

Jane Davidson AM

Minister for Education and Lifelong Learning
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Our Ref: SF/JD/0039/05
Your Ref:

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9th February 2005

HIGHER EDUCATION FUNDING COUNCIL FOR WALES REMIT LETTER 2005-06

1. The purpose of this remit letter is to provide you with guidance on the distribution of the grant in aid provided to the Higher Education Funding Council for Wales (HEFCW) for the financial year 2005-06. In writing this letter, I am exercising my powers under section 68 of the Further and Higher Education Act 1992 to attach terms and conditions to the grant available to HEFCW.
2. The Assembly Government's strategic agenda for its four-year term is set out in *Wales: A Better Country*. This remit letter sets out your role in relation to this strategic agenda including the priorities, key Performance Indicators and outputs that I expect the Council to deliver in 2005-06. These should now come together in the Council's Operational Plan for 2005-06.
3. You will need to submit your draft Operational Plan by the end of February 2005. This will allow sufficient time for the plan to be discussed with your sponsor division for final approval and sign off by 1 April 2005. There are advantages to you using the same programme headings in your planning as adopted by the Assembly Government for the 2005-06 budget to assist coherence and officials will be discussing this with you.

4. For the future we intend to move away from an annual cycle for preparing corporate plans. I am content that the Council should, therefore, decide whether you wish to update your existing plan for the coming year. If not I would expect your operational plan to be prefaced by a brief strategic statement drawn from the existing Corporate Plan.
5. This remit letter relates to the financial year 2005-06. Clearly in your dealings with HEIs, you operate on the basis of an academic year, which spans two financial years. For this reason, there is continuity between two remit letters – specifically in terms of core functions of teaching and learning, research and social and economic work. In *Reaching Higher* I set out the ten year strategy and objectives for the sector. This continues to be our long term vision for the sector. In this remit letter I will clarify my priorities for this year, but these should be viewed in the context of *Reaching Higher* and the requirements to lay foundations for achieving the agreed set of targets.
6. As usual, I will meet you for an annual report against activity in this remit letter in October. In addition, I will ask my officials to meet your officers on a quarterly basis for more frequent progress reports.
7. Annex 1 contains details of the Assembly Government's financial support for the Council. The outputs and targets for the Council's area of activities which I would expect to see addressed in your operational and corporate plans remain as they were last year.

The Strategic Agenda

8. *Wales: A Better Country* sets out the Cabinet's overall vision for change, four key priority outcomes, and the underpinning priorities of **sustainable development, social justice and equality of opportunity**. The priority outcomes are:
 - (1) helping more people into jobs;
 - (2) improving health;
 - (3) developing strong and safe communities; and
 - (4) creating better jobs and skills.
9. All ASPBs are expected to acknowledge and act in accordance with these priorities. In particular, HEFCW has a lead role in delivering against priority (4), through raising levels of educational attainment, skills and innovation. You also have a significant contribution to make against priority (1), through addressing low levels of educational attainment, and a supporting role to play in respect of priority (3), through HE1's community outreach work. Your role in supporting the education of doctors and other health service professionals, and in health-related research, is significant in respect of priority (2).¹ Underpinning much of this agenda is also your role in supporting initial teacher training.

