



**Cynulliad Cenedlaethol Cymru  
The National Assembly for Wales**

**Y Pwyllgor Menter a Dysgu  
The Enterprise and Learning Committee**

**Dydd Mercher, 14 Mai 2008  
Wednesday, 14 May 2008**

**Cynnwys**  
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Cofnodir y trafodion hyn yn yr iaith y llefarwyd hwy ynndi yn y pwyllgor. Yn ogystal,  
cynhwysir cyfieithiad Saesneg o gyfraniadau yn y Gymraeg.

These proceedings are reported in the language in which they were spoken in the committee.  
In addition, an English translation of Welsh speeches is included.

**Aelodau'r pwyllgor yn bresennol**  
**Committee members in attendance**

Christine Chapman	Llafur Labour
Gareth Jones	Plaid Cymru (Cadeirydd y Pwyllgor) The Party of Wales (Committee Chair)
Sandy Mewies	Llafur Labour
Kirsty Williams	Democratiaid Rhyddfrydol Cymru Welsh Liberal Democrats

**Eraill yn bresennol**  
**Others in attendance**

Christine Bissex	Pennaeth Menter, Coleg Merthyr Tudful Head of Enterprise, Merthyr Tydfil College
Keith Gillard	Rheolwr, Partneriaeth Addysg a Busnes Manager, Education Business Partnership
Yr Athro / Professor David Halton	Is-ganghellor, Prifysgol Morgannwg Vice-chancellor, University of Glamorgan
Dr Alun Hughes	Pennaeth Swyddfa Gwasanaethau Masnachol Head of Commercial Services Office
Dr Gary Packham	Pennaeth Rhaglenni, Ysgol Fusnes Morgannwg Head of Programmes, Glamorgan Business School

**Swyddogion Gwasanaeth Seneddol y Cynulliad yn bresennol**  
**Assembly Parliamentary Service officials in attendance**

Dan Collier	Dirprwy Glerc Deputy Clerk
Dr Kathryn Jenkins	Clerc Clerk
Alys Thomas	Gwasanaeth Ymchwil yr Aelodau Members' Research Service

*Cynhaliwyd y cyfarfod yng Ngholeg Merthyr Tudful*  
*The meeting was held at Merthyr Tydfil College*

*Dechreuodd y cyfarfod am 9.06 a.m.*  
*The meeting began at 9.06 a.m.*

**Cyflwyniad ac Ymddiheuriadau**  
**Introduction and Apologies**

[1] **Gareth Jones:** Estynnaf groeso i bob un ohonoch i'r cyfarfod hwn o'r Pwyllgor Menter a Dysgu. Mae'r Cadeirydd a'r Aelodau fel ei gilydd yn falch o fod yma yng Ngholeg Merthyr Tudful. Yr ydym yn sylweddoli pwysigrwydd cynnal cyfarfodydd i drafod materion y Cynulliad mewn gwahanol rannau o Gymru, er mwyn i'r Cynulliad fod yn hygyrch ac yn agored i

**Gareth Jones:** I extend a warm welcome to each one of you to this meeting of the Enterprise and Learning Committee. The Chair and Members alike are pleased to be here in Merthyr Tydfil College. We realise the importance of holding committee meetings to discuss Assembly business in different parts of Wales, so that the Assembly is accessible and open to all, and so that

bawb, ac er mwyn i Aelodau glywed dyheadau ein cymunedau. Felly, mae rheswm dros fynd â'n cyfarfodydd allan o fae Caerdydd. Yr ydym yn hynod falch o fod yma, ac yn ddiolchgar am y lletygarwch yma yng Ngholeg Merthyr Tudful.

Members hear the aspirations of our communities. So, there is a good reason for taking our meetings out of Cardiff bay. We are very pleased to be here, and grateful for the hospitality of Merthyr Tydfil College.

[2] Fe'ch atgoffaf i ddiffodd ffonau symudol a dyfeisiau electronig—maent yn siŵr o amharu rhyw ffordd neu'i gilydd ar y dechnoleg sydd o'n cwmpas. Nid oes angen cyffwrdd â'r microffonau pan fyddwch yn siarad. Os bydd argyfwng, bydd yn rhaid inni symud o'r adeilad dan gyfarwyddiadau'r tywyswyr.

I remind everyone to switch off mobile phones and electronic devices—with so much technology around us, they are sure to interfere with something or other. There is no need to touch the microphones when speaking. In the case of an emergency, we will have to leave the building under the ushers' supervision.

[3] Mae'r cyfarfod yn ddwyieithog, fel pob un o'n cyfarfodydd. Mae offer ar gael ichi chwyddleisio'r sain neu glywed y cyfieithiad ar y pryd. Mae popeth yr ydym yn ei drafod yn cael ei gofnodi.

The meeting is bilingual, as is every one of our meetings. Facilities are available for you to amplify the sound or to hear the simultaneous interpretation. Everything that we discuss is recorded.

[4] Mae'n flin gennyf ddweud bod nifer o ymddiheuriadau'r bore yma. Mae Alun Cairns, Jeff Cuthbert, Janet Ryder, Huw Lewis a David Melding yn ymddiheuro. Nid oes dirprwyon.

I am sorry to say that we have received a number of apologies this morning. Alun Cairns, Jeff Cuthbert, Janet Ryder, Huw Lewis and David Melding send their apologies. There are no substitutions.

9.08 a.m.

### **Tystiolaeth i Ymchwiliad y Pwyllgor i Gyfraniad Economaidd Addysg Uwch Evidence to the Committee Inquiry into the Economic Contribution of Higher Education**

[5] **Gareth Jones:** Dyma'r eitem bwysig, a'r rheswm pam yr ydym yn cynnal y sesiwn graffu hon. Mae'r pwyllgor yn casglu tystiolaeth—

**Gareth Jones:** We turn now to the important item, and the reason why we are holding this scrutiny session. The committee is gathering evidence—

[6] **Christine Chapman:** Sorry, Chair. I should just declare an interest at this point. I am a visiting fellow at the University of Glamorgan.

[7] **Gareth Jones:** Diolch, Christine.

**Gareth Jones:** Thank you, Christine.

[8] Mae'r pwyllgor yn casglu tystiolaeth i'n hymchwiliad i gyfraniad economaidd addysg uwch; dyna'r prif reswm dros ein cyfarfod yma yng Ngholeg Merthyr Tudful. Yr ydym yn ddiolchgar iawn i'r cynrychiolwyr sydd gyda ni. Yr ydym hefyd yn ddiolchgar am y dystiolaeth ysgrifenedig yn y papur yr ydych wedi'i baratoi. Wedi ei dderbyn, yr ydym fel Aelodau wedi cael cyfle i'w ddarllen. Mae dau bapur yn wir; y naill

The committee is gathering evidence for its inquiry into the economic contribution of higher education; that is the main reason for our meeting here at Merthyr Tydfil College. We are grateful to the representatives who are with us. We are also grateful for the written evidence in the paper that you have prepared. Having received it, we as Members have had the opportunity to read it. There are two papers, in fact; one from the college and

gan y coleg a'r llall gan Brifysgol Morgannwg. the other from the University of Glamorgan.

[9] Yma ar ran Coleg Merthyr Tudful, croesawn Christine Bissex, y pennaeth menter. Yn cynrychioli Prifysgol Morgannwg, sydd wedi paratoi papur 2 yn ôl yr agenda, croesawn yr Athro David Halton, yr is-ganghellor, Dr Alun Hughes, pennaeth y swyddfa gwasanaethau masnachol, a Dr Gary Packham, pennaeth rhaglenni Ysgol Fusnes Morgannwg. Yr ydym yma i wrando ar yr hyn sydd gennych i'w ddwued. Gofynnaf ichi wneud cyflwyniad cychwynnol o tua 10 munud—cewch benderfynu sut yr ydych am rannu'r amser rhwng y ddau goleg—ac yna caiff Aelodau gyfle i ofyn cwestiynau. Dyna'r drefn; gobeithio bod hynny'n dderbyniol. Felly, drosodd ichi.

