

HEFCW Annual Regulatory Report

2019/2020



Noddir gan
Lywodraeth Cymru
Sponsored by
Welsh Government

Contents

Foreword	2
Section 1 – Introduction	3
Section 2 – Fee and Access Plans	5
2.1 Introduction	5
2.2 Discharging of functions in the reporting period (2019/20).....	5
2.3 Outcomes of activities in discharging functions.....	7
2.4 Failures to comply with the regulatory system and instances of intervention..	8
2.5 Development of Regulatory Processes	8
Section 3 – Quality of Education	9
3.1 Introduction	9
3.2 Discharging of functions during the reporting period	9
3.3 Outcomes of activities in discharging functions.....	10
3.4 Failures to comply with the regulatory system and instances of intervention	11
Section 4 – Financial Affairs of Regulated Institutions	12
4.1 Introduction	12
4.2 Discharging of functions in 2019/20	12
4.3 Outcomes of activities in discharging functions.....	14
4.4 Failures to comply with the regulatory system and instances of intervention	14
Section 5 – Statement of Intervention.....	15
Section 6 – Assurance Statement	16

Foreword

I am pleased to present our Annual Regulatory Report, which sets out how we discharged our regulatory functions, during the 2019/20 academic year.

The report has been approved by our Council following scrutiny from our Audit and Risk Assurance Committee, our Quality Assurance Committee and our Regulation Committee. Regulatory functions that we have discharged since 31 July 2020 will be detailed in future reports. Our regulatory powers are specific and limited to certain aspects of regulated institutions' activity; we are able to intervene therefore in matters that fall within the scope of our regulatory functions. As part of the exercise our formal regulatory functions, we continue to work in partnership with the sector to improve practice.

This report covers the first academic year to be impacted by the Coronavirus (Covid-19) pandemic. Regulated institutions, like all other organisations, have been significantly affected by the pandemic. [We commend our regulated institutions for responding quickly to the evolving challenges and providing much needed support to their students and to Wales' overall response to the pandemic.](#)

Recognising the impact on our regulated institutions, we have streamlined our regulatory processes to enable institutions to focus on their students, staff and communities. This decision has not been taken lightly and was arrived at after seeking advice from our Committees and involving partners in our decision making process, particularly the Welsh Government, NUS Wales and the institutions themselves. Whilst we have amended our formal regulatory approaches, we have maintained close contact with our regulated institutions, particularly our universities for whom we are the primary regulator. This has allowed us to secure the necessary regulatory assurances and, especially, ensure we have up to date understanding of the position of the institutions.

In the coming academic years our main focus will be to monitor, challenge and support our institutions, including in their role in delivering an economic recovery. We will continue to review our regulatory processes, learning lessons from the changes we have made this year to ensure we secure regulatory assurances in a proportionate yet rigorous manner. This will allow institutions to focus on delivering for their students, their staff, and their communities and for Wales.

The coming year will also be an important year for HEFCW staff with the Tertiary Education and Research (Wales) Bill expected to be laid in the Senedd. There is much to be gained for Wales from the establishment of a post-compulsory education and training sector that is regulated and funded by a single arm's length body. It is crucial that the legislation is developed in such a way as to secure a cohesive, integrated and high-quality system that has the necessary combination of rigorous regulation and institutional support. In reviewing our regulatory processes, we will continue to maintain a line of sight into proposals for a new regulatory system, advising and supporting the Government where appropriate, in order to secure a smooth transition for providers to the new system.



