



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

Y Pwyllgor Cyllid **The Finance Committee**

Dydd Mercher, 27 Tachwedd 2013
Wednesday, 27 November 2013

Cynnwys **Contents**

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Cyflwyniadau, Ymddiheuriadau a Dirprwyon
Introductions, Apologies and Substitutions

Ymchwiliad i Gyllido Addysg Uwch: Tystiolaeth gan Addysg Uwch Cymru a Chyngor
Cyllido Addysg Uwch Cymru
Inquiry into Higher Education Funding: Evidence from Higher Education Wales and Higher
Education Funding Council for Wales

Ymchwiliad i Gyllido Addysg Uwch: Tystiolaeth gan Undeb Cenedlaethol y Myfyrwyr
Inquiry into Higher Education Funding: Evidence from the National Union of Students

Papurau i'w Nodi
Papers to Note

Cynnig o dan Reol Sefydlog 17.42 i Benderfynu Gwahardd y Cyhoedd o'r Cyfarfod
Motion under Standing Order 17.42 to Resolve to Exclude the Public from the Meeting

Cofnodir y trafodion yn yr iaith y llefarwyd hwy ynnddi yn y pwyllgor. Yn ogystal, cynhwysir
trawsgrifiad o'r cyfieithu ar y pryd.

The proceedings are reported in the language in which they were spoken in the committee. In

addition, a transcription of the simultaneous interpretation is included.

Aelodau'r pwyllgor yn bresennol
Committee members in attendance

Peter Black	Democratiaid Rhyddfrydol Cymru Welsh Liberal Democrats
Christine Chapman	Llafur Labour
Jocelyn Davies	Plaid Cymru (Cadeirydd y Pwyllgor) The Party of Wales (Committee Chair)
Paul Davies	Ceidwadwyr Cymreig Welsh Conservatives
Mike Hedges	Llafur Labour
Ann Jones	Llafur Labour
Julie Morgan	Llafur Labour
Simon Thomas	Plaid Cymru The Party of Wales

Eraill yn bresennol
Others in attendance

Ben Arnold	Cynghorwr Polisi, Addysg Uwch Cymru Policy Adviser, Higher Education Wales
Dr David Blaney	Prif Weithredwr, Cyngor Cyllido Addysg Uwch Cymru Chief Executive, Higher Education Funding Council for Wales
Professor John Hughes	Is-Ganghellor, Prifysgol Bangor Vice-Chancellor, Bangor University
Celia Hunt	Cyfarwyddwr Sgiliau, Addysg a Chyllido, Cyngor Cyllido Addysg Uwch Cymru Director of Skills, Education and Funding, Higher Education Funding Council for Wales
Stephanie Lloyd	Llywydd Undeb Cenedlaethol y Myfyrwyr, Cymru NUS Wales President
Bethan Owen	Cyfarwyddwr Ymgysylltu Sefydliadol, Cyngor Cyllido Addysg Uwch Cymru Director of Institutional Engagement, Higher Education Funding Council for Wales
Keiron Rees	Swyddog Polisi a Materion Cyhoeddus, Undeb Cenedlaethol y Myfyrwyr, Cymru Policy and Public Affairs Officer, NUS Wales
Amanda Wilkinson	Cyfarwyddwr Addysg Uwch Cymru Director of Higher Education Wales

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

Bethan Davies	Clerc Clerk
Claire Griffiths	Dirprwy Glerc Deputy Clerk

Helen Jones

Gwasnaeth Ymchwil
Research Service

*Dechreuodd y cyfarfod am 09:29.
The meeting began at 09:29.*

**Cyflwyniadau, Ymddiheuriadau a Dirprwyon
Introductions, Apologies and Substitutions**

[1] **Jocelyn Davies:** Welcome to a meeting of the Finance Committee. I remind Members to turn off any electronic devices that they may have brought with them; they do interfere with the broadcasting equipment and the translation. We are not expecting a fire drill, so if you hear the alarm, assume that it is an emergency and please follow the directions of the ushers. I have received no apologies.

09:30

**Ymchwiliad i Gyllido Addysg Uwch: Tystiolaeth gan Addysg Uwch Cymru a
Chyngor Cyllido Addysg Uwch Cymru
Inquiry into Higher Education Funding: Evidence from Higher Education Wales
and Higher Education Funding Council for Wales**

[2] **Jocelyn Davies:** We seem to have a lot of witnesses this morning. I wonder whether the witnesses would introduce themselves for the record, then we will go straight to the first question. Shall we start at this end, with Mr Arnold?

[3] **Mr Arnold:** I am Ben Arnold, Higher Education Wales.

[4] **Ms Wilkinson:** I am Amanda Wilkinson, Higher Education Wales.

[5] **Professor Hughes:** I am John Hughes, vice-chancellor of Bangor University.

[6] **Dr Blaney:** I am David Blaney, chief executive of the Higher Education Funding Council for Wales.

[7] **Ms Owen:** I am Bethan Owen, director of institutional engagement at the higher education funding council.

[8] **Ms Hunt:** I am Celia Hunt, director of skills, education and funding at HEFCW.

[9] **Jocelyn Davies:** Thank you very much. I will start with the first question, to both organisations. How is the new funding regime affecting the income of higher education institutions in Wales? Is it, perhaps, a bit premature to evaluate the impact accurately as yet? Who would like to take the question? Dr Blaney, shall we start with you?

[10] **Dr Blaney:** The new regime has a number of aspects to it, but one of the factors is the income that comes in from students domiciled in the rest of the UK. All else being equal, we might expect, in the fullness of time, the income for the Welsh sector to be higher than would have been the case under the old regime. At the moment, that is probably not the case; if it is, it is certainly marginal. That additional income depends on a number of factors: first, no further reduction in our core budget as a funding council, and secondly, the capacity of the Welsh institutions to continue to build to invest sufficiently in the student experience, such that they look attractive to students, both Welsh domiciled and English domiciled. In other words, they need to be able to recruit in order to get the fee income, in order for that to arise.

As another aspect—I think that it is slightly early, but that is the direction of travel—we also need to be mindful of the competitive pressures between the English and Welsh systems and the relative resources there. We can speak a bit more about that if that is helpful.

[11] **Professor Hughes:** The big issue here is the relative position. Higher education has become an incredibly competitive market, not only nationally, but internationally. I have just got back from a trip to the far east, focused on attracting students. The international competitiveness of institutions is becoming quite stark. What that means is that institutions have to invest heavily in the student experience. The relative position of Wales is definitely disadvantageous in respect of English, Scottish and Northern Irish universities. There is no doubt about that. We are not in a position to invest in the same way that our competitors are in the rest of the country, or indeed internationally. Therefore, our ability to continue to attract not only students from across the border, but international students, is already being affected and we are seeing that in the figures.

[12] **Jocelyn Davies:** When you say ‘student experience’, what sort of things are you referring to?

[13] **Professor Hughes:** As they are now paying £9,000, typically, to go to university, students are becoming incredibly discerning about the facilities and about the environment in which they are studying. They are no longer prepared to take second-class facilities. When we have open days, parents come along with the students and they scrutinise. They scrutinise the halls of residence, the sporting facilities and the rooms in which people are taught. They probe the lecturers on the way in which they deliver the education to their children. As I say, higher education has become an incredibly competitive market. That is what the coalition’s decision to introduce fees has done. We have essentially turned higher education into—

[14] **Jocelyn Davies:** I know that you will be corrected on that. The coalition Government did not introduce fees.

[15] **Professor Hughes:** I am talking about the coalition in Westminster.

[16] **Jocelyn Davies:** Yes, but it did not introduce them. *[Interruption.]* Let us not have a debate about that.

[17] **Professor Hughes:** I am talking about the £9,000.

[18] **Jocelyn Davies:** I know that Julie Morgan wants to come in on this. If I recall correctly, at the time, £9,000 was going to be exceptional, although it does not appear to have come to that. Do you have any more to add before I bring Julie in?

[19] **Simon Thomas:** I have a specific question. Perhaps this is to HEFCW. What is the average fee paid in Wales now?

[20] **Dr Blaney:** The average fee is around £8,500, but we can get you the exact figure.

[21] **Simon Thomas:** No, that will be fine.

[22] **Jocelyn Davies:** Julie, would you like to come in?

[23] **Julie Morgan:** I am interested in what you were saying about parents and students coming to look at the facilities and what they are like. Are you saying that already you are not competitive and that what you show them now does not compare well with other parts of the UK? Has that already happened? Is that what you are saying?

[24] **Professor Hughes:** Yes. That has happened. It is the result of long-standing underinvestment in universities in Wales in comparison to the other home countries—most particularly with Scotland, which has invested heavily in its universities and now has five universities in the world top 200 of the *Times Higher Education* world university rankings. You get universities into the top 200 in the world by investment; that is how that happens. Wales does not have any in the top 200.

[25] **Jocelyn Davies:** Ms Wilkinson, would you like to add something?

[26] **Ms Wilkinson:** That is borne out by the evidence in the national student survey. Indeed, when you start to look at some of the key factors that affect league tables, investment in facilities and services is a key issue.

[27] **Jocelyn Davies:** Do you agree with HEFCW's financial modelling and that the total income for this sector will increase as a result of the new regime? Obviously, I will not ask Dr Blaney. You have already referred to it.

[28] **Professor Hughes:** It is based on a number of suppositions, and that we will continue to attract students on the scale that we have done in the past, internationally and from across the border. It is crucially dependent on those cross-border flows and on international students. For instance, international students in my institution now contribute close to £20 million per annum.

[29] **Jocelyn Davies:** What percentage of your total budget does that represent?

[30] **Professor Hughes:** The total budget is about £140 million.

[31] **Jocelyn Davies:** It is a substantial amount.

[32] **Professor Hughes:** Yes, it is a very substantial amount. As I mentioned earlier, the pressures on being able to continue to attract those students is considerable, and there is evidence that all of the universities in Wales are beginning to suffer, in terms of cross-border flow and international students.

[33] **Jocelyn Davies:** Are you saying that, perhaps, the assumptions built in to that modelling may not be borne out in reality over time?

[34] **Professor Hughes:** They may not.

[35] **Jocelyn Davies:** You are not saying that they will not be, but that there is a question mark there.

[36] Dr Blaney, in your written evidence, you state that without further reconfiguration it may not be possible to achieve the Welsh Government target of at least 75% of Welsh higher education institutions with an annual income in excess of the UK median. Do you think that that target should be amended?

[37] **Dr Blaney:** The point of the target was to crystallise action around the broad policy thrust of trying to restructure the sector so that we had fewer institutions that were very small; those institutions typically struggle to cope with the changing times and struggle to give us as broad a curriculum as we might wish. So, there has been substantial progress in recent years in respect of restructuring the sector, and many of the small institutions have now merged with others. So, we have substantial progress, and, personally, I would not worry too much about changing the target. The target is there to stimulate action, and that has succeeded.

[38] **Jocelyn Davies:** Perhaps you could both consider this question: how are Welsh universities coping with the greater financial uncertainty created by the system that is now based, as you mentioned, on individual choices and individual tuition fees? Amanda, would you like to comment?

[39] **Ms Wilkinson:** If one looks at the evidence in the Wales Audit Office report, it would suggest that, in quite uncertain times, institutions are currently coping well.

[40] **Professor Hughes:** We are having to adapt and change our priorities. Every institution now is focused on investing heavily in the student experience, but that comes at the expense of other aspects of what we do. For example, universities in Wales have always had a strong track record in trying to widen access, to be more socially responsible—some universities have sterling track records in that regard—but that requires significant effort and investment. If we are now switching our investment to our facilities and to the student experience, other things will suffer, and that includes being socially responsible in terms of widening access and investment and research. That is a vicious circle, because if you underinvest in your research base, ultimately, you have weaker institutions.

