



Cynulliad Cenedlaethol Cymru

The National Assembly for Wales

Y Pwyllgor Cyllid

The Finance Committee

Dydd Mercher, 11 Rhagfyr 2013
Wednesday, 11 December 2013

Cynnwys

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Cofnodir y trafodion yn yr iaith y llefarwyd hwy ynndi 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

Chris Jones	Pennaeth Cyllid Addysg Uwch a Gwella Perfformiad, Llywodraeth Cymru Head of Higher Education Finance and Performance Improvement, Welsh Government
Huw Lewis	Aelod Cynulliad, Llafur (Y Gweinidog Addysg a Sgiliau) Assembly Member, Labour (The Minister for Education and Skills)
Neil Surman	Dirprwy Cyfarwyddwr, Addysg Uwch, Llywodraeth Cymru Deputy Director, Higher Education, Welsh Government

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

Bethan Davies	Clerc Clerk
Claire Griffiths	Dirprwy Glerc Deputy Clerk
Anne Thomas	Gwasanaeth Ymchwil Research Service

Dechreuodd y cyfarfod am 09:31.
The meeting began at 09:31.

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 their mobile phones. We are not expecting a fire drill, so if you hear the alarm, please follow the directions of the ushers. We have received no apologies this morning.

[2] Before I turn to our first substantive item, Peter, the committee would like to congratulate you on being awarded Assembly Member of the Year. Well done.

[3] **Peter Black:** Thank you.

**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**

[4] **Jocelyn Davies:** Today we are having evidence from the Minister for Education and Skills. Minister, we are very grateful that you are able to attend this morning.

[5] **The Minister for Education and Skills (Huw Lewis):** It is my pleasure.

[6] **Jocelyn Davies:** Would you like to introduce yourself and your officials for the record and then we will go straight into questions? We have rather a lot of questions and we might not get through them all. If we do not, we will send them to you in writing and perhaps we can have a response back from you.

[7] **Huw Lewis:** Of course. My name is Huw Lewis and I am the Minister for Education and Skills. I am joined this morning by my advisers Neil Surman and Chris Jones.

[8] **Jocelyn Davies:** Thank you. The Wales Audit Office report says that estimated costs have increased since the time that the tuition fee grant policy was announced in November 2010. It says that the cost of the grant for 2012-13 to 2016-17 is now expected to be substantially higher than the forecast that was given to the Cabinet in November 2010. That was based on an average tuition fee of £7,000. The cost will increase by 24% from £653 million to £809 million. Can you give us a feel for whether you feel that this is now providing good value for money? Could that money be used more effectively? What do you think the implications are for other higher education budgets within your portfolio? What is the impact of prioritising this particular budget line?

[9] **Huw Lewis:** I certainly think that it represents good value for money. It is no surprise, of course, that costs have increased. Apart from anything else, student numbers have increased. We have to remember that basing an estimate on average fees of £7,000 was just one at the lower end of the range of projections that were made at the time. We find ourselves squarely within the range of estimates that were made back in the autumn of 2010. Your key point is around value for money and I think that the Welsh Government has made the correct decision to protect Welsh-domiciled students from the increase in tuition fees that we have seen, which is in total contrast with the approach of the coalition Government in Westminster. We have protected Welsh-domiciled students from that spiralling level of debt and, indeed, we have protected Government from the consequences of an ever-rising debt book. We have also ensured that within all of this, 30% of the cash that is now flowing through students' wallets is aimed at widening access initiatives, which are very close to my heart and are something that we need to hold onto as a policy priority. We also need to hold on to the educational maintenance allowance, again in contrast to the way that things have been approached across the border. In summary, I suppose, Chair, I see no reason why we should not remain committed to the principle of protecting students from these higher costs, and indeed protecting Government in the long term from the consequences of an ever-growing debt burden.

[10] **Jocelyn Davies:** Thank you. The assumption at the time, of course, was that the average fee would be £7,000. That has not turned out to be correct. With hindsight, do you think that that was over-optimistic?

[11] **Huw Lewis:** The assumption was not that the average fee would be £7,000. I think that there is a quote within the Wales Audit Office report that would lead a casual observer to think that that was the case; however, that was not the whole picture that was considered by

Government, and therefore it is not a fair comment in my view. If it was the whole picture, it would be, but it was not. So, there was no false optimism as regards the range of costs that were projected off into the future. A range of models was put before the decision makers of the time that ranged up, of course, to the £9,000 fee option. The audit office report does show very clearly that the actual costs of the tuition fee grant do fall—as I have said already—squarely within the range of models that was considered at the time.

[12] **Jocelyn Davies:** Okay. I suppose that I should declare an interest in that I would have been one of the decision makers at the time. So, perhaps I should put that on the record.

[13] Minister, you will know that, in its evidence, Cardiff University said that there had been a shortfall of income in 2012-13 and in 2013-14, as students on the old funding regime worked their way through the system. Have the interim funding arrangements ensured a steady income flow?

[14] **Huw Lewis:** I have not examined in detail the comments that Cardiff University has made in that regard, but it is—

[15] **Jocelyn Davies:** If you are not aware of that particular thing, we could send you—

[16] **Huw Lewis:** I would add the comment that the income to the higher education sector in Wales is growing and will continue to grow. It is going from around £1.26 billion back in 2011-12 to the projection of £1.45 billion in 2015-16, which is in this time of austerity, incidentally, when we are facing cuts across the public realm that are quite unprecedented. That represents, this year, for instance, an increase of nearly 14% in terms of HE income in Wales, which is extraordinarily healthy. In the context of austerity, it is something that will be looked upon, I think, with envious eyes from any other portion of the public realm in Wales.

[17] **Jocelyn Davies:** Looking at the English policy on higher tuition fees, what is the impact on your policy options of decisions made by the UK Government?

[18] **Huw Lewis:** They are potentially very large, of course. We always need to keep a very close eye upon developments across the border in England. Unlike other devolved administrations in the UK, of course, we are in a situation of having much greater cross-border flows. Around half of the students who study in Welsh universities are English-domiciled students, so we need to keep a very close eye on that. Within that context, we maintain our view that Welsh higher education should not be arranged on the basis of a market. We do not think that that is sustainable in the long term for the Welsh HE system. Incidentally, I do not think that it is sustainable in any part of the UK as an option, but we have to be nimble at all times. I will be watching very closely, for instance, the developments of the 2015 general election and policy changes that may arise from that, as to how that might impact upon our system.

[19] **Jocelyn Davies:** In terms of the autumn statement, you will know that the cap on student numbers in England has been lifted. Have you been able to do an analysis of how that might impact on your policy direction?

[20] **Huw Lewis:** Do you mean the cap in overall student numbers?

[21] **Jocelyn Davies:** Yes; the cap on the number of students in universities in England will be lifted in 2015. I think that that was in the autumn statement.

