



**CAMBRIDGESHIRE
& PETERBOROUGH**
COMBINED AUTHORITY

JAMES PALMER
CAMBRIDGESHIRE &
PETERBOROUGH MAYOR

Agenda Item No: 3.4

Budget and Performance Report

To: Skills Committee

Meeting Date: 15 March 2021

Public report: Yes

Lead Member: Councillor John Holdich OBE, Lead Member for Skills

From: Vanessa Ainsworth, Finance Manager

Key decision: No

Forward Plan ref: N/A

Recommendations: The Skills Committee is recommended to:

- a) Note the update and financial position relating to the revenue and capital funding lines within the Skills Committee remit.

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 August 2020 Combined Authority Board Meeting, the Board approved a refreshed Medium-Term Financial Plan (MTFP) in relation to the COVID-19 pandemic, including balanced revenue and capital budgets for 2019/20. 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. Revenue Expenditure & Income

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

Table 1. Skills Revenue Expenditure Budgets 2020/21

	Jan Budget £'000	Jan Board Approvals & Adjustments £'000	Revised Budget £'000	Actuals to 31st Jan 2021 £'000	Forecast Outturn £'000	Forecast Outturn Variance £'000
Skills Revenue Expenditure						
AEB Devolution Programme	11,646.3	-	11,646.3	9,530.7	10,839.3	(807.0)
AEB Innovation Fund - Revenue	336.7	-	336.7	-	150.0	(186.7)
AEB Programme Costs	433.9	-	433.9	279.6	376.9	(57.0)
Apprenticeship Levy Fund Pooling	76.2	-	76.2	42.9	76.2	0.0
Careers and Enterprise Company (CEC)	86.2	-	86.2	67.6	91.1	4.9
HAT Work Readiness Programme	52.8	-	52.8	54.8	54.8	2.0
Health and Care Sector Work Academy	3,235.6	-	3,235.6	283.6	483.6	(2,752.0)
High Value Courses	148.5	-	148.5	-	65.0	(83.5)
National Retraining Scheme	65.1	-	65.1	-	25.1	(40.0)
Sector Based Work Academies	146.8	-	146.8	-	65.0	(81.8)
Skills Advisory Panel (SAP) (DfE)	114.0	-	114.0	50.5	110.5	(3.5)
Skills Brokerage	107.0	-	107.0	114.0	113.7	6.7
Skills Strategy Implementation	120.5	-	120.5	32.1	125.4	4.9
University of Peterborough	4.2	-	4.2	4.2	4.2	0.0
University of Peterborough - Legal Costs	150.0	-	150.0	148.8	148.8	(1.2)
Total Skills Revenue Expenditure	16,723.8	-	16,723.8	10,608.8	12,729.6	(3,994.2)

- 3.2 The Forecast Outturn as set out in the table above shows a reduction in expected costs for the year of £3,994.2k 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:
- a. The £807k underspend in the AEB Devolution Programme is due to estimates being in place for the ITP expenditure and a provision for the underspend within the Grant Providers. A reconciliation of payments to provision for grant providers will be made in February after 6 months of delivery and where necessary figures will be adjusted at that point. The separate AEB presented to this committee will also discuss the underspend options.
 - b. The AEB Innovation Fund has allocated grants to a number of providers, but due to COVID-19 the starts will be delayed as per the information in the separate AEB paper presented to this committee.
 - c. AEB Programme costs is showing an underspend of £57k, partly due to the allocated funding for audit requirements now being pushed to April 2021.
 - d. As reported at previous committees, the Health & Social Care Work Academy is forecasting a large underspend for the current financial year of £2,752k. This is partly due to COVID-19 and a revised agreement with Department for Work & Pensions. It is understood that this project will roll into 2021/22. An update on the revised spend has not been received from the project and therefore a further decrease in spend has been calculated.
 - e. Sector based work academies and high value courses are both on course to underspend due to the late arrival of these funding streams and the impact of COVID-19 on initiating the new resource. Again, this is discussed in the separate AEB papers presented.
 - f. The National Retraining Scheme has also felt the impact of COVID-19 on its outcomes as the NHS Upskilling Pilot has been delayed until April, thereby causing the underspend. However, this project will continue, and the funding is likely to be committed in March.
 - g. There are several small overspends currently projected within the skills lines, which are due to the delay of the Business Growth Service starting, thereby impacting on the budgets. It will be attempted to offset these additional costs by reducing other skills budgets if possible.
- 3.4 A breakdown of the Business & Skills Directorate 'Skills Revenue' income for the period to 31st January, is set out in Table 2. below.

Table 2. Skills Revenue Income Budgets 2020/21

Skills Revenue Funding Streams	Jan Budget £'000	Jan Board Approvals & Adjustments £'000	Revised Budget £'000	Actuals to 31st Jan 2021 £'000	Forecast Outturn £'000	Forecast Outturn Variance £'000
Skills Advisory Panel Grant	(75.0)		(75.0)	(75.0)	(75.0)	-
Careers Enterprise Company Funding	(124.9)		(124.9)	(112.8)	(124.9)	-
Adult Education Budget	(12,084.1)	-	(12,084.1)	(12,772.2)	(12,762.2)	(678.2)
Apprenticeship Levy Fund Pooling	(86.2)		(86.2)	-	(86.2)	-
Total Skills Revenue Expenditure	(12,370.1)	-	(12,370.1)	(12,960.0)	(13,048.3)	(678.2)

3.5 The Forecast Outturn as set out in the table above shows an increase in funds to the agreed budget. This is due to additional funds received from the DfE for delivery of a variety of programmes already passed through the Skills Committee.

4. Capital Budget

4.1 A breakdown for the Business & Skills Directorate 'Skills Capital' expenditure for the period to 31st January, is set out in Table2 below.

Table 3. Skills Capital 2020/21

Skills Capital Programmes	Jan Budget £'000	Jan Board Approvals & Adjustments £'000	Revised Budget £'000	Actuals to 31st Jan 2021 £'000	Forecast Outturn £'000	Forecast Outturn Variance £'000
University of Peterborough - Phase 1		-	12,300.0	12,300.0	12,300.0	-
Total Skills Capital Expenditure		-	12,300.0	12,300.0	12,300.0	-

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. The Combined Authority needs to monitor how well it is doing that.

5.2 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

5.3 These metrics are updated to align with the Board Performance Reports

5.4 Appendix 1 also shows the current RAG status for Skills' projects, as at the end of January 2021.

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