

Cylchlythyr | Circular

Request for strategic planning information, forecasts and Annual Monitoring Statements 2013

Date: 10 June 2013
Reference: W13/21HE
To: Heads of higher education institutions in Wales
Response by: **31 July 2013** and **31 October 2013**
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This circular requests HE institutions to submit:

- Strategic planning information
- *For Our Future* target forecasts for 2012/13
- Corporate Strategy measures forecasts for 2012/13 to 2015/16
- Financial forecasts for 2012/13 to 2016/17
- Student number forecasts for 2013/14 to 2016/17
- Annual Monitoring Statements for 2012/13.

If you require this document in an alternative accessible format, please telephone us on (029) 2068 2225 or email info@hefcw.ac.uk.



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Introduction

1. This circular invites higher education institutions to submit the following information:

Part 1 - Strategic planning information

Part 2 - *For Our Future* target forecasts for 2012/13

- Corporate Strategy measures forecasts for 2012/13 to 2015/16

Part 3 - Financial forecasts for 2012/13 to 2016/17

Part 4 - Student number forecasts for 2013/14 to 2016/17

Part 5 - Annual Monitoring Statements for 2012/13

More detailed notes of guidance are set out below. Copies of some of the returns to be submitted are attached at the Annexes to this circular, along with further technical information.

Background and institutional strategic planning

2. Our *Strategic Engagement* circular (W09/20HE) stated our intention to move to requesting copies of full institutional strategic plans once every three years. We instigated these new arrangements through the 2011 edition of this circular, where we requested full strategic plans from institutions in two of the Welsh regions, and strategic plan progress reports from every institution.
3. We require institutions to submit financial and student forecasting information on an annual basis. This is to enable us to understand the past and expected future performance of institutions, and is also an important source of information for strategic dialogue between HEFCW and the institutions which it funds.
4. Since 2005 we have requested that institutions submit details of performance in relation to a number of specific policy areas via Annual Monitoring Statements (AMS).

Strategic context

5. In responding to this circular, institutions should take account of the various key circulars and other publications relating to higher education policy, strategy and funding developments in Wales. These include:
 - *For Our Future*, the Welsh Government's strategy and plan for higher education, published in November 2009.
 - The Minister's remit letter to HEFCW of 21 March 2013, announcing higher education funding and priorities for 2013-14.

- HEFCW's Corporate Strategies 2010-11 to 2012-13 and 2013-14 to 2015-16.
- HEFCW's circulars:
 - *HEFCW's Funding Allocations 2013/14* (W13/09HE)
 - [Maximum fee grant arrangements 2013/14](#) (W12/38HE)
 - *Strategic Reallocation of Student Numbers 2013/14 – Outcomes* (W12/14HE)
 - *Control of student numbers: final numbers and guidance for 2011/12 and future arrangements* (W11/41HE)
 - *Fee Plan Guidance 2013/14 and 2014/15* (W12/15HE and W13/11HE respectively)
 - Higher Education Students Early Statistics (HESES) survey 2012/13 (W12/31HE)
 - *Learning and Teaching and Widening Access Strategies 2011/12 to 2013/14: Initial and Supplementary Guidance* (W10/41HE and W11/17HE respectively)
 - *Reaching Wider Strategies 2011/12 to 2013/14* (W11/01HE)
 - *Innovation & Engagement funding arrangements 2011/12 to 2013/14* (W11/10FHE).
 - *Estates and Infrastructure Capital Funding* (W13/07HE)
 - *Research capital funding 2012-13* (W12/19HE)
 - *The Regional Dimension to the Planning and Delivery of Higher Education 2011/12* (W11/29HE)

Summary of information requirements

6. We will provide to each institution separately: **i) individualised forecast data forms by mid-June; ii) individualised AMS forms by 05 July.** These will be sent, as appropriate, to directors of finance, data contacts, or senior managers with responsibility for the specific policy areas covered by the AMS returns. All institutions should submit their completed returns by the dates indicated. In addition to the specific purposes outlined below, all of the information requested through this circular will provide evidence to inform the judgements we make through our Institutional Risk Review process.

Part 1 - Strategic planning information

7. HEFCW is currently reviewing its process for requesting strategic planning information from institutions and we expect that revised arrangements will be in place from 2014/15. This year, we request that the following institutions submit a copy of their current strategic plan by 31 October 2013:-

University of South Wales
University of Wales Trinity Saint David

We will shortly be writing to these institutions to detail our specific requirements.

8. In addition to the submission of full plans by the above named institutions, **we also ask that each institution submits, by 31 October 2013, a copy of its latest progress monitoring report, as reviewed by its governing body, against the objectives and key performance indicators contained in the institution's current strategic plan.**
9. We will expect all strategic plan progress reports to make explicit reference to latest attainment against relevant KPIs and targets. We also expect HEFCW's Corporate Strategy priorities to feature strongly in institutions' strategic plans and progress reports.
10. Institutions are requested to indicate, where appropriate, any area of discrepancy between their full strategic plan and any of their sub-strategies (including fee plans, and also sub-strategies for estates; widening access; learning and teaching; innovation and engagement; initial teacher training; as well as their engagement with the Coleg Cymraeg Cenedlaethol).

