

Disclosable

Meeting	Agenda Item	Reference No
12/03/10	24	HEFCW/10/31

1 Issue

- 1.1 This paper informs Council of the financial monitoring on programme and running costs cash expenditure for quarter three of financial year April 2009 to March 2010.

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 third progress report on actual performance against cash profile for 2009-10 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 costs

- 7.1 Programme funds cash expenditure in quarter three was £134.2m which was £0.6m or half of one percent higher than projected cash expenditure of £133.6m. The overall higher level of cash spend flows from a mixture of higher than expected payments in Reaching Higher Capital and Reconfiguration and Collaboration funds with lower than expected payments primarily in Go Wales and One Wales but these funds remain committed.
- 7.2 In January 2010 Budget holders undertook a re-profiling exercise and the latest projection is for a total cash spend of £466.8m in 2009-10. This is higher than indicated in the previous re-profile as it includes £8.2m possible recurrent cash that may be re-profiled within the academic year.

8 Running Costs

- 8.1 Running Costs cash expenditure was £744k which is lower than the planned cash expenditure of £871k by £127k or 14.6 percent. The majority of the cash under-spend flows from timing delays in projected cash expenditure relating to hardware and software purchases and IMT consultancies.
- 8.2 In December 2009 a re-profile of cash expenditure indicated total expenditure of £3.229m in 2009-10 which is in line with the previous re-profile. This includes adjustments to allow for the receipt of £9k from WAG to cover staff costs of an employee on secondment and the transfer in of £16k from programme funds for overheads as per the current agreement with WAG.

9 Year-end cash balance

- 9.1 The updated cash balance for the end of March 2010 is £10.1m which equates to 2.14 percent of the total grant in aid funds available and is in excess of the two percent carry forward limit set by WAG. It should be noted that this position assumes the re-profiling of expenditure outlined at paragraph 7.2 above. In order to ensure that corrective action is taken to bring the cash figure below two percent, officers will monitor the cash position closely and if necessary, budget holders have additional recurrent expenditure re-profiling plans available for implementation before the end of March.

10 Payment Days

- 10.1 HEFCW is operating under the WAG target to pay suppliers of goods and services within 10 working days of receiving a valid invoice. To date in 2009-10 HEFCW has paid 96.7 percent of invoices within 10 working days, with an average payment time of two working days.

11 Financial implications

- 11.1 This paper notes that, on current projections, the WAG cash threshold target of two percent of total grant will be achieved.

12 Communications implications

- 12.1 This report has no communications implications as it is an internal report on HEFCW's Programme and running costs funds for financial year 2009-10.

13 Diversity and Equal Opportunities implications

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

14 Risk Assessment

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