

**To: Heads of higher education
institutions in Wales**

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Further Information:

Dr Ewen Brierley

Tel: 02920 2068 2291

Email: ewen.brierley@hefcw.ac.uk

You will recall that the Council commissioned a Review of Post 92 Higher Education in South East Wales in December 2005, which was undertaken by Professors John Bull and Sir Ron Cooke. I enclose a copy of the report of this review together with an associated press statement.

If you have any comments on the report that you would like to offer, we would be grateful to receive these, and would appreciate it if you could send them by 11 June 2005.

Yours Sincerely

A handwritten signature in black ink, appearing to read 'Phil Gummatt', with a long horizontal line extending to the right.

**PROFESSOR PHILIP GUMMETT
CHIEF EXECUTIVE**

**REVIEW OF 'POST- 92' HIGHER EDUCATION IN
SOUTHEAST WALES**

**A REPORT FOR THE HIGHER EDUCATION FUNDING COUNCIL
FOR WALES**

John Bull
Ron Cooke

Spring 2005

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REVIEW OF 'POST-92' HIGHER EDUCATION IN SOUTHEAST WALES

A REPORT FOR THE HIGHER EDUCATION FUNDING COUNCIL FOR WALES

1. TERMS OF REFERENCE AND OVERVIEW

1.1 The terms of reference given to us by HEFCW are:

'In the context of the reconfiguration and collaboration agenda for higher education in Wales, to examine the current arrangements and future options for post-92 higher education institutions in southeast Wales, taking account of the existing provision and the market for higher education in and around this region.

To identify the issues for consideration by HEFCW in respect of potential options for the future of post-92 higher education institutions in southeast Wales'.

1.2 In looking at the current arrangements and potential options for post-92 higher education institutions in southeast Wales, we have focussed on:

- The University of Wales Institute, Cardiff (UWIC)
- The University of Wales, Newport (UW Newport)
- The University of Glamorgan (Glamorgan)

The fourth post-92 institution in southeast Wales, the small, Cardiff-based Royal Welsh College of Music and Drama, is currently engaged in positive discussions about closer collaboration with Cardiff University which are expected to be concluded in the early summer. Given the College's specialist academic profile, its existing collaboration with the University, and its physical proximity, these discussions seem entirely appropriate, and, after conversations with both the Chair of Governors and the Principal, we did not include this College in our review.

1.3 Each of the three institutions has a significant recent history of achievement, change, merger discussions, and contribution to the educational development of the region. Each has to some extent developed its own distinctive culture. Each has significant ambitions and strategic plans. This report explores the ways in which the future success of the institutions can best be secured in the context of national policy for higher education, funding arrangements, international competitiveness, and local circumstances. It is a basis for consultation with the sector.

1.4 We recognise that an investigation by outsiders will create sensitivities: those closest to the institutions have their own, often-clear views, and they have a fuller knowledge of both history and detail. At the outset, therefore, we would like to record the very friendly and open way we have been welcomed. Annex A lists those with whom we have had discussions (under Chatham House rules), and Annex B lists the various papers and documents which were made available to us. We should make it clear that HEFCW explicitly asked us to act

independently, without adopting any particular position; we hope our independence may be of value to local decision makers.

- 1.5 Whilst acknowledging that institutions are legally independent and ultimately responsible for their own actions, they are all at the same time heavily dependent on public funding - and the public purse is not obliged to fund any of them. But crucially, almost everyone with whom we spoke agrees that every effort should be made to develop higher education in southeast Wales in ways that provide a viable long-term future.
- 1.6 We were impressed at the outset by the convergence of ambitions in the institutions' recent strategic plans (Section 4). For instance, all:
 - Seek effectively to serve the needs of students from southeast Wales, as well as from Wales and beyond
 - Have established links with FE colleges and schools in Wales, and have strategies to widen participation
 - Aspire to the highest quality of education provision at the levels in higher education they serve
 - Have, and wish to develop a research role, through research training, research projects, and/or staff research, seeking to advance their research through both public and private funding
 - Have problems of ageing buildings and multiple sites, and are planning to improve and rationalise them as well as developing new sites
 - Have ambitions to increase their 'third-leg' funding

It is clear, therefore, that the institutions cover much common ground on which a discussion of the future can be built.

2. WELSH HIGHER EDUCATION POLICY

- 2.1 'Reaching Higher' provides a strategy for the higher education sector in Wales. It has been widely discussed, notably by the Welsh Assembly in its debate on the strategy. Other major policy documents (Annex B) are also relevant, including key economic strategies. At the heart of 'Reaching Higher' is the notion of reconfiguration and collaboration, and this is accompanied by a political requirement for serious action.
- 2.2 Jane Davidson, the Minister for Education and Lifelong Learning has reaffirmed the Assembly Government's key priority of reconfiguration in the higher education sector (June 9, 2004), and made it clear that, despite some recent progress, 'the progress has not yet gone far enough to meet the requirements of 'Reaching Higher'. She indicated that 'we need the sector to deliver still more tangible results' and that she expects 'HEFCW to take a much more proactive approach to delivering on the reconfiguration agenda'.
- 2.3 Our impression is that not only is the government determined to pursue this policy but also, as far as we can judge, all the main political parties in Wales, HEFCW, and the relevant trade unions recognise the need for change. Within institutions we have found a similar recognition, although there is some resentment of external pressure, and there are certainly different views on how and within what time scale change can be successfully achieved.

