



Agenda Item No: 2.4

Budget and Performance Report

To:	Skills Committee
Meeting Date:	6 March 2023
Public report:	Yes
Lead Member:	Councillor Lucy Nethsingha, Chair of the Skills Committee
From:	Bruna Menegatti, Finance Manager
Key decision:	No (KD for CA Board)
Forward Plan ref:	N/A
Recommendations:	<p>The Skills Committee is invited to:</p> <ul style="list-style-type: none">a) Note the year-to-date outturn position against budget.b) Recommend to the Combined Authority Board to approve to merge the three budget lines as set out below:<ul style="list-style-type: none">1) AEB Innovation Fund – Revenue;2) AEB Provider Capacity Building; and3) AEB Strategic Partnership Development.
Voting arrangements:	A simple majority of all Members present and voting.

1. Purpose

- 1.1 To provide an update of the forecast outturn position for 2022/23 and to provide analysis against the 2022/23 budgets, up to the period ending January 2023.
- 1.2 The paper also provides a performance update on Skills projects and a trajectory of expected performance against devolution deal objectives.
- 1.3 Recommend to the Combined Authority that it agree the merging of the budget for AEB Innovation Fund – Revenue, AEB Provider Capacity Building and AEB Strategic Partnership Development to facilitate the improvement of the project management’s control.

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 October, against the approved annual budget. This report will provide an update to the end of March.

3. Revenue Income & Expenditure

- 3.1 A breakdown of the Business and Skills Directorate ‘Skills Revenue’ income for the period to 31 January 2023 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	£k	£k
Adult Education Budget	-11,989	-11,974	15	-11,989	-
AEB Level 3	-955	-802	153	-955	-
Careers Enterprise Company Funding	-200	-224	-24	-224	-24
Digital Skills Bootcamp	-1,686	-114	1,572	-1,273	413
Skills Advisory Panel Grant	-75	-55	20	-75	-
Skills Bootcamp Wave 3	-4,892	-725	4,167	-1,926	2,966
Total Skills Grant income	-19,797	-13,894	5,903	-16,442	3,355

- 3.2 The expected YTD position for income - as set out in the table above - shows a variance for the year to date of £5,903k 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.

- 3.3 Key variances between the YTD position for income and the associated annual budget are set out below:

1. Skills Bootcamp Wave 3 (£4,167k) of the underfunding against full year budget. The £725k received on the accounts to date are referring to grant funds received by

CPCA upfront from the Department for Education. Claims to Training Providers who are delivering the course provision and job outcomes will be paid in arrears up until February 2024 across three payment milestone points per course cohort. The large FY forecast outturn variance of £2,966k reflects the changes in the number of estimated students. More details on this are included in the expenditure section below.

2. Digital Skills Bootcamp (£1,572k) of the underfunding against full year budget. This reflects the tardiness of claims in the DfE system.

- 3.4 A breakdown of the Business & Skills Directorate 'Skills Revenue' expenditure for the period to 31 January 2023, 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	£k	£k
AEB Devolution Programme	10,449	10,066	-383	9,917	-532
AEB Free Courses for Jobs	955	271	-684	507	-448
AEB Innovation Fund - Revenue	629	350	-279	350	-279
AEB Programme Costs	367	333	-34	367	-
AEB Provider Capacity Building	156	88	-68	88	-68
AEB Strategic Partnership Development	196	33	-163	88	-108
Careers and Enterprise Company (CEC)	224	137	-87	224	-
Changing Futures	60	-	-60	60	-
Digital Skills Bootcamp	1,785	297	-1,488	297	-1,488
Economic Rapid Response Fund	41	44	3	41	-
FE Cold Spots (rev)	225	-	-225	225	-
Health and Care Sector Work Academy	2,467	479	-1,988	1,752	-715
Multiply	1,209	685	-524	1,039	-170
Skills Advisory Panel (SAP) (DfE)	95	37	-3	95	-
Skills Bootcamp Wave 3	3,640	166	-3,473	176	-3,464
Skills Bootcamp Wave 3 PM costs	274	2	-272	274	-
Skills Rapid Response Fund	27	-	-27	27	-
Total Skills Revenue Budget	22,799	12,988	-9,811	15,527	-7,272

- 3.5 The YTD Actuals as set out in the table above shows an underspend against full year budget of £9,754k. 'Actual' figures are based on payments made and accrued expenditure where known.

