

Council meeting

For information

April to December Accruals' Based Management Accounts report 2019-20

Agenda: 30
HEFCW/20/41

Disclosable

19/03/2020

1 Issue

- 1.1 This paper presents the accruals based management accounts report for the period April to December 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.
- 1.2 This paper is presented for information and requires no decisions by the Council.

2 Recommendation

- 2.1 The Council is invited to:
 - i. Note the financial report on the management accounts prepared on an accruals' basis for the period April to December 2019.

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 Lynne Gittens (029 2085 9641; lynne.gittens@hefcw.ac.uk).

5 Statement of comprehensive net expenditure (see Annex A)

- 5.1 This report indicates that recurrent funding of HE expenditure for the nine months to December is £116.8m, compared to £97.3m for the year 2018-19, a pro-rata increase of £19.5m or 20 per cent. This reflects the increase in recurrent funding available in the current financial year.
- 5.2 Capital funding of £10m has been paid in line with the previous year, together with the first tranche of research-related capital received at the end of the previous financial year. The second tranche will be paid out in the final quarter of the year.
- 5.3 'Other purposes' expenditure has fallen compared with the previous year as there is no UK Research Partnership Investment Funds (UKRPIF) due this year. Expenditure in the period relates to Go Wales activity and the first payment of BEIS research capital funding which is match funded by Welsh Government.
- 5.4 Staff costs for the nine months are £1,852k compared to £1,790k for the prior year, which is a pro-rata increase of £62k or 3 per cent. The increase reflects payment of contractual incremental steps together with the effects of staff recruitment during the period.
- 5.5 Other expenditures for the nine months amount to £316k compared to £293k in the prior year, which is a pro-rata increase of £23k or 8 per cent. This is mainly accounted for by the cost of the stakeholder survey and timing differences on the purchase of ITC related expenditure where unspent funds were carried forward from 2018-19 to 2019-20.
- 5.6 Income from other operating activities mirrors other purpose expenditure referred to in 5.3 above.
- 5.7 Net operating costs for the nine months amounts to £130.6m compared to £109.8m in the prior year, which is an increase of £20.8m due primarily to the increase in recurrent funding available in this financial year.

6 Statement of Financial position (see Annex B)

- 6.1 Non-current asset movements in the nine months reflect depreciation and amortisation charges of £41k offset by asset additions in the period.
- 6.2 Repayable grants falling due after one year are down by £1,142k to £3,475k, which now becomes repayable within the next financial year.
- 6.3 Trade and other receivables have decreased from £3,496k at 31 March 2019 to £1,488k at 31 December 2019, a decrease of £2,008k. This is due to the recovery of the prior years' clawback and sector agency costs within the period and there are no sector agency costs from academic year 19/20 onwards.
- 6.4 Cash and cash equivalents have increased by £2.8m to £2.9m to reflect the balance returning to the usual level held on a monthly basis.
- 6.5 Trade and other payables at 31 December 2019 amount to £913k, an increase of £208k which mainly relates to an additional quarter's Go Wales payments accrued as there has been a delay in processing of the claims due to the submission of an extension to the project.
- 6.6 There is a small decrease in total assets less liabilities from £8.4m at 31 March 2019 to £8.1m at 31 December 2019.

6.7 The 'Statement of taxpayers' equity' reflects the net operating costs for the period of £130.6m and the total grant-in-aid income received from WG of £130.2m. This has caused the minor decrease in the general reserve balance from £8.4m at 31 March 2019 to £8.1m at 31 December 2019.

7 Financial implications

7.1 There are no financial implications arising from this paper.

8 Communications implications

8.1 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 2019.

9 Impact Assessment

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

10 Risk Assessment

Risk	Controls
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.