

# Cylchlythyr | Circular

## Consultation on revisions to HEFCW's institutional engagement processes

**Date:** 19 September 2019  
**Reference:** W19/30HE  
**To:** Heads of higher education institutions in Wales  
Principals of directly-funded further education colleges in Wales  
Governing Bodies of higher education institutions in Wales  
**Response by:** 31 October 2019  
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This consultation sets out proposals for changes to HEFCW's engagement with institutions through its institutional engagement processes.

If you require this document in an alternative accessible format, please email [info@hefcw.ac.uk](mailto:info@hefcw.ac.uk).



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## **Introduction**

1. This consultation sets out proposals for changes to the timelines or submission requirements for five of HEFCW's institutional engagement processes: Fee and Access Planning, Request for Forecasts circular, Institutional Risk Review, Strategic Planning and Engagement Documents and the currently ad hoc recruitment updates.
2. The proposals set out in this consultation will align reporting methods from institutions to HEFCW, by changing and aligning timelines. There will be no substantive changes to institutional engagement processes, other than SPEDs (see para 24) as a result of this consultation.
3. This consultation invites views from higher education institutions on the proposed changes to timelines. We propose to implement the changes to the timelines from July 2021, to allow institutions time to adapt their business cycles in order to meet these timescales.

## **Background**

4. We formally engage with institutions for a number of purposes and through a variety of means: through the Fee and Access Plan process and the Request for Forecasts circular to fulfil our responsibilities arising from the Higher Education (Wales) Act 2015 and the Further and Higher Education Act (1992); through a number of processes to inform our Institutional Risk Review; and through Strategic Planning and Engagement Documents to understand institutions' overall strategic vision and how they intend to achieve their strategic aims.
5. Our engagement with institutions assures us that institutions are financially sustainable, have strategic plans that ensure longer term sustainability, have due regard for Welsh Government priorities and enables us to meet our responsibilities in advising the Welsh Government on matters relating to the development of higher education in Wales. It has to be effective for us to fulfil our regulatory and funding responsibilities, but also be conducted in a way which minimises burden.
6. The processes noted in paragraph one (which exclude ad hoc updates on issues such as recruitment) have annual cycles that are not currently aligned, but have significantly overlapping elements. This consultation proposes rationalising the cycles of these processes. This alignment would achieve a more streamlined system.
7. Requests from HEFCW to institutions for in-year and forecast ad hoc recruitment updates do not have an annual cycle. This consultation proposes formalising requests for that information.
8. Internal discussions and informal sector feedback have suggested that the current timings for some institutional submissions are not ideal. The

proposals below are intended to reduce institutional burden and minimise duplication to the extent that the requirements of the legislation allow.

### **Current arrangements**

9. This section provides an outline of the current requirements of the five processes mentioned above.

#### *Fee and Access Plan Process*

10. HEFCW's Fee and Access Planning guidance for the sector, which is informed by Welsh Government guidance, has historically been published by the end of January. The first Fee and Access Plan submission date is towards the end of March. This includes information relating to financial sustainability, which is largely informed by forecast information submitted in the previous July. Between this first submission and our formal approval of Fee and Access Plans, normally by the end of July, there are a number of iterations of the submissions that require analysis by HEFCW officers. Previous Fee and Access Plans are also monitored as part of this process.

#### *Request for Forecasts Circular*

11. HEFCW publishes its Request for Forecasts circular on an annual basis, in May/June of each year. The circular includes requests for financial and student number forecasts for the next five year period to be provided by the end of July of each year.

#### *Institutional Risk Review Process*

12. We conduct a full Institutional Risk Review (IRR) process in the late spring, producing the final IRR letter to institutions around the end of August. We subsequently follow up on any actions set out in the IRR letters. Additionally, there is an interim IRR process in the autumn where we review any concerns that might have arisen at an institution, including any issues that have arisen from institutions' financial and student number forecasts. IRR letters are only issued at this interim stage by exception, where we consider that there has been a substantive change in the level of the overall risk facing an institution.

#### *Strategic Planning and Engagement Documents*

13. In October of each year, institutions were previously asked to submit updated versions of their Strategic Planning and Engagement documents (SPEDs) by the following January. Once these were submitted, HEFCW analysed the documents and, where appropriate, asked for further information. Any feedback often overlapped with issues raised in the IRR or Fee and Access Plan processes. The overlap between these processes represented a potentially significant burden on both institutions and

HEFCW. In planning to review our processes, we did not request SPEDs in 2018/19.

