



Ein cyf/Our ref: MA-P-KW-2504-20

David Allen
Chair
Higher Education Funding Council for Wales
Tŷ Afon
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10 August 2020

Dear David

Introduction

1. I would like to thank you and your team for your work in engaging with the sector over recent months in order to respond to the crisis. Further to the interim funding letter I issued to the Council in March, I am pleased to be able to confirm the allocation of additional funding to HEFCW as set out at Annex 1.

Supporting post-pandemic recovery

2. The Welsh Government recognises and acknowledges the very significant contribution the higher education sector is making to our response to the crisis. As you know, I have written to Vice Chancellors to thank the sector for their contribution and to set out areas where we are looking to our institutions to provide support. The priorities we have focussed on in recent years – FE-HE collaboration; co-operation between the sector and business and industry; and building a sector that has civic responsibility at its heart – will be crucial in supporting the national effort to deal with the outbreak and I look to the Council to continue to prioritise these areas of activity. The shape of the sector and role of our institutions in society – locally, nationally and internationally – have evolved over its more than 150 year history and will continue to do so. This Government is committed to continuing to support the sector in making its valuable contribution to students, communities and the nation.
3. I am making an initial allocation of £27 million to HEFCW to establish a Higher Education Investment and Recovery Fund to support the HE sector in mitigating the effects of the pandemic and support the wider economic recovery. Over the remaining term of this Government, I expect HEFCW to use the additional funding to address the following priorities:

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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.

- Maintaining capacity across the HE system in Wales in priority areas of teaching and research which need to be maintained through the 2020/21 academic year where HEFCW has identified such provision is under threat due to shortfalls in domestic and international student recruitment. I would like HEFCW to ensure it has assessed how such provision can continue to be sustainable in the long-term.
 - Priority recovery and investment projects in teaching and research, particularly tied to the Welsh Government's priorities for economic recovery, stabilisation and reconstruction, including artificial intelligence research, development of digital technologies, and green technologies.
 - Investment in learning technologies and blended learning facilities, including expansion of online provision and parallel developments in digital inclusion and reach, to ensure maintenance of the quality of student experience in Welsh universities, with the goal of maintaining Welsh universities' traditionally strong performance in student experience surveys.
 - Support the extension of at-risk skills and research contracts which universities hold with businesses to support jobs and knowledge exchange.
 - Student hardship funds to be allocated by HEFCW to institutions, and by institutions to students, on the basis of urgent financial need.
 - Facilitating institutions to review their portfolio offer and to advise their governors on its future development.
4. In making allocations from the Higher Education Investment and Recovery Fund, I would expect HEFCW to have regard to demonstrable financial need at HE institutions as a result of the pandemic. I would like you to liaise with my officials in the provision of regular reporting on allocations in accordance with the well-established monitoring process and relationship with HEFCW.
 5. I am aware that each year all universities forecast in their fee and access plans how much of their full-time undergraduate tuition fee income they will invest in hardship funds. Hardship funds are only one element of student financial support, including financial information and advice, which institutions provide for students. I expect the Council to give consideration to how it can best support institutions to provide hardship funding to students, based on clearly demonstrated need. I would like you to work with the NUS to ensure that appropriate monitoring arrangements are in place in order to ensure that support is provided where it is most needed.
 6. I am grateful to HEFCW for the work it has undertaken in convening the Looking Forward Group. I have given consideration to the Group's Statement of Intent in making my decision about the additional funding to mitigate the effects of the pandemic. I would now like the Council to ensure that the Group develops a roadmap based on this Statement, which outlines next steps and sets out how universities will amend their activities to meet the needs of Wales over the short and medium term. This should take account of the additional funding that I have now made available.
 7. I would be happy to give consideration to further support at sector and institutional level, in the form of loans, once the position regarding student admissions for the autumn is clearer. This would be on the basis of demonstrable need by individual institutions.

Skills and Employability

8. Collaborative working between the sectors will be at the heart of the proposed new Commission and I would like the Council to continue its efforts to increase collaboration between higher and further education and apprenticeship providers including, but not limited to, the continued piloting of Degree Apprenticeships.

9. We have been working closely with both HEFCW and Universities Wales to help ensure that universities are doing all they can to support students during this difficult time. I wrote to the Vice Chancellors to encourage them to support students through the current situation. I recognise the additional pressures that students have faced this year as a result of the pandemic. I would like the Council to develop support that runs parallel to, and shares the ambitions of, the Go Wales programme, focusing on those students who have graduated during the pandemic.
10. I would also like the Council to support the expansion of online provision and draw in a wider range of courses and provision from the HE sector as a valuable resource for individuals who are worried about their jobs and are, therefore, looking to enhance their skills and knowledge. Parallel developments to raise and enable digital inclusion will be paramount to ensuring accessibility and reach of online support.