Rob Humphreys
Interim Chair

Section 1 – Introduction

- 1.1 The Higher Education (Wales) Act 2015 (the 2015 Act) gained royal assent on 12 March 2015, enhancing the Higher Education Funding Council for Wales's (HEFCW) role as a regulator. The 2015 Act, supported by six sets of regulations, gradually came into force during a transitional period, which ended with the Act fully coming into force on 1 August 2017.
- 1.2 The 2015 Act sets out specific duties for HEFCW in the following areas:
- Student fee limits,
 - Improving equality of opportunity and promoting higher education,
 - Quality of education,
 - Financial affairs.
- 1.3 Institutions regulated under the Act must comply with HEFCW's directions in these areas. Institutional autonomy is made explicit in the Act and HEFCW's duties and powers of intervention are limited to only those areas set out in the Act, as set out in the paragraph above.
- 1.4 HEFCW's powers under the Further and Higher Education Act 1992 are not within the scope of this report.
- 1.5 One of the expectations on HEFCW is that it provides Welsh Ministers with an annual report on how it has exercised its functions by virtue of the Act at the end of each reporting period. This is the third report that we have submitted under this requirement and will cover the reporting period from 1 August 2019 to 31 July 2020. Functions that have been exercised after 31 July 2020, but relate to previous Fee and Access Plans, will be included in later reports.
- 1.6 Our report is set out in line with guidance issued by Welsh Ministers. Expectations set out in the guidance are that the annual report will include:
- An explanation of how HEFCW has discharged its functions under:
 - a) Section 7 – approval of Fee and Access Plans,
 - b) Section 15 – monitoring and evaluating compliance and effectiveness of Fee and Access Plans,
 - c) Section 17 – assessment of the quality of education provided by or on behalf of regulated institutions, and
 - d) Section 31 – monitoring compliance with the Financial Management Code.
 - The outcomes of the activities undertaken by HEFCW in discharging the functions listed above. This should include a summary of:
 - a) Fee and Access plan applications, approvals and rejections,
 - b) The regulated sector's compliance with fee limits and the general requirements of approved Fee and Access Plans,
 - c) Quality assessment reviews undertaken and the outcomes of those reviews, and
 - d) The regulated sector's compliance with the Code.
 - Details of any failures by regulated institutions to comply with the requirements of the regulatory system and instances where HEFCW has used its intervention functions under:
 - a) Section 11 – compliance and reimbursement directions,

- b) Section 13 – directions in respect of a failure to comply with the general requirements of an approved Fee and Access plan,
- c) Section 19 – directions in respect of inadequate quality,
- d) Section 20 – other measures in respect of inadequate quality,
- e) Section 33 – directions in respect of a failure to comply with the Code,
- f) Section 34 – other measures in respect of failure to comply with the Code,
- g) Section 37 – notice of refusal to approve a new Fee and Access Plan,
- h) Section 38 – HEFCW’s duty to withdraw approval of a Fee and Access Plan if a regulated institution no longer satisfies the requirement of section 2(3)¹, and
- i) Section 39 – HEFCW’s power to withdraw approval of an approved Fee and Access Plan.

including details of the actions HEFCW has taken to resolve the regulatory failure in question and the progress made by the regulated institution in taking the necessary action; and

- An assurance statement which includes an overview of the regulated sector’s compliance with the regulatory system laid down by the 2015 Act and highlights any areas of concern or risk.

1.7 This report has been structured into three main chapters to report against those areas Welsh Ministers expect to be covered: Fee and Access Plans, quality of education and financial affairs. There is also an Assurance Statement on our compliance with the regulatory system.

1.8 Throughout this report we will confirm whether there have been any failures by regulated institutions to comply with the regulatory system. We have taken three broad approaches to identify whether there have been compliance failures. These approaches are:

- Self-reporting by regulated institutions whether on an ad-hoc basis or through planned reporting cycles,
- Complaints received through HEFCW’s [complaints system](#) established to enhance its regulatory role, and
- HEFCW monitoring including formally through engagement with regulated institutions, discussions with other external bodies or monitoring data systems.

These approaches will be explained where relevant and as necessary throughout the report.

1.9 This report is submitted in the context of the Covid-19 pandemic, which has had a significant impact on our way of life. Higher education providers have not been immune to the impact and we [have amended our regulatory processes](#) to support institutions to respond to the unprecedented pandemic and support their students. As result of reducing the regulatory burden we have sought other ways to gain assurances that institutions continue to meet their regulatory expectations. We have not taken this decision to streamline regulatory processes lightly and have discussed these amendments, with our Council, relevant Committees, Welsh Government and key stakeholders, notably NUS Wales.

