



## Welsh Government draft budget proposals for 2016/17 A consultation response by Universities Wales

### 1. About Universities Wales

- 1.1. Universities Wales represents the interests of universities in Wales and is a National Council of Universities UK. Universities Wales' Governing Council consists of the Vice-Chancellors of all the universities in Wales and the Director of the Open University in Wales.

### 2. Introduction

- 2.1. The Welsh Government laid its draft budget proposals before the National Assembly for Wales on 8 December 2015. Universities Wales offers the following comments in response to the Finance Committee's call for information on the proposals, published by the Committee on 10 December 2015.<sup>1</sup> We provide some brief comment on the set of specific questions asked by the Committee in the appendix to this submission, but the main body of our response focuses on the Draft Budget proposals in relation to higher education.

### 3. Executive Summary

- 3.1. **Actual figures** - the proposed cut of £41.4m (32%) in investment to universities in Wales could actually result in significant in-year cuts in addition to the £41m reduction for 2016/17 of up to **£61m** in HEFCW's allocations for the 2016/17 academic year.
- 3.2. **Consequences** - The proposed major reduction in funding will force HEFCW to choose between funding for specific areas - part-time provision, high-cost subjects and quality research (QR) will have to be cut.
  - **Part-time** – A cut in funding to the part-time institutional learning and teaching support presents the serious risk of closing off the opportunities that part-time study provides for a wide variety of students, including those that want to upskill or retrain, and businesses who want to grow through continuing professional development. Part-time provision also makes a significant contribution to the widening access agenda and to community development and economic regeneration in disadvantaged communities.
  - **High-cost subjects** – The cost of teaching exceeds £9k in about half of subject areas, with science, technology and engineering subjects predominantly (but not exclusively) accounting for the higher cost subjects. Without public investment (as is the case in England), there is a significant risk that provision in high cost subjects will be forced to decline, the consequences of which would mean that universities in Wales could not address the diverse needs of the future workforce and economy – there is a risk to

<sup>1</sup> See the consultation homepage for the consultation letter and copies of the draft budget proposals:  
<http://senedd.assembly.wales/mgConsultationDisplay.aspx?ID=208>

courses such as medicine for example, which would impact on the supply of doctors being trained in Wales in the longer term.

- **Quality Research (QR) Funding** - The consequences of reducing QR funding would have a profound impact as it would remove the foundations from a system that is proven to have a direct transformational effect on society and the economy. Research at Welsh universities is diverse and has a very real and significant impact on peoples' lives – from improving the detection of abnormal blood clotting to safely disposing of high levels of nuclear waste; from exploring how sport can improve mutual respect and understanding to using computers to reduce preventable deaths in the health service; and from improving the quality of our bathing waters to reducing costs to our health service. Research such as this is at risk as a result of the proposed reductions.

**3.3. Economic Impact** - Welsh universities leverage a large economic impact for Wales and generated £4.6 billion of output in Wales in 2013/14, generated some £2.4bn of Welsh Gross Value Added (GVA) (equivalent to 4.6% of the Welsh total) and created almost 50,000 jobs in Wales (3.4% of the Welsh total). Welsh universities generated a total of £600 million of export earnings and the GVA generated by Welsh universities is more than by the Welsh Government priority sectors of the Creative Industries sectors and Food and Farming combined. The role of our universities in driving the economy is being put at risk by the proposed reductions in the draft budget.

**3.4. Impact Assessment** - The proposed cuts have now reached levels that contradict the Government's promise that the sector would be better off financially and there are significant concerns at the lack assessment of the financial (or other) impacts for universities. There are also concerns that proposed reductions may breach the Welsh Government's own equality impact assessment guidelines, particularly on the grounds of age discrimination, and possibly in the area of disability, and that the potential for longer term damage that would be felt across Welsh Government departments has not been assessed.