Representing Merthyr Tydfil College, we welcome Christine Bissex, the head of enterprise. Representing the University of Glamorgan, which has prepared paper 2 according to the agenda, we welcome Professor David Halton, the vice-chancellor, Dr Alun Hughes, head of the commercial services office, and Dr Gary Packham, head of programmes at the Glamorgan Business School. We are here to hear what you have to say. I ask that you make an initial presentation of about 10 minutes—how you divide that time between the two colleges is up to you—after which the Members will ask questions. That is the order of business; I hope that that is acceptable. So, over to you.

9.10 a.m.

[10] **Professor Halton:** We are one institution, not two. We are the University of Glamorgan and, of course, the Glamorgan group encompasses Merthyr Tydfil College. We believe that that in itself is a very interesting and positive way forward. I am grateful for the opportunity to give evidence this morning in Merthyr Tydfil College, which, as I say, is part of the Glamorgan group. This university group is determined to play a significant part in the development of a modern knowledge economy across south-east Wales and in the Valleys.

[11] Modern knowledge economies do not develop as a result of the pursuance of individual strategies, important though they might be. They develop not serendipitously but as a result of several key variables being prevalent and being acted upon conjointly. Businesses looking to locate in the Valleys will first wish to see a whole range of skills developed in a potential workforce. Those will need to be high-level skills but there will also need to be entrepreneurial skills. In addition, there will need to be a culture of sustained economic activity and an education system of sufficient standard and stature to attract a high-flying, well-educated workforce to move their families to the Valleys. However, all of these factors, important though they are, are insufficient. Transport links and, particularly for Merthyr, a sub-economy of thriving small and medium-sized enterprises and a university that is near market in attitude and in product and is known for having a can-do attitude are important additions, but that is still not sufficient to attract large-scale, knowledge-driven companies to invest. Those companies expect there to be all of the elements to which I have alluded, but they will also look to a focused, national economic strategy that is supported by investment strategies and investment in appropriate applied and blue-skies research areas.

[12] Wales has such a strategy. The science strategy is focused. It looks to health science, energy—particularly renewable energy—and creative industries and communications to be the leading sectors for a sustained and growing knowledge-based economy. Underpinning that strategy is the development of entrepreneurial and business-facing skills in all economic areas, from start-ups needing future entrepreneurs to develop level 3 skills to high-tech, next-generation mobile phone technology that needs skills and knowledge that probably has not yet been invented. You can find all of these developments at Glamorgan. It is a skills and knowledge-based one-stop shop that meets local, regional, national and international market needs.

[13] However, all of these needs are different. The one-person spin-out business is extraordinarily needy and resource consuming. The investment that France Telecom has made in Glamorgan's mobile phone research centre is predicated upon expected and sufficient return to give it competitive advantages in the years to come. So, today, the team from Glamorgan represents that continuum in the response to the interface with industry. We are experts in developing and working with SMEs, in delivering entrepreneurial skills and in developing near-market and blue-skies consultancy and research at the highest levels. We are but one part of a much more complex equation in terms of trying to attract large, knowledge-based companies to invest in the Valleys and to upskill our communities accordingly.

[14] On behalf of the University of Glamorgan, I look forward to your questions. I understand that Christine would like to say a few words from Merthyr's perspective.

[15] **Ms Bissex:** My presentation comes from a different angle in that I work on the ground with small businesses and have done so for the past seven years. I help them to access funding from the knowledge exploitation fund. We have done very well at Merthyr. As you will see in the report, we have managed to secure start-up funding for 121 businesses. All of that has developed Merthyr Tydfil College into a much better vehicle for working with businesses. Seven years ago, when I was first appointed, we had very little interaction with businesses.

[16] Through the knowledge exploitation fund we have been able to set up projects, discover the training needs of businesses and provide these new start-ups with funding. We have built an excellent relationship over the years with these start-ups. Unfortunately, with KEF and its criteria changing, we feel that perhaps some of the businesses in Merthyr will not be able to access this funding any more. We are disappointed with that because, having read some of the transcripts of previous meetings, we can see how important it is that colleges link in with businesses and start to work together. We feel that the change in KEF criteria may affect businesses in Merthyr. We understand that this is a deprived area—20 per cent of people in Merthyr are on benefits—and we feel that this branch of start-up funding was an excellent opportunity for them.

[17] On developing entrepreneurs, we have, again, worked with KEF and have appointed people within the organisation to embed enterprise into the curriculum. Again, this is a long-term project; we should be looking at staff development and working with staff to enable them to develop entrepreneurial skills. I am sure that you will have some questions about that.

[18] Over the last seven years, we have come a long way and we have been working with organisations like the Merthyr Tydfil County Borough Council, for example, and we are in the process of writing a convergence bid to look at further support for these lower-level businesses in Merthyr, and we hope to get the support of the Assembly in that application. I look forward to your questions.

[19] **Gareth Jones:** Thank you for your presentation and for your introductory remarks. The first question comes from Sandy Mewies.

[20] **Sandy Mewies:** This is a general question to start off with. How has having Merthyr Tydfil College as part of the Glamorgan group benefited the college? What is happening now that did not happen before? I picked up on the point about money from the KEF, and the scholarships in particular; you say in your paper that it is a matter of administration, in that it is a change in the way that the scheme is administered. I know that you also use the KEF technology transfer fund, so will it affect that? What you clearly say here is that you are able to help people into these businesses and that they seem to be successful; how long term is that? Do they give something back to the college—do they come back to mentor, to form a network for you and to encourage other entrepreneurs—and what exactly will be affected by

an administration change?

[21] **Ms Bissex:** The first change that affects us is that they raised the criteria from and NVQ level 3 to an NVQ level 4. As you can imagine, in a further education college, most of our students achieve a level 3 qualification, for example in hairdressing, plumbing or construction work, so it means that that fund is no longer available to them. That was obviously a huge problem for us. We have spent the past seven years encouraging people to start up businesses, getting the tutors to come to us and to bring the students to us if they are interested, because we had that carrot, enabling us to say, 'Okay, we have some funding to help you and we have a training programme'. People come here to study vocational courses, but what we have been able to offer them is an NVQ level 3 business start-up course, which has been very relevant for them. If you compare someone who took a degree course in geology and who wanted to start up a business with someone who has just achieved an NVQ level 3 in business start-up, the NVQ holder has a huge advantage, because they have received specific training.

[22] So, the first thing that will affect them is that we can no longer offer that funding to level 3 students. The other thing that will change is that, from September, we, as a college and university, will no longer administer the scholarships; they will be given to a business support provider. That has apparently gone out to tender. We feel that, over the past seven years, we have built up a relationship with, and have brought into the college, 121 business start-ups. We pass them on to our Heads of the Valleys innovation project, with which they work on innovation. They work with us on the business awards, so we created that relationship, and we are able to maintain it.

9.20 a.m.

[23] We bring them back in, and we run events such as Enterprise Week, where the students can come in and ask them questions. These people are not high-up entrepreneurs who students think they can never emulate; they are people from the college who run businesses, and so they are brilliant role models. My fear is that, if the administration is taken from us, we will still have those 121 people but we will not get any more, because they will not be brought into the college. It was a good way for us to build relationships with businesses, and we have learned a lot from them, too.

[24] **Sandy Mewies:** We have heard some suggestions that it should be NVQ level 4 and upwards, but are you saying that it is more valuable at NVQ level 3?

[25] **Ms Bissex:** We have 121 people with NVQ level 3 courses who will not have access to that funding, which we feel is taking a lot away from them, especially in such a deprived area as Merthyr. We have included some scholarships of our own in the convergence bid that we are writing, because we feel that Merthyr is a special case, and we should be offering them to lower level businesses. Some people come to us wanting to start up a business, and we work with them on their NVQ level 3, and that is a quite a challenge for them as it stands. We are not saying that not everyone can do an NVQ level 4, but that some people just need to build up to that, and perhaps do not have the instant capability to go straight to NVQ level 4.

[26] **Professor Halton:** From the university's perspective, you asked what change has happened, and one is that we are sitting in a completely rejuvenated theatre, but, more importantly, there has been a change in confidence. If you have a large institution such as the university supporting those sorts of activities, you have confidence that you can go out and do them, but you also have confidence that there is, administratively, a huge back-up available to you with a huge amount of skills and resource.

[27] More importantly than all of that, you offer an opportunity to students, whether they

are entrepreneurial students or other types of students, of an all-through provision in a way that you do not necessarily have in other universities. So, we are proud to develop performing arts in this place, for example, knowing that students from here can go to Cardiff to top up their degrees, do doctoral work, or work with the BBC, or whatever it might be. So, there is a huge range of opportunities available, and it is not that they were not available before, but they are now an integrated part of the university.

