

Council Meeting*For information***Cash expenditure report for the period April to September 2018**Agenda: 21
HEFCW/19/14

Disclosable

24/01/2019**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 2018.

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 second progress report on actual performance against cash profile for the 2018-19 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 2017-18 closing cash balance

- 7.1 The total closing cash balance at 31 March 2018 was £1.9m, this represented 1.63 percent of the total funds available and was within the carry forward limit set by WG.

8 Transfers from Programme Budget to Running Costs

- 8.1 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 2018-19 is £30.4k (presumed as for last year).

9 Programme 2018-19

- 9.1 The total grant-in-aid (GIA) available from WG in 2018-19 as at 30 September 2018 is £132.2m inclusive of £10.0m for capital. This represents an increase from 2017-18 final GIA of £12.1m or 10.0 per cent. The CCC Scholarships funding that was previously paid is no longer funded through HEFCW. This is now paid to CCC directly by Welsh Government.
- 9.2 Other income (excluding WEFO funding) is estimated at £16.9m. This includes
- £6.9m from BIS and WG match funds,
 - £7.8m for the UKRPIF project at Cardiff University
 - £2.2m 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 As at 30 September 2018, the total of funds available net of the running costs budget is £129.0m.
- 9.4 The total estimated cash expenditure is £129.6m (net of WEFO income). This represents an in year overspend of £0.6m.

10 Running Costs 2018-19

- 10.1 Running costs projection of cash expenditure is £3,205k, £214k lower than the budget of £3,419k.

11 Financial year 2018-19 cash balance

- 11.1 The current total of funds available is £150.1m. The total estimated cash expenditure is £150.7m, an in-year over-spend of £0.6m. When the opening cash balance is taken into account, the projected closing cash balance, as at 31 March 2019, is £1.3m.
- 11.2 This equates to 1.0 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 September 2018 HEFCW has paid 95.4 percent of invoices within ten working days, with an average payment time of 1.31 days. Prior year comparator is 98.0 percent and an average of 1.64 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 2018-19	Original Profile	Profile (July 2018)
April	£14,500,000	£ 12,500,000
May	£11,500,000	£ 11,250,000
September	£11,500,000	£ 10,500,000
July	£5,000,000	£ 8,000,000
August	£12,000,000	£ 14,000,000
September	£12,000,000	£ 11,250,000
October	£22,500,000	£ 13,000,000
November	£8,000,000	* £ 19,250,000
December	£500,000	£ 10,000,000
January	£500,000	£ 2,750,000
February	£11,000,000	£5,750,000
March	£22,429,000	£ 13,966,000
Total	£121,429,000	£ 132,216,000

* including £10m capital

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.