

Education and Lifelong Learning Committee

Note of Visit to Higher Education Funding Council for Wales (HEFCW)

Date: Thursday 18 November 2004

Time: 11.00am - 1.45pm

Venue: HEFCW offices, Llanishen, Cardiff

Rapporteur Group:

Leighton Andrews AM

Mark Isherwood AM

Janet Ryder AM

Holly Pembridge (Deputy Committee Clerk)

Hannah Williams (Members' Research Service)

HEFCW Representatives:

Professor Roger Williams (Chairman)

Professor Philip Gummett (Chief Executive)

Richard Hirst (Director of Finance and Risk)

Dale Hall (Senior Planning and Corporate Governance Officer)

Introduction

Professor Gummett welcomed the rapporteur group and introduced his colleagues.

Holly Pembrige introduced the rapporteur group and thanked HEFCW for hosting the meeting. She explained that this was part of a series of such visits by Committee members to education and training organisations in Wales. The purpose of this visit was to foster a greater understanding of the work of HEFCW; in particular, issues arising from the corporate plan and progress on the reconfiguration and collaboration in the higher education (HE) sector in Wales.

HEFCW representatives made the following introductory remarks:

- HE in Wales was embedded in the UK higher education sector, which in turn was embedded in international UK;
- In the context of research league tables, HE was now more competitive than ever. Wales needed an internationally competitive HE sector;
- Higher education in Wales had needed strengthening, as a strong sector was fundamental to the economy and culture;
- HEFCW was not sure what the impact of the potential introduction of variable fees would be on the pattern of demand for HE over the next 3-4 years. A strong HE sector would be better placed to deal with such uncertainties;
- If HEIs in Wales were not robust, the best staff and students would not be attracted to HE in Wales and the sector would thus be weakened;
- HEFCW provided the main source of research funding in Wales. This was not ideal - there was a need to work with other partners in Wales;
- Through third mission funding, HEIs could make a direct, immediate impact on society and the economy;
- There were two or three HEIs in Wales that were smaller than large schools and this put demands on the management of these institutions, as they would not be in a position to have in-house the full range of specialist legal expertise (e.g. human resources);
- The widening access agenda in Wales was distinctive from that in England: unlike in England, the target in Wales was not 50% participation but rather a focus on Communities First areas. Post-92 HEIs would more likely play a greater role in the widening access agenda than would the pre-92 HEIs.

In response to the rapporteur group's questions, HEFCW representatives made the following points:

Welsh-Medium Development

- HEFCW was concerned that the development in Welsh-medium HE was either static, or falling;
- Progress required addressing both supply and demand for Welsh-medium HE provision;
- 26% more funding was provided for each individual pursuing modules through the medium of Welsh, together with other funds to promote Welsh-medium HE;
- There was a need to increase the number of staff willing and able to teach through the medium of Welsh. This would be facilitated initially through provision of fellowships and studentships. The

award holders would also teach and prepare teaching materials;

- HEFCW was encouraging the sector and the Welsh-Medium Development Unit (which it co-funded with the University of Wales) to produce proposals under Reaching Higher for collaboration in the provision of Welsh-medium higher education (e.g. staff and teaching materials).

Overseas Students

- Over recent years the pattern of incoming overseas students to Wales had been upward, broadly in line with that of England;
- The presence of overseas students was important as it enriched the HE community culturally, was a crucial source of income, and was also a measure of international excellence, since students and governments would be unlikely to pay the fees involved for inferior provision;
- The global HE market was becoming increasingly competitive. HEIs in the USA and Australia were obvious competition for the UK. Some German HEIs were providing courses through the medium of English.

