



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

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

**Dydd Iau, 2 Gorffennaf 2009
Thursday, 2 July 2009**

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

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

Aelodau'r pwyllgor yn bresennol
Committee members in attendance

Jeff Cuthbert	Llafur Labour
Paul Davies	Ceidwadwyr Cymreig Welsh Conservatives
Nerys Evans	Plaid Cymru The Party of Wales
Gareth Jones	Plaid Cymru (Cadeirydd y Pwyllgor) The Party of Wales (Committee Chair)
Huw Lewis	Llafur Labour
David Melding	Ceidwadwyr Cymreig Welsh Conservatives
Sandy Mewies	Llafur Labour
Jenny Randerson	Democratiaid Rhyddfrydol Cymru Welsh Liberal Democrats

Eraill yn bresennol
Others in attendance

Jim Cowan	Pennaeth y Tîm Adolygiad o Addysg Uwch (Cam 2) Head of Higher Education Review Team (Phase 2)
Yr Athro/Professor Philip Gummett	Prif Weithredwr, Cyngor Cyllido Addysg Uwch Cymru Chief Executive, Higher Education Funding Council for Wales
Mike Hopkins	Pennaeth yr Is-adran Dysgu Gydol Oes a Darparwyr Head of Lifelong Learning and Providers Division
Jane Hutt	Aelod Cynulliad, Llafur (y Gweinidog dros Blant, Addysg, Dysgu Gydol Oes a Sgiliau) Assembly Member, Labour (the Minister for Children, Education, Lifelong Learning and Skills)
Yr Athro/Professor R. Merfyn Jones	Is-Ganghellor, Prifysgol Cymru Vice-Chancellor, Bangor University
Peter McAllister	Pennaeth y Gangen Dysgu Gydol Oes Head of Lifelong Learning Branch
Roger Thomas	Cadeirydd, Cyngor Cyllido Addysg Uwch Cymru Chair, Higher Education Funding Council for Wales
Greg Walker	Cyfarwyddwr Gweithredol, Addysg Uwch Cymru Acting Director, Higher Education Wales

Swyddogion Cynulliad Cenedlaethol Cymru yn bresennol
National Assembly for Wales officials in attendance

Dan Collier	Dirprwy Glerc Deputy Clerk
Siân Phipps	Clerc Clerk
Anne Thomas	Gwasanaeth Ymchwil yr Aelodau Members' Research Service

Dechreuodd y cyfarfod am 1 p.m.
The meeting began at 1 p.m.

Cyflwyniad, Ymddiheuriadau a Dirprwyon Introduction, Apologies and Substitutions

[1] **Gareth Jones:** Prynhawn da a chroeso i'r cyfarfod hwn o'r Pwyllgor Menter a Dysgu. Hoffwn wneud y cyhoeddiadau arferol ar y cychwyn, gan atgoffa pawb i ddiffodd eu ffonau symudol ac unrhyw ddyfais electronig arall. Nid oes angen cyffwrdd â'r meicroffonau tra ydym yn trafod. Nid ydym yn disgwyl ymarfer tân, felly os bydd larwm yn canu, rhaid inni symud o'r ystafell ac efallai allan o'r adeilad, gan ddilyn cyfarwyddyd y tywysyddion. Mae'r cyfarfod yn ddwyieithog. Mae gwasanaeth cyfieithu ar y pryd o'r Gymraeg i'r Saesneg ar gael ar sianel 1 y clustffonau; i chwyddleisio'r sain, trowch i sianel 0. Bydd Cofnod ar gael o'r cyfan a ddywedir yn gyhoeddus.

Gareth Jones: Good afternoon and welcome to this meeting of the Enterprise and Learning Committee. I will make the usual introductory announcements. I remind everyone to switch off their mobile phones and any other electronic equipment. There is no need to touch the microphones during our discussions. We are not expecting a fire drill today, so if an alarm sounds we must leave the room and perhaps the building, under the guidance of the ushers. The meeting is held bilingually. Interpretation from Welsh into English is available on channel 1 of the headsets; to amplify the sound, turn to channel 0. A Record of everything that is said publicly will be available.

[2] Mae gennym ymddiheuriad gan Christine Chapman. Deallaf y bydd Jeff Cuthbert yn ymuno â ni ychydig yn hwyrach, a bydd Sandy Mewies yn gadael cyn diwedd y cyfarfod. Nid oes dirprwyon.

We have received an apology from Christine Chapman. I understand that Jeff Cuthbert will be joining us a little later, and that Sandy Mewies will be leaving before the end of the meeting. There are no substitutions.

1.01 p.m.

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

[3] **Gareth Jones:** Trown at y sesiwn graffu. Fel y gwyddoch, bu i'r pwyllgor gyhoeddi ei adroddiad interim ar gyfraniad economaidd addysg uwch yn ôl ym mis Ionawr 2009. Cyn inni gyhoeddi ein adroddiad terfynol, buom yn aros, fel sawl un arall, am ffrwyth adolygiad yr Athro Merfyn Jones o addysg uwch yng Nghymru. Trafodwyd ei adroddiad yn y Siambr yr wythnos diwethaf. Dyma gyfle defnyddiol iawn inni ystyried adroddiad yr athro cyn inni wneud ein casgliadau a'n hargymhellion ein hunain ar gyfer ein adroddiad.

Gareth Jones: We now turn to the scrutiny session. As you know, as a committee, we published an interim report back in January 2009 on the economic contribution of higher education. Before we publish our final report, we have been waiting, as have several others, for the results of the review into higher education in Wales by Professor Merfyn Jones. His report was discussed in the Chamber last week. This is a useful opportunity to consider the professor's report before reaching our own conclusions and making our recommendations for our report.

[4] Mae'n bleser gennyf estyn croeso cynnes iawn ar ran y pwyllgor i'r ddau sydd yma yn cynrychioli Addysg Uwch Cymru, sef Greg Walker, y cyfarwyddwr gweithredol, a'r dyn ei hun, yr Athro Merfyn Jones, is-ganghellor Prifysgol Bangor. Yr ydym yn ddiolchgar iawn ichi am ddod atom

It is a great pleasure for me, on behalf of the committee, to warmly welcome both of you who are here representing Higher Education Wales, namely Greg Walker, the acting director, and the man himself, Professor Merfyn Jones, the vice-chancellor of Bangor University. We are grateful to you for giving

yn eich prysurdeb. Yr ydym hefyd yn ddiolchgar am y dystiolaeth ysgrifenedig a dderbyniwyd, sydd wedi cael ei dosbarthu i'r Aelodau. Yr ydych yn ymwybodol iawn o'r drefn, Merfyn. Os hoffech wneud cyflwyniad byr o ryw bum munud, byddem yn gwerthfawrogi hynny. Cawn droi wedyn at yr Aelodau, a fydd yn gofyn rhai cwestiynau.

[5] **Yr Athro Jones:** Diolch yn fawr, Gadeirydd. Credaf mai dyma'r pedwerydd tro imi ddod gerbron y pwyllgor hwn, ac yr wyf yn falch iawn o'r cyfle i ddod yma eto. Byddaf yn gryno, oherwydd yr hyn sy'n bwysig yw'r dystiolaeth ysgrifenedig yr ydych wedi ei chael ar ran AUC yn y dyddiau diwethaf, a hefyd yr adolygiad a gyflwynais i'r Gweinidog ychydig ddyddiau yn ôl. Mae'n debyg eich bod wedi cael cyfle i bori drwy hwnnw.

[6] Yr ydym yn ddiolchgar iawn am y cyfle i roi dystiolaeth eto. Mae gan y gwaith yr ydych yn ei wneud fel pwyllgor y potensial i fod yn allweddol bwysig. Tanlinellaf y pwynt hwnnw. Yn hytrach na mynd dros y dystiolaeth yr ydym wedi ei rhoi o'r blaen—ac yr wyf yn ymwybodol bod aelodaeth y pwyllgor wedi newid yn y cyfamser—hoffwn grybwyll un neu ddau o bethau am yr hyn sydd wedi digwydd dros y 12 mis diwethaf.

[7] Man cychwyn naturiol i mi yw'r arolwg o addysg uwch yng Nghymru. Rhaid i mi bwysleisio mai gwaith grŵp oedd hwn ac nid fy ngwaith i yn unig. Mae'r sector addysg uwch wedi croesawu'r adroddiad ac, yn y cyfarfod a gynhaliwyd wythnos yn ôl o gynrychiolwyr pob prifysgol yng Nghymru, penderfynwyd eu bod yn barod iawn i weithio gyda Llywodraeth Cynulliad Cymru a Chyngor Cyllido Addysg Uwch Cymru i greu rhyw fath o gynllun gweithredol at y dyfodol, fel y bu i'r Gweinidog ei grybwyll.

[8] Credaf mai'r frawddeg bwysicaf yn yr adroddiad yw'r frawddeg tua'r diwedd sy'n dweud:

[9] 'Higher education needs explicitly to be repositioned in our national priorities from now on. It has to become central to the task of creating thriving and enquiring communities in a prosperous and culturally

of your precious time to come here. We are also grateful for the written evidence that we have received, which has been distributed to Members. You know the score, Merfyn. If you would like to give a short presentation of around five minutes, we would appreciate that. Members will then ask you some questions.

Professor Jones: Thank you very much, Chair. I believe that this is my fourth appearance before this committee, and I am pleased to have the opportunity to come here once again. I will be brief, because what is important is the written evidence on behalf of HEW that you will have received in the past few days, as well as the review that I presented to the Minister a few days ago. You will no doubt have had an opportunity to look through that.

We appreciate the opportunity to give evidence once again. The work that you are undertaking as a committee has the potential to be vital. I underline that point. Rather than repeating the evidence that we have already presented—and I know that the committee's membership has changed in the meantime—I just want to mention one or two of the things that have been occurring over the past 12 months.

The natural starting point for me is the review of higher education in Wales. I must emphasise that it was the work of a group and not only my work. The higher education sector has welcomed the report and, in the meeting held a week ago of representatives from every university in Wales, it was decided that they were prepared to work with the Welsh Assembly Government and the Higher Education Funding Council for Wales to create an action plan for the future, as the Minister suggested.

I believe that the most important sentence in the report is the sentence towards the end, which reads:

'Mae angen clir i ail-leoli addysg uwch yn ein blaenoriaethau cenedlaethol o hyn allan. Rhaid iddo fod yn ganolog i'r dasg o greu cymunedau bywiog a chwilfrydig mewn Cymru sy'n ffynnu ac sy'n ddiwylliannol

alive Wales’.

frwd’.

[10] Well, I would say that, would I not? [*Laughter.*]

[11] Fodd bynnag, credaf fod hwnnw’n wir fel dinesydd hefyd. Os edrychwn ar wledydd eraill, gwelwn pa mor ganolog yw addysg uwch i gynllunio at y dyfodol. Fel y dywedwn yn ein tystiolaeth ysgrifenedig, yn Tsieina, Awstralia a dros y ffin, mae’n amlwg bod addysg uwch yn cael ei gweld yn faes hollol ganolog i greu dyfodol i’r economi ac i gymunedau.

However, I also believe, as a citizen, that that is true. If we look at other countries, we see how central higher education is to planning for the future. As we say in our written evidence, in China, Australia and across the border, it is obvious that higher education is seen as a field that is completely central to creating a future for the economy and for communities.

[12] Mae argymhellion yn yr adroddiad o ran sut yr ydym yn trosglwyddo gwybodaeth o brifysgolion, am sgiliau, a sut yr ydym yn sicrhau bod gan fyfyrwyr y sgiliau iawn i gael eu cyflogi, ac yn y blaen. Nid ydynt yn fanwl iawn, ond mae’r argymhellion yn berthnasol i waith y pwyllgor hwn.