**3.5. Sustainability** – The funding gap between Welsh and English universities could now stand at as much as £115m, risking league table performance which in turn impacts on student decision making processes and makes it harder to recruit. The impact of the fee and funding changes introduced from 2012/13 has now worked through the system and will not provide additional income for 2016/17.

**3.6. Redirecting university funding to the tuition fee grant for full-time undergraduates (FTUG) does not work** – Money that is needed to subsidise high-cost subjects, part-time study, research and postgraduate study is used to replace fee funding that universities would have received via the Student Loans Company and Student Finance Wales. Any reallocation from the higher education budget to tuition fee grant is a reduction in resource to universities which has a negative impact on students and research.

#### **4. An overview of concerns relating to Higher Education – What the numbers say**

4.1. Understandably we are seriously concerned by the proposed cut of £41.4m (32%) in investment to universities in Wales compared to the budget for 2015/16. In practice, this

could mean significant in-year cuts in addition to the £41m reduction for 2016/17 or a **cut of up to £61m** in HEFCW's allocations for the 2016/17 academic year (see section 11 for further information).

- 4.2. It is crucial to note that the proposed reductions in HEFCW funding are **in addition to six successive years of major cuts to the HE budget**, with a total reduction of £365m or 81% since 2010/11 (see appendix section 12.1). Universities in Wales have had to contend with a succession of major changes and financial constraints as a result. This includes the decision to reallocate full-time undergraduate student numbers across the sector in 2012 which imposed an average fee limit of £7.5k on institutions who received reallocated numbers from 2012/13. In addition to this, universities have cooperated with a policy of substantial reconfiguration that caused much upheaval and uncertainty for staff and students.
- 4.3. It should also be noted that **higher education has been disproportionately targeted for budgetary reductions since 2010/11**. The proposed reductions set out in the draft budget would amount to 8% for the Welsh Government's total departmental expenditure limit (DEL) but 16% for the Education & Skills budget since 2010/11.
- 4.4. **There is simply no space for further 'work-arounds' in the sector**, and there would be serious consequences arising from the draft budget that would damage the economy and society in Wales. The following points demonstrate the consequences of the proposed cuts and how **universities' contribution cannot be viewed in isolation, with significant impact being felt across government departments** by the cuts to universities in Wales.

## 5. The proposed reductions to the HE budget – Consequences of the cuts

- 5.1. Our analysis shows the proposed cuts would leave HEFCW around **£88m** to allocate in 2016/17 academic year (in comparison to its allocation of £154m for 2015/16) – see section 11 for further information.
- 5.2. A breakdown of how HEFCW's allocation of £154m for 2015/16 was distributed is included in appendix section 12.3. The proposed major reduction in funding will now **force HEFCW to choose between funding these different areas, specifically part-time provision, high-cost subjects and quality research (QR)**.
- 5.3. The likely reduction of funding to **part-time provision** is an almost inevitable consequence of HEFCW funding being reduced. This has serious consequences on both the Government's skills strategy and vision of social equality. As it is proposed that the fee grant for full-time provision (primarily for school-leavers) remains in place at current levels, this **would constitute a net transfer of public support from adult learners to younger learners**. Without public support, which the draft budget proposes to maintain in respect of the fee grant for full-time undergraduates, it is inevitable that part-time fees will have to rise. We have seen in England that the market will not sustain fees for part-time provision at the £9k level and this has caused a devastating decline in demand. This presents the serious risk of closing off the opportunities that part time study provides for a wide variety of students, including those that want to upskill or retrain, and businesses who want to

grow through continuing professional development. **Part time provision also makes a significant contribution to the widening access agenda and to community development and economic regeneration in disadvantaged communities.**

