

**To: Heads of higher education
institutions in Wales**

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Response By: No response required

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FINANCIAL CONTINGENCY FUND (HE) 2005/06

Circular W05/41HE provided the guidance and terms and conditions for the Financial Contingency Fund (FCF) for 2005/06. This circular letter provides the final allocations to individual institutions for 2005/06.

The Assembly has made £5.103m available to the Council for distribution as Financial Contingency Funds in 2005/06: £5m for general Financial Contingency Funds; and £103k to take account of the non-medical NHS students now eligible to apply to the Fund. It should be noted, however, that it is not necessary to ring-fence the £103k when distributing funds. The allocations are shown at Annex A to this letter.

As in previous years, the Assembly has requested that the Council allocate a proportion of the FCF using postcode data as an indicator of need. Therefore, of the £5m available for general Financial Contingency Funds, 25% has been allocated on the basis of the numbers of students from less affluent backgrounds as indicated by postcode data. The remaining 75% has been allocated on the basis of total student numbers extracted from 2003/04 HESA data for HEIs and 2003/04 LLWR data for HEFCW fundable FEIs. The numbers of non-Welsh domiciled students at institutions have also been taken into account given that such students are ineligible for an Assembly Learning Grant. A weighting of 1.5 has therefore been applied to each non-Welsh domiciled student. The £103k has been allocated on the basis of the proportions of non-medical NHS students at relevant institutions in 2003/04, as provided by the Assembly.

Students who attend a franchised course at an FE college remain the responsibility of the HEI and allocations to the HEIs concerned take account of such students. Students who attend a directly funded HE course at an FE college are the responsibility of the FE college. Each FE college with directly funded provision has been given an allocation of FCFs to provide help to these students.

Payment of the 2005/06 Financial Contingency Fund allocations will be made in August 2005. Payment will be made via CHAPS into the separate interest bearing account which institutions have set up for Hardship Funds.

Yours sincerely,

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