

Universities Wales response to the Committees of the National Assembly for Wales' call for information on Welsh Government's draft budget proposals for 2020/21

About Universities Wales

Universities Wales represents the interests of universities in Wales and is a National Council of Universities UK. Universities Wales' membership encompasses the Vice Chancellors of all the universities in Wales and the Open University in Wales. Our mission is to support a university education system which transforms lives through the work Welsh universities do with the people and places of Wales and the wider world.

Summary

1. Welsh universities continue to play pivotal role in their local and regional economies as well as the national economic prosperity of Wales. An independent analysis of the economic impact of Welsh universities found that Welsh universities generated £5bn of output and nearly 50,000 jobs across Wales. Welsh universities also continue to have the highest student satisfaction in the UK and the highest student continuation rates (retention) in the UK.
2. The Welsh Government's 2019-20 budget included an increase in the amount of funding allocated to the Higher Education Funding Council for Wales. This reflected the beginning of the implementation of the Diamond Review's recommendations. This additional funding was urgently needed to address unsustainable funding arrangements and has meant, for academic year 2019-20, an increase in the amount of funding allocated to high cost subjects and part-time provision.
3. However, despite the increases to the 2019/20 budget, universities in Wales **continue to face a very challenging financial period with costs increasing faster than income**. For example, following a UK Government decision, **employer contributions to the Teacher's Pension Scheme (TPS) have increased 44%**, rising from 16.5% to 23.68%. In line with support offered by the UK Government, the Welsh Government has made funding available to other sectors affected but neither the UK Government nor Welsh Government have provided funding to universities affected by these cost increases.
4. Given the current financial challenges, **it is crucial that the Welsh Government continues to implement the recommendations of the Diamond Review**.
5. Similarly, the Reid Review of Government-funded research and innovation made clear evidence-backed recommendations for the Welsh Government. The Reid Review outlined how funding

such as quality-related research funding (QR Funding) plays a pivotal role in ensuring that Wales is able to capture a greater share of UK-wide research funding which brings additional investment, jobs and R&D activity to Wales.

6. **We would strongly recommend the implementation of the Reid Review's recommendations**, especially as the UK Government's commitment to increase the total amount of research funding available UK-wide means there are opportunities for universities capitalise on these increases and bring additional income into Wales.
7. The implementation of the Reid review is also important given the substantial risks and uncertainties that Brexit presents for higher education in Wales. These risks will need to be considered in future Welsh Government budget-setting. **Universities are the second largest recipient of EU structural funds after the Welsh Government and, since 2014, have been awarded over £280m of funds as lead partners.** These funds are used to support research and innovation activity as well as wider skills development and job creation programmes. The potential loss of funding to support this work would have social and economic impacts across Wales. It remains unclear how the UK Government's proposed replacement for structural funds – the Shared Prosperity Fund - will function.
8. It is also widely understood that the nature of work in Wales, the UK and across the world will change substantially in the coming decades with the potential shrinkage of certain job roles or occupation areas. The general consensus remains that higher level skills and the ability to reskill/upskill throughout life will be a crucial factor in preparing Wales to mitigate the risks of technological and workplace change and make the most of the opportunities presented. This is particularly important in Wales as **we have a less well-qualified, older population than the UK as a whole.**
9. For this reason, the role of universities in providing flexible learning, lifelong learning, vocational education and economic drivers such as graduate start-ups will be vitally important. **Welsh universities already generate the highest number of graduate start-ups per capita in the UK, these businesses will likely play a key role in Wales' future prosperity.**
10. There remain opportunities to build upon the progress made in providing flexible higher level skills to people of all ages and backgrounds in Wales. **Initial figures show an increase of 35% in the number of Welsh students choosing to study part-time higher education.** Supporting a wider range of degree apprenticeships at level 6 and 7 would similarly provide opportunities for a greater number of people to access higher level learning.

Questions

1. What, in your opinion, has been the impact of the Welsh Government's 2019-20 budget?

Summary

- As the Welsh Government has begun to implement the Diamond Review, 2019-20 saw the first projected increase in funding for the Higher Education Funding Council for Wales
- However, costs in the Welsh higher education sector continue to increase faster than income. For example, employer contributions to the Teacher's Pension Scheme have increased 44% in September 2019 as a result of decisions made by UK Government. Unlike other sectors, there has been no mitigation funding for this increase.
- As a result of these pressures, it is essential that the Welsh Government continues to implement the Diamond Review recommendations and fully implements the recommendations of Professor Graeme Reid's review of government-funded research and innovation.

