

The Review of Higher Education Funding and Student Finance Arrangements in Wales

Final Report

September 2016

Review of Higher Education Funding and Student Finance Arrangements in Wales

Final report

Overview

This document presents the final report from the Review of Higher Education Funding and Student Finance Arrangements in Wales.

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Related documents

Independent Review of Higher Education Funding and Student Finance Arrangements in Wales: Interim report (2015)

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Foreword



In times of austerity it is easy for society to focus solely on current challenges and forget that it is essential to continue to invest in educating the future generations who will drive the economy and society of the future. In the twenty first century this requires an education system that minimises the attainment gap between rich and poor and enables pathways through to the higher level skills that are the lifeblood of the kind of nation to which Wales aspires. This system needs to be coordinated and organised such that it enables everyone to participate, to use their talent and to be motivated to fulfil their potential, thus benefitting everyone in Wales and always cognisant of the aims of the 2015 Well-being of Future Generations (Wales) Act. It also needs to be a system funded so as to be able to be both effective and efficient.

While there is, generally, universal agreement that education up to the age of 18 should be fully funded by the state, there has been more debate about higher education. We contend that nations which invest in higher education benefit from the high skills that graduates bring to the economy, from research which impacts both on economic growth and the well-being of citizens, and from the contribution of universities to the wider enrichment of culture and civil society. In addition higher education transforms lives and can make major inroads into reducing inequality through being a significant driver of social mobility. As well as providing clear long term individual benefits to those who participate, higher education is also a public good; it produces benefits that accrue to society as a whole.

The direct benefits to individuals are economic, in terms of higher lifetime earnings and the ability to move between jobs, and also social. Therefore the funding of higher education should, we submit, be a partnership between wider society and the individual. In contrast to England, where maintenance support for students will be based on loans, we propose a significant universal element of maintenance support for full-time students. This is consistent with the principle of progressive universalism that has been an important tenet of policy-making in Wales since devolution. If our proposals are implemented, students from Wales will face a significantly lower average level of debt on leaving university than English-domiciled students.

The Panel has been guided by the long standing Robbins principle that entry into higher education should be on the basis of ability alone, not on the ability to afford it. We also recognise that some learners will, for many reasons, choose to articulate into higher education, whether on a full or part-time basis, after a period in further education or some years after leaving compulsory education and we celebrate this. Furthermore, in the twenty first century, as knowledge-based societies require employees with ever higher skills, it is equally important that for postgraduate education that entry is based solely on aspiration and ability. There must not be a glass ceiling above undergraduate higher education.

We have thought deeply about whether Welsh students should be funded to study out of Wales and have concluded that it is in both the students' and, indeed, Wales' interests to enable students to study across national boundaries including in Europe and, potentially, further afield. But we also propose that the Welsh Government should incentivise students, in the medium term, to bring their skills to the benefit of Wales.

For many students, higher education study on a part-time basis is a positive choice that best suits their circumstances and again, we believe that such students should be encouraged, not least as longer working lives, technological change, demand for ever higher skills and changing career patterns for individuals have become the norm. There should be a triple partnership between higher education providers who should deliver part-time higher education in a way that enables students to 'learn while they earn'; the state, which should provide a system that incentivises part-time study; and the student.

In bringing these principles together we recommend a system that is, at its heart, simple, is progressive and aims to provide the student with both the opportunity to manage their finances and to benefit fully from a university education; and also propose a funding approach to maximise the flexibility of the learner to move through the Welsh system via the mode of study of their choice, and to do so in the medium of Welsh, should they so choose.

It is not only tuition at university level that is central to a twenty-first century higher education system that will benefit Wales, but also research: world class research, creating new knowledge, deepening human understanding and, where appropriate, impacting on economic, growth, health and well-being, and social cohesion. We believe firmly in the model of higher education where teaching is informed by the latest research and scholarship and also in the dual support system of funding research that has served the nations of the United Kingdom so well. We, therefore, recommend funding strategies that support research, encourage a new generation of researchers to be trained in Wales, and which maximise knowledge exchange of both commercial and social research.

Our analysis and recommendations were agreed prior to the outcome of the referendum on the UK's membership of the European Union on 23 June 2016. Any fiscal impact of the fallout from the referendum result on the Welsh Government's budget is not yet clear. We note the position of the First Minister of Wales that Wales should not lose out financially as a consequence of withdrawal from the European Union.

We are delighted to propose this package of recommendations for the future funding of higher education to the Welsh Government. It is a package that comprises interlocking elements and should be seen in its entirety; it therefore requires implementation as a whole. It is shaped by our core values that the education, research and knowledge exchange delivered by higher education can transform Wales and provide enormous opportunities for all those who have the ability to benefit from it.

Professor Sir Ian Diamond

Executive summary

1. This report presents the final recommendations of the Review of Higher Education Funding in Wales that was established by the then Minister for Education and Skills in February 2014. The then Minister announced a set of Terms of Reference and particularly asked the Panel to ensure the report addressed the following areas: widening access; supporting the skill needs of Wales; strengthening part-time and postgraduate provision in Wales; and long-term financial sustainability. The Review Panel proposes a costed package of recommendations for the future funding of higher education in Wales. The package of recommendations comprises interlocking elements that should be seen in their entirety and that require action by each of the Welsh Government, the Higher Education Funding Council for Wales (HEFCW), universities, and other stakeholders.

Full-time and part-time undergraduates

2. At the heart of these recommendations is a re-working of the student support package to move towards a simple system that recognises the holistic costs of higher education (HE) study to students, namely fees and maintenance. The recommendations respond to consistent representations from students that it is maintenance assistance that gives them the flexibility to manage their finances and, for some students, to overcome the real financial challenges associated with a period of higher education study.
3. In contrast to the system in England, in which maintenance support is based on loans, we propose a system consistent with the principle of progressive universalism that has guided policy-making in Wales since devolution. This principle is reflected in a proposed £1,000 non-means-tested Maintenance Grant being made available to all full-time Welsh domiciled undergraduates, together with an income-related Maintenance Grant, that at its maximum level covers fully the term-time living costs of eligible students from the lowest income households. In addition, loans to the level of the maximum grant would be made available to those not eligible for the maximum grant.
4. The Review Panel recommends that maintenance support through a mix of grants and loans be provided to cover the living costs for full-time undergraduate students and that part-time undergraduate students receive support that secures a broader equivalence of support across the two modes of study. Given the context of austerity and fiscal retrenchment in the UK, the recommended improvements to the overall student support package can only be achieved by releasing funds currently used to provide Tuition Fee Grants to full-time undergraduates.
5. The focus of undergraduate support for those studying on a full-time basis therefore moves from the Tuition Fee Grant towards improved maintenance support arrangements for all full-time and part-time undergraduate students, with the highest level of grant support covering the full cost of maintenance for those who are most in need, with income contingent loans to cover tuition fees. This will

support widening access and retention of students from all backgrounds, including those from poorer backgrounds, 'squeezed middle' income families and those either estranged from their parents or whose parents choose not to contribute to their higher education.

6. The Review Panel believes that tuition fees should be paid for via a publicly supported loan system with repayments made only after graduation and contingent on the level of earnings (and at less than the market rate of interest). For those subjects where the cost of teaching is greater than £9,000, it is recommended that Welsh universities receive sufficient income from HEFCW to support the cost of delivering these expensive subjects and that the Tuition Fee Loan should cover current fee levels which are to a maximum of £9,000 and which should apply to all subjects.
7. The Review Panel recommends that the holistic funding system described above should be available for study in Wales, across the UK, and across Europe (subject in the latter case to any implications of the result of the recent referendum on membership of the European Union).
8. The UK Government has announced plans, subject to parliamentary approval, to allow tuition fees at English universities to rise above the current £9,000 level, linked to quality of teaching. We believe that Tuition Fee Loan available to Welsh full-time undergraduates studying in England should be increased to continue to cover the cost of tuition, if fees rise from 2017/18. The same arrangements should apply to Welsh full-time undergraduates studying in Wales, subject to any arrangements being put in place by the Welsh Government and HEFCW regarding fees above £9,000 at institutions in Wales.
9. The Panel believes strongly in the importance of incentivising students to bring or retain their skills to the benefit of Wales. However, there was recognition of the administrative and legal complexities of designing and operating a partial loan cancellation and so the Panel recommends that the Welsh Government consider these complexities and bring forward proposals to incentivise students to work in Wales in the medium term.
10. Part-time HE study is a positive choice that best suits the circumstances of many students. The Review Panel believes that this route to HE should be encouraged, not least as longer working lives and demand for ever higher skills and changing career patterns for individuals have become the norm. The Review Panel recognises the positive aspects of the current part-time funding system in Wales for part-time study and aims to build on them. To promote improved uptake of part-time study in a way that encourages widening access the Review Panel recommends that:
 - Support for living costs for part-time students should be made available. The modest means-tested Course Grant currently available should be replaced with maintenance support similar to that recommended for full-time undergraduate students.
 - Reflecting the clear evidence that students' demand for part-time provision is price sensitive, part-time undergraduate student fees will in most cases

continue to be charged at a more moderate level of fees so as to ensure that part-time study is not dis-incentivised by prohibitive fee costs.

- Fee loans should remain available to those studying part-time.
- The more moderate fee for part-time students should be topped-up with institutional learning and teaching grants for universities and higher education providers, based upon the lower costs to the public purse of fee loans to these students overall given that most are already working.
- Universities and higher education providers should receive pro-rata top-up payments for high cost subjects for part-time students, as they would do under proposals in respect of full-time students.
- The overall funding system for part-time students should not be restricted by credit thresholds or prior study.

Postgraduate study and postgraduate research

11. Knowledge-based societies require highly educated employees and it is important that, as with undergraduate education, entry into postgraduate education is based solely on aspiration and ability. In order to remove the financial barrier to taught postgraduate education programmes for Welsh domiciled students and provide a parity of investment across different modes of HE, the Review Panel recommends that postgraduate taught Masters students receive the same level of maintenance and tuition fee support as undergraduate students. The Review Panel also recommends that assessment for support for postgraduate programmes should be undertaken at the time of the start of the programme.

12. To develop a new cadre of researchers in Wales, the Review Panel recommends that Welsh Government funding should be made available to support programmes for postgraduate researchers. We propose scholarships of up to three years duration for 150 research students each year, initially for three years. These scholarships, for both fees and maintenance, should be funded in a three way equal partnership between the Welsh Government, the university in which the research student will be based, and another funder either from the private, public or third sector. The scholarship should, therefore, be free to the individual student and would be in addition to current HEFCW funding for postgraduate research.

Students with particular challenges and needs

13. Our proposals thus far recognise the challenges that many people face in undertaking successfully a course of higher education. We believe that there are three groups of people for whom, by dint of their background or circumstance, the challenges are multiplied, and for these people we propose additional support so that both they, and Wales, can benefit from higher education study. These are those students with experience of care, or who have received support from social care services; those with a disability; and those who are parents.

14. For those prospective students with experience of care as children we propose that further and higher education providers provide personalised support packages, be prepared both to transfer credits and have the flexibility to permit

multiple starts in the academic year. We support the recognition already given to those with experience of care by 'The Children Act 1989 (Higher Education Bursary) (Wales) Regulations 2011' and believe that the funding system we have proposed, together with this HE Bursary, provides a sound basis to support care leavers. Notwithstanding this, the Review Panel proposes that those with experience of care should receive the maximum Maintenance Grant proposed in this report.

15. The Review Panel recognises that students with a disability have particular challenges in successfully completing a course of higher education. We also recognise that great strides have been made across Wales over the past years to assist students with disabilities to be able to benefit from higher education. The Welsh Government should work with HM Treasury to consider what further assistance can be offered.
16. Students who are parents face particular challenges if their children are below or at school age. The Review Panel notes the social and financial challenges for students who are parents and we recommend that the Welsh Government, via HEFCW, work with universities and the National Union of Students (NUS) to ensure appropriate financial support to help student parents to combine their study with their family responsibilities.

Higher education through the medium of Welsh and Welsh studies

17. The Review Panel received considerable evidence on both the desirability and the need for higher education to be delivered through the medium of Welsh. The Review has also received evidence that supports the work of the Coleg Cymraeg Cenedlaethol, and recognises the important progress made in Welsh medium HE since the establishment of the Coleg. The Review Panel recommends that the Coleg, as a separate body established jointly by all universities in Wales, should continue to be the lead body in planning and supporting the provision of Welsh medium provision on a strategic basis across Welsh HE. To support a sustainable funding model in HE through the medium of Welsh, annual investment from HEFCW in the Coleg Cymraeg Cenedlaethol and its scholarship programme should be maintained at least at the level for academic year 2016/17 (£5.8m).
18. The Review believes that the Coleg and universities have a collective responsibility to work with other bodies and organisations to enhance the delivery of higher education through the medium of Welsh. We therefore recommend that the Welsh Government work with the Coleg Cymraeg Cenedlaethol, HEFCW, universities and organisations such as FE colleges, schools, the National Centre for Learning Welsh, and employers to secure maximum impact and greatest value from public investment in, and support for, Welsh-medium higher education.
19. The Review Panel supports the principle of public investment, alongside commercial approaches, for an academic publishing house in Wales. We believe that the timing of the independent review of Welsh Government support for

publishing and literature in Wales should permit all stakeholders to develop a sustainable business plan for University of Wales Press.

Research funding and knowledge transfer

20. At the heart of the success of the higher education research endeavour across the United Kingdom has been the 'dual support' system. Quality related research (QR) funding is provided to Welsh universities by the Welsh Government, through HEFCW, based on a periodic assessment of research quality through the Research Excellence Framework. Universities also source and compete for research/project funding from a variety of public and non-public sources.
21. QR funding is crucial in providing the baseline investment that enables the long-term strategic development of research and the creation of a critical mass of research capability. The certainty and predictability of QR funding is important given the long planning horizons that university research strategies have to address. For this and other reasons the Review Panel believes that QR funding remains essential and that it should be maintained at least at the current level of £71m per annum in real terms over the next five years.
22. A similar dual support system is proposed by the Review Panel to support knowledge transfer. This investment is required to ensure that the research and knowledge generated in universities provides maximum benefit to the economy and society of Wales. The Welsh Government, through HEFCW, should first fund two knowledge transfer hubs; and second instigate an agile, flexible project-based funding stream aimed at projects that will impact on the Welsh economy. These should be administered, by HEFCW, with a minimum level of bureaucracy. In addition, the Welsh Institute for Social and Economic Research and Development should receive core funding from the Welsh Government to impact on social policy, on a five year basis, against the majority of its funding coming from projects.

Higher vocational and technical education

23. The Review Panel, assisted by a specialist sub-panel, considered how best to enhance opportunities for students pursuing work-based or occupationally-related higher education programmes. This followed an extension to the remit of the Review announced in March 2016. The Review Panel saw an opportunity for Wales to develop degree apprenticeships or employer-sponsored provision or in a way that makes the slogan 'learn while you earn' a reality.
24. Effective models of partnership working already exist between colleges, universities and training providers to ensure that students progress between level 4 and 5 HE programmes (such as Foundation degrees or HNDs) and undergraduate degrees. Recommendations made by the Review Panel in this area are intended to enhance partnership working; and the pivotal role of employers should not be understated. The proposals in this area include better processes for the approval of advanced apprenticeship frameworks and some developmental funding for FE colleges aiming to make a distinctive offer to

students and employers in the field of higher technical education, subject to the usual requirements on quality assurance.

The Learned Society of Wales

25. In the course of this Review we have received submissions from the relatively new Learned Society of Wales (LSW). The LSW is a very welcome addition to the Welsh intellectual landscape, particularly given its multidisciplinary and multi-sectoral fellowship. We believe it has the potential to develop into a real resource for improving the public understanding of science and research, contributing to the development of Wales' 'soft power' by promoting international networks of interest in Wales, and by providing independent advice and horizon scanning across a wide range of areas by ensuring that Wales' policy makers have access to the best national (and global) expertise.

26. For it to function effectively the Review Panel recommends the quantum of core funding for the LSW that similar such bodies receive in other jurisdictions.

The Higher Education Funding Council for Wales

27. The Review Panel believes that HEFCW needs to be equipped with an amount of unhypothecated funding to drive change in areas associated with Welsh Government priorities; including projects to impact on the social aspects of widening access; university efficiencies or interventions to simplify the learner journey. The Review Panel therefore recommends financial provision for HEFCW's strategic development fund, though it expects that projects financed through this funding stream would be jointly sponsored with universities.

The Student Loans Company (SLC)

28. The Review Panel recommends the UK Joint Ministerial Committee, at the highest levels, should consider the better coordination of student finance policy between the administrations of the UK, without prejudice to devolved decision-making. We welcome the SLC's willingness actively to explore with the Welsh Government options for implementing the recommendations of this report without delay. Depending upon the outcome of that joint work, the Panel recommends that consideration be given to the scoping of a new system of student loan administration for Wales.

1. Purpose of the report

- 1.1 This report concludes the work the Review Panel. It presents our analysis and key findings and, in accordance with our remit, proposes a costed package of recommendations for the future funding of higher education in Wales.
- 1.2 The Review of Higher Education Funding and Student Finance Arrangements in Wales commenced in April 2014. In December 2015, the Review Panel published an interim report¹ which summarises much of the evidence base that has informed this Review. The interim report is a companion piece and, as such, this report draws heavily on it.
- 1.3 Additional information and advice has been sought to update the evidence base. The findings, for the most part, remain consistent with those outlined in the interim report. The Review Panel has also focused attention during the final phase of the Review on modelling a wide range of scenarios before arriving at the proposed system and package of recommendations in Section 9.
- 1.4 One important matter that the Panel was not able to consider due to the reporting time line is the effect of the result of the referendum on the UK's membership of the European Union on 23 June 2016. Only anecdotal evidence is currently available on the effect of the result on higher education in UK. Until Article 50 of the Treaty on European Union is triggered higher education institutions (HEIs) and their students continue to be full participants in Horizon 2020, Erasmus+ and European structural funds programmes in Wales. Any fiscal impact on the Welsh Government's future budget will not be known until after the Chancellor of the Exchequer has made his Autumn Statement in late 2016.

¹ Review of Higher Education Funding and Student Finance Arrangements in Wales: Interim Report
<http://wales.gov.uk/topics/educationandskills/highereducation/review-of-he-funding-and-student-finance-arrangements/?lang=en>.

2. Remit and priorities

2.1 In February 2014, the then Minister for Education and Skills announced the terms of reference and priorities for this Review². Those terms, and the membership of the Review Panel, were expanded in March 2016 to allow consideration of matters relating to student support and the funding of higher education in further education institutions³. The expanded terms of reference are at Appendix A. Membership of the Panel is shown at Appendix B.

2.2 The Welsh Government's priorities for the Review include:

- i. widening access – ensuring that any future system has widening access as its core objective, is progressive and equitable;
- ii. supporting the skill needs of Wales;
- iii. strengthening part-time and postgraduate provision in Wales; and
- iv. long-term financial sustainability.

² Written Statement on the Review of Higher Education Funding and Student Finance Arrangements in Wales, February 2014 <http://gov.wales/about/cabinet/cabinetstatements/previous-administration/2014/hefinance/?lang=en>

³ Written Statement - Review of Higher Education Funding and Student Finance Arrangements in Wales, 4 March 2016: <http://gov.wales/about/cabinet/cabinetstatements/2016/hefunding/?lang=en>.

3. Approach

- 3.1 The Review Panel has followed an approach of Evidence-Informed Policy making in preparing its recommendation to Welsh Ministers. To ensure that we have had access to sufficient evidence and breadth of opinion to inform our deliberations, a comprehensive stakeholder engagement plan was implemented. Engagement activities included:
- i. Review Panel membership: an expert panel established which included individuals drawn from key organisations;
 - ii. Review Panel meetings;
 - iii. focus groups;
 - iv. commissioned evidence reports;
 - v. external policy support and a specialist FE Sub Panel to advise the Review Panel in connection with its extended remit (see Appendix A); and
 - vi. a call for evidence, which elicited 22 oral presentations to the Review Panel and over 160 written submissions from stakeholders.
- 3.2 Updated information relating to stakeholder engagement activity is provided at Appendix D.
- 3.3 In addition to the evidence obtained through stakeholder engagement, the Review Panel also examined a wide array of data and other documentary evidence. This has included more than 320 briefings, reports, research papers, articles, policy documents, and circulars.

4. Guiding principles

4.1 In order to develop a strategy to fund higher education in a way that can enable universities to fulfil their broader functions and that can explicitly contribute to the Welsh Government's strategy of driving jobs and growth and securing greater social justice, there needs to be a set of principles around which a funding strategy can be developed. The Review Panel developed such a set of principles⁴, which state that the Welsh higher education funding system should have at its heart, through high performing institutions:

- i. The development and dissemination of human knowledge and understanding.
- ii. The promotion of a highly skilled and prosperous economy that is environmentally sustainable, the promotion of a healthy and cohesive society, and the enrichment of culture and civil society.
- iii. Investment in higher education should be shared between government – acting on behalf of the wider society – and those who accrue a direct benefit from a university level education.
- iv. Institutions providing higher education should be funded at a level that enables them to deliver teaching and research of the highest quality, in line with their respective strengths, specialisms, and missions.
- v. Funding should enhance the accessibility of higher education so that participation is not negatively impacted by an individual's economic or social background.
- vi. The funding system should take into account the UK-wide and international dimensions of research activity and collaborations and the need for universities in Wales to be competitive and successful in those environments.
- vii. Funding should support and enhance diverse modes of study, including full and part-time study, and distance learning; and should ensure freedom of movement between different educational sectors.
- viii. Funding should enable and promote the delivery of higher education through the medium of Welsh, where there is evidence of demand.
- ix. Funding should enable and support both undergraduate and postgraduate study, whilst recognising the mechanisms for each may differ.
- x. The cost of higher education (either undergraduate or postgraduate) for an individual should take into account the direct fee (which should include any course materials) plus a reasonable estimate of living expenses.
- xi. The system should be progressive and, therefore, provide the greatest support to individuals who have the greatest need while maintaining an element of universality that reflects the shared investment citizens make in education as taxpayers.
- xii. Funding for higher education courses should recognise the differential costs of teaching different courses, but any contribution from an individual should be constant across different subjects.

