

Cylchlythyr | Circular

Estates Capital 2018-19

Date: 13 September 2018
Reference: W18/23HE
To: Heads of higher education institutions in Wales
Principals of directly-funded further education colleges in Wales
Response by: 26 October 2018
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This circular provides details of the basis on which Estates Capital funding for 2018/19 will be allocated to Higher Education Institutions in Wales, the information required prior to payment of the funding and our approach to monitoring.

If you require this document in an alternative accessible format, please email info@hefcw.ac.uk.



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Background

1. In the [HEFCW remit letter for 2018-19](#), specific provision was made for Capital funding over the next 3 years. The relevant section (para 4.1 of the remit letter) notes:

'I am pleased to confirm that Capital resources have been allocated to the Funding Council for the next 3 years. Building on the work begun in response to my revised 2016-17 remit letter, I expect the Council to develop a scheme that will help reduce institutional financial risks associated with estate utilisation. I am keen to ensure that the Council is able to help institutions reduce the level of future expenditure on university operations as a tool for preparing institutions for significant regulatory and financial reform during the next 5 years.'

2. Annex 1 of the remit letter confirms that Capital funding of £10M will be available for HEFCW to allocate in 2018-19. Whilst the Cabinet Secretary's [statement](#) of 24 October 2017 indicated that total funding of £30m would be available over the three year period, it is currently only £10m that has been confirmed as funding for HEFCW to allocate in 2018-19.
3. As HEFCW has not allocated Capital for Learning and Teaching since 2010/11, and some Research Capital has been made available to the sector separately, this 2018-19 funding will be allocated for Capital investment in estates to support Learning and Teaching and the student experience.

Basis of capital funding allocations

4. The capital funding will be allocated based on a formulaic approach. As the funding is to be used to support Learning and Teaching and the student experience the allocations of Capital funding for 2018-19 have been determined based on student numbers. The number of students at an institution represents a reasonable proxy for the amount of estate space that they require.
5. A high quality and efficient estate benefits all students, and therefore the student numbers used for the allocation are the most recent HESA Student Record Full-Time Equivalents (FTEs) for all modes, levels and domiciles.

Application of a minimum funding allocation

6. In order to provide capital funding that will allow all institutions to invest in projects that will make a sustainable impact on their learning and teaching space and the student experience, a minimum allocation value of £750,000 has been applied.

7. The funding for institutions where the original allocation based on their student FTEs fell below this value has been increased to this amount and the FTEs for those institutions then removed from the calculation. The remaining balance of available funding has been apportioned between the other institutions based upon the remaining FTEs in the calculation.
8. The resulting allocations for each institution for 2018-19 based on the above methodology are provided in **Annex A**.
9. The basis for calculation of future years' capital allocations will be subject to the Welsh Government's confirmation of the capital funding available and any associated priorities for capital investment identified in future remit letters.

Submission of plans

10. Institutions will be required to provide their capital investment plans for this funding, and their Estate strategies, with details of how the investment plans align with those, prior to the payment of the funding.
11. The capital investment plans should include details of the institutions' planned expenditure and how it will improve the Learning and Teaching space and benefit the Student Experience. The plans should also address the following criteria:
 - *reduce institutional financial risks associated with estate utilization;*
 - *reduce the level of future expenditure on university operations.*
12. Some examples of suitable projects could include those that seek to increase the efficiency or to rationalise the estate or to improve the condition/function of buildings.
13. HEFCW Officers will look to confirm that the capital investment plans, are appropriate and meet the criteria and will seek further information if required.
14. Whilst there is currently only capital funding available for 2018-19 we are asking institutions to provide details of their capital investment plans for the three year period starting from 2018-19 with an indication of the level of priority for each project within the plan. This information will be used to inform our understanding of each institutions' Estate investment needs over the next three years.
15. As part of the submission, we will also require institutions to provide details of their latest data for a number of HESA estates record metrics (as set out in paragraph 20 below) with details of the impact that the proposed projects are expected to have on them. Please also provide information on how these measures compare to your peer group (with information on how

the comparators have been chosen). This will form part of our monitoring process as set out below.

16. A pro forma for these plans is attached at **Annex B**.

Annual Monitoring

17. A monitoring exercise will be undertaken in 2019 at a suitable date to ensure that the funding has been used for the proposed projects and to provide an update on the impact that the investment has had.
18. Institutions will be expected to provide a breakdown of the capital spend in a way that allows comparison with the original plan with explanations to be provided for any differences.
19. Institutions will be requested to provide a qualitative summary of the positive impacts this funding has had/is having on Student Experience, financial risks associated with the estates utilisation and the level of future expenditure on university operations.
20. Institutions will also be required to provide quantitative information of the estimated impact of this funding on the following metrics included in the HESA Estates record, namely:
 - Space (Gross Internal Area (GIA), m²) per staff and student FTE (Non-residential);
 - Total property costs per square metre (GIA, non-residential);
 - Ratio of total property costs to income (Non-residential);
 - Total Income per square metre (Net Internal Area (NIA));
 - Percentage of the estate in condition A and B (GIA, non-residential);
 - Percentage of estate in functional suitability condition 1 and 2 (Non-residential).

Institutions will also be required to provide an updated peer group comparison, based on this estimated impact, as part of the monitoring exercise.

Timetable

21. Providers are requested to submit their strategies to HEFCW by 26 October 2018.
22. Officer analysis and any required follow up will be undertaken, with the intention of making payments to institutions by the end of November 2018.
23. The annual monitoring process will take place from 30 September 2019, although HEFCW will liaise with providers in advance of this date to provide more details.

24. This funding will be made available subject to the general conditions for payment of funds by HEFCW to the Governing Body of an institution. These are set out in the Memorandum of Assurance and Accountability (W15/32HE).

Further information

25. For further information, contact David Hunt (tel 029 2085 9712; email david.hunt@hefcw.ac.uk).

Assessing the impact of our policies

26. We have carried out an impact assessment screening to help safeguard against discrimination and promote equality. We also considered the impact of policies on the Welsh language, and Welsh language provision within the HE sector in Wales and potential impacts towards the goals set out in the Well-Being of Future Generations (Wales) Act 2015 including our Well-Being Objectives. A responsibility also rests on higher education institution partners to assess the impact of their proposals to help safeguard against discrimination and promote equality. Contact equality@hefcw.ac.uk for more information about impact assessments.

Capital funding allocations 2018/19

W/18/23HE: Annex A

Institution	Student FTEs	Allocations pro rata to FTE (£):	Percentage allocated to each institution:
University of South Wales	17,905	1,750,395	18%
Aberystwyth University		750,000	8%
Bangor University	9,605	939,045	9%
Cardiff University	26,025	2,544,301	25%
University of Wales Trinity Saint David	7,805	763,005	8%
Swansea University	16,305	1,594,061	16%
Cardiff Metropolitan University	9,300	909,194	9%
Wrexham Glyndŵr University		750,000	8%
Total	86,935	10,000,000	100%

Source: HESA student record 2016/17

FTE's used in calculation: HESA Session Population, all modes, levels and domiciles.

Note: HEFCWs data suppression policy has been applied to FTE figures but funding calculations were made on the original unrounded values.

Totals may not sum due to rounding.

Note: The Student FTEs for Aberystwyth University and Wrexham Glyndŵr University were 6,870 and 3,885 respectively.