Spin Out

- There was a debate whether spin out was the best measure of economic engagement by HE, and at what point in time profitability could best be measured. Licensing was possibly a better measure of direct application of university intellectual capital;
- The Treasury had been alerted to concern in the UK higher education sector over the Finance Act 2003, which had led HEIs to hold back from spin out enterprises due to new taxation implications;
- Professor Gummatt undertook to provide further information for Leighton Andrews on whether or not this had an implication for individual HEIs, or individuals. [action]

Research Income

- Pro rata to scale, one might expect Welsh HEIs to win 5% of UK research income (e.g. from research councils). In practice, because of the enormous pull of the institutions in the South East of England, a target of 4.5% of research council income had been agreed for 2010 under Reaching Higher;
- Most monies went towards the science and engineering fields, which were inherently more expensive than the social sciences and humanities;
- HEFCW believed that there was a need for HEIs to 'think bigger' and aim more confidently into larger research council competitions;
- The Welsh Assembly Government had a concordat with the research councils, which was focussed in part on assessing how HEIs' performance could be improved;
- Individual academics tended to be successful at bidding for research income but there was a need to bring centres together; most of the HEIs in Wales could not credibly bid on their own for the biggest programme grants as they would not, alone, have the necessary range of expertise. Bids

were more likely to be successful if HEIs pooled expertise;

- Research income was going in the right direction. Bangor University had recently been successful in attracting major research centre funding from Natural Environment Research Council (NERC), for example. HEFCW had awarded funding to Cardiff University, the University of Wales College of Medicine, Swansea University and Aberystwyth University for collaborative world-class genome research;
- Research income had two main streams: the research council stream and HEFCW. The HEFCW stream was 'free' money, in the sense of not being attached to specific competitions. The Cardiff University and College of Medicine merger had produced an institution strong enough to compete on a world-class platform;
- The Research Assessment Exercise (RAE) results of 2001 had been an improvement on 1996, but were still somewhat disappointing;
- Aberystwyth University and Bangor University were considering integrating research activities and HEFCW could facilitate such collaboration with the reconfiguration fund;
- Bangor University and Cardiff University were currently considering some joint world-class research work utilising Cardiff University's brain-imaging equipment;
- It was vital that expertise was retained in Wales.

Subject Shortage Areas

- HEIs were best placed to make judgements concerning the interplay of market forces (subject areas) as they were closest to the market;
- HEFCW was concerned about the lack of take-up of modern foreign languages in the HE sector in Wales (as in the rest of the UK) and was conducting a review of the situation;
- Students were appearing to choose not to study modern foreign languages - possibly because the market signals in employment terms were not attractive. There had also been a fall in demand for chemistry but the problem was not as acute as with modern foreign languages. The situation should be monitored closely;
- Teacher training institutions were working closely together, whilst maintaining a competitive approach;
- HEFCW would provide further information relating to the relative performance between England and Wales over recruitment to priority subjects for postgraduate teacher training and information regarding the different success rates of scarce subject school teachers [action];
- HEFCW did not access any research data for ascertaining potential undergraduates/graduates' subject determinations - this was more applicable to HE institutions themselves. HEFCW did access useful data provided by Future Skills Wales.

Collaboration - Bangor University and North East Wales Institute (NEWI)

- Both institutions had drawn back from a formal merger (due to issues related to their respective

pre-1992 and post-1992 status) but had a given a clear determination that they would collaborate closely.

University of Glamorgan and University of Wales Institute, Cardiff

- HEFCW had been convinced by the public consultation document published in August 2003 that the case for this merger was compelling. Wales did not have a sufficiently sized post-1992 institution able to compete with corresponding universities in England. Larger institutions were often stronger and were able to counteract difficulties more effectively;
- The National Association of Teachers in Further and Higher Education (NATFHE) and UNISON had been in favour of the merger, as they believed that their members would be better served by a stronger institution;
- The audit report on the terminated merger identified no reason of substance why the proposal was unsound, and so the issue would remain on HEFCW's strategic agenda. The Council was likely to write to both institutions offering to provide facilitation, should they wish to resume discussions at any point. The climate for such discussions would also be much influenced by any views taken by the Assembly on the subject;
- The appointment of a new vice-chancellor at the University of Glamorgan presented new possibilities for the future.

