



SKILLS COMMITTEE	AGENDA ITEM No: 3.5
17 JANUARY 2020	PUBLIC REPORT

BUDGET AND PERFORMANCE REPORT

1.0 PURPOSE

1.1. This report provides budget and performance reporting to the Skills Committee.

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

2.0 BACKGROUND

- 2.1. Budget and performance reporting should be seen in the round, in order to keep the Committee updated of progress and deliverables for Business and Skills projects and funding commitments
- 2.2. At its meeting on 25th September 2019 the Combined Authority Board approved a refreshed Medium-Term Financial Plan (MTFP), 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.

3.0 BUDGET

Revenue Budget

3.1 A breakdown of the Business & Skills Directorate 'Revenue' expenditure for the eight-month period to 30th November, is set out in the table below.

Business & Skills Revenue 2019/20							
Para. Ref.	Revenue	MTFP Refresh Budget	Budget Adjustments	Revised 19-20 Budget	Actuals to 30 Nov 2019	Forecast Outturn (Nov)	Forecast Outturn Variance
		£'000	£'000	£'000	£'000	£'000	£'000
	Business and Skills						
3.3.a	Work Readiness Programme (Hamptons)	110.00		110.00	83.21	83.20	26.80
	Skills Brokerage	344.20		344.20	61.36	344.20	0.00
3.3.b	University of Peterborough Taught Degree Awarding Powers	0.00	201.90	201.90	92.81	190.00	11.90
	University of Peterborough	235.00		235.00	110.16	235.00	0.00
	Skills Strategy Programme Delivery	150.00		150.00	153.98	150.00	0.00
	AEB Devolution programme - Grant	5576.33		5576.33	3451.53	5576.33	0.00
3.3.c	AEB Devolution programme - ITP	1282.29		1282.29	136.09	1000.00	282.29
3.3.d	AEB Programme Costs	115.40		115.40	46.08	100.00	15.40
	Health and Social Care Work Academy	1500.00		1500.00	0.00	1500.00	0.00
	EU Exit Funding	90.91		90.91	82.68	90.91	0.00
3.3.e	Growth Company Development	63.00		63.00	20.68	55.00	8.00
	Total Business and Skills	9467.13	201.90	9669.03	4238.58	9324.64	344.39
	Economic Strategy						
	Growth Hub	92.20		92.20	35.59	92.20	0.00
3.3.f	Market Town Strategy Implementation	200.00		200.00	61.68	150.00	50.00
3.3.g	Energy Hub	615.41		615.41	12.86	500.00	115.41
3.3.g	Rural Communities Energy Fund	1052.50		1052.50	0.00	800.00	252.50
	St Neots Masterplan Revenue	171.90		171.90	2.74	171.90	0.00
3.3.h	Trade and Investment Programme	100.00		100.00	7.68	50.00	50.00
3.3.i	CPCA LIS Implementation	200.00		200.00	67.33	150.00	50.00
3.3.i	LEP Capacity Funding	400.00		400.00	14.82	350.00	50.00
	Skills Advisory Panel (SAP)	75.00		75.00	10.58	75.00	0.00
	Total Economic Strategy	2907.01	0.00	2907.01	213.29	2339.10	567.91
	Total Revenue Expenditure	12374.14	201.90	12576.04	4451.87	11663.74	912.30
	Capital						
		MTFP Refresh Budget	Budget Adjustments	Revised 19-20 Budget	Actuals to 30 Nov 2019	Forecast Outturn (Nov)	Forecast Outturn Variance
		£m	£m	£m	£m	£m	£m
	Peterborough University - Business case	1.52		1.52	0.00	1.52	0.00
	Total Committed Direct Control Expenditure	1.52	0.00	1.52	0.00	1.52	0.00
	Market Town Pump Priming	0.50		0.50	0.00	0.50	0.00
	Costed but not Committed	0.50	0.00	0.50	0.00	0.50	0.00
	Total Capital Expenditure	2.02	0.00	2.02	0.00	2.02	0.00

3.2 The Forecast Outturn as set out in the table above shows a reduction in expected costs for the year of £912.3k 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. This also includes Service Level Agreements and other similar arrangements where invoices are received once a year.