[28] The other question that you asked was about skill levels 3 and 4. We have huge amounts of graduate spin-outs here. We have a large number of people who, at different levels, want to invest their time with us in achieving skills at whatever level—it may be level 7 or 8. The great opportunity for those people is that, with the combination of Merthyr and the university, they can do it at different levels. The cut-off point at level 4 goes against the nature of what we have done here; we have offered the opportunity to people at level 1 and 2, let alone level 3, to start on an educational or learning journey that can result in level 8.

[29] **Sandy Mewies:** That is the point that I wanted to draw out, because we have had some other suggestions. Thank you.

[30] **Christine Chapman:** Professor Halton, you mentioned early in your presentation that it is sometimes difficult for investors to think of coming to the Valleys, because of other factors—and I think you mentioned transport and perhaps housing. Strictly speaking, that is not part of the college or the university's role, but do you feel that there is a role here for higher education and the college working with partners, such as the councils and other agencies? Is this a barrier that we need to be addressing?

[31] **Professor Halton:** I will ask Alun and Garry to comment—and that is the vice-chancellor's usual way of giving them a bit of space and time to think about the answer. Fundamentally, for the University of Glamorgan, Merthyr college and the Royal Welsh College of Music and Drama, the issue is about regeneration, and, collectively and in partnership, given the investment made in us, we make a real effort to attract significant, knowledge-based economic industries to the Valleys.

[32] All the work that Christine and others do on small and medium-sized enterprises will result only in more growth if we can attract some big players back to the Valleys. It is incumbent upon a research-led university—and we are research led, in the sense that we are very near market research—to try to entice British Telecom, or other big businesses, back to the Valleys. So, part of what we do involves talking with big players. At the moment, we are talking with the BBC, which is likely to need an increase in studio space. It has a site at Upper Boat, but it needs twice as much space, so we are working with it to try to find a site in the Valleys. That would be hugely beneficial, as that is a sustainable business.

[33] So, those are the sorts of things that a university should do, and does, in the case of the University of Glamorgan.

[34] **Dr Hughes:** Regeneration is part of our remit; we certainly see it that way. We have to work on regeneration with partners, and there is evidence of it in some areas where we are active. Within the university there is a Centre for Research, Engineering and Environmental Applications, which is, essentially, about regeneration in the built environment. A number of local authorities are involved with that, and representatives from CERE made a presentation at the Senedd a few months ago, demonstrating our work. However, it is not just about regenerating the built environment; you could look at our work on community regeneration, where Professor Adamson is a leading authority. You could look at some of our work on transport, a field in which Professor Stuart Cole is well known—and if you pick up a copy of the *Western Mail*, you will often find some comment of his in there. When people are looking for a lead on regeneration—an independent lead, if you like—they look to our research



experts. They do not just think about and talk about regeneration; the thing about Glamorgan is that we engage, and we do something about it. I could go on and on, and perhaps I will later, about how we go beyond research and talk about enterprise and actually start small and medium-sized enterprises, but perhaps you will pick up on that later.

[35] **Dr Packham:** Coming back to what Christine was saying, I just want to add that we must recognise that start-up rates in deprived areas are comparatively low. They are probably less likely to generate growth or innovative businesses, but they are still an important part of the economy. Where the university and the Glamorgan group come in is where there needs to be a balance between supporting the existing economy and growing and developing a knowledge-based economy, using the university and working closer with industry to overcome the barriers to growth that you have spoken about, such as infrastructure, and so on. They are important, and small businesses will go on about them at length, but there is an interaction with universities. It is not just about university research, and the spill-over of knowledge; there is a more proactive approach, where the university works with businesspeople of the future as well as supporting the needs of existing businesses to support the infrastructure as it stands.

[36] **Kirsty Williams:** When the committee heard from the Higher Education Funding Council for Wales, it described you as a live experiment in Wales, and I think that that was meant as a compliment. However, HEFCW also said that it thought that the partnership between Merthyr college and the University of Glamorgan was an opportunity to try to raise expectations for people from that community going into education: they could achieve more, and go further and higher than they might previously have thought. I know that it is early days, but have you begun to see any evidence of that, namely of students who might not previously have thought about going on to higher level qualifications but who now see that as a natural progression, because of the partnership between the organisations?

9.30 a.m.

[37] It is interesting that the other further education colleges we have heard from have been banging the drum for foundation degrees and the role that FE colleges play, and the higher education institutions have been saying, 'Oh no, you should not do that; we like it as it is', but you are in a unique position, it seems to me, being one organisation. I note from the papers that you also have very strong relationships with Pembrokeshire College, Coleg Sir Gâr and Neath Port Talbot College. You seem to be embracing partnership with the FE sector and do not seem to be quite so fearful. What do you feel about foundation degrees, closer working between FE and HE, and perhaps breaking down some of those barriers and being less protective? You are clearly not fearful of that, as an institution.

[38] **Professor Halton:** I do not think that it is fair to say that we are not fearful of it, because external viewers will look at this in a way that may not be in the best interests of the university. However, we think that that is less important than what that relationship can achieve. League tables and all those reputational issues are a problem for Glamorgan, in the sense that having so many proper relationships with FE institutions can cause us to be lower down the league tables than we would be otherwise. However, we put that aside, first, because league tables are league tables, and, secondly, because that is not what our business is about. Our business is about bringing forward talent, which may not have had the best opportunities, so that it is confident enough to take on the mantle of coming to do a degree at the university eventually.

[39] If you take Merthyr as an example, you will see that, over the past two years, which is the time during which the university has been involved in Merthyr, the number of applications to Merthyr has gone up extraordinarily. This is about saying to young adults, 'You are perfectly capable, given the opportunity, of coming to an institution that wants you and wants

to build up your confidence and skill level, and will take a much more positive view of whatever you bring than many other institutions would'. So, it is about reaching out and, because of that, I think that we have seen greater confidence in the college itself, because it now knows that, within its market, it is hitting their targets and, actually, over-hitting their targets, which is also a problem.

[40] We are also able, as with our other colleges—Pembrokeshire, Sir Gâr, Neath Port Talbot and so on—to work with them and ask, 'What areas of the curriculum in the local market are your students more likely to feel confident about?'. In Merthyr and Sir Gâr, for example, the answer has been performance and creativity. So, it is in those areas that students naturally feel much more comfortable if they have had a problem earlier on in their schooling. Performance arts and creativity are an opportunity in Merthyr, as they have been in Sir Gâr.

[41] All of that means that the university and Wales benefit from some amazing students. The students can pick it up and do a foundation degree here, through the university—all the other institutions do it through the university as well, because they do not have to have the powers to do it themselves—and then top that up or move on to the university at Treforest or at the ATRium, or wherever. Those students are some of our best students.

[42] The problem with all of that is that the amount of support that you need to provide for those students is far greater than that which you would need to provide for those students who, with all due respect, would normally come from very pleasant schools and go straight into a degree programme. That cost is delivered by our staff, and so the commitment of the staff in doing this has been the overriding factor in strategic terms of why we continue to do it and why we want to do it. It is a huge experiment, but I think that it is worth doing, even though there are some downsides in reputational terms. Those reputational terms are to do with league tables and those sorts of things. Christine, do you want to say anything?

[43] **Ms Bissex:** I think that it is about that journey and being able to go further and to reach higher. If we cannot get those people in at the beginning and build their confidence, entrepreneurial skills, self-belief and efficacy, all that goes down the pan. We do not have trouble recruiting, but it is nice to think that they have that future ahead of them. We bring them in, build up their confidence, and they are able to go to university and carry on with their studies.

[44] **Christine Chapman:** One of the discussions that we have had as part of this inquiry is whether universities should specialise in certain courses with an eye on which investors are coming into the area. You are both saying that we need to work with what interests the students initially as a starting point and then work from there. I agree with that, and I think that it is the way forward. However, how far do we allow that to happen?