¹ Section 2 (3) of the Higher Education (Wales) Act 2015 sets out that a fee and access plan applicant must be an institution in Wales that provides higher education and is a charity.

Section 2 – Fee and Access Plans

2.1 Introduction

2.1.1 All institutions in Wales that wish to be regulated by HEFCW are required to have Fee and Access Plans approved by HEFCW. Becoming regulated enables qualifying students studying full-time undergraduate and PGCE QTS (Qualified Teaching Status) courses at that institution to access Welsh student support. Fee and Access Plans set out institutions' fee levels for full-time undergraduate and PGCE QTS provision for the academic year to which the plan relates and commitments to improving equality of opportunity and promoting higher education. On submission of a Fee and Access plan, an institution must demonstrate that it meets the regulatory requirements associated with a regulated institution, those being that they:

- are an institution,
- are wholly or mainly in Wales,
- provide higher education,
- are a charity,
- are financially viable,
- are financially well managed, and
- provide quality education.

2.1.2. This section of the report sets out how HEFCW has discharged its functions in relation to Fee and Access Plans up until 31 July 2020 including:

- Developing its processes for Fee and Access Plans prior to the reporting period,
- Approving or rejecting Fee and Access Plans,
- Ensuring compliance with applicable fee limits, and
- Monitoring compliance with, and evaluating the effectiveness of, Fee and Access Plans.

2.1.2 As referred to, in the introduction, we have amended our regulatory processes, including those related to Fee and Access Planning. This is reflected in our reporting below.

2.2 Discharging of functions in the reporting period (2019/20)

2.2.1 This section of the report sets out how we discharged all of our functions relating to Fee and Access Plans. This includes approvals to Fee and Access Plans, as well as ensuring compliance with the fee levels and the general requirements of Fee and Access Plans

Monitoring and Evaluation of Fee and Access Plans 2018/19

2.2.2 Following our monitoring and evaluation of 2018/19 Fee and Access Plans we can confirm that all regulated institutions have taken all reasonable steps to comply with the general requirements of their respective 2018/19 Fee and Access Plans.

2.2.3 In making this assessment, we have analysed reports submitted by each regulated institution setting out how they have complied with fee levels, the general requirements of the Fee and Access Plan and evaluated the effectiveness of those plans. We have also reviewed institutional complaints to HEFCW, analysed Higher

Education Statistics Agency (HESA) data and analysed Student Loans Company data.

Areas for improvement

- 2.2.4 We have identified that institutions need to evidence more clearly how the investment they are making is positively impacting those groups of students institutions have identified as under-represented in higher education. Dialogue is ongoing with institutions to inform our understanding of this.
- 2.2.5 We commissioned Advance HE to review the frameworks used by institutions in Wales to enable their evaluation of the effectiveness of Fee and Access Plans. This has been published and brought to regulated institutions' attention. We consulted on issuing the principles and recommendations published in the review as information and advice for regulated institutions to take account of when submitting Fee and Access Plans. This consultation was put on hold due to the impact of Covid-19 and we are awaiting the appropriate time to recommence this consultation.

