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Cylchlythyr

Circular

## Strategic Development Funding

**Date:** 14 October 2011  
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**To:** Heads of higher education institutions in Wales  
Principals of directly-funded further education colleges in Wales  
**Response by:** No response required  
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This circular notifies institutions of the closure of the Reconfiguration and Collaboration Fund to new proposals.

It also informs institutions of amendments to the criteria for support used in the assessment of proposals to the Strategic Development Fund. These amended criteria are to operate from October 2011 until further notice.

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## Introduction

1. This circular notifies institutions of the closure of the Reconfiguration and Collaboration Fund to new proposals.
2. It also informs institutions of amendments to the criteria for support used in the assessment of proposals to the Strategic Development Fund. These amended criteria are to operate from October 2011 until further notice.

## Background

3. The **Reconfiguration and Collaboration Fund (RCF)** was launched in July 2002 as part of HEFCW's response to *Reaching Higher*, the Assembly Government's ten year strategy for Higher Education published earlier that year. Circular W02/48HE (20 July 2002) and Circular W03/65HE (11 November 2003) detailed the aims of the RCF, the processes by which proposals were to be assessed and the arrangements for making applications to the Fund under its first phase. A second phase of the RCF was subsequently launched in July 2004, with Circular W04/48HE (22 July 2004) detailing the arrangements for making applications to the Fund under this phase. The criteria for support from the RCF were updated by Circular W09/32HE (30 September 2009) in order to take account of the findings of the [Wales Audit Office review](#) of Collaboration between Higher Education Institutions and the funding position at that time.
4. A large number of landscape changing bids have received [support from the RCF](#) including institutional mergers and partnerships, collaborative research institutes, National Research Centres and other developments such as the Centre for Welsh Medium Higher Education. However, as a result of the discontinuation of *Reaching Higher* funding following the 2011-12 Welsh Government budget, the RCF has not been in a position to support new developments in 2011.
5. The **Strategic Development Fund (SDF)** was launched in May 2005 in response to a Ministerial expectation that HEFCW should deploy other funding streams, specifically the core grant, to provide further incentives for action within the principles of *Reaching Higher*. Circular W05/27HE (20 May 2005) detailed the aims of the SDF, the arrangements for inviting applications to the Fund and the processes by which proposals were to be assessed. The criteria for support from the SDF were updated by Circular W09/32HE following an internal review of the Fund and the [Wales Audit Office review](#) of Collaboration between Higher Education Institutions.
6. *For our Future, the 21st Century Higher Education Strategy and Plan for Wales*<sup>1</sup> included the expectation that there should be further reconfiguration

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<sup>1</sup> <http://new.wales.gov.uk/topics/educationandskills/publications/guidance/forourfuture/?lang=en>

of the HE sector including institutional mergers and collaborations where this will underpin strength, capacity, and availability of high quality higher education. This drive for sector reconfiguration was reflected in the *HEFCW Corporate Strategy 2010-11 – 2012-13*<sup>2</sup> target that ‘at least 75% of the Welsh higher education institutions will have an annual income in excess of the UK median (36% in 2008/09), with no institution to be in the lower quartile by 2012/13 (4 in 2008/09)’. The continuing priority attached to the reconfiguration of the HE sector in Wales was highlighted in the Minister’s statement of 13 July 2011 on *The Future Shape of HE in Wales* on which the Minister invited representations<sup>3</sup>. Priority will need to be attached to the funding of sector reconfiguration.

7. *For our Future, the 21st Century Higher Education Strategy and Plan for Wales* also included an expectation that the Welsh Government, working with stakeholders and HEFCW, would ‘develop a regional dimension to planning and delivery of higher education’. The sector developed initial regional strategies in the autumn of 2010 and in the context of the priority attached to this agenda by the HEFCW 2011-12 Remit Letter, a circular ([W11/29HE](#), 2 August 2011) was issued requesting the submission of updated three-year strategies by 31 October 2011. Priority will need to be attached to the funding of regional developments linked to these revised strategies.
8. In issuing this revised guidance, we have amended the arrangements for the SDF to take account of the closure of the RCF to new proposals, as well as the high priority attached to the regional dimension and the restructuring of the HE sector in Wales.

### **Reconfiguration and Collaboration Funding (RCF): current position**

9. Following the discontinuation of the *Reaching Higher* budget there is no longer funding available within the RCF to support new proposals. Whilst we intend that support will be continued for all existing RCF commitments until completion of the agreed period of HEFCW funding, the Fund is now closed to all new proposals.
10. As a consequence of the closure of the RCF and the continued priority placed on sector reconfiguration, the arrangements for the SDF have been amended.