[41] **Jocelyn Davies:** Over time, that could have an impact on the widening access agenda. Chris, shall we come on to your questions?

[42] **Christine Chapman:** You will know that, last week, the Minister announced that there will be a cross-party review into higher education funding. I want to test your views on this. What do you think are the main issues that this review should consider? Could you outline those first, please?

[43] **Professor Hughes:** My view is that what one needs to look at is the best use of the resources that we have for supporting education—I mean education right across the board—and what is affordable in the long term in trying to create a world-class higher education system here. Yes, the current fee policy is very attractive to individuals and families in Wales, but we have to consider whether it is affordable and whether it is the best use of the resources that we have. My view is that we have to invest in the institutions in Wales, first and foremost, and the current policy simply does not allow that to happen to the best extent. So, clearly, the review is badly needed. As the Minister announced, he wants to look ahead to the next 10 or 15 years, and that is extremely important. However, the most important thing is to look at what our priorities are and what is affordable in the longer term.

[44] **Dr Blaney:** I would agree with that response in broad terms. The current position is that we expect, next year, to be spending 60% of our total HEFCW resource on fee grant for full-time undergraduate students. Full-time undergraduate students are but one of the policy priorities for higher education that the Government has correctly set. If you look at things such as Welsh medium, widening access and research, there is a whole list of priorities, all of which are perfectly legitimate. With the exception of Welsh medium, they are the same across HE systems throughout the developed world, essentially. However, at the moment, we have our balance of resource predominantly focused on one of those areas. So, what I would wish to see coming out of the review is a consideration of the balance of resources across that range of priorities and a shape of resourcing that better fits the shape of those priorities. At the moment, it is not in kilter.

[45] **Jocelyn Davies:** Simon, did you want to come in on this point?

[46] **Simon Thomas:** Do the witnesses have any comments on the timing of the review? Do you feel that it is appropriate, in light of what you have already said about the pressures on the system?

[47] **Professor Hughes:** To be honest, I have to say that I was disappointed at the timing of the review. I think that the matters are more urgent than the timing suggests. The affordability, in particular, of the current policy needs to be looked at, in my view, on a rather more rapid timescale than is currently being suggested.

[48] **Ms Wilkinson:** There may certainly be issues that we will have to look at a little earlier; we just have to see how that runs through the review period.

[49] **Christine Chapman:** Obviously the review period is up to 2016. Do you have an idea of how soon it should be?

[50] **Dr Blaney:** The issue, in the end, is that if the review produces an outcome that will result in changes, and if those are changes to legislation and so on, what you probably have is an 18-month to two-year lead time at the end of the review to take account of the legislative and political process. So, if it is 2016, you are possibly talking about 2018 before those changes start to feed in. If you assume cohort protection, so that those students who are already in the system are seen through on the deal on which they entered, which seems to be both likely and sensible, we have quite a long time ahead of us, before we can really rebalance, if rebalancing is the outcome. It is important that we do not prejudge the outcome of the review. As Amanda says, in the interim, we will have to deal with the consequences of the volume of our resource, which has been expended on one part of the system.

09:45

[51] **Jocelyn Davies:** So, I take it, Ms Wilkinson, that you felt that there may be some things that could not wait until then that would have to be addressed by the sector in the meantime in any case.

[52] **Ms Wilkinson:** It really comes back to the issues that Dr Blaney has highlighted around where Government priorities are, where the priorities for Wales are, and where the resources are going. As Dr Blaney has described, we are talking about, potentially, quite a long lead-in time. So, there are matters that will have to be dealt with as they arise, and as the distribution of current resource changes, which will happen both next year and the year after.

[53] **Christine Chapman:** Just moving on now to the review, which is going to be led by Professor Sir Ian Diamond, do you anticipate being part of the review group—both organisations? Has that been discussed with you?

[54] **Ms Wilkinson:** I am certainly not clear that we will be part of the review group, and we have not had those conversations yet. Of course, we would expect universities to provide input to the review and to provide evidence to the review, as we have for past reviews. As would be sensible, the key thing is to make sure that the review has appropriate expertise.

[55] **Dr Blaney:** For our part, we consider that we have some expertise to be able to contribute to that process, and we very much expect to be involved, but we are not yet clear whether we will be.

[56] **Christine Chapman:** Moving on to another issue, which I think was touched upon earlier, what lessons do you think, in respect of funding higher education, can Wales learn from other parts of the UK, particularly Scotland and Northern Ireland?

[57] **Professor Hughes:** The contrast is quite stark. Scotland funds its students fully, provided that they stay within Scotland, but it does not fund them going across the border. Northern Ireland funds them partially. If the funding stays within Northern Ireland, it funds the difference between £3,500 and the fee. Again, there is no funding if they go outside of

Northern Ireland. That really is the biggest issue that we have in Wales—the affordability of funding students who go outside of Wales.

[58] **Jocelyn Davies:** Did you want to come in on this question, Mike?

[59] **Mike Hedges:** Is it not true, though, that, traditionally, Scottish students have gone to Scottish universities, whereas, traditionally, Welsh students have gone to both English and Welsh universities?

[60] **Dr Blaney:** It is certainly the case that, historically, there has been more cross-border movement between England and Wales than between any part of the UK and Scotland. That is true.

[61] **Christine Chapman:** Just to move on, the Wales Audit Office report states:

[62] ‘there are concerns amongst Welsh institutions that they may face a growing funding gap compared with English institutions.’

[63] Do you agree with this? Do you think that the funding gap between higher education institutions in Wales and England is growing?

[64] **Professor Hughes:** Yes, it is. It is a fact. You just have to look at the figures to see that it is a fact in terms of what HEFCW is currently providing to the Welsh institutions in comparison to what English universities are getting through the Higher Education Funding Council for England.

[65] **Ms Owen:** We had a funding gap paper, which showed that historically there was a funding gap between Wales and England. However, the Wales Audit Office report compares the teaching funding that remains in HEFCE compared to the teaching funding that remains with us after paying fee grants, and the percentage reduction is quite different. Whereas HEFCE’s is reduced by about 50% according to the WAO—it is a bit less than that—ours has gone down by two thirds, just by 2013-14.

[66] **Mr Arnold:** I think, perhaps, that there are signs that, in England, universities are benefiting from both greater fees and greater funding as things stand. We would benefit from more up-to-date information that would allow us to show that exactly, but that is the indication that we have had thus far, and, even if we take a broad comparison on a percentage base, there is still quite a lot more grant left in England on the recurrent side, plus there is the capital funding that is going into universities in England. So, there is every sign that that gap has continued and may even have widened through the new system.

[67] **Christine Chapman:** Okay, thanks. Finally, is the policy in England of not restricting the number of ABB grade students having an impact on Welsh institutions?

[68] **Professor Hughes:** Yes. Effectively, what it has done is taken around 120,000 students who get ABB or better and put them into the free market, which allows the so-called more elite institutions to sweep them up. For instance, last year, the University of Bristol took 600 extra students above its normal quota. I repeat: 600. That had a big impact on south Wales. We are finding that also in the north in terms of competition with universities in the north-west of England. So, yes, it is having a massive impact on the ability of Welsh institutions to attract the better students.

[69] **Christine Chapman:** Could you quantify this in financial terms? We are, obviously, the Finance Committee.

[70] **Dr Blaney:** I think that that is actually quite difficult to do. I would be reluctant even to say that we could go away and come back to you on it. I think that that is quite tricky, because getting at the data and being able to go back to a control situation to compare is probably impossible.

[71] **Mr Arnold:** If we perhaps look at the large picture, we can see that there is an increasing trend, at the moment, for Wales's students to study in England, which is, of course, putting pressure on some of those assumptions on our finance that we were talking about earlier. The AAB or ABB market may be part of that. I do not think that we know fully yet, but that is certainly an issue that we need to watch very carefully.

[72] **Jocelyn Davies:** Are they the more able Welsh students, Mr Arnold? Are those the ones whom you were talking about, the ABB grade students?

[73] **Mr Arnold:** We do not know at this stage. That is clearly something that we would, when the data become available, wish to look at.

[74] **Jocelyn Davies:** Right. Mike, you wanted to come in on this point.

[75] **Mike Hedges:** This is for Professor Hughes. What proportion of your students are ABB or better?

[76] **Professor Hughes:** I do not know, to tell you the truth, but it would be less than 20%.

[77] **Mike Hedges:** Perhaps you could send us a note.

[78] **Professor Hughes:** I could do.

[79] **Mike Hedges:** Thank you.

[80] **Jocelyn Davies:** Okay. Chris, have you finished? I see that you have. Paul, we will come to your questions, shall we?

[81] **Paul Davies:** Thank you, Chair. I just want to explore further the impact of student cross-border flows. I know that you have already touched upon this and the competitiveness of universities in Wales, but can you tell us how changes in the pattern of cross-border flows of students have affected enrolments for full-time undergraduates in the 2013-14 academic year and what is the financial impact of these changes?

[82] **Dr Blaney:** The data on enrolments for the 2013-14 year are not yet available to us. We will get those later on in this term and, after data cleaning and so on, they will be available shortly after Christmas. So, we do not have definitive data on that yet. There are some indications that we can get from some of the UCAS data, which suggest that the cross-border flow balance is beginning to squeeze. So, historically, there would be more coming into Wales than going out, but it looks like, on admissions, that is beginning to squeeze, but it is really too early to be definitive. Have I got that right, Bethan?

[83] **Ms Owen:** Yes, that would be right.

[84] **Jocelyn Davies:** Could you let us have those data after Christmas when they have been cleaned up?

[85] **Dr Blaney:** Yes, we can send them to you.

[86] **Jocelyn Davies:** Okay. Paul, back to you.

[87] **Mr Arnold:** Page 14 of our response sets out the latest UCAS figures on that front, which shows exactly the squeeze that David was talking about.

[88] **Paul Davies:** Okay. Can you tell us how HE institutions are managing their student numbers within the maximum fee grant-capping mechanism and have any institutions hit their tuition fee grant cap for Welsh and EU-domiciled students in 2013-14?

[89] **Dr Blaney:** Again, the data will become available later on, so it is a bit early to say.

[90] **Paul Davies:** Are you aware of any significant differences in demographics as we go forward over the next few years? Are they going to be any major differences in your view as far as this is concerned?

[91] **Dr Blaney:** There are known demographic changes in respect of the number of 18-year-olds coming into the HE system, but, in terms of the impact of the policy, I think that we could not say what that is going to be until we have got there and can look back. It would be premature, I think.

[92] **Ms Wilkinson:** It is actually quite a complicated picture. We know that the demographic projections are for a greater reduction in Wales over a longer period than across the border over in England. Within that overall demographic decline figure for 18-year-olds, however, we do not know what the breakdown is, for example, between social classes. So, we have a broad understanding that the demographic for 18-year-olds is going to decline, but we do not have the more precise data that might help to do any significant modelling on that.

[93] **Paul Davies:** You have made it clear here this morning that the current Welsh Government policy is, you believe, unsustainable in the future. In your papers, you have made it clear that the current policy has had a negative impact on part-time students and, indeed, on the widening access agenda. The Wales Audit Office's recent report published six different options that could possibly be looked at in the future. Can you tell us whether you favour one of those particular options going forward?

[94] **Dr Blaney:** From our perspective, I do not think that I would want to be drawn on that. What I would like to say is that I think that what would be important is to work through all of the potential foreseeable implications of any one of those options, so that, whichever one is eventually chosen—or it could be another one again—everybody is absolutely clear what the likely consequences of that choice are going to be. That is one of the lessons to learn from this current situation: it has not turned out quite how it was expected to. So, we need to understand, going forward, the likely implications of all those options, and that requires a bit of effort, actually. So, it needs to be worked through in detail, and that will be the business of the Diamond review, and I would not want to pre-empt that.

