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Proposed changes to the funding system for higher education in Wales

The Welsh Assembly Government indicated in our last remit letter that we should make greater strategic use of funding to achieve the changes and address the priorities identified in *For our Future*, its strategy and plan for higher education. This has meant a comprehensive review and re-structuring of existing funding streams, including the establishment of a Strategic Implementation Fund (SIF) to ensure sustainable delivery of *For our Future* priorities.

The recent consultation circular outlines the principles which we consider pivotal to any future HE funding system and outlines the way in which we intend to develop the SIF further to comprise all of our funding, including capital. The circular then seeks views on changes which we propose to make to our funding system to align it more closely to the main themes within our Corporate Strategy and the measures for sector performance which are laid out within it.

Amongst the changes proposed, for example, we are seeking views on the use of the National Student Survey (NSS) outcomes to inform funding in support of enhancing the student experience. We are proposing to allocate more funding to innovation and engagement and are seeking views on our proposals to increase the volume threshold, and to introduce a quality threshold, for research (QR) funding. We also seek views on a range of options we might introduce to encourage

achievement of changes in the structure of the sector, reflecting measure 11 in our Strategy. These include the possibility of allocating funding in relating to institutional size, adjusting our funding in other ways to support larger institutions or top slicing funding from the sector to be reallocated on the basis of satisfactory institutional plans to meet this measure.

You can find more information about our proposed approach in our consultation circular, which asks for responses by 6 September 2010.

- ➔ Consultation on proposed changes to the funding system for higher education in Wales

New directions for higher education in Wales

We published our Corporate Strategy for the next three years at the end of June 2010. The Strategy outlined our expectations for higher education (HE) in Wales up to 2013, which included:

- that universities and further education colleges should work together in a more integrated way across the regions of Wales to improve provision for all learners who are able to benefit from HE.
 - plans for a higher education system in Wales that contributes strongly to social justice and supporting a buoyant economy.
 - improved research performance, at international standards of excellence, with stronger links to users and other beneficiaries.
 - fewer institutions, which would be better able to take risks, withstand shocks, and remain innovative into the longer term.
- ➔ HEFCW Corporate strategy press release
 - ➔ HEFCW Corporate strategy 2010-2013

Regional strategies update

Circular W10/16HE of 28 May 2010 set out our guidance for submitting regional strategies for planning and delivering higher education in Wales. We invited one strategy from the partners in each of the three regions identified in the circular.

A more recent circular gives more information about the funding incentives available to help realise the regional strategies, and regional activity data and additional sources of information to help the regional partners develop their strategies.

We have commissioned consultants to support each of the three regions develop a strategy. From 19 July 2010, the Francis Group and OPM, as part of the 2020 Delivery Consortium, will: work with regional leaders on plans that bring long terms benefits for Wales; engage with stakeholders; provide ongoing communications on progress, timescales, risks and outcomes; and share learning and good practice.

- Regional Strategies for the Planning and Delivery of Higher Education: Funding and Support

Foundation Degrees

Foundation degrees focus on acquiring both skills and knowledge, and integrate study with work-based learning and project work in order to address the needs of employers. They should also guarantee a progression route to at least one honours bachelors degree.

At the end of July, we called for proposals for new, part-time foundation degrees through the new higher education regional partnerships, with a clear focus on employer engagement and upskilling the workforce. £7.64 million is available for these developments, which will help to address skills shortfalls and make higher education more affordable to a wider range of students.

- Foundation Degrees circular

Managing full-time undergraduate numbers

There is currently no firm upper recruitment limit for full-time undergraduates for universities in Wales. Though we limit our HEFCW funding for full time undergraduate places for home and EU students, institutions can still, within reason, choose to recruit additional students on a 'fees only' basis, where the student pays the fees, but no additional funding is available for that place from HEFCW.

However, recruiting additional full-time students over and above the levels funded by HEFCW can trigger extra public costs for tuition fees and maintenance grants. In a

Statement to the National Assembly on 14 July, the Education Minister said that every new full-time undergraduate student recruited from 2010/11 increased the demand on student finance budgets by around £9,500 a year in grants and loans.

Against a background of rising numbers of applications, the Minister said that the time had now come to manage student finance expenditure in a way which was sustainable and not jeopardised by unplanned growth in student numbers. He noted that limits on student numbers were already in place in the other three UK nations. Reiterating what he said in the Assembly Government's 2010 remit letter to HEFCW, he confirmed that he wanted us now to develop arrangements to limit full time undergraduate numbers in Wales from academic year 2011/12.