### **Strategic Development Funding (SDF): purpose**

11. The revised purpose of the SDF is to drive strategic change by supporting initiatives that will significantly address key elements of *For our Future the 21st Century Higher Education Strategy and Plan for Wales* and other

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<sup>2</sup> [http://www.hefcw.ac.uk/publications/corporate\\_documents/corporate\\_strategy.aspx](http://www.hefcw.ac.uk/publications/corporate_documents/corporate_strategy.aspx)

<sup>3</sup> <http://new.wales.gov.uk/consultations/education/heinwales/?lang=en>

relevant Welsh Government priorities. The funds available to HEFCW for this purpose are significantly reduced following the closure of the RCF. In view of the limited funding now available the SDF will focus on proposals for sector reconfiguration, in particular the merger of HEIs, and collaborative developments arising from the regional strategies for the planning and delivery of higher education. Only in exceptional cases will support be considered for other developments. We are aware that representations are being made to invest in research leading up to the REF and note that we have invested £68 million in this over the last 6 years and thus would only exceptionally consider research collaboration proposals.

12. Illustrative examples of potential uses of the SDF include support for:
  - a. The merger of HEIs, where these directly contribute to achieving the outcomes from the Minister's process for considering the future structure of the HE sector in Wales;
  - b. The HE elements of HE-FE mergers, where these directly contribute to achieving the outcomes from the Minister's process for considering the future structure of the HE sector in Wales;
  - c. Preliminary planning work associated with appropriate mergers; and
  - d. Regional developments, to support the three HEFCW Regional Planning regions.
  
13. These changes in the focus of the SDF will only impact on new proposals to the Fund. Existing SDF project commitments will remain unaffected. On occasion the Council may also use SDF funding to support other areas of work.

#### **SDF: application process**

14. Heads of institution, and other partners in Wales, should enter into dialogue with HEFCW regarding proposed developments prior to officers inviting the submission of proposals.
  
15. The fund will not be available to support initiatives which could reasonably be wholly supported from other funding sources, including fee income. There is limited funding available and the Council's Strategic Development Committee will take care to assess value for money to enable a strategic approach to funding.
  
16. The submission of proposals will be a two-stage process: an initial expression of interest and then normally, if appropriate, a more developed proposal or additional information for formal consideration by the Strategic Development Committee. The initial expressions of interest will be made on standard proforma which will be issued only when proposals are invited by HEFCW. Officers will also provide a proforma for full proposals where appropriate.

## **SDF: assessment process**

17. Full Proposals will normally be considered by the Council's Strategic Development Committee, which will make recommendations to the full Council. The Committee's constitution, membership and terms of reference have been amended to reflect the revised processes and are provided at Annex A.
18. The Committee will assess each proposal to ensure that it addresses the following criteria:
  - a. Provides a clear strategic vision of what is to be delivered, together with justification that this vision and that the proposed means of achieving it are appropriate;
  - b. Shows how the proposal is aligned with the relevant institutional Strategic Plans and Regional Strategies;
  - c. Demonstrates how the proposal will deliver substantial and enduring reconfiguration of the Welsh HE sector, providing clarity over how it will contribute to achievement of the outcomes from the Minister's process for considering the future structure of the HE sector in Wales;
  - d. Shows how the partner institutions will play into the proposed development to deliver added value, including for students and other stakeholders, compared to the institutions acting alone;
  - e. Provides realistic financial plans that show how the development will be sustained beyond the period of any HEFCW funding and what contributions the proposers or other partners will themselves make;
  - f. Shows sound governance and appropriate unified management structures, that will ensure the effective management and oversight of delivery and the cohesiveness of the development on an ongoing basis;
  - g. Demonstrates governing body approval for merger proposals;
  - h. Provides a suitable implementation plan with information on the timescale for delivery, targets and deliverables;
  - i. Shows an appreciation of the risks and how they are to be managed;
  - j. Shows that the impact on equality and diversity for students, staff and other stakeholders has been appropriately assessed; and
  - k. For proposals invited on an exceptional basis (i.e. which do not fit with the focus on sector reconfiguration, in particular the merger of HEIs, and collaborative developments arising from the regional strategies), these will be judged largely on the extent to which HEFCW support will enable substantial funding to be secured from other sources.

