

MEETING OF THE COUNCIL'S THIRD MISSION
COMMITTEE ON 2 MAY 2008

Disclosable

Meeting	Agenda Item	Reference No
4 /7/08	21	HEFCW 08/52

1 Issue

This paper presents for information the agenda and unconfirmed notes of the last meeting of the Council's Third Mission Committee held on 2 May 2008, together with the Chair's annual report for the academic year 2006/07.

2 Corporate Planning Implications / Rationale for paper

- 2.1 The Third Mission Committee is one of the standing committees of the Council and its purpose is to advise Members on developing Council's vision for third mission activities and the policies and principles that need to underpin it in the long term. The Committee is also a key vehicle for the delivery of closer working relations with the Council's key partners and stakeholders in this area.
- 2.2 The Third Mission Committee meets four times a year and in addition to submitting notes of all its meetings, also provides an annual report to the Council.

3 Recommendation

The Council is invited to:

- i. Receive the agenda and unconfirmed notes of the Third Mission Committee on 18 March 2008; and
- ii. Receive the fourth annual report from the Chair of the Committee.

4 Timing for decisions

The Council is invited to receive the unconfirmed notes of 2 May 2008 prior to the next meeting of the Third Mission Committee on 12 September 2008.

5 Council members' interests

No conflicts of interest have been declared in advance of the meeting.

6 Further information

contact Teresa Cooper (Tel 02920 682304; E-mail: Teresa.Cooper@hefcw.ac.uk)

Background

- 7 At its meeting on 9 May 2003, the Council approved the establishment of a Third Mission Committee and the Chairman subsequently invited Dr Len Arthur to act as its chair. Dr Arthur accepted and in turn, invited a total of eleven individuals to join him on the new committee (paper **HEFCW/05/27 refers**). The Committee was originally conceived as a key vehicle for the delivery of closer working relations between the Council and the former Welsh Development Agency (WDA) and ELWa as required by the then Minister for Education and Lifelong Learning and the Minister for Economic Development and Transport. The Assembly mergers effective from 1 April 2006 necessitated a review of the Committee's membership and terms of reference and a revised remit for the Third Mission Committee was approved by the Council at its meeting on 19 October 2006.

Notes of the meeting of the Third Mission Committee on 18 March 2008

- 8 The agenda and unconfirmed notes of the meeting of the Third Mission Committee held on 2 May 2008 are attached at **Annex A**.
- 9 In particular Members' attention is drawn to:
- The Chair's annual report for the academic year 2006/07, which is attached at **Annex B**. This report provides a summary of the key issues on which the Committee offered advice to Council over the year, including funding arrangements for the Council's second three year Third Mission Fund cycle, 2007/08-2009/10
 - The Committee's forward agenda and its intention to trial 'themed meetings' in order to enable members to explore key issues in more detail – notes 8-10 of Annex A refer.
 - The first annual report from the co-ordinators of the *Impact of HEIs on Regional Economies* initiative. This is a UK-wide project worth £3 million to which HEFCW is contributing £300k over three years. The first event to publicise emerging outcomes took place in Cardiff on 17 June. HEFCW's Chief Executive, Professor Phil Gummett, chaired the event, which was also addressed by Gareth Jones AM who is currently chairing the National Assembly for Wales' inquiry into the economic contribution of higher education – notes 12-13;
 - The intention of the UK HE Europe Unit to hold its high level policy forum (HLPF) in Cardiff in November 2008 - note 14;

- The invitation from WEFO to submit a formal business case for European funding to support GO Wales Phase 5 and the assignment of a dedicated project development officer by WEFO – notes 16-17.
- Progress to date with the *Beacon for Wales* following Wales' success in a UK-wide competition to establish a network of Beacons for Excellence in Public Engagement – notes 22-24.

Financial Implications

- 10** No new financial implications arise from this paper.

Publicity Implications

- 11** No immediate implications arise from this paper.

Diversity & Equality Implications

- 12** When submitting their third mission strategies all institutions are asked to consider how they will address the needs of potentially disadvantaged groups (in relation to race, gender, disability and age, including monitoring arrangements). In addition, institutions are asked to consider the needs of Welsh speakers, Welsh learners and Welsh speaking communities and, where appropriate, take account of their institution's/institutions' role/roles in the new sector Welsh medium strategic framework and development plan. Under GO Wales, although there are currently no EU funds attached, officers have continued to manage the programme in line with both WEFO's own diversity and equality requirements and those set out in the original, successful bid to WEFO. However, there are no immediate implications arising from this paper.

Risk Assessment

- 13** Details of identified risks are provided below:

RISK	ACTION TO ADDRESS RISK
Council fails to deliver its own strategic aim of "benefiting society and economy" as derived from its remit letter and <i>Reaching Higher</i>	Third Mission Committee established to offer Council advice and guidance on the development of policy in this area.

