

Meeting	Agenda Item	Reference No
14/03/14	19	HEFCW/14/28

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## **1 Issue**

- 1.1 This paper informs Council of the financial monitoring of programme and running costs cash expenditure for the period April to December 2013 and provides an update for the financial year, April 2013 to March 2014.

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

- 2.1 HEFCW's Financial Memorandum with WG places a requirement 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 to Council quarterly.

## **3 Recommendation**

- 3.1 The Council is invited to:
- i. Note the third progress report on actual performance against cash profile for the 2013-14 financial year.

## **4 Timing for decisions**

- 4.1 The Council is not required to make any decision 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**

Contact Nick Williams (Tel 029 2068 2299; E-mail [nick.williams@hefcw.ac.uk](mailto:nick.williams@hefcw.ac.uk))

## **7 Programme costs 2013-14**

- 7.1 Programme funds cash expenditure between April and December 2013 was £270.5 m which was £4.9m or 1.8 percent lower than the projected cash expenditure of £275.4m. The variances all relate to the timing of the payments and have been carried forward into a later period.
- 7.2 In January 2014 Budget holders undertook a re-profiling exercise and the latest projection is cash expenditure on programme funds of £362.5m in 2013-14. This is lower than the previous re-profile of £366m by £3.5m or one percent. The under-spend represents committed funds that will need to be carried forward.

## **8 Running Costs 2013-14**

- 8.1 Running costs cash expenditure between April and December 2013 was £2,145k which was lower than the planned cash expenditure of £2,215k by £70k or 3.2 percent. The majority of the under-spend relates to committed but unspent balances that have been re-profiled in the financial year.
- 8.2 In January 2014 Budget holders undertook a re-profiling exercise and the latest projection is cash expenditure of £2,953k in 2013-14 which is in line with the previous re-profile with a small variation of £17k or 0.6 percent. While there are movements in most areas of spend none are materially sufficient to warrant noting.

## **9 Year end cash balance 2013-14**

- 9.1 The January 2014 re-profile indicates a projected cash balance at the end of March 2014 of £45.3m. This equates to 11.9 percent of the total funds available and is greater than the current carry forward limit set by WG.

## **10 Payment days**

- 10.1 HEFCW is operating under the WG target to pay suppliers of goods and services within ten working days of receiving a valid invoice. During the first nine months of 2013-14 HEFCW paid 93.7 percent of invoices within ten working days, with an average payment time of 1.9 days.

## **11 Financial implications**

- 11.1 This paper notes that, if no action were taken, the WG cash threshold target of two percent of total funds available, would be exceeded. At the Budget Group meeting in February 2014 officers decided to bring forward the remainder of the Academic year AY 2013/14 allocation for some programme budget areas, in order to ensure that the cash position is below the maximum permitted by WG.

## 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 2013-14.

## 13 Diversity and Equal Opportunities implications

- 13.1 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.

## 14 Risk Assessment

<b>Risk</b>	<b>Action To Address Risk</b>
HEFCW might exceed its maximum permitted cash balance.	If necessary, officers will bring forward proposals for additional expenditure which will enable HEFCW to remain within the maximum permitted cash balance.