- 1.1. The budget for 2019-20 provided an increase in funding for the Higher Education Funding Council for Wales (HEFCW) as the Welsh Government began the implementation of the Diamond Review's recommendations.
- 1.2. The Diamond Review found that the higher education funding arrangements at the time of the review were not sustainable in the long term and recommended that Welsh Government utilise its higher education funding to, amongst other areas, support a long-term sustainable higher education funding package and maintenance support for students including part-time students and postgraduates. These recommendations received cross-party political support and support from student and universities. We are now part way through the implementation of Sir Ian Diamond's recommendations and the Welsh Government's 2019-20 budget reflected that.
- 1.3. Despite the increases to the 2019/20 financial year budget, universities in Wales continue to face a very challenging financial period with significant increases in costs. Expenditure continues to exceed income (before capital gains are taken into account) and cost pressures will continue to increase in the short to medium term.
- 1.4. In particular, universities in Wales are now facing a major rise in **pension costs**. Employer contributions for the Teacher's Pension Scheme (TPS), **which was used by post-92 universities in particular, are set to increase by 44%**, Universities Superannuation Scheme (USS) employer contributions have also increased from 18% to 19.5% in April 2019, and are set to rise to 21.1% by October 2019 (or higher if no agreement is reached before then).

- 1.5. The Welsh Government has, in line with the approach taken by the UK Government, funded the extra TPS costs for schools and colleges for the 2019-20 academic year but not universities. Scotland has provided £2.8m transition funding for universities. As TPS is managed on a cash-basis by UK Government, the Office for Budget Responsibility highlights that, as a result of increased contributions of employers from across the UK including Wales, the UK Government's net expenditure on public sector pensions reduces from £12.6bn in 2018-19 to £6.7bn in 2019-20¹.
- 1.6. Given these increasing costs, it is essential that Welsh Government continues to implement the Diamond review recommendations and fully implements the Reid Review's recommendations.

Research and Innovation

- 1.7. Core research funding provides the platform for world-class research and innovation in Wales that helps to transform the Welsh economy and makes a significant contribution to policy agenda including social mobility, health, and the environment.
- 1.8. Investment in core research **funding enables universities to generate significant returns for Wales** by supporting bids for competitive, project-based funding streams. Universities compete for grants from a variety of public and non-public sources such as the EU's Horizon 2020 framework programme, the UK's research councils, charities and industry. Currently, over €75.5 million (70%) of all Welsh Horizon 2020 funding to date has been awarded to Welsh universities
- 1.9. The opportunities for competitive funding are growing in the UK with the major increases in the amount of UK-wide research funding being made available following the UK Government's commitment to boost R&D spending to 2.4% of GDP by 2027. The ability of Welsh universities to secure UK-wide funding may become even more critical following Brexit and the risk that European Structural Funds will not be replaced in kind or in full.
- 1.10. UK-wide research funding typically relies on core-funded infrastructure. For instance, the standard UKRI terms of grant for instance only fund 80% of full economic costs. It is critical that universities in Wales have sufficient core research funding to enable them to competitively bid for research grants and project-based funding. Evidence outlined in Professor Graeme Reid's review of government-funded research and innovation points to a correlation between QR funding and the amount of external research income that a country draws down.

¹ https://cdn.obr.uk/March-2019_EFO_Web-Accessible.pdf

Country	QR (%)	Research Councils (%)	Total Research Income (%)	Population (% of UK)
Wales	3.9	3.6	3.5	4.8
England	80.1	80.3	81.4	84.3
Scotland	13.7	14.7	13.4	8.3
Northern Ireland	2.3	1.4	1.6	2.8
UK Total	100	100	100	100

Sources: HESA Resources for Institutions of Higher Education 2015/16 (for all figures, except recurrent research funding). HEFCE, HEFCW and SFC Recurrent Grant Circulars, 2015/16 (for recurrent research funding only)

Figure 3: Percentage Share of UK Research Income by Country – 2015/16.