Approval of 2021/22 Fee and Access Plans

- 2.2.6 We received ten applications for Fee and Access Plans for the 2021/22 academic year during 2019/20. These were received from the eight universities and two further education colleges that have been regulated since the implementation of the 2015 Act.
- 2.2.7 The 2021/22 Fee and Access Plan applications were approved, against pre-defined criteria and requirements, in May 2020. As part of our amendments to regulatory processes in response to the Covid-19 pandemic, the Plans were approved on the basis that they either specified or determined the fee levels to be charged in 2021/22 and set a commitment to improve equality of opportunity and promote higher education. We were also assured through the submission of the plans and our ongoing engagement with institutions that satisfactory governance processes are in place as well as student partnership arrangements.
- 2.2.8 In communicating our approval of the Fee and Access Plans we indicated to each institution an expectation that we would discuss our complete analysis of the Fee and Access Plans during the 2020/21 academic year. These discussions, informed by the scrutiny of the Fee and Access Plans by the Regulation Committee would provide additional assurances regarding institutions' intentions for meeting the institutions' Fee and Access Plan objectives in 2021/22.
- 2.2.9 The outcomes of our discussions with institutions will be reported in the next regulatory report covering the outcomes of how we discharged our functions during 2020/21.
- 2.2.10 Institutions were required to publish, on their website the section of the Fee and Access Plan related to fee levels. With a varied 2021/22 Fee and Access Plan expected to be published during 2020/21.

Compliance with fee levels

- 2.2.11 Regulated institutions can only charge fee levels for full-time undergraduate and PGCE QTS provision as set out in Fee and Access Plans approved by HEFCW. Once Fee and Access Plans have been approved we share the details of approved fee levels with the Student Loans Company. Fee levels vary.
- 2.2.12 We have monitored fee levels for full-time undergraduate and PGCE QTS provision set out in 2019/20 Fee and Access Plans through the analysis of Student Loans Company and Higher Education Statistics Agency data, complaints received and discussions with regulated institutions.

2.3 Outcomes of activities in discharging functions

- 2.3.1 This section of the report sets out the outcomes of having discharged our regulatory functions as they relate to Fee and Access Plans. This section covers the outcomes of approving Fee and Access Plans and our monitoring of compliance with fee levels and the general requirements of Fee and Access Plans.

Outcomes of approving Fee and Access Plans

- 2.3.2 All approved Fee and Access Plans have included groups identified as under-represented in higher education. Institutions' identify different groups as under-represented according to their mission and purpose and the groups listed below are indicative of the groups that will be supported by the equality of opportunity investment committed to in Fee and Access Plans:
- people of all ages living in the Welsh Government former Communities First Programme areas,
 - people of all ages living in the bottom quintile of Lower Super Output Areas of the Welsh Index of Multiple Deprivation,
 - people of all ages living in [UK POLAR3](#) low participation neighbourhoods,
 - care experienced young people,
 - people of all ages with caring responsibilities,
 - people of all ages with [protected characteristics](#),
 - people of all ages from low income backgrounds, and
 - people of all ages wishing to study Welsh medium higher education.

Outcomes of monitoring compliance with fee levels

- 2.3.3 As a result of discharging our functions to monitor fee levels charged at regulated institutions, we have not identified any excess full-time undergraduate and PGCE QTS fees charged by regulated institutions during 2019/20.

Outcomes of monitoring compliance with general requirements of Fee and Access Plans

- 2.3.4 We have not identified any instances where a regulated institution has failed to comply with the general requirements of an agreed 2019/20 Fee and Access Plan.
- 2.3.5 In 2019/20, we received no complaints relating to compliance with general requirements of Fee and Access Plans.

2.4 Failures to comply with the regulatory system and instances of intervention

2.4.1 No regulated institution has failed to comply with the regulatory requirements associated with a Fee and Access Plan. Therefore, there are no instances of interventions to report.

2.5 Development of Regulatory Processes

2.5.1 During 2019/20 we provided regulated institutions with a Fee and Access Plan template for the first time, to provide uniformity to Fee and Access Plans in Wales and to help provide clarity on our expectations for Fee and Access Plans.