Cyngor Cyllido Addysg
Uwch Cymru
Higher Education Funding
Council for Wales



THIRD MISSION
COMMITTEE

**MEETING OF THE THIRD MISSION COMMITTEE OF THE HIGHER EDUCATION FUNDING
COUNCIL FOR WALES STARTING AT 9.30 AM ON
2 MAY 2008, AT LINDEN COURT, ILEX CLOSE, CARDIFF, CF14 5DZ**

AGENDA

- 1 Apologies for absence
- 2 Notes of the last meeting held on 18 March 2007 & any matters arising not covered by the agenda (**attached**)
- 3 Notes of the joint meeting on 18 March 2007 with the Learning and Teaching and Widening Access Committees & any matters arising not covered by the agenda (**attached**)
- 4 HEFCW's response to the *Skills That Work for Wales Consultation* (**attached**)

Public Engagement

- 5 Beacons of Excellence for Public Engagement – *The Beacon for Wales* (**key presentation & general discussion – speakers tbc**)

Committee Business

- 6 Chair's Annual Report for 2006/07 (**paper for discussion to follow**)
- 7 Forward agenda for the Committee - notes 9-11 of the meeting on 18/3/08 refer (**general discussion**)
- 8 How will recent Welsh Assembly Government re-structuring impact on the way in which the Assembly interacts with HE's third mission agenda? (**general discussion including short presentation by Richard Rossington on behalf of DET**)

Impact of HEIs on regional economies

- 9 First annual report from the co-ordinators of the *Impact of HEIs' on Regional Economies Initiative* (for which HEFCW is a co-funder) – (**to follow**)
- 10 Progress with the inquiry into the economic contribution of higher education by the National Assembly for Wales' Enterprise and Learning Committee: <http://www.assemblywales.org/bus-home/bus-committees/bus-committees-third-els-home/bus-committees-third-els-agendas.htm> (**general discussion**)

Europe and International Issues

11 Oral update by Dr Tove Oliver

Skills & Employment

12 Oral update on future of GO Wales by Jackie Cresswell-Griffiths

13 Oral update on HE-Sector Skills Councils interactions by Dr Alyson Thomas

Technology & Innovation and Enterprise and Entrepreneurship

14 Oral reports from Virginia Chambers and Iain Willox

15 Any other business

16 Next Meeting Dates:

Friday, 12 September 9.30 am

Friday, 28 November 9.30 am

Unconfirmed Notes of the meeting of the HEFCW Third Mission Committee held on 2 May 2008 at the HEFCW Offices, Llanishen, Cardiff.

PRESENT:

Dr Len Arthur (Chair)	HEFCW Council Member
Professor David Brooksbank	UWIC, Cardiff School of Management
Mr Roger Carter	HEFCW
Ms Judith Cole	Welsh Assembly government DCELLS
Ms Teresa Cooper	HEFCW
Mr David Craddock	Representing WILOs
Dr Alastair Davies	Welsh Assembly Government DE&T
Professor Richard Davies	Representing HEW
Mr Richard Rossington	Welsh Assembly Government DE&T
Mr Nigel Thomas	Representing WHECS
Dr David Walker	Representing Welsh business sector
Mr Iain Willox	Welsh Assembly Government DE&T

IN ATTENDANCE:

Dr David Blaney	HEFCW
Dr Tove Oliver	HEFCW
Dr Alyson Thomas	HEFCW
Professor Ken Woodhouse	Cardiff University for notes 22-24 only
Professor Rod Dubrow-Marshall	University of Glamorgan for notes 22-24 only
Dr Anita Shaw	Techniquet for notes 22-24 only
Nigel Graddon	Welsh Assembly Government DE&T for notes 22-24 only

NOTES

ACTION BY

APOLOGIES

- 1 Apologies for absence were received from Virginia Chambers (for whom Alastair Davies deputised), Jackie Cresswell-Griffith, Angela Evans, Grahame Guilford, Greg Walker and Bob Waller.

DECLARATION OF INTERESTS

- 2 The Secretary thanked all members who had returned a completed declaration of interests form and reminded those who had not done so of the need to complete an updated form as soon as possible.

NOTES OF THE PREVIOUS MEETING & MATTERS ARISING

- 3 The notes of the meeting held on 18 March 2008 were accepted as a true record.
- 4 Arising from the notes of the last meeting:
- The Chair noted that he had written to Pat Jones on behalf of the Committee to wish her well in her retirement (**Note 3**)
 - Alyson Thomas reported that further to **notes 12 and 13** seminars relating to the embedding of ESDGC in curricula had commenced and that in addition a conference on sustainable development organised by the Higher Education Academy would be taking place at the Millennium Centre in Cardiff on 21 May 2008.
 - Roger Carter also noted that following a recent internal re-organisation at HEFCW responsibility for sustainable development would be moving out of his team and that new arrangements would need to be put in place for updating the Third Mission Committee on relevant developments. **RC/Chair**

NOTES OF THE JOINT MEETING WITH THE LEARNING AND TEACHING AND WIDENING ACCESS COMMITTEES HELD ON 18 MARCH 2008

- 5 The notes of the second joint meeting with HEFCW's Learning and Teaching and Widening Access Committees were accepted as a true record.
- 6 Arising from the notes of the joint meeting members noted receipt of a copy of HEFCW's response to the Welsh Assembly Government's consultation on "Skills that work for Wales: a skills and employment strategy". Members welcomed the vigour of the response and the way in which it complemented the response from Higher Education Wales (HEW). Judith Cole reported that DCELLS colleagues were currently considering the consultation responses received with the intention of producing a formal response from the Assembly Government prior to the summer recess.

