



SKILLS COMMITTEE	AGENDA ITEM No: 3.4
14 SEPTEMBER 2020	PUBLIC REPORT

BUDGET AND PERFORMANCE REPORT

1.0 PURPOSE

1.1. This report provides budget and performance reporting to the Skills Committee.

<u>DECISION REQUIRED</u>	
Lead Member:	Councillor John Holdich
Lead Director:	John T. Hill, Director, Business & Skills
Lead Officer:	Vanessa Ainsworth, Finance Manager
Forward Plan Ref: n/a	Key Decision: No
The Skills Committee is recommended to: (a) Note the July budget and performance monitoring update (b) Note the current Medium Term Financial Plan and consider whether there are any recommendations they wish to make to the Combined Authority Board in November.	Voting arrangements Simple Majority of all Members

2.0 BACKGROUND

2.1. Budget and performance reporting should be seen in the round.

2.2. At the June 2020 Combined Authority Board Meeting, the Board approved a refreshed Medium Term Financial Plan (MTFP) and a further update in August 2020 in relation to the COVID-19 pandemic, including balanced revenue and capital budgets for 20/21. 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.

3.0 BUDGET

Revenue Budget

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

Table 1. Skills Revenue 2020/21							
Skills Revenue Programmes	MTFP	Budget Adjustments	Revised 20/21 Budget		Actuals to 30th July 2020	Forecast Outturn (July)	Forecast Outturn Variance
	£'000	£'000	£'000		£'000	£'000	£'000
AEB Devolution - Grants	10,948.90	696.70	11,645.60		1,345.51	11,822.20	-176.60
AEB Innovation Fund	0.00	336.70	336.70		0.00	336.70	0.00
AEB Programme Costs	388.60	-15.90	372.70		26.60	372.70	0.00
Apprenticeship Levy Fund Pooling	0.00	76.20	76.20		5.00	76.20	0.00
Careers & Enterprise Company	80.50	79.50	160.00		-3.10	160.00	0.00
Health & Social Care Work Academy	3,235.60	0.00	3,235.60		0.00	1,053.10	2,182.50
National Retraining Scheme	0.00	65.10	65.10		0.00	65.10	0.00
Skills Advisory Panel	75.00	39.00	114.00		8.20	114.00	0.00
Skills Brokerage	75.00	32.00	107.00		0.00	107.00	0.00
Skills Strategy Programme Delivery	125.00	-4.50	120.50			120.50	0.00
University of Peterborough	0.00	4.20	4.20		6.60	4.20	0.00
University of Peterborough - Legal Costs	0.00	150.00	150.00		96.40	150.00	0.00
Work Readiness Programme (Hamptons)	0.00	52.80	52.80		18.30	52.80	0.00
Total Skills Revenue	14,928.60	1,511.80	16,440.40		1,503.51	14,434.50	2,005.90

- 3.2 The Forecast Outturn as set out in the table above shows a reduction in expected costs for the year of £2,005.9k compared to the budget. 'Actual' figures are based on payments made and accrued expenditure where known. The year to date costs may therefore be understated due to the delay between goods and services being provided by suppliers, and invoices being raised and paid.
- 3.3 Variances between the predicted revenue outturn position and the annual budget for the main budget headings are set out below:

- The £176.6k in the AEB Devolution Grants line is due to estimates being in place for the ITP's final claims for supported learner claims. This figure will reduce and will come in on budget by year end.
- Health & Social Care Work Academy is forecasting a large underspend for this financial year of £2,182.5k. This is partly due to COVID-19, and a revised agreement with DWP which extends the original project timescale into 2021-22. The grant funding for this is ringfenced to this project so cannot be reallocated elsewhere.

Capital Budget

3.4 A breakdown of the Business & Skills Directorate 'Capital' expenditure for the four-month period to 31st July, is set out in the Table 2 below.