[22] **Huw Lewis:** Yes, it was. As Zhou Enlai said, it is a little early to tell the impact overall. What we are seeing here with the lifting of the cap on student numbers in England, which we have no intention of mirroring here in Wales, is a major step forward towards a

marketised system in England. My concerns about it are that it will be funded by a partial sale of the student loan book in England, which is a short-term measure that will supply funding for a short-term period, but the commitment that is being undertaken by the UK Government is a long-term one, so that is unsustainable, in my view, in the system as it is currently configured. There are no lessons here for Wales in terms of how we should adjust our policy. The implication of the change in England is that you move further towards a marketised system and you accept the prospect of HEIs in that system going to the wall. That is a decision for the UK Government. I do not think that that is a palatable or sensible option for us in Wales, in a much smaller system and with a very different philosophy about how higher education ought to work.

[23] **Simon Thomas:** Rwyf am ofyn fy nghwestiynau yn Gymraeg. I ddatgan yr un diddordeb â'r Cadeirydd, fe wnes i hefyd weld y papurau a oedd yn trafod y mater hwn yn y Llywodraeth ar y pryd. Hoffwn ofyn un peth yn deillio o'ch atebion i'r Cadeirydd, Weinidog. Fe ddywedoch fod y polisi presennol yn amddiffyn y Llywodraeth rhag baich dyled. Rwyf eisiau deall bach mwy ynglŷn â pham yr ydych yn gallu dweud hynny. Rwy'n gweld y pwynt rydych yn ei wneud ynglŷn â dyled myfyrwyr a chymorth i fyfyrwyr, ond ym mha ffordd mae'r polisi presennol yn amddiffyn y Llywodraeth rhag hynny?

Simon Thomas: I will ask my questions in Welsh. To declare the same interest as the Chair, I also saw the papers that discussed this matter in the Government at the time. I want to follow on from your responses to the Chair, Minister. You stated that the current policy protects the Government from the burden of debt. I want to understand a little bit more about how you can say that. I see the point that you are making in relation to student debt and student support, but in what way does the current policy safeguard the Government in this regard?

[24] **Huw Lewis:** It is because the overall burden of debt—that loan book, if you like—is maintained at realistic levels and within parameters that we can manage. The overall figures in England have escaped me, but they are heading, I believe, towards loan books in the hundreds of billions. It is not inconceivable that, in 10, 15 or 20 years' time, we will be talking about unpaid loans even in the trillions, in the English system. You have to ask yourself, stepping back from a situation like that and taking the long view, 'Quite how sustainable is this? At what point does this become something the Government simply has to write off or abandon?' I think that we have a far more sensible system in Wales. Money is flowing in a different way, compared to the way it used to, through HEFCW, and the model is fundamentally different. Essentially, our protection, step by step, student by student, of the overall burden of debt is a much more prudent one than the casting of debt into a sort of casino of the future, which is what the approach seems to be across the border. No matter how many times you sell off portions of the loan book to give you some kind of temporary stay of execution, the figures in the end are inexorable and will catch up with policy makers in the future.

[25] **Simon Thomas:** A yw hynny'n golygu eich bod chi yn y Llywodraeth wedi modelu'r baich presennol a'r baich tebygol o safbwynt Cymru o ran y *loan book*, fel petai? Pan edrychais ar y dystiolaeth y gwnaethoch ei chyflwyno i'r pwyllgor, ni welais hynny yn amlwg iawn fel rhan o'r ffactorau yr oeddech yn eu hystyried. Rydych wedi dweud yn glir wrth y pwyllgor heddiw bod hynny'n ystyriaeth wleidyddol bwysig i chi ac rydych wedi gwahaniaethu'n fawr rhwng y sefyllfa yng Nghymru a'r sefyllfa yn Lloegr. Fodd

Simon Thomas: Does that mean that you in Government have modelled the current burden and the likely burden in relation to Wales regarding the loan book, as it were? When I looked at the evidence that you gave to the committee, I did not see that that modelling work was very clear as part of the factors that you had been considering. You have said very clearly to the committee today that that is an important political consideration for you and you have differentiated between the situation in Wales

bynag, nid oedd hynny mor glir yn y dystiolaeth ysgrifenedig. A ydych yn modelu hynny? A oes rhywbeth pellach y gallwch ei roi i'r pwyllgor? Mae pobl yn dweud wrthym fod *headroom* yn y *loan book* Cymreig, fel petai. A yw hynny'n wir? Sut mae hynny'n datblygu?

and in England. However, that was not as clear in the written evidence. Are you modelling that? Is there anything further that you can give to the committee? People are telling us that there is headroom in the Welsh loan book, as it were. Is that true? How is that developing?

09:45

[26] **Huw Lewis:** I have not asked officials as yet to undertake modelling in that regard, although you are right to point to it as something that we will need to do. It will be of enormous interest. At present, that overall package of debt in Wales is miniscule compared to the situation across the border in England, but we need to take a long-term view. I merely mention this as one of my considerations, in terms of my coming into post fairly recently; it is something that we are going to have to take under consideration as we take a very long-term view. I know that Ian Diamond, as part of the review that I have announced, will be taking that under consideration as something that needs to be looked at over the next couple of years.

[27] **Simon Thomas:** Diolch am yr ateb hwnnw. A yw'r prifysgolion yng Nghymru wedi gofyn ichi ganiatáu iddynt recriwtio myfyrwyr sydd â'r graddau gorau? Rydym yn sôn am raddau AAB ac yn y blaen. Ar hyn o bryd, o fewn y system Gymreig, rwyf yn derbyn nad oes cap ar nifer y myfyrwyr, ond gan fod cap ar yr arian, mae'n bosibl gweld hynny fel rheolaeth ar nifer y myfyrwyr. A yw'r prifysgolion yn dod atoch ac yn dweud, 'Rydym yn y farchnad yma ac yn cystadlu â Lloegr, felly gadewch inni recriwtio'r myfyrwyr gorau—rhowch yr hawl honno inni'?

Simon Thomas: Thank you for that answer. Have the universities in Wales asked you to allow them to recruit or enrol students with the best grades? We are talking about AAB, or whatever. At present, within the Welsh system, I accept that there is not a cap on the number of students, but because there is a cap on the funding, you could consider that to be a cap on the numbers. Are the universities coming to you and saying, 'Well, we're in this market and we are competing with England, so let us recruit the best students—give us that right'?

[28] **Huw Lewis:** I am not aware of any approach. No approach has reached me, certainly, in terms of the ABB recruitment situation, which has changed, at least in terms of the UK Government's attitude towards these things.

[29] **Simon Thomas:** That has already changed in England, has it not? It is a separate point to the further lifting of restrictions that might happen in the future.

[30] **Huw Lewis:** Yes. Future policy changes in England, of course, are not a matter for me. However, we always have to keep a very close eye on these things. As yet, we have no data as to how the current change in England has affected the landscape for Welsh HEIs. We will need to monitor that very closely. I know that the numbers crossing the border to take up student places in Wales from England continue to rise. The numbers of Welsh-domiciled students taking up places in Wales continue to rise. We seem to have a healthy picture overall. Again, the removal of the ABB cap is another step towards marketisation, and that is something that we will have to deal with and handle as time goes on. It is certainly not a policy prospect on my horizon, in terms of the way in which Welsh HEIs ought to comport themselves. However, we will need to understand fully—and we do not yet—what that means for us.

