

Universities Wales response to the Welsh Government consultation; a Framework for Regional Investment in Wales.

About Universities Wales

Universities Wales represents the interests of universities in Wales, and is a National Council of Universities UK. Universities Wales's membership encompasses the Vice Chancellors of all the universities in Wales, and the Director of 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. This decade poses significant challenges for Wales. As well as climate change, an ageing population and the impact of technological changes on the workforce and employers, we are also only beginning to get a sense of the scale of impact that COVID-19 will have. How Wales responds to these challenges, and makes the most of the opportunities offered by areas such as technological advancement, will define the future prosperity and well-being of our nation.
2. Universities in Wales play a crucial role in place-making, on both local and regional levels. This role is demonstrated through the many long-standing partnerships universities have with employers, the ways in which universities work meaningfully with communities and schools, and the many ways universities support public services and the foundational economy. A Regional Investment Framework must recognise this fundamental place-making role, including that the boundaries within which universities do not often not align neatly with proposed regional areas.
3. As such, it is vitally important that any approach includes a national framework that enables for regional delivery. It is important to recognise that regional need may be able to be met by national projects or projects that originate from outside a region. Any approach must also include key partners such as universities in decision-making to ensure that decisions are informed by the expertise and understanding of communities.
4. As well as the economic contribution of universities in Wales – generating £5bn of output and nearly 50,000 jobs - universities also make significant social contributions to their communities. This has been demonstrated in light of [universities' responses](#) to the Covid-19 response including through the loaning of equipment and facilities, emergency training for healthcare staff, and support for schools and pupils. There are further examples of community-based initiatives and activity within universities, such as [working with local ageing communities](#) to improve health and wellbeing and [community social-prescribing](#) work driven by volunteering.
5. Looking ahead, universities can play a substantial role in preparing to make the most of the opportunities of the coming decade, and tackle the challenges Wales faces. Universities are well-placed to use regional investment funding to secure additional investment into Wales, including in research and innovation. Similarly, universities are able to be vehicles through which other organisations or businesses, with smaller administrative capacity, are able to participate in projects

funded through regional investment funds. Already the work universities deliver reach a wide range of sectors.

6. The [Office for Budget Responsibility](#) reports that the education sector will be the worst hit sector as a result of Covid. Universities have been key to delivering success for Wales using EU funding and will be key to continuing these benefits with replacement funding. As such, careful consideration must be given how to ensure that these benefits are able to continue. There are still many unanswered questions about a transition period between EU Structural Funds and Regional Investment Funds. This is now an urgent matter, especially given the challenges that Wales faces as a result of COVID-19.
7. International partnerships, cooperation and trade will be important contributors. to Wales' future prosperity. Universities have demonstrated an ability to leverage funding from outside Wales and use these funds to deliver significant local and national benefit. As we have mentioned, a core part of universities' strategies are focused on civic mission and universities' contribution to society at a local and national level. There is still a lack of clarity about the UK's access to future EU programmes. In the absence of participation in future EU programmes, this investment framework could be fundamentally important to the sustainability of research and innovation in Wales.
8. There is scope for a greater recognition of the role of universities, including research and innovation, across each of the four investment priority areas.
9. We believe there is an opportunity for Welsh Government to develop and consult on weighted indicators to evaluate return on investment for this funding. This could cover areas such as how many priorities the project supports, how many sectors the project reaches, and to what extent the project draws in additional investment from other sources.
10. Monitoring and evaluation of the investments should, as well as offering accountability for public funding, provide a facilitative approach focused on improvement and enhancement. It is likely that different regions may have very similar projects. National oversight could promote collaboration and sharing of resources that delivers better outcomes. Further consultation on this will be needed.

Question 1: What are your views on a model where:

- **strategic, pan-Wales initiatives are co-ordinated at national level; and**
- **designated regional bodies design and deliver their own programmes of investment aligned with national-level policy?**

Universities Wales broadly supports the proposed model of differing layers of governance and coordination. However, it is crucial that there is in place a national framework that allows for regional delivery as there may very well be projects that meet regional need that are either national or come from outside the region. Similarly, given that decision-making processes should involve stakeholders including universities.