Section 3 – Quality of Education

3.1 Introduction

- 3.1.1 Under the 2015 Act, HEFCW is required to assess, or make arrangements for the assessment of, the quality of education provided in Wales by, or on behalf of, each regulated institution. The 2015 Act gives HEFCW powers regarding provision which is, or is likely to become, inadequate, with adequacy defined as meeting the reasonable needs of those receiving the education or undertaking the course.
- 3.1.2 HEFCW may issue or approve guidance regarding improving or maintaining the quality of education provided by, or on behalf of, regulated institutions, and about criteria for assessing quality. Prior to issuing or approving such guidance, HEFCW must consult the governing body of each regulated institution and any other persons HEFCW think appropriate. HEFCW was also required to set up a [Quality Assessment Committee](#) (QAC) to advise on its functions regarding quality under the 2015 Act. Our QAC has provided advice to the Council on matters set out in this report as it relates to quality.
- 3.1.3 This section of the report sets out how we have discharged our quality functions during the reporting period, up until 31 July 2020, as well as the outcomes of those functions determining whether regulated institutions have complied with the regulatory system.

3.2 Discharging of functions during the reporting period

- 3.2.1 Under the 2015 Act, HEFCW is required to consult the governing body of each regulated institution, and any other persons they deem appropriate, before issuing or approving guidance in relation to quality.
- 3.2.2 This section sets out how our quality functions have been discharged during the 2019/20 academic year.

External reviews

- 3.2.3 The Quality Assurance Agency for Higher Education was commissioned by Universities Wales to conduct the external quality assurance and enhancement reviews to meet the Framework's requirements. The purpose of these reviews is to meet public interest and ensure the standards of quality meets the baseline regulatory requirements.

Triennial visits

- 3.2.4 As part of HEFCW's responsibilities under the Framework, HEFCW conducts a triennial visit to each regulated institution and reports on its findings. This focuses on the annual quality assurance statements which are signed by the governing body. Each institution visited is provided an opportunity to review the report for accuracy before it is considered by QAC and utilised by HEFCW's Council as part of its Institutional Visit. The outcomes of reviews fed into other HEFCW processes, including fee and access planning and the annual institutional risk review process.

Complaints

- 3.2.5 We reviewed data on student complaints made about Welsh institutions to the Office of the Independent Adjudicator (OIA) in 2019. QAC was content with the update. The Committee noted that two Welsh HEIs issued Completion of Procedures (CoP) letters which were above the band median, but advised no further action was required to be taken by HEFCW. The Committee also noted the higher than expected occurrence of complaints from PhD students. It recognised the importance of HEFCW continuing to engage with institutions on student complaints via triennial assurance visits.

Quality likely to become inadequate

- 3.2.6 HEFCW has responsibilities under the 2015 Act in relation to provision which is 'likely to become' inadequate. Following the consultation exercise carried out in 2017/18, HEFCW's [Procedures for assessing the quality of education](#) were published in March 2019. No changes to these procedures were made during 2019/20.

Amendments to the Quality Assessment Framework

- 3.2.7 The Quality Assessment Framework for Wales was published in the previous reporting period to provide HEFCW with mechanisms to assure itself that the quality of education, or a course of education, provided by, or on behalf of, regulated institutions meets the needs of those receiving it. The framework was developed to align with the 2015 Act and to take account of regulatory changes. The QAF was updated in 2019/20 to take account of an additional assurance statement for the governing body and was republished in April 2020.

3.3 Outcomes of activities in discharging functions

- 3.3.1 This section sets out the outcomes of activities undertaken as a result of discharging our quality functions to assess or make arrangements for the assessment of the quality at regulated institutions.
- 3.3.2 One Quality Enhancement Review of a regulated institution was undertaken by QAA. The outcome of this was satisfactory. Two other reviews were postponed to 2020/21 due to the Covid-19 pandemic. One Gateway Quality Review was carried out and was successful.
- 3.3.3 There were two triennial visits conducted in December 2019 and February 2020. A third visit was postponed due to Covid-19. HEFCW was generally assured by the outcomes. HEFCW made a number of observations and recommendations from these visits, including:
- Strengthening the assurance from the Governing Body to HEFCW
 - Ensuring that the Governing Body and Students' Union had systematic oversight of the student voice at partner organisations
- 3.3.4 HEFCW did not initiate any investigations regarding quality likely to become inadequate in 2019/20. The remaining two investigations outstanding from 2018/19 were completed in 2019/20, and were considered by the QAC. HEFCW was satisfied that any issues had been addressed and therefore provision was not, nor likely to become, inadequate.

