

Cylchlythyr | Circular

Capital Funding 2020-21

Date: 14 August 2020
Reference: W20/23HE
To: Heads of higher education institutions in Wales
Response by: 16 October 2020
Contact: Name: David Hunt
Telephone: 029 2085 9712
Email: david.hunt@hefcw.ac.uk

This circular provides details of the basis on which Capital will be allocated to Higher Education Institutions in Wales in 2020-21, the information required from institutions and our approach to monitoring.

If you require this document in an alternative accessible format, please email info@hefcw.ac.uk.



Noddir gan
Lywodraeth Cymru
Sponsored by
Welsh Government

Background

1. In the [HEFCW remit letter for 2018-19](#), specific provision was made for Capital funding over the next 3 years. The relevant section (para 4.1 of the remit letter) notes:

'I am pleased to confirm that Capital resources have been allocated to the Funding Council for the next 3 years. Building on the work begun in response to my revised 2016-17 remit letter, I expect the Council to develop a scheme that will help reduce institutional financial risks associated with estate utilisation. I am keen to ensure that the Council is able to help institutions reduce the level of future expenditure on university operations as a tool for preparing institutions for significant regulatory and financial reform during the next 5 years.'

2. The [remit letter for 2019-20](#) confirmed that for the second year of this Capital funding, £10M would be available for HEFCW to allocate in 2019-20.
3. These funds were successfully allocated to institutions as detailed in Circular [W19/31HE: Capital Funding 2019-20](#).
4. Welsh Government have since indicated in our [2020-21 remit letter](#) that a further £10m will be available for allocation within the 2020-21 Financial Year.
5. As for the previous tranches, this funding will be allocated for Capital investment to support Learning and Teaching and the student experience. The funding may be used to invest in estates work required in the context of the Covid-19 pandemic, where this meets the funding criteria.

Basis of Capital funding allocations

6. The Capital funding will be allocated based on a formulaic approach. As the funding is to be used to support Learning and Teaching and the student experience the allocations have been determined based on student numbers. The number of students at an institution represents a reasonable proxy for the amount of estate space that they require.
7. A high quality and efficient estate benefits all students, and therefore the student numbers used for the allocation are the most recent HESA Student Record Full-Time Equivalents (FTEs) for all modes, levels and domiciles.

Application of a minimum funding allocation

8. In order to provide Capital funding that will allow all institutions to invest in projects that will make a sustainable impact on their learning and teaching space and the student experience, a minimum allocation value of £750,000 has been applied.

9. The funding for institutions where the original allocation based on their student FTEs fell below this value has been increased to this amount and the FTEs for those institutions then removed from the calculation. The remaining balance of available funding has been apportioned between the other institutions based upon the remaining FTEs in the calculation.
10. Due to their limited physical estate in Wales and their ability to access other UK Capital funding streams, the OU's allocation will be subject to half the value of this minimum threshold (£375,000).
11. The resulting allocations for each institution for the 2020-21 funding based on the above methodology are provided in **Annex A**.

Submission of plans

12. Institutions will be required to provide their Capital investment plans for this funding, and their Estate strategies, with details of how the investment plans align with those. We understand that the Covid-19 pandemic will have had an impact on estates strategies and would expect plans to reflect any changes/adaptations.
13. The Capital investment plans should include details of the institutions' planned expenditure and how it will improve the Learning and Teaching space and benefit the Student Experience. The plans should also address the following criteria:
 - *reduce institutional financial risks associated with estate utilization;*
 - *reduce the level of future expenditure on university operations.*
14. Some examples of suitable projects could include those that seek to increase the efficiency or to rationalise the estate or to improve the condition/function of buildings.
15. HEFCW Officers will look to confirm that the Capital investment plans are appropriate and meet the criteria and will seek further information if required.
16. As part of the submission, we will also require institutions to provide details of their latest data for a number of HESA estates record metrics (as set out in paragraph 24 below) with details of the impact that the proposed projects are expected to have on them. Please also provide information on how these measures compare to your peer group (with information on how the comparators have been chosen). This will form part of our monitoring process as set out below.
17. A pro forma for these plans is attached at **Annex B**.
18. Given the timing of this allocation, we have added a brief section to the pro forma to request details of any underspend/deferrals on projects from the

previous tranche of funding. Where there has been underspend or deferral in relation to a funded project, we will engage with you to understand the issues. We will also discuss the phasing of any future payments for ongoing or proposed projects, to ensure that our payments are not made in advance of need. This may mean that not all institutions will receive their funding at the same time.