Part 2 - *For Our Future* target forecasts 2012/13 and Corporate Strategy Measures forecasts 2012/13 to 2015/16

11. Our Corporate Strategy for the three financial years 2010-11 to 2012-13 was published in 2010 and is available on our website at: www.hefcw.ac.uk/publications/corporate_documents/corporate_strategy.aspx. It includes the 12 sector-level measures and targets agreed with the Welsh Government through which the delivery of *For Our Future* will be measured. As indicated in our 2010 circular *Request for institutions' response to HEFCW Corporate Strategy 2010-11 to 2012-13 (W10/21HE)*, we need to understand and monitor institutions' performance against each of these targets. This is the final year in which we are requesting forecasts for the *For Our Future* targets.
12. For the following six *For Our Future* measures and targets we will draw on information from institutions' financial and student number forecast returns (*due 31 July 2013*), and from other data sources as appropriate, to get a sense of anticipated performance at each institution and across the sector. Institutions therefore need submit nothing further in relation to these.

- Growth in overseas students;
 - Improvements in the participation rates from the five Universities Heads of the Valleys Institute unitary authorities;
 - Increase in part-time students;
 - Growth in Research Council funding;
 - Reconfiguration and Collaboration – annual income target;
 - Governance: no institution at ‘high risk’ in accordance with HEFCW’s institutional risk review (IRR) process¹.
13. For the remaining six *For Our Future* measures and targets below, we ask **each institution to submit, by 31 July 2013, details of its projected performance against each target for academic year 2012/13.**
- Increase in proportion of Communities First students;
 - Increase in module completion rates;
 - National Student Survey ‘overall satisfaction’ scores;
 - Increase in Welsh medium activity;
 - Employability performance;
 - Knowledge transfer: spin-out company performance.

Blank copies of the above data returns are attached at **Annex A1**. Templates for individual institutions will be emailed to data contacts for completion. Guidance on how the measures are calculated can be found in Higher Education Data Requirements 2012/13 (W13/05HE).

We will be sharing the actual performance data for the period 2008/09 to 2011/12 on the *For Our Future* Welsh medium target with the Coleg Cymraeg Cenedlaethol.

14. Our Corporate Strategy² for 2013-14 to 2015-16 was published on 06 June. It includes the 17 sector-level measures agreed with the Welsh

¹ Through our IRR process we will continue to assess institutional risk based on the outcomes of our latest institutional assurance review visits; our analysis of annual monitoring returns submitted by institutions; and the range of other issues and evidence as set out in our Strategic Engagement circular (W09/20HE).

² www.hefcw.ac.uk/documents/publications/corporate_documents/Corporate%20Strategy%202013-14-2015-16.pdf

Government through which the delivery of the Corporate Strategy will be measured. As with the targets for *For Our Future*, we need to understand and monitor institutions' performance against each of these measures. This is the first year in which we are requesting these forecasts.

15. For the following Corporate Strategy measures we will draw on information from institutions' financial and student number forecast returns (*due 31 July 2013*), and from other data sources as appropriate, to get a sense of anticipated performance at each institution and across the sector. Institutions therefore need submit nothing further in relation to these.

- Growth in overseas students;
- Increase in part-time students;
- Quality;
- Initial Teacher Training;
- Growth in Research Council funding;
- Research Excellence Framework;
- Reconfiguration and Collaboration – annual income target;
- Governance: no institution at 'high risk' in accordance with HEFCW's institutional risk review (IRR) process³.

16. For the remaining measures below, we ask **each institution to submit, by 31 July 2013, details of its projected performance against each target for academic years 2012/13 to 2015/16.**

- Increase in proportion of students domiciled in the bottom quintile of wards in the Welsh Index of Multiple Deprivation or in Communities First cluster areas;
- Increase in proportion of students domiciled in UK low participation areas;
- Retention performance;
- National Student Survey 'overall satisfaction' scores;
- Increase in Welsh medium activity;

³ Through our IRR process we will continue to assess institutional risk based on the outcomes of our latest institutional assurance review visits; our analysis of annual monitoring returns submitted by institutions; and the range of other issues and evidence as set out in our Strategic Engagement circular (W09/20HE).

- Employment performance;
- Employability performance;
- Continuing professional development;
- Collaborative research income.

Blank copies of the above data returns are attached at **Annex A2**.
 Templates for individual institutions will be emailed to data contacts for completion. Guidance on how the targets are calculated will be emailed with the templates.