[31] **Jocelyn Davies:** Would you accept, Minister, that, in that market, the brightest Welsh students are the customers for that market?

- [32] **Huw Lewis:** Yes, we need to be careful about this.
- [33] **Jocelyn Davies:** Before I come back to Simon, I believe that Mike wants to come in on this point.
- [34] **Mike Hedges:** I have two very brief questions. Are you aware of any Welsh students with ABB grades or better who have failed to get into a university?
- [35] **Huw Lewis:** No.
- [36] **Mike Hedges:** I now move on to my second question. I asked Bangor University last week—it could not reply then and promised to write, but apparently it has not done so as yet—what proportion of its students were ABB or better. Are you aware of what proportion each university in Wales has of students with ABB grades or better?
- [37] **Huw Lewis:** No, I do not believe that—
- [38] **Jocelyn Davies:** I would be surprised, Minister, if you knew that off the top of your head. [*Laughter.*]
- [39] **Mike Hedges:** I did not expect you to know, Minister, but I was wondering whether you had those data available.
- [40] **Huw Lewis:** I do not think that those data are collected by us. That would, I would assume, be an issue for the institutions themselves. As I say, we are going to have to cast an eye upon this issue. It is far too early, at this point, to understand what the impact might be.
- [41] **Mike Hedges:** Surely the impact, Minister, is that very popular and good universities in England, such as Oxford, Cambridge, Bristol and Durham, are just getting more students at the expense of everyone else.
- [42] **Huw Lewis:** We also have very popular and capable HEIs. What we need to do is to further empower them to be able to cope with changes in policy across the border. However, it is too early to say what the effects are or what the changes need to be, quite yet. However, this is something that we will look at.
- [43] **Jocelyn Davies:** Simon, do you want to continue?
- [44] **Simon Thomas:** Mae fy nghwestiwn olaf ynglŷn â rhywbeth sy'n gwbl unigryw i Gymru, sef addysg brifysgol drwy gyfrwng y Gymraeg. Mae gan y Llywodraeth bresennol y Coleg Cymraeg, ac mae'r arian ar gyfer y coleg hwnnw wedi'i ddiogelu am gyfnod, o leiaf, o fewn cyllideb Cyngor Cyllido Addysg Uwch Cymru. Fodd bynnag, mae tystiolaeth bod y nifer sy'n dewis astudio yn y Gymraeg wedi gostwng ychydig. A ydych wedi gwneud unrhyw beth i edrych i mewn i'r mater hwn, ac i weld ai effaith polisïau ffioedd dysgu yw hyn? Er enghraifft, mae myfyrwyr sy'n gallu astudio yn Gymraeg yn astudio yn Lloegr. Maent yn dewis gwneud hynny, ond dim ond yng Nghymru y mae
- Simon Thomas:** My final question relates to something that is entirely unique to Wales, which is Welsh-medium education at university. The current Government has the Coleg Cymraeg, and the funding for that has been safeguarded for a period, at least, within the current HEFCW budget. However, there is also evidence that the number of students who choose to study through the medium of Welsh has decreased slightly. Have you done any work to look into this issue, and to see whether it is the effect of tuition fees policies? For example, there are students who can study through the medium of Welsh who are studying in England. They choose to do that, but we only have the provision in Wales,

gennym y ddarpariaeth, wrth gwrs. Ym mha ffordd y gallwch fodelu effaith y Coleg Cymraeg Cenedlaethol ar ddyfodol tymor hir y gefnogaeth i addysg drwy gyfrwng y Gymraeg mewn prifysgolion? of course, In what way can you model the effect of the Coleg Cymraeg Cenedlaethol on the long-term future of support for Welsh-medium education in universities?

[45] **Huw Lewis:** We are at an early stage. It was only in 2011 that the Coleg Cymraeg Cenedlaethol was set up. What we are seeing—you are right in the facts that you state—are a consolidation and an increase in terms of potential provision. We are seeing a 10% rise in the kind of courses being delivered and the identification of staff that could deliver them.

[46] **Simon Thomas:** This was simply through better identification.

[47] **Huw Lewis:** Exactly. However, what we are not seeing is an increased take-up in the number of students opting for that option. That is a matter of concern for me. We are only 18 months into the process, but I will be asking officials to take a look at this. I would not like to say that this was definitely connected with fee regimes. There could be complex factors at work here. However, we will need to do a piece of work on it and you are right to identify it as a matter of concern, even though we are at an early stage.

[48] **Christine Chapman:** The first set of questions that I have is in relation to the Wales Audit Office report. You will know, Minister, that the report said the Welsh Government could have done more to appraise policy options around tuition fees in late 2010, before putting the current arrangements in place from the start of the 2012-13 academic year. Could you tell me what other fees and funding models were considered in November 2010 and what were the reasons for deciding to proceed with the current model, namely the fees and tuition fee grant policy?

[49] **Jocelyn Davies:** Minister, do you have access to the papers from that time, as it was a previous Government?

[50] **Huw Lewis:** Do I have access just now?

[51] **Jocelyn Davies:** No, not right at this second. Are you able to access papers, because I know that this has been an issue before when Ministers have not been able to have access to previous Governments' papers and, obviously, we are asking you about a decision that was made previously?

[52] **Huw Lewis:** I am relaxed about attempting to answer as best my knowledge enables me. I have been briefed on the decisions made at that time and have seen summaries of the decision-making process. I cannot pretend to have forensically gone through every piece of inter-ministerial correspondence at the time. However, given what I understand and what I have seen, some of the comments in the WAO report leave me puzzled, frankly. It is clear to me that there were certain policy options that were non-starters at that time, such as the Scottish policy option, which would have relied upon us having primary legislative powers in order to implement it. Therefore, any criticism levelled at the Welsh Government of the time—the One Wales Government—in that regard is unfair, frankly. It takes a partial view of the political landscape of the time.

[53] It is also very clear in other parts of the Wales Audit Office report—you have taken examples from some parts of the report—that the Cabinet of the day was presented with a wide range of options from which to make its best judgment at the time. I cannot see that the criticism around needing to have done more to appraise more policy options around the issues holds much water. I have yet to spot something that the Welsh Government, at the time, failed to consider as a legitimate consideration.

[54] **Christine Chapman:** Obviously, this was with another Minister, and you have been appraised of this, but do you think that the current policy was the only funding model that would meet the programme for government commitments or were there other funding models that would have still fulfilled these commitments? Were some completely ruled out?

[55] **Huw Lewis:** I would have needed to be there at the time. I am sure that there were a range of options that would have seen us through a difficult decision-making process, but I am content that the model we are operating at the moment is robust and affordable. I have seen no evidence put to me as Minister, in terms of the projections going off into the future, that there would be any point, certainly within this Assembly term and probably up until the 2020s, that would entail us having to change this system because of an issue of unaffordability. That is not the issue. I have asked Ian Diamond, vice-chancellor of the University of Aberdeen, to review in total the funding mechanisms around Welsh higher education. It is prudent and timely to do that because he will be reporting, as I mentioned, in late 2016. That will give us time to think about the transition, if we need to make one, to another system. It will also give us a sufficient amount of hindsight as to governmental, decision-making changes that may occur in the UK Government in 2015. I am also concerned, as a political policy issue, with the question of access to Welsh higher education. There is more we can do. Although the Reaching Wider programmes have done good work up and down the Welsh HEI landscape, I am convinced that there are more structured ways in which we can help young people in Wales raise their aspirations. I want to see that as a greater consideration.

