



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

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

**Dydd Iau, 10 Gorffennaf 2008
Thursday, 10 July 2008**

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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
Jeff Cuthbert	Llafur Labour
Andrew R.T. Davies	Ceidwadwyr Cymreig Welsh Conservatives
Gareth Jones	Plaid Cymru (Cadeirydd y Pwyllgor) The Party of Wales (Committee Chair)
David Melding	Ceidwadwyr Cymreig Welsh Conservatives
Sandy Mewies	Llafur Labour
Janet Ryder	Plaid Cymru The Party of Wales
Kirsty Williams	Democratiaid Rhyddfrydol Cymru Welsh Liberal Democrats

Eraill yn bresennol
Others in attendance

Roger Carter	Pennaeth Ymchwil, Busnes a'r Gymuned, Cyngor Cyllido Addysg Uwch Cymru Head of Research, Business and Community, Higher Education Funding Council for Wales
Yr Athro/Professor Philip Gummett	Prif Weithredwr, Cyngor Cyllido Addysg Uwch Cymru Chief Executive, Higher Education Funding Council for Wales
Yr Athro/Professor R Merfyn Jones	Cadeirydd, Addysg Uwch Cymru Chair, Higher Education Wales
Dr Alyson Thomas	Uwch Reolwr Datblygu Economaidd, Cyngor Cyllido Addysg Uwch Cymru Senior Economic Development Manager, Higher Education Funding Council for Wales
Amanda Wilkinson	Cyfarwyddwr, Addysg Uwch Cymru Director, Higher Education Wales

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

Dan Collier	Dirprwy Glerc Deputy Clerk
Dr Kathryn Jenkins	Clerc Clerk

Dechreuodd y cyfarfod am 1.32 p .m.
The meeting began at 1.32 p.m.

Cyflwyniad ac Ymddiheuriadau
Introduction and Apologies

[1] **Gareth Jones:** Prynawn da, a **Gareth Jones:** Good afternoon, and welcome
 chroeso i gyfarfod y Pwyllgor Menter a to this meeting of the Enterprise and

Dysgu. Yr wyf yn deall ein bod yn parhau i geisio cysylltu â Merfyn ym Mangor; cawn weld sut y bydd pethau.

Learning Committee. I understand that we are still trying to connect with Merfyn in Bangor; we will see how things go.

[2] Yr wyf yn atgoffa pawb i ddiffodd eu ffonau symudol ac unrhyw ddyfais electronig arall. Nid oes angen inni gyffwrdd y meicroffonau. Nid ydym yn disgwyl ymarfer tân, felly os bydd cloch yn canu, bydd yn rhaid inni symud o'r ystafell a'r adeilad o dan gyfarwyddyd y tywyswyr. Bydd y cyfarfod yn ddwyieithog, ac mae clustffonau ar gael os ydych am dderbyn gwasanaeth cyfieithu ar y pryd o'r Gymraeg i'r Saesneg. Cewch glywed hynny ar sianel 1. Cewch hefyd dderbyn sain wedi'i chwyddleisio ar sianel 0. Bydd cofnod o'r cyfan a ddywedir yn gyhoeddus.

I remind everyone to switch off their mobile phones and any other electronic devices. We do not need to touch the microphones. We are not expecting a fire drill, so if an alarm sounds, we will have to leave the room and the building under the ushers' guidance. The meeting will be bilingual, and headsets are available if you would like to receive a simultaneous translation from Welsh to English. That is available on channel 1. You can also receive an amplification of the sound on channel 0. There will be a record of everything that is said in public.

[3] Yr wyf hefyd yn estyn croeso i Rónan o Gynulliad Gogledd Iwerddon sydd yn cysgodi staff Cofnod y Trafodion yma yng Nghaerdydd. Croeso i chi.

I also welcome Rónan from the Northern Ireland Assembly, who is shadowing the Record of Proceedings staff here in Cardiff. Welcome to you.

[4] Nid oes unrhyw ymddiheuriadau, hyd y gwn, ac nid oes dirprwyon.

There are no apologies, as far as I know, and there are no substitutions.

13.33 p.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:** Croeso, Merfyn—dof atat yn awr. A wyt yn ein clywed?

Gareth Jones: Welcome, Merfyn—I will come to you now. Can you hear us?

[6] **Yr Athro Jones:** Ydw.

Professor Jones: Yes.

[7] **Gareth Jones:** Dyma'r sesiwn graffu olaf yn ymwneud â'r ymchwiliad i gyfraniad economaidd addysg uwch. Yr ydym eisoes wedi derbyn papur 1 a phapur 2 ac wedi cael cyfle i'w darllen. Croesawaf gynrychiolwyr o'r ddau brif gorff sy'n ymwneud â'n hymchwiliad, sef Cyngor Cyllido Addysg Uwch Cymru—diolch i chi am eich papur, sef papur 1—ac hefyd Addysg Uwch Cymru. AUC sydd wedi anfon papur 2 atom. Croesawn yr Athro Phil Gummett, prif weithredwr Cyngor Cyllido Addysg Uwch Cymru, Roger Carter, pennaeth ymchwil, busnes a'r gymuned i'r cyngor, a Dr Alyson Thomas, uwch reolwr datblygu economaidd i'r cyngor.

Gareth Jones: This is the final scrutiny session of the inquiry into the economic contribution of higher education. We have already received paper 1 and paper 2, and we have had the opportunity to read them. I welcome representatives from the two main bodies involved in our inquiry, namely the Higher Education Funding Council for Wales—thank you for your paper, which is paper 1—and also Higher Education Wales. HEW sent us paper 2. We welcome Professor Phil Gummett, chief executive of the Higher Education Funding Council for Wales, Roger Carter, head of research, business and communities for the council, and Dr Alyson Thomas, senior economic development

manager for the council.

[8] Yr ydym hefyd yn croesawu, ac yr ydym yn falch i'w gweld yma, Amanda Wilkinson, cyfarwyddwr Addysg Uwch Cymru—yr ydym yn disgwyl newyddion gwych yn fuan. Drwy'r wyrth o fideogynadledda—mae'n wyrth i mi, beth bynnag—yr ydym yn croesawu'r Athro Merfyn Jones, is-ganghellor Prifysgol Bangor a chadeirydd Addysg Uwch Cymru. Gobeithio bod y dechnoleg yn gweithio a'ch bod yn dal gyda ni ac yn ein clywed yn iawn, Merfyn.

We also welcome, and we are pleased to see her here, Amanda Wilkinson, the director of Higher Education Wales—we are expecting good news quite soon. Through the miracle of video-conferencing—at least, it is a miracle to me—we welcome Professor Merfyn Jones, the vice-chancellor of Bangor University and the chair of Higher Education Wales. I hope that the technology is working and that you are still with us and can hear us properly, Merfyn.

[9] **Yr Athro Jones:** Ydy.

Professor Jones: It is.

[10] **Gareth Jones:** Mae amser yn brin y prynhawn yma. Yr ydym wedi clustnodi hyd at ddwy awr. Cawn weld sut yr aiff pethau, achos fel y dywedais, bydd y papurau a gyfranasoch yn allweddol i'r adroddiad terfynol. Yn unol â'n harfer, gofynnaf am gyflwyniad byr gennych o ryw bump i 10 munud—un gan y cyngor a'r llall gan Addysg Uwch Cymru, wedyn cawn ni fel Aelodau gyfle i ofyn cwestiynau. Felly, mae drosodd i chi. Nid wyf yn gwybod pwy sydd am ddechrau. Ai'r Athro Phil Gummatt fydd yn dechrau? Dyna yw'r drefn, Phil, os yw hynny'n iawn gyda chi.

Gareth Jones: We are pressed for time this afternoon. We have allocated up to two hours. We will see how things go, because, as I said, the papers that you have contributed will be crucial for the final report. As usual, I ask for a brief presentation of five to 10 minutes—one from HEFCW and the other from HEW, and then we as Members will have an opportunity to ask questions. So, it is over to you; I do not know who will start. Is it Professor Phil Gummatt who will start? That is the order of play, Phil, if you are happy with that.

[11] **Professor Gummatt:** I will begin by saying how happy we are to be here again today and how much we welcome the attention that has been drawn by this inquiry to the economic contribution of higher education in Wales. The evidence that the committee has gathered has been extremely interesting, and I have learned a lot from it. I have read about what is going on in our institutions in detail and, in some cases, I learned about things that I had not previously been aware of. There have also been all the other contributions. We in the funding council regard this as a quarry to mine, from which we can extract a lot of useful pointers for the future. On top of that, there will be the report that emerges, to which we will wish to pay great attention. We will be glad to help in the later stages of this work in any way that is appropriate, and as you may wish.

[12] I am content to let our supplementary evidence stand and for you to pick up questions on it, but, if you will allow me, I will take the opportunity to say that, by happy coincidence, today is the day on which the latest version of the higher education-business and community interaction statistics have been published. It was literally at lunch time today, and it was under embargo until then to secure a UK-wide launch with statements in London, Edinburgh and Belfast. It might be helpful if I say what two or three of the headlines are, and we will be happy to give a note afterwards, because it will not be easy to take the information down as I speak.

[13] As we hinted in the supplementary submission, further reassuring news is emerging from the latest results, bearing in mind that Wales accounts for about 5 per cent of the total volume of activity in higher education in the UK. What is emerging from the latest results is

that, for the 2006-07 academic year, in terms of income from collaborative research coming from a combination of public and business funding, but principally the latter, Wales accounts for 10 per cent, which is double what one might expect. In so doing, it outperforms seven of the nine English regional development agency regions. In addition, the income from consultancy contracts with small and medium-sized enterprises accounts for about 7.3 per cent, which again is more than one would expect pro rata.

[14] It is interesting to see how that activity has grown. In 2001-02, the number of consultancy contracts that Welsh higher education institutions had with small and medium-sized enterprises was just under 800. In 2006-07, it was just over 3,600, so it has gone up by a factor of more than four in a period of five years.

[15] Wales has 6.4 per cent of UK higher education's cumulative portfolio of active patents, so energetic work is going on there, and again, we are outperforming all the English RDA regions, with two exceptions, namely London and the south-east, which is not surprising. It is heavily concentrated, which is an issue that we may come back to later, but, nevertheless, the macro figure is a good one.

1.40 p.m.

[16] Business start-ups and spin-outs involving staff and students are also good, with 13 per cent of them coming from Wales. For graduates, the figure is nearly 11 per cent, so again, Wales is significantly outperforming the pro-rata norm. There has also been a big jump in continuing professional development work with business; it is still not entirely where we would like it to be, but there has been a big improvement. In 2005-06, Wales was getting 1.3 per cent of continuing professional development work, and it has grown to 4 per cent in the space of a year. That is still not enough, and we are aiming higher, but, nevertheless, it is a significant movement. Within that increase—and we will have to dig into the figures more to try to understand it—there has been a drop in the proportion of CPD work undertaken with small and medium-sized enterprises. We do not yet know why; we do not know whether SMEs generally are reducing the volume of training that they buy, or whatever. So, that is an area where we will need to dig into the figures to understand it.

