

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

Reference: W05/70HE
Date: 9 December 2005
Response By: 27 January 2006
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CAPITAL FUNDING: FOLLOW-UP TO CIRCULAR W05/32HE

I am writing to provide further information about forthcoming capital funding allocations, **including some additional funding**, and to remind you that expenditure plans are due for submission to the Council in January.

Additional Capital Funding for 2005-06

Circular W05/32HE, published in May 2005, announced additional capital funding of £4.6 million for 2005-06, following a one-off uplift to the Council's capital funding line. **The Council has subsequently agreed that the sum of £2.4 million reclaimed from institutions as a result of under-recruitment in 2004/05 should be redistributed to the sector in support of academic infrastructure by joining it to the additional capital funding for 2005-06.** This approach will result in a consolidated fund capable of greater impact, and will also minimise proliferation of funding lines. Early notice of this arrangement was given at the meeting on Strategic Planning last month.

The funding of £2.4m has been allocated on the same basis as the additional capital funding for 2005-06 – i.e. in proportion to institutions' formula funding for teaching and research for 2005/06. The allocations are shown at **Annex A**.

This funding is made available for the same purposes as the additional capital funding, as set out in paragraphs 21 and 22 of Circular W05/32HE, with the addition of one further area of expenditure – the conduct of estates condition surveys.

The Council wishes to have up-to-date information on the current condition of the Welsh HE sector's estate in order to guide and inform any further action which may be required in this area. It has therefore agreed that, where institutions do not currently have accurate, up-to-date information about the condition of their estate, they should be asked to commission an estates condition survey to an appropriate specification, identifying backlog maintenance required in the non-residential estate. The Council also agreed that, where such surveys are required, the costs should be met from the funding reclaimed against under-recruitment in 2004/05, and that this area of expenditure should be the first call on institutions' allocations.

The Council will treat the original additional capital funding for 2005-06 and the reclaimed funding which has now been joined to it as a single, combined allocation. Institutions are asked to provide a single plan for their combined allocation using the pro-forma provided with Circular W05/32HE for the original additional capital funding. However, as indicated above, they should ensure that these plans include appropriate provision for the cost of undertaking an estates condition survey, where required.

The payment and monitoring arrangements for the combined allocation will be as set out in Circular W05/32HE for the original additional capital funding for 2005-06. Expenditure should be completed by 1 March 2007, and institutions will be asked to provide confirmation of expenditure at that point.

Indicative Capital Funding for Learning and Teaching and IT Infrastructure 2006-07 and 2007-08

Circular W05/32HE also announced indicative capital funding allocations for learning and teaching and IT infrastructure for 2006-07 and 2007-08. We indicated that we hoped to be able to confirm the allocations for 2006-07 prior to the deadline for the submission of plans.

Following the recent publication of the Welsh Assembly Government's budget for 2006-07, I can confirm that the capital funding allocations for 2006-07 will be as set out in Annex A of Circular W05/32HE.

The allocations for 2007-08 are still indicative and will be subject to confirmation in late 2006. At this stage, however, there is no indication that they will be subject to change.

Institutions should submit their expenditure plans on the basis of the confirmed allocations for 2006-07 and the indicative allocations for 2007-08.

Submission of Plans

In view of the announcement of additional funding, the deadline for submission of institutions' plans for the use of capital funding for 2006-07 and 2007-08 and the additional capital funding for 2005-06 (including the augmentation announced in this Circular) has been extended to **Friday, 27 January 2006**. Please would you ensure that your plans are submitted promptly by that date.

The plans should be presented using the pro formas provided with Circular W05/32HE. Electronic versions of these forms can be downloaded from the HEFCW website, where they are available alongside Circular W05/32HE.

Any queries arising from this Circular should be addressed to Emma Morris (029 2068 2292; email emma.morris@hefcw.ac.uk).



PHILIP GUMMETT
CHIEF EXECUTIVE

ANNEX A

ADDITIONAL CAPITAL FUNDING FOR 2005-06

INSTITUTION	2005/06 TEACHING & RESEARCH FUNDING £	ORIGINAL ADDITIONAL CAPITAL FUNDING FOR 2005-06 <i>(announced in Circular W05/32HE in May 2005)</i> £	ALLOCATION FROM FUNDING RECLAIMED FOR UNDER- RECRUITMENT £	TOTAL £
University of Glamorgan	41,725,565	596,963	317,634	914,597
UW Aberystwyth	29,296,631	419,144	223,019	642,163
UW Bangor	29,777,580	426,025	226,680	652,705
Cardiff University	98,071,860	1,403,103	746,567	2,149,670
UW Lampeter	5,797,164	100,000	44,131	144,131
UW Swansea	33,967,996	485,976	258,579	744,555
UWIC	25,079,078	358,804	190,913	549,717
UW Newport	17,667,278	252,764	134,491	387,255
North East Wales Institute	14,022,417	200,617	106,745	307,362
Swansea Institute of HE	13,839,760	198,004	105,354	303,358
Trinity College, Carmarthen	5,214,980	100,000	39,699	139,699
Royal Welsh College of Music and Drama	5,086,190	100,000	38,718	138,718
TOTAL	319,546,499	4,641,400	2,432,530	7,073,930