[45] **Professor Halton:** That is true in the sense that we are trying to pull from the local population a greater confidence. However, this university, like most big universities in Wales, attracts huge numbers of students from all over the place. Yesterday evening, I was with a Chinese delegation and we have just signed a contract to take 100 of their staff. So, it is a huge business. We need to think about what sectors will employ people in the future. It may well be creative industries; in fact, we think that that is one of the three areas in which the Valleys will be able to reflect a growing economy. We think that it will involve not only the BBC, but other players, particularly in animation, who are likely to want to come here. The second area is health science, which is really important. That is why we are working with Cardiff—our professions allied to medicine are working with its medical school—to try to provide a one-stop shop in medical science. The other area is energy. We have, in the university, probably the best known hydrogen research centre across Europe. We advise the United Nations.

[46] The university is so big and so complex that we have to do a large number of things, one of which is to support local students in whatever areas they want to develop. At the same time, we have to have a view about regenerating the Valleys, which comes out of that science strategy which the First Minister wrote some time ago. That was a really good document, because it focused down on three very clear areas, which, for the Valleys, is absolutely right. It said that, underpinning all of that, you need entrepreneurial skills, which is why we are all here this morning. That is what we are trying to do. You cannot be everything to everyone, but we think that those three areas reflect the talent in the Valleys, and the opportunity for businesses to come in.

[47] **Gareth Jones:** Thank you. First, Sandy wants to come in, and then Kirsty.

[48] **Sandy Mewies:** I would like to raise two points. I feel that encouraging people into further education or higher education has to be done at a young age. I see lifelong learning as being just that. I do not know the Valleys as well as I know my areas in north Wales. However, some of my areas in north Wales are as equally deprived. I have always had enormous concerns about generational educational aspirations. Are you able to do any work on this? There is the GATES project, on the Gurnos estate, I think.

[49] **Professor Halton:** There are a number of projects like that.

[50] **Sandy Mewies:** I wondered if you could tell me how you do that.

[51] We have also had evidence that it is good to encourage entrepreneurial skills for one-off projects, but areas also need people with transferable entrepreneurial skills that are rather broader based. I can see some evidence of that in your papers, but could you expand on that?

[52] **Professor Halton:** Gary, do you want to talk about the broader base? That is absolutely right. We will then come back to the other question.

9.40 a.m.

[53] **Dr Packham:** We are talking about confidence and ability. Entrepreneurship, for many, is seen to be about starting a business. However, it is not just about starting a business; it is about taking a different approach to the way in which we do things. Given how the workforce and business are changing, we need more entrepreneurial people working in businesses as well as starting their own businesses. That builds on a wide base. Also, some people will come to entrepreneurship later. It is not about coming to entrepreneurship and starting a business in the traditional sense at the age of 18 to 25. If you look at the rates of start-up in Wales and across the UK, the start-up rate at the age of 18 to 25 is considerably later. There is an experiential element to enterprise and entrepreneurship as well, so entrepreneurship should be promoted as a viable career option, but it should also be a cornerstone of transferable skills and what makes an employee employable. That is a very important part of what we are trying to do; it is not just about getting more people into businesses, but about getting people to be more entrepreneurial. So when they go into business and the workforce, they are making a contribution to their employer and to the economy much more quickly and are having a direct impact on what companies may be doing in the future.

[54] **Professor Halton:** In terms of communities and starting very early, we would absolutely agree with that view. The university has a centre for lifelong learning, which we run in conjunction with other universities, and we are very active with primary schools, secondary schools and all of that. However, if there is one area that universities find very difficult, it is primary and secondary education. The reason for that is that we are very used to running a huge academic business, and when you are dealing with some of the issues that

some of the primary and secondary schools in Merthyr, or anywhere else, are dealing with, the frustration the university feels in not being able to help as quickly as we can, because of various barriers that it is not our place to talk about today, is immense. So, what we tend to do is to bring the kids to us rather than go out to them, which is much more efficient for us. We have a large number coming in to the university. We have 14 to 16-year-olds coming in from Glamorgan, Rhondda Cynon Taff and all over—I have even played the guitar for them personally—just so that they can see that the university is just like anything else and, in fact, is much friendlier than they might think and not austere and all of those things. However, it is very difficult sometimes when local politics, or whatever it is, gets in the way of what those individual kids require. It is frustrating for a university that is used to being able to make real strides, to have to hold off because it is not our business. I was the person who did the first city academy from a university perspective—I did the City Academy when I was at Bristol—and it was the most extraordinary revelation to see how difficult it is to move a school from being one of the worst in the UK to one of the best. It is extremely hard. Universities have a role to play, but in partnership with others, particularly local authorities, to try to get away from who owns what and be much more about the individual learner and the chances that you are giving them at a very early stage to have that opportunity to eventually come to university. It is a huge problem.

[55] **Kirsty Williams:** I have had a bit of a falling out with the Government about its skills agenda. Leitch quite clearly stated that we needed to aim for a national benchmark of level 3 skills for all our citizens. The Welsh Assembly Government takes the view that we should not set that overarching target and just focus on the individual, and if the individual is only capable of reaching level 1, we should be satisfied with that. To me, that seems like condemning Wales to always be less qualified and therefore poorer than our counterparts in England. Do you agree with Leitch, or do you think that we should not be setting those kinds of targets? I am interested in your perspective as someone who has worked on the other side of the border and come to Wales. We have heard evidence recently that people sometimes find it difficult to recruit into Wales because of misconceptions about what living and working in Wales is all about. Have you found any evidence of that in recruiting academic staff or people for your university? If this committee report could say one thing that would really help you to deliver on this agenda, what would that No. 1 recommendation be?

[56] **Professor Halton:** I will come back to that—

[57] **Kirsty Williams:** You can all have a go. You can have one each.

[58] **Professor Halton:** We will all have a go.

[59] One of the things that the Leitch agenda does not look at is individual motivation. So, it lays out a blanket. It talks about level 3 or level 4 or whatever it might be. One part of my wanting to upgrade my skills is that I know that, in so doing, I have an opportunity to get a job to use them. If there is no pull-through, that is, if there are no potential jobs and, at the end of an undergraduate programme, I end up stacking shelves at Tesco, with all due respect, I am not motivated to improve my skills. So, it is not the skills level that matters, but whether there is potential for my skills to be utilised, and that is why we constantly talk about trying to get employers that require high-level skills into the Valleys—it is for those skills to be utilised. There has to be a motivation element, and Leitch misses out because it looks at skills in isolation rather than recognising that, in different parts of Wales, not to mention different parts of England, there are different needs. In this part of Wales, we are looking to attract inward investment. The necessity and motivation for pulling skills up is extremely important. That is why universities are very important to the economy. So, in a sense, comparing us with England or with any other country—

[60] **Kirsty Williams:** You are not helping me here. They are going to go back and tell the

Deputy First Minister all this.

[61] **Professor Halton:** I know that it is not helpful to you, but, on the other hand, I believe that it is right for this institution—I cannot speak for other institutions—to recognise that. Why would we have a conservatoire, a further education college and a university? It is because we feel that there are some kids here who could eventually play violin in the Royal Welsh College of Music and Drama orchestra. It is about opportunities such as that. A flat skills agenda does not operate in places such as this. For a country, it is a different issue, but we are not talking about a country; we are talking about the area from the Valleys to Cardiff. That area is very different from other parts of Wales.

[62] For me, the one thing that I would ask for is the following. In England—sorry to make reference to England—the universities are conjoined in a ministerial sense with innovation and skills. They are not conjoined with education. From Glamorgan’s point of view, the one thing that I would desperately want is for the innovation, enterprise and economics bit of the Government to be much more hands-on with regard to what universities do. We currently have an education department that deals with pre-school education right the way through to post-16 education. Quite frankly, given the range that that department has and the needs of Wales, I believe that the university sector would be better off working with a ministry that is about innovation, skills, science and all of those things rather than a ministry that has to deal with the sort of crisis that Jane had to deal with about pre-school education the other week. It is too much to ask any ministry to deal with. We are so conjoined now with the regeneration game that that would be a far better place for us to be put. That is a personal view and not a Higher Education Wales view and it is probably not the view that many on my board of governors would give you.

[63] **Dr Hughes:** Aspiration is the key. Universities can change culture. I grew up in Merthyr and have lived in south Wales most of my life, and my view is that the people of Wales are better than they think they are. That is the key. People lack confidence, and what gives people confidence, generally speaking, is education. Education opens up minds and gives people a broader view of life.