[17] The general picture is that there has been a big increase in CPD activity, but we need to understand its composition in more detail. My final point is that the percentage of income from the realisation of intellectual property is also going up, but it is still not where we would like it to be—it is still about 4.1 per cent, and we had hoped that it would be a bit higher than that. On the negative side of the balance sheet, if you like, that is an area where we think that there is still effort required. That links to patenting activity. There is quite a reasonable volume of patents, but the realisation of patents in cash is not going smoothly. That might link in to some of the later discussion about the Gibson review, commercialisation, and all of that. So, with your indulgence, Chair, I will present those figures now, as they are hot off the press, and we will send them as a note to the clerk afterwards, with a bit more background detail.

[18] **Gareth Jones:** Thank you for that, Professor Gummatt. I now turn to Higher Education Wales. I do not know who wants to start.

[19] **Yr Athro Jones:** Diolch yn fawr, Cadeirydd. Byddaf yn fyr. Croesawaf y wybodaeth yr ydym newydd ei chlywed am y gweithgareddau sy'n mynd ymlaen yn y maes hwn. Yr ydym yn ddiolchgar i'r pwyllgor am ein galluogi i ddod yn ôl unwaith eto, fel mae eich ymholiad yn dirwyn i'w ben, i drafod ymhellach gyda chi. Gobeithio nad ydych
Professor Jones: Thank you, Chair. I will be brief. I welcome the information that we have just heard about the activities that are ongoing in this field. We are grateful to the committee for allowing us to come back once again, as your inquiry draws to a close, to discuss this further with you. I hope that you have not had enough of us—this is the third

wedi cael llond bol arnom—hwn yw'r time that we have given evidence to the trydydd tro inni roi tystiolaeth i'r pwyllgor. committee.

[20] I would like to make a few points. The committee has received evidence from an exceptionally broad range of organisations and stakeholders—Phil referred to the quarry—over the last few months. It seems to me that this review is timely, because, even in the short period since Cynog Dafis's review of higher education back in 2001 for your predecessor committee, there has been a transformation in the contribution of higher education to the Welsh economy, and a much wider understanding of the importance of HE in the Welsh economy. You have seen that in the evidence that has been submitted by universities across Wales. It demonstrates that universities are pivotal players in local and regional economies, and we see the sector as a whole as an emerging powerhouse that can help to develop and improve our low levels of productivity and business research.

[21] I will highlight a few points that seem to me to have emerged from the evidence that has been presented to committee. First of all, universities are involved in a great deal of collaborative work, and, indeed, the statistics that we have just heard would seem to confirm that. Universities have, in the last few years, worked with a whole range of organisations: with businesses, FE colleges, schools, sector skills councils, and many other organisations. I am glad that the committee has heard something of that, and has seen some of the evidence of that joint working. I believe that it has provided demonstrable economic results for Wales; you will see a reference to that in our written evidence. In itself, the sector's £1 billion turnover, and the estimated £2 billion or so in the wider economic impact, makes us as a sector a genuinely big player in the Welsh economy.

[22] That leads me on to my second point. The research and innovation conducted by higher education is crucial to our current and future prosperity as a country. Without university research and innovation, research and development levels in Wales would, frankly, be pretty low. We do not have sufficiently large research-and-development-intensive businesses around which we can cluster investment. In Wales, as in many other countries and advanced economies, it is universities that are the leaders in research and innovation. I am sure that you will have seen evidence of that in your visits elsewhere.

[23] As a sector, we are willing, eager and enthusiastic to develop this role, to be the research and development dynamo for the Welsh economy, so that we can begin to develop a critical mass of knowledge-intensive industries, which I believe that we all agree are crucial to our long-term success as an economy. As we say in our written evidence, what we need is the right investment in order to have the tools to do the job in this area. We trust that this central point will be recognised.

[24] Therefore, we look forward to the committee's report. We expect, and hope, that the committee will make constructive, critical comments about our performance, and we would genuinely welcome that input, as we welcome this scrutiny. I believe that universities in Wales want to be measured by the best. Our ambitions for Wales are high, and we are anxious to play our part. I believe that, as a sector, we already perform well for Wales, but we want to be a higher education sector that can be compared with any in the world. Universities are leading the emergence of a knowledge economy and an opportunity society in Wales. We look forward to your report, challenging us to succeed in that task.

[25] Those are the few general points that I wanted to make. The written evidence is, of course, much more detailed.

[26] **Gareth Jones:** Thank you very much, vice-chancellor. We appreciate the emphasis that you put—both HEFCW and HEW—in the written evidence in your papers. We have read those carefully, and there are key messages there, which, I am sure, will not have gone

unnoticed. You mentioned economic prosperity, and, certainly, taken with the figure that you mentioned in your paper—that £1 million invested in the HE sector leads to a £5.3 million development in Wales's economy—that shows that it can bring about significant changes, if we can get the balance right.

[27] However, that is enough from me. We now have a few questions, starting with David Melding.

[28] **David Melding:** I want to ask about research, in particular, but I want to begin in a related way, by looking at the number of students studying science, technology, engineering and mathematics. We know that this is in decline at a UK level—I understand that, in the last six years, the number of students studying bioscience is down by 27 per cent, and that the number studying chemistry is down by 23 per cent. However, the HEFCW paper states that its analysis shows that the problem is less acute in Wales. I would like some information on that, if possible, because that is pertinent.

[29] I do not want my second question to sound too aggressive, because I think that part of the problem is probably with policy makers, rather than the higher education sector. As past witnesses have also emphasised, you note that we do quite well in terms of our research impact, compared with the UK as a whole. However, Professor Gummatt quite rightly hinted that that tends to be concentrated in Cardiff.

1.50 p.m.

[30] The problem that I have is one that I have mentioned to many witnesses. Despite the fact that Cardiff has a wonderful science base, with one of the largest university hospitals in Europe, an excellent medical school, a pharmacy department of world-class renown and a strong science sector across the board, there is next to no major pharmaceutical or bioscience industry in the Cardiff area, as noted in a recent Treasury paper.

[31] Why is that the case? Given the wonderful resources that we have, what has gone wrong? As I said, I do not necessarily think that is principally a HE problem. Therefore, what are policymakers doing wrong? Over the years, we have simply not been able to tap into those resources and attract some of the major players, which would really impact upon our GVA spin-offs to the SME sector. We have not got in those companies that would provide lots of high-value jobs and encourage other sectors to follow.

[32] That seems to be the heart of the problem. Perhaps there is no simple or convincing answer but I have certainly not heard one yet. I will give you a final opportunity to reflect and perhaps come back if you feel that you have the answer, even at this late stage.

[33] **Professor Gummatt:** On the so-called STEM subjects, this is tricky and must be kept under continual review. We conducted a review about three years ago when people were beginning to get very excited about the issue. We commissioned consultants who assessed the supply and demand in Wales of subjects that were, at that time, subject to quite extensive analysis in England, driven by the Cabinet in England. A list had been generated in England—literally, I am informed, by a piece of paper being passed around the Cabinet table. That is how Estonian got onto the list of strategically-important subjects; one Cabinet Minister had just been there and was keenly interested in it.

[34] We therefore asked what was happening. We are conscious that for students, particularly undergraduate students, it is an England-Wales market. Therefore, what happens in England is inseparably linked with what happens in Wales. Our responses are also inevitably going to be heavily coloured by what is happening in England.

[35] The first point is that—and we refer to this in our evidence although we do not quantify it or go into detail; we can do so, if you wish—the very acute concerns that were appearing in some parts of England did not seem to be anything like as acute in Wales. That is not to say that there are not issues but the position in Wales was nothing like as difficult as the position in England.

[36] Since then, we have developed a series of proposals, for which we received approval by the Assembly Government relatively recently. Those proposals state, first of all, that the way to address the issue is not by acting on the supply side, such as by keeping departments going that are having difficulty recruiting students. Chemistry, for example, has been a cause celebre across the UK. However, across the UK, chemistry teaching has been concentrated in the stronger departments. Some departments have closed but students have also been transferred to stronger departments. It is very difficult to argue that chemistry is in a weak state across the UK as a whole; although that is not to say that there are not discussions to be had about the presence, or lack of presence, of chemistry departments in certain regions. Our concern is not with the UK, it is with Wales alone, and, in our view, chemistry still has a reasonable presence in Wales.

[37] We did not want to take the approach of saying that because a department is threatened by a lack of recruitment that is, ipso facto, a bad thing and we must step in and do something. Departments starting and stopping is a natural process. Universities take strategic views about their future; they may close things down to release resources to start other things up. It is not for us, in general, to interfere with that.

[38] We did, however, think that we should seek to do something on the demand side—what is going on that leads to relatively lower numbers of sixth formers, in particular, seeking to pursue subjects such as physics, chemistry and mathematics? Our note states, albeit briefly, that a set of programmes has already established in England through the Higher Education Funding Council for England.

[39] Given that so many of our students come from schools in England, that the activities being left with England are intervening in schools in England, and that so many Welsh students go the other way, the sensible thing to do in our view, with which the Assembly Government agreed, was to combine our forces with theirs. Essentially, those schemes are being brought over the border into Wales, so that we will have a continuous and, we hope, coherent approach to all of that.

[40] The final thing to say is that there are some early green shoots, hopefully, of recovery, in some of these subject areas. Some of the most recent figures suggest upturns in some subject areas, particularly in mathematics and chemistry. Physics is the subject that is proving to be very difficult, where there is a steady decline, which seems to be relatively unrelenting at present. So physics is the subject that we are most concerned about in that sense. However, that said, we have relatively strong provision in physics in Wales, so we do not think that there is a crisis before us at present.

[41] I will pause there, if you wish, or go on—

[42] **David Melding:** You have given me a discursive answer, if I may be so bold as to say so. Is there any data to suggest that our decline does not match the decline at a UK level? These statistics at a UK level are absolute; you cannot explain them away by bunching certain universities, because they look at the whole figure.

[43] **Professor Gummatt:** I accept that, and the answer is, ‘Yes, we do’. We had a consultancy study carried out to analyse this in some detail, so we have data, which we can supply if you wish.

[44] **David Melding:** That would be helpful.

