

Jane Davidson AC/AM
Y Gweinidog dros Addysg, Dysgu Gydol Oes a Sgiliau
Minister for Education, Lifelong Learning and Skills



Llywodraeth Cynulliad Cymru
Welsh Assembly Government

Eich cyf/Your ref
Ein cyf/Our ref: SF/JD/0052/07

Professor Sir Roger Williams
Chairman
Higher Education Funding Council for Wales
Linden Court
The Orchards
Ilex Close
Cardiff
CF14 5DZ

15 February 2007

Dear Roger,

Higher Education Funding Council for Wales Remit Letter 2007-08

I am writing to you with guidance on the distribution of grant in aid for the Higher Education Funding Council (HEFCW) for the financial year 2007-08. The statutory role of HEFCW is to administer funds for the provision of education and the undertaking of research by higher education institutions, and for the provision of associated facilities and services. In writing this letter, I am exercising my powers under section 68 of the Further and Higher Education Act to attach terms and conditions to the grant available to HEFCW. The remit letter relates to the financial year 2007-08 but it recognises that in your dealings with HEIs, you operate on the basis of an academic year, which spans two financial years. This remit letter should form the basis for the Council's Operational Plan for 2007-08, which should be submitted in draft by 30 March 2007.

It has been a significant year for higher education in Wales, with the first cohort of students experiencing the effects of the devolution of student support in the 2006/07 academic year. Progress on modernising the sector has been encouraging, despite continuing difficulties in SE Wales. The Council has made an important contribution in bringing us to this point. In developing your work programme for the coming year, the Council will need to be mindful of the need for your work to be set in the context of the Government's response to the important report on skills by Lord Leitch, and the forthcoming review of the mission and purpose of FE in Wales by Sir Adrian Webb. The global market in which our HEIs and our graduates operate calls upon you to focus activities towards the achievement of a world-class HE sector that can compete with the best in terms of research capacity, economic impact and the employability of its graduates, drawn from the widest possible section of the population.

The Assembly Government's budget proposals have now been finalised, with an allocation to the Council of £432,430,000, including Reaching Higher resources. **Annex 1** contains details of the Assembly Government's financial support for the Council. Below, I set out those activities on which I would like HEFCW to focus in particular during the coming financial year.

Bae Caerdydd • Cardiff Bay
Caerdydd • Cardiff
CF99 1NA
Ffôn * Tel 029 2082 5111
Ffacs * Fax 029 2089 8129
psjanedavidson@wales.gsi.gov.uk

Wedi'i argraffu ar bapur wedi'i ailgylchu (100%)

Printed on 100% recycled paper

Funding Higher Education

During 2007-08 the Comprehensive Spending Review will call on the Assembly Government and its partners to undertake an in-depth analysis of spending needs and impact. The Council should be ready to work alongside DELLS in preparing evidence and in helping to identify higher education priorities for the forthcoming Comprehensive Spending Review. Your approach to evidence-gathering should be guided by Reaching Higher, the wider content of Assembly Government Policy and the principle of funding on a something for something basis.

I remitted the Council in 2005-06 to provide me with recommendations for making more strategic use of core funding. I would like the Council to continue to pursue this theme in conjunction with existing work on strengthening the HE sector through **reconfiguration and collaboration** and so as to encourage and support action following the report by Professors Sir Ron Cooke and John Bull on provision in South East Wales.

You will be monitoring HEIs' tuition fee plans. I look forward to receiving your assessment of these so that I can better understand the efforts HEIs are making to deploy a proportion of their additional income from flexible tuition fees on the achievement of Welsh Assembly Government priorities.

Strategic Developments

I want the Council to work towards achievement of the outcomes set out in *The Learning Country: Vision in Action* (VIA). You should aim to deliver further steps to improve the Welsh research base, to increase knowledge transfer and to support implementation of the Assembly Government's **Science Policy** published last year. The additional resources provided to support the full economic costs of charity funded research should assist the work the Council is undertaking to assist the sector to secure more Research Council funding, and I should be grateful for an assessment, by the end of the financial year, of what further steps the Council proposes in this area.