There are recommendations in the report regarding how we transfer information from universities, about skills, and the way in which we ensure that students have the correct skills in order to gain employment, and so on. They are not very detailed, but the recommendations are relevant to the work of this committee.

[13] Mae cryn dipyn o’r dadansoddiad yn yr arolwg yn debyg iawn i hwnnw a geir yn y gwaith interim y bu ichi ei gyhoeddi fel pwyllgor. Felly, gwelaf y ddau yn mapio ar ei gilydd mewn ffordd hapus iawn. Edrychwn ymlaen at adroddiad terfynol y pwyllgor hwn; gall wneud gwahaniaeth mawr a bydd yn bwydo i mewn i’r cynllun gweithredu sy’n cael ei ddatblygu ar hyn o bryd, neu a fydd yn cael ei ddatblygu.

There is a considerable amount of analysis in the review that is similar to that in the interim work that you published as a committee. Therefore, I see the two mapping each other quite naturally. We look forward to the publication of the final report of this committee; it could make a big difference and it will feed into the action plan, which is being developed at the moment, or which will be developed.

[14] Yr oeddwn yn falch iawn bod nifer ohonoch wedi gallu ymuno â ni yn y fforwm rhwng Addysg Uwch Cymru a Chyddfederasiwn Diwydiant Prydain, wythnos yn ôl yng nghanolfan ddata BT nid nepell o’r fan hon. Yn y cyfarfod hwnnw, bu ichi, Gadeirydd, wneud cyfraniad pwysig iawn at y drafodaeth, yn enwedig o ran budd buddsoddi mewn addysg uwch. Fel y gwyddoch, 38 y cant o incwm addysg uwch sy’n dod o’r cyngor cyllido. Mae’r gweddill yn dod o ffynonellau eraill. Mae’r arian sy’n cael ei fuddsoddi yn sicrhau bod arian arall yn dod i Gymru.

I was very pleased that a number of you managed to join us in the forum between Higher Education Wales and the Confederation of British Industry a week ago in BT’s data centre, not far from this place. In that meeting, you, Chair, made a very important contribution to the discussion, particularly with regard to the returns from investing in higher education. As you are aware, higher education gets 38 per cent of its income from the funding council, and the rest comes from other sources. The money that is invested ensures that other money comes to Wales.

1.10 p.m.

[15] Pwynt arall sy’n allweddol i’r arolwg yw’r angen inni i gyd wneud yn well. Mae awydd i wneud hynny. Yr ydym yn barod, fel

Another point that is vital to the review is that we all have to do better. There is an appetite to do that. We are willing, as a

sector, i weithio er mwyn creu rhyw fath o ddealltwriaeth—‘compact’ yw’r gair yr wyf yn ei ddefnyddio; nid y gair sy’n bwysig ond y ddealltwriaeth a’r gweithredu. Yr wyf yn siarad fel unigolyn, ond i raddau hefyd ar ran y sector, ac mae’n barod iawn i weithio gyda’r Llywodraeth, Cyngor Cyllido Addysg Uwch Cymru ac eraill i sicrhau bod hynny’n digwydd.

[16] Yn amlwg, nid oedd hwn yn gyfnod hawdd ar gyfer cynnal arolwg o’r fath, gan ei bod yn ymddangos ein bod yn wynebu daeargryn economaidd. Yr oedd yn anodd rhagweld beth fyddai’n digwydd i’r economi ar draws y byd, ac yr wyf i yn un o’r bobl hynny sy’n credu ein bod ymhell o ddod allan o’r sefyllfa honno. Fodd bynnag, unwaith eto, os ystyriwch y dystiolaeth ysgrifenedig yr ydym wedi’i chyflwyno, gwelwch beth sy’n digwydd yn Tsieina erbyn hyn o ran faint o fyfyrwyr sy’n graddio a faint o bwyslais y maent yn ei roi ar addysg uwch fel ffordd o ddatblygu. Os ydym am symud ymlaen a datrys rhai o’r problemau economaidd hyn, mae’n amlwg fod gan addysg uwch rôl yn hynny o beth. Nid yw’n gallu gwneud hynny ar ben ei hun, ond mae’n rhaid i addysg uwch fod yn rhan o’r ateb i’r sefyllfa, sydd yn fygythiol iawn i’n pobl a’n cymunedau. Mae’n rhaid i ni, fel sector, gymryd y cyfrifoldeb hwnnw. Edrychaf ymlaen at weithio gyda Llywodraeth Cymru ac ar argymhellion eich pwyllgor er mwyn sicrhau y’u gweithredir.

[17] **Gareth Jones:** Diolch am y sylwadau hynny ac am ein hatgoffa o’r prif bwyntiau a sut mae pethau’n symud, nid yn unig yng Nghymru ond, yn bwysicach, y tu allan i Gymru. Ar ran y pwyllgor, diolch i chi am gydnabod ein gwaith, nid er mwyn canmol y pwyllgor a’r Aelodau, ond oherwydd bod y pwyllgor hwn yn fodd o ddod â thystiolaeth at ei gilydd. Caiff y dystiolaeth honno ei chyflwyno i’r Llywodraeth ac mae ar gael i bawb ei gweld. Mae hynny’n golygu tipyn o waith. Felly, ar ran y pwyllgor, diolch i chi am gydnabod y gwaith hwnnw ac am gydnabod y ffaith ei fod yn ddefnyddiol. Gobeithiwn y gwelwn ffrwyth terfynol hynny pan gaiff y cynllun gweithredol ei lunio gan y Llywodraeth. Gallwn weld wedyn pa lwyddiant fu i’n gwaith.

sector, to work in order to generate an understanding—the word that I use is ‘compact’; it is not the word that is important, but the understanding and the implementation. I speak as an individual, but also partly on behalf of the sector, which is more than willing to work with Government, the Higher Education Funding Council for Wales and others to ensure that that occurs.

Clearly, it was not an easy period in which to conduct such a review, as it seemed that we were facing an economic earthquake. It was difficult to predict what would happen to the global economy, and I am one of those who think that we are a long way from coming out of that situation. However, once again, if you consider the written evidence that we have submitted, you will see what is now happening in China with regard to the number of students who are graduating and how much emphasis they place on higher education as a means of development. It is apparent that, if we are to progress and solve some of these economic problems, higher education has a role in that. It cannot do all of this alone, but it has to be part of the solution to the situation, which is a huge threat to our people and communities. We must, as a sector, take on responsibility for that. I look forward to working with the Welsh Government and on your committee’s recommendations to ensure that they are implemented.

Gareth Jones: Thank you for those comments and thank you for reminding us of the main points and of how things are moving, not only in Wales but, more importantly, outside Wales. On behalf of the committee, I thank you for recognising our work, not in order to praise this committee and the Members, but because this committee is a means of bringing evidence together. That evidence is then submitted to the Government for everyone to see. That involves a great deal of work. Therefore, on behalf of the committee, I thank you for recognising that work and its usefulness. We hope that we will see the final outcome of this when the action plan is drawn up by the Government. We will then be able to see how successful our work has been.

[18] **David Melding:** Your emphasis on postgraduate study is quite striking. I completely agree with it, but I do not see a great sign from the Welsh Assembly Government to that effect. I am not saying that it does not want people to become postgraduates, but that I am not aware of the change that we need to make us the location of first choice—not just for Welsh and British postgraduates, but for Chinese and Indian postgraduates who are now being sent all over the world to the best places in which to study for a PhD or a specialised Masters programme. An obvious point is that the requisite capital development for that would be quite considerable—even in a university like Cardiff University, which, you could say, is almost up there among the top 100 highly competitive world universities. No other Welsh higher education institution is anywhere near that standard and there are not many such HEIs across Britain, excepting the traditional universities, so I do not mean to do Wales down.

[19] I like the vision outlined in your paper, but in a time of economic difficulty, it seems likely that the UK Government, and probably the Government here, will cut much more on the capital side than on the current revenue side. Given the types of development that we will require if we are to have these research centres of excellence, how big a shift in thinking needs to occur? I suspect that a lot of this—certainly the initial stages of the investment—will have to come from public sources. That is my first question, which is on the feasibility of having a dramatic shift in thinking beyond what you traditionally expect a university to deliver on the postgraduate side, or what we have come to expect in the last 20 years or so.

[20] Secondly, we need to retain postgraduate students when they leave university. If we export a higher proportion than most competitive regions do, we will not benefit. Of course, not everyone will stay in Wales, and that is the last thing that we would want. They could go to work internationally and could be good friends of Wales in that capacity, and others will move in if we have a more enterprising economy. What can we do to ensure that business and career opportunities are taken up in Wales? It seems to me that we need to integrate into our thinking the fact that, for example, if you are doing a Masters programme in science, technology, engineering or mathematics, you need to be thinking about whether you have a business idea, whether you are working with other students who have a business idea, or whether there is a good incubation unit that you can move into quickly with your idea. All that needs to be done. Some of it is done, but it is not completely wired in to the culture, to the extent that it is automatic. I have many questions that I want to ask you, but this one on postgraduates is the only one that I am going to pursue. I welcome your response to my questions or remarks.

[21] **Professor Jones:** Thank you. It is not an easy area. One problem that we came across in our work over the last six months was that many of the statistics are about skills at level 4 and above. Level 4 is the higher national diploma—the levels go right up to doctoral level. We need to finesse that a lot more. We need to be able to look much more closely at levels 4 to 8: foundation degrees, honours degrees, Masters degrees and PhD programmes. The truth of the matter is that, the higher up you are in terms of skills level and qualifications, the more entrepreneurial you become. The most entrepreneurial people in the world are people with PhDs.

[22] **David Melding:** I was always told that it was those with Masters degrees.

[23] **Professor Jones:** I am all for Masters degrees.

[24] **David Melding:** I should not challenge the expert.

[25] **Professor Jones:** That is what I am told. Clearly, you require those people with the very high-level research skills, namely those who are doing Masters degrees and undertaking research as part of PhDs. How we do that is a huge challenge for us. It seems to me that one

way in which to approach that is by having much more collaboration across Wales, and, if need be, across the border and internationally. We need to collaborate, because you are not going to sustain that large PhD community without some level of critical mass, particularly in STEM subjects—although that is not the only area that is wealth-creating. An enormous number of wealth creators do not emanate from STEM; they come from arts and humanities backgrounds and from creative industries.

[26] There is probably a need for capital expenditure. The report is fairly open about the fact that we recognise that that is not going to be easy in the years to come. On the other hand, if we do not do it, we will lose out, and we will be producing people who do not have the skills to survive in the modern world. There are already 25 million undergraduates in China, and there is a huge emphasis on PhD programmes there. They are sending people away to do their PhDs, and then bringing them back.

[27] How we hang on to people regionally, either in our own regions in Wales or throughout the UK, is one of those issues to do with the nature of the market; people with those qualifications can work anywhere in the world, and they will do so. They stay in the region—I have seen evidence of that at my own university, for example, they go to the Technium Centre for Advanced Software Technology and work there—but there is no way that you can control—

[28] **David Melding:** You certainly do not want to push them out.

[29] **Professor Jones:** You do not want to push them out—absolutely not. You want to try to welcome them, and also those who are from overseas. Scotland, for a while, had an interesting extension for visas and so on, although I never quite understood how it managed that.

1.20 p.m.

[30] It is up to us: as well as hanging on to our people, we must also attract people—those with PhDs from Beijing should come to work in Wales. That is the nature of the market; it is a global business. The higher the qualifications, the more technical and the more useful they are for the key industries, the more global will be the demand for them. However, thank you for your question. I replied to it inadequately, but I believe it is a critical issue.

[31] **Gareth Jones:** I remind you that we only have about 15 minutes—

[32] **Professor Jones:** I am sorry, I am long-winded.