[45] **Professor Gummatt:** I will move on to the second part, which was on the concentration of research. If we were designing a higher education system for Wales from scratch, it would not look like it presently does. As I have said many times in other contexts, we have a population in Wales that is not much larger than that of Greater Manchester, which is where I used to work, and we had—when I first engaged with higher education in Wales—about three times as many universities as Greater Manchester. There has been some change since. One of those changes has been the significantly increased activity to collaborate, in research terms, between institutions.

[46] The point about that collaboration is not that it is in itself a good thing, but rather that it enables institutions to expand the scale and scope of their available research teams. The reason why that is important is that, in order to win the big prizes, it is no longer a cottage-industry situation, where individual researchers put in proposals to get some modest funding to do something; these days, we are talking about large programmes, probably in collaboration with more than one institution and certainly with a wide range of academic disciplines, all contributing to addressing a particular problem.

[47] The consequence of having a sector of the size and shape that we have in Wales is that many of our universities were not intended to be of that scale and scope. So, the kind of thing—Merfyn Jones may wish to add to this—that has been going on between Bangor and Aberystwyth universities has essentially doubled the size of many departments, increasing dramatically their capacity to go for larger prizes. We are still in the process of working that through, so there is a difficulty about showing results in some cases.

[48] In terms of the particular university that you mentioned—Cardiff University—and why it has no big pharmaceutical presence, there are many factors, as you say, to consider. One of the early and successful outcomes of the attempt to pull things together has been the merger between Cardiff University and the University of Wales College of Medicine. We have already evaluated that merger on an interim basis, and they have hit all of the targets that they promised that they would. In particular, they have surpassed the target for research income generation that they set for themselves, to which we agreed; they have gone beyond £100 million worth of research income in the last year.

[49] If I may connect that point back to the previous point about scale and scope, what we now have is a biomedical presence that is much more capable than was previously the case. We do not just have a medical school over here, and biological science and pharmacy departments over there; what we now have is all of them together in one institution, being driven by a vice-chancellor and a senior management team who see the value of integrating the academic streams and putting together the capacity to address the problems that business wants to address. They are not going down the route of single academic lines, but asking, ‘What do we have to assemble in order to crack some of these problems?’. Whether that will lead to the major relocation of already well established pharmaceutical companies, which is probably unlikely, or to start-ups, which are more likely, time will tell. I would say that we are now better positioned for those possibilities to develop.

2.00 p.m.

[50] **Gareth Jones:** Amanda or vice-chancellor, do you want to add to that?

[51] **Professor Jones:** I would like to comment on STEM subjects. There clearly is a big challenge for all of us in trying to ensure that more students study those subjects, because they are crucial subjects and skills for economic development in many cases. The real challenge is

to try to understand why more schoolchildren do not follow these subjects, because they come to us from school. My colleagues here, who work in the physical sciences, and particularly in chemistry, which has been recruiting well here recently, do a lot of work in schools to popularise science generally. One of my colleagues, who works closely with us, was recently on the *Richard and Judy Show*, for example, demonstrating the popularisation of chemistry.

[52] These skills are crucial. I would dearly love to see more science graduates working in these economically critical areas. However, those are not the only wealth-creating subjects. Often, people from other backgrounds can make a contribution. One thinks of the media industry, because you need technical skills, but you also need creative and cultural energy. The STEM subjects are essential and crucial for wealth creation, but they are not the whole picture, because other subjects can also contribute.

[53] On the wider issue, there are examples, and you will have heard of them, of how one can have spin-in, as it were, from business into research departments. Over the last few months, you have probably had quite a few examples of that paraded before you. Going forward at this university, it is very much our intention to work with companies in that area of bioscience and so on to which David Melding referred.

[54] **Gareth Jones:** Diolch. Symudwn **Gareth Jones:** Thank you. We will now ymlaen at Jeff Cuthbert. move on to Jeff Cuthbert.

[55] **Jeff Cuthbert:** Thank you all for your written material, which was useful in preparing for this meeting, and for the contributions that you have made so far. It has been an extremely lengthy, but extremely interesting and detailed, review. There is no doubt that higher education, in its own right, is a substantial contributor to the economy as an employer and provider of knowledge. I have two points to make, and they will not surprise you, coming from me. My first point is on the use of European structural funds, particularly to support the Lisbon and Bologna agendas, which HEFCW referred to in paragraph 13 of its paper. Higher Education Wales refers to sector-wide structural funds projects, where you list, under paragraph 6, projects that are awaiting approval through the Welsh European Funding Office. On those projects, and I have a particular interest in this, you say that they would run with participation from all HEIs. Do you mean that every HEI in Wales will participate in all six or that they are spread in a way that is appropriate to the links that each HEI has?

[56] In bullet point 4 of paragraph 6, HEW refers to work-based learning; is that in collaboration with industrial sectors? I will then link that into my second point, because I think that Philip rightly talked about continuous professional development and how important that should be for Wales. I have been concerned about the way in which higher education is engaging with industry, particularly with the sector skills councils, and I would welcome your views on this. We know that sector skills councils are being relicensed as we speak, and the Association of Sector Skills Councils has just appointed a director for Wales. How do you see those as key partners, because it is about collaboration? Our visit to the University of York showed how it has benefited enormously, in terms of its science city, from very powerful co-operation with not just the city council but also local industry in terms of spin-out and spin-in companies. We understand that something similar is planned for Bristol, which could act as a magnet, attracting things away from this part of Wales.

[57] Following on from what David said about the STEM subjects, I am an engineering graduate and I feel that some of the initiatives that we have with school pupils, particularly the 14 to 19 learning pathways, may lead to an increase in the interest in STEM subjects. If young people understand the practical application of a subject in a workplace, which could be a dry subject if taught in a classroom, they may have a better attitude towards learning those subjects. That is just for you to comment on.

[58] **Gareth Jones:** Do you want to add anything to that, Christine?

[59] **Christine Chapman:** On the comment about STEM subjects, I am still a bit mystified. I can see the explanation from your side, as far as the supply side is concerned, but I am slightly concerned that the Confederation of British Industry said that there are still employer concerns. I am slightly concerned that there needs to be much more dialogue with higher education and Welsh employers—I suppose that that touches slightly on the point that Jeff made.

[60] **Ms Wilkinson:** On STEM subjects, higher education is quite crucial to this issue, but we are not the only player. There are many different dependencies involved in addressing what one might describe as a potential STEM problem. At the end of the day, there are many specifics that one might look at, such as what professional bodies do in Wales with schools, which is a key point. We have some very big players on a UK basis, and we do a lot of work in promoting areas of science, so that is a key issue. We also look at what other opportunities there are within schools, but I suppose that there is a limit to what we can achieve without those strong partnerships.

[61] On the point about the CBI and business, there are other market issues involved, over which we have fairly limited control. I am not an expert on this, so I feel a little nervous in giving you evidence on it. However, there are issues around salary levels and the proportion of effort that goes into studying STEM subjects, and what individuals might get out of that if they choose to take their scientific subject into the workplace. It is a very complicated area in which we are trying to operate, and we do not have all of the answers on our own.

[62] **Gareth Jones:** We fully accept that point, and I think that Jeff would agree. We listened to the Deputy Minister's statement on skills yesterday; the Deputy Minister was interested in this area and I believe that part of the action plan will be to look at the Welsh baccalaureate in terms of its presentation, but also the curriculum and GCSEs. We may well need to direct our concern in relation to STEM in that way; I fully accept what Amanda said about that. Jeff also referred to projects and WEFO.

2.10 p.m.

[63] **Professor Gummatt:** To pick up on the same point and then move to the other questions, I hope that I did not give you the impression, and I apologise if I did, that we do not think that there is an issue here. We think that there is an issue here; the question is what the way forward is. I was falteringly trying to say earlier that we do not think that the way forward is to keep departments that are struggling to recruit going. There may be all kinds of reasons why a department is struggling to recruit, and sometimes the best thing to do is to let it close and let that resource go and do something more useful. In itself, that is not the way forward. We think that it is important to try to address the question of why people do not want to study a subject. There are some hopeful signs that a corner is being turned in some of these key subject areas.

[64] Part of the question was about 14-19 developments and whether they may help. They are potentially an extremely important way forward. It is too late by the time that one is looking at A-levels, because once people gone through the GCSE phase, as anyone with teenagers will know, you are not going to get them suddenly to say, 'There is a great bursary going here, so, after all, I am not going to do what I thought, I am going to study physics'. It does not work like that, or not with any teenagers that I know. So, it will affect choices marginally, but I do not think that it will make a significant difference; a bursary might decide which university someone goes to to study physics, but probably not the choice of subject.

[65] We should work with young people at earlier stages. I was interested, therefore, in the

recent report from the new Estyn chief inspector, in which he talked about the need for a science strategy—he meant in schools, he was not thinking about the Assembly science policy. He said that we need to look at key stage 3, the curriculum, the training of teachers and refreshing facilities; all of which has happened in England, but not, as far as I can see, in Wales. I was heartened to see someone in that position identify what had seemed to me to be an issue, but one that was not being voiced much. So, I am pleased that he said that; it is an important area.

[66] Another area links back to the sector skills councils, the market signals and the role of employers in the way that Amanda was speaking of. It is heartening to find that in north Wales, SEMTA, the sector skills council for science, engineering and manufacturing technologies, including bioscience, is talking to Bangor University about what it can do to work with the university to try to make biosciences seem more attractive to young people. So market signals from the workplace, the question, ‘What is in it for me if I study this subject?’, and all of these things are involved. I apologise if I gave the impression that we do not think that there is a problem; we do, but we do not think that it is as serious as in England, and we think that the way to address it is through the measures that we are taking. We will keep it under review, and if we think that the position is worsening, we will raise the stakes in terms of trying to address it.

[67] **Christine Chapman:** Do you agree that part of the problem is that if you are a young person, or a parent of a young person, and you are looking at career options and subject choices and were persuaded to do chemistry, for example, which is not a particularly popular subject at the moment, that you would not have a clear idea of where you could study that subject in Wales? We have looked at the comment from CBI Wales; where are the employers that are saying that they want a chemistry or STEM subject graduate? Are those messages as clear as they should be? I think that this is probably one of the difficulties or challenges that we have.

[68] **Professor Gummatt:** They can always be clearer is the obvious truism. The question of where the jobs are is also important, but then we are moving into a debate about the relationship between the subjects studied and jobs, and we move into the question of how many jobs require someone with a BSc or MSc in chemistry, and for which only a chemist can apply. One finds that, as you move into the labour marketplace, subject specificity starts to fall away. There is always a certain number of employers, in any given area, for whom the subject is extremely important, but then there is a larger number who say that they want people with the kinds of skills that someone with that kind of degree has. The person need not be a chemist—he or she could be a physicist, or something else. I guess that we would say, as many others do, that there is a set of skills that runs through science, mathematics, and economics—quantitative subjects—that shine through in all sorts of ways. There was an interesting book published a few years ago by Alison Wolf—I think that she was at King’s College London at the time—in which she showed that the only strong correlation between a particular subject studied and lifetime earnings was with A-level mathematics. People with A-level mathematics earn more, on average. The interesting point that she went on to make was that many employers of graduates do not know that the person has A-level mathematics, so people are not being selected because they have that particular qualification. There is something about having A-level mathematics that comes through in analytical capacities later on, and gets an economic reward.

