 2**

Skills Revenue Expenditure	23/24 Actual YTD £k	23/24 Budget YTD £k	23/24 Variance YTD £k	23/24 Budget FY £k	23/24 FO FY £k	23/24 Variance FY £k	23/24 Deferral £k
AEB Devolution Programme	4,178	4,205	27	11,081	11,081	-	-
AEB Free Courses for Jobs	-	358	358	2,402	2,402	-	-
AEB Innovation Fund - Revenue	-	-	-	779	779	-	-
AEB Programme Costs	41	160	119	367	367	-	-
AEB Provider Capacity Building	-	-	-	68	68	-	-
AEB Strategic Partnership Development	1	-	-1	108	108	-	-
Bootcamp Wave 4	67	211	144	2,878	2,878	-	-
Careers and Enterprise Company (CEC)	16	84	69	238	238	-	-
Changing Futures	-	-	-	60	60	-	-
FE Cold Spots (rev)	-	56	56	225	225	-	-
Multiply	157	286	129	1,565	1,565	-	-
Skills Advisory Panel (SAP) (DfE)	-	18	18	55	55	-	-
Skills Bootcamp Wave 3	73	137	64	1,871	799	1,072	-
Skills Bootcamp Wave 3 PM costs	15	52	37	130	130	-	-
<b>Total Skills Revenue Expenditure</b>	<b>4,547</b>	<b>5,568</b>	<b>1,020</b>	<b>21,827</b>	<b>20,755</b>	<b>1,072</b>	<b>-</b>

3.5	<p>Expenditure to date is £1m lower than budget to date.</p> <p>Free Courses for Jobs (£0.4m) and Multiply (£0.1m) slow start in this financial year accounts for half of the difference.</p> <p>Delay in procurement on the Bootcamp Wave 4 programme (0.1m) and AEB programme costs not yet incurred (0.1m), are the other large variances.</p>
3.6	<p>Forecast outturn shows an underspend to budget for the year of £1.1m.</p> <p>The variance is due to the finalisation of the enrolment numbers for Bootcamp Wave 3.</p>

#### 4. Development of the Medium-Term Financial Plan

4.1	<p>The Combined Authority annually approves a budget for the forthcoming year as part of a 4-year Medium-Term Financial Plan (MTFP). Development of the plan occurs between September and January each year, and the Thematic Committees are encouraged to engage throughout to provide the opportunity to shape the development of the budget.</p>
4.2	<p>The first stage in the update of the MTFP is for officers to review the existing MTFP and highlight areas where there are unavoidable changes which need to be updated to reflect current market conditions – items such as inflation in contracts which need to be updated for current forecasts.</p> <p>Alongside this Members are engaged to highlight areas where there may be investment or saving opportunities within service or thematic areas.</p>
4.3	<p>Appendix 1 sets out the current revenue and capital budgets within the Committee's remit for 2023-24 to 2026-27, as approved by the CA Board in January 2022, and updated for subsequent Board decisions and funding announcements.</p>
4.4	<p>The Committee are asked to review their current programme and provide a view on whether they are content that this will enable the delivery of their strategic objectives over the medium-term and if there are any areas of concern or opportunity which should be considered by Officers and the Board during the development of the 24-25 budget and MTFP.</p>

#### 5. Appendices

5.1	Appendix 1 – Current budget and MTFP
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#### 6. Implications

Financial Implications	
6.1	There are no financial implications other than those included in the main body of the report.
Legal Implications	
6.2	The Combined Authority is required to prepare a balanced budget in accordance with statutory requirements.
Public Health Implications	
6.3	N/A
Environmental & Climate Change Implications	
6.4	N/A
Other Significant Implications	
6.5	N/A
Background Papers	
6.6	None