[95] **Professor Hughes:** We have not really considered it as a sector as to which is the best way forward. Actually, the Wales Audit Office report is coming up on our agenda tomorrow; it is the first meeting of Higher Education Wales at which we will have an opportunity to look at it. So, as a sector, we have not yet had an opportunity to decide which of those options would be best for us.

[96] **Jocelyn Davies:** Is the sector likely to take a view? Sorry, Paul, is that what you were going to ask?

[97] **Paul Davies:** That is all right.

[98] **Jocelyn Davies:** Will the sector take a view on which option from the Wales Audit

Office report it prefers?

[99] **Ms Wilkinson:** We will certainly consider that alongside the other work that we will now do on future fees and funding options. It is not short-term work, as has just been described. We do need to look through all of those options, plus any other options, quite carefully before, as a sector, we would come to a view.

[100] **Jocelyn Davies:** Okay. Julie, shall we come to your questions?

[101] **Julie Morgan:** Yes. I was going to ask you about research funding. This is to HEFCW, first of all. What are your criteria for deciding how to allocate QR—quality-related research—funding to individual institutions?

[102] **Dr Blaney:** Well, we have a formula, but there are essentially two dimensions. Our primary focus is that we want to invest in sustainable excellence. Sustainable excellence: there are two words and two dimensions there. Excellence is determined, for us, by performance in the periodic research assessment exercises, which are undertaken on a UK basis and which form a quality judgment about the quality of research done in individual units of assessment subjects. In other words—

[103] **Julie Morgan:** How often are they done?

[104] **Dr Blaney:** Roughly, about every five to seven years. There is one in train at the moment.

[105] So, that gives us the quality dimension. Then there is the sustainability part of sustainable excellence, which really relates to the volume of researchers. We took the view, after the last research assessment exercise, after some years, actually, of encouraging collaboration between institutions in Wales on the research front, that it was arguably not a good use of public funds to invest in research where there is a very small number of researchers in a unit of assessment, because those very small units are vulnerable to an individual researcher either retiring, being poached, or choosing to move elsewhere.

10:00

[106] So, we decided that we would set a lower volume threshold beneath which we would not fund either. We had considerable debate about the level at which we should set that threshold and, in the end, we set it at three. So, if you have fewer than three researchers in a unit of assessment, we do not fund that. That did have consequences for some of the units in Wales. One of the characteristics of the research base at the time in Wales was that we had many more units of assessment with very small numbers of researchers than was the case across the UK. That was something that we wanted to change anyway, because there is an issue about strength from the mass of having more researchers in a particular unit, but there is also an issue about the good investment of public resource in something that is relatively fragile.

[107] **Julie Morgan:** So, is it then targeted at a certain number of universities?

[108] **Dr Blaney:** All universities are able to submit to the periodic research assessment exercises. We construct a formula that is based on those principles and we then turn the handle and it comes out as it comes out. So, at the moment, all the universities in Wales are in receipt of our research funding, with the exception of Glyndŵr—

[109] **Jocelyn Davies:** We heard about that.

[110] **Dr Blaney:** Yes, you will have done. The issue with Glyndŵr was an issue about mass. It had very small units. The threshold of three is not that brutal, really. We had a debate about whether we should have been slightly more firm than that. I do not think that anyone would argue with the fact that, if you have fewer than three people, you have a fairly vulnerable research base. Actually, I am wrong, somebody would argue.

[111] **Jocelyn Davies:** Yes, they would.

[112] **Ann Jones:** I would support them as well.

[113] **Jocelyn Davies:** Yes, they have an ally in Ann Jones. In fact, I think that a number of us were convinced by their arguments. So, what about the quality of the research that was being done or the extra value that it brought into the university?

[114] **Dr Blaney:** If we were in a position where we had a bottomless resource pit, then we could actually fund everything that was of good quality. However, we had to be mindful of the fact that we have a limited resource and we had to place that investment where it would make the greatest impact. Our judgment was that the areas that had the least impact were those areas that were vulnerable because of the scale. So, it is a balance. If we had no limit on our resource, then we would not have to have these conversations.

[115] **Julie Morgan:** How do you evaluate the research?

[116] **Dr Blaney:** The evaluation of the research is done for us on a UK-wide basis through the research assessment exercises. That is quite important, actually, because it places the quality of the Welsh research base firmly within a UK context. We do not want to have a Welsh exercise, because it is important that the Welsh sector plays properly on a UK and international stage.

[117] **Jocelyn Davies:** Simon, do you want to come in on this specific point? Julie, is that okay with you?

[118] **Julie Morgan:** Yes, I will move on to the research councils afterwards.

[119] **Simon Thomas:** On this particular point, the evidence that we had last time showed that, in fact, the bulk of this money goes to Cardiff University, in effect. Is it part of your strategy to get a university into the top 200 that Professor Hughes referred to? Is that why this has been designed in this way? That is, to get that excellence and to ensure that one Welsh university does punch at or a little above its weight.

[120] **Dr Blaney:** It is in the interest of Wales to have at least one university featuring in the top rank with regard to international performance. However, our research funding is driven so that we fund excellent research of a sufficient scale wherever it is. Historically, Cardiff happens to have the most of that. We are not trying to put the money into Cardiff in that way.

[121] **Simon Thomas:** I will ask the question in another way: should you not do that? Should you not be more specific about the fact that there is a national ambition to get one university in the top 200?

[122] **Dr Blaney:** That is an arguable position. Others here will have views on that, and I will hand the question over in a moment. However, there would then be consequences in terms of the research base in other parts of the system. So, this becomes a balance of priorities, as all of these conversations are.

[123] **Jocelyn Davies:** So, this aspiration of getting a university in the top 200 does not drive your policy on funding for research.

[124] **Dr Blaney:** No, our policy on funding is driven by the desire to fund excellent research of a sufficient volume, wherever it happens to be in the Welsh system.

[125] **Jocelyn Davies:** Mr Hughes, do you wish to add anything?

[126] **Professor Hughes:** The phrase ‘the bulk of this money goes to Cardiff University’ is not correct; about half of the money goes to Cardiff University.

[127] **Simon Thomas:** Is it not £36 million out of £71 million?

[128] **Professor Hughes:** That is right; it is roughly half. Roughly half of the money goes to Cardiff University, but you have to remember the scale of Cardiff University—it is almost two and a half times the size of Bangor or Aberystwyth universities, for example. So, Bangor, Aberystwyth and Swansea do reasonably well from quality-related research funding, and we are able to use that money to invest in our narrower research bases. What we typically do in the smaller institutions such as Bangor, Aberystwyth and Swansea is invest in our strengths, and that might only be in five or six areas. Cardiff is a more comprehensive university and invests across the board. It also has a very large medical school and life sciences, which are expensive places to invest in.

[129] **Jocelyn Davies:** Julie, shall we come back to your questions?

[130] **Julie Morgan:** On funding from the research councils, what can we do to get more money from the research councils?

[131] **Professor Hughes:** In looking at the stark figures of the research councils in terms of comparing us with England, for instance, it does not look good, but you have to look behind those figures. For a start, in comparing with England you are comparing with perhaps the second-best research base in the world, second only to the United States. So, you are comparing with the very best in the world. You are also comparing with a country that has six or seven of the very best universities in the world, almost all of them focused in the south-east of England. If you take the south-east out of the English equation and you compare Wales with other regions of England, we do not look that bad. We are lower than Scotland, for instance, but that goes back to the investment that I mentioned.

[132] It is also the case that the bulk of research council funding is focused on STEM subjects—on science and engineering. Wales has a weaker base in those subject areas than Scotland, for instance, or many other regions of the UK. If you compare what we take from the research councils that focus on the humanities, we do very well because we have a stronger base in areas such as languages, history and culture than we do in sciences and engineering. Wales is quite weak in engineering, in particular.

[133] **Julie Morgan:** That is very interesting, but it sounds a bit defensive; that is how it comes over at least.

[134] **Professor Hughes:** It also goes back to the long-standing under-investment that I mentioned at the very beginning that we have had. The reason that Scotland does well is because it has invested massively in its universities.

[135] **Julie Morgan:** How much better does Scotland do? Do you have any figures for Scotland?

[136] **Ms Wilkinson:** We have some figures although I do not have them at my fingertips. We did some work on this, and I am happy to provide that work to you. It is a little out of date, but I would expect the trends to look pretty similar. So, we can provide you with the regional comparison work that we did, and that will give you a breakdown across all the regions of the UK.

[137] **Jocelyn Davies:** You do not expect anything to have radically changed since doing that work, even if it is—

[138] **Ms Wilkinson:** It could have done, but it will provide you with some indicative data as to where things lie. It is not just a question of static research council policy, and the ability of Welsh universities to ‘up their game’, which I think is what you are talking about. Research council policy is not static, and what we are looking at potentially is a greater concentration of research council resources. We are facing an increasingly competitive situation within the UK for research council resources, and we are going to have to be very realistic about that, compared with the growth that we are seeing across the research income base of our universities as a whole, and whether or not, as a country, we want to have a much greater focus on the funding made available through Horizon 2020 and other sorts of European sources.

[139] **Julie Morgan:** So, you are not hopeful of getting any more research funding.

[140] **Ms Wilkinson:** I am not saying that, and that is really an issue for individual institutions’ strategies. I am just trying to lay out where things could go, and the fact that this is a very competitive environment for our institutions, albeit that our performance in terms of total research income remains quite strong.

[141] **Dr Blaney:** It might be that we do not help this, in the sense that when we construct our corporate strategy, we have to make decisions about a relatively limited number of corporate targets. We have a debate every three years, or whatever the cycle is, about which ones we are going to pick. None of them ever gives the full picture. There is a risk that we collectively focus excessively on the percentage share of research council income, which matters for the potential that it has to allow investment in the research base in Wales, but there are other measures that you can look at, for example, the performance in the last research assessment exercise in terms of 3* and 4*, which are the two top parts of that rank for Wales. If you normalise per pound of investment of research funding from the funding council, Wales has performed better than the rest of the UK. It is not that the Welsh research base is not doing well; it is just that it happens to have historical structural issues about how much of that is science-focused and that is where the big money is. If you look at things like the growth of citations worldwide, again Wales is accelerating at a faster pace than the rest of the UK. There is real strength and there is a danger that we mask that strength by a focus on one measure, which is perhaps something for us to consider in future rounds of our corporate strategy as well.

[142] **Jocelyn Davies:** As was mentioned earlier, this is the Finance Committee, so it is the finance that we are looking at, but we understand your explanation. Julie, do you have a question?

[143] **Julie Morgan:** You mentioned European funding. What are the opportunities there?

[144] **Ms Wilkinson:** We do think that there are quite big opportunities for Welsh universities if we focus, for example, on Horizon 2020 funding in particular. Some countries are setting quite ambitious targets—I need to be careful here. Ireland is setting a target of about €1 billion for the draw down of Horizon 2020 funding for its university sector and is looking at how it supports its universities in terms of that draw down. I think that we need to

be quite clever in terms of how we look at that and how we approach it. Can we use co-funding? How flexible are we going to be able to be in terms of how we bid for that money? Certainly, we are investing in our European operation and we are looking at the collaborative bids that we could put together to increase our chances in that area. Do you want to add anything?

[145] **Professor Hughes:** I think that we are all investing collectively. It is clear that Horizon 2020 is going to focus very much on larger projects and larger networks of researchers. The Welsh universities are working collectively. The vice-chancellors of the research-intensive universities have made a number of visits to Brussels this year to investigate what the policy is going to be. We are bringing teams together to form greater critical mass in areas that are going to be priorities within Horizon 2020, such as the environment, energy, sustainability and so on.

