

Request for forecasts 2025

Date: 18 July 2025

Reference: Medr/2025/04

To: Heads of higher education institutions in Wales
Chief finance officers of higher education institutions in Wales

Respond by: 31 July 2025

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This circular requests higher education institutions to submit the following information:

- Part 1 - Financial forecasts to include:
 - estimates for the current year 2024/25 and financial forecasts for 2025/26 to 2028/29
 - Monthly cash flow forecasts for the 12 months to 31 July 2026
 - Accompanying narrative commentary
- Part 2 - Student numbers for the current year 2024/25 and forecasts for 2025/26 to 2028/29



Introduction

1. This circular requests higher education institutions to submit the following information:
 - Part 1 - Financial estimates for the current year 2024/25 and financial forecasts for 2025/26 to 2028/29
 - Monthly cash flow forecasts for the 12 months to 31 July 2026
 - Accompanying narrative commentary
 - Part 2 - Student numbers for the current year 2024/25 and forecasts for 2025/26 to 2028/29

More detailed notes of guidance are set out below. Copies of the returns to be submitted are attached at the annexes to this circular, along with further technical information. Electronic copies of some partially pre-completed annexes are being sent to the relevant contacts at institutions in order to commence the forecast submission process. The financial forecast model workbook and commentary (with relevant guidance notes for completion) is attached to this circular at **Annex B**, in addition to a workbook to include validation checks linking the forecast student numbers to the forecast fee income for home and overseas students (**Annexes C1a, C1d C2**).

Background and institutional strategic planning

2. We require institutions to submit financial and student number forecast information on an annual basis. This is to enable us to understand the past and expected future financial performance of institutions, and is also an important source of information to support Fee and Access Plan submissions and strategic dialogue between Medr and the institutions.

Strategic context

3. 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. Key sources are included below, with links to the prior year publication where the 2025/26 details have not been published at time of issue. These include:
 - The Minister's [annual funding letter](#) to Medr announces higher education funding and priorities for the fiscal year.
 - Medr Funding assumptions AY 2025/26 have been issued to Heads of institutions.
 - Medr circulars setting out core grant allocations. The most recent circulars at time of publication have been referenced:
 - Higher Education Students Early Statistics Survey ([Medr/2024/09](#))

Summary of information requirements

4. We are issuing individualised financial and student forecast data returns to each institution separately. These are sent, as appropriate, to directors of finance and data contacts as nominated by the head of the institution. All institutions should submit their completed returns by the dates indicated to assurance@medr.cymru. In addition to the specific purposes outlined above, all of the information requested through this circular will provide evidence to inform our Institutional Risk Review process.
5. Institutions should note that we will be seeking high level updates to financial and student forecasts in November 2025. This will be to inform our analysis of the financial implications of changes to the forecasts as a consequence of the updated student recruitment position for 2025/26.

Part 1 - Financial forecasts for the period 2024/25 to 2028/29

6. Our objectives in requesting financial forecasts are to enable us to:
 - monitor the financial health of institutions;
 - monitor whether institutions' forecasts take account of the prevailing higher education environment.
 - gain assurance that effective financial planning arrangements are in place;
 - ensure that governing bodies are appropriately engaged in the financial forecast and planning processes of the institution;
 - check that institutions' strategic and financial planning are integrated; and
 - produce information at summary level on the overall trends and financial health of the HE sector in Wales.
7. For the current submission we ask institutions to prepare five-year financial forecasts, covering the period to 2028/29. In order to minimise work load for institutions we have pre-populated the 2022/23 and 2023/24 actuals columns in the models, where possible, to assist with identification of any trends in performance. We have also pre-populated the forecast for the year 2024/25 (as submitted to us in July 2024). We will expect financial forecasts to be based on relevant circulars on funding and student number allocations.
8. Financial forecast information should be submitted to us at assurance@medr.cymru by **31 July 2025**.
9. In preparing the forecasts institutions should make reference to the planning assumptions outlined in **Annex A** and to the documents listed in paragraph 3 above.

Content of the financial forecasts

10. The form and content of the financial forecast models 2024/25 to 2028/29 is similar to that submitted by institutions in July 2024. Please note that completion of the five-year forecasts, the commentary and the monthly cash flow statement is compulsory and should reflect the requirements of the HEFCW Financial Management Code (FMC) (circular [HEFCW W17/16HE](#)) between Medr¹ and the institutions. The forecasts should be based on realistic assumptions. To aid comparability they should be consistent with any changes to accounting treatment and presentation and allocation in the last financial statements and HESA finance record.

¹ Existing requirements in place under HEFCW, including the FMC, remain in place under Medr until Medr's new regulatory framework is in place.

Required returns

11. This circular includes a number of annexes for returning to Medr:
 - (i) The financial forecast template (**Annex B1**). We will email the institution specific partially pre-filled tables to data contacts and finance directors.
 - (ii) The financial forecast commentary (**Annex B2**) requests further narrative analysis of the tables in the forecast model.
 - (iii) Monthly cash flow projections for the 12 months to July 2026 are also required.

Summaries of the requirements for each are given below. Guidance on completion of the main forecast is given in **Annex B3**.

