



Agenda Item No: 2.8

Budget and Performance Report

To:	Skills Committee
Meeting Date:	4 July 2022
Public report:	Yes
Lead Member:	Councillor Lucy Nethsingha, Chair of the Skills Committee
From:	Jon Alsop, Head of Finance (S73)
Key decision:	No
Forward Plan ref:	N/A
Recommendations:	<p>The Skills Committee is recommended to:</p> <p>a) Note the 2021/22 revenue forecast outturn position for Skills related budgets.</p>
Voting arrangements:	A simple majority of all Members present and voting

1. Purpose

- 1.1 To provide an update and overview of 2022/23 revenue budgets to enable the Committee to make informed decisions regarding the expenditure of these funds.
- 1.2 The paper also provides a performance update on Skills projects and a trajectory of expected performance against devolution deal objectives.

2. Background

- 2.1 At the January 2021 Combined Authority Board Meeting, the Board approved a Medium-Term Financial Plan (MTFP) including balanced revenue and capital budgets for 2021/22. The original budget has been updated throughout the financial year as the Board has approved new budget allocations and adjustments to existing budgets. This report provides an update to the forecast outturn position against those budgets.
- 2.3 The outturn forecast reflects costs incurred to date, accrued expenditure and assumptions on staffing, overheads and workstream programme delivery costs.
- 2.4 A paper will be taken to the Combined Authority Board in July with a final draft outturn position. This paper will confirm requests for unspent budget to be carried forward into the new financial year (2022/23), where appropriate.
- 2.5 The outturn position as set out in this paper is still subject to final year end adjustments and to external audit.

3. Revenue Income & Expenditure

- 3.1 A breakdown of the Business and Skills Directorate 'Skills Revenue' income for the period to 31 March 2022, is set out in Table 1. below.

Table 1. Skills Revenue Income Budgets 2021/22				
Skills Revenue Funding Streams	Revised Budget £'000	Actuals to 31 March 2022 £'000	Forecast Outturn £'000	Forecast Outturn Variance £'000
Adult Education Budget	(13,174.0)	(13,173.7)	(13,174.0)	-
Careers Enterprise Company Funding	(211.0)	(113.6)	(211.0)	-
Mid-Life MOT	(40.0)	(39.6)	(39.6)	0.4
Skills Advisory Panel Grant	(75.0)	(75.0)	(75.0)	-
Total Skills Revenue Expenditure	(13,500.0)	(13,402.0)	(13,499.6)	0.4

- 3.2 A breakdown of the Business & Skills Directorate 'Skills Revenue' expenditure for the period to 31 March 2022, is set out in Table 2. below.

Table 2. Skills Revenue Expenditure Budgets 2021/22

Skills Revenue Expenditure	Revised Budget £'000	Actuals to 31 March 2022 £'000	Forecast Outturn £'000	Forecast Outturn Variance £'000
AEB Devolution Programme	11,367.6	10,584.0	10,584.0	(783.6)
AEB High Value Courses	236.6	37.9	37.9	(198.7)
AEB Innovation Fund - Revenue	500.0	394.7	425.0	(75.0)
AEB Level 3 Courses	808.8	418.1	418.1	(390.7)
AEB National Retraining Scheme	39.5	39.5	39.5	0.0
AEB Programme Costs	442.1	457.2	457.2	15.0
AEB Sector Based Work Academies	233.2	116.0	116.0	(117.1)
AEB Provider Capacity Building	250.0	94.0	125.0	(125.0)
AEB Strategic Partnership Development	250.0	48.2	125.0	(125.0)
Careers and Enterprise Company (CEC)	222.1	99.1	206.9	(15.2)
Digital Skills Bootcamp	1,826.3	41.0	1,826.3	-
Health and Care Sector Work Academy	730.2	566.0	624.5	(105.7)
Mid-life MOT	40.0	39.8	39.8	(0.2)
Skills Advisory Panel (SAP) (DfE)	112.3	66.4	96.7	(15.6)
Skills Rapid Response Fund	115.2	88.0	115.1	(0.1)
Total Skills Revenue Expenditure	17,173.9	13,089.7	15,237.0	(1,936.9)

3.3 The Forecast Outturn as set out in the table above shows a reduction in expected costs for the year of £1,936.9k compared to the budget and compared to £2,398.4k reported at the March committee. 'Actual' figures are based on payments made and accrued expenditure where known.

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

a. The AEB programme accounts for £1,800.1k of the underspend that is currently forecast. A large amount of work is being carried out with both existing and potential providers to improve the delivery of the various projects within the programme, and whilst improvements are being made, these will not necessarily impact the current fiscal year. They will, however, improve the academic year outturn.

Some of the actions that are being implemented to reduce the underspend, particularly by the end of the academic year include:

- Inviting providers to submit cases for in-year 'growth' and increasing grant and contract values where realistic proposals have been agreed. £0.5m of additional funding has been approved for in-year growth.
- Introducing a new grant-funded adult learning institute, the Workers Education Association (WEA) in-year to commence delivery from March.
- Payments for level 3 courses to grant providers are made in arrears.
- We expect to increase the number of Independent Training Providers, through our upcoming commissioning round from eight to at least 15 for the 2022/23 academic year. Doubling the capacity and funding that is contracted

The funding for AEB is ring-fenced, and whilst it is not ideal that there will be an underspend, this funding will be carried forward into the new fiscal year to ensure it is spent on learners within our region.

b. The CEC budget line began the Careers Hub aspect of the contract in September, and

as such the budget has not yet been fully committed. Most of this budget is either staffing or charges from the Cambridgeshire & Peterborough Growth Company (Growth Co) for delivery of the service. There have been delays in creating the legal contracts between the Combined Authority and Growth Co, and as soon as these are completed invoices will flow between the two organisations.

c. The performance of the Digital Skills Bootcamp project was the subject of a separate paper at a previous committee meeting detailing the changes in providers. Expenditure lags income as providers are paid after receipt of the funding, so final balances will be updated for accruals during the year end process.

d. The Health and Social Care Work Academy project was reprofiled in January further to a paper to the Skills Committee which was approved at the CA Board. Unfortunately, due to lack of claims, this profile is showing a potential underspend in the current financial year. It is understood that additional activities are being undertaken but it is unlikely they will impact on the current financial year.

e. Skills Advisory Panel funding has been received and most of the income has been spent or committed. We will look to carry forward unspent balances into the new financial year to align with academic year spend.

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.
- 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 Future performance reporting arrangements in support of the new Business Plan and Sustainable Growth Ambition Statement are being developed to adopt new metrics with a stronger outcome focus.
- 4.5 Appendix 1 also shows the current RAG status for Skills projects.

Significant Implications

5. Financial Implications

- 5.1 There are no financial implications other than those included in the main body of the report.

6. Legal Implications

- 6.1 The Combined Authority is required to prepare a balanced budget in accordance with statutory requirements.

7. Public Health implications

- 7.1 N/A

8. Environmental and Climate Change Implications

- 8.1 N/A

9. Other Significant Implications

- 9.1 N/A

10. Appendices

- 10.1 Appendix 1 – Performance Dashboard