#### *Ad hoc Recruitment Updates*

14. HEFCW requests ad hoc recruitment updates from institutions to obtain assurance that recruitment, as per forecasts, is progressing as anticipated. The process for requesting recruitment updates is not formalised and information is requested as and when required. These ad hoc requests are in addition to the formal data returns that institutions make to HEFCW, including the Higher Education Students Early Statistics (HESES) survey and the student number forecasts, and data that HEFCW receive through the Higher Education Statistics Agency (HESA). They are, for example, narrative updates to the student number forecasts provided, or commentary on recruitment through UCAS.

#### *Other processes impacted by this Consultation*

15. In December of each year, as part of the Annual Assurance process, institutions are required to submit various returns which HEFCW then analyses to inform the Fee and Access Plan process and the IRR process.
16. These assurances form part of the conditions of funding, as set out in the Financial Management Code and the Memorandum of Assurance and Accountability. The assurances regarding quality are set out in the Quality Assessment Framework for Wales.

#### **Proposed arrangements for consultation**

17. The draft timeline for the new Institutional Risk Review process is provided as **Annex A**. Aside from the SPED, we propose making no changes to the content of institutions' submissions through this consultation. Our proposals relating to SPED are set out in para 24 below.

#### *Fee and Access Plan submissions: no substantive changes proposed*

18. We are proposing to make little change to the Fee and Access Planning cycle outlined previously. We will normally aim to approve Fee and Access Plans by the end of July each year in order that fee levels can be confirmed in advance of the admissions cycle. This limits our ability to alter this timeline. We will continue to publish our Fee and Access Plan guidance no later than January, with an initial submission date normally in March, in order for us to approve plans by the end of July. We intend to invite institutional monitoring and evaluation submissions by January each year. Our consideration of these submissions will inform the approval of the next fee and access plan submissions.
19. We intend to review the Fee and Access Plan process at a later date and therefore, this is outside of the scope of this consultation.

*Forecasts submissions: change of timing*

20. We are conscious that much of what we ask for in terms of financial information as part of the Fee and Access Plan arrangements in March is similar, or identical, to the information we normally request as part of the annual forecast submission in July. This duplication involves unnecessary work for institutions and provides challenges to us in reconciling different versions. We would ideally like to streamline so that we have a single point annually when these data are submitted. As indicated above, we have no scope for changing the submission point relating to Fee and Access plans, so we propose that the annual submission of student and financial forecast data is moved to March. We would then ask for an update in November of any significant variances (if any) since the submission. We reason that this alteration will alleviate some of the burden on institutions and HEFCW officers whilst minimising duplication. Going forward, we will review the detail we require, particularly for years three to five of the forecast period.

*Institutional Risk Review: change of timing*

21. The IRR process is an internal HEFCW process of analysis; it does not rely on additional institutional submissions or returns, but draws from sources submitted through existing processes. The IRR process enables us to monitor governance, management and strategic direction in the HE sector in Wales, including consideration of institutions' short, medium and long-term sustainability. We will continue to use institutions' latest available information including the audited financial statements and other annual assurance returns. We will also continue to integrate our financial health assessment with a range of other key risk areas: estates, governance and management, research, innovation and engagement, strategic direction, and students and quality.
22. The IRR takes place via two annual processes, described as "full" and "interim" IRR. We are proposing that HEFCW's full IRR process will now run in September of each year, with draft letters to institutions issued in the January, and the interim IRR process in May. These changes would allow the Fee and Access Plan review to be informed by the most up-to-date forecasts, submitted once annually, and would mean that HEFCW analysis from the Fee and Access Plan process, along with the forecast data, a full set of National Measures and all the other information we accumulate during the year, could more readily inform the full IRR.

*Strategic Planning and Engagement Documents: replace with institutional strategy submissions*

23. In order to further relieve the burden on institutions we are removing the annual cycle of calling in SPEDs. However, we will still need to understand institutional strategic intentions, how they align with Welsh Government priorities and how they are being delivered.

24. We therefore propose, on an annual basis in January of each year, to call in institutions' most recent overall strategies, sub-strategies, and any monitoring documents that are routinely shared with institutions' governing bodies. This will give us sufficient time to use the information provided to inform the Fee and Access Plan review. Whilst these would be institutional documents, rather than prepared specifically for us, we would expect that these strategies would cover the thematic areas set out in **Annex B**.
25. We anticipate that an institution's strategy or sub-strategies will include narrative as well as key performance indicators (KPIs) and engagement on the National Measures<sup>1</sup>. Where a strategy does not contain this information, we would expect supplemental information and associated commentary on KPIs and National Measures to be provided.
26. Institutions should ensure that included within these strategies, or in a separate data strategy, are details of how high quality data are obtained and used to inform and monitor these strategies, along with details of how any KPIs are calculated and the source of the data used.
27. If we already have the most recent strategy, the institution should comment that this is the case. The institution should make us aware of any significant changes to their strategy or sub-strategies throughout the year.
28. These strategy submissions would inform our engagement with institutions, including our cycle of formal institutional assurance visits and Council visits. The submissions could also provide the basis for regular review meetings between HEFCW policy leads and institutional staff (at senior academic and operational level) responsible for thematic areas. We will engage with institutions to ensure that we have fully understood their strategic intentions and any performance issues arising. If, however, the institution had no strategic plan in a policy priority area, we would ask them to demonstrate how the policy area is being addressed.

