

**UNIVERSITY OF HUDDERSFIELD  
FINANCIAL SERVICES DEPARTMENT**

**FINANCE REPORT – WEST YORKSHIRE LIFELONG LEARNING NETWORK**

This report contains the following:

- A. Report on expenditure in the financial year 2007/08:
  - a. The Management Board is invited to note the financial report.
  
- B. Two proposed new budgets; one to September 2010 and one to July 2011:
  - a. The Management Board is invited to recommend and approve a new budget.
  - b. The WYLLN team will then approach HEFCE to agree the new budget and payment profile.

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## A. Report on expenditure in the 2007/08 financial year

1. WYLLN was awarded a total of £5,998,163 from HEFCE to be paid in consecutive monthly instalments for the delivery of a 41 month project. The first instalment was paid in March 2007. From March to July 2007, WYLLN received a total of £746,990 to start activities of which £145,756 was spent. This created a carry forward balance of £601,234 at the beginning of August 2007. This report will review the annual period of spend activity from August 2007 to July 2008.
2. For the period August 2007 to July 2008, a further £1,570,183 funding was profiled to be received by WYLLN. When added to the carry forward balance from the start up period, total funds of £2,171,417 were available to WYLLN for the year.
3. The total underspend for the 2007/08 financial year stands at **£611,959** against the budget agreed by the Management Board on 14 November 2007. This underspend is a significant cause for concern for the WYLLN team, the University and the Management Board.
4. This budget was split into two main areas that are designated as *core activity* and *partnership delivery* as the following table shows:

Budget heading	Budget	Actual Spend	Under/(over)spend
Core activity	£620,494	£521,828	£98,666
Partnership delivery	£1,234,026	£720,7333	£513,293
Total	£1,854,520	£1,242,561	£611,959

### Core Activity Budget

5. The *core activity* budget is allocated to the core staffing of the WYLLN project, the costs directly attributable to supporting core staff and running the office, overhead and accommodation costs due to the host institution, the University of Huddersfield, and the development of the MIS system, IAGnow.
6. Total spend for the year has amounted to £521,828. The *core activity* budget is therefore underspent by **£98,666** as detailed in the table below.

Budget heading	Budget	Actual Spend	Under/(over)spend
Core staffing	£289,879	£271,672	£18,207
MIS system	£100,000	£32,279	£67,721
Others	£230,615	£217,877	£12,738
Total	£620,494	£521,828	£98,666

7. The underspend on the core staffing is explained by the restructuring of the central WYLLN team and the decision not to recruit to the post of MIS Officer, which was part of the original project costing and agreed budget.
8. The underspend on the MIS system has come about as a supplier was chosen who delivered the product to specification at a much lower cost than originally anticipated, following a tendering process.
9. However, even with the underspend, the WYLLN team sought, and was awarded, £10,000 of funding from the HEFCE-funded JISC programme to assist with the development of the XCRI initiative. It is

unclear why this development was not funded from within the main WYLLN funding, given the appropriate budget heading (MIS system) has an underspend of £67,721.

### Partnership Delivery Funding

10. The *partnership delivery* budget of £1,234,026 is more complex than the *core activity* budget and is sub-divided to represent different project activities detailed below:

Budget Heading	Budget	Actual Spend	Under/(over)spend
Management Board administration (University of Leeds)	£5,000	£5,000	£0
General partnership agreements	£345,000	£277,000	£68,000
Sector lead funding	£583,128	£349,470	£233,658
Central allocation funding (project activity, training and development)	£169,400	£28,591	£140,809
IAG commissioning	£65,749	£60,672	£5,077
Progression commissioning	£65,749	£0	£65,749
Total	£1,234,026	£720,733	£513,293

11. Key areas of underspend will be further explained below.

### General partnership agreements

12. The *general partnership agreement* budget of £345,000 has been profiled so that each WYLLN partner will receive a level of funding for delivering agreed outputs against the WYLLN target. Based on number of learners in an institution and institutional HE provision, partners were awarded £22,500, £15,000 or £10,000. Payments from this budget were structured so that partners received a 70% advance payment on completion of a project delivery plan. This part of the budget has underspent by **£68,000**. The reasons for the underspend are:

Leeds Metropolitan University - £22,500 (no project activity plan has been submitted)

Huddersfield Technical College - £15,000 (the College failed to recruit staff so returned the income)

The following institutions were unable to deliver against targets due to starting activity late.

Wakefield College – allocation reduced from £22,500 to £15,000

Open University – allocation reduced from £22,500 to £7,000

Leeds College of Music – allocation reduced from £10,000 to £7,000

Joseph Priestley College – allocation reduced from £15,000 to £10,500

### Sector Lead Funding

13. The *sector lead funding* budget of £583,128 is split equally across 7 sectors giving each sector lead institution (SLI) a total of £83,304 per annum, split across three sub-headings.

Budget Heading	Budget	Actual Spend	Under/(over)spend
Meetings, communications and representatives	£290,339	£278,862	£11,477
Curriculum development	£253,022	£49,902	£203,120
Marketing	£39,767	£20,706	£19,061
Total	£583,128	£349,470	£233,658

14. All sectors have reported significant underspends on the curriculum development and marketing sub-headings which are a cause for concern. The SLIs met with the WYLLN team on 17 September 2008 to discuss the underspends and their respective plans for committing the underspends in 2008/09. Although the SLIs have confidence in their ability to commit and evidence the underspends, both the WYLLN team and the University have concerns over this. These will be further outlined in part B of this report.