Civic Mission

11. The pandemic has highlighted the important role that HE institutions play in developing and sustaining thriving, informed and resilient communities. We have seen the positive impact of institutions' growing civic engagement. Taking into account the significant funding investment in recent years, prior to the pandemic, the Council should now:
- encourage and incentivise institutions to mainstream their civic engagement into their core activity;
 - encourage and incentivise institutions, in collaboration with partner organisations, including FE institutions, to develop accessible and creative means of disseminating and sharing widely the knowledge, understanding and innovation that is produced in our institutions. This could also include open and free resources, both online and in communities, as well as work which supports the new school curriculum; and
 - work with institutions to ensure that civic engagement activity is developed, delivered and extended in such a way that it is recognised and visible to their host communities, involving key local and regional stakeholders, and within the institutions themselves.

Wellbeing of Future Generations Requirements

12. The Welsh Government requires all of its public bodies to work in line with the five ways of working set out in the Wellbeing of Future Generations Act. 2015. As required by the Wellbeing of Future Generations Act 2015, HEFCW has published its wellbeing objectives and is required to evidence progress in an annual report. Progress will be monitored by the Wellbeing of Future Generations Commissioner.

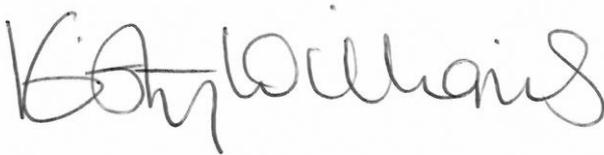
Business Plan and Oversight Arrangements

13. I look forward to receiving your business plan, which should cover the period to May 2021, setting out how you will achieve these objectives. Confirmed funding details are available for 2020-21 only at this stage. I would like the business plan to clearly describe the activity the Council will undertake during this period in implementing its response to the pandemic, drawing on the work of the Looking Forward Group.
14. I am grateful for the work that the Council does in relation to monitoring the financial health and sustainability of the sector. Given that the HE is going to experience an unprecedented year of significantly heightened risk as a result of the pandemic, I expect

the Council to provide regular, confidential updates to my officials relating to the financial health and related risks at institutions.

15. Please submit your business plan to Alison Bryant, Head of your Partnership Team, by the end of September 2020.
16. Your partnership team will continue to liaise with you to discuss oversight and reporting arrangements. The Welsh Government operates a risk-based approach to oversight, working with its public bodies to identify the appropriate level of oversight and monitoring for the individual organisation. The partnership team will undertake periodic assessments of the risk assurance available to them.
17. These arrangements will remain in force for the lifetime of this administration (term of Government), although the remit may be amended if ministerial priorities change. At the end of this term of Government, these remit arrangements will roll forward until the next administration has developed its strategic agenda.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Kirsty Williams', written in a cursive style.

Kirsty Williams AS/MS
Y Gweinidog Addysg
Minister for Education

Annex 1

Detailed allocations for the HEFCW Budget Expenditure Lines for 2020-21 are set out below (£s):

Revenue (net)	193,357,000
Non-cash (depreciation)	90,000
Capital (net)	10,000,000
Total provisional Grant-in-Aid	£203,447,000

The HEFCW revenue expenditure is an amalgamation of the following budget lines that were in place prior to 2017-18:

- For our Future;
- HEFCW running costs; and
- HEFCW receipts.

Decisions on the level of funding allocated to each expenditure line are now the responsibility of the Council. However, at the start of each financial year, HEFCW must provide the Welsh Government with an estimate of their running costs for the year and an estimate of their anticipated receipts for the year. Any shortfall in anticipated receipts will need to be managed within HEFCW's overall budget allocation, unless otherwise agreed in writing with the Welsh Government.

The HEFCW Revenue Expenditure Line includes the following allocations:

- £27m to support the HE sector mitigate the effects of the pandemic through the Higher Education Investment and Recovery Fund;
- £3m to support Degree Apprenticeships; and
- £1.5m to provide additional support for Go Wales.

Annex 2

Conditions of Grant

HEFCW will comply with the terms of the Framework Document agreed between the Council and the Welsh Government and dated September 2014 or such other document that may be issued to HEFCW by the Welsh Government from time to time.

Condition of Grant on Regional Coherence

In the exercise of its functions to allocate funding to providers of higher education, HEFCW must have regard to regional coherence.