Over the coming year I will expect the Council to engage with HEFCE and other funding bodies to ensure the effective delivery of the 2008 **Research Assessment Exercise** (RAE). HEFCW should also continue to play an active role in developing the successor arrangements to the RAE. A UK wide assessment of HE research quality is a critical element of our sector's ability to demonstrate excellence and compete on the international stage. As you develop the Council's proposals for the revised research funding methodology that will follow RAE2008, I would want you to take into account the importance the Assembly Government ascribes to science and its exploitation as set out in A Science Policy for Wales. The Learning Country also makes clear the Assembly Government's desire to see improved progression routes between schools, colleges and HE institutions. The Council will in this context wish to contribute and have close regard to the work of the independent review into the mission and purpose of FE being conducted by Professor Sir Adrian Webb. I expect the Council and the HE sector to play key roles in delivering the Assembly Government's response to Webb, when the time comes.

A related strategic initiative will be the development of the Assembly Government's response to the **Leitch** review of skills. There will be a need for higher education to be closely aligned to the implementation of this response in due course. I am taking a close personal interest in strengthening the Welsh education sector in providing vital skills for the future and look to the Council to ensure that higher education is fully engaged with this exciting agenda. The timing of your future work on skills, following the review conducted in 2006-07, should mesh with the delivery of the Assembly Government's response this Autumn.

The Council should continue to accord a high priority to measures aimed at **widening access** to higher education and increasing participation from under represented groups. I would expect you to pay particular regard this year to monitoring the impact of the introduction of flexible fees following the introduction of higher rate fees in England last year. I would also be grateful for preliminary advice on whether, in the light of arrangements introduced through institutional fee plans there is a need to make any changes to the widening access initiatives funded through HEFCW. I would expect to receive this advice alongside your proposals for taking forward the outcome of the recent widening access stock-take by December.

The Council will also have an important role in implementing the Government's response to the Graham Review on **part time study**. I have made it clear that widening access will be a key feature of that response. HEFCW will need to help develop the mechanism for targeting the additional funding we have made available. Your evaluation of the response from institutions will also be key in determining how this funding should be mainstreamed at the end of the trial period.

I was pleased that the Council responded to the remit to look into the needs of **care leavers** within the widening access context last year. I would like care leavers to continue to be given due attention, alongside other disadvantaged groups. I would like HEFCW to encourage more institutions to work with the Buttle Trust towards gaining the Quality Mark for Care Leavers and to keep me updated on institutions' progress.

I would like you to undertake further work on **learning and teaching**. You reported to me last year on the programme of enhancement activities drawn up by the Higher Education Academy to address areas where concerted activity at a national level could enrich the learning experience within individual institutions. I would like you to take this work forward in 2007-08 and encourage institutions to engage with the Academy and utilise its services to enhance the quality of the student learning experience. I particularly note from your response the key priority areas of Assessment, Work-based Learning/Employability, Research-Informed Teaching Practice, e-Learning, and Welsh Medium and would welcome continued action to address these matters. A particular area of focus in 2007-08 will be e-learning and I look forward to seeing the outcome of the Council's work with the Academy, the sector and others on developing an e-learning strategy.

I welcome your work with the Quality Assurance Agency to review on an ongoing basis the quality and standards of provision in higher education in Wales. The Agency will have an important role over the coming period while the new institutional arrangements which follow the University of Wales changes continue to bed down. It will be important for you to be satisfied that these arrangements are effective and can provide the Council with the assurance you require in this area. I would also like you to encourage institutions to identify how the UK Professional Standards Framework for teaching and supporting learning in higher education may be supported through their learning and teaching strategies.

Vision into Action confirmed and restated the importance I attach to the role of HE in supporting our objective of creating a bi-lingual Wales. I expect to ask the Council separately to implement the agreed actions following consideration of your Council's advice on the Options Appraisal for **Welsh Medium Provision**.

In addition to its continuing **Initial Teacher Training** (ITT) functions, including accrediting and funding ITT and setting recruitment targets for each school to reflect the Assembly's overall national targets, HEFCW should continue work for the Assembly Government on planning for a reconfiguration of HEI ITT providers in Wales. The Council may be asked to undertake a variety of work related to this, including the follow up to recommendations it has made.

Some arrangements for ITT provision in Wales may need to be amended in the light of the review of statistical planning issues underlying Welsh medium ITT course provision which the Assembly Government has commissioned. Changes to ITT may also arise out of other work which the Assembly Government is undertaking as part of the ITT Change Plan. HEFCW may be asked to undertake specific pieces of work in these contexts in due course.