⁴ These guiding principles are also conveyed in the *Review of Higher Education Funding and Student Finance Arrangements in Wales: Interim Report* (hereafter 'the Interim Report').

- xiii. The fees and funding regime should be as simple and transparent as possible to applicants and students, and straightforward to administer for institutions and other relevant agencies.
- xiv. The funding system should be sustainable in the context of wider economic contexts and student markets that go beyond Wales.
- xv. The 'dual support system' of research funding – whereby universities receive formulaic core funding in order to provide the basis from which applications for competitive project funding can emanate – is an essential component of a healthy Welsh higher education system; and a similar system should be put in place for innovation.
- xvi. The funding system should not impact negatively on institutional autonomy and academic freedom.

4.2 These principles, together with the Welsh Government's priorities for this Review, have guided the Review Panel's thinking throughout and they underpin the proposed system and recommendations contained herein. The Well-being of Future Generations (Wales) Act 2015⁵, which is designed to improve the social, economic, environmental and cultural well-being of Wales, as well as the broad priorities for HE in Wales (set out in the Welsh Government's *Policy Statement on Higher Education* in June 2013⁶), have also been brought to bear.

⁵ Well-being of Future Generations (Wales) Act 2015 - The Essentials:
<http://thewaleswewant.co.uk/sites/default/files/Guide%20to%20the%20WFGAct.pdf>.

⁶ Welsh Government, *Policy Statement on Higher Education*, June 2013
<http://wales.gov.uk/topics/educationandskills/highereducation/policy-statement/?lang=en>.

5. Public investment

- 5.1 In the early stages of this Review, presentations were received from the Chief Economist for Wales and the Head of Budgetary Control and Reporting, Welsh Government. The Review Panel heard that overall Welsh Government finances are under a historic squeeze and that the budgets which fund elements of student finance and higher education policy and strategy, in particular, are under pressure.
- 5.2 This squeeze has continued, with the UK Government extending the period of public spending reductions. Current plans see the Welsh Government budget continuing to fall, in real terms, over the current Parliamentary term. In the March 2016 Budget, the then Chancellor of the Exchequer increased the overall level of public spending reductions in 2019-20 and extended these reductions for a further year, into 2020-21. These further reductions in the Welsh Government's effective budget pose a particularly severe challenge, coming on top of an extended period of sustained cuts. In addition, the pressures from increased demand and higher expectations, due for example to demographic change, continue to grow. In addition, the former Chancellor announced higher public sector employer pensions contributions the effect of the National Living Wage and the Apprenticeship Levy, whatever their merits, will be to add further to the costs of delivering public services.
- 5.3 At the time of writing (July 2016) the picture has been further complicated by the recent referendum result on membership of the European Union. As noted in section 1, the impact of the result of the EU referendum on fiscal policy in the UK will remain uncertain until at least the HM Treasury Autumn Statement in late 2016. A vital issue is the extent to which the UK Government provides funding to compensate for the loss of European Union structural funds until 2020 and the impact that any withdrawal from Horizon 2020 would have if the UK does not seek membership of the European Economic Area.⁷
- 5.4 Although less obvious, potentially even more important implications could arise as a result of the lower rate of economic growth most independent experts expect to result from a decision to leave the European Union. The Institute for Fiscal Studies (IFS) has estimated that, on cautious estimates of the possible reduction in growth, the impact on the UK public finances could amount to the equivalent of an increase in the UK budget deficit of £20-40 billion by 2019-20. The main factor in this is a reduction in tax revenues below what would otherwise have occurred.
- 5.5 The impact of this increased deficit on Wales would depend on how the UK Government chose to respond to such deterioration in the public finances. The IFS has suggested that the UK Government may be more likely to prolong austerity into the 2020s, rather than to deepen it in the face of a slowing economy. Indeed, it is possible that there may be some short-term relaxation in response to slowing growth, but this would probably be focused on tax

⁷ See footnote 57 for further context on this point.

reductions and/or capital spending increases rather than increases in resource budgets.

6. The wider context

6.1 Our Interim Report sets the wider context for the Review⁸. It references the successive Welsh Government policy documents and commissioned reviews, relating specifically to higher education in Wales, which have been considered by the Review Panel, together with related policies and strategies in the areas of economic development, skills and innovation, lifelong learning and widening access. Policy developments in England and elsewhere in the UK are also mentioned. Since the report was produced, a number of developments and more recent reports have informed our thinking. Key amongst them are:

- The UK Government Green Paper, *Fulfilling our Potential: Teaching Excellence, Social Mobility and Student Choice*⁹, November 2015. This includes the proposed establishment of a Teaching Excellence Framework¹⁰.
- The UK Government White Paper, *Success as a Knowledge Economy: Teaching Excellence, Social Mobility and Student Choice*, May 2016¹¹.
- *Ensuring a successful UK research endeavour – A Review of the UK Research Councils* by Paul Nurse¹², November 2015.
- *Towards 2030: A Framework for Building a World-Class Post-Compulsory Education System for Wales – Final report of the Review of the Oversight and Regulation of Post-Compulsory Education and Training in Wales – Professor Ellen Hazelkorn*¹³, March 2016. The Chair also held discussions with Professor Hazelkorn.
- The Welsh Government Consultation: Support for postgraduate study and part-time engineering, technology or computer science, launched in March 2016¹⁴.
- The Welsh Government Consultation: Support for foundation years, launched in March 2016¹⁵.
- *The Welsh-medium Education Strategy*, Welsh Government, March 2016¹⁶.
- The announcement of an independent review of the Welsh Government's support for publishing and literature in Wales, March 2016¹⁷.

⁸ Information extracted from the interim report and updated with latest available data, where appropriate.

⁹ Department for Business Innovation and Skills, *Fulfilling our Potential: Teaching Excellence, Social Mobility and Student Choice* November 2015:

https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/474227/BIS-15-623-fulfilling-our-potential-teaching-excellence-social-mobility-and-student-choice.pdf.

¹⁰ Teaching Excellence Framework: Year 2 - technical consultation (2016):

<https://www.gov.uk/government/consultations/teaching-excellence-framework-year-2-technical-consultation>

¹¹ <https://www.gov.uk/government/publications/higher-education-success-as-a-knowledge-economy-white-paper>

¹² *Ensuring a successful UK research endeavour: A Review of the UK Research Councils* by Paul Nurse November 2015: https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/478125/BIS-15-625-ensuring-a-successful-UK-research-endeavour.pdf.

¹³ Hazelkorn Report: *Towards 2030: A Review of the Oversight and Regulation of Post-Compulsory Education and Training in Wales*: <http://gov.wales/topics/educationandskills/publications/reports/review-of-the-oversight-and-regulation-of-post-compulsory-education-and-training-in-wales/?lang=en>.

¹⁴ Welsh Government Consultation: Support for postgraduate study and part-time engineering, technology or computer science (March 2016): <http://gov.wales/consultations/education/support-for-postgraduate-study-and-part-time-engineering/?lang=en>.

¹⁵ Welsh Government Consultation: Support for foundation years, (March 2016):

<http://gov.wales/consultations/education/support-for-foundation-years/?lang=en>.

¹⁶ Welsh Government, *Welsh-medium Education Strategy*, (March 2016)

<http://gov.wales/topics/educationandskills/publications/guidance/welshmededstrat/?skip=1&lang=en>.

- The Welsh Government's new vision for Initial Teacher Education in Wales and draft criteria for the accreditation of initial teacher education programmes in Wales, March 2016¹⁸.

- 6.2 In terms of the socio-economic context, the situation is as previously reported: whilst Wales has a strong political and cultural identity, its economy is closely integrated with adjacent areas of England and there is a high level of cross-border mobility in both social and economic terms. Wales also faces a range of economic challenges and, whilst it lags behind the UK as a whole in terms of economic performance, consideration in a more comprehensive context paints a mixed picture and reveals a range of more positive aspects, such as a closing of the gap in employment rates with the rest of UK since 1999.
- 6.3 UKCES¹⁹ *Working Futures 2014-2024*²⁰ projections suggest that the overall employment level in Wales is expected to rise from 1.412m in 2014 to 1.466m by 2024. In addition, there is a need to replace people who have left the labour market. *Working Futures* projections suggest there will be a net requirement (expansion demand plus replacement demand)²¹ of 607,000 workers between 2014 and 2024. In terms of expansion demand, the largest projected increase in employment is projected to be in professional occupations. Large expansion-based increases are also projected for higher skilled occupations in the managerial, and associate professional and technical occupations, and also in caring, leisure and other services.
- 6.4 Projections for employment by qualification level indicate big changes in the labour market in Wales. By 2024, it is predicted that over half (50.9%) of those in employment in Wales will hold qualifications at Level 4²² or above, compared to just under two-fifths (39.0%) in 2014, whilst approximately 167,000 people in employment are projected to hold qualifications at Levels 7-8²³. This shift towards higher qualifications and growth at the higher skilled end of the labour market creates significant challenge for those involved in the planning, funding and delivery of education and skills, at all levels.
- 6.5 A substantial body of evidence has been gathered over the course of this Review relating to graduate earnings and wage premiums. The evidence points

¹⁷ Announcement by the (then) Deputy Minister for Culture, Sport and Tourism, Ken Skates, of an independent review of the Welsh Government's support for publishing and literature in Wales, 15 March 2016:

<http://gov.wales/newsroom/cultureandsport/2016/160315-literature-review/?lang=en>.

¹⁸ Minister launches new vision for Initial Teacher Education in Wales – press release (22 March 2016)

<http://gov.wales/newsroom/educationandskills/2016/minister-launches-new-vision-for-initial-teacher-education/?lang=en>.

Teaching Tomorrow's Teachers – Draft Criteria for the accreditation of initial teacher education programmes in Wales: <http://www.erw.wales/media/109177/accreditation-criteria-english.pdf>.

¹⁹ The UK Commission for Employment and Skills.

²⁰ As with all projections and forecasts, the results presented in *Working Futures* should be regarded as indicative of likely trends and orders of magnitude given a continuation of past patterns of behaviour and performance, rather than precise forecasts of the future.

²¹ 'Expansion demand' refers to the net change in the number of jobs. 'Replacement demand' refers to the need for employers to replace workers due to mortality, retirement or other reasons. 'Net requirement' refers to the sum of expansion and replacement demand.

²² For a comparison of different qualification levels: <https://www.gov.uk/what-different-qualification-levels-mean/compare-different-qualification-levels>.

²³ This equates to the level of a postgraduate qualification.

to graduates earning more during their lifetime than individuals with the next highest level of formally recognised qualification²⁴. Higher levels of education are also linked to a range of positive social, well-being and cultural benefits for the individual, their family and society²⁵.

- 6.6 Data gathered on the size and structure of the HE sector in Wales show that the sector plays a central role in Welsh life and culture, and contributes more than £3bn²⁶ a year in gross expenditure to the Welsh economy. The Welsh HE sector also has considerable strengths in research and is well-connected internationally.
- 6.7 There are nine universities in Wales, including the Open University (OU) in Wales, offering a range of undergraduate and postgraduate provision. HESA (Higher Education Statistics Agency) data²⁷ show that, in 2014/15, there were 132,965 HE enrolments at Welsh HE institutions, including the OU²⁸. Of these, 28,105 were postgraduate enrolments (a 3% decrease compared to 2013/14) and 104,860 were undergraduate enrolments (also a 3% decrease compared to 2013/14). In 2014/15 the total number of part-time HE enrolments fell by 4.6% on the previous year to 40,915²⁹, and full-time enrolments decreased by 2% compared with 2013/14 levels to 92,050.
- 6.8 The overall trend in the number of students enrolled at Welsh HEIs, from 2003/04 to 2014/15, is displayed in Figure 1. Table 1 provides a breakdown of enrolments at HEIs in Wales for 2014/15.

²⁴ A position confirmed in the Department for Business Innovation and Skills, Graduate Labour Market Statistics 2015 (April 2016): https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/518654/bis-16-232-graduate-labour-market-statistics-2015.pdf.

²⁵ The Interim Report sets out robust evidence for this.

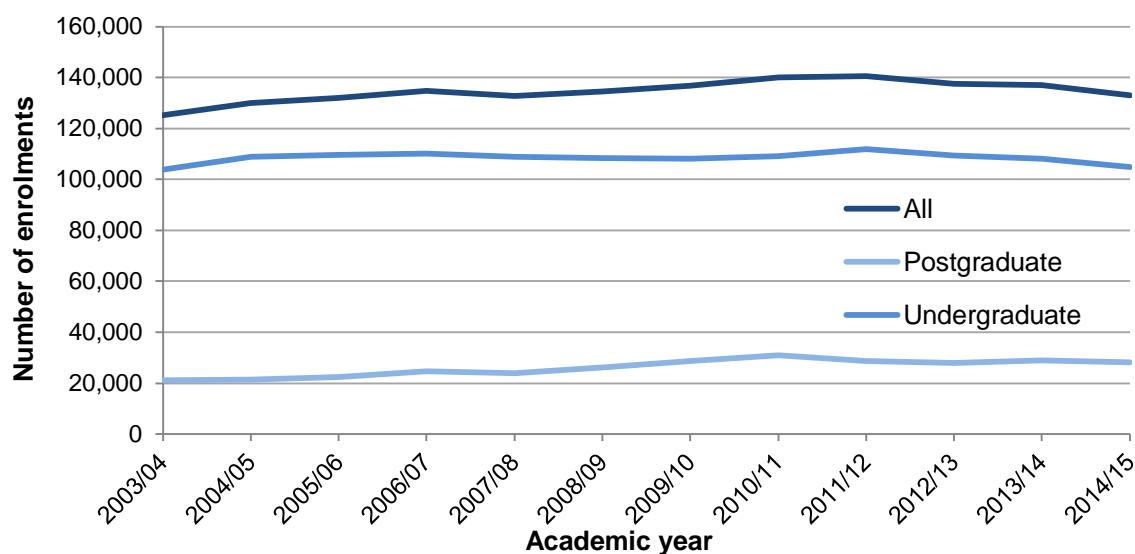
²⁶ See Kelly, U., McNicoll, I., White, J., *The Economic Impact of Higher Education in Wales* (October 2015), figure 14, p.22 for a summary breakdown of the impact on economic output of university expenditure in Wales: <http://www.uniswales.ac.uk/wp/media/The-Economic-Impact-of-Higher-Education-in-Wales.pdf>.

²⁷ Updated since the publication of the Interim Report to reflect the latest available data. Where appropriate, the previously reported figures for 2013/14 are included for comparison purposes.

²⁸ In 2013/14 the number of HE enrolments in Wales was 137,135.

²⁹ The 34,880 previously reported in the Interim Report excluded OU enrolments.

Figure 1: Students enrolled at Welsh HEIs (including the OU), by academic year



Source: HESA

Table 1: Students enrolled at Welsh HEIs 2014/15

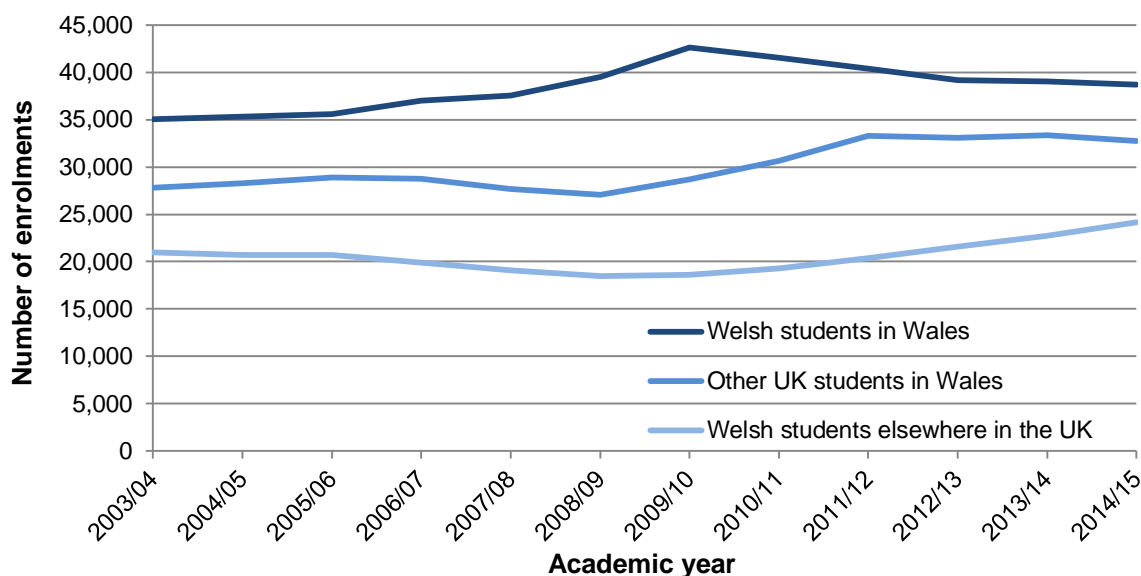
	Postgraduate		Undergraduate		Full-time and Sandwich		Part-time		Total
Cardiff University	8,905	29%	21,575	71%	22,385	73%	8,100	27%	30,480
University of South Wales	4,920	18%	22,795	82%	17,045	62%	10,665	38%	27,710
Swansea University	2,555	16%	13,465	84%	13,045	81%	2,980	19%	16,020
Cardiff Metropolitan University	4,750	35%	8,920	65%	12,010	88%	1,660	12%	13,670
Bangor University	2,660	25%	8,105	75%	8,910	83%	1,855	17%	10,765
University of Wales, Trinity Saint David	1,760	17%	8,660	83%	7,040	68%	3,380	32%	10,425
Aberystwyth University	1,335	14%	8,500	86%	7,775	79%	2,065	21%	9,835
Glyndwr University	895	13%	5,875	87%	3,845	57%	2,925	43%	6,765
The Open University	325	4%	6,960	96%	*	*	7,285	100%	7,285
Total (Welsh HEIs excluding the OU)	27,780	22%	97,900	78%	92,050	73%	33,630	27%	125,680
Total (Welsh HEIs and the OU)	28,105	21%	104,860	79%	92,050	69%	40,915	31%	132,965

All figures are rounded to the nearest five. Values less than five are represented by " * "

Source: HESA

6.9 With respect to the cross-border flow of students, the data show that whilst recruitment patterns in Wales and the UK continue to change, Wales remains a net importer of students. In 2014/15, there were 24,105 Welsh-domiciled enrolments at UK HE institutions outside Wales (mostly in full-time education), and 32,739 enrolments at Welsh HE institutions from students normally resident elsewhere in the UK (again, mainly in full-time education). Between 2013/14 and 2014/15, the number of Welsh-domiciled students studying elsewhere in the UK increased by 6%, whilst the number of other UK students studying in Wales fell by 2%. Trends in cross border flows from 2003/4 to 2014/15 can be seen in Figure 2 below.

Figure 2: Cross-border flows between Wales and the rest of the UK, by academic year



Source: HESA

6.10 In 2014/15, there were 5,275 enrolments on HE courses in FE institutions; of these, 3,195 were studying part-time³⁰. This activity is mostly franchised in from HE institutions. The important role that FE institutions play in delivering level 4 and 5 HE provision and Foundation Degrees was highlighted in the Welsh Government's *Review of higher education in further education institutions* report (June 2015). This showed the pattern of HE activity that takes place at FE colleges throughout Wales to be diverse.

6.11 Analysis undertaken by HEFCW, on behalf of the Review, found that – apart from Veterinary Science – there are no subjects where there is a serious gap in provision at postgraduate or undergraduate level in Wales.

6.12 The Interim Report compares the HE funding and student finance arrangements in Wales with other UK nations, for the academic year 2015/16³¹. The arrangements for Wales provide the baseline for financial modelling elsewhere in this document³².

6.13 Information gathered on arrangements further afield have found that, whilst many countries have similar goals for higher education, there are significant differences in the way the cost of higher education is shared amongst governments, students and their families, and other private entities, and in the financial support that is provided to students³³. The OECD report *Education at a Glance 2015*, confirmed this position. OCED data also show there to be no strong relationships across countries between levels of tuition fees and participation in tertiary education. However, among countries with high tuition fees, financial support systems that offer loans with income-contingent

³⁰ Source: HESA.

³¹ An comparison of student finance arrangements for 2016/17 has also been prepared for the Panel.

³² Comparison of student finance arrangements in the four UK.

³³ OECD (2014) *Education at a Glance* refers <http://www.oecd.org/edu/Education-at-a-Glance-2014.pdf>.

repayment, combined with means-tested grants, may help to promote access and equity while sharing the cost of HE between the state and students^{34 35}.