3.3.5 In 2019/20, three complaints were received by HEFCW in respect to quality. One complaint was not eligible to be taken forward due to the lack of provision of evidence, and failure to complete institutional procedures. Preliminary investigations were undertaken for the remaining two complaints. One complaint was closed following receipt of satisfactory evidence from the institution confirming there was no systematic quality issue, and the final complaint remains open pending further consideration of evidence. It was expected that this would be completed in 2020/21.

3.4 Failures to comply with the regulatory system and instances of intervention

3.4.1 There were no failures to comply with the regulatory system as it relates to quality and as a result we did not utilise our intervention functions.

Section 4 – Financial Affairs of Regulated Institutions

4.1 Introduction

- 4.1.1 Section 27(1) of the 2015 Act requires that HEFCW prepare and publish a code relating to the organisation and management of the financial affairs of regulated institutions. Section 27(2) states that ‘The Code may make provision about the following matters (among others):
- a) circumstances in which a regulated institution is to enter into a transaction of a class specified in the Code only with the consent of HEFCW,
 - b) accounting and audit arrangements of regulated institutions, and
 - c) the provision of information to HEFCW.’
- 4.1.2 Section 27(4) of the 2015 Act requires that the governing body of a regulated institution must:
- a) comply with any requirement imposed by the Code, and
 - b) take into account any guidance contained in the Code.
- 4.1.3 This section of the report sets out how we monitored compliance with the Code in 2019/20.
- 4.1.4 As referred to, in the introduction, we have amended our regulatory processes, including those related to the organisation and management of the financial affairs of regulated institutions. This is reflected in our reporting below.

4.2 Discharging of functions in 2019/20

Financial Monitoring

- 4.2.1 We undertook financial monitoring, including the review of each regulated institution’s financial statements and detailed financial forecasts. In the reporting period, financial forecasts were analysed in late summer 2019 and financial statements in early 2020. We undertook regular engagement with finance teams, at least termly. In addition, financial forecast updates were analysed in spring 2020 as part of the 2021/22 Fee and Access Plan application process. HEFCW monitored complaints received under its complaints processes about institutions’ procedures where they have a potential bearing on compliance with the Code.
- 4.2.2 We reviewed the borrowing levels of institutions against agreed thresholds and where institutions wished to commit to borrowing in excess of these thresholds we undertook a formal process involving scrutiny of finances and governance processes to determine the appropriateness of proposals.
- 4.2.3 Covid-19 placed all institutions in risk. As such, from March 2020 we undertook engagement with institutions which would reflect the engagement that would be undertaken should a ‘high risk’ risk institutional risk review level have been awarded. This included requests for further specific financial updates and increased engagement with finance teams.

Institutional Assurance Reviews

- 4.2.4 We undertook institutional assurance review work in respect of each regulated institution in Wales. The focus of these reviews was on seeking evidence for the robustness of institutions' own risk management, control and governance arrangements. We looked for this evidence, in particular, through the assurances and opinions provided by institutions' own internal and external auditors, and the reports of their Audit Committees. Discussions with key personnel at institutions were a crucial part of our assurance review work. We also met with institutions' internal auditors. During the reporting period, officers carried out two planned formal institutional assurance review visits. One institutional assurance review visit was deferred from 2019/20 to 2020/21, due to Covid-19. This visit was subsequently undertaken, with all interviews carried out virtually.