3. THE CONTEXT FOR CHANGE: A SPIRAL OF DECLINE?

- 3.1 While the policy of reconfiguration and collaboration is clear, the reasons behind it, as far as we can judge, have not always been publicly understood. What follows is a brief overview of the generic issues facing higher education in Wales, which we believe is an essential context for our subsequent analysis.
- 3.2 The key to the policy is a perceived 'spiral of decline' that is already facing many higher education institutions in Wales, and which could accelerate if action is not taken soon. This decline, it should be emphasised, cannot be attributed mainly – if at all - to poor institutional vision or management – indeed there is good evidence of initiatives, originality, and development of excellence in all institutions. Neither is the decline irreversible, as shown for example by Cardiff University.
- 3.3 The spiral of decline is brought about by several, concurrent trends that apply across Wales including the growing effectiveness of competition and the restrictions imposed by public funding.
- 3.4 One of the most pressing, nationwide issues facing institutions relates to the 'unit of resource' (the money provided by formula for each student). Due to differences in the allocation methods between the funding councils, there are considerable difficulties in establishing an entirely satisfactory comparison between England and Wales, and further work is ongoing in this respect by HEFCW. The data most recently published by HEFCW, but updated to reflect recent end-of-year capital funding are shown at Annex C. In addition, there are several supplementary funds available in England which are either not available or are lower in Wales. For example;
- The overall supplement per student for widening participation is said to be at least 20% less in Wales than England
 - Funding of the increased employer pension contributions is not yet secure
 - Funding of costs of implementing the 'single pay spine' has yet to be agreed
 - 'Top up' fees – now the subject of review – may not become available in Wales or be introduced on different terms than in England

In each of these examples, failure to secure solutions at least as good as in England will create significant competitive disadvantages for Wales. The recent interim Rees Report suggests that the funding gap in Wales might be £20 million recurrent and £30 million capital per annum.

- 3.5 The sums available for additional student numbers are limited (*at present such extra funds as are available for this purpose are conditional upon meeting WAG priorities*), so that ambitions of the universities to grow, achieve some economies of scale, and generate surpluses for reinvestment are constrained.
- 3.6 Despite the limitations on additional student numbers, the HE sector is being pressed to increase undergraduate new entrant participation from the Community First areas to 11.4% by 2010/2011. These areas are heavily concentrated in the southeast, which is the region of lowest participation in Wales (Annex D1). Increasing participation without displacing more 'traditional' entrants will require funded growth.

- 3.7 In this context, the *pattern of applications* to higher education in Wales shows interesting trends. Since 2001 (that is, after the changed application arrangements), the number of applications to many institutions (including the three post-92 universities in southeast Wales) has not significantly increased, and for some it has declined (Annex E3).
- 3.8 In the period between 1993 and 2003 while English *enrolments* grew by 28.5%, Welsh enrolments grew by only 18.4% (Annex D2) suggesting that there will need to be a more rapid growth in Wales in order to catch up.
- 3.9 The *provision of places* in higher education institutions in Wales shows spatial variations (Annex D3). Information provided to us suggests that Cardiff is relatively well provided for with 36/1000 of the population, whereas Newport and adjacent valleys have only places for 11/1000.
- 3.10 For a variety of reasons, there is enhanced *competition* for students from similar universities elsewhere in Wales and especially in England. For example, the University of Wales Newport is not only within commuting distance of Cardiff and the University of Glamorgan, but it is within an hour's drive of several major English universities, all of which are competitors. Competition from English Universities is growing in part because there are additional funded places to fill in England.
- 3.11 Competition is likely to become especially acute in the recruitment of *overseas students*. Many Welsh institutions see growth in overseas student numbers as a lucrative strategic objective, but this aim is shared across the UK, and huge sums are being spent on recruitment in this volatile market. Larger institutions and consortia may have a competitive advantage. (We note that there is some Welsh collaboration in this area).
- 3.12 Research funding is increasingly becoming concentrated in fewer Universities, and as the methodology becomes even more selective, the post-92 institutions are likely to have limited success in this competition.
- 3.13 Wales has a high proportion of small institutions (Annexes D4 and E7). Whilst 'smallness' is not bad per se, small institutions are particularly vulnerable to market swings, highly sensitive to financial pressures, and seldom generate sufficient surpluses for replacement or investment.

4. INSTITUTIONAL PROFILES AND STRATEGIC PLANS

- 4.1 The previous section identified some of the generic issues facing Welsh higher education and post-92 institutions in particular which threaten a 'spiral of decline'. However, the three institutions on which we have focussed exhibit some additional characteristics, which may add impetus to that downward spiral.
- 4.2 Annex E provides an overview based largely on a selection from the 2002/2003 data of the main academic, financial and physical features of the three institutions. As we have already observed (1.3), each institution has a significant history of achievement, and can justifiably point to some emerging areas of excellence. Nevertheless, the data raise some areas of concern.

- The institutions have considerable subject *concentration* (Annex E1) – in all cases three areas account for 50% or more of the student numbers. This renders them vulnerable to changes in demand as well as to shifts in public procurement policy e.g. initial teacher training and health.
 - There is considerable *overlap* in subject areas (Annex E2), which, in a highly competitive local, national and international market where growth is volatile, probably leads to local competition amongst institutions.
 - Numbers in many *postgraduate taught programmes* are very small – and probably uneconomic.
 - *Application/acceptance* ratios (Annex E3) suggest some vulnerability – particularly if the currently fashionable subjects in ‘art and design’ are discounted, and in themselves hide considerable variation. Unpublished data also reveal a high dependency on clearing – around 20% on average.
 - *Research Assessment* outcomes (Annex E4), whilst an improvement on 1996, reveal a low percentage of staff submitted and very modest outcomes – only three areas achieved a ‘4’ and one area a ‘5’ in the three institutions together, amounting to barely 7% of the academic staff. Given the RAE funding methodology, this is not a basis for more than a highly focused and limited development. (In fact, only one institution has its own research degree awarding powers).
 - *QAA assessments* (Annex E5) demonstrate a generally modest – although sometimes excellent – teaching experience, but small institutions with no significant research need continually to demonstrate teaching excellence to be competitive. We should acknowledge that the TQA outcomes are now quite dated, and that there have since been confidential developmental engagements at these institutions, and a full Institutional Review at UW Newport, which resulted in an outcome of “Broad Confidence”. In addition, recent inspection reports published by Estyn have found good provision at UWIC for Initial Teacher Training and in the FE curriculum areas of Access, Applied Science, Landbased and Other General Education.
 - *Financial pressures* (Annex E6) are growing in all institutions – operating in the recent past at surpluses of 1% or less in all three. There is little or no margin currently to allow significant investment in infrastructure or new developments.
 - *‘Third leg’* activities – consultancy and knowledge transfer are fairly weakly, although differentially developed in the institutions. Nevertheless, there are some areas of excellence e.g. product design, and opportunities for significant growth. This activity is important to business, although it seldom yields more than a contribution to the institution’s overhead.
- 4.3 We were provided with (confidential) *estates condition* data and some estimates of the costs of meeting full statutory compliance. The extent of the ‘poor’ estates – confirmed by our visits - undoubtedly impact on student recruitment, but the financial pressures on the institutions make significant improvements difficult.
- 4.4 There is, however, no evidence to indicate that the institutions incur high administrative costs (Annex E6). All are below the English average (one significantly so) which, given the likely diseconomies of scale, is commendable. (The interim Rees Report noted that ‘there is very limited further (administrative) saving to be gained’).