[56] **Christine Chapman:** I will come on to the detail of the review, et cetera, Minister, but first I want to ask you a couple of things to do with the model that was chosen. Earlier on you said that you are set against the marketplace approach to funding higher education. Do you think that higher education should be funded completely as a public investment—the complete opposite? How do you see that?

[57] **Huw Lewis:** We are not in that situation in terms of what is possible. I have a commitment, and will stretch it as far as I possibly can, to the principle that higher education, like all forms of education, should be viewed as a public good. I am very proud of the fact that, in Wales, we have taken the fundamental policy stance that the Government should support higher education, particularly students within HE. There is no system in the world—with the possible exception of the United States, which has a very different approach to these things, but, there is certainly no other system in Europe—that departs too far from that view. It is the one that we should keep as our touchstone as we make decisions moving forward. It would be nice always to have an unlimited resource in order to meet every aspiration that we have, but we do not.

[58] **Christine Chapman:** I want to come on to Professor Sir Ian Diamond's review. You have already mentioned it. I want to ask you about the remit of the review and its membership. You said that this is a cross-party review. How will the other political parties be involved in this review? What discussions have you had initially on that?

[59] **Huw Lewis:** On the membership, we have Professor Sir Ian Diamond, who will chair the review, and I will very shortly be announcing the expert panel that will sit with Sir Ian Diamond. I am not in a position to announce membership today because we are still to establish whether one or two people are available. On the remit, I have asked Sir Ian Diamond to take a look at widening access as an issue and how we make that a structured commitment through Welsh HE, and in terms of how schools and FE should relate to their HE partners in that regard. The second point was supporting the skill needs of Wales. Also, I have asked Sir Ian to look, uniquely within the United Kingdom, I believe, at strengthening part-time and postgraduate provision in Wales and how best that could be supported, and, of course, long-

term financial sustainability would be a part of that remit as well. In terms of the other political parties, I have already written to the party leaders across Wales asking them to nominate whomsoever they feel is a suitable representative to sit on the panel.

10:00

[60] **Christine Chapman:** Are you able to tell me—you said that you will announce the panel shortly—whether HEFCE will be involved?

[61] **Huw Lewis:** The Higher Education Funding Council for England—no. [*Laughter.*] I am a charitable man, but we are not having them. [*Laughter.*] The Higher Education Funding Council for Wales—yes. I think that the most suitable method by which HEFCW could have an input is through an observer status, because it is in a fairly unique position in its relationship to Government and so on. So, my intention is to invite HEFCW as an observer.

[62] **Christine Chapman:** Okay. I know that you have already mentioned this, and therefore we know that the review group will report after the 2016 Assembly elections, but could you outline specifically why you want to do this then, rather than earlier on, because there could be impacts, either way?

[63] **Huw Lewis:** Yes, fair enough. Despite the huffing and puffing around this question, there is logic that sees us through here. First, this is complex, and it is a job of heavy lifting. What I am hoping will come through from this review is something that will see us through a generation, at least, in terms of how we configure higher education funding within Wales. So, it needs to be a proper job of work and it will take time.

[64] Secondly, we have to be savvy in terms of the political landscape. For instance, a review that reported prior to the general election that we anticipate in 2015 would potentially be a lame-duck review, because we could have a massively altered landscape in terms of what might happen coming out of Whitehall.

[65] Thirdly, this is something that genuinely needs to have as much buy-in as possible across the political spectrum in Wales in terms of all shades of opinion, and it should be immune and above the fray in terms of the general election argy-bargy that we all know and love. Therefore, this timetable will enable Sir Ian Diamond and his colleagues on the expert panel to operate above the party political fray right through until their reporting point in the autumn of 2016.

[66] **Christine Chapman:** Finally, Minister, if you report in the autumn of 2016, what about the implementation of the new policy?

[67] **Huw Lewis:** Obviously, this will depend on the complexities of what is proposed and what is pragmatically possible and affordable at the time. There will be policy decisions for whoever is sitting in my seat and the Cabinet more widely at that time. However, my anticipation would be that we will not be seeing an implementation of changes until 2019-20.

[68] **Mr Surman:** If legislation is needed; yes.

[69] **Jocelyn Davies:** You could need legislation.

[70] **Huw Lewis:** I am anticipating that we probably would need legislative change.

[71] **Christine Chapman:** Okay, that is fine. Thank you.

[72] **Jocelyn Davies:** Paul, shall we move on to your questions?

[73] **Paul Davies:** Yes, thanks, Chair. I want to ask you some questions, Minister, around the financial impact of cross-border flows of students. Before I do that, I want to come back to the review that you have announced. You have made it absolutely clear this morning to us that you believe, as the Minister responsible, that the current Government policy is affordable and is providing value for money. I know that you have announced this review in order to look at issues such as widening access and supporting part-time students, but can you confirm that the review will also look at the sustainability of this policy, and that it will actually look at whether it is providing value for money as we go forward in the future?

[74] **Huw Lewis:** Yes, the issue of sustainability—I think that I mentioned it in terms of the headline remit for Sir Ian Diamond—has to be shot through the entire project. It would be completely pointless really to have an elaborate and complex review that does not deliver something that we believe would be sustainable.

[75] **Paul Davies:** I was not clear because, obviously, this morning you have said that you believe that the current policy is affordable and is providing value for money, but the review that you have announced will therefore look at these sorts of issues. So, perhaps you are not sure whether it is affordable or providing value for money.

[76] **Huw Lewis:** No. I think that you are being a little bit lawyerly here now, Paul. [*Laughter.*] I have seen no evidence from any quarter, including the audit office, that leads me to suspect that there is any fragility in the current system, even if it were to run through to the 2020s. However, I think that we do need to review our situation because the landscape of higher education all around us is changing rapidly, because, in my view, we once again have to look at the issue of fairness and equity, and because we are also seeing, for instance, part-time provision in England fall off a cliff. That is a 40% reduction in part-time provision in England, which is perhaps an unintended consequence of decisions made. I do not want that to be part and parcel of the way that we run things in Wales, for instance. I think that part-time provision is very important to the way that Welsh society is configured and what our economy needs. Postgraduate provision is, I think, a ticking time bomb across the UK, in terms of students now coming out of undergraduate study with a parcel of debt and potentially being completely demotivated or unable to go forward with postgraduate study because of affordability issues. These are the most highly skilled people of all—people who we will need if the Welsh economy is to keep ticking. We need to understand how we make sure that affordability problems are not barriers to entry into postgraduate study in Wales. That is a tricky question.

[77] I expect all of these things, taken together, combined with whatever Sir Ian Diamond comes up with, to be affordable from the 202s onwards—it might even see us into the 2040s. I would hope to see that kind of copper-bottomed decision making being enabled by what Sir Ian Diamond comes through with. This review is not prompted by nervousness. I hope that it is prompted by being farsighted enough to understand that the landscape is changing. We will need to be nimble enough to cope with it.