- 5.4. The likely reduction of funding to subsidise **high-cost subjects** is also an almost inevitable consequence of HEFCW funding being reduced. The cost of teaching exceeds £9k in about half of subject areas, with medicine, dentistry, science, technology and engineering subjects predominantly (but not exclusively) accounting for the higher cost subjects. Without public subsidy there is significant risk that provision in high cost subjects will be forced to decline. This creates significant risk of Wales' higher education system not being able to cater for the diverse needs of the future workforce and economy. A significant example of this would be the potential reduction of places available on courses such as medicine, risking an undersupply of doctors being trained in Wales in the longer term. **It is this type of cross-departmental impact that requires serious consideration.**
- 5.5. The likely reduction of **Quality Research (QR) funding** is an almost inevitable consequence of HEFCW funding being reduced. The consequences of reducing QR funding would be the removal of the foundations out of a system that is proven to have a direct transformational effect on society and the economy. For example, a programme of research by our universities has reduced the number of people being taken to Emergency Departments (ED) by ambulance. In 2012-13 over 360,000 emergency calls were resolved through telephone advice, avoiding ambulance dispatch as a result of this research with **estimated cost savings from avoided ambulance journeys alone of £24 million.** Wales' universities have the highest percentage of 'world leading' research in terms of impact such as this of any part of the UK, and it is this type of research that is at risk as a result of the proposed cuts. QR funding has a multiplier effect in that successive projects build on these foundations, attracting the brightest researchers, winning competitive research funding awards and developing innovations. The proposed cuts would remove these foundations, with magnified consequences for research as a whole across Wales, damaging the positive impact on Wales that is the result of many years' worth of work and investment that has led to such positive societal results.

## 6. The economic impact of the proposed reductions

- 6.1. Universities in Wales are national assets – not simply resources to deliver programmes of study but **major generators of investment and income for the wider Welsh economy and society.** The significant economic impact that Welsh universities make to Wales' economy is shown below. At a time when Welsh Government is making significant investments to increase GVA, the reductions being proposed to Welsh universities would achieve the reverse, with serious consequences to the output generated and jobs created in all regions of Wales.
- 6.2. Universities provide an astonishing return on the investment made to them by Welsh Government. A recent independent report shows that a relatively small public funding profile has allowed Welsh universities to leverage a large economic impact for Wales, generating **£4.6 billion of output in Wales in 2013/14.** Higher education is a major economic actor and industry in itself and generates some **£2.4bn of Welsh GVA**

(equivalent to 4.6% of the Welsh total) and creates almost **50,000 jobs** in Wales (3.4% of the Welsh total).

- 6.3. Welsh universities generated a total of **£600 million of export earnings** through international revenue together with the estimated off-campus expenditure of international students and international visitors to Wales associated with the universities. This was **equivalent to 4.6% of all 2014 Welsh export earnings**.
- 6.4. **All parts of Wales shared in the impact of Welsh universities**, with impact spreading across local authority boundaries and to areas which do not host a university. Around 25% of both the GVA and jobs generated by the universities in Wales, (£597 million and 11,783 jobs) were generated in local authority areas that did not have a university presence. (See Appendix section 12.6 for a breakdown of jobs generated by the expenditure of universities, their students and visitors across Wales, in each area).
- 6.5. **It should be noted that these figures exceed those of sectors that are prioritised by Welsh Government.** The £2.4billion of Welsh GVA generated by Welsh universities is more than by the Welsh Government priority sectors of the Creative Industries sectors and Food and Farming combined. Welsh universities directly provided 16,638 full time equivalent jobs across a wide range of occupations, which is **more than the Life Sciences sector**.
- 6.6. It can be argued that the proposed funding profile for universities in Wales for 2016/17 will provide little more support than that which might have been provided to universities as high value inward investors (particularly when the location of university activity is taken into account). Such investment would reflect the value of employment by universities in Wales but would not fund research, education or any other university activities undertaken for the benefit of Wales. **Unlike many other 'investors', the earnings of universities are reinvested in Wales.** If thought of as businesses, universities are major exporters and significant tourism assets: in both cases **students from outside Wales create hundreds of millions of pounds for the Welsh economy**<sup>2</sup>. It is also worth emphasising that **the average salary in Welsh universities is £37,500 against an average salary of around £23,000 and GVA/head £17,500 in Wales.** As Wales tries to raise GVA per head, the proposed funding cut for universities could perversely remove employment of a higher value than can be created in other areas of the economy in the short term.