[33] **Gareth Jones:** It is no reflection on you, but, as a good Chair, I should have reminded you of that at the outset. I ask for succinct questions and answers, if possible.

[34] **Nerys Evans:** Mae sawl peth yr hoffwn eich holi amdanynt, ond yn sgîl cyfarwyddyd y Cadeirydd, yr wyf am ofyn dau beth penodol. Yn ein hymchwiliad i ymateb Llywodraeth Cymru i'r dirwasgiad, dywedodd pawb pa mor dda oedd yr uwchgynadleddau wrth dynnu pobl at ei gilydd mewn deialog. Pa gyfraniad mae addysg uwch wedi ei wneud i'r uwchgynadleddau hyd yn hyn, a pha gyfraniad a wneir yn y dyfodol wrth i'r fformat barhau? Yr wyf yn deall y bydd yr **Nerys Evans:** There are several things that I would like to cover, but, following the Chair's guidance, I will ask about two specific issues. In our inquiry into the Welsh Government's response to the recession, everyone said how good the summits were at bringing people together in dialogue. What contribution has higher education made to those summits to date, and what contribution can you make in the future as that format continues? I understand that the next summit will concentrate on the contribution of higher

uwchgynhadledd nesaf yn canolbwyntio ar gyfraniad addysg uwch, ond beth fu eich cyfraniad hyd yn hyn?

[35] Yn amlwg, mae addysg uwch yn rhan o'r portffolio addysg yma yn y Cynulliad, ond faint o gydweithio sydd rhyngoch ac adrannau eraill y Llywodraeth? Yr un amlwg, sydd dan sylw heddiw, yw Adran yr Economi a Thrafnidiaeth, ond, wrth edrych ar y datganiad a wnaed yr wythnos diwethaf ynglŷn ag arian ymchwil yn yr Adran Amgylchedd, Cynaliadwyedd a Thai, faint o ddeialog sydd rhwng addysg uwch ac adrannau eraill Llywodraeth y Cynulliad a sut y gall hynny wella os oes diffygion ar hyn o bryd? Yr ydych wedi sôn am yr angen i ailflaenoriaethu addysg uwch, felly pa gamau all Llywodraeth Cymru eu cymryd i sicrhau bod hynny'n digwydd?

[36] **Yr Athro Jones:** Oes raid imi ymateb yn fyr i hynny? [*Chwerthin.*] Unwaith eto, diolch am y cwestiynau, maent yn berthnasol iawn. I fod yn blaen, nid wyf yn credu bod addysg uwch wedi chwarae digon o rôl yn yr uwchgynadledau. Un rheswm am hynny yw na chawsom ein gwahodd. Mae hynny'n dipyn o syndod i mi. Ni allaf feddwl am wlad arall na fyddai wedi estyn gwahoddiad i addysg uwch i'r uwchgynadledau hyn. Fodd bynnag, yr ydym yn rhan ohonynt yn awr—mae'n ddrwg gennyf fod yn feiriadol, ond felly mae—ac yr wyf yn falch o hynny. Byddwn yn cyfrannu'n fawr at yr un nesaf. Gwell hwyr na hwyrach. Yr ydym yn rhan ohonynt erbyn hyn, ac mae gennym rôl allweddol bwysig fel sefydliadau ac fel cyflogwyr.

[37] Mae gennym berthynas agos gyda rhai adrannau eraill. Nid oes unrhyw broblem yn hynny o beth. Mae hynny wedi ei sefydlu ers tro byd, ac yr ydym yn falch o weld y cydweithrediad rhwng addysg a'r economi, sydd yn bwysig iawn, ac yr ydym yn gefnogol iawn o hynny.

[38] **Mr Walker:** I want to add that Higher Education Wales has a member on Jane Davidson's Climate Change Commission for Wales, who plays a full part in that. We get feedback and reports from our member, who keeps us in touch with the developments in this important area. We obviously have an important role to play in some of the research that will feed into some of the technological change that will drive improvements in that area. As Merfyn said, we now have a strong relationship with the Department for the Economy and

education, but what has your contribution been to date?

Higher education obviously falls under the education portfolio here in the Assembly, but how much collaboration do you have with other Assembly Government departments? The obvious example, which we are discussing today, is the Department for the Economy and Transport, but, considering last week's statement on funding for research in the Department for Environment, Sustainability and Housing, how much dialogue is there between higher education and other Assembly Government departments, and how can that improve if there are deficiencies at present? You mentioned the need to reprioritise higher education, so what steps can the Welsh Government take to ensure that that happens?

Professor Jones: Do I need to answer that succinctly? [*Laughter.*] Once again, thank you for those questions, which are highly pertinent. To speak plainly, I do not think that higher education has played a sufficient role in the summits. One reason for that is that we were not invited, which I find surprising. I cannot think of another country that would not have invited higher education to these summits. However, we are playing our part now—I apologise for being critical, but that is the case—and I am glad of that. We will be making a big contribution to the next summit. It is better late than never. We are now a part of the summits, and we have a vital role as institutions and as employers.

We have a close relationship with some other departments. There is no problem in that regard. That has been the case for a long time, and we are pleased to see the collaboration between education and the economy, which is very important, and we are very supportive of that.

Transport.

[39] **Gareth Jones:** It is a key department. Therefore, you feel that you are sufficiently—by invitation or whatever—involved in the changing themes in Wales, which will bring about different research, different high-level skills and so on. Are you happy with that situation?

[40] **Mr Walker:** It could always be better.

[41] **Gareth Jones:** It is ‘better’ that we are concerned with.

[42] **Professor Jones:** It could always be better, but we enjoy good relations. There is no question about that.

[43] **Gareth Jones:** Okay, but you need to tell us if you feel that there is anything that can be improved or that we can pursue constructively.

[44] **Professor Jones:** I would comment that it is interesting where different countries put universities, in terms of departmental portfolios. It is interesting—I was listening to Lord Mandelson talk about this only last week—that universities are effectively in the business department in England. In Scotland, they have left business and gone back into education. Here in Wales, we are in DCELLS. I am not sure that it matters, but the way it works is interesting. It is also interesting, by the way, that, whereas the present Westminster Government has higher education in the business department, the Conservative Party has not adopted the same line; it still has an independent universities department in shadow.

[45] **Paul Davies:** In her statement last week, the Minister announced four specific and critical priorities that would form part of a new HE manifesto agenda for Wales. They are: the new bursary framework; new ways of developing foundation degrees; to begin funding new HE provision in the Heads of the Valleys; and to push forward the Welsh federal college agenda. Are these the right priorities, and will they succeed in encouraging more people to follow higher education courses? Will they encourage, for example, more people from my constituency?

[46] In your paper, you place emphasis on working with key stakeholders, such as the FE sector, to tackle the economic downturn. What is being done to work closer with the FE sector, and how has the HE sector responded to the economic downturn? What is it doing differently now compared to 18 months to two years ago?

[47] **Professor Jones:** Just to take the last point first, I hope that we are paying our bills, for a start. It is quite a critical issue, because how much money you pump into the local economy is significant. That is not a small point, by the way—if we could channel more procurement locally, it would make a huge difference. There are all sorts of problems with doing that, though, and not just for universities, but for all public bodies. If we could procure more locally, it would have the effect of recycling public investment.

[48] We are working closer with the FE sector than we ever have. Obviously, there is the Heads of the Valleys initiative. We are working very closely in north Wales with Llandrillo and Coleg Menai with the new arrangements there.

[49] There is an issue to do with how much progression there ever is from FE to HE. The Scottish experience suggests that there is very little, but we need to ensure that there is real progression from FE to HE and ensure that that works. The point about FE is that it is more widely distributed. I am not sure that I am representing anybody in saying this, but I would like to see universities and FE colleges work across Wales to distribute higher education to places where, for geographical reasons, it has not reached until now. That is the basis of the

report, but it is also my own personal view.

[50] On the priorities, I leave those to the politicians. I am very happy with those priorities. I will make one brief point, though. Let us not lose sight of the student, or of the fact that higher education can be a life-transforming experience for many people. I was the first from my family ever to go to university. That transformed my life, and I know that it can transform other people's lives. We must not forget that when all of us, quite rightly, think about skills, employability and all the rest of it, we are also creating citizens who have a critical sense and are able to think clearly. They will have competencies. I am glad to say that that is addressed in the Minister's paper to this committee. That has not been acknowledged until now. Let us not forget the student and the impact of higher education on individuals.

1.30 p.m.

[51] **Jenny Randerson:** As a representative of Cardiff Central, I have a close association with a number of universities. One of the things that has worried me is that universities tell me that they are losing some of their best academics abroad, and that they are failing to attract new and leading academics in some cases because of a lack of funding. The Minister has found a way, through your report, to start to tackle it. Is it your view that the funding gap is crucial to the key issues on which you are concentrating, namely the stimulation of economic growth and the high value-added sector, and that the funding gap—on which you say some strong things in your report—is crucial to move forward in that respect? As a sub-question, you use Australia and China as examples; forgive me, but that makes me feel overwhelmed. Are you aware of a small country of a similar size to Wales where the right model has been adopted in this regard?

[52] My second question is that, if you look at the UK tables of research funding by the UK research bodies, you see that Wales is still failing to attract its pro rata share of it. Do you have any solutions to how that can be overcome? I am very interested in the integration of higher education into the economic development sector—I have been saying to the Minister for ages that the links need to be closer, and that is one good way of doing it. Is there a simple, targeted way in which we can improve our share of research money?

[53] Finally, on collaboration, I am aware that, in the health sector, standards have been raised by networks; for example, there are networks of cancer specialists across Wales working together to raise standards, largely via distance methods. Is there a parallel that could be adopted in higher education, and is it being adopted to any great extent?

[54] **Professor Jones:** That is a lot of points to cover. Thank you for the questions—they are all very germane. To start with the question on networks, there are such networks—'networks' is probably not quite a strong enough word. We have created networks such as the Wales Institute of Mathematical and Computational Sciences, the Low Carbon Research Institute, the Wales Institute of Cognitive Neuroscience and others, and they are bearing fruit. There are a number of them—I will let you know the detail.

[55] To run very quickly through the points that were made on recruitment, I think that we are doing very well on recruitment. There is a problem, but it is a global market for people—we recruit an enormous number of our academics from other countries and salaries differ in different countries, and so on. On the whole, we do reasonably well, but I am aware that some vice-chancellors consider this to be a big issue. We have a lot to sell in Wales—we can make Wales a very attractive venue for high-flying academics. They may not stay all that long because they are mobile people, but it is surprising how many of them do so. It is not something that personally concerns me. If we approach this properly, we can attract many very good people to Wales.

[56] On the funding gap, as you said, I have some things to say about that in the report, and perhaps I had better leave it there, but clearly it is an issue.

[57] Australia is not that much bigger in population—[*Laughter.*]

[58] **Jenny Randerson:** I know, but it is a great deal bigger in size.

[59] **Professor Jones:** Yes, it is a fair bit bigger in size. Ireland is an interesting example, where there has been a huge investment in higher education. The postgraduate level is not so good at the moment because Ireland is going through some economic problems, but so is everywhere else. Coming back to David's point, Ireland has also invested a lot of money in postgraduate research.

[60] On research funding—and again, going back to collaboration and networks, and so on—we need to get better at it. I think that there has been some complacency in the past. More people need to make more applications and ensure that this is at the top of their agenda. Academics are very stressed-out people, contrary to what people think, because they have to teach a huge number of students compared with what they used to do. They have just been through the examinations and so forth, but they also have to write research papers. We have to get better at it, and other institutions in the United Kingdom are better than us. We punch slightly below our weight there but we do well on other sorts of research funding.