[78] **Paul Davies:** Okay. Let me go on to ask you some questions around the financial impact of the cross-border flows of students. The change from recurrent funding from HEFCW to income from higher tuition fees has resulted in increased financial uncertainty for individual higher education institutions. How are the Welsh Government and HEFCW supporting individual higher education institutions to cope with the increased financial uncertainty?

[79] **Huw Lewis:** I am not sure what these uncertainties are. I am sure that the financial management of any HEI is a complex business, and occasionally you hit uncertainties. It is for HEFCW to deal with the individual HEIs. I would say that, taking the picture as a whole,

it is very clear that, in terms of cross-border flows, Wales does very nicely, thank you, in terms of the flow of student income into Welsh HEIs from England in particular. The number of English students accepted at Welsh HEIs this year, I believe, has seen a 9% increase, which is very healthy indeed. This means that, in terms of that flow of money that Welsh students carry with them across the border into England, compared with the flow of money coming the other way, benefits us enormously. It is undeniable that that is the case. To be frank, I wish that there would be more recognition of this fact from HEIs. I am sure that if I prompted HEFCW, it would also echo this. I cannot see from where the overall uncertainties arise.

[80] **Paul Davies:** Based on the latest information available to you on student enrolments for the 2012-13 and 2013-14 academic years, are there any changes in the cross-border flows that you think will have financial implications for higher education institutions?

[81] **Huw Lewis:** Do we have the figures?

[82] **Mr Jones:** The figures are not available for 2012-13 or 2013-14. The latest UCAS data suggest that there was an initial drop-off in the number of students in 2012-13. That was predicted in our model, and so was factored into the financial forecasts—

[83] **Paul Davies:** Are these trends a concern for you?

[84] **Mr Jones:** I would say that if you take 2011-12 out of the equation, during which period we saw a rush of students trying to get into the system before increased tuition fees, you will see that the data actually show that we are on a par with what happened in 2010-11. The data would suggest that the number of students coming from England is starting to increase above those levels. So, I think that there is nothing unexpected in the data, apart from a slight increase in the number of students coming from England.

[85] **Paul Davies:** Are you aware of any significant differences in the demographic projections up to 2020 for 18-year-olds in Wales?

[86] **Huw Lewis:** Of course, we always build demographic changes into the picture of our planning. You are right to identify 2020, which I believe is the low point. We are seeing a gradual drop in the demographic picture in the number of 18-year-olds up to 2020, although my understanding is that the numbers then begin to rise again. That is part of the day-to-day management of—well, not day-to-day, but year-to-year management of the system. We have to take account of the demographics.

[87] **Jocelyn Davies:** Yes, because if you cannot do anything about it, it is too late.

[88] **Huw Lewis:** It is a little bit too late—

[89] **Jocelyn Davies:** It would have had to have been done many years ago, if you were to have done anything about that.

[90] **Paul Davies:** Just on that, what work have you done as a Government to track these potential changes up to 2020, which you just mentioned?

[91] **Huw Lewis:** Right. I am assuming that my officials are on top of the issue, and I will turn to Chris to explain how that is done.

[92] **Mr Jones:** Yes, we have been tracking the demographic trends for quite some time, and all the latest data are included in the modelling for student finance. So, we are aware of the potential impact in 2020.

[93] **Paul Davies:** Okay, thanks.

[94] **Jocelyn Davies:** Was it on this point that you wanted to come in, Simon?

[95] **Simon Thomas:** Yes, it was. The student numbers are one aspect of the finance; the other aspect is how much you can multiply those student numbers in terms of the grants—the actual tuition fee that will be raised and, therefore, what you are making available. I just wondered whether you could explain why you expect tuition fees to decrease in Wales in the forthcoming financial years, because your paper seems to suggest that you assume a fee of £8,680 a year will be charged for 2012-13, but the fee goes down to £8,291. Why is that the case?

[96] **Huw Lewis:** I will turn to Chris.

[97] **Simon Thomas:** Is that simply the market at work?

[98] **Mr Jones:** The initial fees set by Welsh institutions were, more or less, nearer the £9,000 mark. HEFCW had a strategic reallocation of student numbers, and certain institutions in Wales decided to lower their fees to around £7,500 rather than a higher average. So, the average is a downward trend over time.

[99] **Simon Thomas:** You predict that for the next three years—you are quite confident about that.

[100] **Huw Lewis:** That would be the cohort—

[101] **Mr Jones:** It would be the full cohort working through the system, so included in the fee plans is information coming through HEFCW to our statisticians.

[102] **Jocelyn Davies:** Paul, are you happy that we have covered your questions?

[103] **Paul Davies:** Yes.

[104] **Jocelyn Davies:** Mike, shall we go to your questions?

[105] **Mike Hedges:** HEFCW estimates that it will make around £50 million in fee grant payments to HE institutions in the rest of the UK for Welsh-domiciled students who study outside Wales in 2013-14. You will not be surprised to know that the Welsh HE sector would prefer that this money be invested in Welsh institutions. Do you believe that the money should be there for students to give them the opportunity or should it be used just to support Welsh HE institutions?

[106] **Huw Lewis:** Let us be clear about this: the money is an investment, and the money is an investment in Welsh students. I think that we should be very clear about that as a point of principle. I think that it would also be fairer for everyone concerned, in terms of public understanding of the issues, if Welsh HEIs were a little more complete in terms of the picture that they attempt to paint, because we need to take account of the money that is flowing across the border from England into Welsh HEIs. They are doing very well out of the figures as they are at the moment. Given that, I certainly see no reason to step away from our commitment to Welsh students, wherever they choose to study, by limiting their options and maybe constraining their life chances as a result.

10:15

[107] **Mike Hedges:** Some people would argue that the net effect is going to be zero

anyway, because you have got English students taking up the vacancies in the Welsh institutions, so you get English students filling that gap. I will not ask you to comment on that.

[108] The Wales Audit Office report states that the tuition fee grant cap

[109] ‘could have an effect on the recruitment of Welsh students compared to students from the rest of the UK, limiting opportunities for Welsh students to study at Welsh institutions.’

[110] Do you agree with the Wales Audit Office? I have certain concerns about people predicting what could occur. A lot of things could occur. Lembit Opik used to think that the world would be coming to an end because something was going to hit us. [*Laughter.*]

[111] **Huw Lewis:** You are essentially asking me about issues that are for HEFCW, really, in terms of its role in allocating numbers to Welsh HEIs. That is really a matter for HEFCW and something that I should not be directly engaged with. I certainly do not see any reason for undue concern in terms of how the numbers are panning out in the foreseeable future.

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

[113] **Julie Morgan:** Thank you very much, Chair. I was going to ask you about the direct impact of the policies on Welsh students. I think that you would be interested to know that there has been a lot of outreach work done among students for this report, and the Chair and I took part in a—a webcast?

[114] **Jocelyn Davies:** A webchat.

[115] **Julie Morgan:** A webchat. It was my first experience of that.

[116] **Jocelyn Davies:** It was completely painless. It was lovely.