## 7. Impact assessment

- 7.1. We understand the Welsh Government is faced with difficult choices, but the **proposed cuts have now reached levels that contradict the Government's promise** that "Overall, funding to the sector in 2013/14 will increase by 13.8% and latest forecasts suggest that the existing funding regime will contribute an additional £290m during the lifetime of this Government when compared to the previous funding formula. Income is forecast to continue to increase up until 2021."<sup>3</sup> Consequently it appears **the Government**

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<sup>2</sup> If students were converted to visitor numbers they would be worth around 13m visitor nights.

<sup>3</sup> <http://gov.wales/about/cabinet/cabinetstatements/2014/hefinance/?lang=en>

**will not be able to honour previously made commitments to protect part-time and research funding.**

7.2. A significant concern with the Draft Budget proposals however is that they have not been accompanied by an assessment of the financial (or other) impact for universities, as we would have expected as a matter of due diligence in the case of a major reduction of this nature.<sup>4</sup>

7.3. Universities in Wales are crucial to promoting and securing social justice and as a catalyst for social mobility they open up life changing opportunities to all. We query whether the proposed cuts to universities may be in **breach the Welsh Government's own equality impact assessment guidelines, particularly on the grounds of age discrimination.**

7.4. It is also difficult to see how Government has taken into account its own Well-being of Future Generations (Wales) Act 2015 that requires consideration of the longer term in order to prevent storing up problems for the future. At the very heart of this legislation is the need to act in a sustainable way and to 'look to the long term as well as focusing on now' and to 'take action to try and stop problems getting worse - or even stop them happening in the first place.' **The potential for longer term damage that would be felt across departments is significant.**

## **8. Impact for competitiveness/long-term sustainability**

8.1. A key concern for universities is their ability to remain competitive. This should be a major issue for Wales, since **the economy is so dependent on the strength of its universities** and their ability to compete successfully in a global knowledge economy.

8.2. Based on our most recent analysis (see appendix section 12.4) the **funding gap between Wales and England was estimated to lie between £73m and £115m**, before the reductions in the November Comprehensive Spending Review and Draft WG Budget for 2016/17:

<b>Based on</b>	<b>Wales proportion</b>	<b>Estimated funding gap (£ millions)</b>
Population (Mid Year 2013)	5.72%	-73
Population 18yr olds (Mid Year 2013)	5.82%	-77
HE students (FTEs) 2013/14	6.65%	-110
HE students (FPEs) 2013/14	6.79%	-115

8.3. According to a recent report, one of the main reasons why Welsh universities may not fare well on public facing rankings is that they were significantly underfunded compared with those in England and Scotland over the previous decade<sup>5</sup>. **With further significant cuts proposed it is difficult to see how this will not have a knock-on effect on league table performance for Welsh universities.**

<sup>4</sup> See p.16ff, Strategic Integrated Impact Assessment.

<sup>5</sup> Learned Society of Wales, 2011.

## 9. Impact for financial sustainability

9.1. The distribution of the cuts between institutions is likely to be very uneven. At this stage we are **unclear how the sector can absorb a reduction of this size in a single year or where the shortfall in income can be made**. The impact of the fee and funding changes introduced from 2012/13, for instance, has worked through the system already and will provide no significant additional income for 2016/17. Recruitment for 2016 entry is already in full swing, and growth in full-time undergraduates from Wales remains subject to an overall limit in the sector.

## 10. The proposed use of redirecting university funding to the FTUG tuition fee grant

10.1. The Welsh Government's justification for the proposed budget reductions to HE are that difficult choices have had to be made. In particular, it points to its commitment to support students through tuition fee grant. From a university point of view, the tuition fee policy substitutes fee income that universities would have received from students. The **consequence of drawing the funding for this policy from the higher education budget is that it has become increasingly difficult for the Welsh Government to provide the public funding for research, part-time and high-cost subjects as well as its own priorities** such as the Coleg Cymraeg.