[61] There is also another issue on research—and I am being the traditional academic now—namely that the research councils will ask for the economic impact. When you apply to the councils, they want to know what the economic impact of the research will be. I know that this view is strongly held, not only in universities, but in the business community. It is the blue skies research, sometimes, that produces the key breakthrough. It is the unexpected. We must not constrain people to work to a narrow economic agenda. That is why you need universities: so that people can think outside the box.

[62] **Gareth Jones:** Awn ymlaen at y cwestiwn olaf, gan Jeff Cuthbert. **Gareth Jones:** We will now move to the final question, which comes from Jeff Cuthbert.

[63] **Jeff Cuthbert:** Thank you, Chair. I apologise for my late arrival. The Deputy First Minister and the Minister for the Economy and Transport was opening the Bargoed relief road in my constituency and I came straight from there. I hope that this has not been addressed earlier, in which case you will tell me. My question is prompted by paragraphs 10 and 11 in your written report about the European Union links and the business links through the European Commission. The question is specifically about structural funds, which you will not be surprised to hear me ask. Yesterday evening, I attended—again with the Deputy First Minister—the launch of the one hundredth project under convergence at Swansea University. It was a higher education project, which appears to be very good, and links in with businesses providing support and leadership guidance on small and medium-sized employers. My question, which you can almost answer in one word, is about ensuring that higher education sees the structural funds as an important part of the economic life in Wales and that you will be playing as full a role as possible, either in leading projects in your own right or in procuring appropriate projects from the Department for the Economy and Transport or DCELLS. Is there a strategy in higher education across Wales as to how you will best engage?

[64] **Professor Jones:** Perhaps I should not comment because I have some quite big projects myself. There is no question that we see European funding—convergence funding, but also the other framework programmes—as being critically important. It is not necessarily so for everyone in Wales, but for those in the convergence area it is absolutely critically

important. We put an enormous amount of work into trying to ensure that that happens. Perhaps I should not comment much more.

[65] **Mr Walker:** No; I do not think that that is appropriate. I think that a number of significant European Regional Development Fund projects, as Merfyn alluded, are in the pipeline. In terms of the ESF, there are four collaborative higher education projects relating to work-based learning, foundation degrees and a couple of other areas. If they get approval from the Welsh European Funding Office—and we are confident that they will be approved—they will have a very significant impact in the next few years. Obviously, there are issues about getting early approval from WEFO, but we are trying our best to ensure that those projects are ready to go as soon as possible. I think that they will have a substantial impact. Those four projects, to which I have alluded on the ESF, are collaborative projects that involve a number of universities across Wales that went to their vice-chancellors for their collective approval as all-Wales projects. Therefore, I think that we are doing quite well in those areas.

[66] **Gareth Jones:** Ar ran y pwyllgor, hoffwn ddiolch yn fawr i'r ddau ohonoch. Fel y dywedais ar y cychwyn, yr ydych wedi ymuno â ni yng nghanol eich prysurdeb ac yr ydym yn dra diolchgar am hynny. Gobeithiwn y gallwn edrych ymlaen yn awr at y cynllun gweithredu, pan ddaw, yn nes ymlaen eleni. Diolch ichi am eich sylwadau ac am ein hatgoffa yng nghanol hyn oll, pan fo gyriant tuag at ddatblygu'r economi, sydd yn hollbwysig, mai lles a datblygiad academiaidd y myfyrwyr sydd wrth wraidd hyn i gyd. Mae wedi bod yn rhywbeth amserol inni ei ystyried.

Gareth Jones: On behalf of the committee, I thank you both very much. As I said at the outset, you have joined us at a very busy time and we are very grateful to you for that. We now hope to look forward to seeing the action plan, when it is published later this year. Thank you for your comments and for reminding us in the middle of all this, when there is a drive to develop the economy, which is vital, that the welfare and academic development of students is at the heart of all of this. It has been a timely reminder for us.

1.40 p.m.

[67] Dymunaf yn dda i Addysg Uwch Cymru a diolch ichi am bob cydweithrediad yr ydym wedi'i gael wrth ymwneud â'r ymchwiliad i gyfraniad addysg uwch, a'r adolygiad ar hynny.

I wish Higher Education Wales well and I thank you for your co-operation during the inquiry into, and review of, the contribution of higher education.

[68] **Professor Jones:** Diolch yn fawr ichi. Edrychwn ymlaen at weld yr adroddiad.

Professor Jones: Thank you very much. We look forward to seeing the report.

[69] **Gareth Jones:** Croeso i'r ddau dyst nesaf sydd yma ar ran Cyngor Cyllido Addysg Uwch Cymru, sef y prif weithredwr, yr Athro Philip Gummett, a'r cadeirydd, Roger Thomas. Yr ydym yn hynod o ddiolchgar ichi am ymuno â ni. Mae amser yn brin, felly yr ydym am droi at y cwestiynau; bydd croeso ichi ymhelaethu ar ambell beth wrth eu hateb. Sandy Mewies sydd â'r cwestiwn cyntaf.

Gareth Jones: I welcome the next two witnesses who are here on behalf of the Higher Education Funding Council for Wales, namely the chief executive, Professor Philip Gummett, and Roger Thomas, the chair. We are very grateful to you for joining us. Time is short, therefore we will go straight into questions; you are welcome to expand on anything in answering them. Sandy Mewies has the first question.

[70] **Sandy Mewies:** I have been listening closely to the previous evidence and I know that you have made many comments on it. A question that came up earlier that I would like to

put to you is: how can Ministers and the Assembly make it easier for people like you to contribute to policy making? Is there anything that we should be doing to involve other institutions in what we are doing? Is there a way of doing things better?

[71] **Mr Thomas:** We find ourselves very well involved in the development of policy and that has become even better over the period during which this work has been done. I am only 12 months into my period as chairman and, therefore, I will have to leave it to Phil to speak for the period before then, but I have found that, while I have been involved, at a political and official level, there has been a strong effort to involve the funding council in the development of policy. That was particularly the case over the winter when I was, ex officio, a member of Merfyn Jones's group and was therefore strongly involved. Through Merfyn Jones, it was made part of the arrangements that a senior official of the funding council was present at those meetings, to ensure that not only my input was received, but the input of the funding council as a whole. There were also many meetings outside that between officials and officials of the funding council, and I believe that every effort was made to bring us on board. That is also the case at a political level. My chief executive and I meet quarterly with the Minister and, between meetings, I am in regular contact with the special advisor to ensure that, at a political as well as an official level, we are joined at the hip as far as possible.

[72] **Professor Gummatt:** I endorse everything that Roger has just said. We are now looking forward to joining in the work with Assembly Government colleagues and, potentially, Higher Education Wales to develop the action plan that will follow on from the Jones review.

[73] **Jenny Randerson:** The committee has heard evidence that is at the core of the whole issue that we are looking at about the multiplier effect of investment in universities. The evidence that we had was that, for every £1 million invested by the Welsh Assembly Government into higher education, universities contributed £5.3 million to the Welsh economy. Do you believe that that compares well with other countries? Have you any information about whether higher education in Wales represents comparatively good value for money from the point of view of Government investment?

[74] I have a second, very brief, question. Some of the specialised SMEs raised concerns with us that there were complex issues associated with confidentiality and intellectual property ownership, and so on. For that reason, they said that they have to conduct their research for higher education institutions separately. Do you believe that there is a way around the problem?

[75] **Mr Thomas:** If I may, I will pass these questions to Phil as they are quite technical questions on the overseas aspect of businesses and intellectual property.

[76] **Professor Gummatt:** On the multiplier argument, the general proposition is that a lot depends on what you count, how you set the problem up and whether you look simply at funding council spending, or at all Welsh Assembly Government spending, because you would then start to bring in student support as well. So, it depends how you set the thing up. However, the general conclusion is that there is a very good return on the investment. The exact number that you would attribute to that would depend on how you pose the problem in the first place.

[77] Some of the other research that is emerging now is beginning to say that, as well as the benefits in terms of fairly direct spending in the locality of the university due to the staff and the students within it—the goods and services that they buy—there is the broader so-called 'dynamic human capital' effect, which comes from the impact of the graduates in the workforce later. Economists are just now beginning to try to get to grips with that. The initial work that is coming out from that kind of analysis says that those effects are larger still.

[78] An interesting report was done for the economic research unit in the Assembly Government a year or so ago. The problem that was put to the researchers was to assess the impact of large-scale investments in Wales and to consider what would give you a big return on a large-scale investment. From memory, there were things like the Severn barrage and other big energy projects, one or two big transport propositions and higher education. The very clear conclusion of the report, which then went to the economic research advisory panel, was that higher education was probably the best bet in terms of the economic impact of a major investment in Wales.

[79] Internationally, I cannot, for the moment, think of anything directly, but I will certainly have a look at direct comparator studies of the sort that you identified, which would enable one to compute a return on investment country by country and construct a league table. I cannot think of anything that does that. However, it is clear that the studies that we have seen of that question in other countries reach the similar conclusion that it is always a very good return on the investment. Listening to the earlier evidence, that is why China is investing as it is, and so on. Other people understand this too. We are quite efficient about this. It is very clear that higher education pays its way—whichever way you try to estimate that. However, there is always the question of whether we can do better. I am sure that that is something that will come up in some of the later questioning.

[80] **Jenny Randerson:** There was also the question about SMEs.

[81] **Professor Gummatt:** I apologise.

[82] On the question about the SMEs, I saw the evidence earlier. It is always difficult to comment on that without knowing the specifics. These are all very individual encounters between a particular company and a particular university. The general proposition is that the protocols for safeguarding intellectual property, and so avoiding the problem that these companies were referring to, have improved in recent years. Since the Lambert review of university-business relations a few years ago, which was done for the Treasury, some model contracts have been established. By and large, universities are using those now. That helps hugely with the problem faced by some institutions, which engage in transactions like this on only a limited number of occasions and so have relatively limited experience. Venture capitalists talk in terms of what they call ‘deal flow’ and they say that there is a big difference between a university that has a lot of deal flow—in other words, a lot of experience of doing this, that knows how to do it and is pretty slick about it—and others where it is a much less frequent occurrence and they are feeling their way; it is a new thing and they are much more hesitant about it. The barriers may be raised because of a lack of experience. The general point is that there are some issues there but people are getting more professional and more experienced at it as time passes.

1.50 p.m.

[83] **Nerys Evans:** Hoffwn ofyn am arian ymchwil. Mae adroddiad yr Athro Jones yn gosod sawl argymhelliad ynglŷn â chynyddu faint o arian ymchwil sy'n dod i Gymru. Sut all prifysgolion a sefydliadau addysg uwch Cymru wella eu sail ymchwil er mwyn denu mwy o arian ymchwil i Gymru? Ai cydweithio yw'r ffordd ymlaen? Os felly, a oes esiamplau gennych lle mae cydweithio wedi denu mwy o arian ymchwil i Gymru? A oes cynlluniau tebyg i'r dyfodol?

Nerys Evans: I would like to ask about research funding. Professor Jones's report sets out several recommendations on how to increase the amount of research funding that comes to Wales. How can universities and higher education institutions in Wales improve their research base in order to attract more research funding to Wales? Is collaboration the way forward? If so, do you have examples where joint working has attracted more research money to Wales? Are

there any such plans for the future?

[84] **Professor Gummatt:** We are conscious of the fact that the research council grant capture in Wales is lower than we might expect it to be given the weight of Welsh academic activity in the overall economy. We might think that we will never get to 5 per cent because of the dominance of a few very large universities in England and Scotland. Nevertheless, somewhere in the region of 4 per cent or 4.5 per cent would be good; we are currently at 3.2 per cent, and it has been stuck like that for a little while.