[117] **Julie Morgan:** It was with students, which was very interesting, so we did get some direct feedback. On the issue of the tuition fee grant, do you think that there are ways of publicising that more effectively to Welsh students?

[118] **Huw Lewis:** There are always better ways of making sure that our message gets through. Off the top of my head, I do not know what the current take-up figure would be. Are we talking 90-odd per cent?

[119] **Mr Jones:** Yes, it is between 95% and 98%, depending on which student finance product you are talking about.

[120] **Huw Lewis:** I would anticipate that Sir Ian Diamond, as part of the broader widening access agenda that I have asked him to take a look at, will certainly make some suggestions about that. Part and parcel of raising aspirations in terms of our contact and communication with young people is to make sure that they are apprised of the facts. We want that to be a situation that is continually improving.

[121] **Julie Morgan:** We did get information that it was perhaps somewhat late in their education that they became aware of the financial help that was available, and what the arrangements were. I wonder whether you think there might be merit in making sure that information was available at an earlier stage in the school career.

[122] **Huw Lewis:** Absolutely. Some of this will be for Sir Ian to take a look at. However, on some of the issues surrounding the point you raise, I do not think that we need to wait,

really, for what Sir Ian recommends. I think that criticism is valid. In the new year I will be heading up to Scotland to take a look at a broadening access scheme that is running in the east of Scotland, which starts working with young people from the age of 11—in other words, when they begin their secondary school career—and works with them at regular intervals to make sure that they understand what HE might offer them. It is also about making sure that they understand the mechanics of how one makes the transition from school to university, right down to those nuts and bolts issues, such as finance, filling in the UCAS form, dealing with an interview, and so on. Now, I have not seen this scheme yet, although I have read descriptions of it. What strikes me as very powerful about the philosophy behind the scheme is that it does not wait until the last few months of a child's school career before advice and guidance is offered around higher education as an option. I think that that is plain common sense and is something that we need to adopt as a day-to-day way that our HEIs relate to the community of schools and FE institutions, let us not forget, that surround them.

[123] **Julie Morgan:** On the fact that it is not 100% take-up, is there any evidence for why there is that gap of 5% or less?

[124] **Huw Lewis:** I am not aware of any studies. I will hand over to Chris, as perhaps he has more knowledge of this. To my understanding, I do not think that we would ever reach 100%. There are some sets of parents who would just want to write a cheque and be done with it, and they are wealthy enough to be able to do that, and that is fine. There is anecdotal evidence of some unease among Muslim students, because, of course, interest is involved in some of these arrangements. That is something that I would want to take a look at and maybe talk to the Muslim community about with regard to that kind of barrier being overcome. As for studies, though, I do not know if there have been any

[125] **Mr Jones:** I am not aware of any. We have tried to look at the statistical groups, such as income group, for instance, of people who are not taking up loans, but it is very difficult information to analyse and get any real conclusions from. However, it is something that we are going to look at with the Student Loans Company in future.

[126] **Julie Morgan:** Do you think that living costs are more of a concern to students than the tuition fees?

[127] **Huw Lewis:** I cannot answer for the individual student. Again, I am sure that there are as many personal circumstances as there are students, and I am sure that living costs at a time like this must loom very large in the minds of the students and their parents or guardians. That is why I think it is more important than ever that we continue with a governmental commitment to supporting our students through the overall financial burden of higher education. There is even more reason to be determined about a policy such as this than there would have been in better times.

[128] **Julie Morgan:** We came across one student who was on a full-time course and was also working full-time and was extremely stressed, and this was reflected by some of the other students. Has the department been able to look into the experiences of students in managing courses?

[129] **Huw Lewis:** I have not initiated any new programmes since coming into post, but I will be making sure that the student voice is represented on the expert panel around Sir Ian Diamond, for instance. So, we will have direct input, from the NUS in all likelihood, to make sure that we keep our feet on the ground and recognise the actual experience of students as they go through the system.

[130] **Jocelyn Davies:** The NUS representatives did tell us that they would be part of it when they gave evidence to us.

[131] **Peter Black:** If I may, I will just follow up those questions from Julie Morgan. I think that there is quite a lot of evidence out there that students consider the cost of living to be a bigger barrier to going into education than the fees, which are not up front, but are repayable afterwards. Many students are put off by the affordability issues of being at university and paying their way through university. Is your review going to be considering those particular aspects as part of the finance system as a whole, and will you be looking at solutions both to that and to the fees issue as part of your generational solution?

[132] **Huw Lewis:** Yes. I want this to be an all-encompassing review. What I am particularly interested in, of course, is this: if there is a group of students out there for whom the fear of the cost of living element is enough to put them off making the leap into HE, we need to know about it. We need to know the size of that problem, how many students we are talking about, and what possible ways there are of ameliorating that problem. As I say, it is particularly important in relation to able people being put off something that should be an option for them as much as for anybody else.

[133] **Peter Black:** I do not want to pre-empt the review, but given that you have a limited amount of money, in terms of how the Government best supports students, there is an element of trade-off, is there not? There may well be an element of trade-off between giving them support on the cost of living and giving them support on the fees, as you cannot do both.

[134] **Huw Lewis:** No, you cannot do both. All politics is a trade-off, I suppose. Steering our way through the best possible equitable way of balancing those problems is what we are about.

[135] **Peter Black:** In terms of the tuition fee grant, the view has been expressed that only Welsh domiciled students studying at Welsh higher education institutions should be eligible for that grant—I know that that is not the current Government's policy. We are talking about a market in Wales that is a different sort of market to that in England, but there are issues about the availability of courses in Welsh HEIs, particularly veterinary science, among a number of other courses. Do you think that looking at the way in which you support students and maybe looking at limiting it to Welsh HEIs will affect that market? Can you manipulate the market to make more courses available through the way in which you change your tuition grant regime? Have you considered that?

[136] **Huw Lewis:** Maybe there are; I certainly would not want to sit here and start throwing out random suggestions about how that might work, but I am sure that that will be in the mind of Ian Diamond as he cracks on with this work. We need to consider all of the options that open up life chances and prospects for our young people and that stay within a sustainable envelope, both in terms of the students and the institutions. So, I have not fenced off areas of consideration, if you like, for Ian Diamond. I have put my priorities on paper, in terms of access, sustainability and so on, but one of the reasons that this review will take a while is that it really does need to take a fundamental look at all aspects and options.

[137] **Peter Black:** My last question is on the student experience. Cardiff University, when it gave evidence, said that there are rising student expectations when paying higher fees. In your experience, do students believe that they are getting value for money from the Welsh higher education system?

[138] **Jocelyn Davies:** Students actually expected to see tutors and to have decent accommodation. [*Laughter.*]

[139] **Huw Lewis:** I am sure that there are rising student expectations. I recall, as a student, being extraordinarily passive in terms of what I accepted as being an acceptable level of

support. It did vary a lot during my student career.

[140] We have made no study of this in a Welsh context, but it is certainly an ever-increasing feature on the landscape. We need to keep an eye on it. It is all to the good, because it should be the case that students expect the very best in terms of teaching and learning from their HEI.