We published a consultation on 22 July, seeking the views of universities and colleges to the principles we propose to apply in order to manage full-time undergraduate student numbers from the 2011/12 academic year. We have invited responses by 2 September 2010.

- ➔ Consultation on the principles to manage full-time undergraduate student numbers from 2011/12

Funding for STEM: science, technology, engineering and mathematics

We are encouraging an increase in university places in science subjects from the 2010/11 academic year in order to support Welsh Assembly Government plans for economic renewal.

We have invited universities in Wales to convert some existing student places into STEM (science, technology, engineering and mathematics) subjects, following widespread employer calls for more graduates in these subjects. We will then provide additional funding to universities to prioritise recruitment to these subjects.

- ➔ Promoting the knowledge economy in Wales press release
- ➔ Circular W10/25HE: Redistribution Exercise 2010/11

Business successes for universities in Wales

In 2008/09, Welsh universities, which make up some 5% of UK higher education, generated 10% of all UK graduate business-start-ups and more than 12% of estimated turnover (around £16.5 million) from all active UK graduate start-up firms.

The latest UK-wide survey (HE-BCI survey) on how higher education (HE) institutions work with and generate business showed that universities in Wales were helping both businesses and the economy to weather uncertain times and lay down sound foundations for future recovery.

- Press release on outcomes of the ninth annual *Higher Education – Business and Community Interaction (HE-BCI) Survey*

Research Excellence Framework

The Research Excellence Framework (REF) is the new system for assessing the quality of research in UK higher education institutions.

The timetable for the UK-wide exercise was confirmed in July. The assessment phase of the REF will now take place in 2014 to inform funding from the 2015/16 academic year, a year later than originally anticipated.

This change in timing will give the funding bodies more time to develop the new impact element of the REF. It is also in line with the views expressed in consultation responses by HE institutions in Wales and elsewhere, with the vast majority in favour of a one-year delay.

- Announcement by the Department for Business, Innovation and Skills

Additionally, the funding bodies have recently announced the Units of Assessment and panel structure for the REF. The funding bodies have also:

- invited applications from individuals interested in becoming sub-panel chairs (deadline 17 September).
- invited associations and organisations with an interest in research – other than higher education institutions – to nominate candidates to become panel members (deadline 8 October).

Further information is available in Circular REF 01/2010 at www.ref.ac.uk

National Teaching Fellowship Scheme

From 2010/11, Wales will participate in the individual strand of the National Teaching Fellowship Scheme (NTFS). The scheme will be expanded to 55 fellows annually, each with a £10,000 award, and will be open to nominees from England, Wales and Northern Ireland for the awards announced in 2010/11. Further details will be circulated by the Higher Education Academy, which operates the scheme.

In brief

- Congratulations to Cardiff University students for winning at the annual Green Gown awards in the Student Initiatives category.
- Like many public bodies in Wales, HEFCW has signed up to the Welsh Assembly Government's public sector Efficiency and Innovation programme, which aims to promote collaboration and innovation, and bring about improvements and cost savings.
- Recent figures from the Wales International Consortium (WIC) for the 2009/10 academic year show there are 11,374 international students in Wales - an increase of almost 19.5% on 2008/09.

Recent publications

W10/24HE: HEFCW Part-Time Undergraduate Fee Waiver Scheme

describes HEFCW's part-time undergraduate fee waiver scheme for 2010/11 and sets out the criteria students will need to meet in order to be eligible for fee waiver under the scheme. In 2010/11 eligible students in receipt of Department for Work and Pensions Benefits can claim up to £1,200 in support of fees to study for a part-time higher qualification.

W10/23HE: Initial Teacher Training Strategy Fund: Allocations 2010/11

W10/22HE: Learning and teaching strategy allocations for 2010/11

W10/21HE: Request for institutions' responses to HEFCW Corporate Strategy 2010-11 to 2012-13

invites higher education institutions in Wales to submit copies of progress reports against their current strategic plans, and also to provide a response to HEFCW's Corporate Strategy 2010-11 to 2012-13.

W10/17HE: Analysis of the financial position of the HE sector 2008/09

publishes financial health performance indicators for the higher education sector in Wales.