## **Submission of proposals to the SDF**

19. Early discussions with HEFCW officers are invited, at any time, to discuss possible proposals and the potential timescales for their development and submission. Following this dialogue, Expressions of Interest and Full Proposals should be submitted to HEFCW for the attention of Dr Ewen Brierley ([ewen.brierley@hefcw.ac.uk](mailto:ewen.brierley@hefcw.ac.uk)).

## **Handling of proposals to the SDF**

20. HEFCW Officers will provide comment on initial drafts of Expressions of Interest or Full Proposals on request. Whilst Officers will endeavour to provide comment within a suitable timescale, due consideration should be given by proposers to timescales for approval when seeking feedback on drafts.
21. HEFCW will adhere to the following standards when handling proposals formally submitted to the SDF:
  - a. Officers will acknowledge receipt of Expressions of Interest and Full Proposals within fifteen working days. This acknowledgement will indicate the timescale for a formal response. We would normally aim to provide a formal response within two months.
  - b. Officers will inform proposers if the timescale for formal consideration subsequently alters.
  - c. The Strategic Development Committee will consider all suitable SDF Full Proposals objectively using the assessment criteria when making recommendations to the Council on support.
  - d. Officers will inform proposers of the Council's decision on support within ten working days of the decision being made.
  - e. Where a proposal has not been supported and/or not to the level sought, proposers will be provided with written feedback on the reasons for the decision.
22. To assist institutions in the development of viable proposals, the outcome of all SDF applications formally considered will be published on the HEFCW website, with reasons for acceptance or rejection. Detailed written feedback will be provided to the partner institutions.

## **Equality impact assessment**

23. We are committed to making equality a core issue in developing and implementing policies and services, and evaluating and refining them to advance the equality agenda. We have a legal responsibility to assess the impact of our policies on equality groups, and to set out how we will monitor or address any possible negative impact.
24. Therefore we have conducted an equality impact assessment (EIA) on this policy, to ensure that we do not discriminate and that we are doing all we can to promote equality and good relations between different groups. The outcome of this EIA will be made available on request.

## **Further information**

25. For further information, contact Dr Ewen Brierley (tel 029 2068 2291; email [ewen.brierley@hefcw.ac.uk](mailto:ewen.brierley@hefcw.ac.uk)).

## **Strategic Development Committee Remit**

### **1. CONSTITUTION**

A Committee of the Council to be known as Strategic Development Committee (the Committee) established with the following Terms of reference and standing orders by a resolution of the Council dated the 12 day of December 2008, amended 15 September 2011.

### **2. TERMS OF REFERENCE**

The Committee shall:

- a) advise the Council on guidance for higher education institutions wishing to pursue, or pursuing, strategic development projects; and reconfiguration, including merger, keeping the guidance under review and advising the Council on its development as appropriate.
- b) consider institutions' proposals for strategic development projects and reconfiguration, and advise the Council accordingly.
- c) assess applications for Strategic Development Funding to support strategic developments and reconfiguration and make recommendations to the Council, having regard, where appropriate, to advice from the Council's Audit and Risk Committee.
- d) consider any matters referred to the Committee by the Council.

### **3. STANDING ORDERS**

3.1 The standard HEFCW Committee Standing Orders shall apply.

#### **3.2 Membership and Attendance**

3.2.1 The Committee shall comprise up to six members, including three members from within the membership of the Council, one of whom will Chair the Committee; up to two members will be co-opted non-Council members and the Chief Executive (ex-officio). The current membership of the Strategic Development Committee is:

Council: Dame Alexandra Burslem (Chair)  
Mr David Mason  
Professor Sir Brian Smith  
Professor Robin Williams  
Professor Philip Gummatt (HEFCW Chief Executive)

Co-opted: Professor Ian Halliday CBE FInstP FRSE  
Dr John Selby

3.2.2 The quorum for Committee meetings is three members, including the Chair or his/her nominee.

3.2.3 The Director of Strategic Development, Director of Finance and Corporate Services and Head of the Strategy Learning and Funding Team shall normally attend the meetings of the Committee.

3.2.4 The Senior Strategic Development Manager shall service the Committee.

### **3.3 Authority**

3.3.1 In general, the Committee is an advisory body with no executive powers. However, the Chair jointly with the Chair of the Council or his nominated deputy has delegated authority to approve support for proposals for Strategic Development Funding, where urgent decisions are required.