10.2. £232m was transferred from the HE budget for in June 2015 for tuition fee grant payments, leaving an HE budget of £129m for 2015/16.

10.3. The following outlines why funding to universities through tuition fee grant is not equivalent to direct funding:

10.4. Firstly, **there are areas that are crucial to Wales' economy and society that require public investment because a market-led funding mechanism does not provide them with adequate support**. As shown in section 5, several subjects cost more than the student market is currently paying for them, and we have seen part-time provision decline in England when left to market-forces.

10.5. Secondly, **there is a limit on the amount that can be transferred from income from FTUG tuition fee grant to universities**. This is because fee income is subject to a specific agreement as part of fee plan requirements and must be used for sole purposes of promoting equality of opportunity and the promotion of higher education.

10.6. In addition to part-time provision, high-cost subjects and QR funding, **there is a limit to the amount that can be transferred from fee income to capital investment**. Capital investment is crucial for universities to be able to provide a student experience that is competitive with universities in the rest of the UK and indeed increasingly, Europe. For example, historic university buildings, that are often central to the cultural identity of many Welsh cities and towns, are also key to attracting students and yet are expensive to maintain. **The proposed budget implies a further shift towards income from FTUG student fees, making it crucial that universities recruit students to maintain their income, and yet reduces universities' ability to attract students**. Universities now

need to borrow to support capital investment. They therefore also need to be able to use their income to cover the cost of any borrowing and also provide themselves with a cushion against any variation in income and cash-flow fluctuations (e.g. due to the profile of payments from the Student Loans Company). It should be noted that this problem is compounded by the government's decision to remove capital funding in 2012.

10.7. Furthermore, as consumers, **students rightly deserve a fair deal for their tuition fees.**

There is serious risk of creating a policy that is unfair to students if the Government expects universities to continue provision in areas that were previously in part publicly funded by increasing cross-funding or subsidising other areas.

10.8. Thirdly, tuition fee grants are only available to full-time undergraduates, not part-time. This means **there is no possibility of additional fee income to compensate universities for the loss of grant even though fee levels remain uncapped for part-time study.** Added to this there are additional costs associated with offering part-time provision, which in the past have been recognised in the funding models by additional per capita funding.

10.9. In addition to this, **the number of Welsh domiciled students applying to university in Wales is not expected to increase substantially in the short-term.** The increase in tuition fee grant allocation is clearly to fund an increase in Welsh students undertaking HE in England<sup>6</sup>.

10.10. In conclusion, university funding needs to secure strong, high quality, economically valuable universities in Wales that have the ability to deliver for both the people of Wales *and* for the students that study in them, rather than focussing on lowering the cost of a university education to Welsh students, wherever they study.

## **11. The financial impact for universities – How funding via HEFCW works**

11.1. The financial impact for universities is more significant than might be immediately clear from the Draft Budget.

11.2. It should be noted that HEFCW makes its grant allocations on an academic year basis, requiring it to draw on the Welsh Government budgets for different financial years and make assumptions about the Welsh Government budget for the financial year ahead.

11.3. In addition to the £41m cut outlined in the Draft Budget 2016/17, we understand that there will be **a further £5.6m in cuts to the HE budget for 2015/16** in connection with tuition fee grant payments.

11.4. In addition, HEFCW will need to accommodate **reductions to the 2015/16 budget of around £19.3m.** This is because HEFCW has previously assumed that 40% of the budget for the 2016/17 financial year would be used for 2015/16 academic year, so the implied reduction is £16.6m for the 2015/16 academic year. The Welsh Government transfer for

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<sup>6</sup> According to the UCAS End of Cycle Report for 2015/16, Welsh acceptances to providers in England continued to increase by +290 compared to 2014/15, whereas they increased only marginally (+35) in Wales. See appendix section 12.5 for more information.



tuition fee grants for 2015/16 which we expect to be reflected in the next supplementary budget also exceeds HEFCW's estimate by £2.7m.