9.50 a.m.

[64] When you take that into the skills agenda, if you want to set targets, that is great, but set them at all levels and get people on that ladder of progression. Set targets to challenge people. As a university, we deliver on the skills agenda, but we try to create role models. We try to be an entrepreneurial, enterprising and dynamic institution, that is, a role model. We try to set up companies, for example through the GTi project, which is well known, and a lot of its work and many of its spin-out activities are also well known. We try to create opportunities and give support to people to have a go and succeed, and if they their company falls over, we stay with them and say, ‘Okay, you have learned a lot through that—have another go’. It is about being a bit more like the Americans and saying that it is okay to fail, because you learn a lot and you develop as a person. If you want to set targets for the skills agenda, set them at all levels, and when people have reached level 1 and they have gained that bit of confidence, let us encourage them to get to level 2 and 3 and all the way up to level 8, if that is where they want to go. Let us give them that opportunity and let us really motivate and encourage—that is what a university can do.

[65] **Dr Packham:** Picking up on aspiration, one of my mantras is ‘entrepreneurship is a viable career option’, which I say all of the time, but it is not just about confidence; it is about changing attitudes. Picking up on what David said about supporting the economy, we must challenge and develop our workforce, not necessarily for the here and now, but for the future. That means that it is not just about dealing with what people require now, but about trying to inspire them to look 10 or 15 years ahead and to get involved in new and novel activities that

can take Wales forward. We need to continue to attract inward investment by industries—the coal and steel industries were replaced by the manufacturing, automotive and electronics industries, which have helped us, but what will we do in a generation's time, as they are also disappearing? Wales needs indigenous businesses and people that can drive us forward.

[66] For me, this is about inspiring, supporting and, picking up on Alun's point again, realising that we need to allow risk to happen. Perhaps universities are a good place to allow people to try out new and innovative things and to risk things in a relatively risk-free environment; we should support them and encourage them to do that. So, it is all about aspiration and about entrepreneurship being, rather than a side agenda, brought to the forefront, because that is how we are going to develop Wales.

[67] **Ms Bissex:** To follow on from what Gary said, but coming from a completely different angle, for me, the crucial thing would be to put enterprise and innovation higher up the agenda. I have spent the past seven and a half years trying to embed enterprise in the curriculum, but it is difficult when £50,000 is all you have to do that, because you cannot employ sufficient numbers of staff and build upon it. Seven years ago, we held an innovative conference—and we have the details of that here if anyone wants to see them—at which we started to try to transform educators into people who can develop entrepreneurial skills.

[68] However, it has not worked because there is not enough money or time thrown at it. I think that teacher training courses should include a module on developing entrepreneurial skills, because, at the end of the day, if we are to be charged with developing entrepreneurial skills, tutors must be trained in how to go about that. If I could ask for something, it would be for some investment in teacher training and staff training and development.

[69] Taking that conference as an example, there were people there who had taught for 20 or 30 years and we were suddenly telling them that they had to change the way that they deliver the curriculum in order to develop skills, so a one-off effort is not enough; it has to be a constant thing. For example, we managed to get 30 lecturers trained in Dynamo curriculum materials, but it was a one-off. We managed to do that in one day during half term, but the opportunities for doing things like that are minimal because we cannot release the staff. At the end of the day, many of them think, 'Why have I got to do that? Is it important?'. It does not seem to be important enough because importance comes with funding, and if there is no funding, there is no importance. So, I think that that is a crucial area for development.

[70] **Christine Chapman:** We have talked about big businesses coming here and I think that Gary mentioned indigenous businesses. My concern has been the small and medium-sized enterprises, particularly in the Valleys. The greatest proportion of businesses here are probably SMEs. Of course, these are people who could engage with higher education, but many of the employers whom I have spoken to over the years have been extremely cynical about higher and further education. That has not helped our aspirations. Do you have any comments about how you engage with SMEs in the Valleys? Can you talk about what success or difficulties you have had and whether we could address those areas?

[71] **Ms Bissex:** For us, it is about changing impressions. Seven years ago, businesses did not have a very good impression of Merthyr college, and the only way to get over that is to work with them, which is what we have done. Fortunately for us, some funding from the knowledge exploitation fund allowed us to be released to go out and work with businesses. In one of our projects in 2002, we had 11 best skills specialist staff going out and working with businesses—it was the only way to build up that confidence. Now that we have that relationship, we must continue it and be able to offer them things that are going to grow their businesses.

[72] If we cannot get that business in, we are going to have a problem. However, we feel

that we have done a good job in that area. We have helped to build businesses. Although the contribution may be quite small—to give you an example, 15 of our scholars turned over more than £1 million, which is about £70,000 per business—it is not to be sneezed at. If we get that every year, it is quite a big contribution to Merthyr, but we need more things like that to hook businesses into the college, so that we can start working with them to find out what their skills needs are, carrying on from that initial relationship of offering perhaps a level 3, working with them specifically, referring them to other projects, developing innovation, bringing them skills and developing along with them.

[73] **Dr Packham:** Education and SMEs is quite a difficult area, depending on the type of SME. We have talked about an economy of innovative SMEs, and academics will say that SMEs drive the economy in that way, and they do. However, realistically, it is only a small percentage of such businesses that actually drive the economy and make those contributions. There are many more SMEs that are lifestyle businesses; those also require skills, but they are constrained by the time that they can give their employees and themselves to engage in higher education. Further and higher education institutions must look at more creative ways of engaging, looking at work-based learning and at what they are doing, and actually get these people to recognise that they have skills that we can develop in partnership.

[74] On higher growth businesses, of which Wales unfortunately does not have many, it is about working with them in partnership, as Christine said, and looking at ways of developing them, maintaining what they have, and perhaps taking a look at the management, sales and marketing skills that all growth companies require. However, it is also about building on that technical competence. I think that that is where universities come in.

[75] I come from a business school, but a business school does not generate business ideas; we are there to support and provide the kind of broad-brush enterprise and business skills that allow people to go out and start businesses. The creativity and innovation are going to come from other areas, such as engineering, science and the creative industries. It is about recognising that we must work together within the university and work closely with the sector skills councils, local businesses and would-be and nascent entrepreneurs to build that indigenous business base.

[76] **Christine Chapman:** We have had the sector skills councils in to give evidence. I am aware that there has been a lot of concern about them, the role that they play and whether there is a capacity problem. Do you have any comments on that?

[77] **Professor Halton:** Small and medium-sized enterprises are extremely needy: if they are going to be successful, they want not 24 hours in a day, but 48. They do not have the infrastructure—because they cannot afford it—to be able to take any time out of what they are trying to do.

10.00 a.m.

[78] For any economy, SMEs produce only around 2.5 per cent, or perhaps a bit more, of research and development. Ninety-seven per cent of research and development comes from the big companies. Looking at the profile of SMEs, they are extraordinarily important at one level of economic activity, but if we are looking for a step change—and we have one or two spin-out companies, one of which is called Photometrix Imaging Ltd, where we think that there is a step change and we are starting to do business in Asia, and so on—unless we are extremely lucky with research and development, although they are important for the local economy for the here and now, those SMEs are terribly needy in terms of what they expect from you in return for not very much because they cannot afford it.

[79] Therefore, we are trying to support those businesses. Of course we want to support

them whether they are at start-up phase or established. In the case of our graduates, 25 per cent of them are still going after four or five years. Those are good businesses, and some of the spin-out businesses that come from our research are good. However, at the end of the day, if they are really successful, they will probably be bought by some very big companies. In the case of Photometrix, a company such as Hewlett-Packard will probably take them over. So, it is about getting Hewlett Packard to be interested in the Valleys as much as it is about supporting these SMEs. Despite trying hard to support SMEs, where we, as a university, have probably failed is in not giving them the market opportunities that they would have if we could attract some big companies, because those big companies would generate the economic turn for some of those SMEs to grow in. That is probably where the university sector has failed across Wales.

[80] **Christine Chapman:** One of the problems that we have had in the Valleys for many years is that, sometimes—although not in all cases—companies come in and they leave again, which leaves us with real problems. This is about putting all your eggs in one basket.