CHAIR'S ANNUAL REPORT 2006/07

- 7 The Committee received a paper presenting a draft annual report for the academic year 2006/07, which would be the fourth annual report from the current Chair. Subject to a point of clarification at paragraph 6, members agreed that the report should be submitted to Council in line with the formal remit of the Third Mission Committee. **Chair/Sec.**

FORWARD AGENDA

- 8 Following on from the issues identified in the analysis of institutions' latest third mission strategies and discussed at the previous meeting on 18 March 2008 (**Notes 9-11** refer), members were invited to consider further the format and content of future committee meetings.
- 9 It was agreed that HEFCW's Third Mission Committee was unique in providing a regular forum for discussing the contribution of the HE sector to economic and social well-being. However, members also agreed that there was scope for sharpening the advice offered by the Committee to Council. It was decided that one way of achieving this might be via *theming* future meetings, which would enable more in-depth consideration and unpicking of specific areas of third mission activity – including by providing more time to consider underpinning data and other forms of supporting evidence. At the same time, members recognised it would be important not to introduce too narrow a focus and acknowledged that there would/should be underpinning themes to all Committee debates – not least securing adequate levels of funding for HEIs' third mission activities, including via Europe.
- 10 It was agreed that a themed approach would be tried at the two remaining meetings scheduled for 2008. However, it was also noted that the Council's new Chair, Roger Thomas, had signalled an intention to review HEFCW's committee structure and that this might also impact upon future meetings of the Third Mission Committee. In the meantime, the Chair would consult further with officers on a 'theme' for the next two meetings. **Chair/exec.**

WELSH ASSEMBLY GOVERNMENT RESTRUCTURING AND ITS IMPACT ON HE INTERACTIONS

- 11 Judith Cole and Richard Rossington respectively provided an overview of the recent reorganisation in the Assembly's Department for Children, Education, Lifelong Learning and Skills (DCELLS) and Department for Enterprise and Transport (DE&T). Both undertook to provide an electronic jobs tree for circulation to members. In particular, members' attention was drawn to a new *Sector Priorities Group* within the DE & T Policy and Corporate Strategies Directorate and the establishment of a separate customer relations group within the DE& T Operations Directorate. Within DCELLS there would in future be no discrete higher education directorate. Responsibilities were still being finalised and in particular, debate was continuing as to where overall responsibility for high level skills should rest. **JC & RR**

IMPACT OF HEIs ON REGIONAL ECONOMIES

- 12 The Committee noted receipt of the first annual report from the co-ordinators of the *Impact of HEIs on Regional Economies* initiative. This was a three year research project being co-funded by HEFCW alongside all of the other UK HE funding bodies and the Economic and Social Research Council (ESRC). In recognition of the wide range of stakeholders and breadth of interest in this initiative there was an overarching co-ordination framework, as well as nine individual research projects.
- 13 Members' attention was also drawn to the initiative's first research dissemination event taking place in Cardiff on 17 June at the University of Glamorgan's Atrium Building. The secretary would ensure that all members received an invitation to attend this event. **TC**

EUROPE AND INTERNATIONAL

14 Dr Tove Oliver provided an oral update of current European and international activities, which covered:

- Tabling a summary paper provided by Lisa Wheatley on the European Commission's draft text for a *Practical Guide to EU Funding for Research, Development and Innovation*. The guide was intended to help potential beneficiaries identify and use in a synergetic way funding available via the European Union's 7th Framework Programme (FP7) for Research, the Competitiveness & Innovation Programme and Structural Funds. The consultation on the draft text had recently closed.
- Good attendance and positive feedback (from academic staff in particular) at events in south and north Wales on *developing an effective strategy for FP7 participation* organised by Lisa Wheatley and led by consultant, Simon Walker.
- The intention of the UK HE Europe Unit to hold its high level policy forum (HLPF) in Cardiff in November 2008. Professor Richard Davies, Vice-Chancellor of Swansea University had agreed to host the HLPF and a special item from Wales would be developed around a provisional theme of 'the knowledge economy.' Members were invited to discuss ideas as to how this theme might be developed and noted that HEFCW would also be working alongside the chair (RD) Higher Education Wales (HEW), Wales Higher Education Brussels (WHEB) and other key stakeholders to finalise the agenda to be further discussed at the next meeting of the WHEB Board on 2 July 2008.
- An agreement between HEFCW and HEW to co-fund the costs of reviewing the activities of the Welsh International Consortium (WIC). HEFCW's total contribution would be £8k. The review was being undertaken by CHEMs Consulting and the Committee would be advised of outcomes in due course.

AII/TO

TO

15 Under this agenda item Professor David Brooksbank also took the opportunity to alert members to a recent directive from the European Commission that Managing authorities should use a fixed flat rate of 20% on all direct costs on project overhead claims in 2007-13. Whilst this appeared to have been accepted in England, Wales was seeking consent from the Commission to allow an option to allow actual rates in excess of 20%, subject to satisfactory justification. [*Secretary's note: further investigation subsequent to the meeting revealed that in England overheads of more than 20% will be eligible but subject to rigorous justification. WEFO anticipates similar rules will be applied in Wales although consultation with the sector is currently on-going.*]

GO WALES

- 16 On behalf of GO Wales Programme Manager, Jackie Cresswell-Griffith, Roger Carter reported on current GO Wales activities as follows:

Phase 1 – HEFCW had now received payment from WEFO for one of the three Phase 1 Projects, with the other two still outstanding and further associated queries from WEFO are anticipated.

