

Meeting	Agenda Item	Reference No
09/05/08	17	HEFCW/08/37

1 Issue

- 1.1 This paper informs Council of the financial monitoring on programme and running costs expenditure for the period April 2007 to March 2008 (Q4). It also provides an update on the financial year end position for 2008-09.

2 Corporate Planning Implications / Rationale for paper

- 2.1 The Financial Memorandum between WAG and HEFCW places a duty upon HEFCW to maintain financial and management accounting systems to enable a full review of costs and cash flow to be prepared against agreed budgets. This review is carried out and reported quarterly to Council.

3 Recommendation

- 3.1 The Council is invited to:
- i. Note the fourth and final progress report on actual performance against cash profile for 2007-08 financial year.

4 Timing for decisions

- 4.1 The Council is not required to make any decisions as this paper is for information purposes only.

5 Council members' interests

- 5.1 No conflicts of interests have been declared in advance of the meeting.

6 Further information

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7 Programme funds

- 7.1 Actual cash expenditure of £441.4m is £10.9m or 2.5 percent higher than projected for the period April 2007 to March 2008.
- 7.2 In financial year 2007-08 actual recurrent cash expenditure was higher than planned primarily due to two factors. The first was £7.25m of cash expenditure that relates to the profiled £8m under 'Strategic use of Core funds' that Council approved after the original cash profile was approved. Secondly, cash expenditure in March 2008 included £7.2m of QR funds that were originally profiled for the period April to July 2008. These measures were implemented in order to ensure that HEFCW's cash balance as at the end of March 2008 remained within the two percent cash limit as set by WAG.
- 7.3 One recurrent area of note is 'Strategic Development Fund.' At the end of financial year 2007-08 this area has a committed but unspent balance of £1.78m. This level of carry forward will require constant monitoring in financial year 2008-09 so as not to compromise the two percent cash limit.

8 Reconfiguration and Collaboration funds

- 8.1 The actual cash expenditure of £9.1m (excluding Graham Review funds) was in line with forecast but this level of cash expenditure was set against GIA available of £16.9m (excluding Graham Review funds). The outcome is that there is a committed but unspent carry forward into financial year 2008-09 of £8.1m. Furthermore, there is a cash carry forward balance of £2.7m for Reaching Higher Capital. Again this level of carry forward will require constant monitoring in financial year 2008-09 so as not to compromise the two percent cash limit.
- 8.2 The main reason for the significant level of carry forward is the reclaim of funds from the University of Glamorgan as a result of the delay in the capital project.

9 Running Costs

- 9.1 Actual cash expenditure of £2.9m was £168k or 5.5 percent lower than projected. This under-spend primarily flows from delays in projected cash expenditure, and does not represent any significant amount of genuine under-spend. The cash balance as at the end of March 2008 was £423k.

10 Year end Cash balance

- 10.1 The actual cash balance at the end of March 2008 was £6m consisting of £5.6m programme and £0.4m running costs. This represented 1.3 percent of the funds available and was under the two percent carry forward limit as set by WAG.

11 Average Payment Days

- 11.1 HEFCW are required to pay 95 percent of all payments within thirty days of receipt. The figure achieved in financial year 2007-08 exceeded this target as it stands at 98.5 percent. This is an improvement on the 97.8 per cent achieved last year.

12 Financial implications

- 12.1 This paper sets out the final position against the Council's financial year cash profile. It shows that the Council was not at risk of not achieving its stated objective of remaining within the maximum balance of two percent of the available grant-in-aid at the end of the financial year.

13 Communications implications

- 13.1 This report has no communications implications as it is an internal report on HEFCW's financial position in financial year 2007-08.

14 Diversity and Equal Opportunities implications

- 14.1 This paper has no implications for age, disability, gender, race, religious belief, sexual orientation or the Welsh language.

15 Risk Assessment

Risk	Action To Address Risk
HEFCW will exceed its maximum permitted cash balance.	Officers implemented proposals for additional expenditure which enabled HEFCW to remain within the maximum permitted cash balance.