Equality of Opportunity

The Council's work in taking forward the crucial equalities agenda should continue to be accorded a high priority. The Council has a role to play both in regard to the way in which equality of opportunity is reflected in the conduct of your own business and through the leadership you can provide to the HE sector as a whole. I attach a particular priority towards ensuring that the new pay framework for HE is implemented effectively and on schedule by the summer, given the equal pay elements contained within that settlement. It will also be important that we have a solid evidence base on the costs of that framework as part of your evidence on cost pressures to the budget cycle.

Reducing Red Tape and Improving Governance

Following Professor Gummett's correspondence with John Howells during the current remit period, I would like HEFCW to take forward work on streamlining reporting and accountability arrangements for HEIs and between HEFCW and the Assembly Government. There are, as you have signalled, clear synergies between better coordination and more focused regulation and the Making the Connections / Beecham agendas. I would like you to work with my officials to identify the most promising areas for reducing burdens and on the question of establishing a concordat between the appropriate agencies in Wales intended to improve data collection.

I would also like the Council to explore the question of HEI governance and advise me, by the end of this calendar year, on options for risk management within the sector. This should include review of the induction and ongoing development for HEI Governors and Senior Management to consider whether are currently receiving adequate training in the skills needed for these key leadership roles.

Improving Delivery and Public Sector Reform

Wales: A Better Country sets out the Cabinet's overall vision for change, key priority outcomes, and the underpinning priorities of sustainable development, social justice and equality of opportunity. As set out in the Science Policy we look to HEFCW and partners to further support the Welsh infrastructure for commercialising research and to HEIs to collectively present a coherent face to potential users.

In drafting your Operational Plan you will need to reflect the strategic agenda set out in *Reaching Higher* and the new expectations surrounding service delivery set out Making the Connections and Delivering the Connections.

You should consider how your Operational Plan will reflect the recommendations of the Beecham Review, the report of the review of local service delivery and the Assembly Government's response to it and identify how you will:

- 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
- communicate, engage and work closely with the Voluntary Sector.

Communication

The Assembly Government wants to build on the progress made in developing a more coherent and strategic approach to communications across all of the sectors for which we have responsibility. Effective communications are equally important in the higher education sector. I would like the Council to work with my officials to take stock of how the Council's work in this area can complement activity at Assembly Government level. It would be sensible for such an exercise to be conducted during the first quarter of 2007-08 so that it can inform our collective work through the remainder of the year.

Mainstreaming

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.

We recognise that the Council already is taking this forward through various initiatives on which it is collaborating with the Welsh Assembly Government, such as the preparation of an Asset Management Plan, and contributions to the Estate Condition Survey and to the Capital Investment Strategy. On AMPs, it has already been agreed between our officials that the Council can include an appropriate section in its Operational Plan.

Climate change is a challenge for every part of the Assembly Government. I expect HEFCW to work with the appointed co-ordinator, to take action with the Sector on the relevant recommendations in the **Education for Sustainable Development and Global Citizenship** Action Plan. I should welcome a report on actions taken and planned by the end of the financial year.

As usual, I will meet you for an annual report against activity in this remit letter in, or near to, October 2007. In addition I will ask my officials to continue to meet yours on a quarterly basis for more frequent progress reports.

Yours sincerely,



Jane Davidson AM

Minister for Education, Lifelong Learning and Skills

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

The allocations to the Council for 2007-08 split by Budget Expenditure Line are:

	£'000s
Running Costs	3,101
Current Expenditure	382,101
Supplementary Income Stream	10,922
Open University Transfer	7,874
Current Receipts	-7,798
Capital Expenditure	18,396
Depreciation/cost of capital	284
HEFCW Core Funding	414,880
Reaching Higher Current Expenditure ¹	14,550
Reaching Higher Capital Expenditure	3,000

¹ £4.1m will be transferred out of the Reaching Higher BEL in the final budget for this, and subsequent, years following the review of part-time study. The Reaching Higher budget has also been top sliced by £50k for widening access initiatives 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. Therefore, the total amount available to HEFCW for Reaching Higher and Reaching Wider activities after the above deductions is £14.550m.