[146] **Jocelyn Davies:** Are you okay with that?

[147] **Julie Morgan:** Yes, thank you.

[148] **Jocelyn Davies:** Simon, shall we go on to your questions?

[149] **Simon Thomas:** Diolch, Gadeirydd. Mae gennyf gwestiynau yn y Gymraeg. Cyn i mi ofyn rhai o'r cwestiynau sydd gennyf i Gyngor Cyllido Addysg Uwch Cymru, hoffwn fynd yn ôl at y pwynt a drafodwyd ynglŷn ag ymchwil. Hoffwn ofyn yn benodol am Sêr Cymru. Mae hwn, yn ôl yr hyn yr wyf yn ei ddeall, yn rhaglen ar wahân i'r arian yr ydym ni wedi bod yn ei drafod hyd yma. Rwyf eisiau deall sut y mae hyn yn ffitio i mewn gyda chefnogaeth i'r ymchwil yr ydym wedi bod yn ei drafod ac ym mha ffordd mae'r arian hwnnw yn cael ei ddefnyddio gan y sefydliadau.

Simon Thomas: Thank you, Chair. I have some questions to ask in Welsh. Before I ask the questions that I have for HEFCW, I would like to return to the discussion point on research and ask specifically about Sêr Cymru. From what I understand, this is a separate programme to the funding that we have been discussing thus far. I just want to understand how that fits in to support for the research that we have been discussing and in what way that funding is used by the institutions.

[150] **Professor Hughes:** Sêr Cymru was very welcome, but it is of relatively small scale in the broader scheme of things. It was particularly welcome. From the universities' perspective, it was welcome in particular in terms of the way that it is supporting collaborative research through the three networks—advanced engineering, life sciences and environment and energy. Each of those three is led from different parts of the country, but involves all of the universities. It has certainly moved collaboration up a notch across the four research-intensive institutions in particular. The part of it that is focused on attracting stars has perhaps been less successful, but this has been an incredibly difficult year to attract people because the research excellence framework has been causing all institutions, particularly those in the UK, to do whatever they can to hold on to their stars, quite frankly. So, it has been very difficult to attract the international stars that we had hoped for.

10:15

[151] **Simon Thomas:** Beth am sut y mae'n ffitio mewn i'r strategaethau eraill sydd gan y cyngor? **Simon Thomas:** What about how it fits into the other strategies that the council has?

[152] **Dr Blaney:** The Sêr Cymru initiative is £50 million over five years and 30% of that is coming from our budget. We are partly investing in the research base through that as well.

[153] **Simon Thomas:** Is that top-sliced from a particular part?

[154] **Dr Blaney:** We have chosen to prioritise that as part of our funding. It is in addition to our normal QR funding base. We prioritised it to get it behind the Sêr Cymru programme, which we thought was very important. Some of the money is additional money coming from the Welsh Government and some of it is our money being redirected to support it.

[155] **Simon Thomas:** I symud ymlaen at bolisi ffioedd dysgu, rwyf am ddechrau gyda chwestiynau i'r cyngor cyllido. A ydych yn ystyried eich hun fel cyngor cyllido annibynnol ar Lywodraeth?

Simon Thomas: To move on to tuition fee policy, I want to start with questions to the funding council. Do you consider yourself a funding council that is independent of Government?

[156] **Dr Blaney:** We are an arm's-length body. The way in which we have a role in terms of Government policy delivery is that we have a remit letter and we also have to provide the Minister with our corporate strategy, which is subject to approval. The remit letter has things in it that the Minister would like us to concentrate on. We do not have to take any notice of that other than to pay due regard. Having taken due regard, the funding council makes its own decisions. So, in that sense, it is independent, but, obviously, if we make decisions to ignore everything the Minister wants, then the amount of money that would come through us in future might well be affected. So, it is an arm's-length body and a buffer body; it is not fully independent, in effect. Part of our role is to be an agent for the delivery of Welsh Government higher education policy.

[157] **Simon Thomas:** Diolch am yr eglurhad. Y rheswm dros ofyn y cwestiwn oedd er mwyn gofyn am gyllido. Sonioch yn gynharach y byddai toriadau pellach i'ch cyllid yn ei gwneud yn anodd iawn i chi ddelifro ar yr amcanion. Rydych eisoes wedi cael toriad o ryw 15% dros y tair i bedair blynedd ddiwethaf. Ym mha ffordd y mae'r toriadau yr ydych wedi eu cael hyd yma wedi effeithio ar eich strategaethau a'ch amcanion? Ym mha ffordd y gallwch sicrhau na fydd toriadau pellach? Beth yw'r ddadl yr ydych yn ei chyflwyno i'r Llywodraeth?

Simon Thomas: Thank you for that clarification. The reason for asking the question was to ask about funding. You spoke earlier that further cuts to funding will make it very difficult for you to deliver on the objectives. You have already had a cut of about 15% over the last three to four years. How have the cuts that you have experienced so far affected your strategies and objectives? How can you ensure that there are no further cuts? What is the argument that you are putting forward to the Government?

[158] **Dr Blaney:** The arguments that we would put forward are twofold, essentially. One is that we consider—and this is probably accepted, but not always remembered—that public investment in higher education is an investment to which there is a return. There is data that my colleagues from Higher Education Wales can talk about on the return that you get on public investment. There is more money coming back into the economy from public investment in higher education—it is not just expenditure. So, that is the overarching argument. Specifically, in the current context, for any cuts that we might have to our overall budget, we traditionally apply what is euphemistically referred to as an efficiency gain across our funding lines, which means a cut. What we have now is an increasingly smaller proportion of our total budget against which those efficiency gains can be applied. The tuition fee grant is untouchable and if we want to maintain investment in the research base in Wales, and, as I said earlier, we are the biggest single investor, so it is important that we do, then we have to try to ring-fence that. The Minister has also made it very clear that he wants us to try to maintain support for part-time undergraduates—part-time study in general, actually. So, by the time that you have ring-fenced all of those, there is very little left that we can apply the cuts to. That is part of the conversation that we have with the Welsh Government.

[159] **Simon Thomas:** Beth am y gyllideb sy'n dod i'r Cynulliad yr wythnos nesaf i gael ei chymeradwyo? Ym mha ffordd y gallwch weld eich hunain yn gwireddu'r amcanion yn wyneb yr hyn sydd yn y gyllideb honno?

Simon Thomas: What about the forthcoming budget that is coming to the Assembly to be approved next week? To what extent do you see yourselves realising those objectives in the light of what is in that budget?

[160] **Dr Blaney:** Any cut in our funding, which is what is proposed in the draft budget and which one assumes will come through, will make it increasingly difficult for us to be able to invest in the fulfilment of the broad range of policy priorities that the Government has set. It is certainly the case now that there is no way that we can apply further reductions without adversely impacting on policy delivery. We are making that very clear.

[161] **Simon Thomas:** Diolch am yr ateb. Trown at y polisiau, felly. Mae'n eithaf clir o'r ymgynghoriad sy'n digwydd ar hyn o bryd ar y Bil addysg uwch arfaethedig y bydd y cynllun ffioedd yn cyd-fynd â thua 60% o'ch gwariant, sef y ffioedd dysgu eu hunain, ac y bydd hynny'n troi yn rhyw fath o yriant polisi yn hyn o beth. Ym mha ffordd ydych chi'n rhagweld y bydd y dosraniad arian a'r cynllun ffioedd sy'n cyd-fynd â'r dosraniad arian, sydd dros 60% o'ch arian erbyn hyn, yn newid y ffordd yr ydych chi'n darparu ac yn gweinyddu polisiau'r Llywodraeth?

Simon Thomas: Thank you for that. We will now turn to the policies, therefore. It is quite clear from the consultation that is ongoing at present on the higher education Bill that the fee plan will correspond to 60% of your expenditure, which is the tuition fees themselves, and that that will become some sort of policy leverage within this. To what extent do you predict that the funding allocation and the fee plan that goes with that, which is over 60% of your funding at present, will change the way in which you administer Government policy?

[162] **Dr Blaney:** I have a number of things to say on this. First, it is important to make the point that, in the main, the policy delivery is not by HEFCW, but by the institutions. So, our role is—

[163] **Simon Thomas:** But they cannot deliver policy without money, can they?

[164] **Dr Blaney:** You are right; our role is to allocate the resources behind the policy. However, we also have an extensive role in encouraging institutions to behave in particular ways. Some of that is about money and some of it is not about money; it is about our expertise, our challenge to them and our brokerage role between the institutions and other parts of the public system, be it Welsh Government, UK Government and so on. Our brokerage—the soft side of what we do, if you like—will continue and, probably, assume greater importance in the future. In that respect, it is very much a partnership between us and the Government. Looking the other way, it is also a partnership between us and the sector. That is how it has to be.

[165] In terms of the policy leverage, it is certainly the case that, where we had substantial funding, as opposed to a fee grant, in the past, it was relatively easy for us to apply leverage by tweaking the way in which we allocated the funding. The fee grant and the fee plan that sits behind that is, in our opinion—we have made this clear publicly—a much less direct policy lever. To exemplify that, we were going through an exercise in the office last week looking at the outcomes of the investment against fee plans for the first year of this policy. Those fee plans were constructed towards the end of 2010 and early 2011 by the institutions. We approved them in, I think, May 2011 and we are only now seeing whether those investments were made according to the plans. If we were in a position where we felt that an institution had failed substantially to deliver on those plans, the only sanction available to us would be not to approve one of its future fee plans, which is existentially threatening and, therefore, a fairly crude tool. That would require further process from this point; it would take

another year or more. Any institution would subject us to judicial review and so on on that. So, it is not a very immediate lever and it is fairly crude. That places greater emphasis on the role that we undertake in terms of the soft side of our influencing.

[166] I have two more things to say. It looks like the Bill will attempt to give us slightly more differentiated levers, but that is yet to be seen. That has to go through a process, so it is premature to talk about exactly what they would look like. However, we certainly hope to be able to get to a place where it is not binary—all or nothing, you survive or you do not—because that is just not helpful. I should also make the point that we are talking here about incidences where we want to push institutions slightly beyond their comfort zone, but that is against the context that institutions are themselves socially responsible organisations. John has already said that, but I support it. They understand the policy context within which they are working and their obligations to the Welsh society, so they do the right stuff in the main. It is just at the margins that we have the conversations.

[167] **Ms Wilkinson:** I would like to come in on that point. We are socially responsible institutions. Universities are a public good and they are committed to fulfilling their charitable objectives. I do not think that we should overplay that particular issue. I think that we need to be really careful when we are looking at how institutions are trying to manage this situation. We have some institutions now charging fees of £9,000. Some institutions, as a result of numbers reallocation, have been charging fees of £7,500. If we look at what leverage one may have through fee plans, we will see that it is a very complicated and differentiated environment. The other issue that we have to be completely mindful of comes back to the issue around cross-border flow. We have students in our institutions who are paying their full fee, and they have expectations, as John described earlier, that we have to fulfil from the totality of the investment that we need to make. It is impossible just to hive off one area of investment and say, 'We'll do this with that'. We are talking about how we run effective universities.

[168] **Simon Thomas:** Diolch am hynny. Mae'n ymddangos, felly, fod y cynllun ffioedd yn arf trwsgl iawn, ac, yn sicr, nid oes modd i chi bwyso botwm a gweld rhywbeth yn digwydd yn uniongyrchol yn y system. Rwy'n cofio i ambell gynllun ffioedd gael ei wrthod ar y dechrau ac roedd yn rhaid i ambell sefydliad fynd yn ôl ac ailysgrifennu ei gynllun. A oes cyswllt, felly, rhwng yr hyn yr ydych newydd ei ddisgrifio o gwmpas cynllunio ffioedd a'r casgliad yn adroddiad swyddfa'r archwilydd, a oedd yn dweud bod rhaid i chi newid y ffordd yr ydych chi'n dosbarthu arian i sefydliadau er mwyn sicrhau bod sefydliadau yn cyflawni amcanion y Llywodraeth? Roedd hwnnw yn un o'r casgliadau yn yr adroddiad yw wythnos diwethaf. Ai dyna'r cyswllt, oherwydd ei fod yn anodd defnyddio'r cynllun ffioedd a'r arian sy'n ymrwymedig wrth y cynllun ffioedd i wir ddylanwadu ar bolisi?

