

Fee and Access Plans

1. We will expect financial forecasts to take into account the assumptions and commitments made in the fee and access plans submitted to us covering the academic years (AY) 2018/19, 2019/20 and 2020/21.

Fee income and recruitment

2. We recognise that some institutions may include some growth in their assumed future fee income within their forecasts, although we would expect this to be modest. Any growth in fee income from the levels expected to be achieved in AY 2018/19, for all modes of provision and nationality of students, should be supported by a detailed narrative setting out the evidence available to support the rationale for such growth. The forecast information should clarify how much of any fee income growth is due to an increase in the fees per student and how much due to an increase in numbers of students. The narrative should make reference to the latest recruitment information available both for the University's own recruitment for 2019/20 and the information for the University's competitors and peer groups and how that has been considered in the final forecasts.
3. Given the trend in recent years of slow down or reduction in recruitment in FTUG students from the UK and EU, and the continuing demographic decline in 18 year olds in the UK until at least 2020 in both England and in Wales we are increasing our requirements for reporting downside sensitivities in the forecasts. We have therefore introduced a 'nil growth' tab in the forecasts. This forecast tab should contain no growth in Home and EU undergraduate student numbers, other than roll out of courses where year 1 has already been established in 2018/19. Any growth forecast in other modes of provision (including TNE) should be supported with appropriate evidence in the narrative return. The 'nil growth' forecasts should indicate the extent to which the current cost base, including forecast increases based on annual pay and cost inflation, may exceed the assumed income and identify the amount of cost savings that could be required in such an event.
4. We request annual financial forecasts from institutions to inform our assessment of the financial viability and financial management and governance of institutions as part of our regulatory role. We require the 'nil growth' scenario to be a fully worked up part of the forecast submission in order to provide assurance that each institution's governing body has considered the implications of a nil growth scenario for the financial sustainability of the institution, together with the steps that the governing body will need to take in the event that the forecast growth in the main forecast is not realised.

Student numbers

5. Assumptions for student number forecasts should be consistent with those used in the preparation of the financial forecast tables.

HEFCW funding

6. For planning purposes, the funding allocations announced in 'HEFCW's Funding Allocations 2019/20' ([W19/14HE](#)) should inform the baseline of the forecasts. However, funding levels for future years will be subject to further change, in the context of future levels of Welsh Government budgets and the implementation of the Diamond review recommendations.
7. The [2019/20 remit letter](#) from Welsh Government gives some indication of the Welsh Government's current plans for future funding for HEFCW. Whilst this funding cannot be guaranteed, it is the best current estimate of future funding that could be available from HEFCW.
8. We would recommend that Institutions allocate this funding assuming that the current levels of recurrent funding remain relatively static, and that any additional funding, as indicated in the HEFCW remit letter, is distribution in similar proportions to the current funding.
9. This steer is being provided only as indicative planning information. We cannot confirm that the indicative future funding levels in the remit letter will be made available to HEFCW by Welsh Government, or that the distribution of any such additional funding will be similar to the current funding distribution. We expect to be consulting in early June on the funding proposals for Innovation funding from 2020/21 which will provide some additional information on the basis of funding distribution.

Strategy and initiative allocations

10. Assumptions for strategy and initiative allocations should be based on funding that has already been announced by HEFCW.

Capital

11. The forecast should identify all significant individual capital projects by name or function as well as the actual or intended source of capital funds including allocations of HEFCW capital funding. The proposals should be consistent with the current estates strategy or other accepted capital proposals for your institution, and should include proposed or possible purchases of land or buildings as well as intended refurbishment or new build projects.
12. The forecast should include reference to any plans for long-term capital maintenance projects. Any significant changes to these proposals should be explained within the commentary. We would highlight HEFCW circular Estates Capital 2018-19 ([W18/23HE](#)). The Cabinet secretary indicated that this funding would be received for three years. The [2019/20 remit letter](#) confirms the allocation of £10 million capital funding as the second year of a three year commitment to provide funding to support institutions in reducing their financial

risks associated with their estates and realising efficiencies in the management of their estates and operations. The basis of allocation of this funding has not yet been finalised, but we would expect Institutions to use the 2018/19 allocation as a guideline.