[85] There are a number of points on this. The way forward—this was written in the Jones review and was said by Merfyn Jones earlier—is through more activity in terms of reconfiguration and collaboration. We can see, already, some of the initiatives that have been taken—he mentioned earlier the Wales Institute of Cognitive Neuroscience, which is a collaboration between Cardiff, Swansea and Bangor. When you look at what is going on, you can see that the grant capture is going up as a result of the activity that is taking place there. So, it is partly about reconfiguration and collaboration. It is about bringing together smaller operations to make them larger so that they can compete in a bigger league than previously.

[86] I would say that it is also about research management. It is about the organisation of research and being more strategic about it within universities. That is an area where there is further work still to be done.

[87] There is also still an investment issue. The metaphor that I would use is running a race. If you are running a race and you are trying to catch up from behind, you have to run faster than the people ahead of you. So, you need a bit more power and a bit more fuel in order to be able to do that. There is no denying that there is also an investment issue. One of the discussions that we want to have about the way that we go forward under the emerging action plan is about the balance of investment overall and whether we can do more about investment in research in order to enable a bit more of that speeding up of some of the activity.

[88] We have interesting examples, such as at Swansea, in the form of the Centre for NanoHealth, and the partnership between Cardiff, Swansea and Bristol called Decipher, which is a medical health statistics operation. Both have come out of quite small initial investments and have now led to successful operations that are multiplying hugely in scale and scope. It sometimes does not take a huge amount to get these larger returns later.

[89] **David Melding:** I would like to follow on, to some extent, from Nerys's point and focus on what Merfyn Jones says about higher-level skills—levels 7 and 8 at a postgraduate level. Of course, there is a lot of postgraduate activity, but you made a very apposite point that you need to go faster if you are to catch up with the people in front of you and not just maintain their speed.

[90] As far as an economic lever is concerned, increasing our potential as a first-class location for postgraduate students is a key area. It does not give us instant rewards in terms of turning gross value added levels around immediately, but if you look at where we are weak in terms of GVA, it is very much in the companies that form in Wales, stay here and generate profits here. That is where the problem is rather than on the income side, I am told. Getting more students to study in Wales and then retaining them will be important; we will lose some, but we will attract others and that is how the market operates. However, what, as a funding body, are the implications for us saying that we need more Masters and PhD students? How does that affect students perhaps paying more for their first degrees, but then receiving more help because they have more options once they graduate and more help to encourage them to become postgraduates? What are the funding implications, looking to the medium-term future for the Government, in a time of difficult public spending decisions?

[91] **Mr Thomas:** I will start on this and then I will ask Phil to continue. Our remit letter makes it clear that we are asked to ensure that we achieve alignment between higher education policies and those in 'One Wales'. We are also asked to use our core funding strategically or to consider how it can be used strategically. Therefore, there is considerable work being done at present, which will come through as part of the input into the development of the action plan—the manifesto for change. That work will incorporate how that funding can be used as a policy driver and the extent to which that can be done properly, bearing in mind that we fund higher education, rather than higher education institutions specifically, and that we need to ensure that we do not destabilise institutions by making abrupt changes in funding. By taking students on, the university commits itself to three or four years ahead before those students graduate and leave. Therefore, you need to be careful how quickly you turn the tiller on some of these matters, particularly when funding is short.

[92] **Professor Gummatt:** I agree with the premise of the question. Evidence of the benefit of higher-level skills to the individual, but, more broadly, to the economy and society, is clear. That is part of Leitch's thesis and is part of the argument that comes out of the Wales Employment and Skills Board. The proportion of postgraduate students to undergraduates in Wales is lower than in other parts of the UK. I take that to be part of what underlies the question. So, how do we address that? Again, with regard to this fundamental review, that is on our list of issues to consider. Short of getting additional money—in other words, if one says that it is a zero-sum game—then it is a trade-off. We are then into a debate on undergraduate versus postgraduate and which we want to value more and what the consequences are of making that shift.

[93] Alternatively, as you indicate, there is a question about where funding might come from, what the mix of public and private funding is in that and what the implications are of who pays for what. There are some difficult issues there, but we have to tackle those, because if we are to be serious about establishing a knowledge-based economy in Wales, we must increase the number of postgraduates. That leaves hanging your earlier question on how to keep those people in Wales. That is complex, as was said in our response, but the starting point for keeping them is to have them in the first place. We can, at least, try to drive harder at that.

2.00 p.m.

[94] **Jeff Cuthbert:** I appreciate your role as a funding council, but on the links with businesses—and we have asked this question many times—do you feel that those links, particularly bearing in mind the preponderance of SMEs in the Welsh economy, are as good as they can be currently within higher education, or are there things that could be done quite easily to improve the links? One of those issues is the provision of bespoke courses for businesses. Is there any evidence that that is growing in terms of demand from businesses and provision by the higher education sector?

[95] **Mr Thomas:** First, I will adopt the words of Sir Adrian Webb, who said that however good the links are between higher education and business, they must improve. I think that that is the starting point. As you say, it is particularly difficult to relate to and work with small and medium-sized enterprises. It is much easier to work with very large companies that have their own internal courses and so forth. From wearing a previous hat as chair of the University of Glamorgan, I know how difficult it is to respond and to get response to a desire to relate to small and medium-sized enterprises. In respect of the development of bespoke courses, the very fact that the businesses are small means that you are really talking about generic requirements, rather than the ability to deliver precisely what every individual business wants.

[96] **Jeff Cuthbert:** I am sorry to interrupt, but what about the sector skills councils,

which are meant to bring occupational areas together? Is there any evidence that there is an engagement on that level?

[97] **Mr Thomas:** Yes, there is; Phil will have the details on that.

[98] **Professor Gummatt:** As Roger said, first of all, this is a moving target. Although we can point to evidence of improvement, the challenge still stretches out to infinity in front of us. Institutions are now much better than they were, and there has been a range of reports, such as the Lambert report, which, if you recall, was set up in the context of a rather critical atmosphere. The belief in the Treasury at the time was that universities were very bad at liaising with business, and Lambert's conclusion was that that was an outdated view and that things had moved on a great deal. That is not to say that there is not a lot more to do.

[99] On the sector skills councils, we have good engagement in Wales. We arguably have one of the best engagements in the UK with all of the sector skills councils. Only two English regions have agreements now with all of the sector skills councils. In Wales, we have agreements with all of the sector skills councils in relation to close working together. A very good example of that is the work that is being developed now with Skillset Cymru on a response to some of the short-term economic challenges in the form of expanding very rapidly short-term training for people who are entering the broadcasting and media industries, with rapid expansion in the number of training places available as a result of dialogue between Skillset Cymru and higher education institutions. Therefore, we can ramp up with a little more money and we can ramp up very rapidly the amount of training that is available. It is in direct response to immediate identified needs by that sector skills council in Wales, with a very positive response from a range of universities that say, 'We can do that; let's get together to organise how we do it'. That is beginning to happen more broadly across the whole field. Obviously, it is easier to do with some sector skills councils than others, and we know that there are issues about their own capacity within Wales. There have been previous discussions around this table, I think, on that very subject. That said, it is a very positive engagement and one, I think, that can only go from strength to strength.

[100] The other thing that is worth adding, perhaps, is that projects such as this very important development of the University of the Heads of the Valleys will also take us a step further in this regard, because for that to work for the people who are drawn by the universities of Glamorgan and Newport into that venture, there has to be a way of breaking the cycle, not only of deprivation but also of that sense of thinking, 'Higher education is not for me'. The questions asked are, 'What is the point? Why should I break away from the traditions in my family?' Part of the answer to that is, 'Because it may help me with a job'.

[101] One of the issues that the two universities are going to need to work on very hard—they have been telling us about this recently—now that things can start to move ahead, is building links with local employers to be able to say to them, 'You've got to be part of this deal that is offered to these people whom we are trying to bring in. You've got to be working with us in the universities to offer work placements, so that the potential for a job becomes real from the outset. You've got to be doing that, not in an artificial way by making work, but in relation to what you think your real needs are going to be as these people come through the system, so that a virtuous circle is set up, whereby the training and education that is offered to people entering higher education for the first time leads on to meeting directly expressed local employment needs and, in that way, powers regeneration.' It is going to be very interesting to watch that model as it develops. It is going to require very tight interaction between local employers and the universities.

[102] **Gareth Jones:** Ar ran y pwyllgor, **Gareth Jones:** On behalf of the committee, I diolchaf unwaith eto i chi, fel cynrychiolwyr thank you, as representatives of the funding y cyngor cyllido, ac i'r Athro Gummatt yn council, once again, and Professor Gummatt

arbennig—nid dyma'r tro cyntaf iddo fod gerbron y pwyllgor yn ein cynorthwyo yn y gwaith hwn o gynnal adolygiad o gyfraniad addysg uwch i ddatblygu'r economi yng Nghymru. Yr ydych wedi pwysleisio natur bwysig y gwaith. Mae'r gwaith mae'r cyngor cyllido'n ei wneud yn allweddol ac mae ychydig bach yn fwy cymhleth na rhannu arian yn unig—yr ydych wedi profi'r pwynt hwnnw—ac yr ydym yn derbyn, wrth gwrs, eich bod yn ymwybodol iawn o'r sefyllfa fel ag y mae'n newid. Mae'n sefyllfa heriol iawn yn hynny o beth. Yr wyf am ddiolch i chi am eich cymorth ac am rannu'r dystiolaeth yr ydych wedi ei chyflwyno ar eich profiad a'ch arbenigedd o ran hyn oll. Bu'ch cyfraniad o gymorth i bob un ohonom sy'n aelodau o'r pwyllgor hwn. Dymunaf yn dda i chi at y dyfodol. Yr wyf yn deall bod adolygiad o'ch trefn lywodraethol ger eich bron ar hyn o bryd. Dymunaf yn dda i chi fel cyngor a diolchaf yn arbennig i'r ddau ohonoch am eich presenoldeb y prynhawn yma.

[103] **Mr Thomas:** Diolch yn fawr.

[104] **Yr Athro Gummert:** Diolch.

[105] **Gareth Jones:** Symudwn ymlaen yn awr at y drydedd rhan, a rhan olaf y sesiwn graffu. Yr ydym yn awr yn troi at Lywodraeth Cynulliad Cymru ac yn estyn croeso cynnes i Jane Hutt, y Gweinidog dros Blant, Addysg, Dysgu Gydol Oes a Sgiliau, Mike Hopkins, pennaeth yr Isadrn Dysgu Gydol Oes a Darparwyr, Peter McAllister, pennaeth y gangen dysgu gydol oes, a Jim Cowan, pennaeth y tîm adolygu addysg uwch. Croeso cynnes i chi. Yr ydym yn falch iawn i chi allu dod atom yn eich prysurdeb. Yr ydym hefyd am ddiolch i chi am y dystiolaeth ysgrifenedig yr ydym eisoes wedi ei derbyn ac wedi ei dosbarthu. Weinidog, a ydych yn dymuno gwneud cyflwyniad byr, tua phum munud o hyd, cyn i mi droi at yr Aelodau er mwyn iddynt hwy ofyn cwestiynau i chi?

[106] **Y Gweinidog dros Blant, Addysg, Dysgu Gydol Oes a Sgiliau (Jane Hutt):** Diolch yn fawr. Yr wyf yn falch iawn i fod gyda chi y prynhawn yma.

[107] This provides an opportunity not only to build on my oral statement of 23 June, but to provide an expanded written submission for consideration by the committee. This is a real

in particular—this is not the first time that he has been before the committee assisting us with this review of higher education's contribution to the development of the economy in Wales. You have emphasised the important nature of the work. The work of the funding council is key and it is a little more complicated than just sharing out the money—you have proven that point—and we accept, of course, that you are very aware of the situation as it changes. It is a very challenging situation in that regard. I wish to thank you for your assistance and for sharing the evidence that you have presented on your experience and your expertise on all of this. Your contribution has been of benefit to each and every one of the members of this committee. I wish you well for the future. I understand that a governance review is before you at the moment. I wish you well as a council and give especial thanks to both of you for your attendance this afternoon.

