

Cylchlythyr | Circular

Additional Capital Funding 2020-21

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To: Heads of higher education institutions in Wales
Response by: No response required
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This circular provides details of the basis on which additional Capital funding will be allocated to Higher Education Institutions in Wales in the financial year 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.



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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. In order to manage the financial impact of the Covid-19 pandemic institutions reduced expenditure where possible, including reduction or the postponement of planned investment in their capital development strategies. Higher Education Institutions will have a role to play in the recovery following the pandemic and their contribution would be strengthened by continuing with investment in their capital strategies. Details of the further investment that institutions could make in FY 2020-21 if further capital funding was available, were provided to us by institutions and shared with Welsh Government officials. The Welsh Government (WG) supplementary budget for FY 2020-21 published on 17 February indicated that a further £44m of capital funding will be available for allocation by HEFCW within the 2020-21 Financial Year.
3. This funding was confirmed in the [HEFCW Revised Remit Letter 2020-21](#) of 9 March 2021. This letter confirmed that the funding should be allocated to support strategic priorities outlined in previous remit letters and delivery of the [WG Economic Action Plan](#) and that priority should be given to proposals from universities, which:
 - Facilitate responding to, or recovering from, Covid-19. This should include investment in developments that support decarbonisation and the green economy; capital investment to render campuses Covid-safe; investment in digital learning infrastructure and other student-facing infrastructure;
 - Relate to capital investment that has been paused due to Covid-19; and
 - Relate to additional capital investment costs which have been incurred as a result of Covid-19 to render campuses Covid-safe.

Basis of Capital funding allocations

4. The Capital funding will be allocated based on a formulaic approach. As the funding is to be used, at least in part, to support Learning and Teaching, the student experience and student facing infrastructure, 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 and facilities required. This method is consistent with our previous allocations of capital and was also informed by details provided to us in early February of the capital investment that individual institutions could make in FY 2020-21 with further funding.

5. The student numbers used for the initial allocation are the most recent HESA Student Record Full-Time Equivalents (FTEs) for all modes, levels and domiciles based on the 2019/20 academic year
6. Where institutions indicated that they were unable to spend their full allocation by 31 March 2021, the residual funds were reallocated to the remaining institutions via the same formula basis.
7. The resulting allocations for each institution based on the above methodology are provided in **Annex A**.

Submission of plans

8. Institutions were requested to submit initial bids during February 2021, with final bids received by 4 March 2021.
9. The Capital investment plans included details of the institutions' planned expenditure and describe how they meet the funding criteria and address Welsh Government priorities. Institutions were also asked to confirm that there was no duplication of funding from other Welsh Government sources in their plans.
10. HEFCW Officers reviewed the plans to ensure their appropriateness in line with remit letter requirements and undertook further engagement where required.
11. These bids formed the basis upon which the final funding amounts were allocated to each institution.

Annual Monitoring

12. A monitoring exercise will be undertaken in July 2021 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.
13. To minimise burden, we propose to undertake this monitoring at the same time as we monitor the previous tranche of funding as provided in circular [W20/23HE: Capital Funding 2020-21](#) and on a similar basis via a monitoring template.

14. 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.
15. Institutions will be requested to provide a qualitative summary of the positive impacts this funding has had/is having in the relevant Welsh Government priority areas.

Conditions of Funding

16. The funding remit letter states that the funding is conditional on:
 - a. The grant awarded being expensed by 31 March 2021;
 - b. Value for Money being prioritised in the selection criteria for each award; and that
 - c. The expenditure is capitalised within the receiving university's accounts, in accordance with their fixed assets policy.
17. 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).
18. This funding is also subject to HEFCW being in receipt of the Financial Memorandum Part 2: Annual schedule for the financial period 1 August 2020 to 31 July 2021 signed by the accountable officer. The Financial Memorandum Part 2 will be updated to reflect the additional funding provided in annual year 2020/21, and issued to institutions, in due course.

Timetable

19. HEFCW will release the allocated funds based upon the final agreed plans by 23 March 2021.
20. The monitoring process will take place in July 2021.

Further information

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

Assessing the impact of our policies

22. 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.

Additional Capital funding 2020/21**Initial Allocation**

| Institution | FTE | Allocations pro rata to FTE (£): | Percentage allocated to each institution |
|---|----------------|----------------------------------|--|
| University of South Wales | 17,700 | 7,667,390 | 17% |
| Aberystwyth University | 6,265 | 2,713,561 | 6% |
| Bangor University | 8,800 | 3,812,795 | 9% |
| Cardiff University | 28,270 | 12,244,841 | 28% |
| University of Wales Trinity Saint David | 9,660 | 4,183,371 | 10% |
| Swansea University | 17,745 | 7,686,171 | 17% |
| Cardiff Metropolitan University | 9,440 | 4,089,667 | 9% |
| Wrexham Glyndŵr University | 3,700 | 1,602,204 | 4% |
| Total | 101,580 | 44,000,000 | 100% |

Adjusted Allocation

| Institution | FTE | Allocations following redistribution of residual funds | Percentage allocated to each institution |
|---|----------------|--|--|
| University of South Wales | 17,700 | 8,060,198 | 18% |
| Aberystwyth University | 6,265 | 2,852,579 | 6% |
| Bangor University | 8,800 | 4,008,128 | 9% |
| Cardiff University | 28,270 | 12,872,158 | 29% |
| University of Wales Trinity Saint David | 9,660 | 4,397,690 | 10% |
| Swansea University | 17,745 | 5,885,620 | 13% |
| Cardiff Metropolitan University | 9,440 | 4,299,186 | 10% |
| Wrexham Glyndŵr University | 3,700 | 1,624,441 | 4% |
| Total | 101,580 | 44,000,000 | 100% |

Source: HESA student record 2019/20

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

Note: HEFCW's 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.