

For information

**April to July Accruals Based Management Accounts
report 2015-16**

Agenda: 17
HEFCW/15/81

Disclosable

24/09/2015

1 Issue

- 1.1 This paper presents the accruals based management accounts report for the period April to June 2015. These quarterly accounts are in addition to and not a substitute for, the cash based quarterly reports for running and programme costs, which are still required to ensure that HEFCW remains within its cash limit.

2 Corporate Planning Implications / Rationale for paper

- 2.1 HEFCW's Framework Document with the Welsh Government (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 Recommendations

- 3.1 The Council is invited to:
- i. note the financial report on the management accounts prepared on an accruals basis for the period April to June 2015.

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

- 6.1 Contact Nick Williams (029 2068 2299; nick.williams@hefcw.ac.uk)

7 Statement of comprehensive net expenditure

- 7.1 This report indicates that total funding of HE expenditure for the three months is £23m compared to £102m for the year 2014-15, a pro-rata decrease of 77 per cent. This is as expected due to the significant decrease in total funds available from WG as tuition fees are now paid directly to SLC by WG. 'Other purposes' expenditure is also significantly lower than the prior year comparator due to lower activity in ESF (GO Wales), and the ending of Jobs Growth Wales; WG Merger Capital; and UK Research Performance Investment Funds (UKRPIF).
- 7.2 Staff costs for the three months amount to £488k compared to £459k for the prior year, which is a pro-rata increase of £29k or 6.3 per cent. The increase reflects the scale increments due to a number of staff, an allowance for a pay award that is outstanding from 1 April 2013, and the implementation of actions that addressed an equal pay issue.
- 7.3 Administration costs for the three months amount to £89k compared to £78k in the prior year, which is a pro-rata increase of £11k or 14 per cent. The FY 2014-15 figure was artificially deflated due to the impact of the contribution towards running costs from WEFO funds. The corresponding contribution for FY 2015-16 is awaited as a payment is currently outstanding from WEFO.
- 7.4 Income from activities in the quarter is £14k and relates to the final payment for the Jobs Growth Wales project. The prior year comparator is £3.5m. FY 2015-16 is significantly lower as the level of claims will fluctuate and a number of projects have recently finished.
- 7.5 The net operating costs for the three months amounts to £23.6m compared to £104.2m in the prior year, which is a decrease of £80.6m from the same period last year.
- 7.6 The 'Statement of changes in taxpayers' equity' reflects the net operating costs for the period of £23.6m and the total grant-in-aid income received from WG of £18.1m. This has decreased the general fund balance of £12.7m at 31 March 2015 to £7.2m at 30 June 2015.

8 Statement of Financial position

- 8.1 Non-current asset movements in the three months reflect total depreciation charges of £18k.
- 8.2 Trade and other receivables have fallen from £13,588k at 31 March 2015 to £7,555k at 30 June 2015 due to repayment of loan from a HEI, reclaim of sector transfer agency and receipt of £0.5m for Jobs Growth Wales.
- 8.3 Trade and other payables at 30 June 2015 of £0.4m consisted of accruals primarily related to GO Wales claims.
- 8.4 The reduction in total assets less liabilities from £12.7m at 31 March 2015 to £7.2m at 30 June 2015 reflects lower overall assets, consisting of lower receivables, a lower cash balance together with a lower level of liabilities.

9 Risk Assessment

Risk	Action to address risk
HEFCW's annual statutory accounts are not monitored throughout the year on a quarterly basis in breach of Treasury guidance.	Quarterly accounts are presented to Management Board prepared on an accruals basis, for monitoring purposes.

10 Diversity and Equal Opportunities implications

- 10.1 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.

11 Publicity / communications implications

- 11.1 This report has no publicity or communications implications as it is an internal report on HEFCW's accruals based management accounts for the period April to June 2015.