[81] **Professor Halton:** The knowledge-based economy is a different economy to that which we have had traditionally in the Valleys. What I am saying is based on that new economy rather than the traditional economy. The only way we will attract big, knowledge-based, cutting-edge future style companies—whether they are design companies or mobile phone and communications companies or whatever technology it is—is by having a knowledge base from which they can draw. We have not invested sufficiently or we have not levered in enough research moneys to attract big companies from just over the border in Bristol, where I come from, to come up here. We are just starting to do that, which is why I mentioned France Telecom because it owns Orange; Orange is in Bristol and has brought it across. It is just now realising that there is such powerful intelligence in the university that it wants to invest.

[82] Doing that takes a lot of time, but that is the difference. The difference is that we must invest in knowledge-based companies, because we do not have a competitive advantage over everything else. However, we could have a competitive advantage if we recognised that, which is why universities bang on about investing in research and, to go back to the Leitch agenda, having something on which those students can focus their skills. That is what it is about. Unless we do that quickly, the UK's Silicon Valley will be in Hertfordshire or elsewhere in the UK—it will not be in Rhondda Cynon Taf.

[83] **Dr Packham:** That is an important point because if you are looking at growing innovative companies, the evidence from across the globe is that, although clusters around certain specialisms are not necessarily always driven by universities, those that have a strong university link are successful, as is evident in Sweden and the US. So, there is merit to that.

[84] **Dr Hughes:** You made a point about sector skills councils. We work with the bulk of them, but at different levels. So, for some, we might be informing the curriculum and, for others, we might be working on an innovation project, for example, with the Sector Skills Council for Science, Engineering and Manufacturing Technologies. We see them as part of the picture.

[85] The capacity issue that you touched on is a real problem for them. It is unrealistic to expect an individual—because it is often an individual working in Wales for the sector skills council—to represent the entire voice of their sector, and to engage with all the HEIs, the FEIs, and the private training providers; that is a big ask. Nonetheless, there are some good sector skills councils that are doing some good work. Skillset is a good example and there is also the Film Academy and Screen Academy. There is joined-up thinking across the sector, so it is not just the Film Academy with the University of Glamorgan—it is with the University of Wales, Newport, with Cardiff University, and so on. So, there is some good work going on.



[86] However, we see it as part of the picture. People tend to forget the professional bodies, and some of them have been around for hundreds of years. We work with a wide cross-section of these professional bodies, and we try to look at some of the big skills issues in Wales, including management and leadership. If you read any sector skills council publication on the skills gap analysis, management and leadership comes up time after time; Future Skills Wales also mentions that—it does not matter what you read. We are looking towards partnerships with the Institute of Directors and the Institute of Leadership and Management. The ILM recently came in and recognised the University of Glamorgan as the first corporate university partner institution for some of its forward-thinking research, teamed up with the business school.

[87] We do not believe that the sector skills councils are the only answer. Leitch focused quite a lot of his thinking on sector skills councils, and there is good work going on, but they can only do so much with limited resources.

[88] **Christine Chapman:** On that point, and I believe that Kirsty made this point a few weeks ago, in its evidence to us, the Federation of Small Businesses was quite disparaging about its relationships with higher education. It seems that a lot of talking needs to be done here, so it is interesting that you made that comment in view of what the FSB said.

[89] **Dr Hughes:** Ask Dr Packham over there. [*Laughter.*] The Federation of Small Businesses chose the University of Glamorgan to undertake its biannual survey into the attitudes of its members; perhaps Gary can tell you a little about that.

[90] **Dr Packham:** It is very interesting, but we have taken a different approach to this relationship—we very much see it as a relationship, and this is very much how we are. We are trying to work with the Federation of Small Businesses to improve how it surveys its members, what it surveys its members on, and how it presents that in terms of lobbying national and local government. I believe that there is a recognition that the University of Glamorgan has a reputation for working in enterprise and small business. I appreciate that there will always be tensions between what small businesses require, and we go down the needy route for not very much money, usually trying to look for it for free, versus what universities can offer. We can offer a wide spectrum, and Christine will no doubt come in on other things that we can do at NVQ level.

[91] What we are trying to do at the university will not always sit with what the Federation of Small Businesses and its members want. What we can do is offer management, leadership, marketing and sales skills, at various levels. There is also a need to look at theory and practice, and to ensure that, not only these companies, but also future employers, are making that contribution. They are going out to the workforce and working with small companies, and are making a contribution. There is always a feeling in small businesses that, if they employ someone, it takes six months to a year before they are valuable to them, because they take so long to unlearn some of the more theoretical parts of higher education, and possibly further education, and become an economic contributor to that business. However, we are working closely with the Federation of Small Businesses, and will continue to do so.

10.10 a.m.

[92] **Dr Hughes:** On some of the criticisms that are made against universities by small businesses, it is interesting that, when you start to drill down, you find that some of the things that we are criticised for are also the reasons why people come to us. So, we might be criticised, for example, that our academics, in undertaking a piece of work for a small business, are not available all the time. However, they come to a university in the first place because they are looking for a particular level of expertise and the reason why that particular

level of expertise exists is that academics are engaged in research activity as well as teaching and learning activities. People will criticise us because we charge them, and they feel that, because they pay their taxes, we should be making our services available free of charge. On the other hand, if we offered those services at even a reduced rate, other organisations would rightly ask why we were undercutting them. It cannot be both ways; we have to charge the going rate. We can meet market failure—we are happy to do that—and we can bring something new to the party, namely bringing applied research a bit closer to the marketplace, but if you look at the criticisms, you will see that they often arise from some of our strengths and the reasons why people come to us.

[93] **Ms Bissex:** It is interesting that there is always this opinion of colleges and universities being unable to engage. For the past six years, I have acted as chair of the national training award panel in Wales, so I go out to see the best examples of training among training providers and companies. Over the past five years, I have tried to get colleges to put in an application, because I know that a lot of good work is going on; for example, I know that you went to Deeside College, not so long ago, and it won a national training award in partnership with Airbus, for its work, which is fantastic. Again, it is about funding and releasing these people to go out to work with companies. If we could have a little more of that, that would help us, because some brilliant work is going on that we need to shout about a little more. We are reticent to sing our own praises about the work that we do.

[94] **Sandy Mewies:** I want to return to a point that you made about how we are successful with SMEs, but that Wales needs to get hold of the big players. Linkages have to be made with them. My constituency is in Flintshire, where we have some big players and their links with Deeside College and other academic institutions are well established. I do not know whether I am coming at this from the right direction. You said yourself that universities are pretty busy from day to day, and that you must now do all these outward-looking things and make links. I am impressed by your links. You will have heard of the Gibson review, which suggested that universities overvalue their intellectual property and some of their ideas, and that, sometimes, they need someone from the outside. I have used the analogy of football scouts: someone coming in and linking into your university, from big business, looking at the work and the ideas that are going on, and saying, 'It is great that you are using that in that way, but it could be a very big idea if you changed your thinking slightly and went this way'. You could bring in companies like Hewlett-Packard. That has been put to us as something that we could set up—I think that a pilot scheme is starting—but would that help with what you are talking about?

[95] **Professor Halton:** I have a board of governors who are pretty heavy-duty about this—I would not want to say that they bang on about it. All universities have commercial arms, and Alun runs one of ours, University of Glamorgan Commercial Services Ltd. We have brought some of that expertise out of our governing body and put it on this board, because we have people who are experts in developing IP and, more importantly, they have contacts with the angels and so on who are experts in a particular field of IP.

[96] Generally, universities are changing their view about IP. Whereas before, the dream answer to your underfunding was holding IP, building a company up and selling it on the market, making a return for the university—the professors do very well out of it as well. Following a particular point in time, the university is no longer in the business of making lots of money out of a large spin-out company. We are much more interested in licences, because, while they allow one a little bit of an equity stake, ultimately, holding a licence makes for a far better position to negotiate from. We are only starting to learn about those sorts of differences. The other thing is that the cost of holding patents and all the rest of it is quite significant. However, other ways of dealing with intellectual property and licences are starting to come on the scene.

[97] Simply put, I think that the universities could do with this support. I know that Cardiff has it, and we can piggyback on Cardiff—it has been very generous in helping us—and I know that Swansea, and perhaps Bangor, have it. Actually, higher education in Wales needs more help in this regard, and it would be a good idea to provide it. If one needed support for that, then there are very good examples in other parts of the UK, particularly Scotland, where that sort of activity has been underpinned by a central unit providing help and advice.