4.5 Institutions submit five year strategic plans in confidence to HEFCW. Analysis of these (which relate to the period 2004/5 to 2008/9) and our discussions with the institutions highlight a number of issues.

- All institutions are planning for domestic growth in their full and part-time numbers (albeit subject to HEFCW funding). In our view, some of these plans are rather ambitious – for example, a growth of over 50% in full-time students, but more pertinently the growth is often sought in similar and thus directly competing areas – art and design/media, business and computing in particular. Given the high level of local full-time students (Annex E1), this ambition would be largely met at the expense of the other institutions.
- The projected overseas numbers are also very ambitious – growths in excess of 100% will be very difficult to achieve in a very competitive market (which this year has shown an overall decline of c4% in applications, c20% from China).
- All plan growth in RAE activity, which, given the RAE outcomes, is questionable on both academic and economic grounds.
- Whilst acknowledging that institutions tend to submit ‘lower-case’ financial forecasts to their Funding Council, forecasts of deficits or small surpluses do not show signs of recovery. Even this uneasy position is achieved in significant part by worsening staff- student ratios – unlikely to be helpful to the quest for teaching excellence.
- There are substantial (largely unfunded) plans for needed estates development and rationalisation. Each has ambitious plans to create new campuses and, in one case, to locate an activity in the immediate vicinity of a competitor. Even if funds were available from a private or public source, the aggregate plans may not represent best value for money. Setting aside capital needs, however, most plans require significant increases in funded student numbers to meet the higher revenue costs.

4.6 We believe that in varying degrees the institutions have the managerial capacity to find some solutions to some of these pressing issues. Nevertheless, the managerial response might necessarily include staffing reductions, and the cessation of unprofitable (albeit highly desirable) activities such as access – all impacting adversely on the student experience. These are, sadly, further grounds for recognizing the potential for a continuing ‘spiral of decline’.

5. ADVANTAGES OF RECONFIGURATION AND COLLABORATION

5.1 Given the ‘spiral of decline’, it may help briefly to rehearse some of the perceived advantages of ‘reconfiguration and collaboration’ as a means of addressing this issue. The Welsh Higher Education policy (2.1 and 2.2) makes clear that merger of institutions is not the only option. It speaks of ‘networks of collaboration’, ‘strategic alliances’, ‘clusters of shared missions’, ‘networks of collaboration’, ‘hubs and spokes’, ‘a series of fluid interactions’, ‘single unified management structures’ and, of course, mergers. The policy therefore allows for a variety of options, provided they yield a solution to the perceived challenges.

5.2 There is a widespread view that Wales has too many small institutions and that it needs to create at least one post-92 university of the size and critical mass necessary to succeed. This is not merely a matter of survival: in fact,

institutions rarely collapse, they merely decline. Nor is it a matter of buying time in the hope of a future renaissance. The unequivocal aim, to which we shall return, is to create an internationally competitive, well-founded, world-class and durable arrangement.

- 5.3 We do not accept the argument for 'largeness' without qualification. New, big institutions do not necessarily save money even in the long-term, and there may be diseconomies of scale. Size itself does not necessarily ensure greater competitiveness, especially if it is not accompanied by excellent leadership, the support of staff and students, and appropriate investment in transition costs; space rationalisation, maintenance problems, and revised academic portfolios.
- 5.4 Nevertheless, there are many advantages of full mergers, which were well rehearsed in the Welsh Funding Councils' 1999 circular on the scope for mergers. An Appendix, which deals with mergers in further education colleges (Annex F), applies equally to higher education. In summary, these were more effective use of resources, enhancement of services, a more comprehensive curriculum, and greater investment capacity. To these we would add for higher education:
- More effective linking of universities with regional further education colleges and schools, and a widening of participation
 - Improved opportunities for creating major academic groupings that, inter alia, allow focussed research investment, and selective specialisation
 - Reduced competition amongst local institutions, and enhanced local collaboration, including 'third leg' activities.
 - Improved provision of technologically led innovations, such as e-learning and distance learning.
- 5.5 From these advantages, there should eventually emerge greater financial strength, appropriate growth of student numbers and research activity, greater flexibility and improved national performance. Equally, these changes should help students, the staff of the institutions, regional development and Wales' competitiveness.

6. A FUTURE FOR POST-92 HIGHER EDUCATION IN SOUTHEAST WALES

- 6.1 The consultation paper issued in respect of the terminated merger discussions between Glamorgan and UWIC set out clearly the reasons for and benefits of that proposed merger. In our discussions with a wide range of people, we found considerable agreement that, irrespective of merger per se, *the analysis was and still is both compelling and valid.*
- 6.2 In summary, the reasons given for that merger (which find resonance with our analysis in Section 3) were commercial and competitive pressures, particularly from local and adjacent English universities, competition from overseas universities, and Welsh Assembly policy; the benefits were to widening access and participation, strengthening vocational education and CPD, and research and knowledge transfer. All these lead to social, educational and economic improvements, and *all are applicable not just to the agenda of the two institutions but to the whole of post-92 higher education in southeast Wales.*

6.3 'Reaching Higher' (Section 2) established reconfiguration and widening access as the key priorities, reinforcing this in a ministerial statement in 2004. The policy was silent on identifying which areas of activity were particularly important to Wales, but the Welsh Development Agency's economic strategy and related skills needs points to priority areas. These included the creative industries, hospitality, leisure and tourism, social care (including health), as well as supporting 'the role of the higher education sector in economic development in Wales' and the development of an 'integrated e-learning network'. In addition, WAG's policy statement, 'A Cultural Strategy for Wales', reinforces the importance of both the creative industries and sport.

