

Cynulliad Cenedlaethol Cymru	National Assembly for Wales
Pwyllgor yr Economi, Seilwaith a Sgiliau	Economy, Infrastructure and Skills Committee
Blaenoriaethau ar gyfer Pwyllgor yr Economi, Seilwaith a Sgiliau	Priorities for the Economy, Infrastructure and Skills Committee
EIS 36 Prifysgolion Cymru	EIS 36 Universities Wales

By email: [SeneddEIS@assembly.wales](mailto:SeneddEIS@assembly.wales)

1 September 2016

Dear Russell George AM,

## **Universities Wales response to the Economy, Infrastructure and Skills Committee - Committee Priorities for the Fifth Assembly Consultation**

Universities Wales represents all the universities in Wales. Its membership encompasses the Vice Chancellors of all eight universities in Wales, and the Director of the Open University in Wales. This response sets out what Universities Wales considers the priorities should be for the Economy, Infrastructure and Skills (EIS) Committee to consider during the Fifth Assembly.

Universities are key economic drivers for Wales, with significant potential, working in particular with the private sector, to power the Welsh economy over the Fifth Assembly. We have therefore highlighted areas for the Committee to consider that are both current high priority issues for universities, and where universities can positively contribute to other areas covered by this Committee. Universities Wales engaged positively with the Committee in the past, and therefore the recommendations of the legacy report have also been carefully considered in our response.

We note the Fourth Assembly agreed to include Higher Education in the remit of both the Children, Young People and Education (CYPE), and the Enterprise and Business Committee. We understand this arrangement is due to continue and welcome this decision, looking forward to actively participating within both Committees.

### **1. Welsh universities and the economy**

Welsh universities are some of the largest and most complex enterprises in Wales, acting as economic anchors in themselves in many regions of Wales. Via partnerships with other sectors, particularly the private sector, by driving up skills and through knowledge exchange activities, they improve productivity, drive innovation and support job growth throughout Wales. They will therefore be crucial partners in Wales' economic development, as demonstrated through the recent £1.2bn City Deal agreement for Cardiff Capital Region. The following figures show how the sector is inextricably linked with Wales' future economic vitality:

- Universities provide a very significant return on the investment made to them by Welsh Government. A recent independent report<sup>i</sup> shows that a relatively small public funding profile has allowed Welsh universities to leverage a large economic impact for Wales, generating £4.6bn 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).
- Welsh universities generated a total of £600m of export earnings (equivalent to 4.6% of all 2014 Welsh export earnings) through international revenue together with the estimated off-campus expenditure of international students and their visitors to Wales associated with the universities.
- 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, (£597m and 11,783 jobs) were generated in local authority areas that did not have a university presence.

Long term economic growth is above all determined by knowledge accumulation and technological progress<sup>ii</sup> and, as recognised by the Welsh Government, there are few sectors of the Welsh economy with the capacity or scope to grow and generate export earnings as well as universities.<sup>iii</sup>

It is crucial that we are fully integrated in the Committee's consideration of the future economic strategies for Wales. Our universities can work with Welsh Government across departments to ensure the significant contribution of universities to the Welsh economy can continue, and that future policy and legislation will maximise their potential to deliver further for Wales.

## **2. Wales' economic strategy following the EU referendum**

Universities in Wales are the third largest recipient of EU Structural Funds in Wales, often deploying these funds in partnership with the private sector. The proposals for the Committee to engage in EU policy and funding is crucial, and universities in Wales have a key role to play in this important area. The spending of international and EU students and their visitors generated over 7,600 full time equivalent jobs, £773m of output in industries, and a total GVA generation of nearly £400m across Wales (equivalent to 0.8% of 2013 Welsh GVA). While a large part of the impact was felt in the areas immediately surrounding the universities, GVA, industry output and jobs were generated right across Wales. Being able to continue to attract EU staff and students to Wales is crucial to the economy on many levels and we are keen that the Committee considers the consequences of the EU referendum on the Welsh economy and the role that universities can play.

## **3. Review of Higher Education Funding and Student Finance Arrangements**

We agree with the Enterprise and Business Committee of the Fourth Assembly in their strong preference for this Committee to scrutinise the Welsh Government's response to the Review of Higher Education Funding and Student Finance Arrangements (chaired by Professor Sir Ian Diamond) in autumn 2016, but we believe that this should be undertaken in conjunction with the CYPE Committee due to the cross cutting nature of the Review. The Diamond Review process has had cross-party support during the last Assembly term and the final recommendations and their implementation are a major priority for universities. The Review's recommendations have the potential to solve some tough problems facing our universities and we look forward to working across political boundaries to find a solution that supports our students and universities, that will in turn bring widespread benefits to individuals, communities, government and the nation as a whole.

## **4. Skills**


Universities Wales also agrees with the legacy report recommendation for the Committee to scrutinise the Welsh Government's skills strategies. As recognised by the CBI, aligning skills provision with the needs of the Welsh economy is key to securing Wales' long-term economic future and this will be achieved through harnessing the power of our nation's universities<sup>iv</sup>. Welsh graduates – of all ages and backgrounds - are the key cogs in the machinery of Wales' economic recovery, whether that is through a traditional undergraduate degree or the wide range of other higher education provision by our universities including part time, postgraduate, apprenticeship and employer-led training.

## **5. Inward investment**

Our universities are already working with and across Welsh Government to increase the profile of Wales overseas, thereby stimulating further inward investment, projecting a joined up view of the Welsh knowledge economy and increasing the sector's export contribution. We initiated the Global Wales partnership (Universities Wales, British Council Wales, the Higher Education Funding Council for Wales and Welsh Government's Departments for Education and Skills, European and External Affairs, Visit Wales and Trade & Invest) to promote Wales in key overseas markets. By building new collaborative ventures, boosting student recruitment and promoting international research collaboration we will improve the profile of Wales as a destination for inward investment.

The Committee will clearly have scrutiny of the Welsh Government budget in mind so we have not highlighted it here. We are, however, keen that research funding for universities is included in any budget considerations and we are happy to provide you with further details at the appropriate time.

We look forward to continuing our positive relationship with the Committee over the next term and offer our support to you and your team as you consider the priorities over the next period.



Professor Colin Riordan  
Chair, Universities Wales

<sup>i</sup> <http://www.uniswales.ac.uk/wp/media/The-Economic-Impact-of-Higher-Education-in-Wales.pdf>

<sup>ii</sup> OECD, *The OECD Innovation Strategy - Getting a head start on tomorrow*, 2010

<sup>iii</sup> Welsh Government, *Programme for Government Annual Report 2012*, p.3 & 6.

<sup>iv</sup> CBI Wales' nine-point plan for the next Welsh Government 2016