Phase 2 – The Article 10 visit had now been signed off, HEFCW had also responded to additional queries from WEFO and were awaiting a further response.

Phase 3 – Now concluded, and officers were visiting HEIs for end of project meetings.

Phase 4 – Now underway, and first quarter claims had been received from all institutions.

Phase 5 – A second draft *Expression of Interest* had now been accepted and HEFCW had received some good quality feedback on it and was now working on a formal business plan. It was hoped that a first meeting with the Council's designated project development officer would take place towards end of May to discuss a first draft of the business plan.

- 17 On behalf of WHECS, Nigel Thomas welcomed the progress towards submission of a business plan for Phase 5 but deplored the fact that the delays suffered would mean a two year hiatus between European monies being made available to Wales and the commencement of funding for GO Wales Phase 5.

SECTOR SKILLS COUNCILS (SSCs)

- 18 Alyson Thomas provided a brief oral update in which she drew attention to a paper being prepared for the Assembly Government on HE-SSC interactions in Wales. This paper would also be circulated to members for their information. Attention was also drawn to concerns expressed to HEFCW from a number of SSCs regarding the paucity of references to HE-level skills in the recent *Skills That Work for Wales* consultation and their intentions to address this publicly at future events. The Committee would be kept advised.

AT

AT

ENTREPRENEURSHIP

- 19 Iain Willox updated the Committee on recent Assembly Government activities in this area, noting in particular that a consultation on proposals to take forward the *Youth Entrepreneurship Strategy* would be issued in August 2008.
- 20 Members were also asked to note the publication in March 2008 of a European Commission *Best Procedure Project – Entrepreneurship in Higher Education, Especially in Non-business Studies*. This report concluded “teaching of entrepreneurship is not yet sufficiently integrated in higher education institutions’ curricula and that whilst “demand for learning about entrepreneurship is increasing there is a shortage of human resources and funding for this type of education”. The UK was represented on the expert group that produced this report by Paul Hannon of the National Council for Graduate Entrepreneurship and copies of the report are available on request to the secretary of the Third Mission Committee.

INNOVATION

- 21 Alastair Davies provided the Committee with an overview of current Assembly Government activities in this area, including:
- Progress of KEF legacy projects towards their conclusion in June/July 2008;
 - An independent review of the CETICs Programme (now concluded) to be published shortly;
 - The completion of an inventory of intellectual property in Welsh HEIs, conducted in response to the *Gibson Review* of commercialisation activities in Wales (September 2007 meeting notes refer);
 - Progress with the business planning processes associated with the new A4B Programme (see March 2008 meeting notes). It was hoped that the first projects would be commencing shortly but to date only 5 out of 14 programme staff were in post. However, 24 A4B project applications were already in the pipeline and dates for project assessment panels throughout 2008 had now been set (HEFCW representation on these panels would be shared by Alyson Thomas and Teresa Cooper).

BEACONS FOR EXCELLENCE IN PUBLIC ENGAGEMENT

- 22 The Chair formally welcomed to the meeting representatives of the *Beacon for Wales* and congratulated the team on their successful bid to a UK-wide competition to establish a network of beacons for excellence in public engagement across Wales.
- 23 The Committee received a presentation from Professor Ken Woodhouse, Cardiff University, Professor Rod Dubrow-Marshall, University of Glamorgan and Dr Anita Shaw, Techniquest. Other partners in the Beacon for Wales, which is led by Cardiff University, are BBC Wales and Amgueddfa Cymru.
- The presentation covered the partners’ aims in establishing the Beacon for Wales, their planned approach, targeted key audiences and plans. It was hoped that the Beacon would deliver measurable cultural change in terms of public engagement with Wales’ HE sector and involve all of Wales HEIs. An important first step towards this would be the establishment of a Welsh HE Engagement Network (WHEEN).

- 24 The presenters noted that the project was still in its infancy and that staffing appointments were still being finalised. The date of an official launch event had also yet to be agreed. Members were particularly interested as this was an area in which there had been little previous work, especially in terms of measuring the impacts/outcomes of HEIs' public engagement activities. The Chair invited the team to return to the Committee to report on progress further on into the project and suggested that the Committee would also be interested in hearing how as the project progressed, the Beacon for Wales would link into the activities of other Beacons and the National Co-ordinating Centre for the initiative , which was based at Bristol University.

WHECS REPRESENTATION

- 25 The Chair noted that this was Nigel Thomas' last meeting as the representative for WHECS. Dr Arthur thanked him for all his work on behalf of the Committee and wished him well in his new post. Ruth Brooks from the Open University in Wales would be the new WHECS representative on the Third Mission Committee.