6.4 We believe that there could be a genuine and fruitful convergence of national needs with potential excellence amongst the three universities in southeast Wales. *Indeed, it is instructive to reflect on the extent to which WAG policy and associated strategies resonate in the portfolios, expertise, complementary strengths and experience of the three institutions.* For example, all three institutions have between them extensive provision and/or considerable potential in:

- Creative industries
- Sport – indoor/outdoor
- Business and management
- 'Third leg' activities
- Health
- Teaching and teacher education

and more generally in:

- Access
- E-learning

6.5 Each of these areas is of interest to each university, and the interests are at times complementary. For example, UWIC has excellent indoor and track facilities and Glamorgan has excellent field sports facilities: together they might be the basis of outstanding regional and national provision of sports training and education. Again, Glamorgan and UW Newport are currently making a joint bid to create a Skillset Screen Academy in Wales. In the vital area of widening participation there are several collaborative initiatives such as First Campus.

6.6 In the first five more specific areas, we believe the activities might be combined, for example, to form academically-led inter-university '*institutes*', each developing their complementary strengths (symbolised and given tangible form through appropriate estate development) and becoming a powerful and competitive force for development and regeneration. Each potentially could be distinctive, truly 'world class' and on a scale which would render them a significant competitive force. We believe that selective investment could be pursued initially in one or two areas of national need to create new, distinctive collaboration. Such initiatives could lead to growth, including new jobs, confidence in collaboration, and a possible eventual convergence of all three institutions.

6.7 From these various analyses, policies and strategies, it is perhaps possible to distil a vision, a strategic direction for higher education in southeast Wales. There is, we suggest, an *exciting opportunity to build a post-92 provision which can be truly distinctive, of national standing, world class in selected domains,*

servicing the needs and aspirations of students and the economy. Its mission would be to:

- Build collaboratively on established areas of teaching excellence, underpinned by scholarship, which contribute to economic and social regeneration and/or specific national needs, and which establish an international reputation
- Develop further applied research and consultancy, which enhance the economic competitiveness of business, commerce and industry.
- Intensify integrated access policies and practices, which raise aspirations, encourage and support progression, and improve participation rates.

6.8 This is not the vision or mission of a traditional 'research' University – *it is distinctive, it is ambitious, it builds upon existing strengths, it develops the three locations, it is teaching led and it offers the potential to be 'world class' in selected domains.* No one of the institutions could achieve this alone although it is compatible with their separate missions – and, in fact, with the aspirations of WAG. Working together, the institutions would be much greater than the sum of the parts, and the vision could become reality.

7. OPTIONS FOR CHANGE

7.1 If this vision – or something like it – is to be realised and the threat of spiralling decline halted, then there is need to find a way forward. In our experience, however, successful collaboration, mergers and partnerships, unless they are takeovers, depend crucially upon the nature and style of institutional leadership, the development of a shared vision, support throughout the institutions, and a shared determination to succeed. At present, we have not found those conditions universally present throughout southeast Wales, and we cannot see that enforced mergers are likely to succeed, however sensible they may seem.

7.2 We note also that there are important social and political sensitivities in southeast Wales, reflecting historical experience, for example between the valleys and the coastal cities, and between Cardiff and Newport. All the local universities recognise these sensitivities, but they also recognise that the future well-being of higher education in the region requires them to be overcome.

7.3 HEFCW itself commissioned a report into the terminated merger discussions between UWIC and Glamorgan. It is not our intention to revisit that episode, but our discussions with staff have found residual but deep consequences.

- There is a marked antagonism and deep mistrust of the persons perceived as primarily responsible for the failure. Whether this perception is right or wrong does not matter: it is intense, and it makes any revival of that merger difficult if not impossible in the short term.
- There is 'merger fatigue' which makes staff extremely reluctant to engage in any discussions about collaboration/merger unless there is a high probability of success.
- The staff as a whole may see the need for changes differently from the leadership, and in some cases their views are more radical.

There is, however, widespread recognition that there has been lengthy planning blight and that some positive progress is essential now. Many believe, and we agree with them, that much time has already been lost whilst competitors elsewhere have advanced.

7.4 In principle, there is a range of possibilities through which progress can be made, each of which should be considered and evaluated – from status quo to tripartite merger and beyond. Some of these options can, in our view, be quickly dismissed.

- *Status quo* would do nothing to halt decline. Our own analysis, experience and judgement leads us to conclude that an implicit or explicit policy of ‘competitive segregation’ is at the best sub-optimal, at the worst a recipe for the potential failure of one or more of the institutions.
- Selective and exclusive investment in a single institution is likely fatally to damage the other two, not produce the needed scale of operation sufficiently quickly, ignore the collaborative possibilities which could build a range of world class activities, and generate considerable, unproductive conflict.
- The creation of a pan-Wales new post-92 University, advocated by some, is not realistic - even if it were desirable - in any acceptable time scale.
- Closure of one institution and the redistribution of students and resources to the other two would fail to capitalise on the complementary strengths of all three, and is likely to require an unacceptably high level of new net investment – and it would probably invite political turmoil.
- Take over by one of the institutions of the other two would be strongly resisted and could distract attention from the most crucial need – to become fully competitive with other institutions in England and abroad.
- Voluntary tripartite collaboration is unlikely to make progress given the events of the last two years.

7.5 This leads us to consider either merger between two or more of the institutions and/or some focussed, supported collaboration between them. For the reasons set out in 7.3 above, we do not believe that the Glamorgan/UWIC merger can be revived in its original form in the immediate future, despite the enduring persuasiveness of the original arguments.

