

HEFCW programme and running costs budget for  
financial year 2014-15

**Disclosable**

Meeting	Agenda Item	Reference No
14/03/14	13	HEFCW/14/22

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**1 Issue**

- 1.1 This paper presents for approval the financial year programme and running costs budget for HEFCW, on a cash basis, including an estimate of the cash brought forward, for the period 2014-15. Although the majority of the Council funding is allocated on an academic year basis, its income from WG is received on a financial year basis, and its accounts are prepared on that basis. Council therefore has to approve a financial year budget.

**2 Corporate Planning Implications / Rationale for paper**

- 2.1 HEFCW's Financial Memorandum with WG places a requirement upon HEFCW to set a budget within its cash limits. In 2014-15 the programme budget, as noted on the draft remit letter dated 9 January 2014 from WG, is £359.9m and the running costs budget is £2.8m, total £362.7m.

**3 Recommendation**

- 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 for the 2014-15 financial year prior to the start of the financial year on 1 April 2014.

**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 Financial year 2013-14 cash balance**

- 7.1 The estimated total opening cash balance brought forward from 2013-14 is £5m and has been affected by the decision to bring forward into March 2014 some payments that had originally been profiled for later in Academic Year 2013/14.

## **8 Transfers from Programme Budget to Running Costs 2014-15**

- 8.1 HEFCW has approval from WG to transfer £250k of Programme funds to Running Costs in 2014-15 in relation to activities that are associated with HEFCW's delivery of some programme initiatives.
- 8.2 HEFCW submits claims to WEFO as a result of expenditure on European projects. A proportion of the income received is transferred to Running Costs as a contribution to overheads and the estimated transfer in FY 2014-15 is £20k.
- 8.3 HEFCW submits claims to WG as a result of expenditure on Jobs Growth Wales and a proportion of the income received is transferred to Running Costs as a contribution to overheads and the estimated transfer in FY 2014-15 is £5k.

## **9 Programme Budget 2014-15**

- 9.1 The grant-in-aid available from WG in 2014-15 is £359.9m which is £22m lower than the prior year. It should be noted that this figure may change at the end of the financial year due to the application of the 'netting off' adjustment of the receipts figure of £2.8m, which could result in additional programme funds being available to HEFCW, where actual receipts for the year are lower than £2.8m, although the sum is not likely to be significant.
- 9.2 It should be noted that officers are in discussion with WG officers about the final funds available figure from WG for FY 2014-15, although any movement is not expected to materially affect the funds available figure.
- 9.3 Other income is estimated at £19.5m in 2014-15. £14.3m flows from DBIS and WG match funds, UK Research Partnership Investment Fund and funds from WG for Janet 6. In each of these cases, the income directly matches the financial year cash spend and if the income was not received then the expenditure would not be defrayed. £2.8m relates to WEFO income for the Convergence Project and £2.4m from WG for the Jobs Growth Wales project. In both of these cases this income is reimbursement for expenditure already defrayed by HEFCW.
- 9.4 The estimated total funds available in FY 2014-15 is £379.4m.
- 9.5 Budget holders submitted cash expenditure profiles for academic year 2014/15 and cash expenditure profiles for the remaining four months of the current academic year 2013/14. The 2014-15 financial year budget has been derived from these two submissions and is attached as **Annex A**. The total estimated cash spend in FY 2014-15 is £354m, an in-year under-spend of

£25.5m. The cash expenditure profile includes programme and other income areas as identified in para 9.3.

- 9.5 It should be noted that, at the March Council meeting, it is usual for Council to be asked to agree the recurrent grant allocations for the forthcoming Academic Year. However that is not the case this year as the recurrent grant allocations are still being prepared and will now be presented to the May 2015 Council meeting. This has had a knock-on effect on this Financial year paper, as officers had to profile Academic Year budgets that remain subject to change, and any degree of movement will affect the current predicted cash balance for the end of March 2015. Council will be kept up to date with the latest cash prediction for 31 March 2015 through the quarterly re-profiling exercises that are reported to them.

## **10 Running Costs 2014-15**

- 10.1 The grant-in-aid available from WG is £2,768k which is the same as the prior year.
- 10.2 Running Costs estimated expenditure is £2,751k which results in a projected in-year under-spend of £17k. The estimated cash spend is net of receipt of the transfers into Running Costs as identified in paras 8.1 to 8.3.

## **11 Financial year 2014-15 cash balance**

- 11.1 The estimated closing cash balance for 2014-15 is £30.6m.

## **12 Financial implications**

- 12.1 This paper sets out the Council's financial year programme and running costs budget, which has been determined so as to remain within the available funds from grant in aid and balances brought forward.
- 12.2 This paper notes that, at present, the WG cash threshold target of 2 percent of total funds available, will not be achieved by setting this budget, as the year end projected cash balance of £30.5m represents 8.4 percent of the total funds available.
- 12.3 Throughout the financial year officers monitor the cash flow estimate for the end of the financial year to ensure that the maximum threshold set by WG is not breached.

## **13 Communications implications**

- 13.1 This report has no communications implications as it is an internal report on HEFCW's Programme and running costs funds for financial year 2014-15.

## 14 Diversity and Equal Opportunities implications

- 14.1 This paper has no implications for age, disability, marital/civil partnership, maternity/pregnancy, race, religion or belief, sex, sexual orientation, any other protected characteristic or the Welsh language.

## 15 Risk Assessment

<b>Risk</b>	<b>Action To Address Risk</b>
HEFCW will not set a Programme or running costs budget	If a programme or running costs budget is not set for 2014-15 within the funding available then HEFCW will be in breach of its Financial Memorandum