Leadership/Governance

- Managing HE institutions was extremely demanding. Leadership and management capacity were inevitably variable across institutions. There was a need for continuous improvement across the whole sector, as the challenges mounted;
- Smaller institutions had looked to share administrative functions amongst two or three institutions;
- Merger/collaboration was difficult to achieve without leadership from the institutions' governing bodies and senior management. It was also important for institutions to possess enlightened self-interest, recognising that good as they might presently be, they might 'get left behind' if they did not adapt fast enough. HEFCW could provide advice, assistance and help HEIs realise change.

Role of HEFCW

- HEFCW saw its role as encouraging the HE sector to grow and move forward, whilst respecting the autonomy of the individual institutions. There was a need for a smaller number of larger HE institutions in Wales;
- HEFCW could provide its view to institutions regarding their strategic direction;
- HEFCW could influence HEIs via reconfiguration funding which was discretionary upon certain criteria being met, and also through more strategic use of core funding.

Reform

- HEFCW had written to the Welsh Assembly Government in light of its recent announcement to bring some Assembly Sponsored Public Bodies (ASPBs) in-house. HEFCW had invited the Assembly Government to consider what was the most appropriate mechanism for delivering the Reaching Higher agenda and strengthening the HE sector in Wales;
- The Assembly Government was encouraged to deliberate whether it would be appropriate to have a significantly different form of oversight for the HE sector in Wales compared with that in England and Scotland. If HEFCW came under the auspices of the Assembly Government, then Wales would not have a counterpart council with England. HEFCW's concern was over the implications for the recruitment and retention of academic staff: without a funding council, there might be a perception that Wales was a less secure place to build a career than England or Scotland, because there would be less autonomy for the institutions;
- There was also a need to recognise that there would be a significant strain on the existing resources of the Assembly Government's Department for Training and Education, with the complex transfer of the student support system to Wales.

Student Support/Variable Fees

- HEFCW could develop a contingency plan with officials from DfTE for the transfer of powers to Wales;
- If variable fees were introduced after 2007, there would need to be an equivalent of England's Office of Fair access, and it had been determined that HEFCW would play this role. HEIs would need to be issued with guidance for fee plans. If this was the case, it would be vital for regulations to be drafted and approved promptly to enable HEFCW and the sector to plan ahead;
- For the year 2006-07, there would be a supplementary income stream (to ensure that the sector in Wales was not disadvantaged by the ability of English competitors to draw down variable fee income). HEFCW expected to be asked to decide how to distribute this income.

Pay Framework

- HEFCW could not be sure what the full cost of introducing the new pay framework would be, until HEIs had undertaken detailed work to address this question. The HEIs were proposing to make a bid under the Reconfiguration and Collaboration fund for support to do this work on a collective basis. External consultants might be required.

Capping Student Numbers

- There was a need for a sustained debate in Wales with regards to pressures arising from the widening access agenda and demographic growth. On a crude first analysis, by 2010, between 8,000 and 13,000 people might want to access HE in Wales over and above current provision -

about a 10% increase.

Foundation Degrees

- Leslie Wagner was about to publish a study in England examining the record to date on Foundation Degrees.

Standards

- The Quality Assurance Agency (QAA) had produced a series of reports concerning academic standards, which broadly showed that the quality and standards of provision in Wales was sound;
- There were no reservations concerning individual HEIs' academic standards and internal processes in Wales. The record to date was entirely positive;
- The University of Wales had recently been reviewed by the QAA. The report was not yet published;
- The fact that British higher education was attractive to overseas students was an indication that standards were also perceived to be high;

Conclusion

Holly Pembridge, on behalf of the rapporteur group and the Committee, thanked the HEFCW representatives for their hospitality, informative presentations and constructive discussion over a wide range of issues.

Professor Gummatt responded that HEFCW had enjoyed the meeting and welcomed this opportunity for dialogue with committee members and officials.

Action Points

HEFCW colleagues agreed to provide the following information:

- Further information regarding the impact of taxation earned on income from 'spinout' activities;
- Further information concerning the relative performance between England and Wales over recruitment to priority subjects for post-graduate teacher training; and
- Further information on different success rates of scarce subject school teachers.

[All requested information has been provided.]