

Council Meeting

For information

April to December Accruals Based Management Accounts report 2017-18

Agenda: 26
HEFCW/18/33

Disclosable

21/01/2018

1 Issue

- 1.1 This paper presents the accruals based management accounts report for the period April to December 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 December 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 nine months is £77.7m compared to £85.7m for the year 2016-17, a pro-rata decrease of £8.0m or 9.4 per cent reflecting the reduction in recurrent funding in 2017-18.
- 6.2 'Other purposes' expenditure is £1.9m lower in 2017-18. Most of this expenditure is funded by the receipt of income from activities shown in 6.5 below.

	2017-18	2016-17
Research Capital Investment Fund	3,480	3,480
Global Challenges Research Funding	2,319	1,200
Newton Fund	-	227
UK Research Partnership Investment Fund	951	4,160
GO Wales	1,116	525
Police Knowledge Fund	-	203
Total	7,866	9,795

- 6.3 Staff costs for the nine months amount to £1,736k compared to £1,553k for the prior year, which is a pro-rata increase of £183k or 12 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.
- 6.4 Other expenditures are administration costs and for the nine months amounted to £310k compared to £223k in the prior year, which is a pro-rata increase of £87k or 39 per cent. This is primarily due to the surrender payment received from the landlord following the relocation to Bedwas in 2016-17.
- 6.5 Income from activities in the quarter is £7.4m compared to £9.6m and is shown below:

	2017-18	2016-17
Research Capital Investment Fund	3,480	3,480
Global Challenges Research Funding	2,319	1,200
Newton Fund		227
UK Research Partnership Investment Fund	951	4,160
GO Wales	650	358
Police Knowledge Fund	-	203
Other – Prevent funding from Home Office	9	-
Total	7,409	9,628

- 6.6 The net operating costs for the nine months amounts to £80.2m compared to £87.7m in the prior year, which is a decrease of £7.5m from the same period last

year. This is primarily a result of the reduction in recurrent funding to be received and paid out in this financial year.

7 Statement of Financial position (see Annex B)

- 7.1 Non-current asset movements in the nine months reflect depreciation charges of £30k and are offset by asset additions in the period.
- 7.2 Repayable grants falling due after one year are down by £600k to £5,550k reflecting the repayment of a repayable grant instalment in July 2017.
- 7.3 Trade and other receivables have increased from £1,314k at 31 March 2017 to £2.252k at 31 December 2017 primarily due the sector agency debtor due from HEIs which will be cleared in April 2018.
- 7.4 Trade and other payables at 31 December 2017 of £627k consist primarily of accrued costs and expenses.
- 7.5 The increase in total assets less liabilities from £8.1m at 31 March 2017 to £10.0m at 31 December 2017 mainly reflects the lower level of current liabilities and a higher level of cash held at December, net of a reduction in repayable grants.
- 7.6 The 'Statement of changes in taxpayers' equity' reflects the net operating costs for the period of £80.2m and the total grant-in-aid income received from WG of £82.1m. This has caused the increase in the general reserve balance from £8.1m at 31 March 2017 to £10.0m at 31 December 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 December 2017.

10 Risk Assessment

Risk	Action to address risk
HEFCW's accruals based 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.