

For information

April to June Accruals Based Management Accounts report 2017-18

Agenda: 14
HEFCW/17/74

Disclosable

21/09/2017

1 Issue

- 1.1 This paper presents the accruals based management accounts report for the period April to June 2017. 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 Council is invited to:
- i. note the financial report on the management accounts prepared on an accruals basis for the period April to June 2017.

4 Timing for decisions

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

5 Further information

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

6 Statement of comprehensive net expenditure (see Annex A)

6.1 This report indicates that recurrent funding of HE expenditure for the three months is £43.2m compared to £41.9m for the year 2016-17, a pro-rata increase of only £1.3m or 3 per cent.

'Other purposes' expenditure is significantly lower as funding for UK Research Partnership Investment Funds (UKRPIF) will be received later in this financial year.

6.2 Staff costs for the three months amount to £580k compared to £499k for the prior year, which is a pro-rata increase of £81k or 16 per cent. The increase reflects payment of contractual incremental steps, where applicable, and more significantly, the impact of the cessation of the annual transfer of £250k of Programme funds to Running Costs in relation to activities associated with the delivery of some programme initiatives. This ceased from the beginning of 2017-18.

6.3 Administration costs for the three months amount to £115k compared to £134k in the prior year, which is a pro-rata decrease of £19k or 14 per cent. The reduction is primarily due to the savings following the relocation to Bedwas.

6.4 Income from activities in the quarter is £0.2m and relates to GO Wales project funding. The prior year comparator of £2.4m is primarily related to UKRPIF funding which will be received later in this financial year.

6.5 The net operating costs for the three months amounts to £44.1m compared to £42.7m in the prior year, which is an increase of £1.4m from the same period last year.

7 Statement of Financial position (see Annex B)

7.1 Non-current asset movements in the three months reflect depreciation charges of £10k and are offset by asset additions in the quarter.

7.2 Repayable grants falling due after one year are down by £600k to £5,550k with a corresponding increase in repayable grants falling due within one year to £1,200k.

7.3 Trade and other receivables have decreased from £1,314k at 31 March 2017 to £1,212k at 30 June 2017 due to minor changes to prepayments and accrued income.

7.4 Trade and other payables at 30 June 2017 of £663k consist primarily of accrued costs and expenses.

7.5 The increase in total assets less liabilities from £8.1m at 31 March 2017 to £9.5m at 30 June 2017 mainly reflects the lower level of current liabilities.

7.6 The 'Statement of changes in taxpayers' equity' reflects the net operating costs for the period of £44.1m and the total grant-in-aid income received from WG of £45.5m. This has caused the increase in the general reserve balance from £8.1m at 31 March 2017 to £9.5m at 30 June 2017.

8 Diversity and Equal Opportunities implications

8.1 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.

9 Publicity / communications implications

9.1 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 2017.

10 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.