Source: [Reid Review 2018](#)

- 1.11. After three years of effectively reduced QR funding, funding for core research was restored to previous levels in academic year 2019/20: £76m including £71m for QR funding and £5m for postgraduate research.
- 1.12. The Diamond Review recommended maintaining QR funding of at least £71m in real terms for five years. QR funding had already been frozen at that level since 2010/11. The 2019/20 allocation is a funding reduction in real terms of around £4m since the Diamond Report was published and £11m in today's prices since 2010/11.
- 1.13. There is a disparity in the amount of public investment in Wales in research and innovation in universities in Wales compared to other parts of the UK is stark. In contrast to the £76m allocation for Wales, England received the equivalent of £111m for research and innovation in 2019/20 (scaled pro rata to its population size). Scotland received the equivalent of more than double Wales' funding for research and innovation – equivalent to £164m pro rata, including £136m pro rata for research excellence (i.e. QR) funding alone. **Related to this, the UK Government recently announced a 2.3% real-terms increase in QR funding for England².** As highlighted by Reid, there is a correlation between QR funding and the amount of UK-wide research funding that institutions are able to secure. This means that increases elsewhere in the UK potentially make it more challenging for universities in Wales to secure UK-wide funding
- 1.14. The Welsh Government has committed in principle to the Reid recommendations,³ but we remain concerned that the investment will not arrive in time to take full advantage of the UK opportunities and secure Wales a fair share of the benefits. The £6.6m additional in-year funding for 2018/19 (£4m revenue funding and £2.4m capital funding) outlined in was allocated "in line with an approach that is consistent with recommendation 2 of the Reid

² <https://www.gov.uk/government/news/university-research-to-receive-major-funding-boost>

³ Welsh Government News, 6 June 2018 ([here](#)).

Review". No further Reid funding has been received at this stage.

Expensive subjects

- 1.15. The increase in the 2019/20 Welsh Government budget enabled HEFCW to partially increase support for **expensive subjects**. The Diamond Review identified meeting the full costs of study as a priority for funding grant support, and as critical to sector sustainability in the long-term. HEFCW funding for this area was increased to £21m in 2019/20, extending support previously limited to the most expensive subjects (medicine, dentistry and conservatoire provisions) to high cost subjects in STEM and sciences. This will help support some of the subjects most at risk under the current funding arrangements.
- 1.16. The funding, however, still only covers a fraction of the estimated full costs of study. KPMG's recent study estimates that the average annual cost of provision ranges between £8,801 per student for the least expensive subject group (English, law and modern languages) to almost double the current maximum fee in Wales for the most expensive group (£17,991 for medical, dentistry, and veterinary science).⁴
- 1.17. In Wales, the average fee was £8,443 for 2019/20⁵. As universities use a portion of their fee income to support fee and access plan commitments, this leaves a maximum of around £7,500 for the direct cost of delivery.
- 1.18. Providers in England continue to be able to charge up to a maximum of £9,250 for home and EU full-time undergraduate students - and the Welsh Government provides additional student support for Welsh students studying in England to match the increased fee. While we support the intention to reduce student debt, this is equivalent to the loss of around £18m in fee income for Welsh universities compared to their counterparts in England. The Welsh Government's budget for FY 2019/20 included £5m as the last instalment of funding to provide mitigation in lieu of the higher fees in Wales – there is no further mitigation support expected in the Welsh Government's budget for financial year 2020-21.

Part-time

- 1.19. Another impact of the Welsh Government' 2019/20 budget was that the increase in HEFCW's funding enabled HEFCW to increase support for **part-time provision** to £26 million.
- 1.20. The role of part-time and flexible provision in Wales will grow increasingly important to Wales as the country undergoes large changes in its demography in the next 20 years with the number of people aged 16-64 projected to decrease by 4.2% between 2016 and 2041, and

⁴ See Chart 17, p.80 [here](#). See also Chart 19, p.88: the range for individual cost centres was from £8,021 to £20,711.

⁵ According to HEFCW Circular W18/24HE.

the number of people aged 65 and over projected to increase by 36.6%. Flexible learning, including part-time provision, will be an important part of responding to the challenges of changing demographics and skills needs in Wales.⁶

- 1.21. The decline in part-time enrolments in Wales, over the past decade and beyond, although not as dramatic as in England, is a major source of concern for the future economy in Wales. There were 54,2708 part-time students enrolled at Welsh institutions (including the OU in Wales) in 2007/8 but only 33,955 by 2017/18 (the latest year for which enrolment data is available), a decline of more than a third of all part-time enrolments (38%) across that period.
- 1.22. There are signs that the new student support arrangements for part-time students, arising from the Diamond Review and first implemented in AY 2018/19, may be having a positive effect. Early in year data from the SLC as of 31 January 2019 showed that part-time undergraduates from Wales awarded funding increased by 35%.
- 1.23. The Diamond Review recommended that the fee for part-time students should be topped-up with institutional learning and teaching grants for universities based. Without further funding support for providers for part-time provision in line with the Diamond recommendations, there is a serious risk of closing off the opportunities that part-time study provides for a wide variety of students, including those who want to upskill or retrain. It is the additional funding for HEFCW projected by Welsh Government that will enable that top up, at least in part, to be delivered.