6.14 With regard to student support, the latest actual data show that, in 2014/15, 59,900³⁶ full-time students received support through the student support scheme. The total amount of support awarded was £755.3m, an increase of around 14% on the previous year. Table 2 provides a breakdown of support for academic years 2012/13 to 2014/15. It reflects Students Loan Company (SLC) data and includes information relating to EU students in Welsh HEIs, as well as all Welsh domiciles in receipt of support.

6.15 In 2014/15, higher education institutions were paid Tuition Fee Loans amounting to £186.6m, on behalf of 52,800 full-time students domiciled in Wales and EU domiciled students studying in Wales. This compared with 50,600 students paid a total of £172.6m in academic year 2013/14. The average value of the Tuition Fee Loan taken out by students in academic year 2014/15 was £3,530, compared to £3,410 in academic year 2013/14.

Table 2: Full-time student support awarded or paid*, by academic year

	2012/13		2013/14		2014/15	
	£m	Students	£m	Students	£m	Students
Fee Remission Grants	*	*	*	*	*	*
HE Grant	*	*	*	*	*	*
Tuition Fee Loans* paid to HEIs	155.9	48,200	172.6	50,600	186.6	52,800
Tuition Fee Grant	108.9	23,600	167.5	37,300	237.6	52,500
Maintenance Loan*	142.5	49,200	172.8	52,100	183.6	54,600
Assembly/Welsh Government Learning Grant	121.9	32,900	132.5	33,900	130.9	34,300
Disabled Students Allowance (DSA)*	7.7	3,200	8.4	3,400	7.8	3,500
Other Targeted Grants	7.4	2,700	8.3	2,900	8.7	3,000
Total	544.4	54,300	662.1	57,100	755.3	59,900

.. - not available, ' * ' - negligible but not zero

Source: Student Loans Company Ltd (SLC)

*For academic years 2012/13, 2013/14 and 2014/15, the Disabled Students Allowance (DSA), Maintenance Loans and Tuition Fees Loans figures shown above are based upon payments rather than awards. This is because payments are representative of what has actually been received by students. As SLC pay grants together in three instalments, it is not possible to determine amounts paid for the individual grant types.

All the figures for 2014/15 are final, except for DSA where awards and payments continue into the following year.

6.16 £237.6m of Tuition Fee Grant was awarded in the academic year 2014/15 on behalf of 52,500 full-time students. This compared to £167.5m on behalf of 37,300 students in 2013/14³⁷. 54,600 full-time students were paid £183.6m in Maintenance Loans for academic year 2014/15, compared to 52,100 students paid £172.8m in 2013/14. The average amount taken out was £3,360 for academic year 2014/15, compared to £3,310 in academic year 2013/14.

³⁴ OECD (*Education at a Glance 2015*) http://www.keepeek.com/Digital-Asset-Management/oecd/education/education-at-a-glance-2015_eag-2015-en#page266.

³⁵ BIS RESEARCH PAPER NUMBER 10 Review of Student Support Arrangements in Other Countries 2010 also supports this point: https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/31991/10-670-review-student-support-in-other-countries.pdf

³⁶ Compared to 57,100 full-time students that received support through the student support scheme in 2013/14. The total amount of support awarded was £661.8m.

³⁷ The increase is largely due to the addition of a new cohort to recipient numbers each year, following the introduction of the Tuition Fee Grant in 2012/13.

6.17 A total of £130.9m was awarded in Assembly/Welsh Government Learning Grant to eligible full-time applicants in 2014/15; a decrease of one per cent on 2013/14, for which £132.5m was awarded due to an additional year of students eligible for this grant. With regard to other targeted grants, in 2014/15, 3,500 students were paid £7.8m Disabled Students' Allowance³⁸ (DSA), compared to 3,400 students who were paid £8.4m for academic year 2013/14. In addition, 3,000 students were awarded £8.7m targeted support other than DSA for the academic year 2014/15, compared to 2,900 applicants awarded £8.3m in 2013/14.

6.18 Table 3 provides a breakdown of student support awarded to part-time students for academic years 2012/13 to 2014/15. In 2014/15, 7,900 part-time students were paid part-time grants and loans, which amounted to £13.5m, compared to 7,000 students paid £15.3m in 2013/14 academic year³⁹.

Table 3: Part-time student support awarded, by academic year

	2012/13		2013/14		2014/15	
	£m	Students	£m	Students	£m	Students
Tuition Fee Loans	2.3	2,200
Tuition Fee Grant	4.2	6,400	4.1	6,200	2.2	3,300
DSA	0.7	300	0.8	300	0.6	300
Course Grant and Grants for Dependents	10.7	7,200	10.4	6,900	8.4	5,700
Total	15.6	7,300	15.3	7,000	13.5	7,900

.. - not available, ' * ' - negligible but not zero

Source: Student Loans Company Ltd (SLC)

There are no Maintenance Loans for part-time students and Tuition Fee Loans were not available before 2014/15.

6.19 Information obtained relating to the distribution of Tuition Fee Grant awarded to universities in Wales and to universities in the rest of the UK (RUK) in the period 2012/13 to 2014/15 is provided in Table 4 (it includes EU students in Welsh HEIs, as well as all Welsh domiciles in receipt of support).

Table 4: Distribution of Tuition Fee Grant awarded to applicants domiciled in Wales and the EU, by academic year

	Tuition Fee Grants awarded to Welsh HEIs (£m)	Tuition Fee Grants awarded to rest of UK HEIs (£m)	Total (£m) *
2012/13	73.4	35.6	109
2013/14	103.3	64.1	167.4
2014/15 Provisional	144.7	93.9	238.6

* Some variation with total amounts due to rounding.

Source: Student Loans Company Ltd (SLC)

6.20 Table 5 contains information provided by the Welsh Government on tuition fee income to Welsh institutions from students from elsewhere in the UK.

³⁸ DSA is provisional for 2014/15.

³⁹ At the time of writing, SLC data for the amount of support awarded to part-time students in 2014/15 is provisional only. The data will become finalised in November 2016.

Table 5: Tuition Fee income to Welsh HEIs from rest of UK students, by academic year

	Tuition fee income (£m)
2012/13	59
2013/14	99
2014/15	129

Source: Welsh Government
(using most recent sector income data)

6.21 The data show that tuition fee income to Welsh HEIs from students studying full-time who normally live in other parts of the UK exceeds the total payments of Tuition Fee Grant paid to institutions in England, Scotland and Ireland. However, as noted earlier, recruitment patterns are changing.

6.22 At the end of the 2014-15 financial year, the total outstanding student loan balance for students normally resident in Wales was £2.9bn⁴⁰, 12% higher than at the end of 2013-14. By the end of 2014-15, there were 264,100 student loan borrowers, of whom 163,600 (62%) were liable to repay. The average amount repaid by each borrower who made a repayment in tax year 2013-14 ranged from £360, for the 2013 cohort in its first year of repayment, to £940 for the 2006 cohort (after seven years of recorded repayment history). Average debt on entry into repayment ranged from £6,980 (for the 2002 cohort) to £19,010 (for the 2015 cohort).

6.23 The Resource Accounting and Budget provision (RAB charge⁴¹) estimates for Wales have been revised since the interim report was published. For full-time undergraduates, the updated 2015/16 estimates are 26.4% for loans associated with pre-2012 cohorts of students and 9.8% for loans relating to the new regime⁴² (For England, the revised RAB charge estimate, for all borrowers with an income contingent loan, stands at between 20% and 25%⁴³). The RAB estimate for part-time undergraduates with a loan is 22%. It should be noted that this estimate is provided by the Department for Business, Innovation and Skills for both English and Welsh domiciled students; the modelling undertaken in support of this Review estimates the RAB for Welsh domiciled part-time students to be much lower (Section 8.2).

⁴⁰ There is a difference between what is owed and the value of the loan book. The Welsh Government Consolidated Annual Accounts for 2014-15 show that the value of loan book for Wales stood at £2.02bn (Note 11 Page 48) <http://gov.wales/about/civilservice/how-we-work/facts-figures/ourfinance/welsh-government-consolidated-accounts/welsh-government-annual-accounts-2014-2015/?lang=en>.

⁴¹ The RAB charge is a percentage charge used to reflect the full costs to Government of providing student loans. It is made up of interest subsidy provision (estimated cost to Government of subsidising student loans) and write-off provision (the proportion of the nominal value of loan issue that is not expected to be repaid).

⁴² Previously, full-time RAB charge estimates for Wales for 2014/15 were: 38% for pre-2012 cohorts and 27% for post-2012 cohorts. The updated RAB charge estimates for 2015/16 are lower due, in the main, to the reduction in the discount rate applied by HM Treasury, from 2.2% to 0.7%.

⁴³ Prior to the reduction in the discount rate, the full-time RAB charge in England associated with pre-2012 cohorts of students stood at 42%, while the comparable estimate of the RAB charge for new regime (post-2012) students stood at 46%. The revised and lower rates are referenced in the attached Written Question answered by Jo Johnson, Minister for State, Universities and Science on 1 February 2016 <http://www.theyworkforyou.com/wrans/?id=2016-01-27.24589.h>.

- 6.24 The introduction of higher fees in 2012/13 and new arrangements for student support has, in respect of full-time undergraduates, resulted in a move away from grant-based funding for HEIs in Wales to a more fee-based funding regime. Indications are that at the sector level, in absolute terms, actual income to the higher education sector in Wales has increased overall since 2011/12.
- 6.25 The introduction of higher tuition fees has had a significant impact on HEFCW, as more of the higher education budget gets allocated for the payment of the full-time Tuition Fee Grant and income from students from elsewhere in the UK gets paid directly to institutions. This means that, as more of what was HEFCW's core funding is used to cover the cost of higher tuition fees for full-time Welsh-domiciled students, HEFCW has less money to distribute to institutions to promote Welsh Government priorities⁴⁴. This also has the unintended consequence that reductions in the present HEFCW budget will fall disproportionately, affecting only those areas that it does fund (such as high cost subjects or part-time undergraduate provision), should the full-time fee grant be protected.
- 6.26 During the course of this Review the Welsh Government commissioned Professor Ellen Hazelkorn to undertake a separate review of tertiary education governance. We have considered Professor Hazelkorn's report and note that, while the Welsh Government has not yet responded to the report, the recommendations in this Report are broadly in line with that report. In particular, the Review supports the existence of an arm's length body – such as HEFCW – but notes that for it to be able to drive implementation of Welsh Government priorities it will need to have financial as well as regulatory influence.
- 6.27 A critical issue that has emerged in the course of the Review has been the capacity of the Student Loans Company (SLC) to respond quickly and flexibly to any proposed changes to the higher education student support and finance system in Wales.

⁴⁴ HEFCW advised the Panel that between academic years 2011/12 and 2015/16, HEFCW funding to HE providers in Wales has reduced by £216m to £151m (based on actual funding paid out to HE providers by HEFCW). HEFCW also advised: by 2015/16, the Tuition Fee Grant cost is estimated to be significantly higher than the total funding that HEFCW allocated for full-time undergraduate (FTUG)/PGCE teaching in 2011/12.

7. Themes and messages from the evidence base

7.1 During the stakeholder engagement and evidence-gathering phase of the Review, some common themes and messages emerged⁴⁵. They have also informed and shaped the Review Panel's thinking and recommendations.

7.2 The first set of themes is overarching:

- i) Wales has a university sector which is held in high regard and in which it can take pride. There is clear ambition across all stakeholder groups and contributors to the Review, for a high quality, internationally competitive, equitable and sustainable HE sector in Wales, that is able to meet the needs of Wales and is the destination of choice for students domiciled within and outside Wales.
- ii) The majority of respondents who expressed a view believe that maintaining the status quo [maintaining current arrangements] is not an option.
- iii) There is, generally, a lack of consensus on the way forward. Most respondents recognise, however, that difficult choices will have to be made.
- iv) There is concern about potential risks to the Welsh HE sector resulting from changes to UK Government policy.

7.3 A set of themes emerged relating to HE sector income, sustainability and fee levels:

- v) The higher education sector in Wales has benefitted overall from a net increase in income since the introduction of the current fees and funding regime – although the increase may not be as high as predicted and changes in income levels differ significantly between institutions⁴⁶.
- vi) There is concern, particularly amongst HE sector respondents, about a large and increasing funding gap in the level of investment in higher education in Wales compared to elsewhere in the UK. It is believed that this is affecting the ability of HE institutions to invest, which in turn is making institutions in Wales less competitive and less able, therefore, to respond to Welsh Government priorities.
- vii) There is a strongly held belief that the current HE sector funding and student finance regime in Wales is not sustainable into the future.

⁴⁵ Themes and messages reported previously in the Interim Report remain extant. The evidence base for each of these themes and messages is provided in the interim report.

⁴⁶ HEFCW has advised the Review Panel, pre and post publication of the Interim Report, that the increase in income to the HE sector in Wales may not be as high as predicated and that the impact is very differential across the sector. The Panel had early sight of HEFCW's commissioned and not yet complete "Analysis of funding and fees income before and after the introduction of the new fee regime". Their work to date has focused on two years of new regime data (2012/13 and 2013/14).

- viii) Many respondents are of the view that, in light of sustainability concerns, there is a need to revisit the Tuition Fee Grant (TFG) policy – an even handed response was noted in this regard.
- ix) There is a belief that the £9,000 maximum tuition fee level per annum for full-time undergraduate courses does not meet the cost of delivering high cost subjects and creates internal tensions within HE institutions due to cross-subsidy.
- x) There is a belief that the £9,000 maximum tuition fee level for full-time undergraduate courses does not offer reasonable value for money for students.

7.4 A set of themes emerged relating to student debt and maintenance support:

- xi) Wales has a low Resource Accounting and Budgeting provision (RAB) charge compared to England, and HE students domiciled in Wales benefit from having lower student debt levels than those domiciled in England.
- xii) The level of support available to students domiciled in Wales is viewed by respondents across the board as being generous, compared to elsewhere in the UK.
- xiii) There are concerns, particularly amongst student support and widening participation professionals, about financial literacy and students becoming inured to high levels of student debt – with potential implications for future borrowing.
- xiv) Conversely, the evidence base suggests that the ‘fear of debt’ is a key element of a complex series of factors influencing the decision to study and stay on in higher education, and that there is a disproportionate effect on those from lower-income families or poorer areas.
- xv) There is a strong consensus, particularly amongst students, students’ representative bodies, support staff and widening participation professionals, that the level of maintenance support available is inadequate to cover actual costs incurred by students and that this is a bigger issue for students than the level of tuition fees and tuition fee support. There is also a view that students from middle-income households, in particular, are inadequately catered for under current arrangements.

7.5 A set of themes emerged relating to the operational context:

- xvi) Concern about the changing role of HEFCW and, in particular, about the decrease in the level of Welsh Government grant allocation to the Council affecting its ability to function and to implement Welsh Government policy.
- xvii) The need for early engagement with the Student Loans Company on future policy changes or new initiatives.

7.6 A set of themes emerged highlighting a need to strengthen research capacity:

- xviii) The importance of a strong and sustainable world-class research base to the reputation and standing of the Welsh HE sector and links to economic performance.⁴⁷
- xix) Concern about a shortfall in the number of academic researchers in Wales; Science, Technology, Engineering, Mathematics and Medicine (STEMM) under-capacity; and about the ability of the HE sector to attract Research Council UK income.

7.7 A set of themes emerged relating to the need for higher level skills and qualifications, professional training, and the importance of FE and HE collaboration and learning pathways:

- xx) A central role for the providers of higher education (universities and colleges) in raising the higher level skills base in Wales, and responding to forecast increases in demand (expansion and replacement demand) for higher level skills and qualifications.
- xxi) A polarisation of opinion on whether future funding arrangements should be adjusted to target specific course provision or skills needs – in particular to promote the take up of STEMM subjects.
- xxii) A central role for Wales' higher education providers in ensuring a continued flow of qualified entrants to the professions in Wales and in developing the existing workforce.
- xxiii) The importance of collaborative working, effective FE to HE pathways and the need for there to be a clearly defined role for HE in FE – which requires clearer articulation and a better defined framework within which it can be funded and planned.

7.8 A set of themes emerged relating to the Welsh language, Welsh-medium provision and Welsh culture:

- xxiv) The importance of Welsh-medium provision; mixed opinion on the extent to which current arrangements support measures to widen access to HE through the medium of Welsh; and recognition of the role of Coleg Cymraeg Cenedlaethol.
- xxv) The key role of higher education providers in developing a highly skilled bilingual workforce and preparing for a bilingual nation.
- xxvi) Support for the teaching of Welsh culture and history, the University of Wales Press and the Geiriadur Prifysgol Cymru (the University of Wales Dictionary of the Welsh Language).

⁴⁷ A summary of the key issues in this regard can be found in: Jones, R., *The UK's Innovation Deficit & How to Repair it*, SPERI Paper No.6, University of Sheffield (2013).

7.9 A set of themes emerged relating to different modes and level of study:

xxvii) Many respondents were strongly of the view that current arrangements do not provide an appropriate balance of funding between the different modes and levels of study. Most were concerned about funding being prioritised for full-time undergraduate provision, particularly in the form of the Tuition Fee Grant, and the resulting reduced level of support for part-time and postgraduate study.

xxviii) With respect specifically to part-time study, a number of themes and messages emerged:

- The decline in part-time provision in Wales in recent years, whilst a cause for concern, is nowhere near as steep as in England. The decline also does not apply to all areas of provision (first degree part-time instances increased) – making it difficult, therefore, to talk about a single part-time sector and a single trend when looking at the patterns of change within part-time provision.
- Part-time study is firmly associated with employability and the economy, and with social mobility.
- The eligibility for part-time loan support is limited to those who study at an intensity level of 25% and above. There is concern that this limits the number of individuals who can benefit from student support for part-time study.
- Positive aspects of the current system relating to part-time study, identified by respondents, comprised lower pro-rata fees than for full-time study, and the introduction of loans for part-time study and Course Grants for eligible students (albeit that there are constraints on accessing the loans).

Commissioned research into part-time provision highlighted a number of pressing issues facing part-time provision⁴⁸:

- Support for part-time provision in policy statements does not always translate effectively into tangible financial support.
- Financial support offered centrally and by individual institutions favours full-time provision.
- Full-time students are treated as 'the norm', while part-time learners are seen as an 'add-on'.

⁴⁸ Evidence to the Review of Higher Education Funding and Student Finance Arrangements in Wales: Part-Time Higher Education in Wales: WISERD Final Report (March 2015). Identified during interviews with key players within the HE sector.

- What is necessary to achieve a more effective disposition of part-time provision of higher education, is a much greater parity of esteem between the two modes of delivery.
- xxix) With respect specifically to postgraduate provision, a number of themes and messages emerged:
- Concern that investment in postgraduate provision in Wales has fallen behind the rest of the UK and threatens to damage the HE sector and impact economic performance.
 - Concern about the loss of funding for full-time postgraduate students from 2014/15 – a situation unique in the UK.
 - A strongly held belief that Wales is at a comparative disadvantage – in that it faces significant challenge in attracting postgraduate students in the future if it does not improve access to student finance – due to the competition it will face from funding schemes in other parts of the UK.
- xxx) A set of themes and messages with respect to widening participation:
- There is a strong relationship between economic and social disadvantage and the levels of participation in HE in Wales.
 - Much of the relationship between socio-economic background and HE participation is accounted for by previous educational attainment, which is the most important single factor, when all others are taken into account.
 - There is no evidence to suggest that either distinctive economic or social conditions, or the policy divergences between Wales and England in relation to participation in HE have brought about major differences in factors affecting patterns of participation, with the exception of the greater decline in those studying part-time in England since the funding reforms introduced there in 2012/13.
 - The most disadvantaged (the bottom quintile in terms of the Welsh Index of Multiple Deprivation) are not the least likely to participate in HE; rather the least likely participants are the group immediately above them (the fourth quintile), when other factors (previous educational attainment, ethnic background, take up of free school meals, type of school and so forth) are also taken into account.
 - Higher education entry and participation rates in Wales are low compared to elsewhere in the UK⁴⁹. There are, however, some

⁴⁹ The interim report shows 2013 figures. Since then, the participation by Welsh domiciled students has increased the most. The gaps between Wales and England, and particularly Wales and Northern Ireland have reduced <https://www.ucas.com/sites/default/files/eoc-report-2015-v2.pdf> p.33

positive signs especially in terms of the ability of Welsh students from deprived backgrounds to enter higher education.

- There are strong inter-connections between student funding and widening access policies and as such neither can be seen in isolation. In assessing the most effective means of widening access to HE, there is recognition that it is necessary to pay attention, not only to the role of universities, but also to that of schools and colleges.
- A need to look closely at policy drivers and how funding is driven through HEIs to achieve desired outcomes – since widening access and participation in higher education are not just about getting students into institutions, but about supporting them to stay and to achieve.

xxxi) A set of themes and messages emerged relating to the cross-border flow of funding and students:

- The Welsh HE system has highly porous geographical boundaries, with a significant flow of students into and out of Wales.
- Some respondents are concerned that funding, in the form of the TFG, is benefitting institutions elsewhere in the UK (particularly England), at the expense of the HE sector in Wales; whilst others note that the amount of TFG awarded to students studying in the rest of UK is lower than the amount of tuition fee income to Welsh HE institutions from students domiciled elsewhere in the UK.
- Concerns have been raised about there being a graduate ‘brain-drain’ and the potential for this to be exacerbated by the TFG policy. Available data, however, suggest that there is not a massive outflow of graduates – due in part to the outflow being off-set by the inflow of graduates into Wales.
- At the aggregate level students that cross the border from Wales to England (and to elsewhere in the UK) tend, as a group, to be from a slightly more advantaged background than those who stay and study in Wales. Welsh-domiciled students that cross the border to study are not, however, as affluent as those who cross the borders in Scotland and England – students from a wide range of backgrounds are crossing the border.