We believe it will be important to form distinct boundaries and avoid any duplication between layers. It will also be important that Welsh Government set out how cross-border activity can happen at a regional/sub-regional level. Many Welsh universities operate nationally (Wales), across Welsh regions and away from their base location. As key contributors going forward it will be important for them to know how they can play their part in full.

Many Welsh universities have been important contributors to "place" within their immediate localities and wider regions, for a number of years. This focus has not diminished and if anything has become more focussed through extensive civic mission work which has gained pace more recently. The notion of place, contribution

to communities and regions can be clearly seen across institutional strategies throughout Welsh institutions, in addition to HEFCW's [Research and Innovation: The Vision for Wales](#) strategy.

Whilst we welcome the recognition of the importance of governance within the proposals, we wish to emphasise that it will be important to create and maintain governance arrangements that are a blend of local and national and not an either/or approach. This will help to establish a division of labour across levels which will be key in fostering a shared sense of ownership in projects and processes, bringing stakeholders along with the framework as it progresses. Relating to this, it will be important that the national framework is established in order to help deliver into regions. National projects could very well deliver at a regional and local level and it will be key that this is taken into account at a regional assessment level to avoid duplication.

Given the fundamental role of universities in Wales both in terms of place and in effective delivery of structural funds, it is important that universities are meaningfully involved within decision making processes. **Universities are also well-placed to bring additional funding into Wales** and have extensive experience in achieving this and delivering benefit. The proposed model should continue to facilitate this.

The move toward a more flexible set of arrangements is a welcome one and lessons should be learned from the way in which organisations have responded to the Covid crisis, demonstrating flexibility and a level of agility. The model should be flexible enough to encourage collaboration where there is merit and seek to achieve this with minimal bureaucracy and in line with our earlier point about cross-border regional collaboration.

As of yet, there is still uncertainty around how the Shared Prosperity Fund will be delivered and by whom. Universities Wales has made clear that we believe the SPF should be fully devolved by design to the Welsh Government but there is not yet any commitment this will be the case.

We believe that the Welsh Government's Regional Investment Framework should play to Wales's strengths by being collaborative, flexible and agile. There is also little reference in the proposed framework to the UK Industrial Strategy and we believe that where common ground can be found then it should be alluded to. This also offers the chance to build on relationships with UKRI, which could provide additional funding for Wales.

Question 2: Do you support our proposals for some investments to be led by the community in which the activity takes place?

A definition of community would be beneficial to further understand what exactly is proposed within this section. Universities are [key economic contributors](#) to their communities and regions and are proportionally more impactful and important to the Welsh economy than universities in other parts of the UK are to the UK economy. However, universities in Wales also make significant social contributions to their communities. This has been demonstrated in light of [universities' responses](#) to the Covid-19 response. There are further examples of community-based initiatives and activity within universities, such as [working with local ageing communities](#) to improve health and wellbeing and [community social-prescribing](#) work driven by volunteering.

It will also be important to ensure that whilst accounting for local and regional need, each of the projects are contributing to a coherent national picture. With that in mind, expanding on criteria in the footnote of the proposals as to what constitutes being community focussed and led would help to achieve a greater level of understanding.

As noted in the previous question, many Welsh universities operate at a Wales national level and across its regions. How this affects universities ability to engage with projects and initiatives across Wales should form a key consideration of the framework. There are a number of examples of high quality, European funded projects involving multiple universities from across Wales which have delivered significant benefits for Wales. It is vital that projects like these are allowed to continue under any replacement scheme and that innovative collaboration is not stifled because of a lack of clarity.

Question 3: Do you agree that we should continue to increase our use of repayable finance where this is viable and, where it is not, that models of combined support that maximise the repayable element should be developed?

We are reluctant to endorse repayable finance without careful consideration being given to its uses and implementation. The Welsh higher education sector has faced financial uncertainty for a number of years and for a range of reasons. This situation has only been catalysed by the effects of Covid-19. The Office for Budget Responsibility reported that the education sector – particularly universities – stand to be the worst affected sector in the UK as a result of Coronavirus. As such, the idea of adding additional cost to university balance sheets may be out of the question.