Financial forecast template (Annex B1)

12. We expect any growth over the 2024/25 recruitment figures to be fully explained, with robust supporting evidence provided.
13. The financial forecast includes a 'down-side' template for 2025/26. There remain significant uncertainties within the sector and wider economy, and this template provides assurance that your governing bodies have appropriately considered down-side scenarios as well as providing us with data to assess risk to the sector:
 - (i) Adjustments should also be included in other areas of the forecast where such growth is not certain or where cost is predicated on student number growth, for example facilities and residences.
 - (ii) Costs are assumed at the level of your 2025/26 forecast. Mitigating actions required should be clearly detailed in the forecast narrative.
14. Detailed guidance on completion of the financial forecast template is given in Annex B3. Guidance on changes to the template are denoted in [blue](#) for ease of reference.

Financial forecasts commentary (Annex B2)

15. Institutions should provide a commentary on the financial forecasts using the pro forma at **Annex B2**. This 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 as well as the latest intelligence that could affect forecasts such as student recruitment ;
 - (ii) additional supporting information on the key assumptions in the financial forecasts; and
 - (iii) an explanation of important trends in the forecast numbers across the period, especially with respect to the key indicators such as liquidity, operating cash flow, operating surplus and cash generation.
 - (iv) a narrative on contingency planning for the main challenges identified by the institution. This should include any impact on recruitment of both home and overseas students and returners, together with the financial consequences on

tuition fees and related income streams for income, net operating cash flow and cash generation.

- (v) In the current climate we would expect the narrative to include consideration of the higher risk exposures to which the institution is exposed, due to the requirement to diversify income from full time UK undergraduate students, and any related additional cost sensitivity and other modelling of these risks
- (vi) On the cost side we would expect the narrative to include consideration of the risk of inflationary pressures, both staff and non-staff, and the degree of sensitivity to these of the institution's plans.

Changes to the requirements from 2024 are highlighted in yellow.

Monthly cash flow forecasts

16. We are requesting submission of monthly cash flow forecasts for the 12 months to July 2026. The preparation of 12 months cash forecasts is a requirement of the Financial Management Code [para 83]. To facilitate this, we are not requiring a prescribed format for these returns. However we do require that:
- a. the return is prepared in sufficient detail to clearly identify the main income and expenditure streams;
 - b. any anticipated utilisation or pay back of investments or borrowing facilities is clearly identified;
 - c. monthly net cash in / (out) flow is shown;
 - d. monthly opening and closing cash at bank balances are shown separately from use of short term investments / borrowing facilities; and
 - e. total liquid assets, and available borrowing facilities are shown on a monthly basis. Where appropriate any restricted cash should be clearly identified as distinct from free reserves.
 - f. Year-end cash balances should agree to the forecasts submitted.
17. Whilst we will continue to monitor actual cash flows against these forecasts as part of our regular discussions with finance directors, it remains the responsibility of each institution's governing body to inform Medr of reportable events, including any forecast cash deficits. We would draw your attention to paragraph 84 of the Financial Management Code:

The governing body must inform HEFCW² immediately if, at any point in the upcoming 12 months, negative net cash (as defined within FRS 102 S(7), including cash and cash equivalents) is forecast for more than 30 consecutive days.

² Now Medr

Part 2 - Student numbers for the current year 2024/25 and forecasts for 2025/26 to 2028/29

18. The information for student fee income forecasts is required separately at **Annex C**. The student number information in **Annex C** is populated automatically from the tables in **Annex E**, to aid reconciliation with student fees. Guidance for the student number forecast can be found at **Annex D**.
19. 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.
20. Institutions are asked to submit, to assurance@medr.cymru, by **31 July 2025** forecasts of all HE student numbers (Home fundable, Home non-fundable and Overseas) for the five years 2024/25 to 2028/29. This includes forecasts of transnational education (TNE) student numbers at EU and overseas (non-EU) campuses, to be included in Annex E, SPF3 and the related fees income to be included in tab Annex C2. **Annex D** contains information on the tables and guidance to assist the accurate completion of the returns. A template copy of the tables to be completed is attached for information at **Annexes C and E**. We will email institution individual tables which contain validation and summary information. Tables in tab Annexes C1 and C2 are included in the same workbook as tab Annex E, and credibility checks have been introduced to help check student number returns alongside fee income data. It is these tables that need to be completed and returned.
21. In addition to the forecasts, we are requesting information on student numbers for the current year 2024/25. This is to ensure that we can make comparisons of the most recent student population against the student fee income data returned in tab Annexes C1 and C2. We recognise that it will still include an element of estimation as the academic year will not have ended but will provide us with more accurate numbers to make a comparison with assumptions made in preparing the forecast fee income figures. For reference, figures from Table 1 of the 2024/25 higher education students early statistics (HESES) survey have been included as a supplementary table.
22. In general, the definitions contained in circular [Medr/2024/09, Higher Education Students Early Statistics \(HESES\) survey 2024/25](#) and in the [HESA Aggregate Offshore record](#) should be used in compiling the student forecast information required by this circular. Details can be found in **Annex D**.
23. Assumptions should be consistent with those presented in **Annex A**, and any other relevant assumptions used in the preparation of the financial forecasts.
24. Further notes on completion of the tables can be found in **Annex D**.

Freedom of information

25. We will treat all information provided to us in this circular as confidential.
26. As a public authority Medr 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 Medr 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 circumstances where disclosure of information would prejudice commercial interests or where information has been provided in confidence (for example, future financial projections). Further information about the Act, including the particular circumstances when information may be withheld, can be found at <https://ico.org.uk/> under Freedom of Information Act.

Further information

27. Any queries regarding this circular should be directed to Diane Rowland (assurance@medr.cymru).

Medr

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