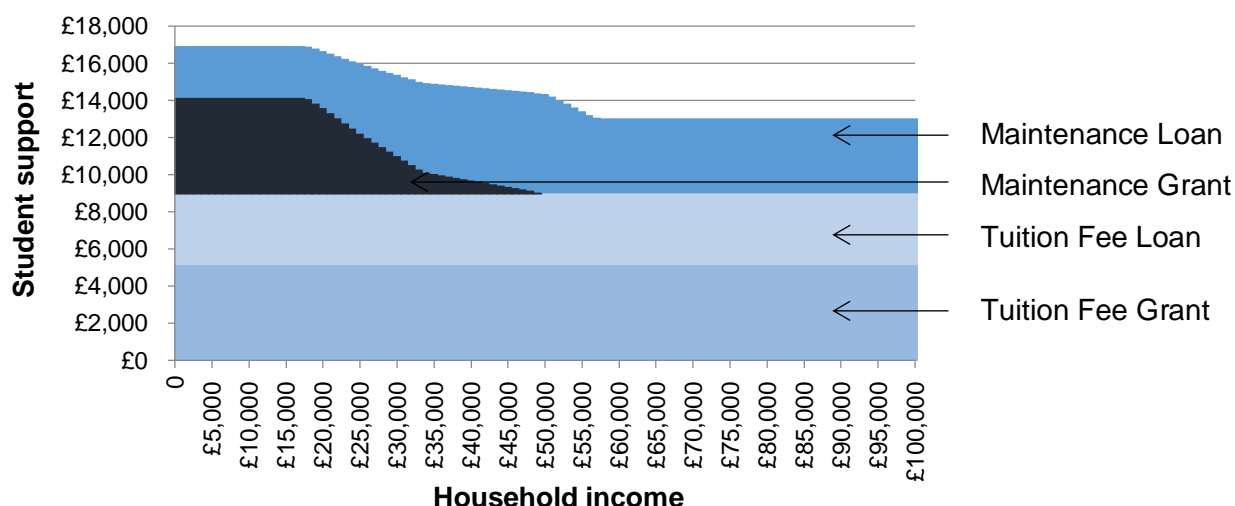
8. Baseline student support

- 8.1 The Review Panel received evidence on the estimated costs of potential funding packages to support higher education and student finance for Welsh domiciled students, to inform the development of their recommendations. Potential funding packages were compared against the estimated costs of the current system, referred to as the 'baseline'. The estimated costs associated with the baseline and recommended funding package, which will be outlined in the sections that follow, reflect the entire duration of study for the student cohort, not a single year.
- 8.2 Scenario modelling was undertaken to determine the maximum cost envelope, based on complete take-up of available student support⁵⁰. The baseline cost envelope is based on Welsh Government student support policies for the 2015/16 academic year, but uses 2014/15 student numbers as the latest data available when the scenario modelling for the Review Panel was undertaken. The baseline support available to Welsh domiciled undergraduate students is described in this section.

Full-time undergraduate support

- 8.3 The current baseline annual basic student support package for full-time Welsh domiciled undergraduate students includes a combination of both loans and grants to cover tuition fees and support living costs (often referred to as 'maintenance'). The package available is displayed according to household income in Figure 3 and the details explained below.

Figure 3: Baseline full-time student annual support*, by household income



* Maintenance Loan displayed is for a student living away from home, outside of London

- 8.4 Support for fees includes a non-means-tested Tuition Fee Loan of up to £3,810 and a non-means-tested Tuition Fee Grant, to cover the difference between the maximum Tuition Fee Loan available and the actual tuition fee charged by a UK

⁵⁰ Take-up of the various elements of student support has never been fully complete among eligible students, due to the availability of alternative means of support to a small minority of students. For modelling purposes, a complete take-up assumption allows for a clear comparison between options.

publicly funded university. The maximum Tuition Fee Grant available is £5,190 (when the tuition fee charged is £9,000), costing up to £945m for the entire cohort.

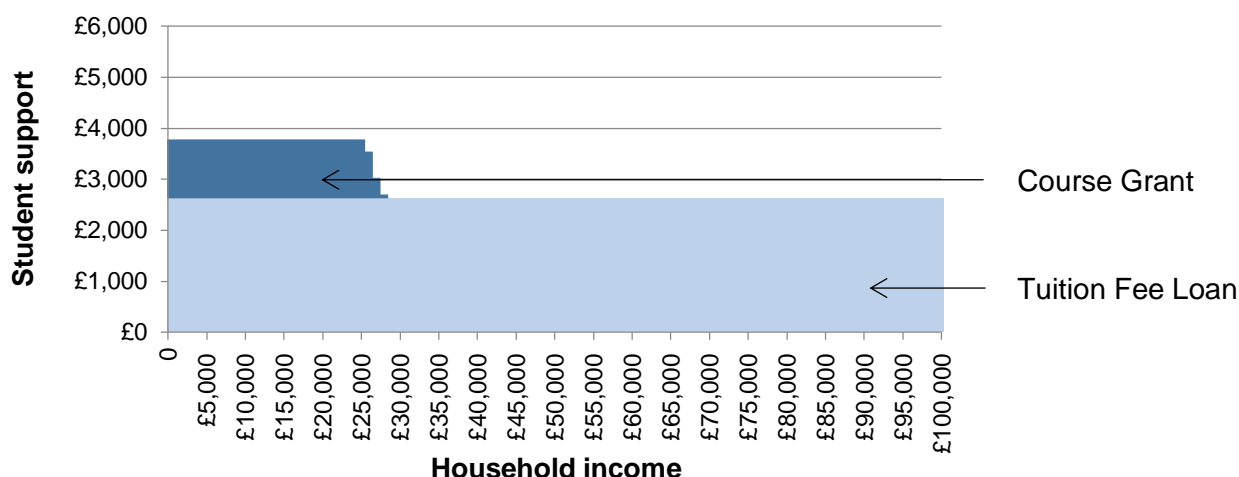
- 8.5 Support for living costs includes a means-tested Maintenance Grant of £5,161 for students with a household income of up to £18,370, above which a partial grant is available up to a household income of £50,020. The estimated cost of this grant for the study cohort is £440m. Lower grant amounts are partially replaced by a means-tested Maintenance Loan, with the maximum dependent on location (£4,162 for students living at home, £5,376 for students living away from home outside London and £7,532 for students living away from home in London). A quarter (25%) of the Maintenance Loan is means-tested for students with a household income above the Maintenance Grant eligibility threshold (£50,020). Other targeted grants and allowances are also available for full-time students, where appropriate, including: Childcare Grant, Adults Dependants Grant, Parents' Learning Allowance and Disabled Students' Allowance. The Review Panel believes strongly in the importance of these and they are discussed further later in this report.
- 8.6 Additional grant funding is paid by the designated funding/regulatory body (the Higher Education Funding Council for Wales - HEFCW)⁵¹, directly to Welsh HEIs, to support the provision of high-cost subjects for full-time undergraduates. Universities receive £9,600 for each Clinical Medicine and Clinical Dentistry student and £3,600 for each Conservatoire Performing Arts student per annum, at an estimated cost of £46m for the cohort.

Part-time undergraduate support

8.7 The baseline basic annual student support package for part-time Welsh domiciled undergraduate students includes a loan for tuition fees and a means-tested Course Grant. The package available is displayed according to household income in Figure 4 and the details explained below.

⁵¹ The extant designated funding body is HEFCW and so throughout the report reference is made to that body. The Panel notes proposals in the in the Hazelkorn Report, *Towards 2030: A framework for building a world-class post-compulsory education system for Wales* (March 2016), for a new designated body for all publicly funded post-compulsory education, but awaits the Welsh Government's response to that proposal.

Figure 4: Baseline part-time student annual support*, by household income



*A student at a Welsh university, studying at 50% or greater intensity

- 8.8 The Tuition Fee Loan available to part-time students studying at an intensity of 25% or more (full-time equivalent) is up to £2,625, for students at Welsh universities, and £6,750 for students at publicly funded UK universities outside Wales. For students on courses with an intensity of 50% or more, a means-tested Course Grant of up to £1,155 is available. Students with a household income below £26,095 receive the full grant and a partial grant is available where household income is between this threshold and £28,180. The estimated cost of this grant for the study cohort is £16m. Other targeted grants and allowances are also available for part-time students, where appropriate, including: Childcare Grant, Adults Dependents' Grant, Parents' Learning Allowance and Disabled Students' Allowance. The Review believes strongly in the importance of these and they are discussed further later in this report.
- 8.9 An institutional learning and teaching grant is paid by HEFCW to Welsh HEIs, in respect of part-time students. This grant supports part-time provision and mitigates significant fee increases. It is not possible to predict accurately the cost for the cohort, but based on the £27m allocated in 2015/16, it is estimated to be approximately £94m over the cohort.

9. The proposed system – Review Panel recommendations

9.0.1 We now move to our proposals for a system of Higher Education for Wales that will drive jobs and growth and promote social cohesion. We note initially that we are in agreement with Professor Hazelkorn that Higher Education must be part of a system of tertiary education and that renewed efforts must be made to encourage and facilitate progression from Further Education (FE) to HE, to enable students to study in the mode that best supports their circumstances; and to work in partnership with employers from all sectors to ensure that Wales develops and maintains the skills it will need over the next decades. Our recommendations, then, propose simple new approaches for the funding of undergraduate students but in no way are they restricted to this area – in the spirit of the first part of this paragraph they address most areas of higher education and make a package of coordinated proposals that we believe will benefit Wales in the short, medium and long term.

9.0.2 At the heart of our proposals is a re-working of the student support package to move towards a simple system that recognises the holistic costs of higher education study to the students; and listens to the consistent representations from students that it is maintenance assistance that gives them the flexibility to manage their finances and, for some students, to overcome the financial challenges associated with a period of higher education study. In contrast to the system in England, in which maintenance support is based on loans, we propose a system consistent with the principle of progressive universalism that has guided policy-making in Wales since devolution.

9.0.3 We recommend, therefore: maintenance support is sufficient to cover the living costs for all full-time undergraduate students; part-time undergraduate students receive support that secures a broader level of equivalence of support across the two modes of study and a package of support is made available to fund postgraduate taught Masters. With the previously outlined financial context in mind, as well as the fundamental requirement for sustainability, the recommended improvements to the overall student support package outlined can only be achieved by releasing funds currently used to provide Tuition Fee Grants to full-time undergraduates.

9.0.4 The overarching recommendation, then, is that the focus of undergraduate support moves towards improved maintenance support arrangements for all full-time and part-time undergraduate students, with the highest level of grant support covering the full cost of maintenance for those who are most in need, and loans to cover tuition fees. This would provide a support package that could be extended to include postgraduate taught Masters students, under the same terms, addressing the perceived prioritisation of support for full-time undergraduates under the current system. The targeted grants and allowances that exist for full-time and part-time students (namely the Disabled Students' Allowance, Childcare Grant, Adults Dependents Grant and Parents' Learning Allowance) should remain in place and are discussed below.

9.0.5 We recognise that it is for universities, as autonomous institutions, to decide the prices of goods such as accommodation that it sells to students. However we

also believe that students should not, under these new proposals, expect that there would be major increases in such goods. Therefore we propose that HEFCW should, annually, collect the prices of a basket of goods for each university and publish them.

9.0.6 It should be noted that a set of assumptions underpin the financial modelling undertaken in support of this Review. Firstly, the analyses are based on the current maximum full-time fee of £9,000 and maintenance support arrangements in the baseline year. These parameters will be affected by inflationary pressures to costs and fees in the short to medium term. We believe that inflationary pressures should be shared between the student (through the Tuition Fee Loan and Maintenance Loan) and the state (through the Maintenance Grant and HEFCW learning and teaching grants). An inflationary increase of 2% on baseline grant and loan arrangements would cost an estimated £24m. Secondly, the costs depend on the number of students in the system; a 2% increase or decrease in student numbers would result in a £33m cost or saving, respectively, under baseline arrangements. These dependencies will be followed up in the final section of this report, in relation to the recommended system of student support.

9.0.7 The provision of additional student loans by the Welsh Government will need approval from HM Treasury, before any package of support can be finalised. This will be particularly relevant if there are proposals for the overall support on offer in Wales to exceed the package of support available in England. Evidence received by the Review Panel indicates that there would also be barriers to not continuing to follow the current UK-wide repayment policy; 9% of the graduate salary above £21,000 (frozen until 2021) and the discount rate applied to repayments set by HM Treasury (currently 0.7%). The current repayment policy is operated by HMRC and the administration of a different policy for Wales would have to be resourced. Advice indicates that this may not be deliverable and, at the very least, would cause significant delays to the implementation of these recommendations.

9.0.8 A summary list of recommendations is at Appendix C. Each of the recommendations, which together form a complete student finance package, will be outlined in this section in more detail and linked to the key principles of the Review. The financial implications of each recommendation, compared with the baseline, will also be included and are summarised in Table 6 (page 51). Recommendations are also summarised or presented at the end of each subsection for convenience.

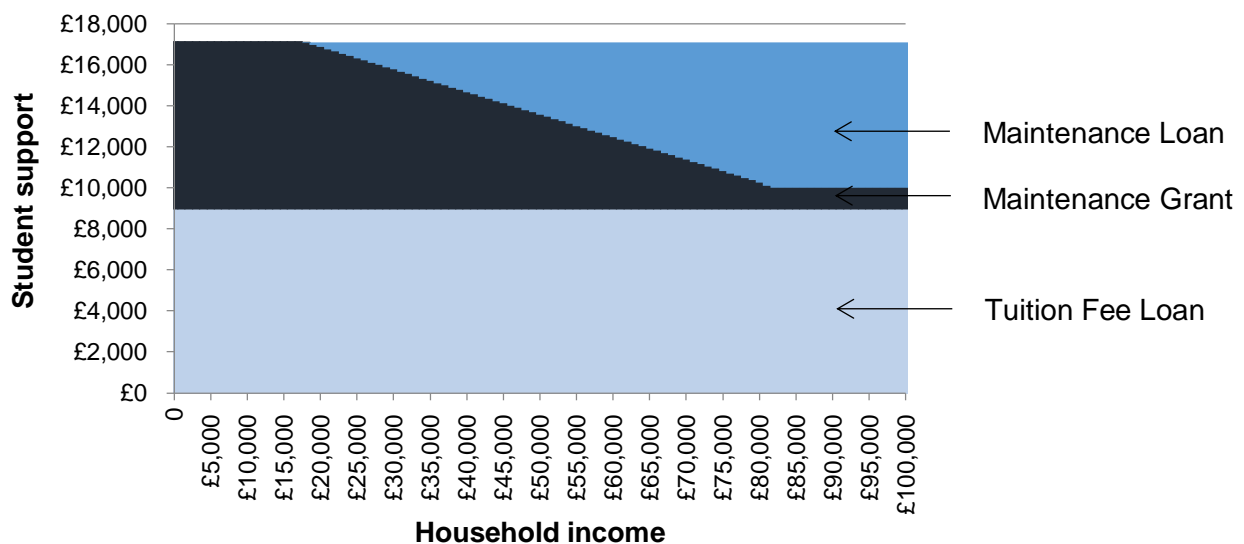
Recommendations:

- The focus of undergraduate support should move towards improved maintenance support arrangements for all full-time and part-time undergraduate students, with the highest level of grant support covering the full cost of maintenance for those who are most in need, together with loans to cover tuition fees.
- HEFCW should, annually, collect the prices of a basket of goods for each university and publish them.

9.1 Full-time undergraduate provision

9.1.1 Our key recommendation on student finance reflects the evidence that we have received indicating that, given the existence of loans for fees, it is support for living costs that would, for students, be the highest priority. Therefore, it is recommended that the focus of full-time undergraduate support moves towards support for maintenance, with loans proposed for fees. It is recommended that maintenance support arrangements are improved for all eligible Welsh domiciled students, with the highest level of grant support directed towards those who are most in need. The recommended student support package for full-time undergraduate students is displayed according to household income in Figure 5 and the details and rationale explained below.

Figure 5: Recommended full-time student support*, by household income



* Maintenance support displayed is for a student living away from home, outside of London

Tuition fee levels and support

9.1.2 It is recommended that universities should be able to charge students an annual fee of up to £9,000 for their course, regardless of the subject being undertaken. The current Tuition Fee Grant for full-time undergraduate students should be replaced with an additional student loan, up to the maximum fee level. The removal of the Tuition Fee Grant would provide £945m, across the duration of study of the baseline cohort, to be used to fund the other recommendations of the Review Panel and provide a balanced and sustainable package of funding for the Welsh HE sector. Increasing the size of the Tuition Fee Loan book will result in an additional future cost of loan write-off due to non-repayment (RAB), estimated at £135m for the baseline cohort. For students wishing not to take out a loan or to repay their loan quickly, the options for direct payment or early repayment should remain.

9.1.3 For those subjects where the cost of teaching as measured by TRAC(T)⁵² (or some comparable means) is greater than £9,000, it is recommended that Welsh HEIs receive sufficient income from HEFCW to support the cost of delivering these expensive subjects. Based on this, universities would receive a top-up of £660 per annum for each student taking one of several science and engineering subjects, in addition to the sums already received in respect of Clinical Medicine, Clinical Dentistry and Conservatoire Performing Arts. This would increase the cost to HEFCW in respect of full-time provision by an estimated £38m.

Maintenance support

9.1.4 We believe, in contrast to the system in England, in the principle of public support for maintenance with most support going to those with the greatest need. There is a strong consensus in the evidence received by the Review Panel, that the level of maintenance support available is inadequate to cover actual costs incurred by students, and that this is a bigger issue for students than the level of tuition fees and tuition fee support. There is also a view that students from middle-income households, in particular, are inadequately catered for under current arrangements, due to the expectation that, in the case of school leavers (who make up the vast majority of those studying full-time), students address any shortfall in income via contributions from parents, commercial loans, overdrafts and arrears. We recommend a simple system whereby the same level of support for living costs be made available to all students, but this is split between grant and loan and grant funding is progressively directed to those with the lowest household incomes. This will support widening access and retention of students from all backgrounds, including those from poorer backgrounds, 'squeezed middle' income families and those either estranged from their parents or whose parents choose not to contribute to their higher education.

9.1.5 It is recommended that a £1,000 non-means-tested Maintenance Grant be made available to all full-time Welsh domiciled undergraduates, with an additional income-related Maintenance Grant, at its maximum level, to cover fully the term-time living costs of eligible students from the lowest income households. The top rate of Maintenance Grant support, for a student living away from home outside London, should be equivalent to the National Living Wage⁵³ and based on 37.5 hours per week over a 30 week academic session (currently £8,100⁵⁴). A maximum total grant of 25% more (£10,125) should be available for students living away from home in London and 15% less (£6,885) for students living in the parental home (based on current differentials in maintenance support).

⁵² HEFCE report on high cost subjects analysis using TRAC(T)
http://www.hefce.ac.uk/media/hefce/content/data/2012/tracthighcost/TRAC_methodology_for_high-costs_subjects.pdf.

⁵³ The current hourly rate is £7.20: <https://www.gov.uk/government/publications/national-living-wage-nlw>. Future changes to this rate should be reflected in the maintenance support package from the start of the next academic year. Students will receive this rate irrespective of their age.

⁵⁴ The National Living Wage hourly rate could rise to £9.00 by 2020; this figure would then be £10,125: <https://www.gov.uk/government/publications/national-minimum-wage-low-pay-commission-remit-2016>.

- 9.1.6 The maximum Maintenance Grant should continue to be available to all students with a household income up to £18,370, but the means-testing taper for the Maintenance Grant should be more gradual than the current taper. It is suggested that the upper household income threshold for the means-tested element should be increased from £50,020 (current upper grant eligibility level for students living away from home, outside London) to broadly reflect the beginning of the top rate of tax for a two income household. For modelling purposes, the upper eligibility threshold has been based on the ninth decile for household income (GB), £81,000⁵⁵. Providing Maintenance Grants to the baseline cohort on this basis would require an estimated £519m⁵⁶ of the money released from the Tuition Fee Grant.
- 9.1.7 As the recommended maximum Maintenance Grant level is intended to be sufficient to cover living costs, there should be no additional Maintenance Loan available for those receiving the maximum grant. Maintenance Loans should be available for those not eligible for a full grant and it is recommended that the loans completely replace any reduction to the Maintenance Grant through means-testing. There should also be no means-testing of the Maintenance Loan for the highest income households. The amount of loan available should be equal to the maximum grant, less any means-tested grant. All students should, therefore, have access to a level of support sufficient to cover living costs, but that grant support is targeted towards those most in need, in a progressive way. This set of recommendations reduces the overall size of the full-time Maintenance Loan book for the baseline cohort, reducing the cost of future loan write-off due to non-repayment (RAB) by an estimated £6m.
- 9.1.8 Finally, it is recommended that maintenance support should be paid to students on a monthly basis. Evidence received from student representatives indicates that this would benefit students by enabling more effective financial planning and budgeting.

