

Council meeting

For discussion

HEFCW recurrent budget for financial year 2020-21

Agenda: 10
HEFCW/20/23

Disclosable

19/03/2020

1 Issue

- 1.1 This paper presents the financial year recurrent cash expenditure for the period April 2020 to March 2021 for approval and it provides an update on the estimated outturn for the financial year April 2019 to March 2020.

2 Recommendations

- 2.1 The Council is invited to:
- i. Approve the financial year budget as noted in section 6.5; and
 - ii. Delegate authority to the Chief Executive to amend the budget as required, once the 2020-21 draft remit letter is finalised.

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 959 646; nick.williams@hefcw.ac.uk)

5 Financial year 2019-20 closing cash balance

- 5.1 The estimated total closing cash balance as at 31 March 2020 is £83k which represents 0.05% of the total grant-in-aid funding for the year and is within the 2% year-end carry forward threshold set by the Welsh Government (WG).

6 Recurrent funds 2020-21

- 6.1 The draft grant-in-aid available from WG for recurrent funds is £178.2m with additional capital funding of £10.0m.
- 6.2 Other income is estimated at £25.1m, comprising of £17.3m for the UKRPIF funding of a capital project for Swansea University, £7.0m from the Business Energy Industrial Strategy (BEIS) and WG matched funding and the balance relating to ESF funding.
- 6.3 The total estimated cash expenditure is £212.3m, an in-year under-spend of £0.9m. When the expected recurrent opening cash balance is taken into account, the projected recurrent closing cash balance as at 31 March 2021 is £1.0m. This equates to 0.53% of the total funds available and is within the current 2% financial year-end carry forward limit set by WG.
- 6.4 HEFCW is responsible for setting its own running costs' budget from the total recurrent funds available. The 2020-21 running costs' budget has been set at £4.1m and was approved by Council at the January meeting.
- 6.5

Financial year 2020-21 proposed budget	
Income	
Draft GIA – recurrent	178,247,000
Draft GIA – capital	10,000,000
Minus depreciation as a non-cash item	90,000
Sub total	188,157,000
Other income (Non-grant-in-aid)	25,111,571
Total Income	213,268,571
Expenditure	
Teaching	27,262,972
Expensive Subject Premium	24,493,425
PGR	6,198,511
QR	77,316,688
RWIF	16,500,000
Degree Apprenticeships	10,778,800
Strategic investments	9,720,588
Other expenditure (Non grant-in-aid)	26,012,279
Capital	10,000,000
Running costs	4,064,159
Total Expenditure	212,347,423
In-year balance surplus	921,148
Opening balance	83,181
Estimated cash balance at end of the FY	1,004,330
As a percentage of total funds available	0.53
2% of total funds available	3,763,140

- 6.6 It should be noted that the recurrent grant allocations for Academic Year 2020/21 are still being prepared and will be presented to Council for approval at its May 2020 meeting. If any of the budgets change, this will have a knock-on effect on the closing cash balance as at 31 March 2021. Council will be kept up to date on the latest financial year position through the quarterly monitoring reports that are presented to them.
- 6.7 We have received the draft 2020-21 remit letter. Senior officers are currently clarifying some of the detail in this letter and we anticipate the recurrent funding shown in 6.5 above to increase.

Council is invited to

- i. approve the financial year budget; and*
- ii. delegate authority to the Chief Executive to amend the budget as required, once 2020-21 remit letter is confirmed.*

7 HEFCW’s WGSB Framework document

- 7.1 HEFCW’s Framework Document with WG (section 4.2) 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. The proposed profile is noted below.

FY 2020-21 profile	£
April	25,000,000
May	21,000,000
June	13,000,000
July	5,017,645
August	19,500,000
September	16,000,000
October *	26,500,000
November	16,000,000
December	15,500,000
January	8,000,000
February	15,000,000
March	7,639,355
Total	188,157,000

- Incl of £10m capital funding

8 Financial implications

- 8.1 This paper notes that the WG cash threshold target of two percent of total funds available is not forecast to be exceeded.
- 8.2 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.

9 Communications implications

- 9.1 This paper is an internal report on HEFCW's recurrent budget for FY 2020-21. The profile indicated about will be provided to our Sponsor Team at Welsh Government.

10 Impact Assessment

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

11 Risk Assessment

11.1

Risk	Controls
HEFCW might exceed its maximum permitted cash balance at the financial year-end and risk losing such funding.	If necessary, officers will bring forward proposals for additional expenditure, which will enable HEFCW to remain within the maximum permitted cash balance.