

For information

Cash expenditure report for the period April to June 2017

Agenda: 13
HEFCW/17/73

Disclosable

21/09/2017

1 Issue

- 1.1 This paper informs Council of the financial monitoring of programme and running costs cash expenditure for the period April to June 2017.

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 first progress report on actual performance against cash profile for the 2017-18 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

- 6.1 Contact Nick Williams (029 2085 9646; nick.williams@hefcw.ac.uk)

7 Financial year 2016-17 closing cash balance

- 7.1 The total closing cash balance at 31 March 2017 was £1.8m, this represented 1.49 percent of the total funds available and was within the carry forward limit set by WG.
- 7.2 At that point in time it was agreed by the Welsh Government that the Remit Letter would no longer separate GIA funding between Programme and Running Costs. From 1 April 2017 the bank accounts were combined.

8 Transfers from Programme Budget to Running Costs

- 8.1 The previous annual transfer of £250k of Programme funds to Running Costs in relation to activities that are associated with HEFCW's delivery of some programme initiatives has ceased from the beginning of 2017-18.
- 8.2 HEFCW submits claims to WEFO as a result of expenditure on European projects. A proportion of the income received is offset against Running Costs expenditure as a contribution to overheads and the estimated transfer in FY 2017-18 is £27.3k.

9 Programme 2017-18

- 9.1 The recurrent grant-in-aid available from WG in 2017-18 is £100.3m. This represents a reduction from 2016-17 of £18.8m or 15.8 per cent. In addition, £330k is available for CCC Scholarships.
- 9.2 Other income (excluding WEFO funding) is estimated at £18.7m. This includes £6.9m from BIS and WG match funds, £9.4m for the UKRPIF project at Cardiff University and £2.3m for the Global Challenge Research Fund. In all cases, the income directly matches the financial year cash spend and if the income is not received then the expenditure will not be defrayed.
- 9.3 The current total of funds available is £96.9m net of the running costs budget.
- 9.4 The total estimated cash expenditure is £97.6m (net of WEFO income). This represents an in-year overspend of £0.7m which is accommodated by the opening cash balance.

10 Running Costs 2017-18

- 10.1 As mentioned previously, there is not a separate Running Costs allocation in the Grant in Aid funds from WG.
- 10.2 Running costs projection of cash expenditure is £2,959k, £448k lower than the budget of £3,407k.

11 Financial year 2017-18 cash balance

- 11.1 The current total of funds available is £120.8m. The total estimated cash expenditure is £121.0m, an in-year over-spend of £220k, although when the opening cash balance is taken into account, the projected closing cash balance, as at 31 March 2018, is £1.6m.
- 11.2 This equates to 1.58 percent of the total funds available and is within the current carry forward limit set by WG.

12 Payment days

- 12.1 HEFCW is operating under the WG target to pay suppliers of goods and services within ten working days of receiving a valid invoice. In the period April to June 2017 HEFCW has paid 96 percent of invoices within ten working days, with an average payment time of 2.88 days. Prior year comparator is 94.1 percent and an average of 2.73 days.

13 HEFCW's WGSB Framework document

- 13.1 HEFCW's Framework Document with WG (Annex 4, section 2) states that a profile of net monthly expenditure for the whole year needs to be submitted by HEFCW and agreed by WG. The profile may be updated at any time in the year with the agreement of HEFCW's Council (delegated to the CEO) and WG. Approval from WG is obtained through the submission and approval by WG of the monthly Grant-in-Aid claim forms together with updated supporting monthly profiles.
- 13.2 The original profile is noted below.

FY 2017-18	Original Profile	Revised Profile
April	£ 41,750,000	£ 41,750,000
May	£ 2,850,000	£ 3,250,000
June	£ 1,500,000	£ 500,000
July	£ 1,250,000	£ 2,500,000
August	£ 11,275,000	£ 11,275,000
September	£ 9,700,000	£ 9,700,000
October	£ 9,000,000	£ 9,000,000
November	£ 7,000,000	£ 7,000,000
December	£ 1,150,000	£ 1,150,000
January	£ 800,000	£ 800,000
February	£9,900,000	£9,900,000
March	£4,126,000	£ 3,476,000
Total	£ 100,301,000	£ 100,301,000

The revised payment profile takes account of the movement of funding from AY1617 to AY1718.

14 Financial implications

- 14.1 Based upon current assumptions, this paper notes that the WG cash threshold target of two percent of total funds available is not forecast to be exceeded.
- 14.2 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.

15 Communications implications

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

16 Diversity and Equal Opportunities implications

- 16.1 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.

17 Risk Assessment

Risk	Action to address risk
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.