NEXT MEETING

- 26 **Friday, 12 September 9.30 am**
Friday, 28 November 9.30 am

**ANNUAL REPORT TO THE
HIGHER EDUCATION FUNDING COUNCIL FOR WALES**

**FROM THE CHAIR OF THE
THIRD MISSION COMMITTEE**

2006/07

CONTENTS

	Page Nos.
<i>Foreword by Dr Len Arthur, Chair of the Third Mission Committee</i>	3-4
Membership and Role of the Third Mission Committee	5
Review of the year's* business	6-9
Future Priorities	9-10
Appendices:	
• Annex A – Committee Membership & Terms of Reference	11-12
• Annex B – 2006/07 Meeting Dates	13

All details in the review section refer to the academic year 2006/07, reflecting the basis on which the Council allocates funding for third mission activities.

FOREWORD BY THE CHAIR OF THE THIRD MISSION COMMITTEE

I am pleased to present the third annual report of the Council's Third Mission Committee, which covers the academic year 2006/07.

Once again it was a busy year for the Committee and I would like to take this opportunity to thank all Committee members – past and present – for their hard work and enthusiasm. We were particularly sorry at the close of 2006/07 to lose one of our business representatives, Bryan Reid of e-skills UK, but on behalf of all members, I am pleased to wish him a long and happy retirement. In the wake of the Assembly merger process, 2006/07 also brought some new faces to the Committee and in particular I would like to welcome Iain Willox who speaks on behalf of the Assembly Government's activities in support of enterprise and entrepreneurship; Richard Rossington who represents the Assembly's interests in innovation and science policy related matters; Bob Waller who speaks on behalf of the Assembly in relation to the skills and employment agenda, and Angela Evans, the Assembly Government's Chief Social Research Officer.

It would also be remiss not to welcome formally two new business representatives on the Committee, although their membership was not finalised until the current academic year. They are Dr David Walker and Dr Grahame Guilford who respectively provide a perspective from SME and multi-national businesses in Wales. Similarly, we wish Pat Jones well in her retirement, which took place in February this year. Pat, the former Director of the Knowledge Exploitation Fund (KEF) was a founder member of the Committee and did much to help foster the good working relations that now exist between HEFCW and the Assembly Government's Department for the Economy and Transport (DE&T).

As ever this report can provide only a snapshot of Committee activities over a twelve month period. Nevertheless, I hope it provides a good flavour not just of the subject and nature of our debates, but also of the way in which Members have actively been participating in and/or promoting events to help raise the profile of the impact made by our universities on economic and social well-being. You will recall that last year's annual report raised some concerns as to the extent to which the role of higher education institutions (HEIs) in supporting economic development is under-recognised and valued. At the time of writing the National Assembly for Wales' Enterprise and Learning Committee is conducting an inquiry into the economic contribution of higher education, so no doubt this an issue that we shall return to again in future reports.

As you will see, much of 2006/07 was taken up with the consultation exercise in respect of the funding methodology to be applied in the second three year cycle of the Council's Third Mission Fund, which commenced at the outset of the present academic year. The consultation generated a very healthy response and delegates from across the UK attended a workshop in October 2006, which was held as part of the process. The Third Mission Fund continues to play an important role in enabling HEIs to establish an infrastructure (including employment of specialist staff) that enables the sector to play a more proactive economic development role. It is important to recognise that even modest injections from our Third Mission Fund can provide HEIs with an infrastructure to help leverage in larger sums of money from other sources. At this point it is pleasing to be able to draw attention to the endorsement of the success of HEFCW's Third Mission Fund in the recent Webb Review of Further Education in Wales, which recommended that the Assembly Government should "allocate £5 million per annum as a Further Education Institutions' *Services to Employers Fund* to operate on similar lines to the current HEFCW Third Mission funding". However, at

the same time this annual report also draws attention to emerging concerns that third mission funding levels in Wales might be falling behind the rest of the UK.

Finally, I hope the current report illustrates the ways in which HEIs are contributing to the delivery of Assembly and UK Government agendas and particularly those areas where performance in Wales compares favourably to performance elsewhere in the UK. The Committee also continues to promote HEFCW's interactions with other *Team Wales* players to help ensure that due consideration is given to the HE dimension in the formulation of appropriate Assembly Government policy and strategy. The report also provides examples of the way in which the HE sector continues to improve its links with the business sector in Wales. In particular, HEIs in Wales have been ahead of the game in UK terms in relation to the extent of their interactions with the Sector Skills Councils (SSCs). As we move into the implementation phase of the Leitch Review of UK Skills Needs, the Committee suggests that HEFCW seeks to be actively engaged in Assembly Government plans for the successor body to the Sector Skills Agreement Project Board for Wales, on which HEFCW was a fully participative member and some of the fruits of which are mentioned in this report.

On behalf of all Committee members I would also like to place on record our appreciation of the work of the HEFCW officers that support the Third Mission Committee.

I commend this annual report to you and hope that you will pay due attention to the issues that it raises.

