

# Cylchlythyr | Circular

## Capital Funding 2019-20

**Date:** 19 September 2019  
**Reference:** W19/31HE  
**To:** Heads of higher education institutions in Wales  
**Response by:** 25 October 2019  
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This circular provides details of the basis on which Capital funding for 2019/20 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](mailto: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. The [remit letter for 2019-20](#) confirms that for the second year of this Capital funding, £10M will be available for HEFCW to allocate in 2019-20. 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 the initial two tranches of £10m that have been confirmed.
3. As for 2018-19, this funding will be allocated for Capital investment 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 2019-20 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 Equivalent (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. Due to their limited physical estate in Wales and their ability to access other UK capital funding streams, the OU's allocation will be subject to half the value of this minimum threshold (£375,000).
9. The resulting allocations for each institution for 2019-20 based on the above methodology are provided in **Annex A**.
10. The basis for calculation of any 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**

11. 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.
12. 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.*
13. 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.
14. HEFCW Officers will look to confirm that the capital investment plans are appropriate and meet the criteria and will seek further information if required.
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 2020 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), m<sup>2</sup>) 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).

## **Timetable**

21. Providers are requested to submit their strategies to HEFCW by 25 October 2019.
22. Officer analysis and any required follow up will be undertaken, with the intention of making payments to institutions in November 2019.
23. The annual monitoring process will take place from October 2020, 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](mailto: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](mailto:equality@hefcw.ac.uk) for more information about impact assessments.

Capital funding 2019/20

HEFCW circular W19/31HE: Annex A

Institution	Numbers and FTE		Allocations pro rata to (£):	Percentage allocated to each institution
	Number	FTE	FTE	FTE
University of South Wales	22,860	17,640	1,616,846	16%
Aberystwyth University			750,000	8%
Bangor University	11,155	9,630	882,674	9%
Cardiff University	31,935	26,735	2,450,476	25%
University of Wales Trinity Saint David			750,000	8%
Swansea University	20,415	17,285	1,584,298	16%
Cardiff Metropolitan University	10,435	9,170	840,706	8%
Wrexham Glyndŵr University			750,000	8%
OU in Wales			375,000	4%
<b>Total</b>	<b>96,795</b>	<b>80,460</b>	<b>10,000,000</b>	<b>100%</b>

Source: HESA student record 2017/18

*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, UWTSU, Wrexham Glyndŵr University and the OU in Wales were 6,800, 7,645, 3,755 and 3,530 respectively.*