3.3 Variances between the predicted revenue outturn position and the annual budget for the main budget headings are set out below:

- (a) The £26.8k in the Work Readiness Programme is due to the reprofiling of the budget according to academic years. The unspent balance will be applied to be carried forward into 2020/21.
- (b) University of Peterborough Taught Degree Awarding Powers budget line has now been completed and the final meetings were held in December to agree the outcomes. It is likely that the project will be brought in under the original budget by at least £11.9k, however, the figures are not definite as invoices have not yet been received.
- (c) AEB – ITP budget line will come under budget as the initial profile has been amended further to better clarity and understanding of provision. The underspend will be applied to be carried forward to 2020/21 as the expenditure will take place during the academic year.
- (d) AEB programme costs will come under budget due to expenditure spread over a two-year period for areas such as research and market intelligence. The amount will be applied to be carried forward into 2020/21 to account for this.
- (e) Current expenditure indicates that there will be an underspend on the Growth Company Development compared to the initial forecast. However, should this occur, then the balance will be applied to be carried in the Growth Service budget for future years.
- (f) The £50k forecast underspend for the Market Town Strategy Implementation is due to timing delays with local district councils carrying out the feasibility studies. Any underspend will be applied to be carried into 2020/21 as it is required to continue the work.
- (g) Both the Energy Hub and the Rural Communities Energy Fund have experienced delays due to new governance arrangements. The forecast expenditure has dropped significantly but as this is a grant awarded by government the money will be carried forward into next year. There are also further delays due to both areas being relocated to a different council which will occur towards the end of this financial year.
- (h) The delivery of the Trade & Investment Programme has been outsourced to Peterborough City Council, and the work is being undertaken. However, to date no invoices have been received and it is not clear whether the full amount forecast will be required. This is being discussed with PCC to establish more accurate figures. Any possible underspend will be applied to be carried into 2020/21 and used for the Growth Service.
- (i) Local Industrial Strategy (LIS) Implementation and LEP Capacity Funding are both currently showing a potential underspend, but it is likely that new opportunities will arise in the coming months that may utilise the budget. Should there be any underspend, this will be applied to be carried into 2020/21 to further continue the LIS implementation and enhance the Growth Service.

Capital Budget

3.4 A breakdown of the Business & Skills Directorate 'Capital' expenditure for the eight-month period to 30th November 2019, is set out in the table below.

Capital	MTFP Refresh Budget	Budget Adjustments	Revised 19-20 Budget	Actuals to 30 Nov 2019	Forecast Outturn (Nov)	Forecast Outturn Variance
	£m	£m	£m	£m	£m	£m
Peterborough University - Business case	1.52		1.52	0.00	1.52	0.00
Total Committed Direct Control Expenditure	1.52	0.00	1.52	0.00	1.52	0.00
Market Town Pump Priming	0.50		0.50	0.00	0.5	0
Costed but not Committed	0.50		0.50	0.00	0.5	0
Total Capital Expenditure	2.02	0.00	2.02	0.00	2.02	0.00

3.5 The University of Peterborough project is proceeding as planned and is the subject of a separate paper being presented to this Committee.

3.6 Market Town Pump Priming is dependent on the outcomes from the revenue section of the project before spending commences.

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

4.2 Appendix 1 shows the current Performance Dashboard, with the RAG status' tailored for Skills projects. This is accurate as at the end of November 2019.

4.3 Also provided as part of Appendix 1 is an update on the 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 Committees consider:

- Prosperity (measured by Growth Value Added (GVA))
- Housing
- Jobs

These metrics will be updated to align with the Board updates.

5.0 FINANCIAL IMPLICATIONS

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

6.0 LEGAL IMPLICATIONS

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

7.0 SIGNIFICANT IMPLICATIONS

- 7.1 There are no implications for nature.

8.0 APPENDICES

- 8.1. Appendix 1 – Performance Dashboard.

<u>Background Papers</u>	<u>Location</u>
None	N/A