19. HEFCW will consider support for projects to support operation in the context of the Covid-19 pandemic where these address the criteria outlined above. Should we have any concerns on the appropriateness of any particular projects, we may require the funding to be redirected to more suitable ones. As such, we recommend that institutions provide plans in excess of their allocation to allow for flexibility.

Annual Monitoring

20. A monitoring exercise will be undertaken in 2021 at a suitable date to ensure that the funding has been used for the proposed projects and to provide an update on the impact that the investment has had.
21. Institutions will be expected to provide a breakdown of the Capital spend in a way that allows comparison with the original plan with explanations to be provided for any differences.
22. Institutions will be requested to provide a qualitative summary of the positive impacts this funding has had/is having on Student Experience, financial risks associated with the estates utilisation and the level of future expenditure on university operations.
23. Institutions will also be required to provide quantitative information of the estimated impact of this funding on the following metrics included in the HESA Estates record, namely:
 - Space (Gross Internal Area (GIA), m²) per staff and student FTE (Non-residential);
 - Total property costs per square metre (GIA, non-residential);
 - Ratio of total property costs to income (Non-residential);
 - Total Income per square metre (Net Internal Area (NIA));
 - Percentage of the estate in condition A and B (GIA, non-residential);
 - Percentage of estate in functional suitability condition 1 and 2 (Non-residential).

Timetable

24. Providers are requested to submit their strategies and plan proformas to HEFCW by 16 October 2020.

25. HEFCW will begin to release the allocated funds to institutions upon receipt and agreement of plans from November 2020, with the precise timing to be determined.
26. Officer analysis and any required follow up will be undertaken in October/November 2020.
27. The annual monitoring process will take place in 2021, although HEFCW will liaise with providers in advance to provide more details.
28. This funding will be made available subject to the general conditions for payment of funds by HEFCW to the Governing Body of an institution. These are set out in the Memorandum of Assurance and Accountability (W15/32HE).

Further information

29. For further information, contact David Hunt (tel 029 2085 9712; email david.hunt@hefcw.ac.uk).

Assessing the impact of our policies

30. We have carried out an impact assessment screening to help safeguard against discrimination and promote equality. We also considered the impact of policies on the Welsh language, and Welsh language provision within the HE sector in Wales and potential impacts towards the goals set out in the Well-Being of Future Generations (Wales) Act 2015 including our Well-Being Objectives. A responsibility also rests on higher education institution partners to assess the impact of their proposals to help safeguard against discrimination and promote equality. Contact equality@hefcw.ac.uk for more information about impact assessments.

Capital funding 2020/21

Institution	FTE	Allocations pro rata to FTE (£)	Percentage allocated to each institution
University of South Wales	17,350	1,573,467	16%
Aberystwyth University		750,000	8%
Bangor University	8,825	800,335	8%
Cardiff University	27,510	2,495,136	25%
University of Wales Trinity Saint David	8,460	767,232	8%
Swansea University	17,875	1,621,251	16%
Cardiff Metropolitan University	9,160	830,624	8%
Wrexham Glyndŵr University		750,000	8%
OU in Wales	4,540	411,955	4%
Total	93,720	10,000,000	100%

Source: HESA student record 2018/19 (via HEIDI Plus)

FTE's used in calculation: all modes, levels and domiciles.

Note: HEFCWs data suppression policy has been applied to FTE figures but funding calculations were made on the original unrounded values.

Note: Totals may not sum due to rounding.

Note: The Student FTEs for Aberystwyth University and Wrexham Glyndŵr University were 6,490 and 3,315 respectively (not shown in table as minimum allocation applied).