Degree apprenticeships

- 1.24. The further funding for **Degree Apprenticeships** in the 2019/20 budget – £5m for financial year 2019-20 - has been strongly welcomed. Currently degree apprenticeships are being delivered by 8 universities in Wales across digital, advanced engineering and manufacturing. We understand that 35% of employers accessing initial degree apprenticeship provision in 2018-19 are small and medium enterprises.
- 1.25. However, there are considerable limits on what the funding for degree apprenticeships can be used on with delivery limited the subjects of digital, advanced manufacturing and engineering at bachelor's level (level 6). Universities report significant employer and individual demand for **a broader range of apprenticeship areas including at master's level (level 7)**. Given the increasing need to reskill and upskill the existing workforce, widening the range of degree apprenticeships available would help provide opportunities for more people of all ages and backgrounds to access higher education.
- 1.26. As outlined above, the sector faces costs increasing at a faster rate than income. As such, it will be essential to recognise that support for degree apprenticeships cannot be met from the

⁶ See UnisWales 'Solving Future Skills Challenges in Wales' 2019, [here](#).

Diamond funding increases currently projected and will need to be met by additional funding.

Capital

- 1.27. Finally, another important element of the 2019/20 budget was the inclusion of £10m **capital funding**. A key concern is to ensure that Welsh universities are able to succeed in an increasingly competitive UK and global funding environment and have the necessary resources and infrastructure to adapt to external changes. Capital funding is essential for creating the right conditions for world-class research and plays a central role in projects that bring benefits to local communities.
- 1.28. The Welsh Government's allocation of £30m over 3 years ends in FY 2020/21. Additional capital investment in universities remains a priority for institutions in Wales.

2. Question 2: What expectations do you have of the 2020-21 draft budget proposals? How financially prepared is your organisation for the 2020-21 financial year, and how robust is your ability to plan for future years?

Summary

- We expect the 2020-21 draft budget proposals to reflect the Welsh Government's projected increases to funding for the Higher Education Funding Council in line with the Diamond Review's recommendations.
- Despite a number of uncertainties, including the UK's withdrawal from the EU, and increasing cost pressures, Welsh universities have demonstrated an ability to effectively manage and plan their financial affairs. However, to ensure the future sustainability of the sector and its economic and social contribution to Wales, it is essential that the Diamond Review continues to be implemented and that the Reid Review is fully implemented.

2.1. We would expect to see a significant increase in budget for higher education 2020/21 and beyond in line with the projections included by the Welsh Government in its Remit Letter to HEFCW for 2019/20.

Projected WG Budget Allocations to HEFCW	2018-	2019-	2020-	2021-
Revenue planning assumption	£115m	£125m	£155m	£170m
Additional revenue allocations				
Front-loading into 2017-18	-£6m			
Postgraduate interim bursary scheme	£5m	£5m	£1m	
Tuition fee mitigation funding	£5m	£5m		
Degree apprenticeships	£3m	£5m	£12m	
Global Wales II		£1m		
Wellbeing, performing arts & research	£8m			
Total revenue funding	£130m	£141m	£168m	£170m
Capital funding	£12m	£10m	£10m	
Total budget projection	£142m	£151m	£178m	£170m

2.2. Until the Diamond funding is fully implemented, a range of financial uncertainties continue to pose

a significant challenge to universities' ability to plan and have the potential to act as economic 'shocks' to the higher education fee and funding system in Wales. Welsh universities have demonstrated an ability to effectively manage their financial affairs. However, contingency planning at individual university level can only be expected to mitigate the potential risks partially. The most significant of these being Brexit (discussed further below).

2.3. In addition to the funding already identified we would expect the Welsh Government to do all that it can within its financial constraints to address the challenges of the current fee and funding arrangements through provision of additional funding in support of outstanding priorities. This should include further consideration of the following in particular:

2.3.1. Further advancing implementation of the full Diamond funding recommendations as opportunities arise. Importantly, the funding should provide support for core activities as intended and is not hypothecated for different purposes or specific additional activities. As discussed above there is an urgent need for additional funding for expensive subjects, core research and part-time provision.

