

**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 2008/09 (to date)
 - a. The Management Board is invited to note the financial report.

- B. The proposed new budget 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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University of Huddersfield

9 December 2008

A. Report on expenditure in the 2008/09 financial year

- To provide meaningful financial information, it has been decided to use the proposed new budget (see Part B of this report) as the basis for the report on expenditure in the current financial year.
- The total underspend for the 2008/09 financial year as at 30 November 2008 stands at **£195,640** against the proposed budget.
- This budget is split into two main areas that are designated as *core activity* and *partnership delivery* as the following table shows:

Budget heading	Budget (to date)	Actual spend (to date)	Under/(over)spend (to date)
Core activity	£191,856	£173,917	£17,939
Partnership delivery	£575,086	£397,385	£177,701
Total	£766,942	£571,302	£195,640

- The *partnership delivery* budget of **£575,086** is more complex than the *core activity* budget and is subdivided to represent different project activities detailed below:

Budget Heading	Budget (to date)	Actual spend (to date)	Under/(over)spend
Management Board administration (University of Leeds)	£1,667	£0	£1,667
General partnership agreements	£127,500	£32,500	£95,000
Sector lead funding	£272,262	£301,816	(£29,554)
Central allocation funding (project activity, training and development)	£54,693	£0	£54,693
IAG commissioning	£49,370	£10,726	£38,644
Progression commissioning	£69,594	£52,343	£17,251
Total	£575,086	£397,385	£177,701

- Key areas of underspend will be further explained below.

General partnership agreements

- The *general partnership agreement* budget of **£127,500** has been profiled so that each WYLLN partner will receive a level of funding for delivering agreed outputs against the WYLLN target. This represents 50% of their funding allocation for 2008/09. This part of the budget has underspent by

£95,000. The reasons for the underspend are that the following institutions have not yet engaged with the WYLLN core team to draw down their 50% advance funding.

Dewsbury College - £1,875 (proportion not taken up due to merger with Huddersfield Technical College – Kirklees College has been allocated £22,500)

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Joseph Priestley College - £7,500 (full allocation is £15,000)

Kirklees College - £11,250 (full allocation is £22,500)

Leeds College of Building - £7,500 (full allocation is £15,000)

Leeds College of Music - £5,000 (full allocation is £10,000)

Leeds Metropolitan University - £11,250 (full allocation is £22,500)

Leeds Trinity and All Saints - £7,500 (full allocation is £15,000)

Open University - £11,250 (full allocation is £22,500)

Thomas Danby College - £7,500 (full allocation is £15,000)

University of Bradford - £11,250 (full allocation is £22,500)

Wakefield College - £11,250 (full allocation is £22,500)

Sector Lead Funding

7. The *sector lead funding* budget of **£272,262** is split equally across 7 sectors and across three sub-headings. There is an overspend of **£29,554** as at 30 November 2008.

Budget Heading	Budget (to date)	Actual spend (to date)	Under/(over)spend
Meetings, communications and representatives	£100,605	£301,816	(£201,211)
Curriculum development	£84,341	£0	£84,341
Curriculum development (roll forward of 07/08 funds)	£67,707	£0	£67,707
Marketing	£13,256	£0	£13,256
Marketing (roll forward of 07/08 funds)	£6,353	£0	£6,353
Total	£272,262	£301,816	(£29,554)

8. Whilst there is an overall overspend of **£29,554**, this masks the ongoing underspend of the curriculum development allocations (total of **£152,048**) and the marketing allocations (total of **£19,609**). Board members will recall that the underspends on both allocations for the 2007/08 financial year were rolled into the 2008/09 financial year.

9. Based on the sector workplans which were received by the WYLLN team on 1 December 2008, we are confident that the curriculum development and marketing roll-forward budgets will be fully committed by the sectors by the deadline of April 2009. WYLLN will then pay the sector lead institutions (SLIs) on the basis of committed expenditure within their workplans. However, it is still for the SLIs to demonstrate evidence of this expenditure and this remains a cause for concern.
10. The table at Annex 1 shows the budget allocations (with the exception of sector officer funding) per sector group for 07/08, 07/08 roll forwards, 08/09 and 09/10, as the sector workplans reflect these three years of activity and planned expenditure.
11. Using the 07/08 curriculum development and marketing budget and roll forward figures (**total of £292,787**), sectors have, to date, evidenced a total of **£23,639** (8.07%). Whilst this percentage is desperately low, it reflects the fact that a number of sectors commenced activity late into 2007/08 and sectors only informed us of evidenced expenditure in July 2008.
12. If we take the budget for curriculum development and marketing spend in 2007/08 (total of **£70,606**), the evidenced spend of **£23,639**, which relates to 07/08 only, equates to 33.48%. If we then extrapolate this against all three years of planned sector spend (**total of £690,417**) activity, it is forecast that **£231,151** will be evidenced, leaving a significant underspend of **£459,266** across the sector groups and clawback from sector groups will then have to follow. It is hoped that sectors will be able to evidence all their planned expenditure and a report on this will be included in the next financial report to the Management Board.