Like many of the organisations that have been at the forefront of delivering benefits for Wales through structural funds, universities in Wales are not commercial entities but registered charities with a duty of care to protect and use their assets for charitable purposes. Many Welsh institutions have significant borrowings and would likely be reluctant to increase this further. Given universities' prominence and importance in delivering benefit to Wales via previous rounds of funding, it would represent a lost opportunity to operate a funding mechanism which may well discourage or prohibit universities' involvement in any future schemes. We expect that these issues will equally apply to other sectors which have had to borrow to sustain their work, including private businesses.

We believe that the focus for the framework should be more on a return on investment for Wales, as opposed to recouping finance. Welsh universities have delivered vast impact in terms of job creation, sectors supported and partnerships built via previous rounds of structural funds – as such, it would represent an unwelcome change in agenda to abandon the recognition of this vital contribution over repayable finance.

Return on investment can and should constitute a range of areas and measurables, such as jobs created, sectors enhanced and a range of other areas. Consideration could be given to aligning return on investment with the Wellbeing Goals within the Wellbeing of Future Generations Act or UN Sustainable Development Goals. A good starting point in developing these measures of RoI could be the current ERDF benchmarks – and manipulating them to create a neat fit with existing and future Welsh Government priorities.

Question 4: What are your views on our plans for the transition period?

As noted in a previous answer, there are still many unanswered questions about the transition period in particular what replacement funding for European Structural Funds will be available. There are currently no commitments from governments as to whether projects can and will be funded should there be any gaps between EU and replacement schemes. **This is now an urgent matter, especially given the challenges that Welsh higher education faces as a result of Covid-19.**

This is challenging for universities in Wales and restricts their ability to plan, something Universities Wales raised in [May 2018](#). Especially in light of the current economic circumstances, universities are unable to commit to retaining and supporting projects without much-needed funding. If this were to be compounded by a gap between funding mechanisms then this could cause significant damage to Wales's [world-leading research and innovation sector](#) and knock-on effects for the entire higher education sector, which is a [key economic contributor](#) to Wales.

It will be important to improve upon the mechanisms of previous EU funding schemes and building a system which is flexible, effectively governed and suited to Wales' needs whilst building upon successes of EU iterations will be critical. Starting from scratch would create unnecessary and onerous workloads. This would also have a negative impact on Wales' ability to maintain and enhance existing partnerships and collaborative work.

Where it is possible that duplication may arise between existing City Deals, Growth Deals and regional economic frameworks, it will be important to ensure that duplication is reduced and that arrangements for the transition period allow flexibility for collaboration in these areas. Emerging into a new context, given the changing nature of the UK's relationship with the EU and the impact of Coronavirus, it will be important to further allow for flexibility to deal with a changed world and economic system.

Question 5: How best can we integrate the horizontal themes of equality, sustainable development, gender mainstreaming and the Welsh Language into investments delivered at national, regional and local levels?

The horizontal themes will need to be broad and flexible enough to cope with the new situation we find ourselves in, this in terms of the Covid-19 crisis and recovery efforts. It will be vital that these themes are able to address the adjusted context we now find ourselves in, whilst allowing flexibility for emergent trends and promoting innovation and creativity.

It will be important that horizontal themes are embedded at the very beginning of the framework rather than retrofitted part way through. Natural Resources Wales issue [Horizontal Guidance](#) to a range of sectors all governed by the same legislation, learning from them as to how this has been implemented and evaluating successes and areas for improvement could be useful.

Welsh universities work closely with a range of partners, including the Coleg Cymraeg Cenedlaethol in order to identify skills gaps in the economy concerning bilingualism. The framework should support continued pipelines of bilingual skills into areas where there is such demand (such as hospitality and agriculture) whilst ensuring that the language is taken into appropriate consideration with each individual investment plan and is easily measurable.

Universities would welcome a more bespoke approach to enhance skills in target areas and are well placed to support colleagues in the Coleg Cymraeg in working towards these goals, with the right strategy and resource.

Question 6: How best can we increase the use of the Welsh language through our proposals for regional investment, and ensure it is treated no less favourably than the English language?

It is important to note the impact that European funding has had in parts of the economy where the Welsh language is central. Ensuring that this continues and is not disadvantaged by any new system – whoever governs it – will be of the utmost important, especially when one considers the ambitious Cymraeg 2050 strategy.