2.3.2. Urgent implementation of the Reid Review funding recommendations is needed. This will be all the more important given the uncertainty over replacement structural funds and the increasing amount of competitive awarded funding from UKRI, research charities and industry. In March 2019 HEFCW Council agreed that the Research Wales Innovation Fund (RWIF) will commence in 2020/21 with an agreed in principle budget of £15m, in line with both Diamond and Reid recommendations. However, there is budget is reliant on the additional funding projected by Welsh Government in the annual remit letter to HEFCW for 2019/20.

2.3.3. The Welsh Government should also consider further opportunities for extending the capital funding for higher education. Capital funding has the potential to contribute significantly e.g. to Reid/research and innovation implementation, and EU funding transition. The current capital funding was allocated to 'reduce surplus capacity as HE moves towards a more energy-efficient estate' and ends in financial year 2020/21. In particular, we would welcome the Welsh Government consider confirming a further 3-year capital programme from 2021/22 which addresses a wider range of priorities.

2.3.4. Further consider support to mitigate the significant pension employer contribution increases as outlined above, including those resulting from the UK Government decision to increase employer contributions to TPS.

2.3.5. Further consider funding to provide mitigation in lieu of higher fees in Wales. As outlined above, providers in England continue to be able to charge up to a maximum of £9,250 for home and EU full-time undergraduate students, including students from Wales who choose to study in England. The Welsh Government's budget for financial year 2019/20 included £5m as the last instalment of funding to provide mitigation in lieu of the higher fees in Wales – there is no further mitigation support expected in the Welsh Government's budget for financial year 2020-21.

3. **Question 3: The Committee would like to focus on a number of specific areas in the scrutiny of the budget, do you have any specific comments on the areas identified below?**

Summary

- Funding for universities is preventative in a number of ways including the positive contribution research and development (R&D) has on individual well-being and the Welsh economy, the ways in which higher level skills can mitigate the risks of automation and technological change, and the role universities play in researching and mitigating the risks of climate change.
- As such, the impact that universities have on the people and places of Wales, as well as the economic role they play in communities, should be considered in resource allocation at a Government-level. The evidence of this contribution is explored both through the recommendations of the Diamond Review and the Reid Review.

3.1. *Regarding:*

3.1.1. *Approach to preventative spending and how is this represented in resource allocation*

3.1.2. *Sustainability of public services, innovation and service transformation*

3.1.3. *Welsh Government policies to promote economic growth, reduce poverty, gender inequality and mitigate welfare reform*

3.2. A range of activities carried out by Welsh universities make a positive contribution to the well-being and prosperity of people and places in Wales and, as such, the funding to support those activities should be viewed as **preventative spending**. For example, research and innovation activity exploring issues such as clean, sustainable energy capture and storage can help reduce future carbon emissions. Similarly, the opportunities offered by universities for people of all ages and backgrounds to access higher level skills will help address the potential economic and societal shocks of automation and technological change.

3.3. Examples of the preventative work carried out by universities include:

3.3.1. A programme of research by Welsh universities reduced the number of people being taken to emergency departments by ambulance. In 2012-13 over 360,000 emergency calls were resolved through telephone advice, avoiding ambulance dispatch as a result of this research with estimated cost savings from avoided ambulance journeys alone of

£24 million.

- 3.3.2. the Centre for Health and Aging at University of Wales Trinity Saint David which works to improve the health and fitness of the over 50s
 - 3.3.3. Aberystwyth University's work with the local health board to deliver cardiac rehabilitation classes and Parkinson's Group classes.
 - 3.3.4. Cardiff Metropolitan University's delivery of sports programmes in Cardiff, including organising one of the largest centrally organised schools' competitions in Britain.
 - 3.3.5. University of South Wales supporting members of the public to have access to therapeutic services including CBT, children's therapies, music therapy and online counselling.
- 3.4. Universities also have an important role in the **reducing poverty, gender inequality and for welfare reform** in Wales. Higher education remains a major catalyst for social mobility and Welsh universities have a long track record of comparing favourably to the rest of the UK in terms of the percentage of students from under-represented groups.⁷
- 3.5. Welsh universities continue to contribute to wider public and social objectives, with further work planned at the moment to enhance their contribution to civic mission. Welsh universities have become signatories of the Welsh Government's Code of Practice for Ethical Employment in Supply Chains and committed to paying the Living Wage Foundation's living wage to all directly employed HE staff by 2018/19 and to start the process of implementing the living wage across their outsourced HE activity as contracts arise from 2018/19⁸. Those universities in Wales not already accredited by the Living Wage Foundation are currently seeking accreditation.
- 3.6. Higher education, more broadly, also plays a role in addressing gender inequality. Recent work by IFS suggests that attending university increases women's earnings by 26% at age 29⁹.
- 3.7. *Regarding:*
- 3.7.1. *The Welsh Government's planning and preparedness for Brexit*
- 3.8. The Welsh Government's **planning and preparation for Brexit** is of major importance to universities in Wales. Universities in Wales currently benefit significantly from membership of

