

Further evidence to the Welsh Affairs Committee (WAC) on the Cross-border provision of services for Wales: Higher Education

About Higher Education Wales (HEW)

HEW represents the interests of Higher Education Institutions (HEIs) in Wales and is a National Council of Universities UK. HEW's Governing Council consists of the Vice-Chancellors of all the HEIs in Wales. HEW provides an expert resource on all aspects of Welsh higher education. Universities in Wales represent a fast growing sector of the economy contributing an increasing share of our national economy. For every **£1 million** invested in HE through the Higher Education Funding Council for Wales (HEFCW) by the National Assembly in 2005/06 universities contributed **£5.3 million** to the Welsh economy¹. The HE sector in Wales:

- has a **turnover of over £1 billion**
- generated a **£2 billion output** to the Welsh economy including direct multiplier effects
- gained **export earnings for Wales of £170 million**, including £65 million from EU/overseas research grants and £104 million in fees and 'knock-on' expenditure from international students
- earned **£121 million in total research grants** for Wales and over **£205 million** from contracts and other income streams.

SUMMARY

Higher Education Wales:

- Welcomes the recommendations and analysis contained in the WAC report 'Cross-border provision of public services for Wales: Further and Higher Education'.
- Calls for policy makers to distinguish carefully the boundaries between devolved and non-devolved responsibilities in relation to health and bioscience research.
- Asks for further attention to be given to the importance of comparable levels of investment between universities in Wales and those in the rest of Britain.
- Requests that the Wales Office takes steps to ensure that a Joint Ministerial Committee (JMC) is convened in the coming months to discuss; (i) the HE policy reviews that have taken place across Britain in the last 18 months; and, (ii) the UK ramifications of the forthcoming review of variable tuition fees in England.

¹ Other than the turnover figures (which relate to 2006/07) the statistics in this section relate to 2005/06. The HEW evidence to the Assembly's Enterprise & Learning Committee's Inquiry into the Economic Contribution of HE provides more details on these impacts: <http://www.assemblywales.org/bus-home/bus-committees/bus-committees-third-els-home/bus-committees-third-els-agendas.htm?act=dis&id=66756&ds=11/2007>.

INTRODUCTION

1. HEW welcomes the opportunity to submit a further round of written evidence to the Welsh Affairs Committee's inquiry on the provision of cross-border services for Wales. The Committee's report on 'Cross-border provision of public services for Wales: Further and Higher Education' (HC57) successfully highlighted all of the key issues relating to Higher Education (HE) and put forward many helpful recommendations on Welsh Assembly Government and UK Government policy in relation to HE. HEW believes that the Committee's inquiry has helped to reinforce the priority given by officials and Ministers to this policy area. In particular, we welcome the direct links that have been forged between HEFCW and the Wales Office.
2. The committee's renewed call for evidence comes at an opportune time. A number of policy issues that have both a UK wide and devolved dimension are emerging, as we outline in our evidence below. There are also some outstanding recommendations from the Committee's report that HEW believes should be addressed by the UK and Assembly Governments.
3. In line with the Committee's call for evidence we do not recapitulate some of the overarching points on cross-border HE provision contained in our initial submission in 2008. The wider UK context in which Welsh universities operate has also been helpfully and comprehensively explored in chapter 3 of the Committee's report. This submission will therefore concentrate on developments since the publication of the Committee's report in January 2009.

i). CROSS-BORDER ISSUES IN HEALTH AND BIOSCIENCE RESEARCH

4. HEW wishes to emphasise the importance of proper co-ordination of UK and devolved research funding for clinical and bioscience research. The work of the **Office for Strategic Coordination of Health Research (OSCHR)**, in which the devolved administrations now participate, is remitted to help discharge this task. Bringing together the Medical Research Council (MRC) and the English, Scottish and Welsh NHS Research and Development (R&D) agencies, OSCHR exercises a helpful co-ordinating function. It is crucial, therefore, that when discussion of the respective roles of OSCHR, the MRC and NHS R&D agencies are discussed the interplay of devolved and non-devolved roles and functions are noted and appreciated. In recent high level Parliamentary discussions on the future of OSCHR and the MRC this appears not to have been the case². It will be important that future policy discussions on health and medical research should take into account the distinct and devolved role of NHS R&D.