There does not appear to be any real clarity or strategy in terms of how the framework will contribute to the enhancing of the Welsh language. Universities, working closely with the Coleg Cymraeg Cenedlaethol have been key contributors to a highly skilled, bilingual talent pool. Given the need for increased skills and productivity to assist the national effort in recovery from Covid-19, addressing climate change and tackling areas like digital and automation – it seems to represent a missed opportunity to spell out how the framework can help to enhance this work area.

Question 7: What are your views on the proposed delivery model for the strengthening of partnerships, co-operation and trade across borders, within the UK and with international partners?

International partnerships, cooperation and trade will be important contributors. to Wales' future prosperity. Universities have demonstrated an ability to leverage funding from outside Wales and use these funds to deliver significant local and national benefit. As we have mentioned, a core part of universities' strategies are focused on civic mission and universities' contribution to society at a local and national level. The links between UKRI's strategy, HEFCW's vision for research and the ongoing expansion of civic mission portfolios in Wales provide a significant opportunity for universities to deliver further return on investment and continued civic and societal benefit via use of the proposed framework.

In the [2014 Research Excellence Framework](#), 77% of Welsh research was found to be excellent or world-leading, with Wales exceeding UK averages. This is important because it signifies that universities are able to deliver a better return on investment due to their internationally recognised reputation and existing work. This in turn, will contribute further to already significant export earnings as a result of universities in Wales.

Strengthening partnerships and collaboration as well as developing new relationships internationally will be critically important given the changing nature of the UK's relationship with the European Union. Particularly as we are still waiting for clarity on whether the UK will participate in Horizon Europe. It will be vital for Welsh institutions going forward that this is confirmed and will form an important part of the framework in terms of strengthening and enhancing existing partnerships. The number of countries expected to apply for [association with Horizon Europe](#) from outside the European Union is significant. Many universities and other stakeholder organisations are rightly worried about the UK [missing out on initial funding](#) from Horizon Europe or not associating altogether, which would cause huge damage to the Welsh research sector. In the absence of participation of future EU programmes, which is still a very real possibility, the framework could be fundamentally important for the sustainability of continued research and innovation in Wales.

We welcome the idea of agile seed funding across an integrated portfolio but this would benefit further from how this might relate to transnational activity in the context of universities. The reference to working on shared opportunities within the UK is also an interesting area but we note that there seems to be little reference to the UK's Industrial Strategy. Where possible and common ground exists, the framework may benefit from being more open in alluding to collaboration as part of a UK approach on an international level and marrying objectives to the UK Industrial Strategy where there is a neat fit. That said, the possibility of Wales needing to find ways to project itself globally outside of UK trade policy does exist and as such recognition of where there are shared priorities with the Welsh Government International Strategy would also be beneficial.

In addition to finding common ground with UK strategies, it will be important for the framework to help identify and match with strategies within the EU. In addition to Horizon funding, Welsh universities have benefitted heavily from participation in the Interreg scheme and the links this has drawn across borders. The [Committee for Regional Development](#) in the European Parliament supports continued access to the scheme as does the [Welsh Government](#) and we wish to emphasise its importance for universities in Wales.

Structural funds have, in the past, included a priority and emphasis on [capacity building for research](#) and other areas within higher education. The framework proposals do not seem to make significant reference to this, which represents a missed opportunity given the importance this plays in delivering strong cross-border and international collaboration, which in turn delivers high quality research.

Additionally, there are no references to some of the already existing and successful cross-border and international programmes. In HEFCW's Vision for Research & Innovation we see reference to the importance of [continued engagement with European structures](#). In addition to the lack of explicit support for continued European engagement mechanisms, we believe the framework would benefit from explicitly committing further international partnership and collaboration initiatives, such as [Global Wales](#) and the increasingly important [Study in Wales](#) brand.

Question 8: What do you think of the proposed strategic objectives across the four investment priority areas? Are there other objectives that should be considered?

Bringing Wales's universities to bear and using them as vehicles by which to engage multiple stakeholders across each and all of these priority areas will be key to the success of the framework and could be better recognised in the proposals. The lack of reference to the importance of research and innovation to each of these areas is also concerning, given the significant benefits that Welsh research has on a local, national and global scale.