#### *Ad hoc Recruitment Updates*

29. We are proposing to formalise our currently ad hoc requests for recruitment updates. We propose to call in information on institutions' recruitment progress on an annual basis in August each year. These updates will provide HEFCW with assurances that recruitment, as per forecasts submitted in March, is progressing as anticipated.
30. We are also proposing that institutions provide updates on a regular basis about full-time undergraduate recruitment and will request these through late August and September. These would cover both the latest UCAS information and details of recruitment outside of the UCAS process. This is essential for us to reflect a balanced sector view during a period of peak stakeholder interest.

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<sup>1</sup> See circular [W18/30HE](#)

### *Governing bodies*

31. HEFCW expects governing bodies to play an active role in constructively challenging and monitoring the performance of their institutions.
32. We would expect governing bodies to have oversight over all the submissions mentioned above, including over the quality of the submissions, and to have meetings at appropriate times to fit in with the approval and sign-offs of the submissions.

### *Proposed time for Implementation*

33. HEFCW intends to implement the proposals above in academic year 2020/21, starting with submission of strategic plans in July 2021.

### *Questions to institutions*

- Do you have any comments on these proposals and the suggested timeline at Annex A? Are there any unintended consequences of these revisions or should further consideration be given to particular elements of these proposals? If you do not agree with the timeline set out, please provide your reasoning and suggestions for when might be the best time to submit this information?
- Would a transition period in 2020/21 be helpful in regards to changing the date of submission of forecasts to March?
- Does the change of submission date for forecast data present any insurmountable challenges, or unintended consequences, including challenges to institutions' planning and governing body cycles? If there are insurmountable challenges, or unintended consequences, please specify what these are.
- Is there any further information you feel would be prudent to submit? Please provide your reasoning.
- If you disagree with any of the proposals set out in this consultation, what alternatives would you propose and why would they be an improvement?
- What positive or adverse effects will the proposals have on:
  - opportunities for persons to use the Welsh language and
  - treating the Welsh language no less favourably than the English language?
- Could the proposals be changed to increase positive effects, or decrease adverse effects on:
  - opportunities for persons to use the Welsh language and
  - treating the Welsh language no less favourably than the English language?

- Do the proposals have any positive or negative impacts or unintended consequences in terms of equality and diversity and the Well-being of Future Generation (Wales) Act's seven wellbeing goals, Sustainable Development Principle and five ways of working?
34. Institutions wishing to respond to the above proposals and the suggested Institutional Risk Review timetable shown at **Annex A** should respond by 31 October 2019.

### **Further information**

35. For further information, contact Gail Morgan (029 2085 9715; [gail.morgan@hefcw.ac.uk](mailto:gail.morgan@hefcw.ac.uk)).

### **Assessing the impact of our policies**

36. We will carry out an impact assessment screening to help safeguard against discrimination and promote equality. We will also consider 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. Contact [equality@hefcw.ac.uk](mailto:equality@hefcw.ac.uk) for more information about impact assessments.



HEFCW processes

	January	February	March	April	May	June	July	August	September	October	November	December
<b>F&amp;AP applications</b>	F&AP Guidance		1st submission	HEFCW analysis and feedback	2nd submission	HEFCW analysis and feedback	Approval process	F&APs published	Approved courses to SLC		Meetings with sector and other interested bodies	
<b>F&amp;AP Monitoring &amp; Evaluation</b>	HEFCW analysis and feedback		1st feedback						Call for institutional reports			1st submission
<b>F&amp;AP variations</b>	Variations (ctd.)					Variations (partnerships)						Variations
<b>Forecasts (*new*)</b>			Forecast submission								Forecast Circular & Update of sig. variances	
<b>IRR process (*new*)</b>	Draft letters to Insts Comments from Insts on draft letters	Final IRR letters		HEFCW analysis and feedback	Interim IRR + ad hoc meetings where necessary				Full IRR + Officer analysis and meetings			
<b>Strategic Documents</b>	Institution's Strategic docs submitted	Officer analysis										
<b>Strategic Engagement Meetings</b>	Throughout the year											
<b>Recruitment Update (*new*)</b>								Update on recruitment				