Mr Thomas: Thank you.

Professor Gummert: Thanks.

Gareth Jones: We will now move on to the third part, and the last part of the scrutiny session. We will now turn to the Welsh Assembly Government and extend a warm welcome to Jane Hutt, the Minister for Children, Education, Lifelong Learning and Skills, Mike Hopkins, the head of the Lifelong Learning and Providers Division, Peter McAllister, the head of the lifelong learning branch, and Jim Cowan, the head of the higher education review team. A warm welcome to you all. We are very glad that you have been able to come; we know that you are busy. We also wish to thank you for the written evidence that we have already received and distributed. Minister, do you wish to make a brief presentation, about five minutes in length, before I turn to the Members so that they can question you?

The Minister for Education, Children, Lifelong Learning and Skills (Jane Hutt): Thank you very much. I am very glad to be with you this afternoon.

opportunity and I have to say that the contribution of the Audit Committee was extremely helpful. I know that the Government has responded to that and that it has been fed into your deliberations.

2.10 p.m.

[108] However, it gives me the opportunity this afternoon to say a few words about the way in which we are moving forward with developing this manifesto for change in higher education. We are preparing an action plan for the autumn. It is important that we can look at those key points that I made, in terms of the vision that we have for delivering higher education in Wales. That vision focuses on economic development, importantly, but also on social justice. I hope that many of my responses to your questions this afternoon will focus on that all-important ambition that we have for higher education to deliver a prosperous, vibrant economy with higher-level skills that can enable Wales to compete internationally, but to do so underpinned by a commitment to social justice and widening participation. Indeed, if we are to move to that vibrant, engaged economy, we need to address the issue of social justice.

[109] I will highlight the four policy priorities that I outlined in my statement to Plenary on 23 June. You will know that I highlighted the intention to develop a revised approach to a national bursary framework for students, developing new ways of providing foundation degrees, the creation and development of new HE provision in the Heads of the Valleys, and driving forward the *coleg ffederal* concept for Welsh-medium higher education provision in the light of Professor Robin Williams's independent report. That will form a major part of the new strategy and action plan, but I also indicated my intention to supply funding to support closer collaboration, both within the sector and with other sectors, such as further education.

[110] That collaboration is important for the transformation framework that we debated earlier this week, to reduce overlap and competition and to ensure that we have world-class research and innovation that derives economic benefits with particular reference to science, technology, engineering and mathematics and medical subject areas. As part of the new HE strategy and action plan, we must also include the need to develop and deliver a more coherent strategy for part-time learners, including the greater use by universities of flexible and work-based delivery, ensuring that our funding mechanisms genuinely facilitate part-time learning provision. There is a need to tackle issues surrounding learner engagement and completion by an evaluation of overall measures to raise aspiration, to widen access, to support student retention and, as I have mentioned, the work on the national bursary framework. We will also ensure that we consider measures to promote the importance of student experience and the role of students in the development of HE policy at a national level and of quality assurance at an institutional level.

[111] However, finally, in bringing my opening remarks to a close, there is an intention to look to higher education to provide a stronger role in economic development, including the consideration of measures to promote entrepreneurship. So, it is an ambitious plan to refresh many of the measures and objectives that we have been taking forward over the last 10 years. I am sure that the evidence to this committee this afternoon will help us to take forward the preparations for the plan to be delivered in the autumn.

[112] **Gareth Jones:** Thank you, Minister, for sharing with us the holistic approach in all of this. It is sometimes easy for us to be obsessed with one aspect, whereas we need to keep an overview. We appreciate your opening statement, which puts everything in perspective and outlines your plans for the future and your commitment.

[113] **David Melding:** Minister, my question is similar to the question that I asked of the witnesses who appeared earlier and relates to postgraduate students and the need to look at skills in general, at levels 4 to 8, the higher-level skills—particularly 7 and 8, Master degrees

and PhDs. While there is a lot of commendable activity going on in this area, we have heard that, if we really want to catch up with the best regions and nations, we will have to go faster and take things on in a deliberate way if we are to make this a priority. It takes a lot of investment to encourage students to study as postgraduates, and a level of investment is also needed in proper research facilities and so forth. However, in order to really get the economy going and to see GVA going up, there is a lot of evidence that it is those people with enterprising, technical ideas and ideas for new businesses who develop and generate higher-level profits in the economy that would really get things going in the right direction. Most people accept that.

[114] You rightly say that social justice is an important element of what you want to achieve, which often relates to the debate on lower-level skills—getting people to think about developing their skills and going through to do a foundation degree or even an honours degree. However, I suspect that, if we are really going to emphasise the postgraduate side and its real power over economic development—we are not going to see massive increases in resources given the tough public spending regime that we are likely to have over at least five years and possibly longer—there will have to be a bit of a shift of emphasis in order to free up resources for postgraduate development. How will you marry that with your other commitments? They are not incompatible; you could be more selective with regard to the undergraduate degree programmes that you support, the bursary scheme could focus very much on low-income groups, and we could provide less support for those students who, frankly, would be at university whatever we did in respect of public policy, as they are often from backgrounds where they can expect other sources of financial help. How will you combine that? Are we going to see a bit of a shift to free-up resources for postgraduate work?

[115] **Jane Hutt:** I do not think that what we are seeking to achieve is incompatible with other commitments. It is not an either/or situation.

[116] **David Melding:** I do not think so either; it is a skills mixture.

[117] **Jane Hutt:** Yes, it is. I know—as do you, and you have made this point in the Chamber more than once—the importance of our being clear about our higher-level skills strategy, which I hope you will see emerging through this plan. The challenge that you put to me is important, in respect of the postgraduate reach, which relates to our research ambitions. It will be a question of prioritisation. We are levering more funding into higher education, particularly as a result of our changes to the student finance arrangements. It will be about priorities in respect of opportunities and particularly the ‘One Wales’ commitments that we have to meet, such as the Heads of the Valleys university initiative and the *coleg ffederal*. That will include important postgraduate opportunities.

[118] We are, for the first time, setting out research priorities for strategic use, not just of our structural funds but other research and development expenditure. The strong message, which I am sure has come through this afternoon from Higher Education Wales and from HEFCW, is that there is an emphasis on research excellence and the fact that we now have strategic objectives, which really can focus universities, in collaboration. That is where the fund has been important: it has levered in research collaborations in Wales that have been very effective. There are priorities with regard to research, such as the digital economy, a lower carbon economy, health and biosciences, advanced engineering and manufacturing, and we have strengths in those areas. We have chosen those research priorities because we have strengths and because that is where Wales needs to invest in research. We believe that we can collaborate, not just across our institutions, but also internationally. So, that focus on research is all-important. We have now brought together the pro vice-chancellors, who are responsible for research, and have brought the research councils into Wales so that we can ensure that we have an offer for the academic leadership in Wales. We have to ensure that there is an offer in respect of research, in order to encourage graduates to remain in Wales. We do very well with

regard to attracting overseas graduates, as you know. Again, that is where research priorities are very important.

2.20 p.m.

[119] On the opportunities that we have created, particularly looking back at previous discussions in this committee about the Gibson agenda, we are delivering on those recommendations from Simon Gibson in relation to ensuring, not only that commitment, but the will to ensure that HEIs are delivering, because it links to commercialisation as well as to postgraduate opportunities.

[120] We are putting a much greater emphasis on this as a result of this action plan to ensure that this can be a progression, as you said earlier, from the early years of education right the way through the education system in Wales. Of course, for many people, the opportunity to study outside Wales is also important. However, we need to ensure that we have that research experience and opportunities for graduates.

[121] I know that it is another issue, but with regard to graduate opportunities in Wales, we have the GO Wales scheme, which is encouraging graduates to stay in Wales and then link back to institutions in terms of research opportunities. I hope that I have provided a response to the points you raised.

[122] **David Melding:** That answer is encouraging. This is perhaps a more difficult question, and I am sure that I will annoy quite a few colleagues by asking it, but I think it is important: Cardiff University is the only university in Wales in the top 100 world universities—we have done well to have one in the top 100, to put it in context—and the only one with the capacity to be a world player, so is it not time for the Welsh Assembly Government to say that the mission for Cardiff University is to be a wide-ranging, research-based institution, aimed particularly at postgraduates, and that that will be the measure of the success of that institution? Of course, it would still have lots of undergraduates, but its focus should be very much on making Cardiff a worldwide destination for as many postgraduate programmes as is feasible. Should the Assembly Government not put in the necessary level of investment on the public side to achieve that, which would obviously not be the whole amount needed? If our offer is going to be spread out all over HEIs in Wales, we are simply not going to achieve that level of global competitiveness, are we? I accept that there will be HEIs all over Wales that will be highly competitive in very particular areas, but it seems to me that Cardiff is the only international, or even global, player that we are likely to have in the near future.

[123] **Jane Hutt:** There is no question that the respect for Cardiff University is clear—the research assessment exercise identified that Cardiff is the best performing institution. Some 19 per cent of its research is rated as being world leading, followed by Swansea University, with 11 per cent. There are obvious strengths in Cardiff, but we must also remember the strengths in Aberystwyth and Bangor. These are starting to steer us in the direction set out in the Audit Committee's report, which is that we would like universities to concentrate on what they should be and are best at. Teaching and learning are crucial for all universities, including Cardiff. However, we need to see that mission and purpose with regard to the post-1992 institutions, as well as the pre-1992 institutions such as Cardiff.

[124] Cardiff University faces a challenge in retaining that edge, but we believe that it is, and can continue to be, a lead partner in collaboration. Of course, there are other collaborations led by Aberystwyth, Bangor and Swansea, which can also include Cardiff. Cardiff has its strengths and as a world leader on research, it will lead with its strengths. However, I do not think that we should isolate or pull Cardiff out in the way that you are suggesting provocatively, as you said, David. We should ensure that the mission is very clear

with regards to the research capacity in Wales, and that we back that collaboration and congratulate those universities such as Swansea and, indeed, Glamorgan, which have also featured very favourably in the research assessment exercise. Much of the research links back to the priorities that I have outlined, and applied research as well as academic research can put Wales at the forefront, but it is about delivering research that will be meaningful to our communities and economy.

[125] **Nerys Evans:** Hoffwn ofyn cwestiynau ar yr un trywydd ag y gofynnais i Addysg Uwch Cymru am yr uwchgynadleddau. Nid oes dwywaith y bu'r uwchgynadleddau yn fuddiol i'r Llywodraeth a'r bobl a fu'n rhan ohonynt. Mynegodd Addysg Uwch Cymru bryder na chafodd ei wahodd i fod yn rhan o'r uwchgynadleddau hyd yn hyn, ond dywedodd ei fod yn falch ei fod yn cael ei wahodd i'r un nesaf ac y bydd pwyslais ar addysg uwch yn yr uwchgynhadledd nesaf. Felly, pam nad oedd Addysg Uwch Cymru yn rhan o'r uwchgynadleddau o'r dechrau? A oes deialog rhwng eich adran a'r Adran dros yr Economi a Thrafnidiaeth wrth lunio polisi economaidd y Llywodraeth?

Nerys Evans: I will ask questions along the same lines as those that I asked Higher Education Wales on the summits. There is no doubt that the summits have been beneficial to the Government and to those who participated in them. Higher Education Wales expressed concern that it had not been invited to participate in the summits thus far, but it said that it was pleased to be invited to the next one and that there will be an emphasis on higher education in the next summit. So, why was Higher Education Wales not part of the summits from the outset? Is there a dialogue between your department and the Department for the Economy and Transport in drawing up the Government's economic policy?