Much of the work universities have done and continue to do, including their civic mission activity, aligns itself with the proposed strategic objectives for the priority areas.

The vital research and innovation functions and outputs of Welsh universities have played and will continue to play a key role in the "levelling up" agenda, addressing some of the stark regional inequalities within Wales. The geographical spread of Welsh universities can and should be a key delivery method by which to address the inequalities cited in this area and should form a core part of the strategic objectives within the priority areas.

The importance of research and innovation in helping to address each of these areas whilst driving growth and productivity cannot be underestimated. Research and innovation work within the Welsh higher education sector has helped to drive and enhance collaboration with a diverse range of businesses both inside and outside of Wales. Universities in Wales outperform the other nations of the UK in producing creative and innovative [graduate start-ups](#), which are integral in catalysing growth within both regional and the national economy. There is little insight into how the framework will incentivise and allow for businesses to collaborate with one another and with other partners such as universities, yet collaboration is cited frequently as an important area not only in the framework, but in existing Welsh Government strategy such as [Prosperity For All](#). This will need clarifying before plans are finalised.

Universities often deliver high quality and successful projects which can provide significant benefit and impact across the range of priorities within the proposed framework. Recognition of this and the importance of cross-cutting research and innovation must form a key part of priority areas and their strategic objectives going forward. Similarly, there could be greater recognition on how university programmes such as degree apprenticeships (a growth area) could contribute effectively across all of the priorities.

Regarding the specific priorities identified in the document: addressing income inequality is a welcome focus, universities are in a strong position to contribute to achieving this goal. Universities Wales [published](#) a report on the challenges posed by automation and believe much of the recommendations from this can also be applied in this priority area.

The transition to a zero-carbon economy is a welcome priority area but we believe that this area should be broadened. While low-carbon plays an important part in tackling climate change, we must not lose sight of areas such as sustainable use of resources and land/seascapes. This can and should build into work around place meaning and attachment and the concept of place making.

Research and innovation should feature prominently within this priority area yet seems to be missing the recognition needed. Current and previous funding schemes have adopted a broader approach to manage and address challenges caused by climate change, such as life sciences and advanced materials. This priority area needs to be broader to build upon valuable work done in these areas and in recognition that, important as low-carbon is, it is not the only or single most important factor in addressing climate change.

Whilst the correlation with existing Structural Funds is clear to see, it will be important that promises in flexibility will be delivered upon and that the framework does not stifle innovation and creativity by not being able to respond to emergent trends or opportunities. Interaction between existing funding deals such as city deals and growth deals will be an important factor which should not be inhibited and the framework should promote a coherent and clear national picture which is not punctuated by compartmentalised and potentially duplicative schemes operating in their own silos.

Question 9: Which indicators do you think should be used to measure progress towards achieving the proposed strategic objectives?

As stated previously, we believe the focus in this areas should be return on investment for Wales, which can be measured in a number of ways due to its multi-faceted nature. Looking at how projects have supported sectors, created jobs and/or captured additional funding would all represent viable options as to the measurement of funded programmes. Other measures which may be worth considering are alignment with the Wellbeing of Future Generations Act (specifically, the wellbeing goals) and adapted ERDF benchmarks. Finally, measurement against existing Welsh Government policy could prove insightful, specifically the [Natural Resources Management](#) approach and reporting via NRW and the [Employability Plan](#) amongst other strategies where there is neat overlap.

An important emphasis from our perspective is that of a move to a more outcome-focussed measure and indicator. Tangible products are not always appropriate outputs and as noted, do not accommodate for the innovative and thriving creative arts portfolio within Welsh universities.

Universities play an important part in their local communities and regions in addition to delivering significant national benefit. Being able to measure the impact that universities' civic mission work has in their communities and/or regions will be important – not only in ensuring good value and outcomes but in helping to demonstrate the positive impact and value that universities have on a local, regional and national level in Wales.

It will be important that indicators are able to work across the various layers of operation, from local to national, so that comparisons can be drawn and to ensure that a coherent picture is conveyable from local to national whilst accounting for the uniqueness and difference of need in each region and being flexible to accommodate this.