Maximum levels of student loan

- 9.1.9 In arriving at these recommendations, the Review Panel have been mindful that optimal student support arrangements should constitute a partnership between the state and the individual; that the support for higher education should cover both fees and maintenance; that the system should be progressive; and that student debt levels should be kept at reasonable levels. Figure 6 depicts, for different household incomes, the maximum loan available to a Welsh domiciled student. Up to a household income of £35,000, the maximum loan would be approximately £1,500 higher under the proposed package than baseline arrangements defined for 2016/17. In comparison with England, a Welsh student with a household income below £18,000 would incur a little over half (£9,000 per annum) of the loan debt that an English domiciled student of similar socioeconomic background would likely have to

⁵⁵ ONS Wealth and Income 2010-12:

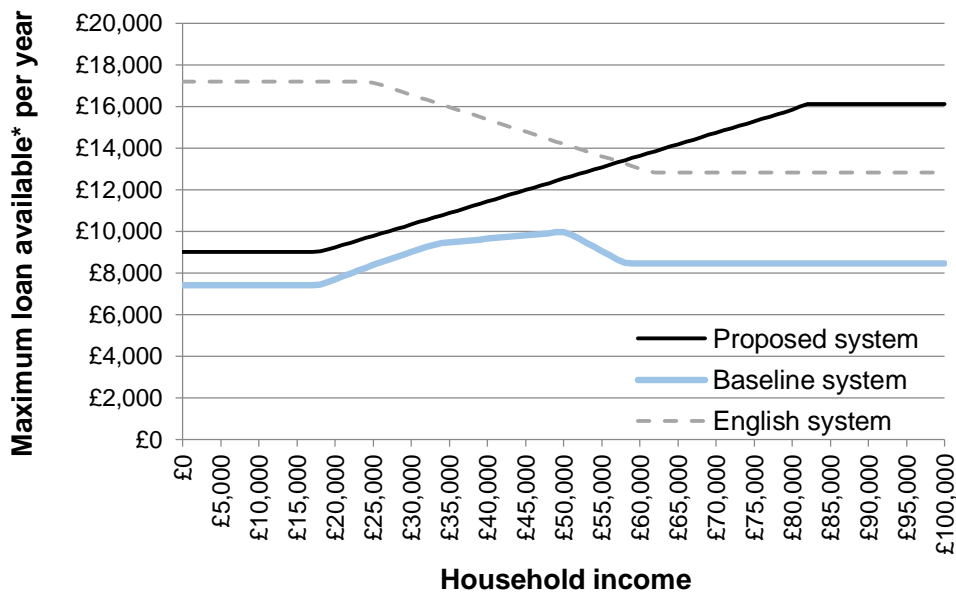
<http://webarchive.nationalarchives.gov.uk/20160105160709/http://www.ons.gov.uk/ons/rel/was/wealth-in-great-britain-wave-3/wealth-and-income--2010-12/stb--wealth-and-income--2010-12.html>.

⁵⁶ This figure would be £735m, if the National Living Wage hourly rate were £9.00.

take out (£17,200 per annum). This reflects the recommendation for a larger and more progressive Maintenance Grant than is currently available to Welsh students; in contrast, English domiciled students will receive a similar level of maximum support entirely as repayable loan.

9.1.10 Although the recommendation includes a universal Maintenance Grant, available to all Welsh students, there is an expectation that the families of students from middle and higher income households will contribute to living costs. It should be noted that we also recommend that there should be some means-tested grant, in addition to the universal element, until the ninth decile of UK household incomes. The Review Panel, therefore, endorses parental support to help students cover their costs while studying, in place of taking out the maximum loan, but recognises that provision must be made to ensure that the availability of this support is not a pre-requisite for middle and higher income students to be able to undertake higher education. As a consequence of this recommendation, Welsh students with a household income of £58,000 or above would have access to a higher maximum loan amount than will be available to an equivalent English student in 2016/17; the circumstances of individual students will dictate how much of that maximum loan provision (and, therefore, debt) is actually taken out.

Figure 6: Maximum student loan availability, academic year 2016/17



* Based on maintenance support for a full-time student living away from home, outside London

Recommendations:

Tuition fee level for full-time undergraduates:

- Universities should be able to charge students an annual fee of up to £9,000 (or whatever the Welsh Government agrees should be the maximum fee) for their course, regardless of the subject being undertaken.

For higher cost subjects:

- The fee to be topped up, via the HEFCW, with premium payments direct to Welsh HEIs. Payment to reflect the cost of teaching as measured by TRAC(T)¹ (or some comparable means).

Tuition fee support for full-time undergraduate students – loans:

- The current Tuition Fee Grant for full-time undergraduate students is replaced with an additional student loan, up to a maximum fee level of £9,000 (or whatever is the maximum fee agreed by the Welsh Government).
- For those wishing to repay their loan there should be an option for direct payment or early repayment.
- Loan repayments would continue at a rate of 9% of the graduate salary above £21,000 (frozen until 2021) and the discount rate applied to repayments set by HM Treasury (currently 0.7%). This is the UK wide repayment policy.

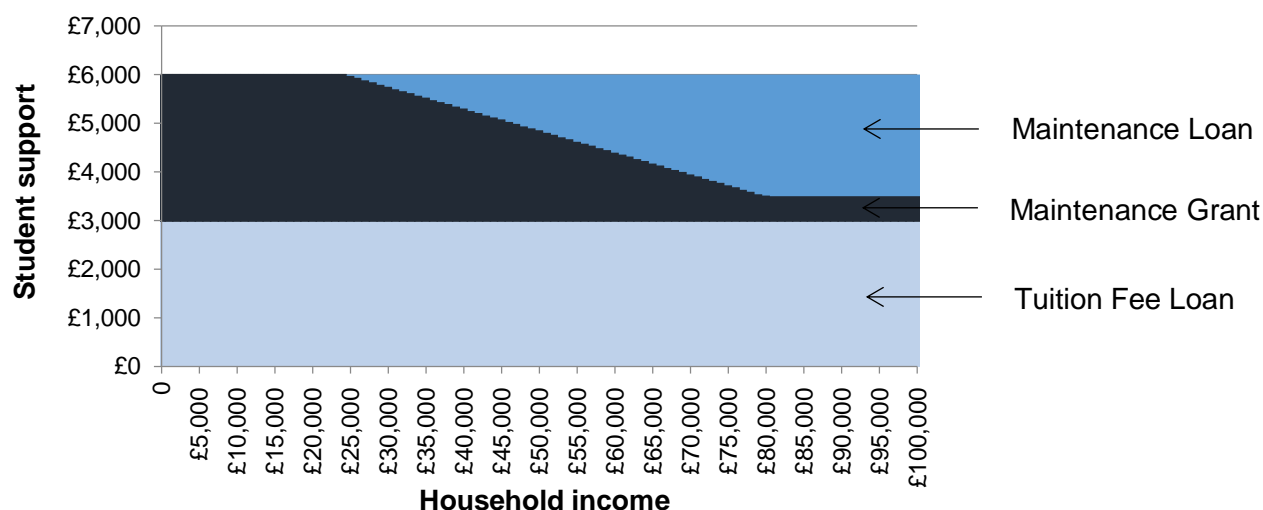
Maintenance support for full-time students – grants and loans:

- A £1,000 non-means-tested universal Maintenance Grant available to all Welsh domiciled students.
- Additional means-tested grant to cover living costs.
- Maintenance Loans to be available for those not eligible for grant.
- The top rate of Maintenance Grant and/or loan support, for a student living away from home outside London, should be equivalent to the National Living Wage – based on 37.5 hours per week over a 30 week period (currently £8,100). A maximum total grant of 25% more (£10,125) to be available for a student living away from home in London and 15% less (£6,885) for students living at home (based on current differentials in maintenance support).
- The means-testing taper for Maintenance Grant support should be flatter than the current taper. It is suggested that the upper eligibility level/household income threshold for the means-tested element should be increased from £50,020 (current upper grant eligibility level for students living away from home, outside London) to just below the top rate of tax for a two income household. (The amounts used for modelling purposes to be based on the latest ONS (GB) household income data for the 9th decile = £81,000 households).
- No additional Maintenance Loan available for those receiving the maximum grant (and/or replacement loan when the Maintenance Grant is lower).
- The Maintenance Loan to be non-means-tested for students from higher income households receiving a grant less than the maximum. The amount of loan available to be equal to the maximum grant, less any means-tested grant.
- Maintenance support to be paid to students on a monthly basis to enable more efficient financial planning and budgeting.

9.2 Part-time undergraduate provision

9.2.1 For many students, higher education study on a part-time basis is a positive choice that best suits their circumstances and we believe that such students should be encouraged, not least as longer working lives, technological change, demand for ever higher skills and changing career patterns for individuals have become the norm. There should be a three-way partnership between higher education providers, who should deliver part-time higher education in a way that enables students to ‘learn while they earn’; the state, which should provide a system that incentivises and widens access to part-time study; and the student. The recommended student support package for part-time undergraduate students is displayed according to household income in Figure 7 and the details explained below.

Figure 7: Recommended part-time student support*, by household income



* A student at a Welsh university, studying at 50% intensity

Tuition fee levels and support

9.2.2 There are positive aspects of the current funding system for part-time study, which should be retained. The Review Panel recommends that part-time students continue to be charged moderated fees, to ensure that part-time study is not dis-incentivised by prohibitive fee costs, as appears to be happening under the English system of support for part-time undergraduates. HEIs will continue to set their pricing structure for part-time provision; for modelling purposes, a pro-rata fee based on £6,000 full-time equivalent has been suggested as broadly appropriate. A Tuition Fee Loan should cover the full moderated fee and be available to part-time students studying at any intensity. Loans for part-time students represent a ‘good investment’; modelling suggests that, in general, they will repay relatively quickly. Part-time students are often already in work, on established career paths, and may already be earning above the loan repayment threshold. Thus the RAB charge – and the level of public investment that this represents – is estimated to be less in respect of part-time students than for full-time.

- 9.2.3 The moderated fee should continue to be topped-up with institutional learning and teaching grants for HEIs, paid through HEFCW. In order to ensure that public investment in part-time students is comparable to that for full-time students, the Review Panel recommends that the total grant provision is determined by applying the difference between the full-time and part-time RAB to the average loan (fee and maintenance) available to part-time students. This approach generates a notional teaching grant in the region of £1,250 per student (typical rate based on 50% full-time equivalent). It is also recommended that HEIs receive pro-rata top-up payments for high cost subjects in respect of part-time students, just as they would continue to do under our proposals in respect of full-time students, allocated directly to HEIs by HEFCW. To be eligible for this top-up payment, HEIs must be able to demonstrate to HEFCW that they deliver part-time education in a manner that encourages students to be able to earn as they learn (i.e. the funding is predicated on the organisation in receipt being regulated to ensure quality and organisation).
- 9.2.4 It should be acknowledged that some assumptions have had to be made in the part-time modelling (particularly with regards to future part-time fee levels and HEFCW grant funding in the baseline). These assumptions enable us to estimate how basing the grant funding to HEIs on the difference between full-time and part-time RAB and including high cost subject top-ups will affect the cost of grant funding. Modelling of this proposal estimates a reduction of up to £33m in the cost to HEFCW of providing institutional learning and teaching grants (including for high-cost subjects).

Maintenance support

- 9.2.5 The Review Panel recommends that, in order truly to widen access to part-time study and provide greater parity of esteem with full-time study, support for living costs should be made available. The modest means-tested Course Grant currently available should be replaced with maintenance support similar to that recommended for full-time undergraduate students. This support, and our proposals for part-time funding arrangements in the round, should be made available to part-time students who study on a module by module basis, as well as those who register for a qualification, with no restriction on those who have previous equivalent level qualifications at HE level. The provision of maintenance support to part-time students provides a parity of investment with full-time study and is expected to incentivise and strengthen this mode of HE provision in Wales.
- 9.2.6 It is recommended that part-time students receive, on a pro-rata basis, a £1,000 non-means-tested Maintenance Grant, with additional means-tested grant up to a maximum based on £6,000 full-time equivalent. As for full-time students, those not eligible for the full Maintenance Grant should have Maintenance Loans available to make up the difference. The recommended maximum support level is lower than the recommended equivalent for full-time students, so that we are able to recommend that it be made available up to a household income of £25,000. This better reflects the differing circumstances of full-time and part-time students. The means-testing should taper out at the

same income level as recommended for full-time students (9th decile for household income (GB), £81,000). Replacing the Course Grant with Maintenance Grants, as described, for part-time students would require £108m of the money released from the full-time Tuition Fee Grant. The required investment would be £97m if based on the non-preferred option for a lower taper out of the means-tested component (8th decile for household income, £59,200).

Recommendations:

Tuition fee levels and support for part-time undergraduate students:

- Part-time students receive on a pro-rata basis a modified version of the maintenance support available for full-time undergraduate students (i.e. a £1,000 non-means-tested Maintenance Grant, with additional means-tested grant up to a maximum based on £6,000 full-time equivalent, but with the maximum grant available up to a £25,000 household income).
- Plus they are charged moderated fees (pro-rata fee based on £6,000 FTE) topped with a grant to the HEI through HEFCW. The grant amount is determined by applying the difference between the full-time and part-time RAB to the average loan (fee and maintenance) available to part-time students. This aims to ensure that public investment in part-time students is comparable to that for full-time students.
- A Tuition Fee Loan is available to cover the full moderated fee.
- The Tuition Fee loan, maintenance support, and the institutional grant to the HEI should be made available in respect of part-time students who study on a module by module basis, as well as those who register for a qualification, with no restriction on those who have previous equivalent level qualifications at HE level.
- The targeted grants and allowances that exist for part-time undergraduate students, namely the Childcare Grant, Adults Dependents Grant, Parental Learning Allowance and Disabled Students' Allowance, should remain in place

For higher cost subjects:

- HEIs to receive a top up payment that reflects the cost of teaching – allocated directly to HEIs on the basis of the number of students by HEFCW. HEIs to be eligible for this top up by being able to demonstrate that they delivered part-time education in a manner that encouraged students to be able to earn as they learn.

Higher vocational and education

9.2.7 Expanding higher vocational and technical education, which is mostly embarked on part-time, promises many benefits for Wales' economy and society. When tailored to meet employer demand, work-based or work-related higher education offers a pivotal route to high level skills and employment for people in Wales.

- 9.2.8 A range of providers in Wales currently provide occupationally-focussed higher education. Universities offer many programmes for the health, legal and other professions and are actively planning to increase their work-focussed or apprenticeship-based provision. Colleges, some of whom are members of university groups, provide local and accessible provision that is often occupationally-related, or based in the workplace itself. Most HE in FE students, for instance, study part-time with a high proportion already in employment. Employers, colleges, universities and awarding bodies should work in concert to enable wider and more flexible access to this distinctive form of higher education.
- 9.2.9 There is a real opportunity for Wales to develop employer-sponsored provision or advanced apprenticeships in a way that makes the slogan 'learn while you earn' a reality. Effective models of partnership working already exist between colleges, universities and training providers to ensure that students progress smoothly between level 4 and 5 HE programmes and undergraduate degrees and we would not wish to impact on them. Our aim is to strengthen these partnerships where this is in the interests of learners and employers. It should be noted that all students studying HE in FE would be eligible for the same grants and loans packages proposed elsewhere in this report.
- 9.2.10 Implementing the recommendations set out below will help build new opportunities for prospective students and deliver skills that are in demand from employers. These recommendations have the aim of providing a step change in the number of full-time equivalent students in work-based and vocational higher education (including college-based HE), by at least 20% from 2015 to 2020.

Recommendations:

Welsh Government to support financially the development of new employer-sponsored HE programmes or Higher/Degree Apprenticeships involving universities, colleges or training providers, through new public investment of £1m per annum.

- Welsh Government to increase the resources currently provided in the Skills Priorities Programme, enhancing Colleges' capacity to provide employment-focussed level 4, 5 and, where appropriate, level 6 qualifications. Colleges seeking to recruit HE students directly could be helped to seek Regulated Institution status under the HE (Wales) Act 2015, once quality of provision at this level was externally assured. Other colleges may wish to use this investment to develop their capacity to enhance franchised provision. Funding from government to come through an agile and simple process and be budgeted at £1m per annum.
- Welsh Government to issue suitable apprenticeship frameworks itself, when needed, to allow greater access to Apprenticeship Levy monies to all HE providers. This flexibility would benefit both employers and learners. This may require legislative change.
- Welsh Government to work with Qualifications Wales and UK on proposals for a Technical Education Accreditation Council, allowing better range of work-focussed short-cycle HE qualifications. Welsh Government to examine proposals in BIS White Paper *Success as a Knowledge Economy* on Degree awarding powers and their implications on existing partnership arrangements, with aim of encouraging more flexible and responsive HE provision for students and employers.

9.3 Postgraduate taught (PGT) Masters

9.3.1 Knowledge-based societies require highly educated employees and it is important that, as with undergraduate education, entry into postgraduate education is based solely on aspiration and ability. There must not be a glass ceiling above undergraduate higher education. In order to remove the financial barrier to PGT education for Welsh domiciled students and provide a parity of investment across different modes of HE, it is recommended that postgraduate taught Masters students receive the same level of maintenance and tuition fee support as undergraduate students (i.e. Tuition Fee Loan; non-means-tested Maintenance Grant, with additional means-tested grant and/or non-means-tested Maintenance Loan). This is a more generous and comprehensive system of support for PGT Masters provision than the £10,000 loan (repayable concurrently with any undergraduate loan debt) made available to English domiciled students from 2016/17.

9.3.2 A re-application process for support is suggested for any student seeking to undertake a PGT course (whether as an additional period of study added on to their undergraduate degree course or as a standalone Masters Degree course). It should be noted that this brings the student taking a three year undergraduate course followed by a one year Masters programme in line with those students taking an initial four year course leading to a Masters. We note also that, in line with the Furlong Review into Initial Teacher Training, this

package should be available for two years for those students taking a two year postgraduate programme of teacher training.

- 9.3.3 To control the amount of public investment in the cost of PGT provision, it is recommended that HEIs in Wales continue to set their own fee levels, but a maximum fee support level should be agreed HEFCW for fee loan purposes (up to the current maximum of £9,000). Welsh students would not be charged more than the maximum fee level. HEFCW would also be required to obtain detailed evidence of historical cost data when setting the maximum fee and loan rate to avoid institutional gaming and possibly price inflation. For high-cost subjects, the fee should be topped up, via HEFCW payments to HEIs, which reflect the agreed cost of teaching. The maximum Tuition Fee Loan available to a Welsh student studying outside Wales should not exceed that required in Wales; if the cost of fees is higher elsewhere, it would have to be met through other means.
- 9.3.4 Extending the recommended support to postgraduate taught Masters students (at current numbers; approx. 2,700 full-time and 1,000 part-time) would require £22m of the money released from the full-time undergraduate Tuition Fee Grant. There would also be a modest additional cost of future loan write-off estimated at £3m. These recommendations directly address key priorities of the Review, in strengthening the provision of, and widening access to, postgraduate provision in Wales. They also provide a balance of financial support and equity of investment across different modes and levels of study, and will support the skills needs of Wales as well as jobs and growth.
- 9.3.5 The costs referred to in this and earlier sections, as the recommendations in respect of student support have been outlined, are detailed in Table 6.

Table 6: Costs of funding the baseline and recommended student support packages

	Baseline student support	Recommended student support arrangements				
		Undergraduate (UG)	Difference from baseline	Postgraduate taught Masters (PGT)	Total (UG and PGT)	Difference from baseline
Full-time						
Maintenance Grant [1]	(£440m)	(£960m)	(£519m)	(£15m)	(£974m)	(£534m)
Maintenance Loan RAB [2]	(£57m)	(£51m)	£6m	(£1m)	(£52m)	£6m
Tuition Fee Grant [3]	(£945m)	£0m	£945m	£0m	£0m	£945m
Tuition Fee Loan RAB [4]	(£66m)	(£201m)	(£135m)	(£3m)	(£204m)	(£138m)
Partial cancellation [5]	(£76m)	(£74m)	£2m	£0m	(£74m)	£2m
HEFCW grant [6]	(£46m)	(£84m)	(£38m)	(£1m)	(£85m)	(£39m)
Part-time						
Course Grant [7]	(£16m)	£0m	£16m	£0m	£0m	£16m
Maintenance Grant [8]	£0m	(£124m)	(£124m)	(£4m)	(£128m)	(£128m)
Maintenance Loan RAB [9]	£0m	£6m	£6m	£0m	£6m	£6m
Tuition Fee Loan RAB [10]	£38m	£29m	(£9m)	£1m	£30m	(£8m)
HEFCW grant [11]	(£94m)	(£61m)	£33m	(£2m)	(£63m)	£31m
Full-time RAB [12]	9.6%	12.3%	2.7%		12.3%	2.7%
Part-time RAB [12]	-27.8%	-17.9%	10.0%		-17.9%	10.0%
Total cash [13]	(£1,541m)	(£1,228m)	£313m	(£22m)	(£1,251m)	£291m
Total non-cash [14]	(£162m)	(£291m)	(£130m)	(£3m)	(£294m)	(£132m)
Total cost envelope [15]	(£1,703m)	(£1,520m)	£183m	(£25m)	(£1,545m)	£158m

Figures in parentheses indicate an exchequer expense and positive figures reflect income or saving.

* 0.7% discount rate and repayment thresholds frozen for five years.

[1] Average Maintenance Grant per full-time undergraduate of £2,541 in the baseline and £5,541 in the recommendation.

[2] Average Maintenance Loan per full-time undergraduate of £3,454 in the baseline and £2,394 in the recommendation. RAB is an estimate of the total amount of loan that will not be repaid.

[3] Tuition Fee Grant of up to £5,190 per full-time undergraduate in the baseline.