7.6 Shortly after we began our review, UWIC and UW Newport announced their intention to enter into merger discussions. These institutions have conducted detailed and thorough option appraisals (which they shared with us in confidence) before deciding to proceed with merger discussions per se. The merged institution, approximately the size of Glamorgan (Annex E1), could develop significantly enhanced academic portfolios – notably in art and design, in teacher education, in sport and in health – as well as providing further impetus to the ‘third leg’ mission. Access would be better addressed, there could be some economies of scale, and it may add impetus to their quest to obtain their own research degree awarding powers. Moreover, were there to be subsequent merger discussions with Glamorgan, they would be conducted between partners of equal size.

7.7 The realisation of the benefits of the UWIC/UW Newport merger remain largely contingent upon significant funded student growth, net gain from ‘top-up’ fees or their equivalent, and as yet largely unfunded capital investment to allow the rationalisation and improvement of the estates.

7.8 *Whatever the benefits, however, we would be very concerned if this development took place without the involvement of Glamorgan for the following reasons:*

- There would be two post-92 universities in southeast Wales neither of which would then enjoy the full advantages of scale we believe necessary to create a truly competitive international institution.
- The two universities would become increasingly competitive, especially in some key overlapping academic areas, and in attracting local, regional and international students. Such competition is likely both to be expensive in its use of public funds and could possibly lead to the serious decline of one. In these circumstances, we believe that it is highly probable, for example, that Glamorgan would seek to open a campus in Cardiff. Such competition amongst three institutions that are so close together would misdirect energy from the real challenge, which lies beyond the region.
- Neither of the Universities would, even on a highly selective basis, be likely to gain substantial benefit from the next RAE.
- If the UWIC/UW Newport merger were to be supported financially from prioritised and limited public resources, Glamorgan could suffer both investment blight and growing revenue pressures.

7.9 In this complex context, therefore, *we have sought to identify a mechanism which would permit the proposed UWIC/UW Newport merger to proceed, tripartite collaboration to progress, and allow the current, focussed bilateral collaboration between Glamorgan/UW Newport to continue whilst ensuring that the door is kept open for a possible eventual tripartite merger.*

8. A PROCESS FOR INSTITUTIONAL MERGER AND COLLABORATION

8.1 Suggesting a process which can support and monitor both merger and collaboration concurrently in the current circumstances has not been easy, and we are well aware will only succeed if all three institutions are prepared to set aside historic differences and grievances and work together towards a vision which is in the long-run interest of students, staff, the economy and society at large. We hope that the three governing bodies will be able to accept our proposals in this spirit.

8.2 Two external conditions must be addressed if our proposals are to have a chance of success. Firstly, *WAG and HEFCW must publicly support the vision and process* – without this, individuals or groups may seek to frustrate the purpose. Secondly, *there must be the assurance that some appropriate new revenue and capital monies will be found to support the process and outcomes.* Clearly, this cannot be a blank cheque, and the institutions themselves should contribute. The areas of immediate concern, however, will include new funded student numbers, capital funding, and transitional costs together with the other issues set out in 3.4 above.

8.3 We therefore propose the formation of a high-level strategy Board, serviced by a small independent secretariat, charged with refining, developing and implementing as quickly as possible the vision and mission set out in Section 6 of our report. The terms of reference would therefore encompass:

- Vision/mission for post-92 Higher Education in southeast Wales
 - Strategic directions, policies and priorities. (A starting point might be the areas suggested in 6.4).
 - The organisation, initiation and development, involving key academics from all three institutions, of nationally significant 'institutes' and other areas of collaboration (6.4), together with harmonised and compatible support systems.
 - Co-ordination of estates strategy.
 - Performance monitoring of the progress, including timed benchmarks.
 - Recommendations to HEFCW including funding proposals for the revenue and capital needs arising from both merger and collaboration.
- 8.4 We have considered carefully both the 'ownership' and composition of this Board. We do not believe that the Board should be a sub-group of HEFCW or that HEFCW itself should be in membership. HEFCW will have to consider any proposals made by the Board in the context of other competing proposals from other parts of Wales. Moreover, the institutions, rightly or wrongly, do not perceive in the context of past experience that HEFCW would be readily trusted. Equally, given the historical context, we do not believe that a Board composed entirely of representatives of the three institutions would make much, if any progress
- 8.5 We therefore suggest that the Board should be composed of the Vice Chancellors and Chairs of each institution together with three independent members, one of whom should be Chair. In addition, in order to facilitate the proposed UWIC/UW Newport merger, we suggest that the independent members of this Board should form a sub-Board with the respective Vice Chancellors and Chairs both to offer assistance and to ensure that the outcomes, achieved with minimum disruption and cost, are consistent with the overarching mission, strategies and policies and can thus be endorsed by the full Board.
- 8.6 Clearly, the recommendations made by this Board cannot bind HEFCW, but we suggest that, to speed progress, one of the three independent members of the Board might be an independent member of HEFCW's Reconfiguration and Collaboration Panel. We also believe that the two other members should both understand and empathise with the proposed mission and be demonstrably independent, one of whom, the Chair, should be a senior academic and the second drawn from industry. In order to retain the confidence of the institutions, the appointment of all the independent members, although necessarily made by HEFCW, should be after consultation with the institutions
- 8.7 The 'rules of engagement' for the Board should include:
- Seeking positively for consensus, but with the caveat that, in the event of disagreement or impasse, the independent members will make recommendations to HEFCW.
 - HEFCW not engaging in one-to-one discussions with any institution on matters which fall within the remit of the Board.
 - Decisions of the Board carrying strongly persuasive authority in informing the decisions of each Governing Body.
- 8.9 We recognise that for small institutions, the workload of concurrently progressing both the merger and tripartite collaboration will be considerable.

We believe, however, that the concurrency is important, but accept that the areas for tripartite action will need to be prioritised and phased.

- 8.10 In the earlier merger discussions, the issue of the University of Wales proved to be one of the deal breakers (UWIC/UW Newport award University of Wales degrees, Glamorgan their own). The University of Wales is currently consulting on its future role. However, without prejudice to the outcome, our own experience suggests that it is possible to 'double badge' awards and to operate validation, assessment and review processes which do not needlessly duplicate academic procedures.