Dr Len Arthur

MEMBERSHIP AND ROLE OF HEFCW's THIRD MISSION COMMITTEE

- 1 The Higher Education Funding Council for Wales (HEFCW) is an Assembly Sponsored Public Body, established in May 1992, which assumed responsibility for funding higher education in Wales on 1 April 1993. Our mission is to promote internationally excellent higher education in Wales, for the benefit of individuals, society and the economy, in Wales and more widely. Working with partners, we deploy funds from the Assembly and others in order to:
 - Secure higher education learning and research of the highest quality;
 - Maximise the contribution of higher education to the culture, society and economy of Wales;
 - Ensure high quality, accredited teacher training provision across Wales.
- 2 *“Third mission activities in universities stimulate and direct the application and exploitation of knowledge to the benefit of the social, cultural and economic development of our society.”* This is the Council’s definition of third mission activities and it is clearly reflected in one of HEFCW’s six core strategic aims, namely *“benefiting the economy and society {through} delivering more productive relationships between higher education institutions and the public and private sectors, other agencies and local communities.”*
- 3 On 9 May 2003 Council Members agreed to the establishment of a Third Mission Committee to take forward policy development in this area. Council Member, Dr Len Arthur, was invited to Chair the Committee and members were sought from the Welsh HE sector at both senior manager and operational level; from the Welsh business sector; and from the Council’s key *Team Wales* partners. The Welsh Assembly Government was also invited to nominate observers from the Higher Education and Economic Development Divisions. The Committee held its first meeting on the 21 August 2003, following which terms of reference were submitted to Council for approval on the 1 September 2003. The Assembly mergers effective from 1 April 2006 necessitated a review of the Committee’s membership and terms of reference and a revised remit for the Third Mission Committee was approved by the Council at its meeting on 19 October 2006.
- 4 The revised remit of the Committee together with a list of current members is presented at **Annex A**.

REVIEW OF THE YEAR'S BUSINESS

- 5 Dates of the three meetings held during 2006/07 are listed at **Annex B**, together with the date of the first joint meeting between the Council's Third Mission, Learning and Teaching and Widening Access Committees. Key issues considered during 2006/07 were:
- Revised Third Mission Committee remit and repercussions for membership;
 - Outcomes of the study commissioned from IES by HEFCW – *Welsh Graduates and their Jobs: Employment and Employability in Wales*;
 - Outcomes of the Bologna Seminar, *Enhancing Graduate Employability* held at Swansea University on 12-14 July 2006;
 - Revised third mission funding arrangements for the Council's second Third Mission Fund cycle, 2007/08-2009/10;
 - Opportunities for Wales arising from the 2012 London Olympics and Paralympics;
 - HEFCW's contribution to UK HE Europe Unit Funding 2007-2012;
 - Activities of the Welsh Higher Education Brussels (WHEB) office;
 - HEFCW's response to the Assembly Government's consultation, *European Structural Funds Convergence Programmes (ERDF & ESF) for West Wales & the Valleys 2007-2013 and Associated Strategic Environmental Assessment*.
 - Continuation funding for the Council's Graduate Opportunities (GO Wales programme) pending finalisation of post-2006 European Structural Funds arrangements in Wales;
 - Role & impact of the Assembly Government's Knowledge Exploitation Fund (KEF);
 - Contribution of HEIs to the delivery of the Assembly Government's Youth Enterprise Strategy (YES) for Wales, (which provides the strategic direction for the delivery of the Entrepreneurship Action Plan's education work and KEF enterprise activities);
 - Independent Review of the Mission and Purpose of Further Education in Wales (the *Webb Review*)
 - The Leitch Review of UK Skills Needs;
 - Links between the Welsh HE sector and Sector Skills Councils (SSCs);
 - Steps to strengthen the role of the HE sector "in support of the Skills Agenda in Wales" (2006-07 Remit Letter requirement);
 - The Assembly Government's *Wales Brand* and *Study Wales* initiatives;
 - The role of the HE sector in delivering the Assembly Government's *Education for Sustainable Development and Global Citizenship (ESDGC) Strategy for Action*; and
 - HE-Business & Community Interaction Survey 2004/05 and 2005/06.
- 6 Once again, all aspects of HEIs' third mission activities have been covered by the Committee, and to ensure the relevancy and currency of its deliberations invited representatives from external organisations continue to play an active role in discussion and debate wherever appropriate. Following the revisions to the Committee's remit in the light of both an internal audit review of HEFCW's corporate governance arrangements and the Welsh Assembly Government merger process, the number of Assembly Government representatives on the Committee has increased (Annex A refers). But 2005/06 also saw the departure of two key business sector representatives, including Bryan Reid who had provided a much appreciated voice for the network of Sector Skills Councils in Wales. However, as already mentioned in the foreword, the gap created by these two departures has now been filled by Dr Grahame Guilford and Dr David Walker, whose different backgrounds bring an important employer voice to the table from the perspective of both multi-national businesses and SMEs in Wales.

- 7 Throughout 2006/07 the Committee was particularly engaged in advising Council on funding arrangements for its second three Third Mission Fund cycle, which runs from 2007/08 to 2009/10. At its meeting on 7 July 2006 the Council delegated authority to the Chair of the Third Mission Committee and the Chief Executive to proceed with a consultation exercise on proposed funding arrangements. A consultation circular was published on 18 September 2006 (**Circular W06/38HE**) and on 11 October 2006 Dr Len Arthur chaired a consultation workshop at Newport. This workshop was attended by delegates from all of Wales' HEIs, including the OU in Wales, officers from the Assembly Government's (then) Departments of Education, Lifelong Learning & Skills (DELLS) and Enterprise Innovation & Networks (DEIN); Finance Wales; Higher Education Wales; HEFCE and the Department of Education and Learning, Northern Ireland. The outcomes of the workshop, together with the 14 written consultation responses received were considered by the Committee at its meeting in November 2006. Members' advice was approved by the Council on 21 January 2007, which also delegated authority to the Chair of the Third Mission Committee and Chief Executive to authorise Third Mission Fund allocations between 2007/08-2009/10 in line with the advice received:

