



**CAMBRIDGESHIRE  
& PETERBOROUGH**  
COMBINED AUTHORITY

Agenda Item No: 3.3

## Budget and Performance Report

To:	Skills Committee
Meeting Date:	14 June 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:	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 31<sup>st</sup> March, is set out in Table 1. below.

<b>Skills Revenue Expenditure</b>	<b>Mar Budget £'000</b>	<b>Mar Board Approvals &amp; Adjustments £'000</b>	<b>Revised Budget £'000</b>	<b>Actuals to 31st Mar 2021 £'000</b>	<b>Forecast Outturn Variance £'000</b>	<b>Requested Carry Forward £'000</b>
AEB Devolution Programme	11,646.3	-	11,646.3	10,688.2	(958.1)	(958.1)
AEB High Value Courses	148.5	-	148.5	-	(148.5)	(148.5)
AEB Innovation Fund - Revenue	336.7	-	336.7	3.4	(333.3)	(333.3)
AEB National Retraining Scheme	65.1	-	65.1	25.6	(39.5)	(39.5)
AEB Programme Costs	433.9	-	433.9	374.7	(59.2)	(59.2)
AEB Sector Based Work Academies	146.8	-	146.8	-	(146.8)	(146.8)
Apprenticeship Levy Fund Pooling	76.2	(23.5)	52.7	52.7	0.0	-
Careers and Enterprise Company (CEC)	86.2	-	86.2	97.3	11.1	-
HAT Work Readiness Programme	52.8	-	52.8	54.8	2.0	-
Health and Care Sector Work Academy	3,235.6	-	3,235.6	436.6	(2,799.0)	(2,799.0)
Skills Advisory Panel (SAP) (DfE)	114.0	-	114.0	76.7	(37.3)	(37.3)
Skills Brokerage	107.0	-	107.0	119.4	12.4	-
Skills Strategy Implementation	120.5	(50.0)	70.5	55.4	(15.1)	(15.1)
University of Peterborough	4.2	-	4.2	4.2	0.0	-
University of Peterborough - Legal Costs	150.0	-	150.0	126.3	(23.7)	-
<b>Total Skills Revenue Expenditure</b>	<b>16,723.8</b>	<b>(73.5)</b>	<b>16,650.3</b>	<b>12,115.3</b>	<b>(4,535.0)</b>	<b>(4,536.8)</b>

- 3.2 The Forecast Outturn as set out in the table above shows a reduction in expected costs for the year of £4,335k 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 £958.1k underspend in the AEB Devolution Programme is due to lower than contracted delivery from the Independent Training Providers (ITP's) due to the COVID-19 pandemic, withdrawal of 2 adult education providers receiving funds under grant and reduced delivery by several other adult education providers receiving funds under grant. The reduced delivery from both the ITP's and grant providers was caused by the lack of take up and inability to deliver learning in classrooms brought about by the COVID-19 pandemic. Two grant providers withdrew from the programme midway through the year due to their inability to deliver their grant commitment due to the COVID-19 pandemic.
  - b. The AEB Innovation Fund allocated grants to several providers, but due to COVID-19 the starts have been delayed as per the information presented to the Committee in the AEB paper in March.
  - c. AEB Programme costs is showing an underspend of £59.2k, 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 which now stands at £2,799k. This is partly due to lower than planned enrolments and completions on courses, resulting from the economic and social disruption caused by the COVID-19 pandemic. A revised agreement with Department for Work & Pensions is being sought, to enable an extension of the end date of the contract, in order to expend all the allocated budget. It is understood that this project will roll into 2021/22. The Committee will be provided with an update to confirm this extension, after it has been granted.
  - e. The AEB Sector based work academies and high value courses were reprofiled into 2021/22 at the March committee to allow for high quality provision that could be taken up by as many as possible upon the lifting of COVID-19 restrictions further to the presentation of the AEB paper.
  - f. The progress of delivery on National Retraining Scheme activities delivered by the Combined Authority have also suffered similar impacts of the COVID-19 pandemic, as has the NHS Upskilling Pilot, the launch of which was delayed until April, thereby causing the underspend of £39.5k against plan.
  - g. The Skills Strategy Implementation budget line is reporting an underspend of £15.1k. However, work was commissioned on a wide range of projects in January, that will be complete by mid-May.
  - h. There are two overspends currently projected within the skills budget lines relating to the Careers Enterprise Company (CEC) and Skills Brokerage contracts with Opportunity Peterborough. Both are due to the delay of the Business Growth Service starting, to which these contracts were planned to be transferred, , thereby necessitating extension of the previous delivery contracts for both.
  - i. The overspend on the Hampton Academies Trust Work Readiness Programme of £2k is due to incorrect profiling at the end of the 19/20 financial year. This programme has now completed and there will be no further spend on the project.
- 3.4 Provisional carry-forwards from 2020-21 underspends were approved by the March Combined Authority Board meeting to enable project delivery to continue uninterrupted. However, final carry forwards will be presented to the Skills committee and Combined Authority Board in June for re-approval. The funding for the Health Care Sector Work Academy and the Skills Advisory Panel is ringfenced and therefore must be carried

forwards. The Skills committee and Combined Authority Board have previously confirmed that AEB funding will be internally ring-fenced so underspends on the AEB lines can be transferred into the AEB reserve to be drawn down in future years.

3.5 A breakdown of the Business & Skills Directorate 'Skills Revenue' income for the period to 31<sup>st</sup> March, is set out in Table 2. below.

<b>Skills Revenue Funding Streams</b>	<b>Mar Budget £'000</b>	<b>Mar Board Approvals &amp; Adjustments £'000</b>	<b>Revised Budget £'000</b>	<b>Actuals to 31st Mar 2021 £'000</b>	<b>Forecast Outturn Variance £'000</b>	<b>Requested Carry Forward £'000</b>
Skills Advisory Panel Grant	(75.0)		(75.0)	(75.0)	-	-
Careers Enterprise Company Funding	(124.9)		(124.9)	(130.5)	(5.6)	(5.6)
Adult Education Budget	(12,084.1)	-	(12,084.1)	(12,456.5)	(372.4)	(372.4)
Apprenticeship Levy Fund Pooling	(86.2)		(86.2)	(55.0)	31.2	-
<b>Total Skills Revenue Expenditure</b>	<b>(12,370.1)</b>	<b>-</b>	<b>(12,370.1)</b>	<b>(12,717.0)</b>	<b>(346.9)</b>	<b>(378.0)</b>

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

- a. CEC income was slightly higher than anticipated due to a revision in the final claim for the 19/20 financial year.
- b. AEB income was higher to additional funding being provided which has already been passed through the Skills committee.
- c. Apprenticeship Levy income is shown as lower than forecast. However, this funding was received during the 19/20 financial year.

3.7 As per 3.4, final carry forwards will be presented to the CA board in June for approval.

## 4. Capital Budget

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

<b>Skills Capital Programmes</b>	<b>Mar Budget £'000</b>	<b>Mar Board Approvals &amp; Adjustments £'000</b>	<b>Revised Budget £'000</b>	<b>Actuals to 31st Mar 2021 £'000</b>	<b>Forecast Outturn Variance £'000</b>	<b>Requested Carry Forward £'000</b>
University of Peterborough - Phase 1		-	12,300.0	12,300.0	-	-
<b>Total Skills Capital Expenditure</b>		<b>-</b>	<b>12,300.0</b>	<b>12,300.0</b>	<b>-</b>	<b>-</b>

## 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 March 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