[69] I guess that we would say that we need better labour market intelligence, and better working with employers and sector skills councils. That leads to the more general question about how we see the 25 sector skills councils, and I might turn to Alyson in a moment, because she is our main point of contact with them. We see that as an important partnership, and we hope that that will give us a better sense of labour market requirements, so that we can build partnerships of the kind that I mentioned is developing between Bangor University and

SEMTA in relation to biosciences, so that employers are more engaged with the university, and help with the process of stimulating demand. This is a very important partnership; it is one that we take seriously, and we have indicated in our evidence that Wales is in a strong position, compared with most of the rest of the UK, in terms of the relationships that have been already established: all of our institutions of higher education are already engaged with a range of sector skills councils. The problem is in refining that, because there may be too many engagements; there is a question of selection, of asking how we decide which sector skills councils to work with more intensively. We cannot manage an equal level of intensity with all of them. Alyson might be able to add to that, if you are willing, Chair.

[70] **Gareth Jones:** Kirsty, did you want to make a point here?

[71] **Kirsty Williams:** I had a point on structural funds. We have a list showing what is being done with the current round of structural funding, and I wonder whether, in your view, it is an exhaustive list. Do you feel that, with a tight Assembly Government budget, the chances of acquiring funding from that source are limited, and therefore external funding is more important? Is the list exhaustive, or is there more that your institutions would like to do with structural funds?

[72] **Professor Jones:** Chair, may I intervene there? I was just looking at our document, and the section that Kirsty drew attention to under item 6, and it struck me that it might give the impression that those are the only activities being undertaken with convergence funding. The truth is that all of the universities in the convergence areas, and some outside, are actively working on a whole series of other ambitious projects under convergence funding. These are just the Wales-wide projects that involve all of the higher education institutions. So, the point is a fair one—this could be misinterpreted as being a list of all of the activities, when, in fact, there is an awful lot more. Amanda has been very close to these projects—I do not know whether she wants to comment on that.

[73] **Ms Wilkinson:** Yes, certainly. As Merfyn said, we are looking to develop some sector-wide projects, but coming back to the initial question about whether all institutions will have the same kind of input—no, they will not. The point is that, through these projects, we are meeting demand and need across the convergence area as a whole.

2.20 p.m.

[74] To pick up on the external funding issue, we do not pursue European funding to make up any deficit in our core funding, because it does not do that. It has to be additional activity, so it allows us to output more into the Welsh economy, if you like, but it does not solve some of the core funding issues for the HE sector as a whole. Therefore, this is very much about developing our output, as opposed to solving our funding problems.

[75] In terms of these projects, we are looking at areas, potentially, where we are in danger of not contributing enough to the economy, for example, on masters and doctoral level study, where we are seeing a drift in other economies towards ever higher levels of skill. If we can provide extra capacity there, we could really give Wales some marketing advantage in terms of future employment, looking at work-based learning and building on initial work that has been done through a HEFCW pump-prime project. We are also looking at foundation degrees, on which we are working in close collaboration with FE institutions, and at developing the work that we do at that level.

[76] Again, I come back to what we might do with the sector skills councils. What came through strongly in the sector skills councils' evidence to you was that there is quite a lot going on with higher education. There are some cross-border issues with SSCs and their future capacity and the extent to which we will be able to grow our involvement with them.

However, one hopes that there will be capacity there, so that we can grow that activity. Does that help?

[77] **Kirsty Williams:** Yes, it does. I take your point that this does not make up for the fundamental funding issues that the sector faces. Why would this committee want, potentially, to recommend to a Government that it spends more money on funding this sector in order to have an effect on the economy—because that is what it is all about—rather than on other activities that would have the same effect? Is there any research or evidence that says that funding HE will have an effect on Wales's economy, above and beyond what you would get if you spent your money on traditional economic development ideas that we would perhaps have in mind? Is there anything to demonstrate that?

[78] **Professor Gummatt:** We have not covered all the issues that have been raised so far—I am keeping track of those, and there are a few things to come back to, if there is time.

[79] I would say that it depends on what kind of economy we want. If we are to take seriously the rhetoric about a knowledge-based economy, being a small, clever country, and all those kinds of things—and we in HEFCW take that seriously—then we have to think carefully about the kind of mix of skills that we want in the population in Wales.

[80] That allows me to pick up one of Jeff Cuthbert's points about our paragraph 13, where we make the point that we live in a globalised economy. Looking at that paragraph now—or the beginning of it, at least—I can see that we have committed the crime of compressing rather too many points into it, and it does not explain very well what I believe we were trying to say, so I apologise for that. However, the first point that we were trying to make was that, to operate in a global labour economy, we have to think carefully about what we mean by 'skills', and what our ambitions are with regard to skills. Connecting to yesterday's debate about 'Skills That Work for Wales', for example, the initial document said very little about higher education, and I am pleased that the more recent one says quite a lot more about it.

[81] However, it seemed to us that were we to go down the line of the original edition, there would be a serious risk that we would be misplacing the balance—the centre of gravity, if you like. So, we would say that, if we want a knowledge-based economy, we must take a great deal of care over high-level skills.

[82] Secondly, there is a lot of evidence about the economic pay-off that comes from investment in higher education—and it is global, not just British evidence. One of the best is a piece of work that has just been commissioned by the Assembly Government's economic research unit. That reviews international evidence and pulls it all together, and it is very clear. It was in the context of analysis done for the economic research unit about large-scale investments, looking at what kinds of large-scale investments would make a difference in terms of transport, energy, higher education and a range of other things, and one of the clear conclusions of the consultants is that higher education is a good bet if you want to place your money on something that will deliver. It will do that partly through research but mainly through the higher-skills people who come into the economy. There is then the next phase of the problem of whether the jobs are there and the extent to which jobs will be generated if they are not there. So, there is a debate about entrepreneurialism. There are more ramifications. Certainly, the evidence is there, and we can point to it and produce it if you wish.

[83] **Gareth Jones:** We have various ongoing themes here. Alyson, did you want to come in on a specific point?

[84] **Dr Thomas:** I also had the advantage of reading the evidence, from both oral and

written submissions, from the sector skills councils that came to you, and I was struck, but not necessarily surprised, by their warmth towards the higher education sector. The evidence showed the willingness of the HE sector to engage and collaborate with SSC priorities and agendas. As part of our remit as a funding council, we must ensure that we are passing the message of SSCs on to the HE sector, and we strive quite readily to do so. It has been mentioned, in terms of our capacity to do that and capacity on the sector skills councils' side, that the SSCs are UK-wide bodies and that, often, they do not have the required presence in Wales, which is well-rehearsed argument. Most of them, to be fair, have Wales managers who we now have very good relationships with, and we have action plans drawn up with each one of these SSCs. There are occasions when they may not necessarily understand the Welsh context, but I am seeing less of that now, because, as the years have gone by, their understanding and comprehension of the devolved nature of how we operate has gone through the roof. Some of them have issues in terms of their ability to engage with Wales and to do for Wales what they are doing for other parts of the UK. That is something that the Welsh Assembly Government is well aware of and will take due heed of.

[85] We are seeing lots of evidence, through what universities are telling us in their strategies, that most of the HEIs have used the opportunity of having additional support, which we have given them through the so-called Graham fund for part-time students, to increase their engagement with SSCs and to work out what SSC priorities should be. Hopefully, through our funding, we have allowed them to do that, and we are seeing that that engagement is taking place. They are embryonic developments in terms of what is going on, but things are starting to move. We talked about, for example, the links that SEMTA has with Bangor University and with Aberystwyth University in terms of bioscience and the skills needs of that sector. We are also seeing links in the wider engineering sector, such as the oil and gas sector that Cogent is involved with and the links that it is developing, and the liquefied natural gas developments in Pembrokeshire. Cogent is trying to bring relevant HEIs in there to ensure that the skills needs of the LNG development in Pembrokeshire are also bringing in the higher education side of things.

[86] I should also mention Cogent's links with Bangor University and Wylfa power station in north Wales, and the involvement that it has there in ensuring that graduate skills needs are included there, to ensure that graduates are playing their part in these issues.

[87] **Gareth Jones:** Jeff, do you have any other points? You mentioned Bristol, I believe.

[88] **Jeff Cuthbert:** It was in terms of the science city developments and the links with industry.

2.30 p.m.

[89] **Professor Gummert:** That is a tricky one. There have been specific investments in England to establish science cities, but there have not been similar investments in Wales. I know that our universities would like there to be such investments, but it is beyond HEFCW's means.

[90] **Gareth Jones:** We will now move on to Janet Ryder's question.

[91] **Janet Ryder:** First to HEFCW, in your paper, you raise concerns about the English focus in the Department for Innovation, Universities and Skills. What has led you to have those concerns, and have you discussed them with your colleagues in Scotland and Northern Ireland? Do they share your concerns on that?

[92] You say that you have looked at all of the evidence that we have and that you will dip in and out of it, but will it affect how you fund universities in any way? At the moment, can

you perceive any fundamental changes in your thinking with regard to funding universities, for example, by funding different initiatives in universities?

[93] HEW's paper states that the implementation of the science policy for Wales is hampered by the fact that that policy area is not strictly devolved, so could you explain that?

[94] **Professor Gummatt:** A week or so ago, I had the pleasure of appearing before the Welsh Affairs Committee. On reading the evidence that I gave on this same question, I found that I had been less discreet than I wish I had been. I also made one or two choice remarks about the Treasury.

[95] I will approach your questions sideways by continuing with the question on the Treasury first and then I will answer them more directly. The problem is that, on a couple of occasions in the last couple of years, it has shown itself not to be entirely aware of the devolved nature of higher education and its responsibilities in Wales. So, we had a great storm-break just over two years ago about the future of the research assessment exercise, following a Treasury decision to seek a new way of allocating funding in England. It took us and the Scots to go in there and say, 'I am sorry, but this is UK wide and this is a UK-wide process; you cannot do this.' It was not just a case of telling it that it should not impose its will on us; it could not do it because it is a UK-wide process. We got things back to a slightly more sensible basis eventually, but it took some doing.