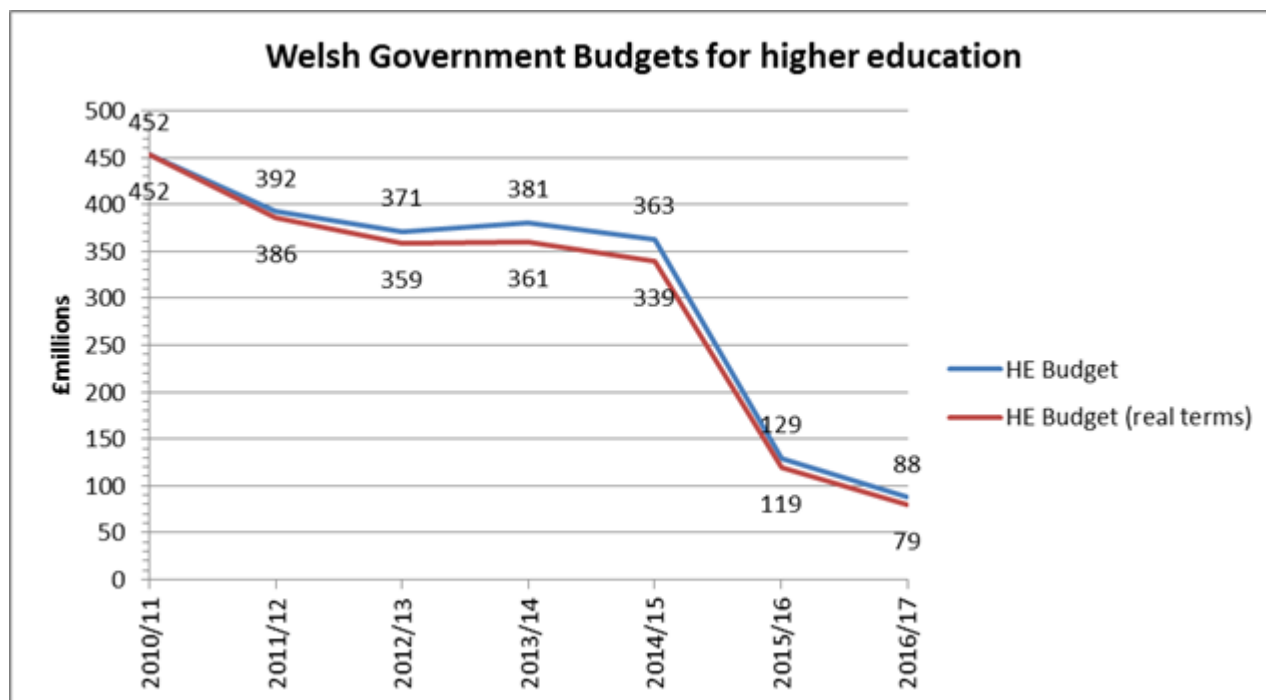
11.5. Together these mean that HEFCW will need to make in-year cuts to the planned 2015/16 allocations of £19.3m as well as the reduction of £41.4m in 2016/17 academic year. Alternatively, it could make a reduction in the available budget for allocation in the 2016/17 academic year of **up to £60.6m**.

11.6. Based on these cuts, our assumption at the moment is that the Welsh Government budget available to HEFCW to apportion to the academic year 2016/17 will be in the region of **£88m** (see appendix 12.2 for further information). This assumes that HEFCW would seek to offset the 2015/16 reductions by reducing the balance carried forward to the 2016/17 academic year (previously estimated at £14m). However, it assumes that there will be no further cuts to the HE budget for 2017/18, in absence of indicative figures in the Draft Budget. The exact amount that HEFCW will have available for academic year 2016/17 will depend on the actual out-turn of allocations in 2015/16, and any balance carried forward.