9. CONCLUSION

- 9.1 There is, we strongly believe, an exciting opportunity to build a post-92 Higher Education provision in southeast Wales which can be truly distinctive in many aspects of its work, world-class in selected domains, serving the needs and aspirations of students and the economy. *In our view, it is both probable and highly desirable that a single, new institution would emerge within the next five years from these proposals and the consequential experience of staff working together.* Its realisation will depend upon institutions transcending their historical differences, and working together constructively and purposefully to turn vision into reality. It will also require an overt political commitment, and a willingness to provide appropriate new revenue and capital funds to assist and cement change.
- 9.2 We believe that the institutions and most of their staff share much of this vision, but, because of the immediate past, they are both sceptical and nervous of engaging or re-engaging in dialogue. We hope that our report will form a positive, constructive basis for discussions and action, a reminder not just of the real threat of the 'spiral of decline' that insular or partial solutions might bring, but, more importantly, of the opportunities for creating a world-class, distinctive, competitive and enduring higher education provision in southeast Wales.
- 9.3 The suggested creation of a strategy Board with its particular composition, terms of reference and rules of engagement acknowledges the historic sensitivities and the more recent experience of the terminated merger discussions, but seeks to provide positive support and assistance to enable the institutions to engage immediately in both the currently proposed merger and a multifaceted collaboration leading in time to a single institution which is vital to the people and economy of southeast Wales.

John Bull
Ron Cooke

Spring 2005

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ANNEX A LIST OF DISCUSSIONS

1. HEFCW

Professor Roger Williams, Chair
Professor Phil Gummett, Chief Executive
Dr Ewen Brierley, Senior Strategic Development Manager

2. FORMER CHIEF EXECUTIVE OF FURTHER AND HIGHER EDUCATION FUNDING COUNCILS FOR WALES

Professor John Andrews

3. NATFHE

Margaret Phelan, Regional Officer

4. UNIVERSITIES UK

Amanda Wilkinson, Director, Higher Education Wales
Dr Tony Bruce

5. UNIVERSITY OF GLAMORGAN

Dr David Halton, Vice Chancellor
Roger Thomas, Chair of Governors
Professor Les Hobson, Deputy Vice Chancellor
Professor Aldwyn Cooper, Pro Vice Chancellor (Operations)
Peter Crofts, Head of Marketing and Student Recruitment
Kathryn Williams, Head of Finance
Alun Woodruff, Head of Estates
Professor Joy Carter, Pro Vice Chancellor (Academic)
John O'Shea, Dean of Quality and Academic Registrar
Professor Bob Williams, Dean of Learning and Teaching
Leigh Bracegirdle, University Secretary
Phil Rees, Student Union President
Richard Ellis, Student Union Secretary
Amanda Tippin, Student Union Education Officer
Richard Bions, Student Union Student Activities
Bill Hague, NATFHE
Terry Driscoll, NATFHE Chair
Alan Page, UNISON
Norman Morris, UNISON Chair
Hilary Mears, UNISON

6. UNIVERSITY OF WALES, NEWPORT

Professor James Lusty, Vice-Chancellor
Roger Peachey, Chairman of the Board of Governors
Andrew Wilkinson, Deputy Chairman of the Board of Governors
Mr Geoff Edge, Pro Vice Chancellor (Regional Development)
Kate Daniel, Marketing and Alumni Officer
Denis Jones, Director of Finance
David Pearce, Director of Estates
Bethan Edwards, Director of HR
Dr Peter Noyes, Deputy Vice-Chancellor
Professor Paul Seawright, Dean, Newport School of Art, Media and Design
Mike Travis, Dean, Newport Business School

Dr Carl Peters, Dean, School of Education
Dr Hilary Matheson, Dean, School of Humanities and Science
Amelia Lyons, Dean, School of Social Studies
Mr Alan Hayes, Dean, School of Computing and Engineering
Mr Viv Davies, Director, Centre for Community and Lifelong Learning
Mrs Janet Peters, Director of Library and Information Services, former Academic Board Representative on the Board of Governors
Ms Karen Turnbull, Head of Enterprise and Research Services
Ms Nuala Jones, Support Staff Representative on Academic Board
Mr Jeremy Gass, Project Co-ordinator & HE, Community University of the Valleys (East), representing the Research Committee
Mr David Orford, Chair of NATFHE
Mr Edward Jones, NATFHE Representative on the Board of Governors
Tim Trimarco, UNISON, Chair
Kevin Perkins, UNISON Representative on the Board of Governors
Ms Claire Phillips, President of the Students' Union
Mr Dominic Merrian, Education and Welfare Officer, Student Union
Mr Alex Hookway, Entertainments Officer, Student Union

7. UNIVERSITY OF WALES INSTITUTE, CARDIFF

Professor Tony Chapman, Vice Chancellor
Gordon Harrhy, Chair of Governors
Ceri Preece, Vice Chair of Governors
Professor Robert Brown, Pro Vice Chancellor (Research and Enterprise)
Pam Ackroyd, Director of Operations
David Price, Head of Strategic Development
Jacqui Hare, Pro Vice Chancellor (Learning and Teaching)
Martin Warren, Director of Finance
John Philips, International Office
Chris O'Neal, Head, School of Art and Design
Dr Maureen Bowen, Head, School of Applied Sciences
Colleen Connor, Quality Enhancement Centre Manager
Alan Lewis, Head of Research and Enterprise Unit
Paul Thomas, Head, School of Education
Professor Eleri Jones, Head, School of Hospitality, Tourism and Leisure
Tricia Evans, Head, Primary Partnership
Mike Davies, Student Union General Manager
Louise Morgan, Student Union President
Kelly Oakley, Student Union Communications Officer
James McIndo, Student Union Education and Welfare Officer
Howard Harris, NATFHE Chair
Alan Screen, NATFHE Regional and National Secretary
Mike John, Consultant
Phil Sefton, UNISON Chair
Tricia Pippin, UNISON Branch Secretary
Steve Gill, Programme Director, Industrial Design
John Hodge, Campus Services Officer
Anne Curtis, Manager of Financial, Counselling and Health Advice