	£
To be allocated as foundation funding (£100k per HEI)	1.2m
To be reserved for bid-based, competitive funding	1.0m
To be allocated by formula	3.9m
Total	6.1m

- 8 **Circular W07/18HE** was published on 3 May 2007. This circular published indicative third mission fund allocations for each higher education institution (HEI) in Wales and requested institutions to submit an updated third mission strategy by 31 August 2007. These strategies were analysed throughout September/October 2007 and the assessment process and analysis outcomes will be covered in next year's annual report.
- 9 Last year's annual report raised concerns about the extent to which the contribution of our HEIs to economic and social well-being continues to be frequently under-recognised and/or under-valued. To help address this, Committee Members promoted and supported a number of events throughout 2005/06, which helped raise the profile of the HE sector in Wales. These included a high-profile launch at the National Assembly's Senedd on 31 August 2006 of the IES report, *Welsh Graduates and their Jobs: Employment and Employability in Wales*. Following its launch by the then Minister for Education Lifelong Learning and Skills, the report was widely promoted across Wales to play into policy developments affecting the HE employability agenda, including presentations by the report's authors to the Assembly Government's Economic Research Advisory Panel (ERAP) and the Future Skills Wales Steering Group. Other events included an official Bologna Process seminar in July 2006 at Swansea University on *Enhancing Graduate Employability*, in which the Minister for Education Lifelong Learning and Skills again played a leading role and which attracted delegates from as far afield as Australia. In December 2006 the Chair of the Third Mission Committee hosted what proved to be the first in a series of successful 'speed-dating' events for HEIs and SSCs in Wales, organised jointly by HEFCW and the Sector Skills Development Agency (SSDA). (The *Food Industry Skills Project* now being supported by HEFCW's Third Mission Fund, which involves Improve Ltd (the

SSC for the food industry) three HEIs, one FEI and Food Centre Wales, developed out of the contacts made at this December 2006 event).

- 10 2006/07 also saw the first joint meeting between members of the Council's Third Mission, Learning and Teaching and Widening Access Committees. This meeting was convened to provide an opportunity for members to discuss the outcomes of the Webb Review of Further Education in Wales and the Leitch Review of UK Skills Needs and to offer advice to Council on its response to both reviews in the context of HEFCW's 2006-07 remit letter obligation to provide the Assembly with "*advice on strengthening the sector's role in support of the skills agenda*".
- 11 The close of the year brought the delayed publication of the annual HE-Business and Community Interaction Survey (HEBCIS), an annual exercise that is developing into a key vehicle for assessing the volume and development of knowledge exchange activity between the higher education sector and business and the wider community. For the first time the survey covered two academic years, 2004/05 and 2005/06, which means that from hereon the currency of HEBCIS data is much enhanced. It is encouraging to note that this latest survey not only reveals that Wales continues to punch above its nominal 5% UK weighting in a number of important areas, but also how successive survey data illustrate the progress being made by Welsh HEIs in areas where hitherto their performance has compared unfavourably with the rest of the UK, notably in relation to the commercialisation and exploitation of the intellectual property that resides within them.
- 12 Key outcomes for Wales highlighted in the 2005/06 HEBCIS data include:
 - 11% of income from collaborative research involving both public funding and funding from business, outperforming six out of nine English RDA regions. Welsh income generation has increased in this area by more than 70% since 2001/02.
 - Almost 9% of UK income from consultancy contracts with small and medium-sized enterprises (SMEs). Since 2001/02, the number of consultancy contracts with Welsh HEIs has increased by over 300%.
 - 7% of the UK higher education sector's cumulative portfolio of active patents, again outperforming seven out of nine English RDA regions. Welsh patent activity has increased significantly since 2001/02.
 - 17% of all licences granted to UK HEIs. In 2001/02 no licences were held by Welsh HEIs: in 2005/6 they outperformed Scotland, Northern Ireland and all but one English RDA region
 - In 2005/06, Wales generated 13.5% of all higher education business spinout and staff start-up activity and 13.5% of all UK graduate start-ups. Since 2001/02 the number of spinout companies and staff start-ups which have survived for more than three years has increased by 88%, with the estimated turnover of all active firms increasing by over 69% to more than £37 million.
- 13 The 2006 HEBCIS report also concluded "Data suggest that HEIs in Wales have a relatively strong focus on developing skills and retaining graduates in their home country" and noted that Wales was one of only two UK regional development agency regions to have developed links with all 25 of the UK's SSCs. Throughout 2005/06 the Third Mission Committee has monitored the sector's developing links with the

SSCs. These have been facilitated via HEFCW's active participation on the Sector Skills Agreements Project Board for Wales alongside the Welsh Assembly Government, Careers Wales, JobCentre Plus and the Wales TUC, and its establishment jointly with the SSDA Wales Manager of a *Higher Education-Skills for Business Communications Group* to establish structured engagement between Wales's HEIs and SSCs, in pursuit of Welsh Assembly Government's policies and strategies.