[98] **Gareth Jones:** Thank you for raising the point, Sandy.

[99] You refer in your report to the university's knowledge transfer team. This is in the commercialisation aspect. If this report is about anything, we have picked up on that issue, as you would expect. I understand that it is funded through HEFCW's third mission. Can you expand a bit more, not so much on capability—obviously, the capability is there, as you have people working on this—but more on the way it is working or not working? What are the challenges, so that, at least in our report, if there are challenges of that nature, we can point them out and possibly come up with some recommendations? I believe that this is an essential part of our review.

[100] **Dr Hughes:** We are grateful to HEFCW for funding this team. If you look across the UK, you will see that commercialisation of IPR is non-trivial. So, if you were to look at the spin-out agenda, for example, you would probably find, in the UK, half a dozen, maybe 10, universities that are making money from creating spin-outs. The rest are doing it on a cost-recovery basis, although some are making a loss. We undertake the spin-out agenda—the creation of companies—in order to create role models. We work on the simple basis that, if you set up about 20, one will really do well; the bulk of them will be more lifestyle businesses, perhaps, and some will clearly go bust.

[101] If you then look at licensing, you will see that it is a challenging thing to do. You need a critical mass of research expertise. I think that there is probably a fair argument for saying that we should look at it at a Wales level rather than as single institutions—we work very closely with our colleagues at Cardiff University. As the vice-chancellor said, they have been very generous; they certainly are. It is an area in which we collaborate quite freely. However, you can bundle your technologies and create something of critical mass; something to sell.

[102] A lot of what we do is applied research. That means, typically, we are working with partners right at the early stage of a research project. Whether that is a case award, collaborative award from science and engineering, a direct sponsorship or a link programme, it does not really matter—it could be a European project. Having company partners at the outset is good, as that gives you a route to commercialisation, because it is the company that is set up to make money out of an idea, whereas the university is an ideas machine.

10.20 a.m.

[103] If, right from the early days, you can set in train really good, close working relationships, hopefully, you have a ready-made route to market. There are state-aid implications, and you must ensure that it is freely available, but it is usually the partners who are involved right at the beginning who can provide a good way forward.

[104] **Gareth Jones:** I am grateful for that. There is another aspect of this that is important. To make an impact, commercialisation could be the answer, if all goes well, but you mentioned the challenging circumstances in which we find ourselves. However, that is a way forward. Another way forward in economic development terms and in making that impact is what you touched upon earlier. It is mentioned towards the end of the report in the section on

‘Glamorgan as a Generator of Export Earnings’, which refers to £33 million in international student fees. That is excellent, but the report also says that the debate for the committee is the possibility of leveraging partnerships through alumni. That is a recurrent theme for us, and some universities are apparently making great headway on that. It could be of great significance for economic development. Could you expand on the university’s role in that, and your views on this important area?

[105] **Professor Halton:** It stretches across a large number of fields. Let me deal with one that was the subject of a letter that I had from the Minister yesterday evening. Universities in Wales have access not just to alumni, but to a large range of trusts, charitable trust funds, and all the rest of it. This activity is big business across the UK, and it is not helpful that we are in a backward position when approaching trusts for serious donations, because Wales has no equivalent to the match-funding scheme in England at the moment. So, I go to the same charitable trusts as an English university, and I am asked the simple question: will you get any match funding? I reply that we will not, because we do not have the match funding scheme in Wales.

[106] That is just one example of the opportunity to lever funds in a tight budget situation. If you want to lever funds, you must provide some small incentive, and whether it is alumni or charitable trusts, you have to have a different angle. In Wales, we do not seem to be able to get these small sums of investment that do not cost very much, or recognise their leverage potential. That is what universities need more than anything else. When you approach alumni, you need a different angle. They are proud of being a graduate of the University of Glamorgan; for example, a large proportion of the Bahraini Government has MBAs from Glamorgan and is extraordinarily proud of that. So, what can we do to lever some money back into the university, which these alumni are looking to do? We have very little that is different from, or innovative compared with, MBAs at other universities. We think that this is an extremely important agenda item. It needs very little investment to make a significant return and start bridging some of the funding gaps, whether or not those gaps are acknowledged.

[107] We talked about students at Merthyr and about signals, and there are very small signals that the Government can send to the university sector about opportunities to pull money in and diversify the income stream. That is absolutely critical—more than critical, at the moment. We think that there is a huge amount of mileage to be gained here. All universities talk about their alumni, but as a proud owner of the Royal Welsh College of Music and Drama, I can say that we have some great ones. We are trying to raise £22 million at the moment to build a new concert hall, which is for everyone to use. How do you go to some of these alumni and say, ‘We would like you to invest in us’, when they know that investments elsewhere, for example, the Slade School of Fine Art, will reap a greater reward? So, it is about recognising that, and I that Gareth is absolutely right to ask that question, because we can pull a lot more into the Welsh economy through very small incentives.

[108] **Gareth Jones:** I do not think that there are any further questions, so I will conclude this part of our session. I found the approach quite fascinating, with the full range of activities and the good work that you are undertaking under the regeneration agenda, but also in the more sophisticated area of knowledge transfer, and the university’s involvement in that regard. You have raised key points that we will have noted. I found it to be a very helpful and informative session to the work that we are undertaking, and it proves the value of going out to places such as Merthyr and learning as a committee. I am sure that I speak on behalf of all committee members in saying that we have learned a lot of important points this morning. Our hope is to translate them into an effective report that will not suffer from on-the-shelf-itis and just hang around somewhere. We want to ensure that the points that we have picked up today will be implemented in the report as a recommendation. Whether we fall out with the Government or not, as Kirsty said, is not really important; what is important is that we have

the recommendations and that they, hopefully, are acted upon. We are pooling our resources, and we are very grateful to you for sharing your expertise and your time with us this morning. Best wishes to the Glamorgan group. Diolch yn fawr.

[109] Symudwn ymlaen at yr hanner awr nesaf, pan fyddwn yn craffu ar y Bartneriaeth Addysg a Busnes. Yr ydym yn hynod falch fod Mr Keith Gillard yma, sef rheolwr y Bartneriaeth Addysg a Busnes. Diolch i chi am y papur yr ydym wedi ei dderbyn a'i ddarllen. Yr ydym wedi clywed cyfeiriad eisoes at y cysylltiad rhwng busnesau bach ac addysg uwch, ac yr ydym yn edrych ymlaen at glywed yr hyn sydd gennych i'w ddweud. Pe baech mor garedig â rhoi cyflwyniad byr o ryw bum munud, cawn y cyfle wedyn i ofyn cwestiynau.

We move to the next half hour, when we will scrutinise the Education Business Partnership. We are very glad that Mr Keith Gillard is here, the manager of Education Business Partnership. Thank you for the paper that we have received and read. Mention has already been made to the link between small business and higher education, and we look forward to hearing what you have to say. If you would be so kind as to give a brief presentation of about five minutes, we will then have an opportunity to ask you questions.

[110] **Mr Gillard:** Thank you very much. As an Education Business Partnership, our main role is to develop projects between business and education. These include all sorts of activities, which are aimed at raising achievement in schools and also at developing employability skills. Aspiration is probably the key in that regard, and one project that we have been involved with is with the University of Glamorgan, which is what the paper is about. In fact, we do several activities with the university, such as holding ACE days, which stands for Aiming for a College Education; student tutoring, where students from the university go to our schools; and some one-off projects, such as holding a revision week based at the University of Glamorgan, and university staff supporting our schools in activities such as mock interviews and enterprise.

[111] What we are finding from these activities is that young people become motivated and, hopefully, aspirations are raised, certainly as far as higher education is concerned—there is plenty of evidence of that. Hence, it is a very successful project, and we have a very successful relationship with the university.

10.30 a.m.

[112] **Sandy Mewies:** I have made the point many times that you have to encourage younger people to aspire. My own opinion is that educational aspiration is a problem in Wales. How many of the people who go on your ACE days enter higher education? Do you track them?

[113] **Mr Gillard:** No, we do not. Approximately 175 pupils would come to an ACE day and, in our patch, we run about half a dozen a year. They are one-off activities that last just over a morning, so around three or four hours. We have not done research—and I do not think that the university has either—on tracking whether those pupils end up in higher education. Even if we did, it is just a short activity and so it would probably be wrong from a research point of view to say, 'Yes, they have gone to university because of attending the ACE day'. It is just one of a raft of activities that would lead to that.