Part 3 - Financial forecasts for the period 2012/13 to 2016/17

17. Our objectives in requesting financial forecasts are to enable us to:
- gain assurance that effective financial planning arrangements are in place;
 - check that institutions' strategic and financial planning are integrated;
 - monitor the financial health of institutions;
 - produce information at summary level on the overall trends and financial health of the HE sector in Wales; and
 - monitor whether institutions' forecasts take account of the prevailing sector environment and accord with overall sector policy.
18. For the current submission we ask institutions to prepare five-year financial forecasts, covering the period to 2016/17. We will expect financial forecasts to be based on the latest fee plan submissions and relevant circulars on funding and student number allocations. Financial forecast information should be submitted **by 31 July 2013**.
19. In preparing the forecasts institutions should make reference to the planning assumptions outlined in **Annex B** and to the documents listed in paragraph 5 above.

Content of the financial forecasts

20. The form and content of the financial forecasts 2012/13 to 2016/17 is essentially unchanged from that issued in 2012, with the exception that Table 1 Income provides extra lines for more detailed analysis of HEFCW grant (PIF is split from PT teaching grant), and of fee income (split to distinguish new Welsh and EU domiciled students, from UK domiciled students' fees, to assist in the cross-check of the fee grants, and PT UG

and PG fees). Please note that completion of both the five year forecasts and the commentary is compulsory and should reflect the requirements of the Financial Memorandum between HEFCW and the institutions. The forecasts should be based on realistic assumptions and be consistent with the accounting treatment and presentation in the financial statements.

Financial forecasts tables

21. The financial forecast template is attached at **Annex C**. The layout and format of the tables is essentially unchanged from last year, with the exception of the extra analysis of HEFCW grant and tuition fees & grants referred to above. The financial forecast commentary (**Annex D**) requests any further memorandum analysis of the tables in the forecast model.

Financial forecasts commentary

22. Institutions should also provide a commentary on the financial forecasts using the pro forma at **Annex D**. The proforma lists detailed requirements for information on a number of key aspects of the financial forecast, but the overall aim is for institutions to provide:-
 - (i) assurance that the financial forecasts are derived from and are consistent with the institution's current strategic plan and financial strategy and that there is connectivity to recent financial performance;
 - (ii) additional supporting information on the financial forecasts; and
 - (iii) explanation of important trends in the forecast numbers across the period, especially with respect to the key indicators such as liquidity, operating surplus, cash generation etc.

Extra tables are included in the forecast commentary to assist the reconciliation of student fees (distinguishing between new and returning Welsh and EU students, and UK domiciled students) and of overseas students fees (distinguishing between those studying at the 'home' institution and those with franchise organisations or studying at an overseas campus).

Part 4 - Student number forecasts

23. There is an integral relationship between an institution's assumptions about future changes to its student population and its financial forecasts. Therefore the student forecasts are important features underpinning an institution's strategic plan and financial forecasts.

24. Institutions are asked to submit **by 31 July 2013** forecasts of all HE student numbers (both fundable and non-fundable home and EU, Island and overseas) for the four years 2013/14 to 2016/17. This includes forecasts of student numbers that have previously been excluded from the tables (e.g. students at overseas campuses). **Annex E** contains information on the tables and guidelines to assist the accurate completion of the returns. Copies of the tables to be completed are attached at **Annex F**.
25. The definitions contained in circular W12/31HE, *Higher Education Students Early Statistics Survey 2012/13* (HESES12) and in the HESA Aggregate Offshore record guidance, should be used in compiling the student forecast information required by this circular.
26. Assumptions should be consistent with those presented in **Annex B**, and any other relevant assumptions used in the preparation of the financial forecasts.
27. There have been no changes to Tables SPF1-4 since last year; however a new table has been added, SPF 5, to collect forecasts of student numbers outside of the HESES12 population.

Part 5 - Annual Monitoring Statements

28. We require Annual Monitoring Statement (AMS) submissions from institutions in order to provide us with information on progress against previously agreed performance indicators/targets, and assurances that the funds reported on have broadly been used for their intended purpose. We will contact institutions individually to request the completion of AMS templates in the following areas:
 - Learning and Teaching
 - Widening Access
 - Reaching Wider Partnership
 - Innovation and Engagement
 - Initial Teacher Training Strategy
 - Fee Plans
 - Regional strategy
29. We reserve the right to audit the information provided, and will do so on a sample basis if we have any concerns. We will provide separate templates to the institutional contact for each AMS by 05 July 2013. Completed AMS returns should be emailed to AMS@hefcw.ac.uk by **31 October 2013**. In

addition, one hard copy of each completed AMS return should be signed by the Head of Institution and returned by this date. You may scan and send the signed AMS returns to the above email address, or else post to HEFCW's office, FAO Ewen Brierley.

30. Any queries regarding the AMS returns should be forwarded to Ewen Brierley (AMS@hefcw.ac.uk; 029 2068 2291).

Freedom of information

31. As a public authority HEFCW is subject to the Freedom of Information Act 2000. The Act gives a public right of access to any information held by a public authority. Information submitted to HEFCW may be disclosed on request under the terms of the Act. We have a responsibility to decide whether any responses should be made public or treated as confidential. We may refuse to disclose information in exceptional circumstances, such as where disclosure of information would prejudice commercial interests (for example, future financial projections). Further information about the Act, including the particular circumstances when information may be withheld, can be found at www.ico.gov.uk under Freedom of Information Act.