[126] Yn amlwg, nid yw addysg uwch yn rhan o'ch portffolio chi yn unig—mae llawer o elfennau ohono yn dod o dan bortffolios gwahanol. Pan holais Addysg Uwch Cymru am hyn gynnu, dywedodd ei fod yn hapus iawn gyda'i berthynas ag adrannau gwahanol y Llywodraeth. Fodd bynnag, o ran eich blaenoriaethau, polisi a'ch strategaeth ar gyfer addysg uwch, a ydych yn hapus gyda'r ddeialog rhwng portffolios ar hyn o bryd o ran blaenoriaethau megis y datganiad wythnos diwethaf ynglŷn ag arian ymchwil ar gyfer cynaliadwyedd? Sut y gellid gwella'r gwaith ar draws portffolios yn y maes hwn?

Obviously, higher education does not only fall within your portfolio—many of its elements come under different portfolios. When I asked this question earlier of Higher Education Wales, it said that it was very happy with its relationship with the various Government departments. However, with regard to your priorities, policy and strategy for higher education, are you content with the current dialogue between the various portfolios on the priorities, such as last week's statement regarding research funding for sustainability? How can the work across portfolios be improved in this area?

[127] **Jane Hutt:** Thank you, Nerys. The importance of the role in higher education in leading Wales out of the recession has been a focus of the summits. It was very clear from the summit before last in Swansea, where we had the vice-chancellor of Swansea University, Professor Richard Davies, and also the principal of Coleg Sir Gâr from further education. It was important that HE and FE were there, because they have an important role in delivering on many of the measures that we are taking to lead Wales out of the recession. I am sure that it has been reported back to you, but we will have a specific discussion at the next summit in Bangor on 17 July on skills and research and development. Higher education will be very much in the lead in outlining the economic contribution of higher education, and also on the support for students. I have made the point more than once that our message to learners must be to stay in learning and education, whether you are 16, 17, 18, 19 or 23, or whatever. As you know, there has been an uplift in applications for higher education over the last year, and universities and higher education are having to gear-up to meet those expectations.

[128] On the role that higher education can play, five universities—Aberystwyth, Bangor,

Cardiff, Glamorgan and Swansea—came together on St David’s Day to pledge to work together to help to drive the Welsh economy out of recession. All other universities in Wales would express the same view, but those universities are particularly collaborating around the research agenda on many of the priorities that I have mentioned. It was the initiative of those universities to come forward to invest in that priority. I am sure that you have questioned Phil and Roger from HEFCW about the £2 million economic support initiative to encourage universities to increase their efforts to support the economy.

2.30 p.m.

[129] GO Wales has been an important initiative, backed by European funding: £10 million from the convergence fund. We have been able to expand the GO Wales initiative to almost 4,000 students and graduates, who will receive training and development opportunities and valuable work placements. These are young people who are coming out of university now and are looking for those kinds of opportunities. We have the graduate academy, which enables new and underemployed graduates to put their high-level skills to work, particularly in SMEs, and the freelancers programme, which pairs graduates with freelancers in the Welsh economy. There is activity at every level, from the research and academic contribution that universities can make and are making, with the extra push from the £2 million economic support initiative, to how we are supporting our students and graduates, which links back to David’s question of how universities are rising to the challenge, and the fact that we are focusing on this issue at the next summit in Bangor. I not only mentioned this as a priority in my oral statement, but in my written statement too. I do not know whether the officials would like to add anything.

[130] **Mr McAllister:** As well as the economic summit and engagement with that, a lot of detailed work goes on between the department and the HEIs and their various representative bodies. For instance, Higher Education Wales mentioned the major European bid that it is putting forward for a range of areas of activity, from foundation degrees through to Masters and postgraduate work. We have been involved in assisting them in elements of that project, such as looking at the level 4 provision and the foundation degree provision and those proposals, ensuring that employers play a central role in that. A lot of those activities are an ongoing part of the day-to-day dialogue with officials.

[131] **Jane Hutt:** I would like to make one other point, if I may. I am sure that it has been mentioned that the remit letter that was sent to HEFCW for this year specifically asks higher education and HEFCW to consider the economic needs of Wales. That was at the forefront of the remit letter for this year. Again, it also emphasised the importance of the close working between my department and the Department for the Economy and Transport, which is also reflected at ministerial level, to take this forward. That is a strong message from the first annual report of Sir Adrian Webb’s Wales enterprise and skills board. In its response to the recession and leading Wales out of the recession, the expectation is for the Government to work together—that has been my message at every summit. Cross-departmental working is critical, most importantly between my department and the Deputy First Minister’s department. That has been borne out by the way that we have responded to the Gibson report and the way that we have taken forward initiatives such as ProAct and ReAct, which may have stronger links to FE, but are a demonstration of the commitment of the two departments.

[132] **Gareth Jones:** May I seek your reassurance that, when major decisions or announcements are made about significant sums, such as the announcement we had last week from the Department for Environment, Sustainability and Housing of some £300 million over four years and a lot of that money will be invested in research and businesses and so on, you are satisfied that the business community and the higher and further education communities are well-prepared for that kind of significant investment, economically and in relation to the provision of the range of skills required by upgrading, upskilling and so on? Do you feel that

that is a situation that we are all comfortable with? It should not come as a surprise—out of the blue—to the various sectors. We need to have a proper dialogue and people should be well-prepared for such announcements when major policy decisions and such investments are made. Are you happy on that score?

[133] **Jane Hutt:** It certainly helped us to encapsulate the research and development priorities, which we have done as a Cabinet. It was a Cabinet decision to not only develop those priorities but to publish them. I immediately wrote to the Chair of the HEFCW, Roger Thomas, to inform him of the priorities. Also, not only did Higher Education Wales welcome the fact that we had announced those priorities, but it also built on—as I said earlier—the research base that we knew already existed in Wales. Therefore, on a low-carbon economy, for example, not only was it building in the research strengths but it was also engaging in the delivery of those projects that will now go forward, whether they are with European or Welsh Assembly Government funding. We are small enough in Wales for this to work, and it has to work. It is the sort of community that was described, perhaps by the Audit Committee, which referred to the strength of the Scottish higher education community. I believe that the Welsh higher education community, guided by Government in a clearer way—I will not say forceful, but I think that it is guided in a particularly strong way—on the imperatives of the economic situation, is ready to grasp that agenda. I know that my officials are fully engaged.

[134] **Mr Hopkins:** With regard to official activity and those key generic initiatives, officials from across the departments are convened and invited to contribute. They do contribute and clearly feed that through to ministerial level. Therefore, there is that activity. In Government, we recognise that, with the response to the economic situation that is developing, there is even more need for that cross-Government planning and collaboration.

[135] **Gareth Jones:** That is the point. It is that dovetailing that is imperative. We cannot afford to miss out on these major investments in our economies otherwise our competitors will know, at exactly the same time, what is on offer. I think that we should have a better understanding. I believe that you have answered that point, for which I am very grateful, as we need to realise that there is this understanding across departments on working together, as it were.

[136] Diolch yn fawr ichi. Galwaf ar Paul Thank you for that. I now call on Paul.
yn awr.

[137] **Paul Davies:** In its written paper to us, Higher Education Wales states,

[138] ‘the cumulative investment gap between the HE sectors in Wales and England reached aggregate level of at least a quarter of a billion pounds in the period 2003/04 to 2006/07 alone’.

[139] Do you agree with that statement and if so, how do you intend to close that gap? Have you had any recent discussions with your Cabinet colleagues on this, particularly the Minister for Finance and Public Service Delivery?

[140] Secondly, it is clear from Professor Merfyn Jones’s report that momentum has been lost in attracting more students to higher education. I heard your four priorities last week and I heard them again today, but can you tell us how you intend to specifically regenerate that momentum, and how the Government will sell higher education to audiences—to businesses and communities—as suggested in Professor Jones’s report?

[141] Finally, in your opinion, has the HE sector responded to the economic downturn, and if so, what is it doing differently now compared to what it was doing 18 months or two years ago?

[142] **Jane Hutt:** I think that I highlighted the issue on funding in my written submission. The headline was ‘autonomy, accountability and funding’, which I think partly sums up my response to that challenge. It is a challenge to higher education that we give it in excess of £400 million a year of public funding, which is more than 40 per cent of the total income of the Welsh higher education sector. In fact, we have just been looking at the figures again, and, with capital, it is now more like £461 million, I am told, reliably, by Mike.

[143] **Mr Hopkins:** Indeed.

2.40 p.m.

[144] **Jane Hutt:** You have given me that figure, so it is in the public domain now. It is £461 million for 2009-10. Of course, that figure will rise because, as I have announced, we will be providing substantial additional investment following the release of funds resulting from our review of student finance. It will be in excess of £31 million per annum by 2015-16. You referred to my discussions with my Cabinet colleagues and the Minister for Finance and Public Service Delivery to secure that change in policy on student finance to deliver on that promise and to realise the expectation in higher education of that £31 million per annum by 2015-16. It was a considerable challenge, but it was a priority that the Cabinet was signed up to, because it also recognised the need to consider the affordability and equity of the student finance system. So, that will deliver that extra funding.

[145] We must remember—and I have put it to the vice-chancellors and Higher Education Wales more than once—that higher education institutions can create considerable leverage. They have a responsibility. They have leverage with the resources at their disposal, and they have to rise to the occasion, with our support, with regard to research, as well as engagement with business. In Wales, institutions have the advantage of considerable convergence funding, which they are already accessing. To go back to your point about the economic situation and what higher education is doing and how it is benefiting, one thing that I did not mention earlier is the importance of A4B, the academic expertise for business scheme. That is leveraging in European funding and giving the opportunity to ensure that it is linked to the third mission and to commercialisation.

[146] We have got to move on, and higher education is moving on. That is as a result of my initiatives to ensure that institutions will have an additional stream of funding and that we have a clear agenda from Government on what we expect of higher education and how we can support it in its delivery. You need only look at student experience in Wales to recognise that, as far as students are concerned, Wales is a good place to study. In the 2008 national student survey, 83 per cent of students indicated that they were definitely or mostly satisfied with the quality of their course, compared with 82 per cent in England. The highest result for a Welsh university was Aberystwyth: 90 per cent of its students were satisfied, which was also one of the highest results in the UK.

[147] On the resource, going back to David question, this is our future workforce in Wales, so we must deliver a high-quality experience. I mentioned in my opening remarks something that I was not able to give much time to in my oral statement, namely that we have to look at the student experience, the learner experience. I have to pay tribute to Ben Gray, president of the National Union of Students, who sat on phase 1 and phase 2 of the review and brought out that issue of the student experience. He referred to ways in which we could support students more effectively, not just through student finance, but by dealing with such issues as student debt and the hidden costs that students face.

[148] I know that we need to move on, but I just want to say that we also need to look at the experience of part-time students, who do not benefit from the student finance system. So, we

want to develop that side of things as well.

[149] **Jenny Randerson:** Earlier this afternoon, Minister, HEFCW said that research by Cardiff Business School's Welsh economy research unit last year in Wales showed that higher education was the best kind of investment to make in economic development. It is better than building a Severn barrage, or whatever, in response terms. In addition, earlier this afternoon, Professor Merfyn Jones said that the funding gap was a significant factor in the challenges that higher education faces in contributing to economic development. You have just talked about £31 million per year being available by 2015-16, but it starts off at around £10 million to £11 million, and we are talking about a funding gap of the order of £60 million plus. Therefore, even at the end, you are putting in only half of what is needed to close that gap. I fully accept that we are in difficult economic times, but do you agree that higher education needs to be much more closely bound into the Assembly Government's Department for the Economy and Transport, as is now the case with the relevant department in England? Do you believe that the Assembly Government needs to see higher education as an economic development tool much more clearly than it currently does?

