

## Council meeting

*For information*

### Cash expenditure report for the period April to September 2019

Agenda: 29  
**HEFCW/19/114**

Disclosable

**14/11/2019**

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#### **1 Issue**

- 1.1 This paper informs Council of the financial monitoring of programme and running costs cash expenditure for the period April to September 2019. 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.

#### **2 Recommendation**

- 2.1 The Council is invited to:
- i. note the second progress report on actual performance against cash profile for the 2019-20 financial year

#### **3 Council members' interests**

- 3.1 We are not aware of any Council members' interests relevant to the issues covered by this paper.

#### **4 Further information**

- 4.1 Contact Nick Williams (029 2085 9646; [nick.williams@hefcw.ac.uk](mailto:nick.williams@hefcw.ac.uk)).

## **5 Financial year 2018-19 closing cash balance**

- 5.1 The total closing cash balance at 31 March 2019 was £25,836, this represented 0.02 percent of the total funds available and was within the carry forward limit set by WG.

## **6 Transfers from Programme Budget to Running Costs**

- 6.1 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 2019-20 is £31.7k.

## **7 Programme 2019-20**

- 7.1 The total grant-in-aid (GIA) available from WG in 2019-20 as at 30 September 2019 is £152.7m inclusive of £10.0m for capital. There was a change to Annex A of the Remit letter in July to add the following:  
£104.5k – WHEELP II  
£118k – contribution towards increased civil service pension costs  
£1,300k – funding for STEMM and Welsh Medium Bursaries  
£80k – funding for 60+ Bursaries

This represents an increase from 2018-19 final GIA of £9.9m or 6.9 per cent.

- 7.2 Other income (excluding WEFO funding) is estimated at £7.0m which primarily relates to funding from BIS together with WG match funds. This income directly matches to cash spend and if the income is not received then the expenditure will not be defrayed.
- 7.3 As at 30 September 2019, the total of funds available net of the running costs budget is £149.1m.
- 7.4 The total estimated cash expenditure is £147.6m (net of WEFO income). This represents an in year underspend of £1.5m.

## **8 Running Costs 2019-20**

- 8.1 Running costs projection of cash expenditure is £3,614k which is £31k below the budget of £3,645k.

## **9 Financial year 2019-20 cash balance**

- 9.1 The current total of funds available is £160.5m. The total estimated cash expenditure is £159.0m, an in-year underspend of £1.5m. When the opening cash balance is taken into account, the projected closing cash balance, as at 31 March 2019, is £1.5m.
- 9.2 This equates to 1.0 percent of the total funds available and is within the current carry forward limit set by WG.

## 10 Payment days

- 10.1 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 September 2019 HEFCW has paid 94.5 percent of invoices within ten working days, with an average payment time of 1.86 days. Prior year comparator is 95.4 percent and an average of 1.31 days.

## 11 HEFCW's WGSB Framework document

- 11.1 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.
- 11.2 The original profile is noted below together with the profile as it was for the October GIA application (which states the cash outturn position up to September).

<b>FY 2019-20</b>	<b>Original Profile</b>	<b>Profile (September 2019)</b>
April	£22,000,000	£ 22,000,000
May	£16,000,000	£ 14,500,000
June	£11,000,000	£ 8,000,000
July	£14,000,000	£ 7,000,000
August	£11,750,000	£ 16,250,000
September	£11,000,000	£ 15,250,000
October	£21,500,000	£ 13,000,000
November	£11,000,000	£ 24,750,000
December	£10,750,000	£ 13,500,000
January	£500,000	£ 3,250,000
February	£7,500,000	£8,500,000
March	£14,052,000	£ 6,654,500
<b>Total</b>	<b>£151,052,000</b>	<b>£ 152,654,500</b>

## 12 Financial implications

- 12.1 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.
- 12.2 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.

## 13 Communications implications

- 13.1 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.

## 14 Impact Assessment

- 14.1 The issues set out in this paper do not need to be impact assessed by HEFCW as the paper is presented for information only.

## 15 Risk Assessment

15.1

<b>Risk</b>	<b>Controls</b>
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.