[141] **Jocelyn Davies:** If students now consider themselves to be the customer, do we know what it is that they expect? It might not be the best in learning; they might have an entirely different value system. Will the review be looking at what the student considers to be value for money?

[142] **Huw Lewis:** I do not doubt it, particularly as part of the overall consideration of the student voice within the review, which I want to come through loud and clear. As you said, the review will go beyond issues of affordability; it will also be about quality, and that is something that I do not doubt will be considered as part of the review.

[143] **Peter Black:** Student accommodation has massively improved since I was a student, but teaching facilities seem to be taking much longer to catch up and to get that improvement. Is there an issue, given that we are in a market, that the universities are not making that provision sufficient to meet student expectations?

[144] **Huw Lewis:** I am not in a position to judge on that just yet. The best voice that can inform us in that regard is the student voice. We need to set about listening, through this review, to what they are saying.

[145] **Peter Black:** Is there any evidence that student drop-out rates are increasing?

[146] **Huw Lewis:** I have none.

[147] **Mr Jones:** 'No' is the short answer. The trend seems to be that it is reducing.

[148] **Jocelyn Davies:** It is reducing.

[149] **Mr Jones:** Yes, but we have not had any data for 2012-13 or for 2013-14 yet.

10:30

[150] **Jocelyn Davies:** Ann, shall we come to your question?

[151] **Ann Jones:** My question is around the funding for research. How effectively does the £71 million for quality research allocated by HEFCW support research in Welsh HEIs? Do you have any ideas?

[152] **Huw Lewis:** I am going to turn to my colleagues on this one.

[153] **Mr Surman:** The short answer again is that that is very much a question for HEFCW. The purpose of the HEFCW quality research budget is to support the fundamental research infrastructure within universities. It is not, therefore, allocated to specific providers for specific research projects or initiatives; it is very much about underpinning the general research capacity of Welsh universities. The preponderance of that money therefore goes to Cardiff University, naturally enough, which is by far the predominant research institution. As to how it is distributed and whether that particular methodology represents value for money in terms of getting bang for your buck, that question is more properly directed to HEFCW and the Minister for Economy, Transport and Science, as research is in her portfolio rather than

the Minister for education's portfolio.

[154] **Ann Jones:** Glyndŵr University told us, when it came before this committee, that it is not going to receive any research money whatsoever this year. So, from the £71 million allocated, Glyndŵr University is the only university that is not receiving anything. However, it told us that for every £1 of the £375,000 that it had previously received, £11 had been generated from other sources. Should HEFCW be distributing the funding more equitably, and why is it that one university appears not to receive even a very small amount of the £71 million? That may really be a question for HEFCW, but I will put it on the table.

[155] **Jocelyn Davies:** We were told that it depended on the number of those doing the research, and that Glyndŵr University was below the quota of three. Even though the research might be world class, if there is a small number, it is not considered for funding. Glyndŵr's point was that it levered in a lot of money from that small pot, so it was undermining the research ability in that area, not just for that university.

[156] **Ann Jones:** I will leave the rest of the questions, Chair, because they sit within the Minister for Economy, Transport and Science's portfolio.

[157] **Jocelyn Davies:** Okay, we will go on to Chris's questions.

[158] **Christine Chapman:** Minister, you have touched on supporting students from low income families. How much money is currently targeted at supporting students from low income households, and do you think that this money is achieving its purpose?

[159] **Huw Lewis:** Do you mean in terms of the access agenda broadly?

[160] **Christine Chapman:** Yes.

[161] **Huw Lewis:** Thirty per cent of the money flowing through the student support system should be recycled into initiatives around widening access. That is a very chunky commitment that HEIs have to undertake. Since taking up my post, I have asked officials to grant me a better understanding of what is going on out there at the moment in terms of how the Reaching Wider programme is working, and also to grant me a better understanding of how we are monitoring the effectiveness of the spend of that kind of money. I have not had the full picture presented to me as yet, so perhaps I could turn to Neil.

[162] **Mr Surman:** The regular statistical releases produced by our analysts within the Welsh Government give a pretty thorough understanding of all of the different student finance products in Wales, the numbers of students in receipt of those products and how much the expenditure is worth on each of them. If the question is 'How much money globally goes to those that we might define as being in hardship or with the most disadvantaged backgrounds?', quite a number of those student finance products are means tested, because the means test operates on a sliding scale so that those at the most disadvantaged end get the maximum of £5,000 in terms of the Welsh Government learning grant for instance, but then there is a sliding scale in terms of entitlement. So, to try to put a global sum around—I think that we would have to pick a notional point on each of those scales to say what we mean by the most disadvantaged, and then we could probably undertake that calculation. These are not data that are held regularly, because information is not currently collected or presented in that fashion. I am sure that it could be derived from the official statistics, but it is not presented in quite that way currently.

[163] **Huw Lewis:** I am determined that we will get a better picture of how things are operating here. There is such a range of provision. We are also talking about the education maintenance allowance here, and we are talking about HEFCW's remit to work with

Communities First areas, in particular. So, we have a list of interventions and I am determined that we are going to get a very clear picture of just what is operating where and how effective all of these things are, because Ian Diamond is going to need that in order to recommend a more robust widening access agenda for us.

[164] **Christine Chapman:** Obviously, this may come up in the review—I am sure that it will—but do you think that the fee plans are an effective tool for widening access at the moment?

[165] **Huw Lewis:** I have yet to make a judgment on that. As I said, I do not have as yet the full monitoring facts at my disposal in that regard. One would obviously like to think that they are. There is certainly some evidence out there that shows that Welsh HEIs are particularly good at the widening access demands we make of them, but I want to understand whether that really is as good as it is made out to be and to set challenges for our HEIs—even given that we may be operating really rather well. I know, as I am sure that you do, Chris, that, as constituency representatives, what we could be doing for young people, particularly in deprived areas, is—. We do not have the picture that we would like to see in terms of the support that is offered not only, as I said before, for those people who are aged 17 or 18 and actually thinking about the transition from school, but going down the age groups to make sure that young people's eyes are lifted, if you like, towards higher education as a prospect much earlier on, and that it becomes an assumption, hopefully, among more young people, that that is the route that they will travel.

[166] **Christine Chapman:** What about the provision of more flexible types of study? I am thinking of online learning or part time learning, say. Do you think that these are cost-effective ways of encouraging access from low-income families?

[167] **Huw Lewis:** I want to mine those prospects as much as we can for all the potential that they have. Again, a lot of this stuff is extremely new, and these massive open online courses that we are beginning to see HE institutions set up and operate are extremely interesting. My initial reaction is that we should regard them as ways into the student experience, and not as a substitute for it. There will be people—the Open University has taught us this for years—for whom that kind of distance learning experience is the most suitable thing. We need to recognise that and support it, but I would not like to see us head towards a future where distance learning becomes some kind of poor kids' experience. It has to be something that leads people, if anything, towards the best kind of experience in higher education that would be expected by the better off. Having said that, it is a little difficult to say how this landscape is going to—

[168] **Christine Chapman:** Will this be looked at as part of the review?

[169] **Huw Lewis:** Oh, yes.

[170] **Christine Chapman:** That is fine. Thank you.