Simon Thomas: Thank you for that. It therefore appears that the fee plan is a cumbersome tool, and there is certainly no way for you just to push a button and see something happening immediately in the system. I remember that some fee plans were rejected initially and some institutions had to go back to draw them up again. Therefore, is there a link between what you just described in terms of fee planning and the conclusion in the audit office's report, which said that you ought to change the way that you distribute funding to institutions to ensure that institutions achieve the Government's objectives? That was one of the conclusions in the report last week. Is that the link, because it is difficult to use the fee plan and the money that is tied in with those plans to really influence policy?

[169] **Dr Blaney:** The reference in the WAO report essentially recognises that the amount of funding that we have left, as opposed to fee grant, has diminished substantially and is diminishing still further. So, I think that that is what it was talking about there. Clearly, you

are right, the fee plan is—

[170] **Simon Thomas:** It is talking about the 40% figure, not the 60% figure.

[171] **Dr Blaney:** Yes, and once you ring-fence research and so on, you are talking about a very small percentage. We are in a process at the moment of determining exactly how we respond to that. You are right that the fee plan is a cumbersome one, or is a slightly less direct policy lever.

[172] **Ms Wilkinson:** I would like to emphasise that there are responsible institutions that want to meet the policy objectives of Wales.

[173] **Professor Hughes:** It is important to say that the fee plan does not force us to do things that we do not want to do. The fee plan just lays out what is the correct strategy and a sensible strategy for the universities. HEFCW does not have anything in its strategy or objectives that is different from what the universities want to do. If we do not do what we say in our fee plan, then that affects the health of the institution. Any leverage that HEFCW might apply is, quite frankly, largely irrelevant to the institutions.

[174] **Dr Blaney:** Oh, bless him. *[Laughter.]*

[175] **Jocelyn Davies:** Dr Blaney, you heard it here first. *[Laughter.]*

[176] **Dr Blaney:** The experience that we have with this process is that it is slightly different with different institutions. So, those institutions that we do not have to press quite so hard out of their comfort zone will have found it a more comfortable experience.

[177] **Simon Thomas:** Is there any way of comparing the experience in Wales with the experience in England, which has been a little more contested, as I understand it?

[178] **Dr Blaney:** I do not know that there is a way. There has been a bit of noise around the approach in England. The approach in England has been very much focused on just widening access, and the fee plans in Wales have had these two strands, which are the widening access strand and the promotion of higher education strand. There is a bit of a debate about what the promotion of higher education can encompass. So, they have had a broader focus in Wales. I suspect that it has also been easier, in process terms, in Wales to make sense of this, because it is the same body that is doing the funding and the fee plans, whereas in England they are done by separate organisations. So, taking a holistic view of what the institutions are delivering, and what their total resource base is, is a much harder thing to do in England.

[179] **Ms Hunt:** The other difference is that there is more teaching funding available to HEFCE, and it has been able to use that to support some of the priority areas where our funding has had to reduce because of the fee grant implication. So, for example, our budget to support expensive subjects, such as medicine and dentistry, is increasingly under pressure, whereas in England that is expected to continue.

[180] **Simon Thomas:** That was going to be my next question. You mentioned that several areas that were ring-fenced could not be touched and therefore put pressures on the rest of the budget. The one that you have not mentioned in that context is expensive subjects. Does that mean that that is even more under threat now?

10:30

[181] **Dr Blaney:** Yes.

[182] **Simon Thomas:** Thank you. My final question to both of you is about the aspect of the fee plan that is about widening access, particularly for those from low-income households. Now that you have had a bit of experience of the fee plans in operation, having been approved and in operation for—is it a full year, or two years, now?

[183] **Ms Hunt:** Two years.

[184] **Simon Thomas:** Two years. What is the experience in terms of widening access? Is there a demonstrable link between that funding, the fee plan and widening access, or is it simply what universities would have done anyway?

[185] **Professor Hughes:** It is what we are doing anyway. As I said, widening access, not least because of the demographic changes in Wales over this next 10 years or so, is a hugely important aspect to all of the universities, particularly to regional universities. Generally speaking, we do relatively well if you compare us, for instance, with regions in England. However, at the same time, we have a long way to go. I mentioned that I have been in the far east. In South Korea, the participation rate is 72.5%; that is the number of 18-year-olds going to university. In Wales, it is less than half of that. I think that that speaks volumes.

[186] **Simon Thomas:** Is that also HEFCW's experience?

[187] **Dr Blaney:** I think that that would be right. If we go back to the comment made earlier that the additional income that the sector is enjoying at the moment is, at best, marginal, then actually what you have is different badging of, essentially, the same resource base. So, there is a very definite focus in the fee plans on widening access activities. There was always activity, and some of that has now been funded through the fee plans, rather than through other routes. I would agree with John's comment that the Welsh sector, historically, plays pretty well in terms of widening access. There is no room for complacency, of course. There is always more to do, but the sector is committed to that.

[188] **Simon Thomas:** Is there any truth in the stories that we hear that English institutions are trying to poach our widening access students?

[189] **Professor Hughes:** If you travel around the country and look at adverts in train stations, you will find that the English universities—both the top institutions and the so-called former polytechnics and so on—are all over Wales, trying to recruit ABB students and above, and widening access students, because those are the two areas where they can recruit to their hearts' content.

[190] **Simon Thomas:** That is as a result of English policy, in effect.

[191] **Professor Hughes:** Yes.

[192] **Dr Blaney:** It is also a result of Welsh policy, because one of the key determining factors of losing widening access students, once they have started a programme, is financial hardship, and Welsh students from relatively economically disadvantaged backgrounds are coming in with the Welsh Government paying their tuition fees. So, they are like gold dust, particularly well-qualified, widening access Welsh students; they are like gold dust to English institutions.

[193] **Ms Hunt:** When we define 'widening access', one of the indicators that they use much more in England is whether or not the entrants come from state schools, which is not really a factor in Wales, but those are attractive to English institutions.

[194] **Jocelyn Davies:** That counts in their statistics of proving that they are widening access, which is the justification for the higher fee. I think that that was the understanding; that fees would be around £6,000, exceptionally £9,000, but they had to do this widening access thing. So, our students from state schools in Wales count towards the justification—it is a bit ironic—for charging £9,000 in that university.

[195] **Simon Thomas:** That, in turn—[*Inaudible.*]

[196] **Jocelyn Davies:** Yes.

[197] **Dr Blaney:** The Welsh Government subsidises—[*Inaudible.*]

[198] **Jocelyn Davies:** Ann, you have a number of questions.

[199] **Ann Jones:** How has part-time higher education provision been affected financially by the current funding regime for full-time undergraduates?

[200] **Dr Blaney:** There are a number of factors at play in respect of the part-time market. The part-time market has been in decline across the UK, but less so in Wales than in England. It is holding up better in Wales. There will be a more significant differential as the policies in England bite on the part-time market. We hear of reductions of 40% in the last year of part-time students in England.

[201] In Wales, we went through an exercise of considering whether or not we would change the support regime for part-time students and, in the end, it was determined that it was probably better not to rush at that process, not least because the rules attached to those proposals, which are essentially driven by Treasury rules on the availability of loans, as I understand it, would have excluded those students doing small, bite-size bits of learning and would also have excluded those students who were already qualified to an equivalent level. In excluding those, you would effectively be excluding the widening access students, who typically want to come in at bite-size level, and also upskilling and reskilling. So, the advice that we put to the Welsh Government was, ‘Let us not go there; let us not rush at it’.

[202] So, we are where we are. We have some more support available to some part-timers in respect of loans becoming available. Beyond that, we are currently doing our very best at the funding council to maintain the funding support that we put into the institutions to support part-timers in order to prevent them having to put up the fees and to make part-time education economically sensible—or at least nearly sensible.

[203] **Jocelyn Davies:** Almost affordable.

[204] **Dr Blaney:** Yes. There is more work to be done in respect of part-time education. Part-time education matters, but we need to be clearer than we are about why it matters, which bits of it matter and which bits therefore most need state support. Part-time education is very much a heterogeneous market. Better understanding of that will be important.

[205] **Professor Hughes:** As David has said, the situation in Wales is not nearly as bad as the situation in England, but that is largely due to the fact that the universities have maintained low fees for part-time education, but in the long term, that is clearly not sustainable. You cannot have students coming in to do a course on a part-time basis and paying considerably less than those who are studying the same course on a full-time basis. That is really the situation that we currently have in Wales. The English universities simply went and made part-time fees comparable with full-time, and the part-time numbers fell off a cliff.

[206] **Ann Jones:** I would like to ask a question of HEFCW: what discussions have you had with the Open University and other part-time HE providers regarding future funding?

[207] **Dr Blaney:** We have had a number of discussions, particularly with the Open University, on a number of fronts. It is a matter of thinking about what we are doing, and we are working with the sector in terms of that thinking to address the question that I mentioned earlier about whether part-time study matters, why it matters and which bits of it matter more, and so on. That is work that we are engaged in with the providers. The Open University is clearly a significant player in that respect. Naturally, we talk to it as part of that process. We have also had conversations with the Open University in respect of its financial underpinnings, because the way in which the resources have moved around in our budget over the past year or two have seen, as I said earlier, 60% of our money going into full-time undergraduate fees. The Open University does not have full-time undergraduates, of course, as it is only part-time. So, there was a real risk that any reductions in our other funding streams would adversely affect the Open University in a way that it could not recover from through the fee income for full-time undergraduates. So, over the past year, we have put in special funding to protect the Open University from that adverse impact, and we will continue to have conversations with it about that.

[208] **Ann Jones:** Okay, thank you. I think that you briefly mentioned, in response to another question earlier, those full-time undergraduates who want to study through the medium of Welsh. Is the current funding regime for that particular set of people making it difficult for them to access higher education through the medium of Welsh?

[209] **Ms Hunt:** I do not think that it makes it any more difficult in terms of their access to the provision. We have not been able to incentivise institutions to make it available on a modular basis by the module premium that we previously ran. However, funding is still being maintained for the Coleg Cymraeg, which is working with institutions across Wales in terms of the development of the provision.

[210] **Dr Blaney:** [*Inaudible.*]

[211] **Jocelyn Davies:** I am sorry. I did not quite hear that.

[212] **Dr Blaney:** I am sorry. I was muttering. Welsh-medium provision also features in some of the fee plans; so, that is where institutions are investing in work where we are no longer able to invest.

[213] **Jocelyn Davies:** Do we know the numbers?

[214] **Dr Blaney:** We could probably get them.

[215] **Ms Hunt:** Our premium was done on a modular basis rather than on an individual student basis.

[216] **Jocelyn Davies:** So, we do not know whether numbers have declined.

[217] **Ms Hunt:** Yes; we know that numbers have declined. The Coleg is working extremely hard with institutions and schools, et cetera, in terms of redressing that. In fact, the Coleg is going to be evaluated in the next year in terms of the early outcomes of its work.

[218] **Professor Hughes:** I do not think that we can underestimate the impact that it is having, particularly on universities like Bangor. More than half of all students studying through the medium of Welsh in Wales are studying in Bangor. So, the removal of the HEFCW funding, which now has to come through our own fee plan, is a substantial deficit

for us in terms of supporting Welsh-medium provision. Yes, the Coleg Cymraeg is very welcome, but it is relatively short-term funding; it funds posts for three years, typically, and then the university has to pick up the tab beyond that.