Institutional Risk Reviews

- 4.2.5 Through our Institutional Risk Review (IRR) process we conducted formal, bi-annual risk assessments of regulated institutions. A range of information drawn from the latest data returns and Council and officer engagements with institutions was used to risk-assess each one against six key areas – Governance and Management; Finances; Strategic Direction; Research and Knowledge Transfer; Students and Quality; and Estates. An overall assessment was made through which each institution was rated as being at 'Low', 'Moderate' or 'High' exposure to risk (Note. autumn 2019 only, see below). The definitions of these risk categories is as follows:
- Low risk: The institution is unlikely to fail to comply with the Financial Management Code.
 - Moderate risk: The institution has, or may fail to comply with the Financial Management Code over the short to medium term, but the impact of this does not lead to sustainability concerns over that period
 - High risk: The institution has, or is likely to fail to comply with the Financial Management Code over the short to medium term, and the impact of this leads to sustainability concerns over that period.
- 4.2.6 We conducted an interim IRR in autumn 2019, with the outcomes considered by the Audit and Risk Assurance Committee in December 2019 and Council in January 2020. A full IRR was undertaken in spring 2020, with the outcomes of the full IRR considered the Audit and Risk Assurance Committee in June 2020 and Council in July 2020. As set out in the Covid-19 impact on higher education providers: funding, regulation and reporting implications circular (W20/11HE), the IRR process did not result in ratings or IRR letters being issued to institutions in 2020, but the process was used to capture key areas of information and identify actions for HEFCW officers. Covid-19 placed all institutions in risk, and as such, we undertook engagement with institutions which would reflect those that would be undertaken should a 'high risk' risk review level have been awarded.
- 4.2.7 In addition, the Council established a series of formal institutional meetings where Council members and officers meet each institution at least once every three years, providing a further opportunity for discussion of strategic matters with governors and senior management. One regulated institution was visited in 2019/20.

Financial Management Code

4.2.8 The Financial Management Code (the Code) requires HEFCW to keep the Code under review, and if appropriate, prepare and publish a revised Code. The Code was reviewed in 2019/20 and no revisions were identified.

4.3 Outcomes of activities in discharging functions

4.3.1 This section sets out the outcomes of our monitoring of compliance with the Code in the reporting period.

4.3.2 We were assured that that all institutions complied with the financial requirements set out in the Code. We obtained this assurance via engagement and scrutiny.

4.3.3 We undertook review of two borrowing applications from two institutions in 2019/20. All borrowing applications were approved.

4.3.4 As a consequence of Covid-19, we increased levels of engagement with the Senior Management Teams of all institutions, in order to gain assurance that the risks relating to Covid-19 were being urgently and appropriately addressed. This included regular monthly engagement with Directors of Finance to understand and monitor the delivery of plans to improve financial sustainability and additional cash flow monitoring.

4.3.5 In 2019/20, no complaints were received by HEFCW that alleged issues which represented potential breaches of the Code.

4.4 Failures to comply with the regulatory system and instances of intervention

4.4.1 Informal intervention had been undertaken at one institution as a result of a serious breach of the Financial Management Code (FMC), in 2018/19. The action plan to address the issues identified continued to be monitored by HEFCW officers during 2019/20 to ensure the issues were being appropriately addressed.

4.4.2 There were no instances where formal intervention in respect of a failure to comply, or a likelihood of failure to comply, with the Financial Management Code was required during the reporting period.

Section 5 – Statement of Intervention

- 5.1 A full [Statement of Intervention](#) is in place. The Statement outlines HEFCW's powers of intervention under the Higher Education (Wales) Act 2015.
- 5.2 The Statement of Intervention is kept under review by HEFCW's Regulation Committee and it was agreed that some minor amendments be made together with any substantive changes needed to allow for HEFCW's regulatory tone, once that had been established. It is anticipated that any amendments will be made later in 2021, with the requisite consultation to be undertaken on changes.

Section 6 – Assurance Statement

- 6.1 This section provides an annual assurance statement by the Higher Education Funding Council for Wales (HEFCW or the Council) to the Welsh Government on regulated institutions' compliance with the regulatory system laid down by the 2015 Act and highlights any areas of concern or risk.
- 6.2 The Council's assessment is that, across the regulated sector, institutions' compliance with the regulatory requirements imposed by the Higher Education (Wales) Act 2015 has been broadly satisfactory. Where particular issues were identified during the reporting period, the Council has pursued them rigorously with the institutions concerned, as noted above.