[96] The same thing happened with the Medical Research Council, where the initial problem was that the Department of Health in England was concerned about its research funding and whether or not it was being ring-fenced adequately or whether the money was leaking across to pay for other health service needs, which, of course, are apparent. The solution adopted was to integrate the Department of Health's research programme with the Medical Research Council and have one organisation. That was taken forward without recognition of the fact that the Medical Research Council is a UK-wide organisation. So, we now have a curious hybrid structure. Again, common sense has broken out in various ways, and the Welsh Assembly Government is now well represented in the new structure and so on, but it has not been a straightforward business.

[97] It is that sort of thing that underpins the comment that we make in the final section of paragraph 5; DIUS is, in one sense, to be welcomed from a higher education perspective because it is a department of innovation, universities and skills, and it is giving universities in England and in the UK more generally a degree of prominence that has not always been present. However, on the other hand, in terms of the detail of it and the composition of that department, the Secretary of State now has at his command the apparatus that manages the research councils, including the medical and biological sciences, what used to be called particle physics, the engineering and physical science research councils and the economic and social research councils. Those are UK wide. Our Wales institutions bid into them and we in HEFCW work in partnership with them and co-fund various things. It is UK-wide, competitively-fought-for funding.

[98] The second part of—

[99] **Gareth Jones:** Sorry, I think that Sandy wanted to come in on the UK-wide point.

[100] **Sandy Mewies:** I wanted to ask a question on the research assessment exercise and the points that you make on the application of knowledge and the perceived difficulties that some people have had, according to evidence given here, and the tendency to blame the research assessment exercise for—

[101] **Gareth Jones:** We will come back to that point, Sandy. You have covered the first

question on the UK, Professor Gummett, and there was a second question from Janet.

[102] **Professor Gummett:** To complete that point, the second part is the oversight of the Higher Education Funding Council for England. The third part is the remaining bit of the sector, namely the Learning and Skills Council; that is the skills part of the Department for Innovation, Universities and Skills. So, we have a department that is partly focused on UK-wide activity in relation to research and the science base, and partly focused on higher education and further education in England. Anyone who has looked at organisations and the way in which they develop will say that it is a racing certainty that Ministers in London will say, ‘How do we get maximum value out of the conjunction of these elements?’. That is the concern, given the history of what happened with the Medical Research Council, for example.

[103] On whether or not we represent that argument, yes we do. I made the point quite plainly to the Welsh Affairs Committee last week, but I also make the point at an organisation called the Funders Forum, which is a DIUS-led body that brings together the funding councils across the UK, the research councils, other major funding bodies, the Treasury, private funders, such as the Wellcome Trust, and some of the major companies. Interestingly, and to my amusement, we have a meeting of that committee next week, and I have been asked to say a few words about this issue. So, I think that I have made a sufficient nuisance of myself that the point is beginning to be heard. However, the problem will not be so much about getting people to recognise that there is an issue; it will be more about the habit of mind that comes from operating in an environment in which most of what is done in DIUS is about England and English policy, but there is also this UK-wide bit. That is our concern. We can do so much and the Assembly Government can do so much, but it needs a generally combined effort to keep the diplomacy working to ensure that we retain the UK-wide dimension of DIUS.

[104] **Professor Jones:** I do not want to go over the same ground, but, given that there is a review of higher education in England, we are anxious to ensure that any such review is aware of the implications of any changes that might occur in England on the sector in Scotland, Wales and Northern Ireland. Universities UK, which is the body that represents all higher education in the UK, is aware of that issue, but, as Phil says, this is in the nature of Government structures and it can be very difficult for people who are operating in London to recognise that the ‘I’ in DIUS is UK wide, whereas the ‘U’ and the ‘S’ are England only. We have to be extremely careful that we do not get a repeat of what happened in the area of medical research coming out of the Denham review.

[105] In part, that also answers the question that Janet asked about science policy. It is because research councils are UK-wide bodies that they are critical in science development, and science is not devolved. That is why the comment is in the paper. We have been concerned about this for some time, and we have been very active in not only trying to get the message across to our colleagues in England but also in working with Universities Scotland and in talking to our representatives in London; the present and previous Secretary of State for Wales were made aware of these issues. The fundamental point that I am making is that higher education is a devolved matter, but there are critical bits of higher education—research is the primary one—that are not devolved; they are UK wide. So, we need to tread very carefully. As always, there is a danger that the interests of Wales, given the size of the sector compared with the size of the sector in England, are in danger of being overlooked if we are not constantly vigilant. I think that we are constantly vigilant, but it is a major issue.

2.40 p.m.

[106] **Gareth Jones:** I will ask you a direct question, then. Does being overlooked translate into less funding for universities in Wales?

[107] **Professor Jones:** I do not believe so in terms of the research councils. The fact that we do not have as much research council funding as we might reflects the nature of science and particularly of science funding. It does indirectly, because the funds that are available to the Higher Education Funding Council for England to do various things are not necessarily available to HEFCW, but I do not think that that is because Wales is overlooked. It is because of deliberate choices that have been made by the Government in England and the Government in Wales.

[108] **Gareth Jones:** We do not have a science city in Wales, but there are ones in England. What does that mean in terms of funding?

[109] **Professor Gummatt:** As we are having a reprise, I should have said that Amanda and Merfyn were also at the Welsh Affairs Select Committee; we were doing a triple act, and we shall see what was made of it all. I agree with Merfyn absolutely that, when it comes to bidding for research council funds, it is a UK-wide process, and people stand or fall on their strength. That takes me back to what I asked much earlier today: do we have the capacity in the teams and so on, do they look impressive enough, do they have the range of skills and so on? That is what we are trying to fix by collaboration in research in Wales, so that the Welsh submissions to those research council competitions are more impressive and successful.

[110] However, and this is where things such as science cities come in, there is also other activity that has come out of the Department for Innovation, Universities and Skills or its antecedent, the Department for Trade and Industry, and this is a good example of where policy positions are arrived at in Whitehall and Westminster that will launch an initiative such as that, or where documents like the Sainsbury report on science and innovation come out, which was supposed to be about the UK, according to the terms of reference, but only contains a passing reference to Cardiff University and two other references to Wales in one paragraph, and they are both wrong. That is a UK-wide document. The issue here is that good, honest people, and, more to the point, the people advising them, are simply not seeing the dimensions of the picture that we would like them to see. Therefore, when they launch initiatives or make statements in documents such as that and say, 'We will commit to this, that or the other initiative', our problem is trying to disentangle whether that is a UK-wide initiative or an England-only initiative. Sometimes, it is the devil's own job to try to work that out, because they did not make that distinction, and when you go back to them and ask, 'Are we having some of that?', they will say, 'Ah. Oh no, we didn't mean that'. We point out to them that they have written it as if it is UK-wide, but they then say that they did not mean that. That is a real issue and we are concerned about that kind of thing. Initiatives get launched with funding that, in the end, is England-only.

[111] **Gareth Jones:** Your point has been made, and I am grateful to you.

[112] **Ms Wilkinson:** More specifically on science funding, while the Welsh Assembly Government can use its general powers to put in place a science policy, science funding comes through the Government Office for Science part of DIUS, and we do not receive a consequential from that. There are some serious issues for us in that. What science priorities is it setting for England, is it just setting them for England, in line with its England-only work? Is it talking to the devolved administrations about their science priorities when it is looking at that fund and how it operates? When it decides that it needs money from elsewhere in the budget, as we saw happen when responsibility for science funding was held at the DTI, does it go and raid what is, effectively, a UK pot and reduce it, which could be serious for us, as thereby we would lose our access to that money? Would we get any consequential once it has hived that money off? This is complicated stuff, and it is not working terribly well at the moment.

[113] **Gareth Jones:** Complicated or not, we will have to sort something out—that is

apparent to me. There was a second question about rearranging funding.

[114] **Janet Ryder:** You have observed the evidence that we have had so far, and we have heard about some of the general trends that recur. Will that influence the way that you distribute money to HE?

[115] **Professor Gummatt:** I would like to equivocate—hopefully, for the first time today. We need to wait and see, first of all, what the committee recommends, and, secondly, what emerges from the task and finish group on the future of higher education. That leads us into a fundamental review of higher education, and when we establish funding processes we try to do so on the basis of providing reasonable stability, so that institutions can plan sensibly, and avoid stop-and-start, saw-toothed financial profiles. These things take time: employing people, building up capacity, and so on. You are talking about three to five years to get something going seriously. So, we try not to do things in fits and starts. Therefore, given where we are now, especially with the review of the future of higher education, it is probably more sensible, in terms of anything major, to wait until that has worked through, which will not be all that long, after all—it will be through by this time next year. Then we can consider whether we need to do anything fundamental to our funding approach. I hope that that is a reasonable answer.

[116] **Gareth Jones:** Christine, you were down to ask a question.

[117] **Christine Chapman:** It has been covered, Chair.

[118] **Gareth Jones:** Thank you. I now turn to Andrew R.T. Davies.

[119] **Andrew R.T. Davies:** I thank the witnesses for their evidence, which is much appreciated. I came quite late to this inquiry, which has been running for seven months now, and I may have missed some of the evidence that has been given in that time. However, I was present to hear the evidence from the Royal Society for the Protection of Birds about the voluntary sector, and its ability to access the skills that it needs in Wales. The RSPB spoke about the role of higher education institutions in educating people for the voluntary sector or third sector, and it was the RSPB's impression that there was a complete lack of engagement. Its representative highlighted the fact that, in the 10 years that he had been in post, no-one had ever approached him. Perhaps he should have been more proactive and approached the providers himself, but it is obviously a two-way street. Do you recognise the deficit that he described in terms of HEIs' provision for the third or voluntary sector? He said that the money was not there to encourage universities to look into that aspect, and I thought that that was quite an interesting side to this debate on funding and the provision of opportunity at the higher education level.

[120] Another theme that has emerged today and in the course of the inquiry is the need for experience and diversity on the boards of governors—I was reminded of that in the Measure statement in Plenary last Tuesday. It seemed almost as if the pendulum had swung away from the situation in the late 1980s and early 1990s, when boards of governors were very much a place for local councillors, and the great and the good of civic society. Now we have gone over to a more business-focused approach, and perhaps we need a better balance on those governing bodies to ensure that the co-operation and collaboration that we have heard about today happens. This morning, I spoke to the National Union of Students at the Urdd building, and it raised the issue of governing bodies with me: the union representatives felt that students were totally ignored by the governors of institutes of higher education.

[121] **Professor Gummatt:** I can try to answer some of that, but some of it is people's opinions from their experiences in particular contexts, which is difficult to deal with. I read the evidence from the RSPB, and I was puzzled by it, quite honestly. I was also struck by a

thought similar to yours, that it takes two to tango. I could see the problem that was being expressed. If someone wanted to do research into bird breeding patterns, and there was a clash between when the birds were breeding and the academic cycle, which is the issue that that particular witness was—

[122] **Andrew R.T. Davies:** I think that he was talking more than anything about land-based issues, and he highlighted the fact that the RSPB employs 1,700 people in the UK, of which 170 are in Wales. So, it was not just specific to research into breeding patterns—it was about a broad range of land-based issues, where the RSPB felt that there was a deficit in educational provision from HEIs.