**Universities Wales**  
**8 January 2016**

## 12. Appendix

12.1. The proposed cuts would mean a sixth successive year of major cuts to the HE budget, and a reduction of £365m or 81% since 2010/11 in cash terms (or £373m and 82% in real terms).<sup>7</sup>



Sources: Welsh Government 2nd Supplementary Budgets for 2010/11 to 2014/15, 1st Supplementary Budget for 2015/16, and Draft Budget for 2016/17;  
 \*\* Real terms - stated at 2010/11 market prices (using HM Treasury GDP deflators, Nov 2015).

12.2. The following is a rough estimate of the impact, based primarily on data published in grant allocation circulars and estimates (extending the analysis we submitted to the Diamond Review). It is likely that HEFCW's forthcoming income analysis report, to which we have contributed, will be based on much more accurate, up-to-date and comprehensive data than is currently publicly available. Our rough estimates, while they have a limited degree of accuracy without this further data and should be treated with due caution, serve to illustrate the dangers of making cuts of this magnitude in absence of HEFCW's detailed analysis. These estimates show that the proposed reductions in the Draft Budget could mean, for instance, that universities net income related to the fee and funding arrangements since 2012 has been significantly cut.

Income related to fee/funding changes	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17
HEFCW Grant allocations <sup>1</sup>	395	385	259	224	163	154	88
Additional fee income from Welsh/EU students <sup>2</sup>	0	0	65	99	150	154	158
Additional fee income from RUK students <sup>3</sup>	0	0	51	92	130	133	133
<b>Total</b>	<b>395</b>	<b>385</b>	<b>374</b>	<b>415</b>	<b>442</b>	<b>441</b>	<b>379</b>

<sup>7</sup> Stated at 2010/11 market prices (using HM Treasury GDP deflators, Nov 2015).

12.3. Summary of HEFCW's allocation of £154m for 2015/16:

<b>HEFCW Grant allocations 2015/16</b>	
<b>Teaching</b>	
Full-time undergraduate – expensive subjects	£14.8m
Part-time undergraduate	£26.8m
Part-time postgraduate taught	£6.3m
<b>Research</b>	
QR funding	£79.4m
<b>Other</b>	
Strategy and initiative allocations	£24.7m
Innovation and engagement	£1.6m
Other	£0.6m
<b>Total</b>	<b>£154.2m</b>

Source: HEFCW Circular W15/09HE

12.4. It is not possible to directly compare the Draft Budget proposals for HE for England and Wales. However, at this stage the Draft Budget proposals appear set to increase the existing funding gap. HEFCW and the Learned Society have previously highlighted historic funding gaps in Wales. Our most recent analysis, prior to the comprehensive spending review in England the current Draft budget proposals in Wales, is based on HEFCE's most recent funding circular.<sup>8</sup> The figures for England have also been scaled by population size (based on the latest mid-year census statistics) in line with the method used to determine Barnett consequentials for Wales:

<b>Funding allocations 2015/16 (£ millions)</b>	<b>England</b>	<b>England (scaled by population)*</b>	<b>Wales</b>	<b>Funding difference</b>
Research	1,558	89	79	-10
Teaching	1,418	81	48	-33
Other -recurrent	212	12	26	14
<b>Total recurrent</b>	<b>3,188</b>	<b>182</b>	<b>154</b>	<b>-28</b>
<b>Total non-recurrent</b>	<b>783</b>	<b>45</b>		<b>-45</b>
<i>including</i>				
Capital	603	34		
National facilities and init	130	7		
PG support scheme	50	3		
<b>TOTAL allocations</b>	<b>3,971</b>	<b>227</b>	<b>154</b>	<b>-73</b>

<sup>8</sup> HEFCE Report 2015/05: <http://www.hefce.ac.uk/pubs/year/2015/201505/>