8. ROYAL WELSH COLLEGE OF MUSIC AND DRAMA

Edmund Fivet, Principal
Menna Richards, Chair, Governors

9. WELSH ASSEMBLY GOVERNMENT

Professor David Egan, Policy Advisor

ANNEX B MAJOR POLICY DOCUMENTS

We were provided with a considerable portfolio of documentation, which included:

1. Welsh Assembly Government

Reaching Higher, Higher Education and the Learning Country, A Strategy for the Higher Education Sector in Wales, March 2002 (and record of the Assembly debate)
A cultural Strategy for Wales – Creative Future
An Independent Study into the Devolution of the Support System and Tuition Fee Regime in Wales (The Rees Review), Progress Report, February 2005
Skills and Employment Action Plan for Wales 2005
Climbing Higher – Sport and Active Recreation in Wales
A Winning Wales – The National Economic Development Strategy of the Welsh Assembly Government

2. Welsh Development Agency

The Business Plan 2004-07, Creating Success Together for Wales

3. HEFCW

Reconfiguration and Collaboration Fund, Circular, July 2004
HEFCW's Research Funding Method
The Council's Current Teaching Funding Method
Review of the Terminated Merger Discussions Between the University of Wales Institute, Cardiff and the University of Glamorgan
The Scope for Institutional Mergers at the Higher Educational Level
Profiles of Higher Education Institutions in Wales 2003
Higher Education, Further Education and Training Statistics in Wales: 2002/3

4. Institutions

Strategic Plans
Prospectuses
Documents relating to merger proposals
Other confidential documents

5. Other

NATFHE Policy Statement

ANNEX C UNIT OF RESOURCE IN WALES

Unit of Resource - Including Capital and Reaching Higher

| | 1997/98 | 1998/99 | 1999/00 | 2000/01 | 2001/02 | 2002/03 | 2003/04 | 2004/05 |
|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| Wales | 4586 | 4561 | 4708 | 4951 | 5330 | 5441 | 5564 | 5699 |
| England | 4577 | 4687 | 4866 | 5017 | 5253 | 5434 | 5743 | 6090 |

Unit of Resource – Including Capital/excluding Reaching Higher

| | 1997/98 | 1998/99 | 1999/00 | 2000/01 | 2001/02 | 2002/03 | 2003/04 | 2004/05 |
|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| Wales | 4586 | 4561 | 4708 | 4951 | 5330 | 5373 | 5455 | 5564 |
| England | 4577 | 4687 | 4866 | 5017 | 5253 | 5434 | 5743 | 6090 |

Unit of Resource – Excluding Capital/with Reaching Higher

| | 1997/98 | 1998/99 | 1999/00 | 2000/01 | 2001/02 | 2002/03 | 2003/04 | 2004/05 |
|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| Wales | 4343 | 4561 | 4629 | 4735 | 4975 | 5075 | 5298 | 5450 |
| England | 4577 | 4687 | 4784 | 4876 | 5018 | 5154 | 5416 | 5575 |

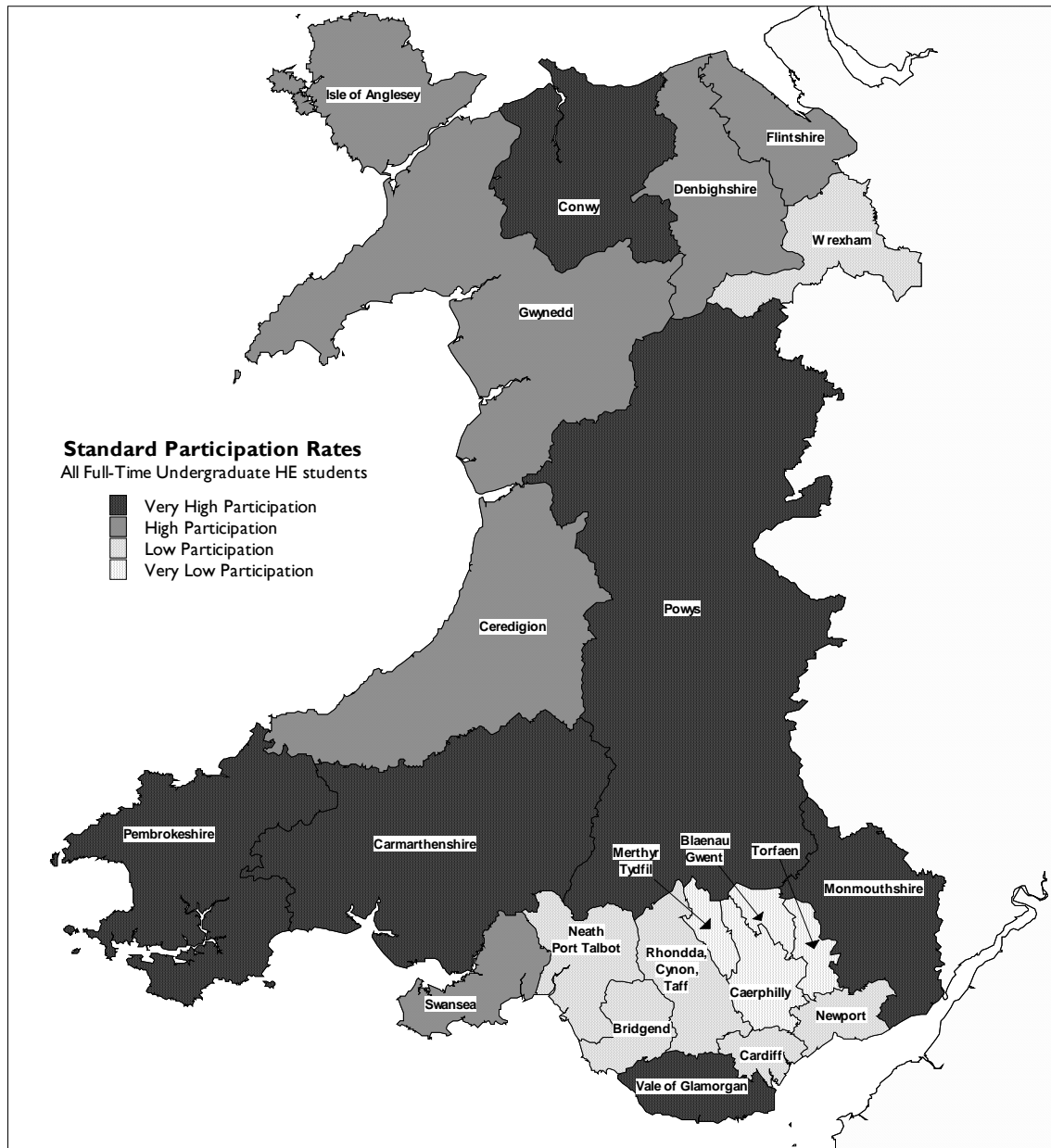
Unit of Resource – Excluding Capital and Reaching Higher