FORWARD LOOK

- 14 As the preceding snapshot of Committee activities and considerations in 2005/06 already suggests, debate over many of them has continued into 2006/07. At the same time as a consequence of issues raised at meetings of its Third Mission Committee, HEFCW finds itself engaged in new working partnerships, often alongside Higher Education Wales (HEW) and the Welsh Assembly Government's DE& T, to help promote the potential contribution of Wales' HE sector. Examples include activities aimed to:
- maximise opportunities for Wales arising from the 2012 London Olympic and Paralympic Games;
 - facilitate Welsh success in securing new sources of European Funding in support of HE's third mission agenda (including as a co-funder of the UK HE Europe Unit 2007-2012);
 - ensure effective delivery of the Assembly Government's ESDGC - Strategy for Action;
 - promote interactions between HEIs and SSCs; and
 - raise the profile of Wales overseas – both as a study destination and in relation to inward investment.
- 15 To enable the sector to contribute fully not just in the above areas, but in all areas covered by the third mission agenda, it will be imperative to keep funding under review. The Committee is already aware that there is evidence to suggest that in some areas funding levels in Wales are falling behind the rest of the UK – for example, in relation to the skills and employment agenda where the Leitch Review has resulted in increased levels of funding being made available to HEIs in England. In recent years funding comparability in the third mission arena has largely revolved around the *dual funding approach* provided by HEFCW's Third Mission Fund and the Assembly Government's Knowledge Exploitation Fund (KEF). KEF is now drawing to its close and whilst the Assembly Government has recently been successful in attracting around £50m for two new European knowledge exploitation and transfer projects over the next six years, it will be important to ensure that this money continues to be ring-fenced for HE (and FE) institutions in Wales.
- 16 Similarly, it will be important to ensure that HEIs are encouraged and supported to maximize opportunities to diversify their sources of funding for 3M activities. On a UK level this includes opportunities worth £1 billion over three years arising from the establishment of the Technology Strategy Board and on a European Union level, includes Framework 7 funds of over 53 billion Euros over seven years. The Committee therefore intends to be proactive in considering and advising Council on steps to help ensure that HEIs in Wales are successful in securing adequate levels of funding to support their third mission activities. This will, where appropriate, include working in partnership with other HE sector stakeholders.

- 17 Finally, the analysis of the third mission strategies submitted in response to Circular W07/18HE (see paragraph 8 preceding) will provide the Committee with an opportunity to take stock of the extent to which the sector is continuing to contribute to economic and social well-being and impacting on the effective delivery of Assembly and UK Government policy imperatives. It will also enable the Committee to identify for Council not just areas of strength within the HE sector in Wales upon which to build further, but also areas where HEFCW and *Team Wales* partners might need to do more work to help boost the performance of its HE sector in particular and Wales in general.

CURRENT MEMBERSHIP OF THIRD MISSION COMMITTEE

NAME	ORGANISATION
Dr Len Arthur (Chair)	HEFCW Council Member
Professor David Brooksbank	UWIC, Cardiff School of Management
Mr Roger Carter	HEFCW
Dr Virginia Chambers	Welsh Assembly Government – DE&T
Ms Judith Cole	Welsh Assembly Government – DCELLS
Ms Teresa Cooper (Secretary)	HEFCW
Mr David Craddock	Nominated by Welsh (HE) Industrial Liaison Officers Network (WILOs)
Professor Richard Davies	Nominated by Heads of Higher Education Wales (HEW)
Ms Angela Evans	Welsh Assembly Government – Chief Social Research Officer
Dr Grahame Guilford	Business sector representative
Mr Richard Rossington	Welsh Assembly Government – DE&T
Mr Nigel Thomas	Nominated by Welsh Heads of Careers Service (WHECS)
Dr David Walker	Business sector representative
Mr Bob Waller	Welsh Assembly Government – DCELLS
Mr Iain Willox	Welsh Assembly Government – DE& T

OBSERVERS

Mr Paul Harris	Wales Higher Education Brussels (WHEB)
Mr Greg Walker	HEW
Ms Virginia West	Wales International Consortium (WIC)

Higher Education Funding Council For Wales

Third Mission Committee Remit

1 CONSTITUTION

- The Higher Education Funding Council for Wales hereby resolves to establish a Committee of the Council to be known as the **Third Mission Committee** (the Committee) until such time as resolved by Council that the Committee is to be disbanded.

2 TERMS OF REFERENCE (PURPOSE AND DUTIES)

- (1) To advise the Council on its developing vision for third mission activities and the policies and principles that need to underpin it in the long term.
- (2) To act as a source of and sounding board for new ideas and approaches in the field of third mission activity.
- (3) To recommend to the Council strategies in support of HEFCW's corporate plan as it relates to third mission activities, and which also promote and facilitate joint working between the Council and its key partner organisations in this area.
- (4) To respond to any specific requests from Council in support of its third mission policy and strategy and, when necessary, seek delegated authority for the Chair and Chief Executive to carry out the actions requested.
- (5) In all of the above to seek and take account of the views of all relevant stakeholders and appropriate research and, likewise, to incorporate advice from independent specialists where appropriate.

2006/07 MEETINGS

26 September 2006

28 November 2006

9 March 2007 (Joint meeting with HEFCW's Learning and Teaching and Widening Access Committees)

5 April 2007