

APRIL 2006 TO MARCH 2007 (Q4) MONITORING REPORT  
HEFCW FINANCIAL YEAR BUDGET 2006-07

DISCLOSABLE

Meeting	Agenda Item	Reference No
29/06/07	18	HEFCW/07/60

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## INTRODUCTION

- 1 This paper informs Council of the financial monitoring of programme and running cost expenditure for the period April 2006 to March 2007 (Q4). It also provides a summary of the financial year end position, on a cash basis, in comparison to the maximum 2% of grant in aid threshold permitted by the Assembly.

## BACKGROUND

- 2 In 2006-07, following some additional year end flexibility allocations of funding from the Assembly, the revised total programme grant in aid was £382.1m, made up of recurrent programme funds £363.7m and capital funds £18.4m. In addition, there were funds available for Reaching Higher of £14.2m for recurrent and £4m for capital. There were £7.7m funds for the Open University and £22.6m for the Supplementary Income Stream. The running costs' budget was £2.999m. Under the terms of the Financial Memorandum between the National Assembly for Wales and the Council, the maximum amount of GIA cash that could be carried forward to the following financial year was two per cent of the annual GIA. In 2006-07 this equated to £8.67m.

## CASH MONITORING REPORT FOR THE FINANCIAL YEAR

- 3 **Annex A** indicates that the Council did not exceed the 2% carry forward limit at the end of March 2007, as the actual cash balance was £6.2m or 1.44%.

## PROGRAMME EXPENDITURE

### RECURRENT

- 4 The Q4 report for **recurrent** expenditure is attached as **Annex B**. This indicates that actual expenditure of £360.9m was £1.8m in excess of planned expenditure as re-profiled at the end of Q3, largely as a result of spending additional funding received from the Assembly.
- 5 The main variances from the re-profiled budget to highlight are additional expenditure resulting from late new allocations of funding from the Assembly of £1.3m for clinical pay awards and £1m for the University of Wales Bangor bilingual research centre; and an underspend of £560k on the strategic development fund.
- 6 The overall variance for the year from the Council-approved budget amounted to an underspend of £1.5m, representing 0.4% of the total budget, which is considered immaterial.
- 7 The Supplementary Income Stream is shown as a separate line from recurrent expenditure in **Annex B** and shows an overspend of £2.77m for the year as a result of the payment of an additional month's allocation of funding at the end of March.

## REACHING HIGHER

- 8 The Q4 report for **Reaching Higher** expenditure (Reconfiguration and Collaboration Fund and Reaching Wider) is included in **Annex B**. This indicates that actual expenditure of £16.5m was higher than planned expenditure of £16.2m re-profiled at the end of Q3, by £0.3m.
- 9 In comparison with the Council-approved budget, there was an overspend of Reaching Higher expenditure of £2.2m for the year. £1.8m of this related to reconfiguration and collaboration and arose due to additional activity and Assembly approval for new partnerships during the year. These overspends were funded from Reaching Higher balances brought forward from 2005-06.

## CAPITAL

- 10 The Q4 report for capital is shown as **Annex C** which shows expenditure in line with the budget re-profiled at the end of Q3. In comparison with the original financial year budget approved by Council, there was a net overspend of £930k. This shows additional expenditure of £0.4m for Open University expenditure which had not been included in the original budget. It also includes an additional £0.8m expenditure of the £1m for Reaching Higher Capital allocated from the Assembly to support the programme of Higher Education energy and water management in pursuit of efficiency gains and as a contribution to environmental sustainability. The £300k underspend for the Metropolitan Area Network (MAN) will now be spent in the new financial year.

## RUNNING COST EXPENDITURE

- 11 The Q4 report for running costs expenditure is attached as **Annex D**. This indicates that actual expenditure of £2.86m was lower than the planned expenditure of £2.97m re-profiled at the end of Q3 by £109k or 3.7%. Compared with the revised Council-approved budget, the year to date underspend was £214k or 7%.
- 12 The main areas where running costs expenditure were lower than projected at the end of Q3 were staff training, telephone, IMT consultancies and HEFCW publications. It has been estimated that some £51k of this underspend is due to slippage and is likely to be incurred in the new financial year, the balance can be considered to be a genuine saving. Some further budget transfers between expenditure lines have been made to accommodate over and under spends for the year. These amendments are reflected in the revised budget column in **Annex D**.

## ADDITIONAL INFORMATION

- 13 **Annex E** shows that the Council has continued to maintain a very low average of the number of days taken to pay creditors compared with the previous financial year. There is an improvement in the cumulative percentage of invoices paid within 30 days and the Council has exceeded the Assembly's requirement of paying 95 percent of invoices within 30 days for the year by achieving a figure of 97.8% (2005-06 95.3%). There were no trade debtors outstanding at the end of Q4.

## FINANCIAL IMPLICATIONS

- 14 This paper sets out progress against the Council's financial year budgets. It shows that the Council achieved its stated objective of remaining within the 2 percent of grant in aid cash limit at the financial year end.

## PUBLICITY IMPLICATIONS

- 15 There are no publicity implications arising from this paper.

## RISK ASSESSMENT

16 There are no risk implications arising from this paper.

## DIVERSITY AND EQUAL OPPORTUNITY IMPLICATIONS

17 The paper has no implications for race, gender or disability issues.

## RECOMMENDATION

18 The Council is asked to note the final progress report on actual performance against budget for the 2006-07 financial year as noted in Annexes A to E.

FURTHER INFORMATION For further information contact: Nick Williams (029 2068 2299); email  
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