2.50 a.m.

[123] **Professor Gummatt:** Whether he was talking about HE or FE I am not sure. However, I believe that there is a lot of engagement with the voluntary sector in general. I would not care to say that that is with every single organisation, and, clearly, the RSPB is an example of one that does not feel engaged with, and I respect that point of view. However, through our third-mission funding stream—and Roger might want to add to this—one thing that we encourage institutions to do is to focus not only on the economy, although it is primarily the economy, but on a wider range of community relations, which includes the voluntary sector.

[124] Secondly, there is a lot of teaching provision that is aimed at voluntary sector organisations; if one inspects the offerings from institutions, there is a lot available. By the sound of it, from this perspective, there is nothing aimed at the RSPB in particular, but there is a lot of voluntary sector activity—and others here may wish to comment on that. There is some funding to broaden engagement. I have forgotten the gentleman's name, but, in giving evidence, he made the point, as you mentioned, that he had not picked up the phone or gone to talk to anyone either.

[125] **Gareth Jones:** Do you want to come in on this point, Christine?

[126] **Christine Chapman:** My point is not specifically on the voluntary sector, but on the main point about employer engagement, which sparked my interest. You mention employer engagement in the paper, and the fact that, from the evidence, all HEIs engage actively but in different ways, according to their missions, and you say that variety is the key feature of this. My impression is that, sometimes, the success of employer engagement strategies depends on individual academics, as opposed to the institutions themselves. You say that you want to keep the variety, but should there be a case for more consistency to improve standards? From the evidence that we have received, some HEIs are better than others, and we want them all to do extremely well. My impression is that it sometimes depends on individuals and the force of their work, as opposed to the institutions.

[127] **Professor Gummatt:** I am sure that Amanda and Merfyn will have something to say on this issue. However, I am sure that it is right that, in this arena, as in all other walks of life and human relations, personal contacts are extremely important. People picking up the phone to talk to someone can lead to all sorts of things; that is self-evident in a way.

[128] However, the point that we were trying to make in that passage was about the way in which policy is now driving towards employer engagement, and the risk that we forget too quickly the huge variety of types of employers, and the different needs of employers, and the need for provision to be tailored. Therefore, if we are talking about the sector skills councils, we want them to say what they need, because their needs may be different. We are anxious that we should not end up with some rigidly determined ways in which universities should engage with employers, nor some kind of rigid classification of universities, so that some are

seen as a research-intensive elite.

[129] There is a bit of this in Lord Sainsbury's report, which I do not go along with, where he talks about a division among universities into being research-intensive, widening access, ensuring social inclusion, and being business facing. I believe that all universities are business facing, but to different degrees, and in different ways. Let us avoid any invidious comparisons in Wales. In his report, Lord Sainsbury talks about the University of Hertfordshire, which is doing an excellent job of relating to local business. However, I believe that, if he went to talk to the rector of Imperial College, he would get a list as long as his arm of the ways in which Imperial College works with business, but it may be doing different things.

[130] Therefore, what we are saying is that that variety is extremely important. As we work, as we will be doing, in the next few decades, towards what I believe will be some fairly fundamental changes in the ways that universities work and relate to business and the communities around them more generally, we need to experiment with a variety of different ways of doing that, and not just go for a few set patterns.

[131] Having said that, I agree with the points that you make about transposing it into a minimum level of satisfactory performance. Universities will not be able to get their courses revalidated if they cannot meet the Quality Assurance Agency's code of practice, which contains references to the need to engage with employers and to ensure that curricula are up to date. We do that by talking to employers, using the careers service to bring in new intelligence about employer needs and by having employers in on course programme committees. Many institutions are doing this sort of thing already. So, there are many ways in which that happens. I am sure that it is not perfect and that more can be done, but our concern is that, as we go into what I think will be significant changes, we do not too rapidly—

[132] **Yr Athro Jones:** A gaf i ymyrryd? **Professor Jones:** May I interrupt?

[133] **Gareth Jones:** Just a moment, Merfyn. I know that Jeff wants to come in and I believe that we also need to address the question of governors. Please come in now, Merfyn.

[134] **Professor Jones:** I do not want to repeat what Phil has just said, but there will be links that are based on individuals. However, all institutions in Wales will have produced a third-mission strategy, and all institutions will be business-facing. Of course, people have a whole range of other responsibilities, but this is strategic and involves all institutions. The point being made is that it will vary, depending on mission, but also on location and opportunity, which vary across Wales. I would be surprised if there were any institutions that operated on the basis of not seeing this as the key strategic area.

[135] The governance issue is a germane issue and the question is right in its assumption, or its assertion, that there appears to have been a big change. We are seeing far more businesspeople involved with smaller university councils or boards of governors, which is adding a whole new dimension to our activities, because, at the end of the day, they are the people who are responsible for the institution. As vice-chancellor, I am responsible for managing it, but I am also responsible to the board of governors, and if those people are leading figures and actors in the business world, in the voluntary sector or in public service, there will inevitably be engagement. That is the case with my council, which is chaired by one of the most successful businesspeople in the UK.

[136] **Jeff Cuthbert:** My question flows nicely from those points, as it is about the link with industry, so it also builds on what Andrew was saying. I remember the RSPB representative speaking here, and I think that he was talking about how there was an engagement in terms of their needs, but I also got the impression, as you say, that it takes two to tango. I did not get the feel, from what he said and the way that he dealt with questions,

that there was much pressure from them to recognise their needs, which is clearly important.

[137] In paragraph 21, from Higher Education Wales, you refer to comments that you made about ‘Skills That Work for Wales’, and in the final two bullet points you refer, rightly, to a targeted increase in full-time student numbers to ensure that Leitch skills targets are reached, taking forward the Graham review to expand part-time study. Targeting, presumably, can only be achieved with partners such as industry, so that you are drawing, by and large, students, whether they are full time or part time, onto courses that will be relevant to some form of employment or self-employment thereafter—I am not saying exclusively, but that would be the case in the main. So, that is important in terms of links with industry and the sector skills councils. In terms of income generation, bespoke courses for industry—certainly for part-time students who may or may not be pursuing a qualification, but who are utilising your services—seem to be used elsewhere in Wales, but how important is that issue in terms of income generation—not just research money, but also money for teaching?

3.00 p.m.

[138] **Ms Wilkinson:** Bespoke courses are important, not least because of the strong satisfaction ratings, particularly with some MSc courses that are run between higher education and business and the high satisfaction ratings from business with those courses. To look at some specific companies in Wales, General Dynamics UK Ltd, for example, works closely with Cardiff University in terms of meeting its skills needs and requirements. Bespoke courses are important. A number of businesses are prepared to invest in HEIs to meet their skills needs. Coming back to the RSPB issue, are those skills being provided for that sector generally through core delivery or are they being offered through a bespoke programme? Unless there is a strong stated priority in that sector, one would tend to offer a lot of that provision through more bespoke courses. There has to be some cost recovery involved in all of that.

[139] On ‘Skills That Work for Wales’, it is important that we play a much more central role in the skills strategy. Certainly, the draft skills strategy was a little light on higher education skills. We would like to see a much higher target for higher-level skills coming through that particular strategy. Again, this comes back to a point that I made earlier, in that I think that we have to look at where the competition is here. Ireland, for example, is investing heavily in post-degree-level study and we are not. So, already there is potential scope for drift over the medium term regarding the quality of our high-level skills base as compared with some of our immediate neighbours. I think that we need to be aware of that, in terms of our core investment and not just in terms of the bespoke courses that we choose to run with businesses.

[140] **Jeff Cuthbert:** You used the term ‘cost recovery’; that, to me, does not mean income generation. In other words, you are making a profit, because you are covering your costs. I did not mean it in that way. Do you see that as a valid commercial, income-generation issue?

[141] **Ms Wilkinson:** Yes, of course.

[142] **Professor Gummatt:** We are at an interesting juncture at present, because, on the one hand, we have the Leitch agenda and the emphasis on skills, driving up skills levels and the debate on whether there should be targets and what kinds of skills are required and so on. At the same historical juncture, we face a decline in the number of 18-year-olds coming through, from next year, and for the next 20 years, the recovery in Wales will be slower than the recovery in England. The recovery in Scotland will be even slower than the recovery in Wales. So, the competition among universities across the UK for 18-year-olds will increase, unless other things change—for example, more people might qualify with A-levels, so there are more potential entrants. So, it is difficult to predict exactly how this will work out, but

there is going to be new pressure, coming at the same time as the Leitch agenda and the concern about raising skills levels and addressing the needs of people who are already in work. The two things are coming together, and it is that conjunction that leads me to think that there will be a lot of turbulence in the system. Let us try different things here, because we are going to need different horses for different courses.

[143] So, when we come to cost recovery versus profit-making, Leitch assumes that the costs of sustaining high-level skills development will be met by the learner or their employer. Time will tell whether or not that will be the case, but there is a real issue for universities as they try to work out how to move into that new agenda. Where will it be possible to find employers or learners who will pay? We know that there are such people—people pay to do Masters of Business Administration courses, so there clearly are markets that can be explored, and which already are being explored. However, it is complex. There will be some public expression of belief that we will need certain types of skills, and there will be people who will not, or perhaps cannot, pay for it, and employers who will not or cannot pay for it. How will we deal with that? Those are among the issues that we will have to start to grapple with in the future. Sometimes, one might see universities aiming to just cover their costs, but at other times they might be saying, ‘We can make a reasonable profit on this, so let us do so, because it will help us to pay for some of the other things that we are trying to do where we cannot make a profit’. It is really complex.

[144] **Gareth Jones:** I will confirm what Professor Gummatt mentioned there. There was a report from the university umbrella group—Universities UK—and it is referred to in today’s *Guardian*, with the sub-headlines ‘Campuses could close or have to merge’ and ‘“Wake-up call” fears falling standards and rising fees’. It is interesting that Nigel Brown, one of the report’s authors said:

[145] ‘This is a wake-up call for institutions. This the challenge they need to respond to decisively and urgently. By 2019 student numbers will drop by nearly 5% in England, 8.5% in Wales and 11% in Scotland. Numbers are expected to rise moderately in the decade after, but universities will face intense competition in the medium term’.

[146] So, that is another dimension of which we need to be aware. Jeff or Roger, did you want to come back on any point?