Central Allocation Funding

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

Budget Heading	Budget (to date)	Actual spend (to date)	Under/(over)spend
Network training and development	£13,027	£5,745	£7,282
Project activity	£41,667	£0	£41,667
Total	£54,693	£5,745	£48,948

14. 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.

Cashflow

15. As at 31 July 2008, there was a positive cashflow of **£360,462**. As at 30 November 2008, the cashflow has increased to **£459,899**. This allows the WYLLN team to transfer the forecasted expenditure on sector curriculum development activities before the end of December 2008. However, once the new budget has been approved by the Management Board, the WYLLN team will submit a revised payment profile to HEFCE which will reduce the positive cashflow to a more manageable level.

Annex 1 – SLI Forecast Expenditure and Budgets

Budget	AEMFC UoH	Construction LCB	Business PLC	Culture LMU	Digital LMU	Health UoB	Leadership WC	Total
CD staff time 07/08	27,569	3,308	5,933	6,999	3,608	-	2,483	49,900
CD roll forward 07/08	8,577	32,838	30,213	29,147	32,538	36,146	33,663	203,120
CD staff time 08/09	36,146	36,146	36,146	36,146	36,146	36,146	36,146	253,022
CD staff time 09/10	36,146	36,146	36,146	36,146	36,146	36,146	36,146	253,022
Marketing 07/08	8,217	7,989	-	-	2,000	-	2,500	20,706
Marketing roll forward 07/08	- 2,536	- 2,308	5,681	5,681	3,681	5,681	3,181	19,061
Marketing 08/09	5,681	5,681	5,681	5,681	5,681	5,681	5,681	39,767
Marketing 09/10	5,681	5,681	5,681	5,681	5,681	5,681	5,681	39,767
Total	125,480	125,481	125,481	125,481	125,481	125,481	125,481	878,365
Planned spend	AEMFC UoH	Construction LCB	Business PLC	Culture LMU	Digital LMU	Health UoB	Leadership WC	Total
CD roll forward	8,577	32,838	30,213	29,147	32,538	36,146	33,663	203,120
CD staff time 08/09 & 09/10	56,305	95,057	64,787	52,681	64,164	37,249	74,016	444,258
Marketing roll forward	-	-	1,658	5,681	3,681	-	3,181	14,201
Marketing 08/09 & 09/10	2,464	3,542	-	7,319	5,319	-	10,194	28,838
Total	67,345	131,437	96,657	94,827	105,702	73,395	121,054	690,417

Evidenced spend to date	AEMFC UoH	Construction LCB	Business PLC	Culture LMU	Digital LMU	Health UoB	Leadership WC	Total
CD staff time evidenced to date	-	3,308	5,933	-	3,609		2,483	15,333
Marketing evidenced to date	317	7,989	-	-	-	-	-	8,306
Total	317	11,297	5,933	-	3,609	-	2,483	23,639
07/08 CD staff time and marketing budget combined	41,826	41,827	41,827	41,827	41,827	41,827	41,827	292,787
% of budgeted spend evidenced	0.76%	27.01%	14.19%	0.00%	8.63%	0.00%	5.94%	8.07%

Key

AEMFC – Advanced Engineering sector

UoH – University of Huddersfield

LCB – Leeds College of Building

PLC – Park Lane College

LMU – Leeds Metropolitan University

WC – Wakefield College

B. Proposed Budget

1. Following the last Management Board meeting on 25 September 2008, the WYLLN team was asked to revisit the budget which extended the project to 31 July 2011, focusing specifically on staffing and core resources.
2. The amended budget is now attached for the Management Board to discuss and approve.
3. The staffing resources have been revisited by the Executive Director and myself and the staffing input will involve (as of 1 October 2010): Executive Director (0.2 FTE), WYLLN Manager (1.0 FTE), Administrator (1.0 FTE) and the Finance Officer (0.4 FTE).
4. With respect to the £233,658 underspend within the sector groups (£203,210 for curriculum development and £30,448 for sector marketing), 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 sector lead institutions (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.
5. The majority of the underspends so far identified are being diverted to pay for the continuation of the central staffing resources in the 2010/11 financial year. The remainder of the underspend, £60,026, is being allocated to a new partner project activity line for the 2010/11 year. No funding would be allocated to general partnership agreements or SLIs for the 2010/11 year. It is proposed the focus of this £60,026 underspend will be 14-19 curriculum and employer engagement as agreed at the last Management Board.
6. The Management Board can be assured that the University and the WYLLN team will continue to monitor expenditure closely and re-allocate underspends as soon as they become available.