[4] Tuition Fee Loan per full-time undergraduate of up to £3,810 in the baseline and £9,000 in the recommendation. RAB is an estimate of the total amount of loan that will not be repaid.

[5] Cancellation of up to £1,500 applied to Maintenance Loans when repayment begins. This scheme is also included in the recommended system, as a holding sum for the graduate incentive outlined in Section 8.5.

[6] Additional grant funding provided to Welsh Higher Education Institutions to support the delivery of courses that cost more than £9,000 to teach.

[7] Average Course Grant per part-time undergraduate of £527 in the baseline.

[8] Average Maintenance Grant per part-time undergraduate of £1,995 in the recommendation.

[9] Average Maintenance Loan per part-time undergraduate of £509 in the recommendation. RAB is an estimate of the amount of loan that will not be repaid (positive value indicates that the full loans, as well as some or all of the interest, are expected to be repaid).

[10] Loans for part-time tuition fees in the baseline and recommendation. RAB is an estimate of the amount of loan that will not be repaid (positive value indicates that the full loans, as well as some or all of the interest, are expected to be repaid).

[11] Additional grant funding provided to Welsh Higher Education Institutions to moderate part-time tuition fees and support the delivery of courses that cost more than £9,000 full-time equivalent to teach.

[12] RAB is a modelled percentage used to estimate the full costs to Government of providing loans. It is made up of the interest subsidy provision (estimated cost to Government of subsidising student loans) and the write-off provision (amount not repaid due to death, disability or not earning over the repayment threshold during the term of the loan). A negative RAB (in the case of part-time) indicates that the loan and some of the interest is expected to be repaid.

[13] Cash costs include all up-front grants: Maintenance [1][8], Tuition Fee [3], HEFCW [6][11] and Course [7].

[14] Non-cash costs include all estimated future costs (in current money terms) incurred due to non-repayment of loan, either through RAB [2][4][9][10] or partial cancellation of Maintenance Loans [5].

[15] The sum of the estimated cash and non-cash costs of the overall student support package.

Recommendations:

Support for PGT students:

- Postgraduate students receive the same level of maintenance and tuition fee support as undergraduate students (i.e. Tuition Fee Loan up to the current £9,000 maximum; non-means-tested Maintenance Grant; and means-tested grant or non-means-tested loan).
- The maximum Tuition Fee Loan available to a Welsh student studying outside Wales should not exceed that required in Wales.
- A re-application process should be introduced for any student seeking to undertake a PGT course (whether as an additional year of study added on to their undergraduate degree course or as a stand-alone Masters degree course).

PGT tuition fee level:

To control the amount of public investment/government contribution towards the cost of PGT provision it is recommended that:

- HEIs in Wales continue to set their own fee levels for PGT provision.
- But, a maximum fee support level should be agreed via HEFCW for Welsh students for funding/fee loan purposes (up to the current maximum of £9,000).
- HEFCW would also be required to obtain detailed evidence of historical cost data when setting the maximum fee/loan rate.
- It is expected that Masters Course would be of one year's duration but we note the Furlong Review of Initial Teacher Training and support a two year programme for these students.

Higher cost PGT subjects:

- That the fee be topped up, via HEFCW premium payments direct to HEIs. Payment to reflect the agreed cost of teaching.

9.4 Cross-border study

9.4.1 The Review Panel have thought deeply about whether Welsh students should be funded to study outside of Wales and concluded that it is in both the students and Wales' interests to enable students to study across national boundaries, including in Europe and, potentially, further afield. It is recommended that student support should be available to Welsh domiciled students that choose to study anywhere in the UK or in other European Union member states, depending on the form of the UK's on-going relationship with the EU following the conclusion of exit negotiations.⁵⁷

9.4.2 The Welsh Government should also explore the possibility of running a pilot scheme to establish whether it is possible to extend the student support

⁵⁷ Referring to whether the UK, for instance, joins the European Economic Area Agreement following Brexit and participates in its 'flanking policies' in relation to research (including Horizon 2020) and student/learner mobility (including Erasmus+).

package beyond the UK and EU for Welsh domiciled students that choose to study further afield for the whole of their degree programme⁵⁸. This proposed pilot would be applicable to Welsh domiciled students wishing to study at not-for-profit higher education providers beyond the EU and those institutions with a recognised track record of quality provision (as agreed by HEFCW).

9.4.3 Since the publication of the Interim Report, the Department for Business, Innovation and Skills have published a White Paper⁵⁹ outlining planned changes to the HE sector in England. This paper revealed that tuition fees in English HEIs may rise above the current £9,000 level subject to parliamentary approval, linked to quality of teaching. We believe that Tuition Fee Loan available to Welsh full-time undergraduates studying in England should be increased to continue to cover the cost of tuition, if fees rise.

Recommendations:

Subject to necessary regulation:

- Student support should be portable and available to Welsh domiciled students that choose to study anywhere in the UK or in other European Union States (subject to the UK remaining in the EU).
- The Welsh Government to explore possibility of running a pilot scheme to establish whether it is possible or desirable to extend the student support package beyond the UK and EU – for Welsh domiciled students that choose to study further afield for the whole of their degree programme. (The proposed pilot would be study at not-for-profit organisations with a recognised track record of quality provision).

9.5 Incentives for graduates

9.5 The Review Panel propose that the Welsh Government should incentivise students, in the medium term, to bring or retain their skills to the benefit of Wales. Thus, those students who work in or return to work in Wales should be incentivised to do so for example, through a partial loan cancellation. However, the Panel recognises the administrative difficulties in operationalising this and the Panel recommends that the Welsh Government considers how this could be done, in consultation with HM Treasury, so as to permit partial loan cancellation for those working in jobs in Wales that required a loan repayment. For financial modelling purposes, the estimated cost of the current partial cancellation scheme (£74m) is included as a holding sum, which could be deployed for the purpose of the proposed graduate incentive.

⁵⁸ This proposal of a pilot refers not to existing study abroad or exchange programmes such as Erasmus+, where part of a degree programme is taken outside of the UK, but to students seeking to undertake an entire programme of study outside the UK.

⁵⁹ See Section 6: The wider context.

Recommendation:

- Welsh Government to incentivise students, in the medium term, to bring or retain their skills to the benefit of Wales. Welsh Government to consider how this could be done so as to permit partial loan cancellation for those working in jobs in Wales that required a loan repayment.

9.6 Targeted support

9.6.1 Our proposals thus far recognise the challenges that many people face in undertaking successfully a course of higher education. However, we believe that there are three groups of people for whom, by dint of their background or circumstance, the challenges are multiplied, and for these people we propose additional support, both financial and social so that both they, and Wales, can benefit from higher education study. These are those students with experience of care, or who have received support from social care services; those with a disability; and those who are parents. In the following paragraphs we provide, in each case, the proposal and its rationale.

Students with experience of care

9.6.2 Children with experience of being in care, or who have received support from social care services, suffer many disadvantages, not least sometimes missing school and the stigma attached from being in care. We note that statistics published by the Welsh Government⁶⁰ show clearly that the school achievements of those with care experience, and who have received social care services are markedly lower than those with no such experience. We are clear, therefore, that higher education cannot, alone, overcome this disadvantage and that it is essential that all parts of the education and social care systems work together to raise aspiration and to ensure that there are pathways that maximise the educational opportunities of all those with this experience. We also recognise that care leavers are not identified by geographical indicators of disadvantage and so we recommend that the Welsh Government makes every effort to identify those with experience of social care services.

9.6.3 Further, research commissioned by the Welsh Government⁶¹ shows that the multiple disadvantages, faced by those with experience of care, mean that they may not be fully equipped with the multiple skills and support necessary to negotiate the higher education system smoothly. We therefore propose that, for those with experience of care, further and higher education providers should provide personalised support packages and be prepared both to transfer credits and to have the flexibility to permit multiple starts. We also note and support fully the recognition already given to those with experience

⁶⁰ <http://gov.wales/statistics-and-research/wales-children-need-census/?lang=en>

⁶¹ <http://gov.wales/statistics-and-research/understanding-educational-experiences-opinions-attainment-achievement-aspirations-looked-after-children-wales/?lang=en>

of care by 'The Children Act 1989 (Higher Education Bursary) (Wales) Regulations 2011'.

- 9.6.4 Given the above we believe that the funding system we have proposed, together with the Higher Education Bursary noted above, provides the basis to support care leavers; with the caveat that, by definition, those with experience of care should receive the maximum Maintenance Grant; and there should be flexibility to allow multiple starts.

Students with a disability

- 9.6.5 We recognise that students with a disability have particular challenges in successfully completing a course of higher education and, further, recognise that great strides have been made across Wales over the past years to assist students with disabilities to be able to benefit from a course of higher education. The Review heard from a DSA assessor with extensive experience of assessing Open University students, and from others, of some of the challenges that remain and the Review Panel recommends that the Welsh Government consider whether further assistance can be offered here, in consultation with HM Treasury.

Students who are parents

- 9.6.6 Students who are parents face particular challenges if their children are below or at school age. The Review Panel recognises that current statutory provision is through the Childcare Grant where 85% of childcare costs may be paid up to a maximum of £161.50 a week for one dependent child (£274.55 a week for two or more children). Support via the discretionary Financial Contingency Fund (FCF) is limited to students studying at the Open University in Wales although FCF is generally available to students studying at FE colleges in Wales. The Review Panel notes that there are both social and financial challenges for students who are parents and we recommend that the Welsh Government, through HEFCW, work with the universities and the National Union of Students (NUS) to ensure appropriate financial support to help student parents to combine their study with their family responsibilities.

Recommendations:

Students with experience of care:

- Welsh Government makes every effort to identify those with experience of care.
- Further and higher education providers should provide personalised support packages and be prepared to both transfer credits and to have flexibility to permit multiple starts.
- Those with experience of care should receive the maximum Maintenance Grant.

Students with disabilities:

- Welsh Government, in consultation with HM Treasury, to consider what further assistance can be offered.

Students who are parents:

- Welsh Government, through HEFCW, to work with the universities and the NUS to develop strategies to help students to combine their study with their family responsibilities.

9.7 Additional recommendations

- 9.7 The following sections move beyond the basic undergraduate and postgraduate taught student support package, to address some other key areas of the higher education system that require government funding. Where applicable, the financial investment required to support each recommendation is outlined. Funding would be made available as a result of the recommendations in respect of student support, described in the previous section.

9.8 Postgraduate research (PGR) funding

- 9.8.1 Research is at the heart of the higher education system that will serve Wales best and help to drive jobs and growth for Wales. Developing the next generation of researchers is essential if Wales is to have the workforce able both to drive innovation and to undertake the basic research which underpins that innovation. We have heard from the Chief Scientific Adviser for Wales and others, that there is an insufficient critical mass of researchers in Wales in some important areas and so we propose that the Welsh Government establishes an ambitious programme to train a new generation of researchers in Wales.
- 9.8.2 To develop a cadre of researchers in Wales and to address any shortfall, it is recommended that some Welsh Government funding should be made available to support PGR provision. We propose PGR scholarships of, initially, up to three years duration and that there should be 150 new research

students each year.⁶² We do not see this as a three year programme, but here we propose an initial three year programme with a review.

9.8.3 These scholarships should be funded in a three way equal partnership between the Welsh Government, the University in which the research student will be based, and another funder either from the private, public or third sector. The scholarship should, therefore, be free to the individual student. The Welsh Government contribution (based on an estimated cost of £25,000 per year to fund a three year Doctoral Training Programme) would be £1.25m in the first year, rising to £3.75m per year in year three (at steady state, 450 bursaries). This investment would be in addition to the Postgraduate Research Funding allocated annually by HEFCW (£5m). Over a five year period, the Welsh Government would be required to contribute a total of £15m of the money released from the full-time undergraduate Tuition Fee Grant.

9.8.4 We believe that these scholarships should be available for study in any area of research, as long as the three-way partnership described above existed; and we propose that these scholarships could be administered on an annual basis by the Learned Society of Wales (LSW), subject to agreement of the proposal relating to the LSW later in this section.

Recommendations:

A Welsh Post Graduate Research Scholarship Scheme should be instituted as follows:

- There should be 150 scholarships per year for an initial three years and then subject to a review, with the scholarships covering both fees and maintenance
- The cost will be split equally between the host university; the partner organisation (business, third sector or other donor organisation); and Welsh Government.

9.9 Quality research funding and knowledge transfer

(i) Quality Research (QR)

9.9.1 At the heart of the success of the higher education research endeavour across the United Kingdom has been the dual support system. In this system the state provides a stream of funding to universities based on a periodic assessment of research quality (QR funding) – most recently this was assessed through the 2014 Research Excellence Framework (REF). Universities also source and compete for research/project funding from a variety of public and non-public sources (such as the research council partners within the Research Councils UK partnership, industry and government).

9.9.2 QR funding is provided to Welsh HEIs by the Welsh Government, through HEFCW⁶³. This funding stream is crucial in providing the baseline investment

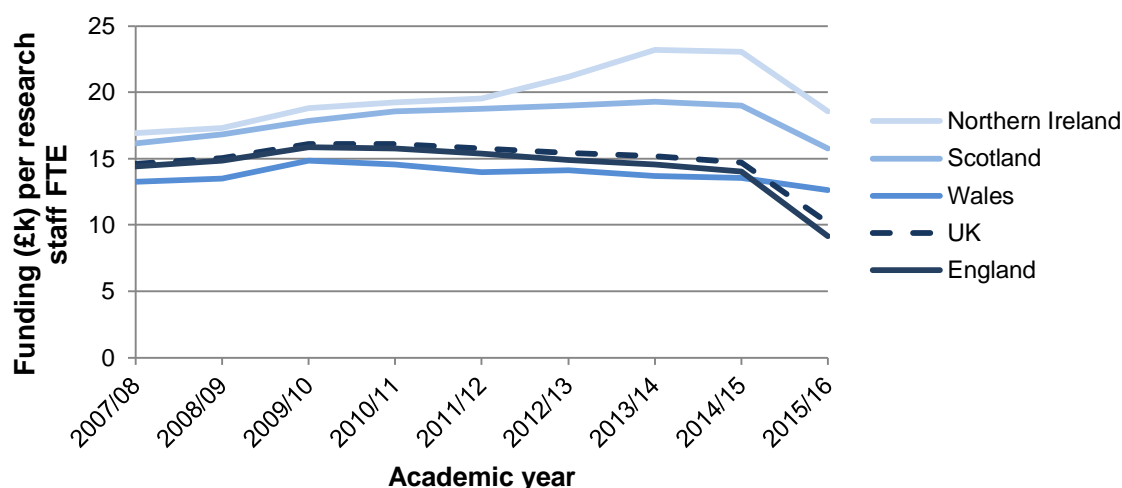
⁶² It is suggested that the bursary should be set a level sufficient to cover the fee plus a stipend at Research Council rates – a total of £25,000 per year estimated for science subjects.

that enables the long-term strategic development of research and the creation of a critical mass of research capability. The certainty and predictability of QR funding is important given the long planning horizons that university research strategies have to address. This funding allows resources to be allocated to research which is high priority, new or which may not secure funding from Research Councils. QR can also be used, in effect, as leverage for external research funding from the EU or from charitable sources. The vital importance of QR funding is well documented⁶⁴.

9.9.3 For these reasons the Panel believes that QR funding is essential and that it should be maintained at least at the current level of £71m per annum in real terms over the next five years⁶⁵. The Panel also believes that it is reasonable to expect that higher education institutions demonstrate annually to HEFCW how they have used these funds strategically.

9.9.4 For the decade leading up to 2015/16 the rate of QR funding in Wales on a range of measures was consistently lower than all other UK nations⁶⁶. For 2015/16, however, in Wales the rate of QR funding per researcher is above the rate for England and the UK - although still well below rates in Scotland and Northern Ireland. Figure 8 shows the picture overall.

Figure 8: Quality Research funding normalised by number of researchers⁶⁶



Source: HE funding bodies' recurrent grant circulars; HESA staff record

⁶³ The amount of QR Funding allocated by HEFCW to universities in Wales for 2015/16 was £71m. http://www.hefcw.ac.uk/policy_areas/research/funding_research.aspx.

⁶⁴ See *A Review of QR Funding in English HEIs*, Public and Corporate Economic Consultants & Centre for Business Research, University of Cambridge (2014): http://www.hefce.ac.uk/media/hefce/content/pubs/indirreports/2014/A_review_of_QR_funding_in_English_HEIs/2014_qrreview.pdf.

⁶⁵ The Welsh Government also provides generalised funding to HEIs to develop research excellence through the following schemes:

- Ser Cymru I (2013-2018): £50m, of which £28m is being contributed by Welsh Government.
- Ser Cymru II (2015-2023): £39m, of which £7.7m will be contributed by Welsh Government.
- MSCA COFUND scheme (2015-2020): £17m, of which £1.8m will be contributed by Welsh Government.
- A 'one-off' strategic capital investment of £1.7m from WG in 2015, for research equipment. Further information on these schemes is available at: <http://businesswales.gov.wales/expertisewales/support-and-funding-researchers>.

⁶⁶ Figures taken from funding council websites and other sources, and currently subject to validation, HESA staffing figures for 2015/16 has been estimated as these statistics are not yet available. Northern Ireland QR figure for 2015/16 has also been estimated.

Recommendations:

QR funding

- Welsh QR funding should be maintained in real terms at its current level of £71m per annum over the next five years.
- Welsh higher education institutions should demonstrate annually to HEFCW how they use these funds strategically

(ii) Knowledge Transfer

9.9.5 The Review Panel is convinced that for Wales to benefit properly from its universities there needs to be an enhanced partnership between universities, government and industry in order to maximise the economic and social benefits that can be derived from universities. All universities contribute to the economy and to society through their core activities of teaching and research, and by providing employment-relevant skills at all levels.

9.9.6 We recognise that one of the key ways in which universities provide economic and social benefits is through the education of graduates. While we recognise fully that employability skills are only one of many features of a university education, we would expect that many undergraduates will receive education in entrepreneurship and most undergraduate and postgraduate programmes will have employer advisory boards⁶⁷.

9.9.7 However for the economic and social benefits of higher education properly to be maximised we recommend a funding stream as follows. Starting with economic activity, research indicates^{68,69} that those universities with a sufficient quality and volume of research activity can have an enhanced (and transformational) impact on economic growth in their region. Other enabling factors that extend this potential for economic impact include the volume of science, technology, engineering, mathematics and medicine activity and the institution's global reach.

9.9.8 Therefore, it is recommended that the Welsh Government should develop a further funding framework aimed at supporting knowledge transfer that reflects volume and industry engagement. The guiding principle is that flexibility

⁶⁷ Students may also be represented on these employer advisory boards, as appropriate.

⁶⁸ The 'knowledge spill-over' effects, as well as the clustering/agglomeration impacts associated with the proximity of universities/research institutes and companies, is a feature of the literature on regional innovation systems and regional economic development. The 'Cambridge [University] effect' on industry growth in the tech and life science areas is often cited as a paradigm case, as is the knowledge cluster around universities/institutes in and near Boston, Mass.. See also: Gunasekara, C., 'Reframing the role of universities in the development of regional innovation systems', *The Journal of Technology Transfer* (2006) 31: 101–113; and Mowery, D. C., Sampat, B. N., 'The Bayh-Dole Act of 1980 and university–industry technology transfer: a model for other OECD governments?', *Journal of Technology Transfer* (2005) 30: 115–127.

⁶⁹ Evidence on critical mass and research quality from the UK is presented and summarised in Benna, R., Berche, B., 'Managing research quality: critical mass and optimal academic research group size', *IMA Journal of Management Mathematics* (2012) 23: 195–220, which states (at 196) that "research quality does improve with the size of a group of researchers, [but] this is a continuous and transient phenomenon... There is also a lower critical mass that marks the size which a group should achieve for it to be viable in the long term. Both the upper and lower critical masses are discipline dependent." The authors conclude that "the optimal research group size for a given discipline is frequently slightly above its upper critical mass."

should be maximised and that a similar system to the dual support system that works so well in funding research should be utilised.

9.9.9 This knowledge transfer support system will also have two elements (a 'dual support' system for knowledge transfer). The first element will be a stream of funding aimed at supporting institutions and driven, as with QR funding, by volume of 3* and 4* STEMM research activity as measured by the Research Excellence Framework. This element would also be driven by annual income from research grants and contracts, externally funded research students, and level of collaborative commercial activity as measured, for example, by the Higher Education-Business and Community Interaction Survey.

9.9.10 Critical mass is essential in maximising economic benefit but to fund primarily on scale would be likely to eliminate some universities with niche activities or where their geography is important for local economies. Therefore it is recommended that this first element of knowledge transfer support should fund a small number of hubs. These hubs should be operated in and by the larger universities but with a collegiate approach which enables smaller universities to benefit from scale effects and the range of expertise available (operating through link staff appointed by the smaller universities and answerable to those universities but funded by the hub). These hubs would be expected to be flexible and agile so as to respond positively and at pace to emerging commercial opportunities and to industry demand. The activities that these hubs would enable might include teams to promote and manage the university-industry relationship and enable effective translational technology transfer activity.

9.9.11 The second element of the knowledge transfer support system should be a response-mode scheme that permits universities, in collaboration with industry, to bid for support for specific projects. While the areas to be funded need to reflect opportunity and need and be jointly conceived by industry and academia some examples might be funding to enable the development of research into proof of concept; funding to enhance the opportunity for increases in shareholder value through technological developments; funding to support foreign direct investment in research and development in Wales; funding to support enhanced engagement between university and industry teams such as secondments; business support services; funding to support the creation of high value spin-outs; and incubation facilities. It should also be emphasised that the areas that can benefit from these projects should not be confined to STEMM-based areas. Opportunities could exist in, for example, the creative industries or in finance.

