

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) 2019/20, 2020/21 and 2021/22 and any further years submitted subsequent to the publication of this circular.

Fee income and recruitment

2. In the current climate, we do not expect to receive forecasts including significant growth. We expect any growth over the 2020/21 recruitment figures to be fully explained and supported by a robust and detailed narrative setting out the evidence available to support the rationale. This narrative should clarify, where applicable, what relates to changes in the fees per student and how much is due to an increase in numbers of students. It should make reference to the latest recruitment information available both for the University's own recruitment for 2021/22 and the information for the University's competitors and peer groups and how that has been considered in the final forecasts. We reserve the right to request an institution to reforecast if we consider this necessary.
3. Although the demographic decline in 18 year olds in the UK is now starting to reverse, regional trends are variable and the sector continues to operate in a challenging environment. We are therefore maintaining our requirements for reporting downside sensitivities in the forecasts by way of a nil growth scenario. We have kept this scenario as high level as possible in order to reduce workload.
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 and require that the forecast submitted to HEFCW has been subject to review by Council. As part of this, we require that the nil growth scenario 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 range of possible scenarios for the financial sustainability of the institution, together with the steps that the governing body will need to take in the event that the student recruitment 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. The Welsh Government [remit letter](#) to HEFCW for the fiscal year 2021-22 gives some indication of the Welsh Government's current plans for HE funding in 2020-21. Whilst this funding cannot be guaranteed, it is the best current estimate of future funding that could be available from HEFCW.

7. For planning purposes, our 2021/22 Funding Allocations circular ([W21/15HE](#)) should inform the baseline of the forecasts for both 2021/22 and 2022/23. However, funding levels for future years will be subject to further change, in the context of future levels of Welsh Government budgets, the ongoing Covid-19 impact and consequent delay to implementation of the Diamond review recommendations.
8. We would recommend that Institutions allocate this funding assuming that the current levels of recurrent funding remain relatively static unless otherwise announced, and that any additional funding, as indicated in the HEFCW remit letter, is distribution in similar proportions to the current funding.

Strategy and initiative allocations

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

Capital

10. 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.
11. 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. The Minister for Education originally indicated that this funding would be received for three years. The [remit letter](#) for 2021/22 confirms the allocation of £10 million capital funding for a further one year and a supporting circular Capital funding 2021/22 ([W21/13HE](#)) has now been issued.
12. This year we continue to request further details of grant recognition for all material grants (capital and other) where recognition fluctuates annually, affecting operating results. The rationale is that this provides greater clarity over the underlying operating performance of institutions.