[150] Secondly, you will be well aware, Minister, that higher education institutions in Wales lose out on UK research funding. I think that it was Professor Phil Gummatt who clarified for us that 3.2 per cent of UK research funding goes to Wales. I have some concerns about the one-size-fits-all approach to the different styles, if I may put it that way, of universities in Wales. I do not agree entirely with David, but the point is that Cardiff University is up there with the best in the world and we do not yet have another university in Wales that is in that league. The one-size-fits-all approach seems to dilute the impact of the very best research in Wales. There are other departments in other universities that are up there at the top. So, David might want to give lots more money to Cardiff, but I would say that it would be much more effective to look at research money on, more or less, a departmental basis. The irony is that, as a result of the last research assessment exercise, Cardiff lost £3 million-worth of research funding. It did not do less well than previously, but because the money was being redistributed to other HEIs, it lost £3 million. Do you agree that we have to support the very best in Wales, whether in Cardiff or elsewhere, namely those very top departments? Given that we do not yet manage to punch our weight on UK research funding, do you not agree that it should be the role of the Welsh Assembly Government to ensure that research funding gets through to those very best departments?

[151] **Jane Hutt:** I agree absolutely with you about economic development. It was at the forefront of my mind when I delivered my oral statement, my written submission and my opening comments today. Economic development goals and objectives have to be clear in the action plan, in the manifesto for higher education, as I have indicated. That is about close collaboration in the way that I have described, particularly with the Department for the Economy and Transport. That is a Cabinet commitment, and both departments have been at the forefront of the initiatives to lead Wales out of the recession, as you have been debating this week. It is important to the skills agenda, but also the agenda to provide support for business.

2.50 p.m.

[152] The key ingredients of ensuring that we have a vibrant higher education sector that can deliver on those goals include a funding base, which I have described—and, taken together, the level of HE funding and student finance per student is on a par with English levels, so I just want to make that point—leadership, governance, focus and vision. I agree with your point about research, Jenny. We have great strengths in Wales. A good example of our research and development is the Wales Institute of Cognitive Neuroscience. We are known worldwide for our neuroscience. That is a collaboration between Bangor, Cardiff and Swansea, for which they have received £5.2 million in HEFCW funding. Looking at research

council funding gives me an opportunity to mention the Institute of Biological, Environmental and Rural Sciences at Aberystwyth, because the Welsh Assembly Government and the Biotechnology and Biological Sciences Research Council have provided a funding package, including capital, of £55 million over five years. The work that IBERS is doing is international and links to the research priorities. So, those are good examples of where we believe that we are going in the right direction. Some of the funding that has gone from the collaboration fund to enable those research collaborations is now delivering.

[153] However, we must ensure with HEFCW that we build capacity and that Wales wins a greater and much more appropriate share of research council funds. I mentioned earlier that, in the last year, my department has initiated collaborative arrangements in which the research councils come to Wales to meet with the research pro vice-chancellors. The message is clear: there is no point in submitting applications if you do not hit the research councils' priorities, which contain certain strands, as you know. So, I believe that the higher education sector will be much smarter, with Government and HEFCW support, in bidding appropriately for UK research council funds.

[154] **Huw Lewis:** I want to concentrate on those aspects of higher education that have an impact on the economic development of the least well-off communities, echoing the concerns that you voiced about social justice and access issues, particularly your top four. I was glad to see that in your paper. On page 11 of your report, there is a telling map of Wales, which shows the number of graduates moving around communities and, presumably, earning a living and contributing to the economy of those communities. Although there will be pockets that are just as bad elsewhere, in the swathe of the former coalfields, which is where anything between a quarter and a third of the entire Welsh population happen to live, there is a great paucity of graduates living in local communities. In fact, if you were to drill down into the figures, you would find that the rate of participation in higher education in somewhere like Blaenau Gwent is between 25 and 30 years behind a community like Monmouthshire. Heaven knows what it would be if you compared it with somewhere like Cambridge or Oxford. There is a huge disparity here in life chances, access to higher education, and the economic spin-offs that higher education can give a community.

[155] I have to congratulate you on the work that you are doing on the Heads of the Valleys university, which, to my mind, is the step change that is needed to bring higher education to those communities and to embed it within them, showcasing what it can do for people's lives, which has always been a problem. In those communities, higher education was something that happened to someone else in another place. So, that development is tremendously positive. However, I am concerned that any realistic look at this problem would have to accept that the solution has to be for the long term. Many of the kids who are disadvantaged are not just reaching their eighteenth birthday this week and not getting into HE this year; they are being born this week. They will hit the same kind of disadvantage when they turn 18. Why is it then—that was a long preamble, but this is a simple question—that higher education institutions are being exempted from the proposed Measure on child poverty, which would compel them to address that very issue?

[156] **Jane Hutt:** I will get right to the point in answering that question—indeed, that challenge. I have tried to accept that challenge, and if we have not quite turned it around, it is at least as I described. There are inequalities in respect of education, health, and wherever you look. The percentage of people who have level 4 skills is something like 17 per cent in Blaenau Gwent, but it is 39 per cent in Monmouthshire, just a few miles down the road. That is what we are addressing and turning around with the Heads of the Valleys university initiative. I talked about leadership, governance, focus, and funding, but we may also need to look at legislation. We have now set a challenge, and we have got two universities to collaborate: the University of Wales, Newport and the University of Glamorgan. They have appointed a deputy vice-chancellor, who will be the vice-chancellor of the new university of

the Heads of the Valleys.

[157] We are using funding as a lever for change. The Audit Committee has talked about that, and I talked about it in the statement. You can use funding as a lever for change, or you can use legislation as a lever for change, but you have to have the policy in place to start with. Our policy links back not just to widening access and participation, but to the fact that if we do not address this by ensuring that we have higher level skills in the Heads of the Valleys, all the other investments that we are putting into the Valleys will not make the step change that we need.

[158] On what we are doing, we are investing £280,000 this academic year in the Heads of the Valleys university initiative for that preparatory work. It will be about student places on programmes ranging from technology, engineering, science, the creative and cultural industries, to sports and leisure, business development, and community regeneration. This is a reality. We have not had this before, and it will deliver higher level skills in those communities. Some of it will have to be done through outreach, as that is how people will access it; it is also how they will want to access it. We can then link it to the post-16 development. If we see that the levers that I am using are not delivering, we will have to look at legislation.

[159] **Huw Lewis:** I take your point, Jane, and I do not doubt for one second your commitment to these issues or that the progress that you are making is real. However, forgive me, but I do feel a little proprietorial about the proposed Measure on child poverty, because it was my proposal and my idea back when the child poverty eradication plan was drawn up. At that time, the original proposal was very much that HE was an essential part of the public sector and should be compelled by law, if for no other reason than the fact that every university is embedded within some community or other. They do not have to be operating in an area of deprivation; they could be doing that kind of work wherever they happen to be. Second, the proposal was that that kind of HE life-chance offer, if you like, was a key part of overcoming the inheritability of poverty down the generations. The NHS is included in the proposed Measure, as is local government. We could use financial levers with them all. Why do they need a law but, for some reason, the universities do not?

[160] **Jane Hutt:** We are just clarifying whether HEFCW is exempt.

[161] **Mr Hopkins:** I have to say this cautiously—and I will be happy to write to the Chair, to the Member and to you, Minister, to confirm—but I suspect that HEFCW, being a public sector body that we fund directly, is not exempt from the proposed Measure. However, I shall go back and check that, as I may have to stand corrected.

3.00 p.m.

[162] **Huw Lewis:** Clarification of that point would be useful, because our understanding is otherwise.

[163] **Gareth Jones:** We will receive that confirmation.

[164] **Mr Hopkins:** Or otherwise, I have to stress.

[165] **Gareth Jones:** Okay. That is fine.

[166] **Jane Hutt:** The other point to make is that the rest of the proposed Measure and all the other duties on public authorities are important from the early years and onwards to enable this build-up of expectation. As you say, if we invest in Flying Start, the foundation phase, all the way through to the proposed learning and skills Measure for 14 to 19-year-olds and the

Welsh baccalaureate only to end up asking, 'What next?', we will not be making a change to social justice.

[167] **Huw Lewis:** If you will forgive me, there is just one other little thing that I want to raise. There are HE institutions in Wales that have committed themselves to this sort of work from their own budgets and without any kind of external assistance. It would be letting them down. I am thinking of NEWI's children's university initiative, for instance. That is one that immediately springs to mind.

[168] **Jane Hutt:** We will certainly look at the proposed Measure and at other legal and statutory expectations.

[169] **Gareth Jones:** Deallaf fod yn rhaid ichi fynd, Weinidog, ac felly yr ydym wedi cyrraedd diwedd y sesiwn graffu hon. Cyn ichi ein gadael, ar ran y pwyllgor, hoffwn ddiolch yn fawr ichi am bob cydweithrediad a gawsom yn y gwaith hwn o edrych i mewn i addysg uwch a'i chyfraniad. Wrth ddiolch i chi, cofnodir ein bod yn diolch hefyd i'ch adran a'ch swyddogion. Yr ydym yn deall ei bod yn amser heriol, ac yn sicr felly i'r adran yr ydych yn ei harwain, a deallwn o'r atebion a gawsom fod yr ymrwymiad yn ei le a'r parodrwydd i geisio newid pethau er gwell. Mae'n dod drwedd yn amlwg yn eich rhaglenni chi. Yr wyf am ddweud hynny wrthyhych oherwydd, weithiau, pan fyddwn yn craffu, mae tuedd i roi'r argraff ein bod yn feirniadol o'r unigolyn neu'r adran, er nad ydym. Rhaid inni edrych ar sut yr ydym yn cydweithio, ac yn aml iawn mae lle i wella yn hynny o beth. Yr wyf yn siŵr bod y pwyllgor am ddymuno'r gorau ichi yn awr wrth ichi baratoi ar gyfer cyflwyno'r cynllun gweithredu ddiwedd y flwyddyn. Cawn edrych ymlaen yn arw at hwnnw, gan obeithio y byddwch, pan ddeuwn at argymhellion y pwyllgor hwn, yn eu hystyried ar gyfer eu cynnwys yn y cynllun gweithredu. Diolch yn fawr am eich cyfraniad ac am ddod atom ni y prynhawn yma.

Gareth Jones: I understand that you have to leave, Minister, and so we have reached the end of this scrutiny session. Before you leave, on behalf of the committee, I want to thank you very much for the co-operation that we have received in our work of looking into higher education and its contribution. In thanking you, it is also recorded that we thank your department and your officials. We understand that it is a challenging time, and particularly so for the department that you lead, and we also appreciate from the responses that we have had that the commitment is there, as is the willingness to seek to change things for the better. It comes through clearly in your programmes. I wanted to say that because, in scrutinising, there can be a tendency to give the impression that we are being critical of an individual or a department when we are not. We must consider how we work jointly, and there is often room for improvement in that regard. I am sure that the committee wishes you all the best now as you prepare to introduce the action plan at the end of the year. We eagerly await that, and we hope that, when we come to this committee's recommendations, you will consider them for inclusion in the action plan. Thank you very much for your contribution and for being with us this afternoon.

[170] **Jane Hutt:** Diolch yn fawr.

Jane Hutt: Thank you.

3.03 p.m.

Cynnig Trefniadol Procedural Motion

[171] **Gareth Jones:** Cyn i ni symud at yr eitem nesaf, mae papur i'w nodi, sef cofnodion y cyfarfod blaenorol. Gwahoddaf gynnig i fynd i sesiwn breifat.

Gareth Jones: Before we move on to our next item, there is one paper to note, namely the minutes of the previous meeting. I require a motion to go into private session.

[172] **David Melding:** I move that

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

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

Derbyniwyd y cynnig.

Motion agreed.

Daeth rhan gyhoeddus y cyfarfod i ben am 3.03 p.m.

The public part of the meeting ended at 3.03 p.m.