### Central Allocation Funding

15. The *central allocation funding*, like the *sector lead funding*, is sub-divided as follows:

Budget Heading	Budget	Actual Spend	Under/(over)spend
Network training and development	£41,167	£15,848	£25,319
Project activity	£83,333	£0	£83,333
MIS staff time	£22,785	£9,069	£13,716
Conference attendance	£12,941	£3,674	£9,267
Contingency	£9,174	£0	£9,174
Total	£169,400	£28,591	£140,809

16. The *central allocation funding* is being managed by WYLLN and provides partners with an opportunity to seek funds for activity outside of their set funding amounts received through the *general partnership agreement* or *sector lead funding* budgets. Uptake of the *central allocation funding* has been slow while partners have concentrated on developing their own set activities. £28,591 from the total £169,400 available has been spent this year giving a total underspend of **£140,809**.

## Commissioning

17. The *IAG commissioning* budget of £65,749 has under spent by **£5,077**. After 2 commissioning rounds the funds have been allocated across 5 different partners. The total value of the projects commissioned through this budget is £164,045. These projects are deliverable across 2 academic years and by making pro-rata payments against delivery targets the correct funds are released for the correct period. £60,672 has been spent this year with £103,373 set aside from next years IAG commissioning budget to support these projects.
18. The *progression commissioning* budget of £65,749 has not spent anything at all, leaving an underspend of **£65,749**, although a total of £104,465 has been committed to partners to deliver projects. The underspend will roll forward to 2008/09 to support the funding already committed to partners.

## Cashflow

19. The cash flow model for the project relates the actual and forecast spend activity of WYLLN to the grant funding received by the project from HEFCE. The cash flow model has a monthly breakdown to reflect the funding profile from HEFCE. The carry forward funds in August 2007 of £601,234 together with the projected total under spend for the year of £498,107 meant that WYLLN would have had a very large cash balance to carry forward to August 2008. To prevent this, payments from HEFCE to WYLLN were paused for the period January 2008 to April 2008. The 4 month payment pause totalled £523,395 and reduced the profiled income from HEFCE from £1,570,183 to an actual of £1,046,788. WYLLN have agreed with HEFCE a revised payment profile with the monthly income amounts in future years increasing so that the paused payments are not lost from the overall value of the project.
20. As at 31 July 2008, there is a positive cashflow of **£360,462**.
21. Part B of this report offers two new proposed budgets for the Management Board to consider and approve. Once the new budget has been approved, the WYLLN team will revisit the payment profile and agree this with HEFCE.

## B. Proposed budgets

1. In order to address the significant underspends detailed in part A of this report, the WYLLN team proposes two new budgets for the Management Board to discuss, and approve one.
2. With respect to the £233,658 underspend within the sector groups, it is proposed that these are rolled forward for spending in the 2008/09 financial year. Following the meeting with the sector group leads on 17 September 2008, it was agreed that the SLIs send in their revised costed and detailed workplans by December to show how their own underspends will be allocated. They will then have to evidence/commit expenditure by mid-April 2009. If the underspends are neither evidenced nor committed by mid-April 2009, the underspends will be re-allocated to other activities within the Network.
3. With the level of sector lead underspend in 2007/08, questions have been raised over the capacity of SLIs to deliver activity to commit the whole of the underspend in the 2008/09 financial year. The SLIs themselves, at the meeting on 17 September 2008, agreed that planned activity does not equate to actual delivery in terms of finances, outputs, etc. In addition to this, some of the curriculum development spend to date is based on planned and not yet evidenced activity and so the underspend could be higher than outlined in part A of this report. An example of this is Park Lane College, which anticipated expenditure of £12,000 for the development of four foundation degrees, but has only evidenced £6,000.
4. Underspends from other areas of the budget, are, on both new proposed budgets, in part, re-allocated to spend on new areas of commissioning, namely employer engagement and 14-19 Diplomas. These new areas of the budget would be for the 2008/09 financial year only. The remaining underspends are proposed to be used to extend the project.
5. The first proposed budget extends the project activity and expenditure to September 2010. This proposal, entitled 'WYLLN 3 year budget re-profile', would cover the cost of extending all the WYLLN team members to 30 September 2010 to close down project activity and ensure all HEFCE and Management Board reporting has been completed. The cost of extending the project to this date would be **£88,319**. No funding would be allocated to *general partnership agreements, commissioning* or SLIs as of 31 July 2010.
6. The second proposed budget extends the project activity and expenditure to 31 July 2011. This proposal, entitled 'WYLLN 4 year budget re-profile', would cover the cost of extending all the WYLLN team members to 31 July 2010 (one month more than is currently budgeted for), the finance officer to 30 September 2010 and then 1 FTE project leader and 0.5 FTE of administrative support to 31 July 2011. The cost of extending the project to this date would be **£143,628**. As with the first proposed budget, no funding would be allocated to *general partnership agreements, commissioning* or SLIs for the final year. Extending the project to this date would allow time for meaningful evaluation of the project, including the legacy and sustainability of the Network.
7. The WYLLN team prefers the second proposed budget for sustainability and legacy issues but it is understood that the proposed staffing load and requirement to fund certain sector and partnership activities may need to be revisited nearer the end of the project.
8. Whichever proposed budget is agreed, the University and the WYLLN team will continue to monitor expenditure closely and re-allocate underspends as soon as they become available.