

**Jeremy Miles AS/MS**  
**Gweinidog y Gymraeg ac Addysg**  
**Minister for Education and Welsh Language**



**Llywodraeth Cymru**  
**Welsh Government**

Rob Humphreys  
Chair  
Higher Education Funding Council for Wales  
Tŷ Afon  
Bedwas Road  
Bedwas  
Caerphilly  
CF83 8WT

18 March 2024

Dear Rob,

### **HEFCW Remit Letter 2024-25**

1. I am writing to confirm HEFCW's funding allocations for 2024-25 and to set out the priorities and objectives we have agreed for the year ahead. I am pleased that, despite the ongoing financial challenges, I have been able to allocate a total of **£197.756m** to support higher education in Wales in 2024-25.
2. As I indicated following the publication of the draft Welsh Government budget 2024-25 in December 2023, public finances continue to face significant challenges, which has resulted in difficult decisions having to be made across government to manage budgets. As a result, new postgraduate incentive bursaries for students on STEM and Welsh-medium Masters courses, and for students over 60, will end resulting in a reduction to the grant-in-aid settlement of £3.2m. I have allocated £0.8m to fund existing bursaries for continuing students.
3. It is particularly important in times of fiscal constraint that higher education providers are encouraged and supported to identify any opportunities for collaboration and efficiencies. Welsh Government will cooperate with HEFCW and the sector to achieve these aims as far as possible.
4. In light of the adjusted timetable for the formal operational establishment of CTER it is necessary to put in place remitting arrangements for the Higher Education Funding Council (HEFCW). This remit letter will remain in place until the formal operational establishment of CTER which is expected to be 1 August 2024, or until such time the transition to CTER is complete.

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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.

5. A significant amount of work has taken place over the last year to prepare for the establishment of CTER, including the publication of Welsh Government's Statement of Priorities. Published in February, the Statement of Priorities sets out the government's vision for post-16 education in Wales and is intended to support development of the Commissions strategic direction and priorities. I would like HEFCW Council to have regard to the Statement when making decisions, insofar as it represents Government's overarching ambitions. I am very grateful to HEFCW for its contribution which has been underpinned by a proactive and pragmatic approach to supporting the transition, whilst successfully maintaining the crucial functions and business as usual activity of HEFCW.

## **Strategic Objectives and Context**

6. I would like to provide consistency where possible while the tertiary education system is in a transition period, and with this in mind I do not expect HEFCW to produce a new operational plan, but to update and extend those already in existence to 1 August 2024. Equally the Council should work with relevant regulators to agree a similar pragmatic approach to meeting its statutory reporting duties where feasible.
7. I expect the focus of the Council's work to be on supporting HEFCW staff through this period of transition, successfully delivering the closure of HEFCW and supporting Welsh Government officials in establishing the new oversight and regulatory arrangements.
8. Maintaining the sustainability of the sector during this period will be crucial. Ensuring continued, effective delivery of its essential funding (including the allocation of institutional funding for the academic year) and regulatory functions will therefore also be a priority for the Council. In this context, you should assume the Council can continue to operate and develop its funding and regulatory processes in line with its current powers and processes. In undertaking any development, I would expect the Council to consider, wherever possible, the powers under which CTER will operate from August 2024. I would like HEFCW Council to allocate institutional funding per usual processes for the academic year. These allocations and planning assumptions will be transferred to CTER in due course.

## **CTER Transition Arrangements**

9. Work is ongoing to implement systems and processes required by the new Commission and to deliver the closure of the Council. HEFCW officials are fully integrated into the workstreams set up to deliver this work, incorporating and building on their extensive knowledge and expertise. HEFCW officials' expertise is vital to achieving the programme of work. It is very important that HEFCW continues to provide this expertise as well as technical and digital support for the practical establishment of the Commission. Additional realised costs incurred through providing this support will be reimbursed by the Welsh Government providing they have been approved by the Programme's SRO in advance. The allocation for these costs has not yet been included in HEFCW's budget but will be confirmed separately by officials, including the drawdown arrangements if necessary.

## **Mental Health, Well-being and Diversity and Inclusion**

10. I welcome the commitment and work of HEFCW to support the mental health and well-being of students and staff across the sector, and whilst I have not ringfenced funding for the period, I expect and encourage HEFCW to continue offering support. Equally, efforts to promote and ensure equality, diversity and inclusion remains a priority for Welsh Government and I expect the Council to continue its commendable work promoting equality of opportunity across the higher education sector, including supporting development and delivery of Welsh government strategic equality plans and Anti-Racist Wales Action Plan.

