

**Council Meeting***For information***April to December Accruals Based Management  
Accounts report 2015-16**Agenda: 24  
**HEFCW/16/31**

Disclosable

**18/03/2016****1 Issue**

- 1.1 This paper presents the accruals based management accounts report for the period April to December 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 December 2015.

**4 Timing for decisions**

- 4.1 No decisions are required. This is one of the quarterly reports which Council has agreed to receive for information about HEFCW's accruals based management accounts.

**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](mailto:nick.williams@hefcw.ac.uk))

## **7 Statement of comprehensive net expenditure**

- 7.1 This report indicates that total funding of HE expenditure for the nine months is £100.7m compared to £257.7m for the year 2014-15, a pro-rata decrease of 60.9 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 nine months amount to £1,479k compared to £1,393k for the prior year, which is a pro-rata increase of £86k or 6.1 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 nine months amount to £341k compared to £373k in the prior year which is a pro-rata decrease of £32k or 8.6 per cent. The decrease is primarily due to lower levels of activity in bought-in-services and IT.
- 7.4 Income from activities in the quarter is £3.9m and relates primarily to DBIS funding of £3.7m. The prior year comparator is £17.2m. 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 nine months amounts to £98.8m compared to £242.3m in the prior year, which is a decrease of £143.5m from the same period last year.
- 7.6 The 'Statement of changes in taxpayers' equity' reflects the net operating costs for the period of £98.8m and the total grant-in-aid income received from WG of £94.6m. This has decreased the general fund balance of £12.7m at 31 March 2015 to £8.5m at 31 December 2015.

## **8 Statement of Financial position**

- 8.1 Non-current asset movements in the nine months reflect minor additions and depreciation charges of £55k.
- 8.2 Trade and other receivables have fallen from £9,437k at 31 March 2015 to £4,440k at 31 December 2015 due to the reclaim of sector transfer agency funds, a repayment from the SLC and receipt of £4m for ESF and Jobs Growth Wales.
- 8.3 Trade and other payables at 31 December 2015 of £175.7k consist entirely of accrued costs and expenses.
- 8.4 The reduction in total assets less liabilities from £12.7m at 31 March 2015 to £8.5m at 31 December 2015 reflects lower overall assets, consisting of lower receivables together with a lower level of liabilities.

## **9 Diversity and Equal Opportunities implications**

- 9.1 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.

**10 Publicity / communications implications**

- 10.1 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 December 2015.

**11 Risk Assessment**

<b>Risk</b>	<b>Action to address risk</b>
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.