² See the exchange on 8 June 2009 between the Chairman of OSCHR, Sir John Bell, and the Chairman of the House of Commons Innovation, Universities, Science and Skills Committee: <http://www.publications.parliament.uk/pa/cm200809/cmselect/cmdius/655i/9060802.htm> . *Times Higher Education* interpreted the exchanges as indicating a future merger between the MRC and OSCHR: <http://www.timeshighereducation.co.uk/story.asp?sectioncode=26&storycode=406939>

5. The creation of the **Office for Life Sciences (OLS)** early in 2009, brings together Ministers and officials from the Department of Business, Industry and Skills (BIS) with key officials dealing with health research in the Department of Health. The OLS is tasked with ensuring that bioscience and pharmaceutical companies are working broadly in concert with governmental research priorities. The founding terms of reference for the OLS makes no reference to any relationship with the health department of the Welsh Assembly Government, or the Scottish administration. HEW would wish to be assured that that the OLS is including officials from the Assembly's Department of Health and Social Services its Department of Economy and Transport in its meetings and contacts with bioscience companies.
6. HEW expects that the forthcoming appointment of a Chief Scientific Advisor to the Welsh Assembly Government will help ensure that Wales is represented in all the key UK-level fora where there are overlapping responsibilities for research and science.

ii). **CROSS-BORDER HE INVESTMENT ISSUES**

7. The level of investment in universities in Wales has continued to fall well short of investment made in universities in Scotland and England by their respective administrations. Statistics contained in the HEFCW Funding Gap Report³ (published in May 2009) indicate that universities in Wales receive 15% less investment per student in 2006/07 than universities in England, having been funded to an equal level as recently as 2001/02. The cumulative level of the HE investment gap since it has emerged in 2002 has now reached an aggregate level of around £250 million. HEFCW estimates that the level of the HE investment gap will increase further in the 2007-08 financial year.
8. When the largest share of the underlying cost base of universities in Wales continues to be determined by agreements made at a UK level, in relation to pay and pensions, this clearly has an acute effect on institutions - especially in their infrastructure and capital investment programmes. The growth of the university investment gap is putting an enormous strain on the Welsh university sector's ability to compete in a cross-border market for student and academic staff, as we outlined in more detail in our initial evidence.
9. On 18 March 2009 the Assembly's Children, Education and Lifelong Learning and Skills (CELLS) Minister, Jane Hutt AM, announced that a proportion of the resources saved from the phasing out of the universal Tuition Fee Grant would be gradually redirected to universities in the period 2010/11 to 2014/15. We trust that this commitment to investing in universities will be reflected in the Assembly's Draft Budget for 2010-11, to be published shortly.

³ See table 1 on pg.4 of the HEFCW Funding Gap Report for 2006/07 released in June 2009:
http://www.hefcw.ac.uk/documents/publications/hefcw_reports_and_statistics/The_Funding_Gap_2006_07_Report.pdf

10. The CELLS Minister later mandated HEFCW to create a Matched Funding Scheme for universities which was launched on 27 July 2009 for implementation from 2009/10. HEW has welcomed the Matched Funding Scheme and would express the hope and expectation that the funding for the scheme will not be top sliced from other university investment streams.
11. HEW also welcomes HEFCW's willingness to support cross-border university collaboration and notes that one such project is currently in the process of being taken forward. HEFCW's decision to participate in the 'National' STEM Programme is to be welcomed as a sensible example of cross-border cooperation between the HE funding councils.

iii). OVERALL CROSS-BORDER POLICY CO-ORDINATION

12. The UK Government's HE Framework will doubtless have a substantial cross-border impact on Welsh universities as it is likely to deal with policy relating to the dual support mechanism and the Technology Strategy Board. The Framework is due to be published in October 2009.
13. An independent review of variable tuition fees is due to report in the next 12 months. It will consider the level of the cap on tuition fees in England during the next Parliamentary term. The outcome of this review will have a substantial impact on universities in Wales in terms of comparable levels of investment and it is therefore crucial that potential policy responses to any change in the fee cap in England be modelled by the Welsh Assembly Government in the coming months.
14. HEW is pleased to note that communication on policy between the Welsh Assembly Government and Whitehall departments has improved since our initial evidence, both at a Ministerial and officer level. In our initial evidence to the committee, HEW called for a functional Joint Ministerial Committee be established (constituting the HE Ministers and senior officials of the four UK administrations) to consider policy co-ordination in the light of the three reviews of HE policy (in Wales, England and Scotland) published during the course of the Committee's ongoing inquiry. HEW believes that the imminent publication of the BIS HE Framework affords such an opportunity. We would hope to see a JMC established in the coming months to discuss the HE Framework and the review of variable fees in England.

CONCLUSION

15. Universities in Wales are pleased to note that the Committee's report has raised the profile and importance of cross-border HE policy since its publication earlier this year. We believe that some of the improvements in cross-border working seen since 2008 can be attributed to the profile given to this issue by the Committee's inquiry.

16. HEW believes that cross-border policy co-ordination that respects the boundaries of devolved responsibility is of increasing importance as we face crucial governmental decisions on HE policy and investment across the UK. As we stated in our initial evidence, devolution should mean that decisions on policy should rightly be 'made in Wales' taking into account Welsh needs, but this should not discourage voluntary policy coordination between the UK administrations where the nature of the policy area concerned has crucial cross-border elements.

17. We hope that the Committee's renewed attention to cross-border HE policy will help encourage the administrations of the UK to redouble their efforts to secure this co-ordination.