12.5. UCAS full-time undergraduate acceptances from Welsh-domiciled applicants by country of provider

Provider country	2011	2012	2013	2014	2015	+/-
England	6,460	7,315	7,360	8,090	8,380	290
Northern Ireland	10	5	5	10	15	5
Scotland	95	115	105	115	120	5
Wales	11,765	11,875	12,190	11,955	11,990	35
<b>All UK providers</b>	<b>18,330</b>	<b>19,310</b>	<b>19,660</b>	<b>20,170</b>	<b>20,505</b>	<b>335</b>

Source: UCAS End of Cycle Report, 2015

12.6. Jobs generated by the expenditure of Universities, their students and visitors across Wales, by relative employment impact in each area:

Numbered by relative importance to employment in that area	Area of Wales	FTE Jobs generated by University activity	% of employment in the area <sup>9</sup>
1	Ceredigion	3027	8.4
2	Cardiff	15047	6.6
3	Swansea	6482	5.6
4	Gwynedd	2851	4.7
5	Rhondda Cynon Taf	3227	4.3
6	Newport	2433	3.4
7	Wrexham	1704	2.6
8	Merthyr Tydfil	534	2.3
9	Caerphilly	1349	2.3
10	Vale of Glamorgan	813	2.1
11	Carmarthenshire	1512	2.0
12	Neath Port Talbot	941	2.0
13	Torfaen	703	1.9
14	Bridgend	1248	1.9
15	Monmouthshire	839	1.9
16	Blaenau Gwent	339	1.7
17	Anglesey	396	1.6
18	Conwy	679	1.6
19	Flintshire	693	1.2
20	Denbighshire	488	1.1
21	Powys	707	1.1
22	Pembrokeshire	542	1.0
	<b>ALL WALES</b>	<b>46552</b>	<b>3.4</b>

<sup>9</sup> Derived from 2013 Data on Workforce employment by Local Authority (StatsWales)

## Specific questions

**1. What, in your opinion, has been the impact of the Welsh Government's 2015-16 budget?**

Sections 4, 5 and 6 of our response, outline the severe cuts to the higher education budget since 2010/11, and the challenges already faced by universities resulting from this.

**2. Looking at the draft budget allocations for 2016-17, do you have any concerns from a strategic, overarching perspective, or about any specific areas?**

We have very significant concerns relating to higher education, as our response discusses in detail.

**3. What expectations do you have of the 2016-17 draft budget proposals? How financially prepared is your organisation for the 2016-17 financial year, and how robust is your ability to plan for future years?**

Our response outlines that the budget reductions would pose major challenges for Universities both in the short and long term. These raise issues of sustainability and competitiveness as outlined in section 8 in particular but referred to throughout the response.

**4. The Committee are would like to focus on a number of specific areas in the scrutiny of the budget, do you have any specific comments on the areas identified below?**

- **Preparation for the Wales Bill**
- **Local health board financial arrangements**
- **Approach to preventative spending and how is this represented in resource allocation (Preventative spending = spending which focuses on preventing problems and eases future demand on services by intervening early)**

The cuts to the HE budget represent a major cut in preventative spending. It is storing up longer-term problems that will take years to remedy. Wales has few economic levers at its disposal, as the Welsh Government has previously highlighted, but investment in education is a significant one.

- **Sustainability of public services, innovation and service transformation**

Our response highlights significant concerns about the implications of investment in innovation and universities as charitable institutions who serve the public interest.

- **Welsh Government policies to reduce poverty and mitigate welfare reform**

The reduction in funding is likely to have significant consequences for students and access to higher education, as teaching grant is further reduced. This is likely to have a detrimental impact on disadvantaged groups – particularly, part-time provision – although the precise impact is difficult to

gauge in advance of decisions on the allocation of the remaining funding.  
This is discussed and referenced throughout our response.

- **Impact of the Welsh Government's legislative programme and whether its implementation is sufficiently resourced**

Section 7 of our response questions the apparent lack of impact assessments and the cross-referencing between other Acts and the Government's own equality impact guidelines for example.

- **Scrutiny of Welsh language, equalities and sustainability**

See section 7 of our response.