[219] **Jocelyn Davies:** Have you seen a decline in the number of students studying through the medium of Welsh?

[220] **Professor Hughes:** We have not in Bangor, because we have invested so heavily in it. We have taken virtually half of all of the Coleg Cymraeg investment in Wales. There has also been significant institutional investment. In an area like Bangor, we have to invest in it, because it is such an important part of our provision.

[221] **Jocelyn Davies:** Of course. However, if you have seen no decline, other areas must have—mind you, I do not know what the scale of this decline is.

[222] **Ms Hunt:** It is not a huge change in terms of numbers: I think that it is around 250 or something like that.

[223] **Jocelyn Davies:** In percentage terms, what is that?

[224] **Dr Blaney:** We can get you that figure; I think that it would be better than having us speculate from memory. However, there is a slight decline. Of course, there are two sides to this.

[225] **Jocelyn Davies:** So, it is a slight decline.

[226] **Dr Blaney:** It is partly about the ability to invest in supply. There is also a demand-side issue in terms of Welsh-medium provision, which also needs attention.

[227] **Ms Hunt:** A lot of the Coleg's work is about investing in the future, because it is about Welsh-medium posts and the development of new provision and scholarships for students. So, it is something that is very much looking forward.

[228] **Jocelyn Davies:** I think that we have run out of questions, although I have one or two. You mentioned South Korea earlier; I think that you said that over 70% of its 18-year-olds go on to degree-level education. Where do they normally go?

[229] **Professor Hughes:** Sorry?

[230] **Jocelyn Davies:** Where do they normally go? You have been going there, I am assuming, to promote your university to that market. Where do they normally go to university?

[231] **Professor Hughes:** The bulk of them stay in South Korea, because there are over 200 universities in South Korea for a population roughly the size of England's. However, about 0.25 million South Koreans go abroad every year, which is one of the reasons why I was there. A very small percentage of them come to the UK. The majority go to the United States.

[232] **Jocelyn Davies:** They go to the United States. So, in their own country, how is that funded? Do they pay to go to university there? Are there fees?

[233] **Professor Hughes:** There are fees of around £5,000.

[234] **Jocelyn Davies:** I was wondering about overseas students and our levels of fees here in Wales. How do they compare with other European countries? Does anybody know?

[235] **Professor Hughes:** Most European countries have free education, both for home-based students and overseas students, or they have relatively small fees, typically of €500 to €1,000. That would be the case, for instance, in the bigger countries, such as France, Germany, the Netherlands and Scandinavia. They only charge for postgraduate programmes.

[236] **Jocelyn Davies:** So, does your recruitment policy for overseas students tend to target those from outside the European Union? Why would you come to the UK and pay fees if you can stay in France and have it free?

[237] **Professor Hughes:** Exactly. Also, European Union students coming into Wales pay the same as Welsh students, so they only pay £3,500, so they are not particularly attractive to us.

[238] **Jocelyn Davies:** Why would they come at all if they can have it free at home? What is their motivation?

[239] **Professor Hughes:** It is to do with quality. The higher education industry in the UK has an incredibly high reputation internationally. If you go to China, for instance, the UK is very clearly No. 1 on most Chinese ambitions, in terms of where they want to go. It is because they have this image of Oxford and Cambridge, the history of the institutions here and the quality of the higher education system. That is why a significant number of Chinese students come to the UK. Somewhere in the region of 30% of Chinese students who go abroad come to the UK.

[240] **Jocelyn Davies:** I see. In China, is it free there?

[241] **Professor Hughes:** In China, they pay around €500 per annum.

[242] **Jocelyn Davies:** So, they would rather come here and pay thousands and have a better education than have something free that is of poorer quality.

[243] **Professor Hughes:** Whether it is of poorer quality is debatable.

[244] **Jocelyn Davies:** I do not expect that you say that when you are in South Korea, do you?

[245] **Professor Hughes:** It is the reputation of the UK higher education sector that sells abroad.

[246] **Jocelyn Davies:** So, it is the Oxford, Cambridge—

[247] **Professor Hughes:** It is not just Oxford and Cambridge. The whole sector has a high reputation and is held in high regard. The value of having an overseas degree, particularly from the United States or the UK, is considerable, still, in countries like—

10:45

[248] **Jocelyn Davies:** So, that would give them an advantage when they go back—having that degree from the UK gets them the employment opportunities that they are looking for.

[249] **Professor Hughes:** Very much so.

[250] **Ms Wilkinson:** If you look at some of the policies, for example, of UKTI, it is very much looking at all of this in terms of the export value of higher education.

[251] **Mr Arnold:** It has to be viewed within the context that the UK has, traditionally, been one of the most successful countries in the world for recruiting international students. Our colleagues in London have rated it second outside of the United States. Wales attracts a higher percentage of the UK's international students, so Wales is one of the most successful countries in the world for attracting international students.

[252] **Jocelyn Davies:** I imagine that there is a considerable cost to promoting yourselves abroad in order to attract those students. That does not come free, does it? It takes investment from you.

[253] **Professor Hughes:** It is massive. It takes a huge investment. Typically, for a small university like Bangor, we would typically have six or seven people abroad at any particular time, selling Bangor. I make five, maybe six, visits a year to places like China and Korea. My deputy is in Vietnam this week.

[254] **Jocelyn Davies:** That is to get this £20 million, as you said, of investment?

[255] **Professor Hughes:** For us, it is about £20 million. Bangor is high with regard to the sector, but, as Ben said, the sector in Wales punches way above its weight in terms of attracting international students.

[256] **Ms Wilkinson:** Just to qualify that, we have data that we can give you on the actual value to Wales of those students coming here, because that is all export value. The figure that John has talked about is one thing, but the actual value of those students and how that can drive overseas visits to Wales and the links that it provides for us as a country on an ongoing basis into the future are massively valuable. We have figures in relation, for example, to the spend of those students here, which demonstrates significant—

[257] **Jocelyn Davies:** Yes, because they have to live here, they rent accommodation here, they spend money here. So, this is not just going to the universities—

[258] **Ms Wilkinson:** This is not simply universities looking at their own income basis. This is about the much wider benefits that we get from this outward-looking approach that our universities are taking and the economic benefits and activity that we get within our localities in Wales.

[259] **Jocelyn Davies:** Could you let us have the statistics that you mentioned?

[260] **Ms Wilkinson:** Certainly.

[261] **Mr Arnold:** We provide some of them in our submission—for instance, on page 2, where universities bring in £400 million in export earnings, which is overseas revenue and international students. We could break that down further, but that is the sort of scale that we are talking about. In terms of students more generally, their contribution to the economy—once you have taken other multipliers into account—is £3.6 billion with off-campus expenditure included. Universities, with their international activities, do make a very sizeable contribution to the economy on that front.

[262] **Jocelyn Davies:** Thank you very much; we have had a very interesting session. We will send you a transcript, so that you can check that it is factually accurate—you cannot add things that you did not say, but if there are mistakes in it we would be grateful if you could let us know. Dr Blaney, you said that you would send us some clean data, post Christmas, when you have them available. Amanda Wilkinson, you said that you would send us research council funding comparisons and if you have more data, other than what are in your written

submission, on overseas students and the benefits, we would be very grateful.

[263] **Mike Hedges:** Professor Hughes also said that he would send a paper on the percentage of ABB students in Bangor.

[264] **Jocelyn Davies:** Yes; you will send us information about that level in your own university. You did not want it for anywhere else, Mike, just Bangor?

[265] **Mike Hedges:** Yes.

[266] **Jocelyn Davies:** We will take a quick break now for 10 minutes.

*Gohiriwyd y cyfarfod rhwng 10:49 ac 11:00.
The meeting adjourned between 10:49 and 11:00.*

**Ymchwiliad i Gyllido Addysg Uwch: Tystiolaeth gan Undeb Cenedlaethol y
Myfyrwyr
Inquiry into Higher Education Funding: Evidence from the National Union of
Students**

[267] **Jocelyn Davies:** Welcome back to this meeting of the Finance Committee and our inquiry into higher education funding. We are now taking evidence from the National Union of Students. Would you like to introduce yourselves for the record? Then we will go straight into questions. Members have had your written submission and have already read it.

[268] **Ms Lloyd:** I am Stephanie Lloyd, elected president of NUS Wales.

[269] **Mr Rees:** I am Kieron Rees, policy and public affairs officer at NUS Wales.

[270] **Jocelyn Davies:** Thank you. I will start with the first question. From your experience, can you describe and quantify the financial impact of the new funding regime for full-time undergraduates on Welsh-domiciled students?

[271] **Ms Lloyd:** It has had a very positive impact. In terms of where the policy came from and the situation that we were in, you had an English system moving much more heavily towards a market and the idea that students should be the ones to pay for their education, with a reduction from the state. We were very pleased when Wales took a different turn in supporting students. We are still very pleased about the level of support that goes to students and is investing in people's futures. Going forward—we have highlighted it very clearly in our written evidence—I think that our biggest concern is around how it negates other parts of the funding system and other students. Our role is to balance those competing interests. However, the lack of funding and support for part-time students or postgraduate students cannot be ignored.

[272] **Mr Rees:** In terms of the impact of the current full-time regime, it is worth noting that the Student Loans Company described the decrease in the maximum amount of student support available to students between 2011-12 and 2012-13 as a real-terms decrease of 9% to 12%—in terms of the money that students actually have to live on.

[273] **Ms Lloyd:** That is one of the biggest things for us and something that we are going to be doing a big piece of research on over the next 12 months. We can talk about tuition fees and that side of it, in terms of student support, but one of the biggest impacts that you can have on a student is the money that they have to live on while they study. That, sometimes, is where the balance has gone slightly from one way to the other.

[274] **Jocelyn Davies:** For clarification, who are your members? Are they Welsh students in Welsh universities or any Welsh students, regardless of where they are?

[275] **Ms Lloyd:** It is quite odd within the NUS, as you do not affiliate, necessarily. So, we are a confederation of student unions. Students unions, predominantly, are our members and then, in turn, the students who are in them. You cannot be affiliated to NUS Wales and not to NUS UK. So, in one way or another, in terms of how we work, we represent, as an organisation, Welsh students studying in Wales and then, in turn, through various parts of NUS UK that we work very closely with and are part of, those Welsh students studying in England as well. So, it is both.

[276] **Jocelyn Davies:** So, on a Welsh level, you also represent students who have come from elsewhere and who are studying in Welsh universities.

[277] **Ms Lloyd:** Yes.

[278] **Jocelyn Davies:** Mike, shall we go to your question?

[279] **Mike Hedges:** As you are probably aware, there is a cross-party review of higher education and student finances taking place at the moment. What do you think are the key issues that that should be bringing out, and do you expect to be part of it?

[280] **Ms Lloyd:** Lots of the key issues have already been highlighted in terms of what we have said, but we have been working very closely with the civil service, the previous Minister and now the current Minister for Education and Skills in terms of what we think the priorities should be. So, in part, we have already helped to shape them quite a lot, in terms of the widening access agenda and looking at a more holistic way of supporting students, and not just promoting one group of students above another in terms of funding. We really want to ensure that there is a wholesale review. That is why we welcome the length of the review and its timings. We saw very much in 2010, in a UK context, just how much students were used as a political football, with people promising the earth and then breaking those promises and being kind of half-arsed. It was quick policy and there was never any full support and depth to that policy development.

[281] **Jocelyn Davies:** That sounds as if you are reasonably content with, and very grateful for, the regime as it is. Hanging on to that for as long as possible for your members is the best possible position, is it not? Having a review that does not conclude until far in to the future—it could be quite a number of years before there are changes—and for this regime to continue as long as possible is in the best interest of your members, is it not?