[114] **Christine Chapman:** I know from experience how good the Education Business Partnership's activities are. The areas that we are looking at today include higher education, and we are here in Merthyr, which has had issues of disadvantage and deprivation. Is the Education Business Partnership involved, through its activities, with the more disadvantaged, harder-to-reach young people who might need a bit more support? Is there anything in place to do that through your activities? You offer a universal service, which is fine, but I am just

wondering about those harder-to-reach, more disadvantaged young people.

[115] **Mr Gillard:** Although most of our activities are, as you say, universal—and we cover the whole cohort in each year group—as far as Aim for a College Education days are concerned, schools tend to go for the youngsters who need the extra push and motivation, so those in the middle band who would be on the borderline of achieving a place in higher education. So, from that point of view, they are targeted.

[116] Outside of the links to university, we run projects for more disadvantaged youngsters, who have potential problems or who are disillusioned. We run a programme called Wise for Life, which has strong links with the South Wales Police. We have a seconded police officer who works with small groups of pupils in each of our schools, doing a lot of self-esteem programmes, which are mainly outdoor events.

[117] **Kirsty Williams:** Who funds your work and how is each project funded? I am guessing that there are different pots, and that you have to scrape around different funding streams to fund your work.

[118] Secondly, a large number of students go into schools as part of the student tutoring programme. Do they come from a particular university faculty or do they come from a spread of all the disciplines that the university has to offer?

[119] **Mr Gillard:** Almost all of our funding emanates from the Assembly but, from a practical point of view, Careers Wales Mid Glamorgan and Powys provides us with contracts. The bulk of the funding comes from there although, fortunately, we are also supported by the local education authorities in our area, particularly those of Merthyr Tydfil and Rhondda Cynon Taf, although Bridgend also provides us with funding for specific projects.

[120] Interestingly the ACE work and the student tutoring are not funded from those contracts, which is probably one reason why these schemes are not widespread throughout Wales. We believe that they are important, however, because of the aspiration point of view. Traditionally, we have been running these ACE programmes for about 20 years, which started with EBP, but the programmes have not since been funded by a particular contract from either Careers Wales or one of the local authorities.

[121] On the student tutoring programme, historically, it involved students from throughout the university and any student could apply to go on it but, over the past two or three years, it has been targeted at the education department. So, the students going into the schools are almost trainee teachers or people who are interested in education.

[122] **Christine Chapman:** I know that you have always had a good relationship with employers, but, from time to time, that employer base changes—more employers come in and others fold. What is your strategy on that, as far as accessing employers to support the scheme is concerned? Are there more barriers to that these days than there have been in the past?

[123] **Mr Gillard:** It is an ongoing battle with employers. You are quite right, there is an attrition rate as far as employers are concerned—some companies close, people move on, and so on. The strategy is a one-to-one relationship with employers and building up trust and relationships with those people. For example, one of my team will telephone someone and ask them to do a mock interview, say, in three weeks' time, because they know that particular person on a first-name basis. So, it is about building up relationships with employers, and it is also a case of ensuring, when the employer that takes part in an activity, that it is a good experience for them, so there is always a member of staff at hand and the person is looked after and is well briefed beforehand, and that the schools are supportive—our relationship with the schools, therefore, has to be a priority. Everything is targeted at ensuring that the

experience that the employer takes part in is good and worthwhile, and so the employer will do it again.

[124] Engaging with employers is an ongoing process—it is about knocking on doors, arranging meetings and then trying to attract them to get involved with education. However, we are fortunate in our area, Mid Glamorgan, that the vast majority of employers are supporting us and supporting schools. The main reason for that is because they have a good experience and find it worthwhile.

[125] **Christine Chapman:** One concern that we have had throughout the inquiry is that, sometimes, within education not enough information is being passed on to young people as far as entrepreneurship, setting up businesses, and so on, are concerned—whether that is right or not, I do not know. We thought that the teacher placement scheme, which you have been involved with for many years, could be a good vehicle for addressing this. Would you like to say something about the teacher placement scheme and possibly entrepreneurship, and whether they could work together?

[126] **Mr Gillard:** As far as entrepreneurship is concerned, we run several programmes. As you know, for example, every year 10 and year 11 pupil throughout our area of 41 secondary schools takes part in entrepreneurship projects. We also run Dynamo, which is in year 9, in year 10 at the moment and also in year 12, whereby local entrepreneurs come into schools to run workshops with students. So there is quite a lot of entrepreneurship work going on. There is also the famous Young Enterprise scheme, which is the flagship enterprise project, mainly for year 12 pupils.

[127] As far as teacher placements are concerned, we place around 600 teachers a year in various places throughout the patch—mainly for curriculum purposes, but sometimes for management purposes—to gain things that they can then deliver back in the classroom. Those placements work very well.

[128] **Gareth Jones:** I am intrigued. Questions have been asked in terms of the funding, and the picture is now emerging. You have certainly raised my awareness of this important partnership. I seem to recall that partnerships were established years ago under the old eight-county system, if I remember correctly. Obviously you have an important one here in Mid Glamorgan. It is an important model that you are working to, and it responds positively to the concerns that we have been discussing during the course of this review. To what extent do you report annually on your obvious successes, because good practice needs to be shared, and to what extent is this principle of a partnership still to be found in other parts of Wales? What are your views on that geographical distribution—should more be done?

10.40 a.m.

[129] **Mr Gillard:** As far as the set up of an education business partnership is concerned, historically, as you say, there were independent, almost separate, education business partnerships. They have now become amalgamated within the careers companies throughout Wales. So, within each careers company in Wales, apart from in Mid Glamorgan, you would have a department that would be responsible for education business links. In Mid Glamorgan that has not happened; we remain an autonomous, separate organisation. We are funded and supported by the local careers company and have a very good relationship with that company, but we are also supported by the local education authority. So, we do the same work, essentially, as the education business links departments of the other careers companies in Wales, but we are a separate organisation. One of the advantages of that is that we get quite significant local authority support. Whether that local authority support would continue if we were part of a careers company, I do not know. There are probably advantages and disadvantages with the model, but it has worked very well in our area. It is a brand name—

people know us as Mid Glamorgan EBP. We have an excellent relationship with the careers company, so there is no obvious benefit in our being part of that company, and we still get very significant local authority support.

[130] **Gareth Jones:** The important point for us, as Members, is that we recognise the work that you are doing and through the trail, as it were—through entrepreneurship and involvement with education and higher education—the merits are plain for all of us to see. I do not believe that we have looked at Careers Wales. I wonder whether Members would now wish to reflect on that organisation as to its role and the contribution that it could make to achieve the aims of this report, which is to establish and improve economic development through higher education. This is one example, which you have highlighted to us and we are very grateful for that, but I think that it is then a matter for Members to consider what we have here this morning and to see whether we are actually doing justice in terms of other parts of Wales as to what is happening.

[131] **Christine Chapman:** I think that that would be a good way forward, Gareth. The other point that I would like to make—it probably refers to David Halton's point—is that it would be useful to have the Welsh Local Government Association here, because it is quite key to the idea of education links, but we also mentioned the infrastructure issues with higher education. It might be quite useful if the WLGA were to attend or to at least prepare a paper on this.

[132] **Gareth Jones:** I see that there are no further questions. Mr Gillard, thank you very much for coming along. As I have said, I have learned something, as I am sure have all the other Members. We do need to take this on board. We heard earlier about the regeneration agenda and the engagement of young people, and so on, and the work that you are doing is certainly driving that particular agenda forward. It is something that we will take note of and include in our report. It is well worth our while looking at the wider picture as well, because you have given us a very successful example, but we need to see how the rest of Wales engages with this important theme. Thank you for your contribution, which has been very helpful to us. In fact, the whole session has been very helpful and, on behalf of Members, I would like to thank the authorities at Merthyr College for welcoming us and making us feel at home. It has been a very helpful session for all of us. There is a paper to note—the minutes of the previous meeting. On that note, I will close the meeting. Diolch yn fawr iawn.

*Daeth y cyfarfod i ben am 10.45 a.m.  
The meeting ended at 10.45 a.m.*