



David Blaney
Higher Education Funding Council for Wales,
Tŷ Afon,
Bedwas Road,
Bedwas,
Caerphilly CF83 8WT

David.Blaney@hefcw.ac.uk

17 October 2016

Dear David,

Revised Remit Letter 2016-17

1. I am writing to provide you with details of the revised funding allocations to the Higher Education Funding Council for Wales (the Council) for 2016-17, detailed in Annex 1. This letter finalises the Welsh Government intention for expenditure on the tuition fee grant in 2016-17 and advises you of the priorities associated with the allocation of additional funding.

2. Your original remit letter for 2016-17 confirmed that Welsh Government would delay the date of the transfer of the last instalment of the Tuition Fee Grant (TFG) until later in the financial year when more robust data on the likely level of expenditure is known. Latest information from the Student Loans Company suggests that expenditure on the TFG will be in excess of original estimates of £257.6m. I can therefore confirm that I will action the transfer of £21.1m from HEFCW to Welsh Government in the 2nd supplementary budget to partly cover the additional expenditure.

3. I am aware of the impact that this transfer will have on the HEFCW's ability to promote Welsh Government priorities and to maintain expenditure in key activities. I am also keen to ensure that institutions in Wales are prepared for the strategic challenges presented by Brexit, the Welsh Government response to Diamond and Hazelkorn and the implications of the Westminster Government's Higher Education and Research Bill. I want to ensure too that the Council continues to recognise the unique position of the Open University and its crucial role in supporting part-time provision.

4. I am therefore making a financial allocation to HEFCW of £20m to address the following issues:

Bae Caerdydd • Cardiff Bay
Caerdydd • Cardiff
CF99 1NA

Canolfan Cyswllt Cyntaf / First Point of Contact Centre:
0300 0604400

Correspondence.Kirsty.Williams@gov.wales

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.

- Support for a review of estates rationalisation;
- The development of investment in higher level apprenticeships;
- Business incubator and accelerator facilities to improve the links between universities and industry: and
- A strategic development fund to promote sector capacity and ability to meet strategic challenges and change

Taken together, the intention is that these measures should assist the Council and HE institutions in Wales to deal with current and future financial pressures as we move towards implementation of the Diamond Report's recommendations.

5. I would be grateful if you could provide my officials (as part of the normal performance management process) with an update on progress in these areas at the end of the academic cycle.

Annex 1

Detailed revised allocations for the HEFCW budget Expenditure Lines for 2016-17 are set out below (£s):

HEFCW Running costs	£ 2,491,000
HEFCW Current Expenditure	£ 87,510,000
For our future	£ 30,168,000
Higher Education receipts	-£ 2,798,000
HEFCW Depreciation	<u>£ 82,000</u>
Total Allocation for 2016-17	£117,453,000

HEFCW current expenditure line

The HEFCW recurrent budget line includes the following adjustment

- An adjustment of £18.5m has been made for the integration of the National Bursary scheme into the HE support system.
- Additional allocations to increase part time support
 - £18.5m to encourage part time learning in Wales and to allow the council to continue to subsidise the delivery costs of part time courses in Wales
 - £5m allocated to support part time provision
- Additional allocation to support research of £5m
- An adjustment of £21.1m has been made to transfer the costs of the tuition fee grant to Welsh Government student support budget.
- Additional allocation of £20m to support strategic change in institutions in Wales

For our Future

A budget allocation of £5.4m has been provided to support the Coleg Cymraeg Cenedlaethol.

However, should these commitments not utilise the full resource within the budget line in 2016-17, HEFCW are authorised to use any flexibility that may exist for the progression of wider priorities.

For illustrative purposes only, in addition to the For Our Future budget line, HEFCW also have access to the funding for Welsh Medium Scholarships (£330,000) that cannot be drawn down as grant in aid.

Arrangements for the payment of these sums have been agreed via a section 83 agreement. As such HEFCW will need to be able to identify spend in each of the areas and raise separate invoices to the Welsh Government prior to payment of the sums due.

Annex 2

Conditions of Grant

It is part of the terms and conditions of this letter that HEFCW will comply with the contents of the framework document agreed between the Council and the Welsh Government.

Condition of Grant on Regional Coherence

Under section 68(1) of the Further and Higher Education Act 1992, the Welsh Ministers are imposing by way of this letter a condition on the grant made to the Council requiring it, in the exercise of its functions, to have regard to regional coherence in exercising its functions to allocate funding to providers of higher education.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Kirsty Williams'.

Kirsty Williams AM/AC
Ysgrifennydd y Cabinet dros Addysg
Cabinet Secretary for Education