



Agenda Item No: 3.7

Budget and Performance Report

To:	Skills Committee
Meeting Date:	13 September 2021
Public report:	Yes
Lead Member:	Councillor Lucy Nethsingha, Chair of the Skills Committee
From:	Vanessa Ainsworth, Finance Manager
Key decision:	No
Forward Plan ref:	N/A
Recommendations:	<p>The Skills Committee is recommended to:</p> <ul style="list-style-type: none">a) Note the update and financial position relating to the revenue funding lines within the Skills Committee remit.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:	A simple majority of all Members

1. Purpose

- 1.1 To provide an update and overview of the revenue and capital funding lines that are within the Business & Skills Directorate to assist the Skills Committee to enable informed decision making regarding the expenditure of these funds.

2. Background

- 2.1 The Skills Committee has requested a summary of the revenue and capital funding lines available within the Business & Skills Directorate, to assist in ensuring financial decisions relating to the revenue and capital funding lines under their control are well informed, financially viable, and procedurally robust.
- 2.2 At the January 2021 Combined Authority Board Meeting, the Board approved a Medium-Term Financial Plan (MTFP) which includes balanced revenue and capital budgets for 2021/22. 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 MTFP.

3. Revenue Expenditure & Income

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

Table 1. Skills Revenue Expenditure Budgets 2020/21

Skills Revenue Expenditure	June Budget £'000	June Board Approvals & Adjustments £'000	Revised Budget £'000	Actuals to 31st Jul 2021 £'000	Forecast Outturn £'000	Forecast Outturn Variance £'000
AEB Devolution Programme	11,367.6	-	11,367.6	3,788.6	10,700.5	(667.1)
AEB High Value Courses	236.6	-	236.6	38.2	236.6	-
AEB Innovation Fund - Revenue	500.0	-	500.0	131.1	279.1	(220.9)
AEB Level 3 Courses	808.8	-	808.8	10.0	808.8	-
AEB National Retraining Scheme	39.5	-	39.5	-	39.5	-
AEB Programme Costs	442.1	-	442.1	120.4	475.6	33.5
AEB Sector Based Work Academies	233.2	-	233.2	-	233.2	-
Careers and Enterprise Company (CEC)	50.0	172.1	222.1	5.5	222.1	-
Digital Skills Bootcamp	-	1,826.3	1,826.3	-	1,826.3	-
Health and Care Sector Work Academy	3,031.0	-	3,031.0	94.5	1,094.5	(1,936.5)
Mid-life MOT	-	40.0	40.0	20.6	40.0	-
Skills Advisory Panel (SAP) (DfE)	112.3	-	112.3	2.3	112.3	-
Skills Rapid Response Fund	115.2	-	115.2	5.3	115.2	-
Total Skills Revenue Expenditure	16,936.3	2,038.4	18,974.7	4,216.5	16,183.7	(2,791.0)

- 3.2 The Forecast Outturn as set out in the table above shows a reduction in expected costs for the year of £2,791k compared to the budget. 'Actual' figures are based on payments made and accrued expenditure where known.

3.3 Variances between the revenue outturn position and the annual budget are set out below:

- a. The £667.1k forecast underspend in the AEB Devolution Programme is due to the allowance for in-year growth as detailed in Item 2.1 presented to this committee.
- b. The AEB Innovation Fund is allocated as grants to providers and is done on a project application basis, with further projects likely to apply over the course of the year. Further details are contained in Item 2.1 presented to this committee.
- c. AEB Programme costs is showing an overspend of £33.5k due to additional marketing costs which are currently forecast within this budget. Item 2.1 of the meeting discusses the additional costs involved and, if approved, this allocation will move budget lines and therefore bring this budget in line with the MTFP.
- d. As reported at previous committees, the Health & Social Care Work Academy is forecasting a large underspend. A revised agreement with Department for Work & Pensions is being sought, to enable an extension of the end date of the contract. The Committee will be provided with an update to confirm this extension, after it has been granted.

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

Table 2. Skills Revenue Income Budgets 2020/21

Skills Revenue Funding Streams	June Budget £'000	June Board Approvals & Adjustments £'000	Revised Budget £'000	Actuals to 31st Jul 2021 £'000	Forecast Outturn £'000	Forecast Outturn Variance £'000
Adult Education Budget	(12,097.6)	-	(12,097.6)	(13,174.0)	(13,174.0)	(1,076.4)
Careers Enterprise Company Funding	(125.0)	-	(125.0)	-	(125.0)	-
Mid-Life MOT	(40.0)	-	(40.0)	-	(40.0)	-
Skills Advisory Panel Grant	(75.0)	-	(75.0)	-	(75.0)	-
Total Skills Revenue Expenditure	(12,337.6)	-	(12,337.6)	(13,174.0)	(13,414.0)	(1,076.4)

3.5 The Forecast Outturn as set out in the table above shows an increase in funds to the agreed budget as detailed below:

- a. AEB income is higher than originally forecast due to additional funding being provided which will be brought to the Skills committee at the next meeting to confirm the details.

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. 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 2021.

5. 2022 Budget and Medium-Term Financial Plan

- 5.1 At its November meeting the Combined Authority Board will be presented with a draft budget for 2022-23 and a Medium-Term Financial Plan (MTFP) to the end of 2025-26. The draft budget is the result of work in the preceding 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 Skills Committee's expenditure is predominantly funded by ringfenced grants provided by Government for a specific purpose, as such these projects' budgets are not considered subject to approval and so all the Skills Committee's budgets are approved.
- 5.5 The Committee are invited to review the current MTFP.

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. Other Significant Implications

- 8.1 There are no significant implications.

9. Appendices

9.1 Appendix 1 – Performance Dashboard

9.2 Appendix 2 – Skills Committee Extract of the 2021-25 Medium-Term Financial Plan