



SKILLS COMMITTEE	AGENDA ITEM No: 3.4
09 November 2020	PUBLIC REPORT

BUDGET AND PERFORMANCE REPORT

1.0 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.

<u>DECISION REQUIRED</u>	
Lead Member:	Cllr John Holdich, Lead Member for Skills
Lead Officer:	John T Hill, Director for Business & Skills
Forward Plan Ref: N/A	Key Decision: No
The Skills Committee is recommended to: (a) Note the September budget and performance monitoring update.	Voting arrangements Simple Majority of all Members

2.0 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 an updated Medium-Term Financial Plan (MTFP), including balanced revenue and capital budgets for 2020/21 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 REVENUE BUGDET

3.1. A breakdown of the Business & Skills Directorate 'Skills Revenue' expenditure for the period to 30th September, is set out in Table 1. below.

Table 1. Skills Revenue Budgets 2020/21

Skills Revenue Programmes	July Budget	Sept Board Approvals & Revised Budget		Actuals to 30th Sept 2020	Forecast Outturn	Forecast Outturn Variance
	£'000	£'000	£'000	£'000	£'000	£'000
AEB Devolution Programme	11,646.3	-	11,646.3	6,675.9	10,774.5	(871.8)
AEB Innovation Fund - Revenue	336.7	-	336.7	-	336.7	-
AEB Programme Costs	372.7	-	372.7	98.4	372.7	-
Apprenticeship Levy Fund Pooling	76.2	-	76.2	21.3	76.2	-
Careers and Enterprise Company (CEC)	86.2	-	86.2	9.1	86.2	-
HAT Work Readiness Programme	52.8	-	52.8	36.6	52.8	-
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	-	153.8	-
National Retraining Scheme	65.1	-	65.1	-	65.1	-
Sector Based Work Academies	-	152.0	152.0	-	152.0	-
Skills Advisory Panel (SAP) (DfE)	114.0	-	114.0	8.2	114.0	-
Skills Brokerage	107.0	-	107.0	-	107.0	-
Skills Strategy Implementation	120.5	-	120.5	12.4	120.5	-
University of Peterborough	4.2	-	4.2	143.4	4.2	-
University of Peterborough - Legal Costs	150.0	-	150.0	131.0	150.0	-
Total Skills Revenue	16,367.3	305.7	16,673.0	7,351.8	13,618.8	(3,054.2)

3.2. The Forecast Outturn as set out in the table above shows a reduction in expected costs for the year of £3,054.2k 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 £871.8k 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.
- b. As reported at the previous committee, 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.
- c. 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 once the legal agreements have been finalised.

- 3.4 A number of projects are worthy of additional comments to give clarity on their status, due to their current under/overspend:
- a. AEB Innovation Fund – This project received approval earlier in the financial year, but has only just released its prospectus to applicants. This is due to a number of factors, including the COVID-19 pandemic and the internal restructure of the AEB team. It is anticipated that there will be more applications for funding than is available, and there will be no concern with this funding being awarded prior to the end of the financial year.
 - b. High Value Courses and Sector Based Work Academies – These projects were agreed at the last round of committee and board meetings and plans are currently being drawn up for their delivery, with a full spend of funding by the end of the financial year.
 - c. Skills Brokerage – This funding is now fully spent as the final invoice for the service was received in October from Opportunity Peterborough.
 - d. Skills Advisory Panel – Expenditure has been delayed, however, is now on track and will be defrayed by the end of March 2021.
 - e. National Retraining Scheme – This was new funding awarded at the beginning of the financial year and delivery has been delayed due to COVID-19
 - f. University of Peterborough – The final legal agreements between shareholders has not yet been signed off and therefore, recharges to the new Prop Co cannot be raised. This budget line is holding all costs incurred by the CPCA that will be recharged, therefore bringing the budget line within its approved limit.

4.0 CAPITAL BUDGET

- 4.1. A breakdown for the Business & Skills Directorate 'Skills Capital' expenditure for the period to 30th September, is set out in Table 2 below.

Table 2. Skills Capital 2020/21

	July Budget £'000	Sept Board Approvals & Adjustments £'000	Revised Budget £'000	Actuals to 30th Sept 2020 £'000	Forecast Outturn £'000	Forecast Outturn Variance £'000
Skills Capital Programmes						
University of Peterborough - Phase 1	12,300.0	-	12,300.0	585.4	12,300.0	-
Total Skills Revenue	12,300.0	-	12,300.0	585.4	12,300.0	-

- 4.2 UoP is proceeding as planned and capital expenses are being incurred. Once the final Shareholders Agreement is signed, the funds will be deposited with the new Prop Co as a lump sum and will therefore complete its spend within the financial year.

5.0 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 September 2020.

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

<u>Source Documents</u>	<u>Location</u>
None	