[171] **Jocelyn Davies:** Okay. Simon is next.

[172] **Simon Thomas:** Weinidog, ar ddechrau'r cyfarfod, roeddech yn glir iawn mai un o'r gwahaniaethau mawr yr oeddech yn gweld o ran y sefyllfa yng Nghymru a'r sefyllfa yn Lloegr oedd astudio rhan-amser. Roeddech yn dweud bod astudio rhan-amser wedi mynd dros y dibyn yn Lloegr. Wedi dweud hynny, mae'r polisi ar astudio rhan- **Simon Thomas:** Minister, at the start of the meeting, you were very clear that one of the big differences that you saw in terms of the situation in Wales and the situation in England was part-time study. You said that part-time study had gone off a cliff in England. Having said that, the policy for part-time study in Wales has also been

amser yng Nghymru hefyd wedi bod ar ei hôl hi yn gyson ers cyflwyno'r system bresennol ar gyfer myfyrwyr llawn-amser. A ydych chi'n meddwl eich bod chi wir wedi cyflawni eich gobeithion ac amcanion ynglŷn ag astudio rhan-amser mewn prifysgolion?

behind the curve consistently since the introduction of the current system for full-time students. Do you think that you have genuinely achieved your hopes and objectives in terms of part-time study in universities?

[173] **Huw Lewis:** No, I do not believe that I have. That is why I have included that as one of the headline issues for Sir Ian Diamond to take a look at. I think that anyone who genuinely understands where Welsh society is and where our economy is, and cares about that, would recognise that, if we do not foster part-time alternatives, we will be making a fundamental mistake in terms of prospects, for instance, among older age groups. We need to support and upskill people for all of the reasons that we have rehearsed a thousand times in the Assembly Chamber. This is something that is particularly important in the Welsh context. That is why it is right up there as a priority for Sir Ian Diamond to take a look at.

[174] **Simon Thomas:** I see that you have made that very clear today. However, that report and any consequences from it do not flow on until the 2020s, possibly, as you said earlier. So, what is the current situation in terms of addressing this? Are you caught between a rock and a hard place in that you have to continue with the current funding regime for full-time students, which really limits your options for part-time study until you have this ongoing, more comprehensive review?

[175] **Huw Lewis:** Well, no. We will have a revised system of support. I am not going to stand around doing nothing while Sir Ian gets on with doing the work that he needs to do. We have a revised system of support coming in for 2014-15. It is designed to keep fee levels low, and that is the fundamental commitment, which has been abandoned in England.

[176] **Simon Thomas:** The institutions tell us, however, that keeping those fee levels low is something that they are absorbing themselves, and that they do not really think that it is directly linked to your policy or HEFCW's policy. Is that a fair way of putting it?

[177] **Huw Lewis:** Well, it is directly linked to my policy.

[178] **Simon Thomas:** 'Money' I should have said, rather than 'policy', perhaps. In other words, they say that they are absorbing the costs of this and they do not think that they can continue for much longer.

[179] **Huw Lewis:** Well, let us see. If they were here, I would remind them that they are almost unique in the public realm in Wales at the moment in terms of looking forward to way above inflation increases in their overall income over the next few years. I would also remind them that part-time provision is something that Wales needs. As major players in Welsh society and the Welsh economy, I would not expect them for a moment to step away from a priority like that one.

[180] **Simon Thomas:** So, there is a moral obligation on them to be a part of the public wheel: is that what you are saying?

[181] **Huw Lewis:** And, thus far, they have been very moral indeed, in terms of the way that they have stepped up to the challenge.

[182] **Jocelyn Davies:** And we are all very proud of them for that.

[183] **Huw Lewis:** And I appreciate that. It is something that we have to preserve.

[184] **Jocelyn Davies:** So, because this is for the public good and this is a priority for you, you expect them to deliver that, and that is perfectly fine.

[185] **Huw Lewis:** I work alongside them. I would be alarmed, and I would take whatever action was in my power to take, if we saw any sign of a drop-off in part-time provision similar to what we are seeing in England. It is not a priority over there, but it is a priority here. I know that Welsh HEIs are filled with decision makers who have the public good very much at the forefront of their minds, and I will be working alongside them on this issue.

[186] **Mike Hedges:** I should mention that I do part-time higher education as well, and declare an interest as someone who used to teach such courses. My question is this: when do you intend to announce a final funding package for part-time study?

[187] **Huw Lewis:** It is 2014-15, is it not?

[188] **Mr Jones:** It is 2014-15. We have also given a commitment to give HEFCW additional funds to continue to subsidise part-time study in order to keep fee levels broadly at the level they are now.

10:45

[189] **Simon Thomas:** You say 'broadly at the level they are now': is that something that you can guarantee? In effect, doing part-time study now in Wales takes much longer and it is not open to everyone, but it is much cheaper. If you are just talking about tuition fees, you can get a degree much cheaper by doing it part-time. There are very good social reasons for that, of course, but, if there is not a guarantee in the system around funding then that could be challenged by the institutions, could it not, in terms of putting up the price, in effect?

[190] **Huw Lewis:** I am sure that there will be adjustments. There are adjustments in any system as we move forward, but, fundamentally, I want to see this stuff accessible. It is something that the Welsh economy needs and it is something that we cannot step away from. So, it is early days in terms of my dialogue with the sector in this regard. However, I am confident that we can find arrangements here that will mean that we will preserve affordable part-time study in Wales at roughly current levels. My hope would be that we would grow that level of provision.

[191] **Jocelyn Davies:** I have one final question. I know that we just have a minute or two left. Some subjects cost more than £9,000 to deliver; some are very expensive. So, perhaps you would like to tell us how you are incentivising universities to continue to deliver those more expensive subjects.

[192] **Huw Lewis:** That is a HEFCW question, really. That relates to the individual HEIs and how they prioritise things within their own budgets, which is not really a question for me. I do not know whether there is more that we can say. I think that I would be straying beyond my—.

[193] **Jocelyn Davies:** That is above your pay grade now, Minister, is it?

[194] **Huw Lewis:** We have to remember that HEIs are not public sector organisations responsible to me.

[195] **Jocelyn Davies:** Okay. So, currently, you do not have an initiative or a policy to incentivise the delivery of subjects, do you?

[196] **Mr Jones:** HEFCW operate something called an 'expensive subject premium'.

However, that is decided by the council, rather than by Welsh Government.

[197] **Jocelyn Davies:** Okay. Are all Members reasonably happy with that? Minister, thank you very much. You have completed all the questions in the time allotted.

[198] **Huw Lewis:** I have never done that before. [*Laughter.*]

[199] **Jocelyn Davies:** So, we are delighted with that. We will send you a transcript for you to check over for factual accuracy as normal. Thank you very much.

10:48

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

[200] **Jocelyn Davies:** We have a paper to note. Is everybody happy with that? That was the additional information from the Open University.

**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**

[201] **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(ix).

[202] I see that Members are content.

*Derbyniwyd y cynnig.
Motion agreed.*

*Daeth rhan gyhoeddus y cyfarfod i ben am 10:48
The public part of the meeting ended at 10:48.*