

Assumptions

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 relevant academic years (AY) to 2026/27. The most recent guidance can be found in the publication [HEFCW W24/07HE](#).

Fee income and recruitment

2. We recognise that preparing realistic forecasts of student recruitment and related fee income is extremely challenging for providers in the current circumstances. Reductions in the number of international students, with indicators that UK participation rates are also falling, has increased the competition for both UK and international students. Previous years' recruitment patterns are not reliable indicators of the future recruitment trend at present. In such circumstances, we do not expect to receive forecasts including significant growth in recruitment within the core assumptions. Any areas of forecast fee income growth compared to the current year (2024/25) should be fully explained and supported by a detailed narrative setting out the evidence available to support the rationale. This narrative should clarify, where applicable, how much of the income increase relates to changes in the fees charged 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 2025/26 and any information available about the recruitment by 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. Given the current recruitment challenges we are maintaining again this year our requirements for preparing and reporting down-side sensitivities in the forecasts. We have kept our reporting of these scenarios as high level as possible in order to minimise additional burden as we recognise that providers will be preparing similar scenarios for their own financial risk management and contingency planning.
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 forecasts submitted to Medr have been subject to review and approval by the institutions Governing Body/Council. As part of this Governance review, we require that the 'down-side' scenario be a fully worked up and approved 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.
6. In general, the definitions contained in circular [Medr/2024/09](#), Higher Education Students Early Statistics Survey 2024/25 (HESES24) should be used in compiling the student forecast information required by this circular in Annex E Tables SPF1 to SPF3.

Medr funding

7. The Welsh Government [annual funding letter](#) for the financial year 2025-26 is published on Medr's website. Medr's related funding allocations publication for academic year 2025/26 has not yet been published, but Medr's funding assumptions have been circulated to Vice Chancellors. For planning purposes, the 2024/25 funding allocations publication ([HEFCW W24/13HE](#)) should be used as a baseline forecast for 2025/26. However, funding levels for future years will be subject to further change in the context of future levels of Welsh Government budgets.
8. We would recommend that institutions allocate this funding assuming that the current levels of recurrent funding remain relatively static.

Strategy and initiative allocations

9. Assumptions for strategy and initiative allocations should be based on funding that has already been announced in a publication or confirmed by Medr that it will continue as currently provided.

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 Medr's capital funding and any income from disposal of land or buildings where relevant. 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 Welsh Government funding letter to Medr includes capital funding of £10 million for the Higher education sector in 2025-26. The £10m capital funding should be assumed to be allocated on a similar basis to the current year.

12. Capital funding allocation has not yet been published. The overall level of capital funding is provided in the Minister's [annual funding letter](#) to Medr. The prior year allocation can be found in [HEFCW W24/12HE](#).
13. 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.