⁷ See HESA UK Performance Indicators for widening participation: <https://www.hesa.ac.uk/news/01-02-2018/widening-participation-tables>

⁸ <http://www.uniswales.ac.uk/universities-wales-statement-on-the-living-wage-commitment/>

⁹ <https://www.ifs.org.uk/publications/13732>

the EU. Uncertainty over arrangements for exit from the European Union continue to pose significant challenges for universities, and we continue to support the Welsh Government in its attempts to address this. In particular, the following have significant financial implications for universities in Wales:

- 3.8.1. **Staff and student mobility:** Confirmation that the EU funding regime will remain the same as home students in 2020/21 and that two-year post-study work visas will be reintroduced is welcome. It would be beneficial if the Welsh Government could continue to push the UK Government to ensure the new visa is available for all eligible students currently holding a Tier 4 visa and not just 2020/21 intake. This would ensure that international students due to start in 2019/20 do not defer and thus cause a drop in recruitment for this academic year.
- 3.8.2. It is important that Wales remains part of the **Erasmus+ successor programme** or, if this is impossible, to be part of a UK-wide scheme. It would be helpful for the Welsh Government to continue to reiterate this position to UK Government.
- 3.8.3. **EU replacement funding:** Universities were the second largest recipient of structural funds in the last round, and EU funding remains the main source of capital funding and funding for innovation including industry collaboration and skills development for universities in Wales at present. As outlined above, in the current funding round Welsh universities have been awarded over £280m of structural funds as lead partners.
- 3.8.4. Removal of EU income will have a major financial impact on universities which could make an already challenging funding position even more difficult to manage. The impact of the reductions will not be felt evenly across the sector, and universities will need to take individual action accordingly to ensure their future sustainability. Depending on the form of the UK's exit from the European Union, and the shape of the proposed Shared Prosperity Fund, this impact will need to be considered in future Welsh Government budget setting.

3.9. Regarding:

3.9.1. *How evidence is driving Welsh Government priority setting and budget allocations*

3.9.2. *The Welsh Government policies to strengthen the economy and promote innovation*

3.10. Welsh universities' world-leading research and innovation drives technological transformation in Wales, playing a key part in the delivery of the well-being and future generations agenda including a healthier, greener and more sustainable environment. Real world applications include areas such as bilingualism, policing, flooding, dementia, childcare, mental health, public housing, and community violence.

3.11. Professor Graeme Reid's review of government-funded research and innovation in Wales

provided a set of evidence-backed recommendations to strengthen the research base in Wales. Implementing the Reid Review's recommendations would enable Welsh universities to capitalise on the increased UK research funding opportunities to bring additional funding into Wales supporting jobs and delivering the economic benefits of research and innovation.

3.12. Universities in Wales have a major part to play in **promoting economic growth and innovation** in Wales. We would like to see more explicit recognition of this in the Welsh Government's economic policy and funding. We also look forward to further details of how the PCET reforms in Wales and future inter-departmental planning arrangements will continue to support this and ensure that Wales capitalises on the its world-class universities in this respect.

3.13. One of the benefits of Welsh universities on the economy can be seen in the way in which Welsh universities generate graduate start-ups. Wales has a higher number of graduate start-ups per capita than any other part of the UK with Wales having 12.3% of the UK's graduate start-ups. In 2017-18 there were 1,635 active graduate start-ups in Wales¹⁰.

3.14. *Regarding:*

3.14.1. How the Future Generations Act is influencing policy making

3.15. We welcome the emphasise that the Welsh Government has placed in its decision making on its **Future Generation Act** goals. Universities in Wales make a very significant contribution to the achievement of its public goals in many and varied ways. Outlined throughout this document is some of the ways universities contribute to goals such as:

- A healthier Wales
- A more prosperous Wales
- A more equal Wales

Universities Wales
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¹⁰ <https://www.hesa.ac.uk/data-and-analysis/business-community>