[147] **Mr Carter:** On the RSPB point—although Andrew has now left the room—it raises an interesting point about organisations that feel that they are not getting a service from higher education. With the council’s third-mission fund, institutions are able to use their portions of those funds to work with the voluntary sector or the third sector, and many of our institutions do so. I am somewhat at a loss to explain why the RSPB has not been able to take advantage of that. I am aware of a number of areas where it does come into contact with HE, such as the Assembly Government’s action plan for education for sustainable development and global citizenships, where representatives of the RSPB engage with HEIs. With some of the early work that is happening with the Severn barrage and the environmental aspects of that, the RSPB is bumping up against higher education institutions. We must try to engender a mindset of saying, ‘While I am here, what else can you do for me?’. We do not prescribe where institutions spend their third-mission funds. I remember an Assembly Government document some year ago, called ‘BetterWales.com’, which worried about the birds and what people were doing to look after wild bird populations, but that has clearly not driven the relationship with the RSPB. However, to take Jeff’s analogy a little further, we need to find ways to get various people onto the dancefloor as well as dancing.

[148] **Gareth Jones:** We all found that to be a very interesting, if rather intriguing, session. I think that Jeff wants to make a point.

[149] **Jeff Cuthbert:** It is a shame, in a sense, that we have come onto this discussion about the future models of higher education when we are drawing into the last quarter of our review. We do not know what the future holds—we cannot be sure to any degree—but the traditional perception of GCSEs, A-levels and higher education is disappearing now, and it will certainly do so in the years to come. It would seem logical that if the 14 to 19 pathways and the Welsh baccalaureate do the business that we trust that they will—encouraging greater collaboration between school, further education, employers and work-based learning providers—more able young people will leave full-time education and go into employment and then, perhaps a few years down the path, may decide to follow a higher education course, hopefully with sponsorship from their employer.

3.10 p.m.

[150] I realise that the days of the big employers in Wales, such as British Steel and the coal board—I was a coal board student—are gone and we have a preponderance of small and medium-sized enterprises. This is one of the reasons why sector skills councils are so important. They can help to bring together the vast numbers of firms that, by themselves, have limited resources but which, through collaboration and through contributions by training boards, can move to a position where they can work with universities in a co-ordinated way on higher education and higher skills. When we draw up our recommendations, we have to consider what the future could be and draw upon the other initiatives that we have, such as the 14 to 19 learning pathways, and consider logically what we would expect them to produce. That is just a comment, really.

[151] **Professor Gummatt:** I would like to respond with a comment in return. First, I agree absolutely; we are looking at a much more fluid future. In relation to the statistics that you read out, Chair, from the UUK report, one thought that immediately comes to mind is what will employers do, as the decline in the number of 18-year-olds starts to kick in from next year? What will the job market look like? What will be the relative attractions of taking a job with an employer who wants to employ someone young, because they will be relatively cheap, versus going on into further study? All sorts of things will come into play in ways that are hard to predict. We have to be positioned to be able to cope with that degree of complexity.

[152] We have some of the bits in place already in Wales. We have a good credit and qualifications framework, as does Scotland, but England does not. There is funding by credit in Wales and Scotland, but not in England. The combination of those two things gives us more flexibility about the sizes of the chunks—in that rather unfortunate language—that can be funded. England is much more rigid about what counts as a student who can be funded than we are in Wales or than our colleagues are in Scotland. So, in terms of the capacity for people to have fluid pathways—to start, to stop, and so on—we have some of the bits in place, but we do not have them all.

[153] One thing that we do not have is recognition about what it means when you stop and possibly restart later. So, for example, we worry—as we should—about people stopping their studies, and, at the moment, we see that as a bad thing. Sometimes it is a bad thing, if someone has dropped out for reasons that potentially could have been addressed, but if someone is choosing to stop because they want to do something else and then come back later, that is different. At the moment, our ways of monitoring and capturing information do not let us make those distinctions. They are quite hard to make, because the reasons that people give are complex. We must ensure that we do not beat up our institutions if people use flexible pathways. We should not say, ‘You are losing all of your students; this is bad’. We have to get more sophisticated about understanding that.

[154] We also need better pathways and more clearly identified pathways. Let us have lots

of flexibility so that people can ring the changes, but, on the other hand, that is confusing for people. In terms of knowing that you could do something, then stop, or take a sideways move or do something else, we need for that to be worked out better and to have progression routes from school or further education to higher education. We are back to partnerships between higher and further education. There are some interesting things going on in different parts of Wales with regard to partnerships of that sort, but we will need more of it and we will need to work it out much more thoroughly than we have at present. It is still very early days. Things like foundation degrees come into that mix, because we want co-operative relationships between the different parties, not ones where they are starting to compete with each other to offer the same qualifications. That will mitigate against what we really need, which is ease of communication, and ease of transfer of people from one institution to another, and back and forth and so on. It will not be easy, but I absolutely agree with what you are saying; it will be very complex, very challenging, but very exciting if we get it right.

[155] **Gareth Jones:** Andrew, do you have a further point on this?

[156] **Andrew R.T. Davies:** You talked about the future; I have had a piece of melon, and the words ‘oven-ready’ in the evidence makes me think of the chicken that I will probably have tonight.

[157] You referred in the evidence to ‘oven-ready students’ and the treadmill of students. I had an interesting discussion with someone earlier in the week regarding the fact that we could have been turning out bricklayers left, right and centre because, 12 or 18 months ago, we would never have thought that the building sector would come to such a grinding halt.

[158] It says in the evidence that:

[159] ‘Occupational skills turn my business over, intellectual skills move my business on’.

[160] There is an aspiration, however—certainly in the statement on the Measure that we had this week—for a 50:50 balance between vocational and academic skills. How convinced are you that higher education institutions in Wales will be able to adapt to that changing economy, given the shrinking nature of the global economy? We are not insulated from anything that is going on outside and, without that ability to adapt, there is no point in having this oven-ready concept. That boils down to the courses and the funding being available and the ability of the institutions to react and engage with the economy as it develops.

[161] **Professor Gummatt:** I absolutely agree. The example of building or construction workers is classic, because we have been told for the last few years that there is a dire shortage of construction workers. I assume that the Olympic venues will now all be built and that the worry that there would be no-one to do the work is being resolved by unexpected forces. I can give you another example: foundation degrees in England to support the health sector. There was a big drive in English universities that did not happen in Wales. English universities were tooling up to train all these people who were coming through from the health sector to do foundation degrees, which were to be paid for by the health service in England. That collapsed because of a funding crisis in the health service. So, they were all ready to go, but there were no students.

[162] This is quite tricky—this issue of employer engagement and trying to balance the very reasonable and proper pressure from employers who are saying, ‘You need to help us by providing the right kind of people’ with maintaining the flexibility to cope with these kinds of economic circumstances. It is also about coping with the way in which technology will change in the future so that people will need different skills. That is partly about the general preparedness of people as they come out from universities—insofar as we are talking about universities—and it is partly about what happens to them later, in terms of continuing

professional development and so on. There is an agenda there. As I mentioned earlier, although we are pleased to see the increase in the take-up of continuing professional development by Welsh universities, the fact is that, across the UK higher education sector as a whole—when you look at the training that is purchased by businesses across the UK as a whole—the fraction of CPD that goes into the university sector is actually quite small. So, there is room for more in there.

[163] People used to talk in terms of qualities of ‘graduateness’, where these qualities were to do with the capacity to learn for oneself, to be critical, to be analytical, to maintain one’s own currency in a subject area and to solve a problem by oneself without needing someone to tell one what to do and so on. I think that that is what that quotation is about; there is a chief executive saying, ‘I need people who can think outside the box’—to use that cliché. At the same time, I guess that we would all say that, if you are going to have brain surgery, you would want a brain surgeon who has trained as a brain surgeon. So, there is a balance in all of this, and it will be quite tricky. I think that universities can cope with that, because I think that they are quite flexible in responding to markets. People often say that they are not, but universities are very market driven. One reason that they close chemistry departments is because there is no market. If there is no student demand, what is the point of keeping the department open without any students? That is the problem.

[164] If there is clear demand, it must be clearly expressed and well based on evidence. This is where we go back to the sector skills councils. Alyson was talking about the varying capacity of sector skills councils to do their homework. Let us not beat about the bush here; some sector skills councils are much better equipped than others to come forward with credible and authoritative positions. The question about what kind of capacity they have in Wales is another story. There are no easy answers to all of this. Part of it will be about positioning ourselves in the way that I mentioned earlier, so that we have the means to adapt, and part of it will be about close dialogue between users and suppliers. Then we are back to human frailty and the best that we can do in the circumstances.

[165] **Professor Jones:** I would like to make a few points. We are facing these demographic changes and we are clearly facing an economic situation that is likely to become quite difficult, but I would like to underline the point that was just made that universities are very sensitive to markets. We are very conscious of where the demand is, but, of course, the demand is from students. We are very conscious of the demand from students. If students cease to want to follow a subject, or if the funding for that ceases, we have to adapt. It is happening right now in teacher training, for example, and nurse education.

3.20 p.m.

[166] However, I would emphasise the point that, in addition to their specialist skills, employers often value graduates’ transferable skills—the approach to problem solving, and so on, which is encouraged and developed in graduates. When the economy contracts, it seems to me that, if you are an individual trying to get a job, the better-qualified you are, the more likely you are to find employment. So, yes, the economic situation will offer us great challenges, but in a way it will also underline the importance of being well-qualified to meet employer demand.

[167] Looking at the Leitch review, and so on, and the changes in the workforce, I agree that there will be something akin to a revolution in higher education over the next 20 years or so, and we need to engage on that quickly. However, much is already happening. We have a lot of part-time students in the higher education sector in Wales. The numbers vary from institution to institution, but the overall figures—I am just looking at them here—are 75,000 full-time students and 55,000 part-time students. So, there is a lot happening on the part-time front. Universities in Wales have also recruited significant numbers of mature students in

their 20s and 30s, so it is not just about part-time students. The point that I am making, I suppose, is that we are not just talking about 18-year-olds, and that has been the case for a long time.

[168] I entirely agree with the questions, and the anxiety that, perhaps, informs the questioning. We are facing great challenges, and we will need to adapt, but I believe that we are perfectly capable of doing it. Adapting can be quite expensive, of course—if you close a course, you have to make people redundant, and that is an expensive business. Change does not come cheap.

[169] **Gareth Jones:** Diolch yn fawr, is- **Gareth Jones:** Thank you, vice-chancellor. ganglellor.

[170] We now move into the last 10 minutes of the review, and I believe that the final question comes from David.

[171] **David Melding:** I thought that I would throw an explosive question into the mix. We have talked a lot about the funding gap that is emerging between England and Wales in HE—or at least, the paper dealt with this at length, although it has not dominated the oral session. Are there any ways of closing that gap other than charging students higher fees?

[172] **Professor Gummatt:** I would like to plead the fifth amendment at this point.