10. The Assembly Government's detailed policies on higher education are set out in Reaching Higher. In the light of this, I want you to concentrate your time and resources in the coming year on the following areas:
11. **Reconfiguration** - During 2004 I re-affirmed the Assembly Government's commitment to taking forward the Reaching Higher agenda. Promoting reconfiguration and greater collaboration must remain at the heart of HEFCW's activities aimed at strengthening the sector in Wales in advance of the forthcoming RAE exercise. The immediate priority must be to ensure that the increased level of resources we have made available to carry forward the Reaching Higher agenda is utilised as effectively as possible. I would like HEFCW to develop a more strategic approach towards the allocation of this increased level of resources covering the period of the spending review. HEFCW should aim to submit a detailed plan for the utilisation of the Reaching Higher budget in 2005-06 by June.
12. On a similar timescale I would like HEFCW to provide advice on options for using core funding more strategically to promote the reconfiguration and collaboration agenda. This advice should include the possibility of using student numbers to provide a sharper incentive for securing changes which will strengthen the sector in Wales as a whole.
13. In parallel, I expect HEFCW to stay abreast of the work going on in England to identify and protect strategically important subjects. The issues facing us in Wales are quite different. We will not be able to sustain the same breadth of subjects. I am however anxious that we should not deprive Welsh based students of the opportunity to study subjects which have a broader importance in a Welsh context. By the turn of the year I would like preliminary advice from the Council on those subjects which might fall into this category and which may be difficult to sustain and on options as to how we should respond to this.
14. **Widening Access** – I am pleased with the continued progress that the Reaching Wider partnerships have made in the last year. The partnerships have consolidated the sound foundations laid at their inception and I expect HEFCW to continue to support them financially and to continue its other support widening access. I would like you to work closely with the partnerships to improve the co-ordination of widening access initiatives across Wales and to ensure a clear alignment between institutional widening access strategies and the partnerships' strategies to bring added value. I expect the partnerships to detail how they plan to communicate, engage and work closely with the voluntary sector, as well as Careers Wales and Aimhigher Wales.

15. During the early months of 2005-06 the Assembly Government will need to respond to the recommendations of the review group chaired by Professor Teresa Rees on student finance. Our response will have important implications for the Council's work and I will expect you to continue your close involvement in support of the establishment of Student Finance Wales. I will also look to the Council to keep under review whether, in the light of the Assembly Government's response to the Rees Group, there should be any alterations to those policies aimed at widening access from which you are responsible.
16. **Teaching and Learning** – My intention is that HEFCW should also reflect the collaborative agenda in taking forward work aimed at improving the quality of teaching and learning. The importance of this work will become that much greater in the increasingly competitive environment universities will be operating within following the decision to introduce variable fees in England.
17. **Welsh Medium** – HEFCW will have a particularly important role with regard to expanding teaching through the medium of Welsh. I welcomed the early moves by the Council through its advisory group to lay the foundations for growing Welsh medium provision in the sector. There is no easy solution to generating supply and demand. I am, however, grateful to the High Level Steering Group for its work over the last year and for charting a way forward.
18. I now look to the Council to start translating ambitions into action. I would like to receive early notification of the conclusions of the options appraisal of potential models and your recommendations as to the way forward, with clear identification of priorities. I am anxious that we should build on those pockets of good practice which exist at the moment; to make significant strides towards our target for expanding Welsh medium provision so that by the end of the decade 7% of all students receive at least part of their education through the medium of Welsh; and move towards developing a far more responsive and sustainable pattern of Welsh medium provision across all institutions based on the best possible evidence as to the pattern of demand. You should aim to let me have this advice along with the evidence base that underpins it by October.
19. **Third Mission** – I continue to accord the highest priority towards HEFCW's role in furthering the broader social and economic role of the HE sector in Wales. I was grateful for HEFCW's input to the NEXUS report during 2004. I will expect HEFCW to be closely involved in implementing the recommendations of the report. By the mid point of the year I would like HEFCW's advice on what further steps might be taken to strengthen still further the economic development role of the sector in line with our broader Reaching Higher principles. I will also expect HEFCW to continue to work closely with the WDA and the Economic Development and Transport Department so as to maximise the contribution which universities might make to their work. HEFCW

should also continue to engage with the Sector Skills Councils and the Skills for Business Network in Wales. HEFCW has a vital contribution to make in the development of Sector Skills Agreements in Wales in conjunction with ELWa and other partners.