Table 2. Skills Capital 2020/21							
Skills Capital Programmes	MTFP	Budget Adjustments	Revised 20/21 Budget		Actuals to 30th July 2020	Forecast Outturn (July)	Forecast Outturn Variance
	£'000	£'000	£'000		£'000	£'000	£'000
University of Peterborough - Business Case	11,150.00	1,150.00	12,300.00		442.50	1,000.00	11,300.00
Total Skills Capital	11,150.00	1,150.00	12,300.00		442.50	1,000.00	11,300.00

3.5 The original funding expectation for the University of Peterborough project was to transfer the £11.3m into the Development Company when it was created. On review of the financial risks it was decided to subscribe for the shares as planned, legally committing the CPCA to pay the funds into the development company, but not "pay-up" the shares until the funding is required to pay for delivery of the University build. This allows the majority of the funds to be invested within the Combined Authority's Treasury Management portfolio providing greater security than having £11.3m deposited with a single bank.

3.6 This does not reflect any change to the delivery or timescale of the project, solely a change in the timing of payments from the Combined Authority to the Development Company.

4.0 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 July 2020. Currently there are 3 projects in Green and 5 projects in Amber. The 5 amber projects are currently in this category due to COVID-19 impacts on the programmes and have not changed in the last few months.

5.0 2021/22 BUDGETARY PROCESS

5.1 At its November meeting the Combined Authority Board will be presented with a draft budget for 2021-22 and a Medium-Term Financial Plan (MTFP) to the

end of 2024-25 to approve for consultation with the public and key stakeholders. This draft budget is the result of work in the proceeding 8 weeks between Officers and Leaders to ensure that it is fit for purpose, affordable, and enables the Combined Authority to deliver on its strategic objectives.

- 5.2 The Constitution states that the Executive Committee may make recommendations to the Combined Authority Board on projects to be included in the Business Plan and MTFP.

As such, the Executive Committees are being asked to review the current MTFP and provide feedback and direction to shape the projects which will be considered in the work to develop the draft budget in the coming weeks. The Skills committee's sections of the MTFP are presented in Appendix 2.

- 5.3 Approved project costs have been committed by the Combined Authority Board for use on the current phase of a project. Subject to approval costs have been nominally allocated to ensure there are sufficient funds available to continue with a project's development, but use of these funds is dependent on the completion of the current phase and subsequent approval by the Combined Authority Board. Both approved and subject to approved costs are affordable within the Combined Authority's current resources.

- 5.4 The Committee are invited to review the current MTFP -.

- 5.5 The work related to the following budget lines will be undertaken by the Business Growth Service in future years and their budget is therefore included in the funds being invested into the company:

6.0 FINANCIAL IMPLICATIONS

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

7.0 LEGAL IMPLICATIONS

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

8.0 APPENDICES

- 8.1. Appendix 1 – Performance Dashboard.

- 8.2. Appendix 2 – 2020-2024 Skills Medium Term Financial Plan

<u>Background Papers</u>	<u>Location</u>
None	N/A



Appendix 2 - 2020-2024 Skills Medium Term Financial Plan

Revenue budget lines	2020/21 £000's	2021/22 £000's	2022/23 £000's	2023/24 £000's
AEB Devolution Programme	11,645.6	10,948.9	10,948.9	10,948.9
AEB Innovation Fund - Revenue	336.7	-	-	-
AEB Programme Costs	372.7	388.6	388.6	388.6
National Retraining Scheme	65.1	-	-	-
Careers and Enterprise Company (CEC)	86.2	-	-	-
HAT Work Readiness Programme	52.8	-	-	-
Health and Care Sector Work Academy	3,235.6	232.2	-	-
Integrated Insight & Evaluation Programme	189.0	-	-	-
Skills Advisory Panel (SAP) (DfE)	114.0	-	-	-
Skills Brokerage	107.0	-	-	-
Skills Strategy Implementation	120.5	150.0	150.0	150.0
University of Peterborough	4.2	-	-	-
University of Peterborough - Legal Costs	150.0	-	-	-
Totals	16,479.4	11,719.7	11,487.5	11,487.5

Capital budget lines	2020/21 £000's	2021/22 £000's	2022/23 £000's	2023/24 £000's
University of Peterborough - Business Case/Phase 1	12,300.0	0	0	0