## **Degree Apprenticeships**

11. We are already consolidating degree apprenticeships delivery by expanding into new sectors and increasing existing pathways meeting our Programme of Government commitment. Nonetheless, we want to widen the reach of the offer, supporting progression from lower-level apprenticeships as well as increasing diversity and inclusivity.

12. I would like the sector to build on collaborative arrangements between higher and further education to better enable learner progression and ensure we have the right balance between upskilling the existing workforce and supporting new entrants - in particular young people who have been hit hard by the current economic conditions. A total of **£9.411m** has been agreed to support this ongoing priority activity - £5m has been ringfenced within HEFCW's funding allocation. To note that a further £4.411m will be formally allocated in the First Supplementary Budget 2024-25 and a revised Annex A to the letter will be issued.

## **Research, Development and Innovation**

13. The research and innovation landscape continues to evolve, as new initiatives and the outcomes of reviews at UK level are implemented and researchers and innovators respond to the opportunities of the UK's association to the Horizon Europe programme. I would like the Council to continue working together with my officials to enable Welsh universities to deliver high quality research and innovation which brings economic and social benefits for Wales. This includes building supportive and inclusive research environments and cultures which attract talented individuals and teams and which will contribute to Welsh universities' success in securing competitive grant funding from diverse sources. CTER will be required to monitor and report on the effectiveness of its investment in research and innovation, as well as promoting awareness and understanding of its impact and I expect the Council to continue work which will facilitate this.

14. HEFCW and in due course CTER will have a key role in the implementation of the Innovation Strategy, *Wales Innovates*, and in the ongoing promotion of innovation across Wales. I would like the Council to continue working together with officials on the development of an implementation plan for CTER to support delivery of the missions set out in the strategy.

## **Funding**

15. Details of the grant in aid/resource budget for 2024-25 are set out in Annex A. Within this budget I have again ringfenced the following allocations:

- £0.003m for pay parity for HEFCW staff; and
- £5m to fund continued delivery of our degree apprenticeship programme.

## **Business Plan and Reporting**

16. I would be grateful to receive an updated Business Plan extended to cover the period 1 April 2024 – 31 July 2024. setting out how you will achieve these objectives. The funding allocated is confirmed for 2024-25 only. Please submit your extended Business Plan to Craig Greenland, Head of your Partnership Team, by 31 May 2024.

17. 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 sector is continuing to experience the impacts of the pandemic and financial challenges of the ongoing costs of living crisis, I expect the Council to continue to provide regular, confidential updates to my officials relating to the financial health and related risks at institutions.

## **Wellbeing of Future Generations Requirements**

18. 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 Act, 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.

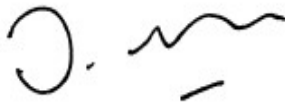
## **Oversight Arrangements**

19. Your Partnership Team will continue to meet you to discuss oversight and reporting arrangements. 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.

20. These arrangements and this remit will remain in force for as long as the Council continues to operate, although the remit may be amended if Ministerial priorities change and as the transition to the Commission progresses. At the end of this period HEFCW will be abolished and its functions and officials transferred to the Commission.

21. I should be grateful if you would confirm receipt of this funding and acceptance of the conditions under which it is offered, including confirmation that the funds earmarked for specific activities will be distributed for the purposes for which they have been allocated.

Yours sincerely

A handwritten signature in black ink, consisting of a large 'J' followed by a series of wavy lines and a short horizontal stroke at the end.

**Jeremy Miles AS/MS**  
Gweinidog y Gymraeg ac Addysg  
Minister for Education and Welsh Language

## Annex 1

Detailed allocations for the HEFCW Budget Expenditure Lines for 2024-25 are set out below (£s):

<b>Funding</b>	<b>£m</b>
Revenue	187.556
Non Cash Depreciation	0.100
Capital - HEFCW	0.100
Capital -HE	10.000
<b>Total</b>	<b>£197.756</b>

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:

- £5m for Degree Apprenticeships; and
- £0.003m for pay parity.

To note that a further £4.411m is planned for degree apprenticeship activity and will be formally allocated following the publication of the First Supplementary Budget.

## **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.