20. HEFCW's third mission work should also continue to reflect the wider contribution which higher education institutions make throughout Wales. I will look to HEFCW to carry forward in conjunction with NHS Wales the action now required to implement the expansion in medical education provided for in the latest spending round.
21. **Equality and Diversity** - The Council will also have an important part to play in generating the evidence base that will enable us to respond appropriately to the demands arising from the implementation of the new pay framework for the sector. Implementing the new framework will in the first instance be the responsibility of the HE institutions themselves but Reaching Higher made clear the importance we attach as a government to modernising HR strategies within the sector. I am conscious that the new pay framework will also address issues of equality, an area where the National Assembly has particular statutory responsibilities. This is an area where there is much to be gained by pooling expertise and experience. Alongside the work on pay I would also expect the Council to continue to work alongside the Equality Challenge Unit to drive forward the broader equal opportunities agenda.
22. **Public Sector Reform** – The First Minister's letter of 19 October 2004 drew attention to the publication of the Welsh Assembly Government's vision for public services, *Making the Connections*. I look to the Council to develop a clear framework that will enable the HE sector to deliver its share of the efficiency savings target we have announced for 2010. The Council will also need to make clear how it intends to contribute towards these targets in relation to its own activities. In HEFCW's case this will need to be in the context of the action now necessary following the ELWa separation review where we will expect to see early progress. The Council should aim to submit more detailed plans to the Department setting out your proposals for the sector as a whole how you intend to take forward this work by April 2005.
23. In line with the principles underpinning our proposals for public sector reform the Council will need to identify in your plans where you propose to work in partnership with other ASPBs or other partners to help deliver key outcomes that inherently go wider than any one body. This should include details of how you plan to communicate, engage and work closely with the voluntary sector.

24. The operational plan should in particular make clear how you propose to :
- support implementation of the Wales Spatial Plan, and the Sustainable Development Action Plan;
 - support the delivery of local authorities' Community Strategies;
 - engage with relevant Community First Partnerships, where appropriate, to assist in the delivery of Community Action Plans.

Communication

25. It is important that we build on the progress made in developing a more coherent and integrated approach to our communication work. As last year, we will wish to discuss your draft Strategic Communication Plan before it is finalised.

Mainstreaming

26. The Welsh Assembly Government's duties towards sustainable development¹ equality², partnership working³, and promoting the Welsh language⁴ should be mainstreamed into the way you do your business including through your estate management, procurement processes and programme activities. Further reference to these duties can be found in the Management Statement and Financial Memorandum.
27. Your operational plan should set out how you will be mainstreaming these principles including how you will implement the statutory duties placed upon you. The Welsh Assembly Government's Integration Tool has been updated to reflect the new strategic agenda. I suggest that this be used as a way of testing your work against the key duties and themes.
28. I should like to remind you that Financial support from the Welsh Assembly Government for all the programmes operated by the Council is contingent upon compliance by the Council with the contents of its Management Statement and Financial Memorandum.
29. Copies of this letter are being made available to members of the Education and Lifelong Learning Committee and will be placed in the Assembly Library.

¹ Section 121 of the Government of Wales Act 1998

² Section 120 in the Government of Wales Act 1998

³ The Assembly has a duty under sections 113, 114 and 115 of the Government of Wales Act 1998 to promote the interests of Local Government, the Voluntary Sector and Business sector.

⁴ As set out in section 47 of the Government of Wales Act 1998, and the Welsh Language Act 1993.

Annex 1

Resources

You were notified of the Assembly Government's budget proposals by John Howells, in his letter of 11th October 2004. These have now been finalised and approved by a vote of the National Assembly and include an allocation to the Council of £382.727m, including Reaching Higher resources.

The allocations to the Council for 2005-06 split by Budget Expenditure Line are:

	£'000s
Running Costs	2,699
Current Expenditure ¹	354,434
Current Receipts	-10,926
Capital Expenditure	22,396
Depreciation/cost of capital	224
HEFCW Core Funding	368,827
Reaching Higher ²	13,900

¹ Recurrent figures subject to adjustment following outcome of current discussions on implications of review of ITT places.

² The total Reaching Higher budget has been top sliced by £100k for Aimhigher Wales by the Welsh Assembly Government. It is for the Council to determine the amount given to Reaching Wider but we would suggest a minimum of £2m and would be open to considering a higher amount on the basis of a strong case made by the Council.