[173] **Kirsty Williams:** That is what the Minister— *[Inaudible.]*

[174] **Professor Gummatt:** I am the wrong person to answer that question. We disburse the funds that we receive, we try to do that efficiently and effectively, and we present evidence about whether we think that that funding is adequate or not.

[175] **David Melding:** Let me be brutal with you, then. In your discussions with the Welsh Assembly Government, do you seriously think that the funding gap will close by way of the grant that it gives you?

[176] **Professor Gummatt:** A task and finish group has been set up to look at issues of finance and direction, and the question is what will emerge from that process. Is there scope, for example, to rebalance some of the existing expenditure in some way? We cannot close the gap with the existing resources; additional resources are needed. Where will that come from? That is not a decision that we take. We will receive the funding that stems from that decision, and we will do our best with it.

[177] **Kirsty Williams:** However, you could guess.

[178] **David Melding:** I would like to go further—

[179] **Gareth Jones:** I would never stop you pursuing any aspect.

[180] **David Melding:** I am not sure that Amanda feels so restrained.

[181] **Gareth Jones:** I feel that we have come to the end now. Amanda, do you want to come in on this question?

[182] **Ms Wilkinson:** Our views on the funding gap are fairly well-documented. It is our major problem and, in terms of some of the competitive issues that have been discussed this afternoon, from our point of view, if that funding gap is not closed in the fairly immediate future, there will be serious questions for us. At the moment, student satisfaction ratings are

very high for Welsh universities, but we are seeing some troubling indicators, for example, student views on the learning and teaching infrastructure in Wales, which we have talked about before. This is a serious matter. The quality of facilities that we are able to offer students in the future must be as good as those on offer elsewhere in the UK, and we remain concerned about the funding gap going into the changeable market conditions that we anticipate over the next five to 10 years.

[183] **Gareth Jones:** Gyda'r geiriau hynny, yr wyf am ddod â'r rhan hon o'r sesiwn dystiolaeth olaf hon i ben. Ar ran y pwyllgor a'r Aelodau sydd yma, yr wyf yn diolch yn fawr i'r cyngor cyllido ac i Addysg Uwch Cymru, yn gyntaf oll am ddau bapur sydd wedi canolbwyntio'n fawr ar elfennau sydd wedi dod yn amlwg inni ac i hwythau yn ystod y sesiynau hyn sydd wedi bod yn mynd rhagddynt ers tua diwedd Tachwedd—rhaf misoedd. Fel y dywedodd yr Athro Gummett ar y cychwyn, mae wedi bod yn hynod o werthfawr a diddorol, achos mae bellach gennym ryw chwarel o wybodaeth i bob un ohonom. Mae'n amlwg o'ch papurau eich bod wedi edrych yn ofalus iawn ar y datblygiadau. Yr hyn sydd hefyd yn rhyfeddol yw bod y newidiadau byd eang, yr ydych wedi cyfeirio atynt, sydd wedi digwydd yn y saith neu wyth mis hyn yn golygu bod yn rhaid inni ystyried y syniad a oedd gennym ar y cychwyn am gyfraniad economaidd mewn goleuni gwahanol oherwydd tueddiadau a newidiadau sydd y tu allan i'n cyrraedd. Felly, mae'r holl beth yn gymhleth.

[184] Fodd bynnag, hoffwn ddweud o'r Gadair—ac yr wyf yn siŵr fy mod yn siarad ar ran yr Aelodau—fy mod yn cydnabod eich bod yn gwerthfawrogi'r gwaith mae'r Aelodau wedi ymgymryd ag ef. Afraid dweud ein bod ninnau hefyd yn gwerthfawrogi'n fawr y gwaith cyfrifol yr ydych chi yn ei wneud yn y sector hwn. Yr ydym yn gobeithio y bydd yr adroddiad terfynol o fudd inni i gyd, nid yn unig i'r sefydliadau, ond hefyd i bobl Cymru, achos dyna'r rheswm pam yr ydym yma. Nid beirniadu bu ein bwriad erioed. Nid ydym yn beirniadu'r hyn sydd yn digwydd o gwbl, ond yr ydym yn gwerthfawrogi bod potensial aruthrol yng Nghymru a thrwy'r sefydliadau addysg uwch. Os gallwn wneud rhywbeth fel gwleidyddion i sicrhau eich bod yn medru gwireddu'r potensial hwnnw, dyna fydd yn allweddol i'n cyfraniad ac i'r adroddiad. Gobeithiaf y bydd yn adroddiad a chyfraniad

Gareth Jones: With those words, I will bring this part of this final evidence session to a close. On behalf of the committee and the Members who are present, I thank the funding council and Higher Education Wales for two extremely focused papers, which have concentrated upon elements that have become apparent to us and to them over these sessions that have been going on since about the end of last November—quite some months. As Professor Gummett said at the outset, it has been extremely worth while and interesting, because each one of us now has a mine of information. It is clear from your papers that you have been keeping a close eye on the developments. What is also striking is that the global changes that have taken place over the past seven or eight months, to which you have referred, mean that we must consider our initial concept of economic contribution in a new light due to trends and changes that are beyond our influence. Therefore, the whole issue is complex.

However, from the Chair—and I am certain that I am speaking on behalf of the Members—I want to say that I acknowledge your appreciation of the work that the Members have undertaken. It is almost unnecessary to say that we greatly appreciate your responsible work in this sector. We hope that the final report will be a valuable resource for us all, not only for institutions, but also for the people of Wales, because that is the reason why we are here. It was never our intention to criticise. We do not criticise what is happening at all, but we appreciate that there is enormous potential in Wales and throughout the higher education institutions. If we can do anything as politicians to ensure that you can realise that potential, it will be key to our contribution and to our report. I hope that the report and the contribution will be vital, not only for a year or two, but in the future. Thank you for your co-operation and

hollbwysig, nid yn unig dros flwyddyn neu ddwy, ond i'r dyfodol. Diolch am eich cydweithrediad a'ch amser. Yr wyf yn dymuno'r gorau i chi yn y gwaith cyfrifol a phwysig yr ydych yn ei wneud.

for your time. I wish you the best in the responsible and important work that you are carrying out.

3.30 p.m.

**Ymateb Drafft y Pwyllgor i Ymgynghoriad Network Rail ar y Strategaeth
Defnyddio Llwybrau
Draft Committee Response to Network Rail Consultation on the Route
Utilisation Strategy**

[185] **Gareth Jones:** Mae gennym bapur, sef papur 3, ar gyfer yr eitem hon. O ran cefndir, cyhoeddodd Network Rail ymgynghoriad ar ei strategaeth defnyddio llwybrau ym mis Mai. Mae'r ymgynghoriad hwnnw yn cau ar 22 Awst. Cytunodd yr Aelodau y dylai'r pwyllgor lunio ymateb ar sail tystiolaeth a archwiliwyd eisoes gan y Pwyllgor ar Seilwaith y Rheilffyrdd a Gwella Gwasanaethau i Deithwyr yn y Cynulliad blaenorol, a chan y Pwyllgor Menter a Dysgu ar gyfer ei adroddiad, 'Cynllunio Rheilffyrdd y Dyfodol', a gyhoeddwyd fis Tachwedd y llynedd.

Gareth Jones: We have a paper, namely paper 3, for this item. As a brief background, Network Rail published a consultation on its route utilisation strategy in May. That consultation will close on 22 August. Members agreed that the committee should formulate a response on the basis of evidence taken by the Committee on Rail Infrastructure and Improved Passenger Services in the previous Assembly, and by the Enterprise and Learning Committee for its report, 'Planning for Future Railway Provision', which was published last November.

[186] Felly, a oes gennych unrhyw sylwadau ar yr ymateb drafft sydd gerbron? Yr wyf yn ddiolchgar i Graham Winter am y gwaith y mae wedi ymgymryd ag ef ar ein rhan. Os ydych wedi cael golwg ar yr adroddiad, gwyddoch mai adroddiad swmpus yw, ac nid yw'n arbennig o hawdd i weithio'ch ffordd drwyddo. Fodd bynnag, dyna ni—mae'r adroddiad yno ar ein cyfer. Os oes gennych sylwadau neu os ydych am newid unrhyw beth yn yr adroddiad drafft, mae Ben Stokes yma i dderbyn y sylwadau hynny. A yw pawb yn hapus gydag ef?

Therefore, do you have any comments on the draft response before us? I am grateful to Graham Winter for the work that he has undertaken on our behalf. If you have had a look at the report, you will know that it is a hefty document, and it is not particularly easy to work your way through it. However, there you go—the report is there for us. If you have any comments or if you want to amend anything in the draft report, Ben Stokes is here to take those comments. Is everyone happy with it?

[187] **Kirsty Williams:** This is a rather difficult point to raise. The Committee on Rail Infrastructure and Improved Passenger Services, in the previous Assembly, recommended developments on the Heart of Wales line. This report clearly undermines that call for those developments, and I feel uncomfortable with that part of it.

[188] **David Melding:** It says that we regret that we cannot fund those trains. Do you want more than that?

[189] **Kirsty Williams:** Yes—something a bit stronger. I am disappointed that an economic case cannot be made for a fifth train. Could we beef that up, to say that the Committee on Rail Infrastructure and Improved Passenger Services acknowledged that it was desirable to increase services on that line?

[190] **Gareth Jones:** And that that would be our wish?

[191] **Kirsty Williams:** Yes.

[192] **Gareth Jones:** Fine. Can we accommodate that? I see that we can. On that basis, does the response meet with Members' approval? I see that it does. Therefore, my understanding is that this will be tabled before the Assembly and will also be sent to Network Rail, with a copy to the Deputy First Minister. If you wish, we could then request a debate in Plenary on this.

[193] **David Melding:** I believe that that would be a good idea.

[194] **Gareth Jones:** Fine. I see that everyone is happy with that.

3.33 p.m.

Cynnig Trefniadol Procedural Motion

[195] **Gareth Jones:** Mae angen i ni ddod â rhan gyhoeddus y cyfarfod i ben yn awr. Gofynnaf i un o'r Aelodau gynnig y cynnig perthnasol. **Gareth Jones:** At this point we need to bring the public part of the meeting to an end. I ask a Member to propose the appropriate motion.

[196] **David Melding:** I propose that

the committee resolves to exclude the public from the remainder of the meeting in accordance with Standing Order No. 10.37(vi).

[197] **Gareth Jones:** Gwelaf fod y pwyllgor yn gytûn. **Gareth Jones:** I see that the committee is in agreement.

*Derbyniwyd y cynnig.
Motion carried.*

*Daeth rhan gyhoeddus y cyfarfod i ben am 3.33 p.m.
The public part of the meeting ended at 3.33 p.m.*