

Jane Davidson AM

Minister for Education and Lifelong Learning
Gweinidog dros Addysg a Dysgu Gydol-Oes

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The Rt Hon Charles Clarke MP
Secretary of State for Education and Skills
Sanctuary Buildings
Great Smith Street
London
SW1P 3BT

5th March 2003

Dear Charles,

I am writing regarding our discussions about devolving responsibility for student support finance to Wales. Student support is an important area of policy, aspects of which have direct implications for what we are trying to achieve under the umbrella of our *Reaching Higher* strategy for HE in Wales.

The Welsh Assembly Government wishes to seek:

- ◆ Devolution of targeted grants and the new Higher Education Grant;
- ◆ Devolution of the responsibility for repaying the loans of teachers starting work in priority subjects;
- ◆ Representation on the student loan company; and
- ◆ Freedom to determine the tuition fee regime in Wales, including the key issue of 'top-up fees'.

Were these matters to be devolved, the precise impact on Welsh institutions and Welsh students would depend on the final policy decisions of the Welsh Assembly Government, for example on the maximum level of fee and the financial support available to Welsh-domiciled students. In the meantime, as you will be aware, there is a great deal of importance attached in Wales to the power to determine these matters locally. We therefore would wish to seek permissive powers which will enable the Assembly to institute its own regime in Wales.

Acceptance of responsibility for these elements of student support will be dependent on the transfer of the requisite resources from DfES. Initial discussion with officials in your Department has confirmed that DfES has provided for Wales in its forward baseline up to the next CSR. Our analysis of the student numbers points in the direction of a financial transfer on the basis of 'actuals' rather than the Barnett share. This would reflect the disproportionately high numbers of students in Wales from lower income

backgrounds. As for repayments, they would be made through the general UK tax system. We will be seeking clarity from DfES and Treasury colleagues on the precise mechanisms for managing the revenue stream into the Welsh block.

We are already taking steps to establish in Wales, within HEFCW, a national widening access co-ordinator. Amongst other things, the co-ordinator will be responsible for ensuring that there is an integrated approach to widening access across Wales, and will maximise access to, and contact with, Higher Education Institutions for young people across Wales. We envisage that position developing to provide a role equivalent to that of the proposed Access Regulator in England.

We do not at this stage wish to see the devolution of the administration of the England and Wales system for student loans and tuition fees. The benefits of devolution in this area would only be marginal, and the additional bureaucratic costs potentially very significant. We do not want to close the door on that as a future option. In seeking a seat on the Board of the Student Loan Company we aim to better understand the 'machinery'.

As it is proposed that top up fees are only permitted for the final six months of the next term of the Assembly, ending in April 2007, we are minded to indicate that the Assembly Government will therefore not be introducing top-up fees in the next Assembly term. This will clarify the situation and enable us to take the necessary time to get any decision on the details of transfer of powers absolutely right.

We will of course need to look at any need to apply top-up fees in Wales in the light of their application in England in 2006, and fully acknowledge that this is an area where detailed discussions will be needed. We would appreciate a proper and detailed dialogue on this issue in advance of your planned legislation this Autumn. It would also be useful to discuss your proposed plans for waiving the 'top-up' element of the university fee for poorer students, although aware that it will not be possible to have complete clarity on this issue at this stage.

I am copying this letter to the Secretary of State for Wales Peter Hain MP. I look forward to discussing these issues with both you and Peter at the earliest opportunity.

A handwritten signature in black ink, reading "Jane Davidson". The signature is written in a cursive, flowing style with a large initial 'J'.

Jane Davidson AM
Minister for Education and Lifelong Learning