

For information

April to June Accruals Based Management Accounts report 2019-20

Agenda: 22
HEFCW/19/88

Disclosable

19/09/2019

1 Issue

- 1.1 This paper presents the accruals based management accounts report for the period April to June 2019. 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 2019.

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 £42.4m compared to £36.2m for the year 2018-19, a pro-rata increase of £6.2m or 17.1 per cent. This reflects the overall increase in recurrent funding available in the current financial year.
- 6.2 'Other purposes' expenditure has fallen as there is no UK Research Partnership Investment Funds (UKRPIF) due this year. Expenditure in the current quarter relates to Go Wales activity.
- 6.3 Staff costs for the three months are £606k compared to £595k for the prior year, which is a pro-rata increase of £11k or 1.8 per cent. The increase reflects payment of contractual incremental steps together with the effects of staff movement.
- 6.4 Other expenditures for the three months amount to £146k compared to £86k in the prior year, which is a pro-rata increase of £60k or 70 per cent. This is mainly accounted for by the cost of the stakeholder survey (£25k) being undertaken this year and timing differences on the purchase of ITC related expenditure.
- 6.5 The net operating costs for the three months amounts to £43.2m compared to £37.1m in the prior year, which is an increase of £6.1m 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 and amortisation charges of £15k which are offset by asset additions in the quarter.
- 7.2 Repayable grants falling due after one year are down by £933k to £3,684k.
- 7.3 Trade and other receivables have decreased from £3,496k at 31 March 2019 to £1,939k at 30 June 2019 due to primarily to the recovery of sector agency costs within the quarter and some of the prior years' clawback.
- 7.4 Cash and cash equivalents have increased by £3.57m to reflect the usual level of cash balances held on a monthly basis.
- 7.5 Trade and other payables at 30 June 2019 of £540k consist primarily of accrued costs and expenses.
- 7.6 The increase in total assets less liabilities from £8.4m at 31 March 2019 to £9.6m at 30 June 2019 mainly reflects the increase in cash and cash equivalents offset by the lower level of trade and other receivables.
- 7.7 The 'Statement of taxpayers' equity' reflects the net operating costs for the period of £43.2m and the total grant-in-aid income received from WG of £44.5m. This has caused the increase in the general reserve balance from £8.4m at 31 March 2019 to £9.6m at 30 June 2019.

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 2019.

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.