- 3.6 Key variances between the revenue expenditure YTD and the annual budget are set out below:

- i. Skills Bootcamp Wave 3 (£3,473). Due to the slower than anticipated learner and

employer recruitment , the forecast has been revised down to account for 840 learners from the original 1,780. Additionally, The Combined Authority did not receive bids in all procurement Lots, therefore further funding allocation took place at a later date decreasing the mobilisation and delivery period for some Skills Bootcamp courses. This and the changes in the programme timescale from DfE, which allows the starting of the courses by March 23, when previously this was the end date, have caused the reduction of the forecast to £176k for this financial year, with a further £1,023k to be used in the next financial year. The Combined Authority has provided feedback to the DfE of the benefits a multi-year funded contract could have rather than one-year contracts.

- ii. Health Care Sector Work Academy (£1,988k). The challenges on the delivery of the programme highlighted in previous' paper have been reflected by a reduction of the forecast to £1,752k, from the original £2,467k. The remaining amount cannot be brought forward to next financial year.
- iii. Digital Skills Bootcamp accounts for £1,488k of the variance. As the programme is now finished, there is no expectation for further expenditure on this financial year.
- iv. The overall AEB programme account for £1,610k of the variance, of which the key variances have been analysed below:
 - a. AEB devolution programme (£383k), this will cover the expenditure to grant providers to the end of the financial year. Despite being on budget, the forecast is expected to be lower by £532k, as providers have been requested to reimburse unused funds during the academic year 21/22. These funds will be available to be used in the next financial year.
 - b. Free courses for job (£684k). Further expenditure expected on this project in this financial year is of £236k. The variance is due to the delay in the commencement of the programme, originally planned for August, then postponed to October. The remainder of the funds (£448k) will be carried forward to next financial year.
 - c. AEB Innovation Fund – Revenue (£279k), AEB Provider Capacity Building (£68k) and AEB Strategic Partnership Development (£163k). These programmes are subject to delays due to limited staffing resources to fulfil the legal requirements. The expected underspend of £455k will be slipped to next financial year.

4. Request to merge budget lines from FY 23/24

- 4.1 This section is requesting the approval for merging the budget lines below under the same heading on from financial year 23/24:
- AEB Innovation Fund – Revenue
 - AEB Provider Capacity Building
 - AEB Strategic Partnership Development

The total budget for next financial year is £537k.

Merging the budgets of these similar activities will allow for easier project management and reporting. This will help reduce the staffing time required to manage the budgets without reducing the quality. It will allow the team to concentrate on performing the tasks which has caused the slippage of the budget from the current financial year to the next.

5. Performance Reporting

- 5.1 The Cambridgeshire and Peterborough Devolution Deal is about delivering better economic outcomes for the people of our area and commits us to specific results.
- 5.2 Appendix 1 shows the Skills Performance Dashboard, with an update on project RAG ratings. The data is from the end of January 203 and shows that we have 2 green skills projects, 3 amber and 3 red.
- 5.3 The rationale for each RAG status is captured within monthly highlight reports. If more information is sought, then these are available on request.
- 5.3 Future performance reporting arrangements are being developed to adopt new metrics with a stronger outcome focus.

Significant Implications

6. Financial Implications

- 6.1 There are no financial implications other than those included in the main body of the report.

7. Legal Implications

- 7.1 The Combined Authority is required to prepare a balanced budget in accordance with statutory requirements.

8. Public Health implications

- 8.1 N/A

9. Environmental and Climate Change Implications

- 9.1 N/A

10. Other Significant Implications

- 10.1 N/A

11. Appendices

- 11.1 Appendix 1 – Performance Dashboard