

Meeting	Agenda Item	Reference No
14/03/08	8	HEFCW/08/11

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## 1 Issue

- 1.1 This paper presents for approval the financial year running costs budget for HEFCW, on a cash basis, including an estimate of the amount of cash brought forward, for the period 2008-09.

## 2 Corporate Planning Implications / Rationale for paper

- 2.1 HEFCW's Financial Memorandum with WAG places a requirement upon HEFCW to set a budget within its cash limits. In 2008-09 the running costs' budget from WAG is £3.183m.

## 3 Recommendation(s)

- 3.1 The Council is invited to:
- i. Approve the financial year budget as noted in **Annex A**.

## 4 Timing for decisions

- 4.1 The Council is required to approve the budget prior to the start of the 2008-09 financial year.

## 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 Running Cost Budget 2007-08**

7.1 The projected cash balance for 31 March 2008 is now £245k.

## **8 Running Cost Budget 2008-09**

8.1 Budget holders submitted bids for cash expenditure in financial year 2008-09 which indicate a cash expenditure profile of £3.3m. This represents an average rate of increase of 8.8 percent on the latest cash expenditure profile for 2007-08. The 2008-09 bids are also higher than the amount of GIA available from WAG by £162k. HEFCW currently has an agreement with WAG to reclassify certain staff and overhead costs as programme costs and agreement to the continuation of this arrangement for 2008-09 has yet to be obtained.

8.2 The latest estimated cash balance at the end of March 2009, after taking account of the transfers and the projected cash opening balance, is £107k.

8.3 The 2008-09 budget includes redundancy and other one-off costs of the organisational restructuring work. It also includes other exceptional items such as a replacement phone system and a replacement air conditioning system (the costs of which are being borne over three years). Conservative assumptions (i.e. the highest cost assumptions) have also been made in other areas of the budget. Officers' view is that the underlying budgetary position is sustainable into the future.

## **9 Financial implications**

9.1 This paper sets out the Council's financial year budget, which have been determined so as to remain within the available grant in aid and balances brought forward, and also within the two percent carry forward limit.

## **10 Communications implications**

10.1 This report has no communications implications as it is an internal report on HEFCW's Running Costs for financial year 2008-09.

## **11 Diversity and Equal Opportunities implications**

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

## **12 Risk Assessment**

RISK	ACTION TO ADDRESS RISK
HEFCW will not set a Running Costs budget	If a running costs' budget is not set for 2008-09 within the funding available then HEFCW will be in breach of its Financial Memorandum