[282] **Ms Lloyd:** Partly, but obviously not for all of our members. The reason we want it to be a long-term review is not necessarily about self-interest. We want it to be a long-term review so that we look at all the options. There could be a Government change in Westminster in 2015, and we are in the current policy situation because of the changes that happened to do with the English funding system. We cannot ignore the fact that we are part of the overall English context, in terms of HE, because of our size and the comparative size of that. It would not be good for us to come up with solutions that then instantly changed, in terms of a huge regime shift, due to whoever is in power in Westminster.

[283] **Jocelyn Davies:** That sounds like an argument not to have the review until the next Westminster elections have taken place, and then you will see what that context is.

[284] **Ms Lloyd:** No, because I think that there are lots of things that you can look at, in terms of what Wales needs specifically. I think that there are two parts to it. We cannot just

respond to what happens in England, but we have to be mindful of what is going on in the rest of the UK. There is a huge amount that we can do, in terms of what works for Welsh students, Welsh institutions and Wales as a country. We have very different needs to England in what we want to do, the economies that we have, how we need to go forward and things such as Welsh-medium provision, which obviously is nowhere near as important in other countries. There is a lot that we can do to have a specifically Welsh context, and that is something that we have been calling for for quite some time. Part of this policy is that it is just a response to an English context.

[285] However, on the question of whether we expect to be on it, the answer is that we do. We have been offered a position on the review board, as NUS Wales, to represent student interests.

[286] **Mr Rees:** To pick up on the point about membership, around 30,000 of our 120,000 members in HE are part-time students. So, on it being in our members' interest to prolong the current system, which does not look at part-time provision, a sizeable chunk of our members are part time.

[287] **Mike Hedges:** We have different schemes now in England, Wales, Scotland and Northern Ireland. Which one would you prefer?

[288] **Ms Lloyd:** There are huge benefits and huge faults with all of them at the moment. The problem is that we are all going in slightly different ways. There was a discussion about the Scottish model in a previous session, and I think that there are parts of that, such as the amount that is invested in student support and moneys that students can access while they study, that are very promising. The Scottish progression of postgraduate loans and maintenance support is promising. However, Scotland has an awful record on widening access, and that is partly to do with its tuition-fee policy, which means that there is not a huge amount of money for widening access provision. There are issues in England concerning it being a market, and the fact that the student is the predominant financer of education. I do not think that any of them get it quite right at the moment, which is why I think that having such a wholesale review will be very positive in looking at how we can do things differently, and not just responding to or sticking within the constraints that we already know, such as the question of whether we have fees, and if so, how high they should be.

[289] **Mike Hedges:** I will rephrase my question: do you think that the Welsh system is better than those in the other three countries overall, or not?

[290] **Ms Lloyd:** It has elements that are better. It is very hard, because there are so many different elements to this of what is good or bad. The fact that Wales has chosen to support students is by far better than what is happening in England, especially. Yes.

[291] **Jocelyn Davies:** Are you happy with that?

[292] **Mike Hedges:** I only wanted a 'yes' or a 'no', and I am happy with a 'yes'.

[293] **Jocelyn Davies:** Well, it is not a court of law, is it? I think that she gave you a fairly robust answer, in explaining the advantages and disadvantages. Chris?

[294] **Christine Chapman:** As an aside to Mike Hedges's question, obviously, there is a lot of sympathy, which I can understand, for supporting students. We have just had Higher Education Wales and the funding council in, and they were talking about a problem with investment and making sure that quality is maintained. Do you have any comments on that? Obviously, from a student's point of view, you want to go into a quality university. Do you have any thoughts on their comments?

[295] **Ms Lloyd:** We have said for a long time that we think that there are bits of the tuition fee policy that, at the moment, are unsustainable. However, we think that they are unsustainable for very different reasons to those of bodies such as Higher Education Wales. You have to have quality, robust institutions that will always serve the best interests of students. You have to have investment in facilities, in terms of moving forward and being able to offer a very good student experience. However, I do not think that there is a part of university that is not to do with student experience in one way or another, and there is a vastly divergent student experience that is on offer. Also, different students want different things. You often find universities now saying, 'We care about the student experience', but actually, they could not articulate what that meant for a part-time, postgraduate single mother, or a full-time 18-year-old undergraduate young man. Those are vastly different experiences, in terms of what you can get. Institutions are quite desperate for money to go to them, but I have yet to hear a very articulated argument about where they would put that money, for whom, and whom it would best serve. I find some of the arguments from universities interesting. Some of them are very legitimate, but others are not so much.

[296] **Mr Rees:** When it comes to the discussions around investment in institutions versus student support, they are not always necessarily exclusive. It is very likely that investment in support for postgraduates would have a knock-on effect on research performance in universities, because you would have a greater pool of people to draw on.

[297] **Jocelyn Davies:** Mike, shall we go back to your question?

[298] **Mike Hedges:** Yes. Does the current funding regime provide effective support to students from the lowest income households?

[299] **Ms Lloyd:** We have to be very honest about the situation in which we find ourselves. There are significant reductions in the amount of money that the Welsh Government has, in terms of money that it can provide for student support, and we are very realistic about the world within which we are, within Wales and the UK more widely.

[300] When you have limited funding from the state, there are questions about where it goes to, and is it the most targeted. I think that it could be more targeted. In terms of widening access, the problem for us is that it is not necessarily about the money that students will pay afterwards, because there are lots of checks and balances that you can put in place to ensure that those who struggle the most do not ever pay the full amount back, or do not have to pay it back until they earn over a certain threshold.

[301] What we find very concerning about widening access is that it has become about tuition fees—and that is just in the UK's border—and that it has not become about student support and the money that we talk about for maintenance support while they live. The difference is that it is not about how you pay it back afterwards, but about whether or not you have parents who you can call up and say, 'Can I please have some money so that I can go down to the shop and buy myself some dinner for the evening?', which I had to do when I was a student. That is what is going to stop you from dropping out. We talk a lot about widening access in terms of metrics and getting students through the door, but there is not as much talk about how we retain those students, the quality of their education and their experience, and how much they enjoy their education and get the same educational opportunities. So, in terms of whether it is targeted in the best way, no, it is not, but that is because it goes more towards tuition fees and not as much towards student support, in terms of maintenance.

[302] **Jocelyn Davies:** Are you hinting at means-testing, or at looking at the financial situation of individuals and targeting more help towards those from poor backgrounds? There

is an implication there that you would have to take it from somewhere else.

[303] **Ms Lloyd:** Of course there is, and means-testing could be a way forward. However, sometimes, it can be almost as expensive to administer that as it is to just blanketly give out the money. However, our current ways of means-testing are not as sophisticated as they could be. For example, they do not take into account whether you have multiple children all studying at once and the huge financial implications that that could have.

11:15

[304] So, if, further down the line, the review suggested that there is a way in which we could do means-testing or more targeted ways of looking at it, or even before then, if it was necessary, we would have to look at the ways in which we means-test it to ensure that it is an accurate picture, in terms of where we get that from.

[305] **Jocelyn Davies:** Do you have any idea as to what it costs someone to live while they are studying?

[306] **Ms Lloyd:** We do not have those figures to hand at the moment, but we have done—

[307] **Jocelyn Davies:** Have you done some work on that?

[308] **Ms Lloyd:** NUS UK did a huge report called ‘The Pound in your Pocket’ in England, and it looked specifically at the English funding system. Within the next two weeks, we are about to launch our research and do our research project. It will take a couple of months for the research to be opened and for us to gather the first statistics, but there are some things that we can pull over from England, in terms of—

[309] **Jocelyn Davies:** Will that be included in the research project that you are about to undertake? Will it include the cost of living for someone living at home and travelling back and forth, or living away from home?

[310] **Ms Lloyd:** Yes.

[311] **Mr Rees:** There are some very specific questions around, for example, deposits on accommodation and average rent for areas—

[312] **Jocelyn Davies:** Food.

[313] **Mr Rees:** Yes, alongside questions including whether you have had to take any commercial debt or pay-day loans, as well as questions on the measure of their wellbeing and whether they have that support.

[314] **Jocelyn Davies:** How long will it take for that research to be done? Will it be months? This will be a big piece of work, by the sound of it.

[315] **Mr Rees:** The field work is open from December to February, and we should have some top-line figures around the end of March or the beginning of April.

[316] **Jocelyn Davies:** We will still be doing this then. Do you think that we could have that information? Will you be prepared to send us stuff?

[317] **Ms Lloyd:** Of course.

[318] **Jocelyn Davies:** Simon, did you want to come in on this point, before we go back to

Mike's question?

[319] **Simon Thomas:** It was slightly on an earlier point.

[320] **Jocelyn Davies:** Go on, then, please.

[321] **Simon Thomas:** It is still on the fees, but it is specifically on what Keiron Rees said about there being other ways of supporting the institutions themselves. We now know that public money in Wales is, in the main, delivered through student fees support. We heard evidence that this is 60%, which is likely to grow, of course, and there is pressure on the rest of the funding system. We have also heard evidence from you and others about the marketisation of higher education, which is the situation that we are in now. So, the fees attached to students are movable, which makes it slightly more difficult for the institutions to plan in those terms. They have to recruit to ensure their funding. Without going into the arguments about what might be the future, I just wondered whether you had a fundamental agreement with the institutions that this was a system that was making it difficult for Welsh institutions to have the best attraction for students.

[322] **Ms Lloyd:** There are parts of the system on which we agree with institutions, in terms of their difficulty to plan long term, and those kinds of areas in terms of common agreement. I think that we would argue that there is less of a market than it would appear. Much of it is a kind of fake illusion of a market, in terms of student choice. It would be severely damaging for not only education, but institutions, if there was a real market, because I could tell them half way through my course, 'I do not think that you are delivering for me, and I will have my money back, thank you'. If there was a real market in education, I do not think that universities would quite know what to do, even though, at points, it is almost as if they call for it. I certainly do not think that it is in any student's interests to have that, because it was never what the universities and education were designed for. It was all about a transformative way for students, lecturers and educational communities to develop ideas, to research things, to grow and to transform the way that our society looks. In large part, that is what it has done, and that is what is so powerful about our education system. We almost have an obsession now with measuring everything in a metric, and everything has to have a measurable next to it, and so on. There are parts of our education system where I think, 'This is where it is easier for us to kind of articulate this in terms of the funding council, because it has to prove where everything goes and it has to give all of these metrics'. However, there are parts of it where you have to ask how you can just put numbers on a piece of paper towards something that changes the lives of so many people, in terms of the experience that it gives. I think that there are some sustainability issues, in terms of it being very difficult for universities to plan and to look forward. However, I also think that they have to look at where they are investing some of their money, and ensure that they do not just see people like international students as a cash option for them, where they get them in to get their money and they do not deliver what they are promising to them. I think that that is certainly a concern of ours, in terms of it going forwards.

[323] **Jocelyn Davies:** Chris, did you want to come in on this point?

[324] **Christine Chapman:** Thanks. Stephanie, I was just curious, because we had evidence earlier on and there was talk about the parents of students, particularly, being quite discerning now about accommodation and other experiences. Is that what you understand is happening? Could you comment on that, because they say that this is to do with the fees and higher fees, so they can be more discerning? I just wondered whether you felt that this was realistic.

