



## Budget and Performance Report

To:	Skills Committee
Meeting Date:	11 January 2021
Public report:	Yes
Lead Member:	Councillor John Holdich, Chair of the Skills Committee
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 June 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 as approved up to the November CA Board meeting.
- 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 31<sup>st</sup> October, is set out in Table 1. below.

Table 1. Skills Revenue Expenditure Budgets 2020/21

<b>Skills Revenue Expenditure</b>	<b>Nov Budget £'000</b>	<b>Nov Board Approvals &amp; Adjustments £'000</b>	<b>Revised Budget £'000</b>	<b>Actuals to 31st Oct 2020 £'000</b>	<b>Forecast Outturn £'000</b>	<b>Forecast Outturn Variance £'000</b>
AEB Devolution Programme	11,646.3	-	11,646.3	7,489.7	10,756.6	(889.7)
AEB Innovation Fund - Revenue	336.7	-	336.7	-	336.7	-
AEB Programme Costs	372.7	-	372.7	168.2	402.3	29.6
Apprenticeship Levy Fund Pooling	76.2	-	76.2	33.8	39.4	(36.7)
Careers and Enterprise Company (CEC)	86.2	-	86.2	77.5	84.1	(2.1)
HAT Work Readiness Programme	52.8	-	52.8	36.6	52.9	0.0
Health and Care Sector Work Academy	3,235.6	-	3,235.6	215.5	1,053.1	(2,182.5)
High Value Courses	153.8	-	153.8	-	120.0	(33.8)
National Retraining Scheme	65.1	-	65.1	-	40.0	(25.1)
Sector Based Work Academies	152.0	-	152.0	-	120.0	(32.0)
Skills Advisory Panel (SAP) (DfE)	114.0	-	114.0	12.6	92.6	(21.4)
Skills Brokerage	107.0	-	107.0	75.4	111.6	4.6
Skills Strategy Implementation	120.5	-	120.5	36.0	116.9	(3.6)
University of Peterborough	4.2	-	4.2	143.4	4.2	-
University of Peterborough - Legal Costs	150.0	-	150.0	138.1	150.0	-
<b>Total Skills Revenue Expenditure</b>	<b>16,673.0</b>	<b>-</b>	<b>16,673.0</b>	<b>8,427.0</b>	<b>13,480.5</b>	<b>(3,192.6)</b>

- 3.2 The Forecast Outturn as set out in the table above shows a reduction in expected costs for the year of £3,192.6k 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 £889.7k 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.
  - AEB Programme costs is showing an overspend of £29.6k, however, this will be within the new budget limit once the approved top slice is added in from the increased funding from the DfE which will give a revised budget of £433.9k. This will be updated at the January CA board.
  - As reported at previous committees, the Health & Social Care Work Academy is forecasting a large underspend for the current financial year of £2,182.5k. 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.
  - The majority of the Skills budgets are currently forecasting an underspend for the financial year in varying quantities. The new S.R.O. for Skills joined in November and is currently reviewing all committed and potential spending whilst drawing up plans for future expenditure. Those budgets that have not yet spent anything are currently in evaluation on their delivery and are believed to be on course to deliver their expected aims within the financial year.
  - The Skills Brokerage budget is overspent due to the amendments to the contract with Opportunity Peterborough, and this will be managed within the overall Skills budget lines.
  - The University of Peterborough, whilst not showing any change in budget outturn, is currently overspent by £140k. This is due to costs that have been incurred and will be recharged to Prop Co 1 once the legal agreements have been finalised.
- 3.4 A breakdown of the Business & Skills Directorate 'Skills Revenue' income for the period to 31<sup>st</sup> October, is set out in Table 2. below.

	Nov Budget £'000	Nov Board Approvals & Adjustments £'000	Revised Budget £'000	Actuals to 31st Oct 2020 £'000	Forecast Outturn £'000	Forecast Outturn Variance £'000
<b>Skills Revenue Funding Streams</b>						
Skills Advisory Panel Grant	(75.0)		(75.0)	(75.0)	(75.0)	-
Careers Enterprise Company Funding	(124.9)		(124.9)	(34.9)	(124.9)	-
Adult Education Budget	(12,084.1)	-	(12,084.1)	(12,762.2)	(12,762.2)	(678.2)
Apprenticeship Levy Fund Pooling	(86.2)		(86.2)	-	(86.2)	-
<b>Total Skills Revenue Expenditure</b>	<b>(12,370.1)</b>	<b>-</b>	<b>(12,370.1)</b>	<b>(12,872.2)</b>	<b>(13,048.3)</b>	<b>(678.2)</b>

- 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. These will be updated at the January CA Board.
- 3.6 To provide transparency and completeness on the Skills budgets as a whole, all revenue Income will be reported to the Committee as part of this report from this meeting forward. This will allow the Committee to understand the various income streams, note the effect of any increases and be able to understand any delays or lack of receipt.

## 4. Capital Budget

- 4.1 A breakdown for the Business & Skills Directorate 'Skills Capital' expenditure for the period to 31<sup>st</sup> October, is set out in Table 3 below.

Table 3. Skills Capital 2020/21

	Nov Board Approvals & Adjustments £'000	Revised Budget £'000	Actuals to 31st Oct 2020 £'000	Forecast Outturn £'000	Forecast Outturn Variance £'000
<b>Skills Capital Programmes</b>					
University of Peterborough - Phase 1	-	12,300.0	665.4	12,300.0	-
<b>Total Skills Capital Expenditure</b>	-	<b>12,300.0</b>	<b>665.4</b>	<b>12,300.0</b>	-

- 4.2 The balance of the funding for the University is tied into the shareholders agreement and subscription agreement. The funding will be allocated to the university upon signing of the documents and will show in the accounts as fully spent. However, the actual transfer of funds will occur on a required cashflow basis. This has been written into the documents and agreed as the best utilisation of the funding.

## 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 October 2020.

## 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