Universities already measure and demonstrate impact in a significant range of areas to a wide range of stakeholders. Whilst the need for effective audit is clearly important and integral to the success and

accountability of the framework, this should be done in a way which does not overburden universities with further, onerous reporting duties. As such, where there is overlap and neat fit, existing reporting and measurement systems used by universities should fit into this process as opposed to further duplication.

Question 10: What are your views on the approach described above?

We broadly agree with the principles set out in this section and welcome the move towards a more flexible system with less bureaucracy, including one that makes all-Wales approaches more straightforward given the effective collaboration we have seen between universities and other partners.

As we have already illustrated, universities' unique positioning and expertise makes them an ideal vehicle for partners and collaborations which may not have capacity to engage with the programmes to be able to access the framework. Being embedded in their communities and operating at local, regional and national levels brings a rich network which can help universities bring other stakeholders with them and enhance the sense of shared ownership. The critical role that Welsh universities have played in supporting SMEs and start-ups is testament to their ability in achieving this in the past and being able to provide that function under the new framework.

We have made many references to governance arrangements, area boundaries and how core objectives and themes can be embedded from the start of the process, not retrofitted partway through. We hope that Welsh Government can ensure that once the dissonance around transition period has ended and we are in a position to focus on new arrangements, that these suggestions will be taken into account.

Universities have, through EU structural funds, delivered significant benefit for the people of Wales and the Welsh economy. Universities' wide experience in this area offers an opportunity to learn from and improve replacement funding processes. Universities look forward to continuing to play a key part of the recovery from Covid-19 and making the most of the new opportunities of the UK's relationship with the EU and changing position in the world.

Question 11: Should the capacity to deliver the monitoring and evaluation proposals above be prioritised?

While the emphasis on flexibility between the local, regional and national is well meant, in practice we believe it will be inoperable. There will potentially be organisations with limited resources attempting to navigate different evaluation regimes.

Rightly, the bottom line needs to be accountability for public funding. But we also need a more facilitative monitoring and evaluation approach that is based on an improvement type model. The approach should be focused on enhancement.

It is likely that different regions may have very similar projects. National oversight could promote collaboration and sharing of resources that delivers better outcomes.

A model based more around return on investment would be beneficial and fit more neatly with the aims and priorities proposed whilst delivering the flexibility needed and alluded to frequently. Further consultation will be needed on the more specific areas around monitoring and evaluation and we look forward to that process happening and contributing further.

Question 12: Do you agree with the proposal outlined for development of monitoring and evaluation at the regional and local level?

Again, whilst we agree that monitoring and evaluation is important, further consultation will be needed in order to ensure the correct balance is struck in this area.

Onerous and siloed monitoring and evaluation processes governed by smaller fiefdoms without a coherent national picture will deter applicants, especially organisations with limited resources and organisations already subject to significant levels of monitoring and evaluation.

As referenced in a previous answer, accountability for public funding is important. But the monitoring and evaluation approach should also provide for improvement and enhancement, enabling collaboration and sharing of resources for better outcomes.

It will be important that we are able to assess impact of publicly-funded projects on a national level and that this is communicable to a wide range of stakeholders in order to generate the sense of shared ownership alluded to within the proposals.

Question 13: We have asked a number of specific questions. If you have any related issues which we have not specifically addressed, please use this consultation to address them.

The proposals themselves make reference to some of the key challenges that Wales is facing in its next period. Many of these will be addressed by other workstreams within Welsh Government but should be brought to bear on the thinking underpinning this programme.

Our members have cited previous rounds of funding via ESF as sometimes “piecemeal” and that grand challenges could foster a more cohesive and collaborative approach between funded projects and stakeholders. Though, in order to be open and accessible to as wide an audience as possible, the framework must have appropriate eligibility criteria, be flexible to emergent need and not be too onerous.

Given the scale of the challenges facing Wales in the coming period, including the impact of COVID-19 on Wales, this approach will be operating in a very different context to previous programmes. It is crucial that that this framework provides a facilitative role for partners who are well-placed to deliver benefit, secure additional investment, and bring about positive sustainable change.

