

Kirsty Williams AC/AM
Y Gweinidog Addysg
Minister for Education



Llywodraeth Cymru
Welsh Government

David Allen
Chair
Higher Education Funding Council for Wales
Ty Afon
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27 February 2019

Dear David,

I am writing to confirm an additional funding allocation of £10,577,000 to the Higher Education Funding Council for Wales for 2018-19. Details of the allocation are set out in Annex 1.

The allocation has been made to enable the Council to provide additional funding to institutions in Wales in the following areas:

- to help alleviate the impact of pressures on HEFCW's budget, specifically to help sustain performing arts provision;
- to support well-being and health in HE, including student mental health;
- to cover the additional costs associated with HEFCW's Expensive Subjects premium arising from the expansion in medical undergraduate places in 2018/19; and
- to support higher education research in Wales.

Given the prioritisation of the expensive subject premium for next year's budget, I do not expect any future additional allocations to be needed in relation to performing arts provision.

In terms of the additional funding for research, the Welsh Government is currently considering how it prepares a long term response to recommendations 2 and 3 of the Reid review. In advance of an announcement, I would like the council to start preparing for implementation of an approach that is consistent with recommendation 2 of the review. On this basis I expect the additional funding to be distributed through a methodology that is consistent with this part of the report.

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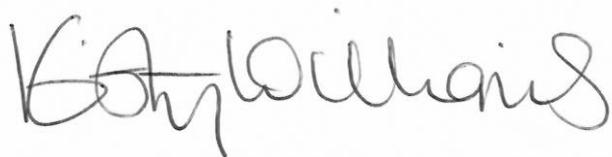
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Rydym yn croesawu derbyn gohebiaeth yn Gymraeg. Byddwn yn ateb gohebiaeth a dderbynnir yn Gymraeg yn Gymraeg ac ni fydd gohebu yn Gymraeg yn arwain at oedi.

We welcome receiving correspondence in Welsh. Any correspondence received in Welsh will be answered in Welsh and corresponding in Welsh will not lead to a delay in responding.

I should be grateful if you would include in your annual report to me on remit letter activity an update on progress against these additional areas.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Kirsty Williams', written in a cursive style.

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Annex 1 Revised (February 2019)

Detailed allocations for the HEFCW Budget Expenditure Lines for 2018-19 are set out below (£s):

	2018-19
HEFCW Revenue Expenditure	£122,216,000
HEFCW Depreciation	£90,000
HEFCW Capital Expenditure	£10,000,000
Total	£132,306,000

The HEFCW revenue expenditure is an amalgamation of the following budget lines that were in place in previous financial years:

- For Our Future;
- HEFCW running costs; and
- HEFCW receipts.

Decisions on the level of funding allocated to each expenditure line are now the responsibility of the Council. However, at the start of each financial year, HEFCW must provide the Welsh Government with an estimate of their running costs for the year and an estimate of their anticipated receipts for the year. Any shortfall in anticipated receipts will need to be managed within HEFCW's overall budget allocation, unless otherwise agreed in writing with the Welsh Government.

The HEFCW Revenue Expenditure Line includes the following additional allocations:

- £5m to help mitigate the impact of the decision to freeze the maximum tuition fee level;
- £5m to support a scheme to encourage post-graduate study in Wales; and
- £3m to fund the provision of Degree Apprenticeships by Welsh institutions.
- £787k to support Global Wales activity in line with the European Transition Fund objectives.

Provision has been made within the Welsh Government budget for £10m capital resource to be allocated in 2018-19 to support proposals from institutions that promote more effective use of their estates.

February 2019 Update:

A further allocation of £3,977,000 has been made as follows:

- £1.8m to help alleviate the impact of pressures on HEFCW's budget, specifically to help sustain performing arts provision.
- £2m to support well-being and health in HE, including student mental health;

- £177,000 to cover the additional costs associated with HEFCW's Expensive Subjects premium arising from the expansion in medical undergraduate places in 2018/19.

Research Funding

In addition a further £6.6m (£4.2m revenue funding and £2.4m capital funding) has been allocated to support higher education research in Wales in line with an approach that is consistent with recommendation 2 of the Reid Review.

Annex 2

Conditions of Grant

HEFCW will comply with the terms of the Framework Document agreed between the Council and the Welsh Government and dated September 2014 or such other document that may be issued to HEFCW by the Welsh Government from time to time.

Condition of Grant on Regional Coherence

In the exercise of its functions to allocate funding to providers of higher education, HEFCW must have regard to regional coherence.