9.9.12 It is proposed that HEFCW should enable both elements of this knowledge transfer support system. The former part would require around £5m per annum and the latter, in the first instance, around £20m per annum – it should be recognised that there is no algorithm that guides these amounts, rather the aim is that the funds proposed should be enough so as to make a difference, and we recommend that the amounts should be subject to review after three years. A key part of the delivery of these schemes is that leadership should come from an enhanced partnership between industry, universities and

government and that all partners should expect to provide leadership. In addition, decisions need to be made very quickly so as to ensure the flexibility and agility that will be central to the success of the scheme.

9.9.13 Though what we propose is somewhat different in form than the activity funded under the Higher Education Innovation Fund (HEIF) by the HE Funding Council in England (HEFCE), a third of all income from university knowledge transfer activity there is attributed to the impact of this fund,⁷⁰ with the estimate that each pound of HEIF generates around £7.90 in knowledge transfer income.⁷¹ There is no equivalent fund to HEIF in Wales.

9.9.14 Turning to social policy, Wales can benefit greatly from a strong evidence base and should continue to aspire to be an evidence-led society. The Review has benefited from a number of studies commissioned from the Welsh Institute for Social and Economic Research and Development (WISERD) and it is clear that WISERD has developed into a major resource for providing knowledge transfer across a wide range of the social sciences. While the majority of the funding for WISERD should, rightly, be project-based, it is recommended that the Welsh Government provide core funding for WISERD on a five yearly basis. In so doing, it is expected that, where appropriate, WISERD should co-produce research with its potential beneficiaries.

Recommendations:

Knowledge transfer

- Universities ensure that their students are educated so that they can be the future drivers of both the economy and society – students often receiving education in entrepreneurship; and employer advisory boards will be common.
- Universities commit to maximise the social and economic impact of their research and, where appropriate to co-produce research with potential beneficiaries.
- The Welsh Government, through HEFCW, to provide a dual support system of funding knowledge exchange, with around two hubs receiving core funding to enable agile and flexible engagement between HEIs and industry; together with a simple, flexible project based funding of initiatives aimed at projects that will impact on the Welsh economy.
- The Welsh Institute for Social and Economic Research and Development to receive core funding from the Welsh Government to impact on social policy, on a five year basis, against an expectation of the majority of its funding coming from projects.

9.10 HE through the medium of Welsh

9.10.1 We have received considerable evidence on both the desirability and the need for higher education to be delivered through the medium of Welsh. We support fully the need for a sustainable funding model to be developed not

⁷⁰ Coates Ulrichsen, T. *Assessing the Economic Impacts of the Higher Education Innovation Fund: Report for HEFCE*, (2015) table 2, p. 19. Substantial non-monetary benefits to HEIF are also elaborated in the report.

⁷¹ *Ibid.*, p. 40. The report's methodology focuses on the marginal 'net additionality' of knowledge transfer income gained from HEIF, stripping out 'deadweight' effects, the substitution of inputs and the displacement of outputs as far as possible. The period 2006-14 is the surveyed time frame.

only for the status quo but importantly to enhance provision. It is essential that this funding model should enable a steady expansion in the number of subjects that can be studied through the medium of Welsh; and that there should also be the potential for students in other subjects to acquire the Welsh language as part of their study, particularly in areas where they may be likely to need to use Welsh in their subsequent careers. The Review recognises, a) that there needs to be a national solution; and, b) that this solution will likely include distributed, yet collaborative, education involving both online and blended provision. The Review has received evidence that supports the work of the Coleg Cymraeg Cenedlaethol, and recognises the important progress made in Welsh medium HE since the establishment of the Coleg.

9.10.2 We believe that the Coleg, as a separate body established jointly by all universities in Wales, and overseen by a board of university and independent members⁷², should continue to be the lead body in planning and supporting the provision of Welsh medium provision on a strategic basis across Welsh higher education. We recommend that the current level of funding for the Coleg, provided via HEFCW, should be maintained or enhanced.

9.10.3 The Review believes that the Coleg and HEIs have a collective responsibility to work with other bodies and organisations to enhance the delivery of higher education through the medium of Welsh. We therefore recommend that the Welsh Government work with the Coleg Cymraeg Cenedlaethol, HEFCW, the HEIs and organisations such as further education institutions, schools, the National Centre for Learning Welsh, employers and national voluntary and community-based organisations in order to secure maximum impact and greatest value from public investment in, and support for, Welsh-medium higher education. Where appropriate, the work of the Coleg should be embedded within wider Government strategies that support and promote the Welsh language. To support a sustainable funding model, annual investment from HEFCW in the Coleg Cymraeg Cenedlaethol and its scholarship programme should be maintained at least at the level for academic year 2016/17 (£5.8m).

Recommendations:

- Welsh Government work with the Coleg Cymraeg Cenedlaethol, HEFCW, the HEIs and other stakeholders such as further education institutions, schools, the National Centre for Learning Welsh, employers and national voluntary and community-based organisations in order to secure maximum impact and greatest value from public investment in, and support for, Welsh-medium higher education.
- To support a sustainable funding model; annual investment from HEFCW in the Coleg Cymraeg Cenedlaethol and its scholarship programme should be maintained at least at the level for academic year 2016/17 (£5.8m).

⁷² The Coleg was established as a company limited by guarantee and a registered charity in 2011. The constitutional basis of the Coleg is the Memorandum and Articles of Association that have been agreed and signed by all Higher Education Institutions in Wales. The Memorandum and Articles, or the Constitution, forms the basis for the Coleg's embodiment and sets the rights, expectations and responsibilities of the Coleg as well as the rules regarding Membership. All universities in Wales are members, along with 10 other stakeholder members and an independent Chair.

9.11 The University of Wales Press (UWP)

9.11.1 The Review Panel received strong representations regarding the importance of the University of Wales Press in supporting the Welsh language and Welsh studies more widely; and the Review Panel is persuaded of this important role. It therefore supports fully the decision, on 15th March 2016, of the then Deputy Minister for Culture, Sport and Tourism, to announce an independent review of the Welsh Government's support for publishing and literature in Wales.

9.11.2 The Panel is fully supportive of the remit of the review, which will look: a) at the Welsh Government's current cultural, social and economic aims in supporting the publishing industry and literature in Wales and whether these are being achieved; b) at digital developments within the publishing industry and whether the current system of support is fit for the modern industry; and, c) at support for publishing and literature in disadvantaged areas across Wales. The Panel supports the principle of public investment, alongside commercial approaches, for an academic publishing house in Wales and believes that the timing of the review should permit all stakeholders to develop a sustainable business plan for the UWP.

9.12 Learned Society of Wales (LSW)

9.12.1 Successful knowledge-based economies, such as Wales aims to be, need to harness the most talented members of their societies to provide advice; to challenge and to debate. In many countries this comes through a Learned Society such as the Royal Society of Edinburgh or the Royal Society of London. In the course of this Review we have received submissions from the relatively new Learned Society of Wales (LSW). The LSW is a very welcome addition to the Welsh intellectual landscape, particularly given its multidisciplinary and multi-sectoral fellowship.

9.12.2 We believe it has the potential to develop into a real resource for a) improving the public understanding of science and stimulating and contributing to public debate and engagement on key contemporary issues; b) contributing to the development of Wales' 'soft power' by promoting international networks of interest in Welsh institutions, culture and values; c) inspiring and supporting Wales' most promising young talent across the research, business and public sectors, in order to create value for the economy and society; d) providing independent advice and horizon scanning across a wide range of areas through ensuring that Wales' policy makers and influencers have access to the best national, and indeed global expertise; e) better recognising the quality of scholarship existing in and associated with Wales; and f) promoting Wales' interests and reputation on the global stage.

9.12.3 However, for it to function effectively the LSW needs, we believe, the kind of core funding seen in other jurisdictions. We have looked at the funding regimes elsewhere in the UK and recognise that there are a range of models for funding learned societies. We recommend that the LSW should receive

funding of £1m per annum, directed through HEFCW against a set of objectives agreed between the LSW and HEFCW, taking into account important future challenges and priorities for the Welsh Government.

Recommendation:

- We recommend that the LSW should receive funding of £1m per annum, directed through HEFCW against a set of objectives agreed between the LSW and HEFCW, taking into account important future challenges and priorities for the Welsh Government.

9.13 The role of the Higher Education Funding Council for Wales

9.13.1 We concur with Professor Hazelkorn's recommendation that there is an important role for an arm's-length body charged with ensuring the delivery of higher education against the broad priorities of the Welsh Government. While it would be inappropriate, until the Welsh Government has responded to Professor Hazelkorn's Review, for us to comment on the actual structure of this body, it is nevertheless apposite for us to make a small number of recommendations.

9.13.2 First, we believe that, for it to be able to drive Welsh Government priorities HEFCW will need a degree of unhypothecated funding. For example we are clear that, while our proposals will impact very positively on the economics of widening access there is a strong case for funding, probably on a joint basis with HE provider or consortia of HE provider, to promote and incentivise aspiration-raising and the social aspects of widening access. Similarly investment to drive sector-wide efficiencies or the provision of seed corn funding in pioneering areas of activity can be very important; or again in terms of encouraging flexibility and simplification of the learner journey. Some such priorities might previously have been supported through the use of HEFCW's now much-depleted Strategic Development Fund.

9.13.3 An investment fund to drive and pump prime such activities is doubtless required for a well-functioning higher education system. In Table 7 (page 68), we make a proposal that this should be £50m per annum. We recognise that there is no algorithm that can decide exactly what this number should be and recognise also that some of such funds could support, for example, increased demand for part-time courses. However, we believe an amount of this order to be necessary to make a difference. We believe also that it is essential that this funding is used to drive initiatives and catalyse change; and that it is not used simply to prop up underfunded elements elsewhere.

9.13.4 Second, as we have noted above there is an important role for HEFCW in coordinating funding around knowledge transfer and ensuring both sides of the proposed dual support system, noting in particular the agility necessary in any project funding.

9.13.5 Third, we have identified an important regulatory role for HEFCW in the funding of Higher Education as well as in determining the fees for expensive subjects and distributing the resulting funds. Without in any way seeing this as comprehensive we have noted a role in ensuring part-time education is delivered so as to be commensurate with enabling students to ‘learn while they earn’; in providing a light touch regulation of costs and of postgraduate fees for Welsh students; and in agreeing with universities the way in which they, while always protecting the autonomy of institutions, will contribute to Welsh Government priorities.

9.13.6 Fourth, while we were not asked to address capital funding in this Review, we recognise a role for HEFCW in distributing capital funding effectively and also note the importance of capital funding for maintaining the competitiveness of Welsh HE.

Recommendation:

- HEFCW to have an amount of unhypothecated funding to drive change in areas associated with Welsh Government priorities; examples including projects to impact on the social aspects of widening access; university efficiencies; interventions to simplify the learner journey. It is expected that all such projects would be jointly funded with HEIs.

9.14 Intergovernmental relations and the Student Loans Company

9.14.1 As noted, a critical issue that has emerged is the capability of the Student Loans Company (SLC) to respond quickly to proposed changes to the higher education student support and finance system in Wales. This poses serious potential issues for the Welsh Government in implementing a democratically mandated public policy in a key area.

9.14.2 The Panel understands that the SLC has recently initiated discussions with the Welsh Government about ways in which its delivery capability may be enhanced in order to enable the earliest possible implementation of any recommendations of this report which are accepted by Welsh Ministers. The Panel welcomes the initiative taken by the SLC and hopes that any system improvements put in place to facilitate implementation of this report may lead to the creation of a more flexible and sustainable delivery model for Student Finance Wales services going forward.

9.14.3 It is possible that, notwithstanding the constructive negotiations now under way between the SLC and the Welsh Government, the increasingly divergent policy priorities of the four UK governments will continue to create pressures on the SLC’s capability. The Panel thus notes the words of the House of Lords Committee on the Constitution in their recent report on devolution as being particularly apposite in this area of policy and implementation:

Instead of a ‘devolve and forget’ attitude...[the UK Government] should be engaging with the devolved administrations across the whole breadth

of government policy: not interfering, but co-operating and collaborating where possible and managing cross-border or UK-wide impacts that may result from differing policy and service delivery choices. The UK Government should work to reach an agreement with the devolved administrations to ensure a constructive approach to this engagement is introduced and maintained for the long-term on all sides⁷³.

Recommendations:

- The Joint Ministerial Committee, at the highest levels, should consider the better coordination of student finance policy between the administrations of the UK without prejudice to devolved decision-making. The Panel welcomes the SLC's willingness actively to explore with the Welsh Government options for implementing the recommendations of this report without delay.
- Depending upon the outcome of that joint work, the Panel recommends that consideration be given, if necessary, to the scoping of a new system of student loan administration for Wales.

9.15 Evaluation

Recommendation:

The Review Panel recognises the importance of ongoing evaluation and therefore recommends that:

- The Welsh Government should, in collaboration with stakeholders, undertake statistical and research work to monitor and evaluate the implementation of proposed reforms in order to assess their impact, to understand what works and to learn and apply lessons about the best way to implement these and future reforms.

9.16 The complete package

9.16.1 We believe that the above package provides a sustainable basis for a system of Higher Education that meets the ambitions of the Welsh Government and its people. The package we have proposed addresses both the economic and social aspects of widening access; proposes a sustainable system of funding student support that is progressive, provides students with flexibility to manage their finances and supports middle income as well as lower income families, enables HEIs to be funded properly to teach higher cost subjects and provides real incentives for part-time and postgraduate taught study.

9.16.2 Furthermore it addresses the challenge for Wales to have a strong research base and for that research base to impact positively on Wales' economy and society, by proposing the real terms maintenance of the dual support system of funding research, a postgraduate research funding stream aimed at

⁷³ *The Union and Devolution*, the House of Lords Select Committee on the Constitution (May 2016), para. 305: <http://www.publications.parliament.uk/pa/ld201516/ldselect/ldconst/149/149.pdf>.

developing the next generation of researchers, and a funding stream for knowledge exchange which encourages agility and flexibility in the interaction between HEIs and potential beneficiaries. Finally, in noting the work of Professor Hazelkorn and the Welsh Government's future response, we suggest a number of important roles for HEFCW, some of which require some funding.

9.16.3 This set of student support recommendations, applied to the baseline student cohort, releases an estimated £291m of the £945m saved by removing the full-time undergraduate Tuition Fee Grant. There is also an additional future cost associated with loan write-off, due to non-repayment (RAB), estimated at £132m for the baseline cohort (at the current 0.7% discount rate applied to repayments, as set by HM Treasury). Together with the remaining proposals for this recommended system of funding, we estimate that the cost envelope is broadly equivalent to that defined for the baseline package. The costs associated with each recommendation are summarised in Table 7.

Table 7: Summary of the cost of each recommendation

	Baseline	Recommendation
Cohort costs		
Full-time undergraduate [1]	£1,631m	£1,369m
Part-time undergraduate [1]	£72m	£150m
Higher Vocational and Technical Education [2]	£38m	£69m
Postgraduate taught Masters [3]	-	£25m
Cross-border study [4]	-	-
Incentives for graduates [5]	-	-
Annual costs		
Targeted support [6]	£26m	£26m
Postgraduate research funding [7]	£5m	£8.75m
Quality Research and Knowledge Transfer [8]	£71m	£96m
HE through the medium of Welsh [9]	£5.8m	£5.8m
The University of Wales Press [4]	-	-
Learned Society for Wales [9]	-	£1m
Higher Education Funding Council for Wales [10]	-	£50m

Costs include grant funding and, where applicable, estimated loan write-off.

[1] The entire duration of study for the baseline cohort. Table 6 provides detail on student support.

[2] Estimated cost of student support for the cohort of relevant students; cost of the recommendation includes the 20% target increase in uptake in this mode of provision (£54m at baseline numbers), plus £4m to support the recommended development of capacity and programmes over two years.

[3] A single cohort at current Masters numbers, based on one year full-time and two year part-time courses. Table 6 provides detail on student support.

[4] No cost directly attached to this element.

[5] The current partial cancellation scheme cost is included in the cost of full-time undergraduate provision and remains in the model in place of the recommended incentive.

[6] Cost of targeted grants and allowances in 2014/15: Disabled Students Allowance, Adult Dependents Grant, Parental Learning Allowance, Childcare Grant (Student Loans Company); not including the estimated cost of the part-time Course Grant.

[7] Annual cost of the recommendation at steady state (year three onwards; 450 bursaries), in addition to the baseline funding allocated by HEFCW.

[8] Annual Quality Research funding based on the amount allocated by HEFCW to universities in Wales for 2015/16; an additional £25m is specified in the Knowledge Transfer recommendation.

[9] Annual cost associated with the recommendation.

[10] Annual cost of additional HEFCW funding for recommended initiatives on which it will lead.

9.16.4 Before our recommendations were outlined in detail, the key dependencies (namely inflationary pressures on costs and student numbers) of the financial modelling and estimated cost envelope were noted. We clarified that inflationary pressures should be shared between the student (through the Tuition Fee Loan and Maintenance Loan) and the state (through the Maintenance Grant and HEFCW learning and teaching grants). Following up on this and with sustainability in mind, it is estimated that: an inflationary increase of two per cent on the recommended grant and loan arrangements would cost an estimated £39m; and a two per cent increase or decrease in student numbers would result in a £29m cost or saving, respectively, under recommended arrangements. These sensitivities are broadly in line with those reported earlier in relation to baseline arrangements, but acting on a smaller cost envelope.

9.16.5 In conclusion, the proposed package of recommendations outlined above comprises interlocking elements and should be seen in its entirety; it therefore requires implementation as a whole.

10. Appraisal

- 10.1 A wide range of potential scenarios have been considered before arriving at the recommended package. All have undergone a gateway check⁷⁴ to determine whether they are deliverable, affordable and sustainable. Any found not to be so were discarded by the Review Panel early on. This included, for example, the option of maintaining the status quo (maintaining the current funding and student finance arrangements), which was considered to be neither affordable nor sustainable into the medium or long term.
- 10.2 Consideration has also been given to the extent to which the package of recommendations met criteria determined by the Panel. This included: the extent to which they respond to the Welsh Government's priorities for the Review; are consistent with and promote the Review Panel's guiding principles; and accord with and promote the Well-being of Future Generations (Wales) Act 2015 – Key Goals. Welsh Government Impact Assessment requirements have also been taken into account⁷⁵.

⁷⁴ An Operational Group was established to provide advice to the Review Panel in this regard.

⁷⁵ E.g. Equalities, Human Rights and Poverty Impact Assessment; Children's Rights Impact Assessment; Welsh Language; and Health Impact Assessments etc.

Appendix A: Review Panel terms of reference (updated March 2016)

The Review Panel will consist of a Chair and panel members that are expert and experienced in their field and have a deep understanding of matters relating to higher education (HE) sector funding and student finance arrangements.

Role:

The Panel is required to conduct a wide-ranging Review of HE sector funding and student finance arrangements. It will begin its work in the Spring of 2014 and produce by September 2016 a report for the Minister for Education and Skills that provides clear advice and costed recommendations for the future funding of the HE sector and student finance arrangements in Wales.

The Panel's recommendations will need to be deliverable, affordable and sustainable.

Focus:

The Review will focus on issues relating to:

- the promotion of social mobility and widening access to higher education;
- the promotion of postgraduate learning opportunities in Wales and for Welsh domiciled students;
- the funding of higher education in the light of continuing constraints on public expenditure;
- full-time and part-time tuition fees policy;
- cross-border HE funding policy and arrangements;
- student finance arrangements (including maintenance support for HE and further education FE students, with an emphasis on supporting learners from the lowest income backgrounds and most deprived communities in Wales);
- funding routes (AME, near cash and non-cash);
- the Higher Education Funding Council Wales' role in the delivery of student finance;
- student debt;
- to advise and where appropriate make recommendations about:
 - the financial support for students and the funding of HE provision in institutions engaged in access and foundation level programmes.
 - the financial support for students and the funding of HE provision in institutions engaged in higher national certificates, higher national diplomas, foundation degrees and degrees where these intermediate or terminal awards are classified as apprenticeships and/or involve a significant component of provision/assessment in workplaces.
 - the most effective/appropriate form of accreditation, franchise and validation arrangements between higher education and further education institutions.

Key Considerations:

The Review will need to consider medium and longer-term policy options and funding, including any potential for savings incentive schemes to provide a more sustainable future model of HE funding and to help reduce levels of student debt.

The Review will also need to consider:

- current legislation and options for reform;
- the financial implications of any proposed models for Welsh Government, HM Treasury, students, HEFCW and the HE sector in Wales;
- operational delivery systems involving HEFCW, the Student Loans Company, Quality Assurance Agency (QAA) and other UK bodies;
- alternative policy approaches being adopted by other UK governments and internationally;
- the cross-border implications of any policy changes proposed for Wales (including possible legislative competence issues);
- identified skills needs for Wales;
- postgraduate provision and industry sector concerns and/or requirements;
- the extent to which current policy and funding arrangements support widening access, and what more can be done;
- related further education (FE) sector developments, for example HE in FE activity.

Approach:

The Panel will gather and evaluate available data, research and other evidence. The Panel may need to commission research to address gaps in the available evidence base. Close engagement with stakeholders will be a necessity.