[325] **Ms Lloyd:** Part of it certainly is. I went to university when the fees were £3,000, and my parents certainly cared where I lived, because I was their child, and they wanted me to

live somewhere that was safe and secure. Obviously, that is something that parents will care about. I think that when it becomes tricky is in terms of it being a market, but not really. There is a part of me that is almost slightly unforgiving towards institutions that ask for a rise in fees and have not necessarily prepared for what would then be a significant rise in expectation. In parts of it, there is more money going in, but there is not really. The difference is that we have given people who do not understand the intense complexities of how education is funded—and why would they?—an expectation that there is more money going into the system, when there is not; it is just going in in a different way. That is the problem, sometimes, when it is about who pays and what for, and when we are not 100% honest about the amount of money going into a system.

[326] **Jocelyn Davies:** So, would parents be asking questions that they would not have asked in the past, like, ‘How many hours of lectures are there every week and how much contact time is there?’

[327] **Ms Lloyd:** In the past, they certainly did. I have been in education now for quite some time, but I think that, even when I first started looking to go to university in 2006-07, that was hugely what people were talking about, and that was—

[328] **Jocelyn Davies:** The year 2006-07 was yesterday for us. [*Laughter.*]

[329] **Ms Lloyd:** Not in terms of funding these days.

[330] **Jocelyn Davies:** When I am talking about parents before, I mean parents before, not parents five minutes ago. [*Laughter.*]

[331] I am just wondering as well about the international students, because there seems to be quite a market there and there is a big push to promote that. Are those students looking for something different to that which you would be looking for when you choose your place?

[332] **Ms Lloyd:** I do not think that they are, necessarily. They will pay a lot more. They would be looking for security, in terms of the fact that their fees are uncapped. It is not hugely uncommon for international student fees to change while they are studying. I think that the international student issue is quite complex, in terms of the fact that lots of our immigration laws are currently governed by Westminster, in terms of them still being included in net migration and of all of the reforms that the Westminster Government is trying to make in terms of international students. We certainly have a very active and vibrant international student campaign in NUS UK that is concerned about the fact that universities seem to want them for their money and are also very vocal in the corridors of power, in lobbying people and asking for things, but they are not necessarily lobbying for international student interests and talking about the amount that they bring in terms of diversity and the experiences that having those students brings as well. So, they are looking for the same things in terms of that, and I think that what is worrying is that they are not always delivered.

[333] **Jocelyn Davies:** Mike, shall we go back to your question?

[334] **Mike Hedges:** Before I ask a question, I will address one of the things that I have noticed. When I was a student, if a lecture was cancelled, we were pleased, and I think that other people of roughly the same age would probably say the same thing. Nowadays, however, students take to Facebook to complain that a lecturer has not turned up. The question that I was going to ask is this: what do you think the likely financial impact of the introduction of loans for part-time students will be?

[335] **Ms Lloyd:** I am sorry, what was the end of that?

[336] **Mike Hedges:** I am talking about loans for part-time students: what effect are they going to have?

[337] **Ms Lloyd:** I was listening earlier, and I know that this was touched on then. It is about what you prioritise in terms of part time because, as a sector, it is vastly wide. There will be some more positive impacts—there have to be—in terms of it not being an upfront fee. I find it interesting when institutions say, ‘You should be pleased with this, because we have not just set half the price of a fee’, when they know for a fact that no-one would ever pay that, and that is why they have not done it, because the market is not there for people to pay it. It has to be about student support and an ability to access money to be able to pay those tuition fees, and it not be up front. That is the biggest problem: when it is an upfront cost. That is because you then only get people who can save, or who have employment that will help sponsor them, and, if we are looking at getting people back into education so that they can get back into work, obviously that is not an option. We have just done a huge piece of research—well, a large piece of research—jointly with the Open University on the experiences of part-time students from the age of 16, in further education colleges all the way up to people doing PhDs, and, actually, in terms of even just the demographics, it shows just how widely it brings people into education in terms of students with disabilities, or students with caring responsibilities, and, obviously, the majority of those are women. I think that what we have to look at is how we prioritise our funding in terms of those who are normally blocked from education. Going forward, I think that is what we need to look at: how do we take those who are normally so disenfranchised and focus our efforts there, rather than on those who will always go to university?

[338] **Jocelyn Davies:** How did you feel about Dr Blaney saying, ‘Let’s prioritise, and let’s decide which bit of this matters’? If he was saying that about undergraduates, full-time, I think you would probably be a bit surprised that he says, ‘Let us prioritise and decide which full-time students matter’. How would you feel about him saying that about part-time students?

[339] **Ms Lloyd:** I think there is a balance, is there not? Do you give the same amount of money to someone just going back for the love of education to do a language course, which is certainly not the majority, but it could be something like that—you know, just someone who has retired and wants to go back and enjoy themselves and do a bit of education—or do you give it to someone who has systematically been blocked out of education, and education has failed them from a very young age? If we are talking about prioritising what part matters in terms of that, I actually think that that is the right thing to do.

[340] **Jocelyn Davies:** If they were a full-time student, however, even if they were doing it for the love of it and they had retired—

[341] **Mr Rees:** With full-time students we do prioritise, because some get additional grants. Those from low-income backgrounds will get an Assembly learning grant. Those who are disabled will get a disabled students’ allowance. Those who are parents will get a parents’ learning allowance. None of that exists in the part-time provision; there is no student support outside of the part-time fee waiver.

[342] **Jocelyn Davies:** That is what I am asking about: why is there this difference, this sort of judgment, that, if it is part-time, we can prioritise in a different way, actually, than we do if it is full-time? How do you, representing students, and those part-time students, feel about the fact that that is said and everybody is very accepting of it? If you do something for pleasure and you are full-time, it is fine, but, if you do something for pleasure and you are part-time, there is no offer, and you do not deserve state support. Do you know what the average age of the part-time cohort is—of these, what is it, 30,000 students?

[343] **Ms Lloyd:** I could not give you the specifics. I know that, on average, in terms of part-time, especially within further education and things such as that as well, and even people studying HE and FE, you are often looking at about 30-odd as the average age. We can get a more specific answer to you, if you would like. One of the problems, I think, is that the entire narrative for at least the past decade has been around students picking up the slack a bit, and I think, even when you look at when £3,000 tuition fees were brought in, it was all about an expansion of HE, but it was still the student who paid for it. Part of it is that we seem to have almost lost our way in terms of not only the social good, which is huge, in terms of the amount that education brings to an economy, but also the financial impact, in terms of what students bring in. There is a balancing act here, and there always is for us, in that we represent many different students from many different backgrounds who have many different competing interests. There is a difference between us being realistic in understanding that there is a limited pot of state money that can be used and saying that one group of students is worth more than another. However, as Keiron stated, we already do that in other aspects of student support and student funding. We already pit people against each other and ask for that. Is it something I agree with? No. Do I think we can change it magically overnight? No—but we will give it a shot.

[344] **Jocelyn Davies:** Mike, have you finished?

[345] **Mike Hedges:** Yes.

[346] **Jocelyn Davies:** Peter, shall we go to your questions?

[347] **Peter Black:** In actual fact, when Mike and I were students, Facebook did not exist.

11:30

[348] **Jocelyn Davies:** Peter would have been on it, if it had.

[349] **Peter Black:** I would, absolutely.

[350] We had a lot of evidence about student expectations, some of which you have addressed today. In your experience, do students believe that they are getting value for money? I know that there is a difference, because Welsh students are effectively paying less than English students, but, as a whole, do you think that students think that they are getting value for money?

[351] **Ms Lloyd:** I find the concept of value for money very hard to quantify in terms of an education, which is why I will not be able to answer your question fully, because I find it very hard to buy into that narrative. If it became a situation where it was a full market and there were full consumer rights and things such as that, then, no, I do not think that they would. However, I think that it is very hard and unfair on institutions to just look at things that you can always measure, such as contact time and things such as that. What has been proven to work best is when you have a strong, active, independent and well-resourced students union that works in partnership with an institution on balancing competing student interests and in championing the role that students can play in their educational community. I think that that is when it works; it is about ensuring that we have that partnership between students and their institution, and it is not one versus the other, because that is not what universities are there for. That is why I think that the value-for-money argument is quite tricky.

[352] **Peter Black:** Do Welsh universities need to up their game to meet expectations, then?

[353] **Ms Lloyd:** I do not think that it is necessarily about upping their game; it is about

listening to what their students want. I think that some are better than others at doing that, and it has to be about working with those students to ensure that they are delivering what is expected, but, also, that universities are given the space to set out what it is that students can expect, and that that is done together so that we do not have students who think that they will get, you know, unrealistic things in terms of delivery, and so that institutions are not performing badly in how they treat students.

[354] **Peter Black:** In terms of what you can measure, has there been any impact from the current regime on drop-out rates, for example, and can you get a direct correlation anyway?

[355] **Ms Lloyd:** It is difficult for retention rates. Obviously, Keiron will be able to speak more on this than I can, mainly because he is more the details person. The problem even with things such as widening access is that we look at who is coming through the door, but we do not necessarily look at, as I said, their experience, their completion, their attainment and the way they feel it has added to them. It would be interesting for you to look at just how many institutions in Wales hit their widening access targets, because you can say that you are doing everything you can, but if you are not even hitting what are, to be fair, sometimes very unambitious targets, then I think it is interesting going forward—

[356] **Peter Black:** How many are hitting their targets?

[357] **Ms Lloyd:** I do not know the exact figure. The best people to ask would be the funding council, because it has the exact figures.

[358] **Peter Black:** You are implying that it is not many, however.

[359] **Ms Lloyd:** I am implying that, yes.

[360] **Peter Black:** Okay. In terms of the tuition fee grant, what is the level of awareness among Welsh students of that grant? Does it need to be publicised more widely to try to get more Welsh students through the door?

[361] **Ms Lloyd:** I think that it can always be publicised more widely, and a lot of that can happen through information, advice and guidance that happens in schools, and also at colleges. The problem is that an English narrative will inevitably dominate the news streams and all those kinds of things, so it is very hard for Welsh students or prospective students to understand necessarily the complexities of that. I do think that it needs to be promoted more, but, as I said, that needs to be more in one-on-one support to ensure that students are going to the right place for them, as well as understand the funding stream that goes alongside that.

[362] **Peter Black:** Do you think that students tend to understand that they do not have to pay this £9,000 up front—or their parents, anyway?

[363] **Ms Lloyd:** I think that the majority do. Even if they do not, instantly, as soon as you start applying for everything and having those conversations, you will. As I say, it is all about the level of support that they will get on an individual basis from their school or college. What is often harder is for those returning to education, and I think that that is often where that loophole can be in terms of knowledge and understanding, which we need to do more on.

[364] **Jocelyn Davies:** Thank you very much. We have run out of questions for you. I think that you agreed to send us one or two bits of information and data when they are available, after your research is carried out. Perhaps you could check on the figure for the average age of the part-time cohort.

[365] **Mr Rees:** With regard to our part-time research, 82% of respondents were over 26

years of age.

[366] **Jocelyn Davies:** All right; lovely. We will send you a transcript for you to check that it is accurate. We have enjoyed our session with you today and we hope that you have enjoyed it.

[367] **Ms Lloyd:** Yes, indeed. Thank you very much.

11:35

**Papurau i'w Nodi
Papers to Note**

[368] **Jocelyn Davies:** We have two papers to note: the minutes of the meeting on 13 November and a letter from Angela Burns on behalf of the Assembly Commission. Are Members happy to note those? I see that you are.

**Cynnig o dan Reol Sefydlog 17.42 i Benderfynu Gwahardd y Cyhoedd o'r
Cyfarfod
Motion under Standing Order 17.42 to Resolve to Exclude the Public from the
Meeting**

[369] **Jocelyn Davies:** I move that

the committee resolves to exclude the public from the remainder of the meeting in accordance with Standing Order 17.42(vi).

[370] I see that Members are content.

*Derbyniwyd y cynnig.
Motion agreed.*

*Daeth rhan gyhoeddus y cyfarfod i ben am 11:36
The public part of the meeting ended at 11:36.*