The Panel will have due regard to the Welsh Government's broad priorities for HE in Wales as set out in the Welsh Government's Policy Statement on Higher Education June 2013

(<http://wales.gov.uk/topics/educationandskills/highereducation/policy-statement/?lang=en>).

Governance and working style:

Panel members will observe the seven principles of public life (selflessness, integrity, objectivity, accountability, openness, honesty, and leadership).

- Conclusions and recommendations should be evidence-based, impartial, well-considered and robust.
- Records of Review Panel meetings and activities will be kept. Discussions will, however, be conducted with a protocol of confidentiality in order to promote genuine debate.

Appendix B: Review Panel membership (updated March 2016)

Main Review Panel:

- **Beth Button:** President, National Union of Students Wales (July 2014-June 2016).
- **Dr Gavan Conlon:** Partner at London Economics.
- **Professor Sir Ian Diamond (Chair):** Principal and Vice-Chancellor of the University of Aberdeen.
- **Gary Griffiths:** Former Head of Early Careers Programmes, Airbus UK, and Airbus UK representative.
- **Rob Humphreys, CBE:** Director for Wales, The Open University, and Vice-Chair of Universities Wales.
- **Gareth Jones OBE:** Former head teacher and Plaid Cymru Assembly Member. Former Chair of the National Assembly for Wales' Enterprise and Learning Committee. Plaid Cymru nominee.
- **Glyn Jones OBE:** Chief Executive of Grŵp Llandrillo Menai and ColegauCymru Board member.
- **Ed Lester:** Former Chief Executive of the Student Loans Company.
- **Professor Sheila Riddell:** Director of the Centre for Research in Education Inclusion and Diversity, University of Edinburgh.
- **Professor Colin Riordan:** President and Vice-Chancellor of Cardiff University and Chair of Universities Wales.
- **Professor David Warner, CBE:** Former Vice-Chancellor of Swansea Metropolitan University. Currently Senior Research Fellow at Harris Manchester College, Oxford. Welsh Conservative Party nominee.
- **Professor Michael Woods:** Professor of Human Geography at Aberystwyth University and Co-Director of WISERD (Wales Institute of Social and Economic Research, Data & Methods). Welsh Liberal Democrat nominee.

Further Education Sub Panel:

- **Gary Griffiths**
- **Glyn Jones, OBE**
- **Rob Humphreys, CBE**
- **Judith Evans,** Chair of ColegauCymru/CollegesWales. Principal and Chief Executive of Coleg y Cymoedd.
- **Barry Liles,** Principal of Coleg Sir Gâr. Appointed by the Welsh Government in 2010 as Skills Champion for Wales. Member of the Strategy Board of the South West Wales Regional Learning Partnership. Board Member of the Swansea Bay City Region.

Former members of the Review Panel who have contributed to the Review are:

- **Martin Mansfield:** General Secretary Wales TUC.
- **Stephanie Lloyd:** Former President, National Union of Students Wales.

Dr David Blaney, Chief Executive and Council Member of the Higher Education Funding Council for Wales (HEFCW), attended Review Panel meetings in the capacity of official observer. His role was to provide advice and information on matters that fall within the remit of HEFCW.

Neil Surman, Deputy Director, Higher Education Division, Welsh Government, attended Review Panel meetings in his capacity as the Senior Responsible Officer for the Review. His role was to provide advice on the remit and scope of the Review and to update the Review Panel on the Welsh Government's higher education and student finance policy position.

Appendix C: Summary of financial recommendations

A package of proposals is recommended that comprises inter-locking elements and should be seen in its entirety: it therefore requires implementation as a whole. At the heart of these proposals is a re-working of the student support package that recognises the holistic costs to students of higher education study. The over-arching recommendation is that the focus of undergraduate support moves towards support for maintenance with loans proposed for fees and it is recommended that maintenance support arrangements are improved for all Welsh domiciled students, with the highest level of grant support directed towards those who are most in need.

General

Cost of goods and services for students:

- HEFCW should annually collect the prices of a basket of goods for each university and publish them.

Full-time undergraduate provision

Tuition fee level for full-time undergraduates:

- Universities should be able to charge students an annual fee of up to £9,000 for their course, regardless of the subject being undertaken.

For higher cost subjects:

- The fee to be topped up, via the HEFCW, with premium payments direct to Welsh HEIs. Payment to reflect the cost of teaching as measured by TRAC(T)⁷⁶ (or some comparable means).

Tuition fee support for full-time undergraduate students – loans:

- The current Tuition Fee Grant for full-time undergraduate students is replaced with an additional student loan, up to a maximum fee level of £9,000.
- For those wishing to repay their loan there should be an option for direct payment or early repayment.
- Loan repayments would continue at a rate of 9% of the graduate salary above £21,000 (frozen until 2021) and the discount rate applied to repayments set by HM Treasury (currently 0.7%). This is the UK wide repayment policy.

Maintenance support for full-time students – grants and loans:

- A £1,000 non-means-tested universal Maintenance Grant available to all Welsh domiciled students.
- Additional means-tested grant to cover living costs.
- Maintenance Loans to be available for those not eligible for grant.
- The top rate of Maintenance Grant and/or loan support, for a student living away from home outside London, should be equivalent to the National Living Wage – based on 37.5 hours per week over a 30 week period (currently £8,100). A maximum total grant of 25% more (£10,125) to be available for a student living

⁷⁶ HEFCE report on high cost subjects analysis using TRAC(T)
http://www.hefce.ac.uk/media/hefce/content/data/2012/tracthighcost/TRAC_methodology_for_high-costs_subjects.pdf

away from home in London and 15% less (£6,885) for students living at home (based on current differentials in maintenance support).

- The means-testing taper for Maintenance Grant support should be flatter than the current taper. It is suggested that the upper eligibility level/household income threshold for the means-tested element should be increased from £50,020 (current upper grant eligibility level for students living away from home, outside London) to just below the top rate of tax for a two income household. (The amounts used for modelling purposes to be based on the latest ONS (GB) household income data for the 9th decile = £81,000 households).
- No additional Maintenance Loan available for those receiving the maximum grant (and/or replacement loan when the Maintenance Grant is lower).
- The Maintenance Loan to be non-means-tested for students from higher income households receiving a grant less than the maximum. The amount of loan available to be equal to the maximum grant, less any means-tested grant.
- Maintenance support to be paid to students on a monthly basis to enable more efficient financial planning and budgeting.

Part-time undergraduate provision

Tuition fee levels and support for part-time undergraduate students:

- Part-time students receive on a pro-rata basis a modified version of the maintenance support available for full-time undergraduate students (i.e. a £1,000 non-means-tested Maintenance Grant, with additional means-tested grant up to a maximum based on £6,000 full-time equivalent, but with the maximum grant available up to a £25,000 household income).
- Plus they are charged moderated fees (pro-rata fee based on £6,000 FTE) topped with a grant to the HEI through HEFCW. The grant amount is determined by applying the difference between the full-time and part-time RAB to the average loan (fee and maintenance) available to part-time students. This aims to ensure that public investment in part-time students is comparable to that for full-time students.
- A Tuition Fee Loan is available to cover the full moderated fee.
- The Tuition Fee loan, maintenance support, and the institutional grant to the HEI should be made available in respect of part-time students who study on a module by module basis, as well as those who register for a qualification, with no restriction on those who have previous equivalent level qualifications at HE level.
- The targeted grants and allowances that exist for part-time undergraduate students, namely the Childcare Grant, Adults Dependants Grant, Parental Learning Allowance and Disabled Students' Allowance, should remain in place

For higher cost subjects:

- HEIs to receive a top up payment that reflects the cost of teaching – allocated directly to HEIs on the basis of the number of students by HEFCW. HEIs to be eligible for this top up by being able to demonstrate that they delivered part-time education in a manner that encouraged students to be able to earn as they learn.

Higher Vocational and Technical Education:

- Welsh Government to financially support the development of new employer-sponsored HE programmes or Higher/Degree Apprenticeships involving universities, colleges or training providers, through new public investment of £1m per annum.
- Welsh Government to increase the resources currently provided in the Skills Priorities Programme, enhancing colleges' capacity to provide employment-focussed level 4, 5 and, where appropriate, level 6 qualifications. Colleges seeking to recruit HE students directly could be helped to seek Regulated institution status under the HE (Wales) Act 2015, once quality of provision at this level was externally assured. Other colleges may wish to use this investment to develop their capacity to enhance franchised provision. Funding from government to come through an agile and simple process and be budgeted at £1m per annum.
- Welsh Government to issue suitable apprenticeship frameworks itself, when needed, to allow greater access to Apprenticeship Levy monies to all HE providers. This flexibility would benefit both employers and learners. This may require legislative change.
- Welsh Government to work with Qualifications Wales and UK on proposals for a Technical Education Accreditation Council, allowing better range of work-focussed short-cycle HE qualifications. Welsh Government to examine proposals in BIS White Paper *Success as a Knowledge Economy* on Degree awarding powers and their implications on existing partnership arrangements, with aim of encouraging more flexible and responsive HE provision for students and employers.

Postgraduate taught (PGT) Masters provision

Support for PGT students:

- Postgraduate students receive the same level of maintenance and tuition fee support as undergraduate students (i.e. Tuition Fee Loan up to the current £9,000 maximum; non-means-tested Maintenance Grant; and means-tested grant or non-means-tested loan).
- The maximum Tuition Fee Loan available to a Welsh student studying outside Wales should not exceed that required in Wales.
- A re-application process should be introduced for any student seeking to undertake a PGT course (whether as an additional year of study added on to their undergraduate degree course or as a stand-alone Masters degree course).

PGT tuition fee level:

To control the amount of public investment/government contribution towards the cost of PGT provision it is recommended that:

- HEIs in Wales continue to set their own fee levels for PGT provision.
- But, a maximum fee support level should be agreed via HEFCW for Welsh students for funding/fee loan purposes (up to the current maximum of £9,000).
- HEFCW would also be required to obtain detailed evidence of historical cost data when setting the maximum fee/loan rate.

- It is expected that Masters Course would be of one year's duration but we note the Furlong Review of Initial Teacher Training and support a two year programme for these students.

Higher cost PGT subjects:

- That the fee be topped up, via HEFCW premium payments direct to HEIs. Payment to reflect the agreed cost of teaching.

Cross border study

Subject to necessary regulation:

- Student support should be portable and available to Welsh domiciled students that choose to study anywhere in the UK or in other European Union States (subject to the UK remaining in the EU).
- The Welsh Government explore the possibility of running a pilot scheme to establish whether it is possible or desirable to extend the student support package beyond the UK and EU – for Welsh domiciled students that choose to study further afield for the whole of their degree programme. (The proposed pilot would be study at not-for-profit organisations with a recognised track record of quality provision).

Incentives for graduates

- Welsh Government to incentivise students, in the medium term, to bring or retain their skills to the benefit of Wales. Welsh Government to consider how this could be done so as to permit partial loan cancellation for those working in jobs in Wales that required a loan repayment.

Targeted support

There are three groups of people for whom the challenges are multiplied, and for those we propose additional support:

Students with experience of care:

- Welsh Government makes every effort to identify those with experience of care.
- Further and higher education providers should provide personalised support packages and be prepared to both transfer credits and to have flexibility to permit multiple starts.
- Those with experience of care should receive the maximum Maintenance Grant.

Students with disabilities:

- Welsh Government, in consultation with HM Treasury, to consider what further assistance can be offered.

Students who are parents:

- Welsh Government, through HEFCW, to work with the universities and the NUS to develop strategies to help students to combine their study with their family responsibilities.

Additional recommendations

The following recommendations move beyond the basic undergraduate and postgraduate taught support package, to address other areas of the higher education system that require government funding.

Postgraduate Research (PGR) funding

It is recommended that the Welsh Government should establish an ambitious programme to educate a new generation of researchers in Wales. It is also recommended that PGR provision should be funded on the following basis:

- It should be free to the individual student;
- 150 PGR student scholarships/bursaries to be established per year⁷⁷;
- These scholarships/bursaries to be available for an initial three years – with a review;
- The cost to be split equally between the host university (1/3rd contribution in the form of a fee waiver); the partner organisation (1/3rd financial contribution coming from a business; third sector or donor organisation); and Welsh Government (1/3rd financial contribution provided in the form of fee support).

Quality Research (QR) funding and Knowledge Transfer

QR funding

- Welsh QR funding should be maintained in real terms at its current level of £71m per annum over the next five years.
- Welsh higher education institutions should demonstrate annually to HEFCW how they use these funds strategically.

Knowledge transfer

- Universities ensure that their students are educated so that they can be the future drivers of both the economy and society – students often receiving education in entrepreneurship; and employer advisory boards will be common.
- Universities commit to maximise the social and economic impact of their research and, where appropriate to co-produce research with potential beneficiaries.
- The Welsh Government, through HEFCW, to provide a dual support system of funding knowledge exchange, with around two hubs receiving core funding receiving £5m in aggregate per annum to enable agile and flexible engagement between HEIs and industry; and a simple, flexible project based funding of initiatives aimed at projects that will impact on the Welsh economy budgeted at £20m per annum.
- The Welsh Institute for Social and Economic Research and Development to receive core funding from the Welsh Government to impact on social policy, on a five year basis, against the majority of its funding coming from projects.

⁷⁷ It is suggested that the bursary should be set a level sufficient to cover the fee plus a stipend at Research Council rates – total £25,000 per year estimated for science subjects.

HE through the medium of Welsh

- Welsh Government work with the Coleg Cymraeg Cenedlaethol, HEFCW, the HEIs and other stakeholders such as further education institutions, schools, the National Centre for Learning Welsh, employers and national voluntary and community-based organisations in order to secure maximum impact and greatest value from public investment in, and support for, Welsh-medium higher education.
- To support a sustainable funding model; annual investment from HEFCW in the Coleg Cymraeg Cenedlaethol and its scholarship programme should be maintained at least at the level for academic year 2016/17 (£5.8m).

The University of Wales Press

- The Review supports the establishment of the Review into the Welsh Government's support for publishing in Wales and sees this as the vehicle through which a sustainable business plan for UWP can be developed.

Learned Society for Wales (LSW)

- The LSW should receive funding of between £0.75m and £1.0m and that this should be directed through HEFCW against a set of objectives agreed between the LSW and HEFCW, taking into account important future challenges and priorities for the Welsh Government.

Higher Education Funding Council for Wales

- HEFCW to have an amount of unhypothecated funding to drive change in areas associated with Welsh Government priorities; examples including projects to impact on the social aspects of widening access; university efficiencies; interventions to simplify the learner journey. It is expected that all such projects would be jointly funded with HEIs.

Intergovernmental relations and the Student Loan Company

- The Joint Ministerial Committee, at the highest levels, should urgently consider the better coordination of student finance policy between the administrations of the UK without prejudice to devolved decision-making.
- Consideration should be given by the Welsh Government to scoping a new system of student loan administration for Wales.

Evaluation

- Welsh Government should, in collaboration with stakeholders, undertake statistical and research work to monitor and evaluate the implementation of the proposed reforms in order to assess their impact, to understand what works and to learn and apply lessons about the best way to implement these and future reforms.

Appendix D: Stakeholder engagement activity

Meetings

The main Review Panel met on twelve occasions during the period April 2014 to May 2016. The FE Sub Panel met on three occasions between March and July 2016. During the course of these meetings, Panel members received and considered expert briefings and opinion, information and advice on matters relating to the Review from a wide range of organisations and interested parties. The Chair also met a number of interested parties outside of these meetings.

Those who attended Review Panel meetings included:

The Student Services Organisation (Association of Managers of Student Services in Higher Education (AMOSSHE) (Ben Lewis, Chair, AMOSSHE, & Director of Student Support and Wellbeing, Cardiff University, John Bloomfield, Director of Operations, AMOSSHE UK & Benjamin Parsons, Membership Engagement and Communications Officer).

Chairs of Universities Wales (ChUW) (Sir Emyr Jones Parry GCMG, Chancellor and Chair of Council, Aberystwyth University, The Rt Hon Lord Dafydd Elis Thomas AM, Chancellor and Chair of Council, Bangor University, Mr Gareth Williams, Chair of the Board of Governors, University of South Wales & Dr Lynn Williams, Secretary.

Chwarae Teg (Joy Kent, Chief Executive & Christine O'Byrne, Policy and Research Lead).

Coleg Cymraeg Cenedlaethol (Dr Ioan Matthews, Chief Executive; Andrew Green, Chair).

ColegauCymru (Dr Greg Walker, Chief Executive & Mark Jones, Chair of ColegauCymru and Principal of Gower College Swansea).

Health Professional Education Investment Review Panel members (Mr Mel Evans OBE, Chair of the Review Panel, Professor Ceri Phillips, Mr Dick Roberts CBE)

Higher Education Funding Council for Wales (HEFCW) (David Allen OBE, Celia Hunt, Director of Strategic Development; and Dr David Blaney, Chief Executive),

Learned Society of Wales (Professor Peter Halligan, Chief Executive, Sir Emyr Jones Parry GCMG, President & Professor Robin Williams CBE).

National Union of Students, Wales (Beth Button, President & Kieron Rees, Policy & Public Affairs Officer.

National Union of Students (Dr Adam Wright, Policy Officer Education).

Quality Assurance Agency for Higher Education (QAA) (Anthony McClaren, Chief Executive & Dr Julian Ellis, Head of QAA Wales).

Ken Richards, individual.

Robin Stenham, individual and DSA Assessor.

Student Loans Company: Derek Ross, Director Operations and Customer Services, David Wallace, Chief Executive Officer, and Maggie Wightman, Head of Planning and Policy.

Student Income and Expenditure Survey Consultants: Jim Hillage, Director of Research and Emma Pollard, Institute for Employment Studies; Mari Toomse-Smith, Senior Research Director, NatCen Social Research

Tata Steel UK (Martin Driscoll, HR Director & Martin Duggan, Chief Engineer & Acting Director)

Universities Wales (UW) (Professor Richard Davies, Vice-Chancellor, Swansea University & Amanda Wilkinson, Director).

Wales Institute of Social Economic Data and Methods (WISERD), Cardiff University (Professor Gareth Rees & Professor Chris Taylor).

Professor Julie Williams, Chief Scientific Advisor for Wales.

Professor Robin Williams CBE, former Vice-Chancellor of University of Wales, Swansea.

University and Colleges Union (UCU) – Margaret Phelan.
UNISON – Simon Dunn.

University of South Wales (USW) (Dr Ben Calvert, PVC Learning and Teaching, Student Experience and John O’Shea, Principal of the College Merthyr Tydfil).

The Chair met in person or via conference call arrangements with:

The Cabinet Secretary for Education, Kirsty Williams AM
Former Minister for Education and Skills, Huw Lewis
Former Deputy Minister for Skills and Technology
Professor John Furlong, ITT Adviser to the Welsh Government
Professor Ellen Hazelkorn
Ian Dickson, Deputy Principal, Coleg Cambria
Professor Dame Teresa Rees DBE
Meri Huws, Welsh Language Commissioner
Lucy Hunter Blackburn
Lord Murphy of Torfaen
Sarah John, Interim Chair of the National Training Federation Wales (NTFW)

Meetings with Welsh Government representatives:

Deputy Director, Higher Education Division
Post-16 Education Statistician, DfES

Head of Performance Management, Finance and Funding Policy, DfES
Head of Research for Education and Skills
Senior Statistical Officer, Higher Education Division
Higher Statistical Officer, Higher Education Division
Chief Economist
Deputy Director, FE and Apprenticeships Division
Director General, Economy, Science and Transport
Director of Skills, Higher Education and Lifelong Learning
Head of Budgetary Control and Reporting
Head of Economic Policy, Department for Economy, Science and Transport
Head of Strategy – Employment and Skills
Labour Market intelligence Analyst
Principal Research Officer – Post 16, Skills and HE Research
Senior Apprenticeship Policy Manager
Head of Professional Education and regulation, Department for Health and Social Services
Head of Apprenticeship Policy
Director of Innovation, Department for Economy, Skills and Natural Resources
Head of Innovation Policy

Meetings with UK Government representatives:

Director of Higher Education, Department for Business, Innovation and Skills
Director of Student Finance Delivery, Department for Business Innovation and Skills
Head of Devolved Spending, HM Treasury

Focus groups

Between January and March 2015, focus groups were held with the following:

- i. Employer organisations: In all a total of 21 employer representatives attended two focus groups, with one focused on capturing the views of large private and public sector employers and the other involving representatives of the Federation of Small Businesses.
- ii. Higher education students/student representatives: 25 representatives (higher education students or NUS sabbatical officers) contributed to three focus groups held at the NUS Wales conference and one Further Education (FE) institution.
- iii. Prospective higher education students: a total of 39 students from school sixth forms and FE institutions contributed to focus groups facilitated at five establishments and at the NUS Wales conference.
- iv. Student support representatives: a group of 14 representatives from nine higher education institutions took part in one focus group.
- v. Widening access representatives: a group of 10 representatives from a range of institutions and representative bodies attended one focus group.

Call for evidence

A call for evidence ran for a twelve week period from November 2014. Over 160 written responses were received. Respondents included Welsh higher and further education institutions and their representative bodies, a range of businesses and

employer bodies, students and trade unions, third sector organisations, and a large number of individuals within and without Wales. Supplementary and detailed reports were also submitted by a range of organisations including: The Learned Society for Wales (LSW), Universities Wales (UW), the Higher Education Policy Institute (HEPI), Chairs of Universities Wales (ChUW) and HEFCW, amongst others. The responses were detailed, informative and thought provoking.

Correspondence

18 items of correspondence were submitted to the Review.