| | 1997/98 | 1998/99 | 1999/00 | 2000/01 | 2001/02 | 2002/03 | 2003/04 | 2004/05 |
|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| Wales | 4343 | 4561 | 4629 | 4735 | 4975 | 5007 | 5190 | 5316 |
| England | 4577 | 4687 | 4784 | 4876 | 5018 | 5154 | 5416 | 5575 |

ANNEX D SECTOR STATISTICS

D1 PARTICIPATION RATE

Participation rates for Welsh domiciled full-time undergraduate students, studying in the UK 2002/03



Source: Higher Education, Further Education and Training Statistics in Wales: 2002/03

D2 GROWTH IN STUDENT NUMBERS

Trends in HE student enrolments (at HEIs and FEIs) 1997/98 to 2002/03 by mode of attendance and sex.

| | 1997/98 | | 1998/99 | | 1999/2000 | | 2000/01 | | 2001/02 | | 2002/03 | |
|--|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| | Males | Females | Males | Females | Males | Females | Males | Females | Males | Females | Males | Females |
| Further and Higher Education Institutions | | | | | | | | | | | | |
| Full-time/sandwich | 31,305 | 34,804 | 31,222 | 35,305 | 30,955 | 35,561 | 29,963 | 35,834 | 30,404 | 36,364 | 31,926 | 37,656 |
| Part-time | 14,052 | 15,292 | 15,099 | 16,585 | 15,813 | 18,429 | 16,036 | 20,651 | 17,890 | 23,977 | 19,454 | 27,920 |
| Total | 45,357 | 50,096 | 46,321 | 51,890 | 46,768 | 53,990 | 45,999 | 56,485 | 48,294 | 60,341 | 51,380 | 65,576 |
| Open University | | | | | | | | | | | | |
| Part-time undergraduates | 2,116 | 2,131 | 2,060 | 2,162 | 2,372 | 2,470 | 2,397 | 2,633 | 2,625 | 3,152 | 2,462 | 3,296 |
| Total | 47,473 | 52,227 | 48,381 | 54,052 | 49,140 | 56,460 | 48,396 | 59,118 | 50,919 | 63,493 | 53,842 | 68,872 |

Coverage All higher education students at higher education and further education, institutions in Wales

Notes

1. Mode definitions may vary (see appendix A).
2. At November or December each year (see appendix A).
3. OU teaching year runs from February to October each year.
4. All figures refer to enrolments.

Source HESA Student Record, Open University, Further Education Student Record, ISR

Trends in HE student enrolments (at HEIs and FEIs) 1997/98 to 2002/03 by institution.

| Institution | 1997/98 | 1998/99 | 1999/2000 | 2000/01 | 2001/02 | 2002/03 |
|--|----------------|----------------|----------------|----------------|----------------|----------------|
| University of Glamorgan | 14,588 | 16,709 | 17,099 | 17,336 | 18,359 | 19,493 |
| University of Wales, Aberystwyth | 9,088 | 9,950 | 10,200 | 9,797 | 10,314 | 10,297 |
| University of Wales, Bangor | 8,700 | 8,786 | 8,851 | 8,341 | 8,539 | 8,647 |
| Cardiff University | 18,469 | 18,857 | 19,152 | 19,883 | 20,303 | 21,645 |
| University of Wales, Lampeter | 2,214 | 2,038 | 2,800 | 3,208 | 4,886 | 6,218 |
| University of Wales, Swansea | 11,734 | 11,961 | 11,525 | 11,438 | 11,735 | 12,618 |
| University of Wales College of Medicine | 2,908 | 2,883 | 3,199 | 3,567 | 3,586 | 3,494 |
| University of Wales Institute, Cardiff | 7,613 | 7,729 | 7,578 | 7,909 | 8,172 | 8,844 |
| University of Wales College, Newport | 7,091 | 7,100 | 7,605 | 7,695 | 7,947 | 8,378 |
| North East Wales Institute of Higher Education | 4,367 | 4,258 | 4,509 | 4,260 | 4,999 | 5,081 |
| Swansea Institute of Higher Education | 4,043 | 4,455 | 4,356 | 4,532 | 4,845 | 5,233 |
| Trinity College Carmarthen | 1,544 | 1,255 | 1,655 | 1,952 | 2,393 | 2,545 |
| Royal Welsh College of Music and Drama | 580 | 546 | 564 | 586 | 575 | 589 |
| Open University | 5,177 | 5,100 | 5,654 | 5,679 | 6,437 | 6,371 |
| FE Institutions | 2,514 | 1,684 | 1,665 | 1,980 | 1,982 | 3,874 |
| Total | 100,630 | 103,311 | 106,412 | 108,163 | 115,072 | 123,327 |

Coverage All higher education students at higher education and further education institutions in Wales

Notes

1. At November or December each year (see Appendix A).
2. All figures refer to enrolments.
3. OU totals include some full-time postgraduates.

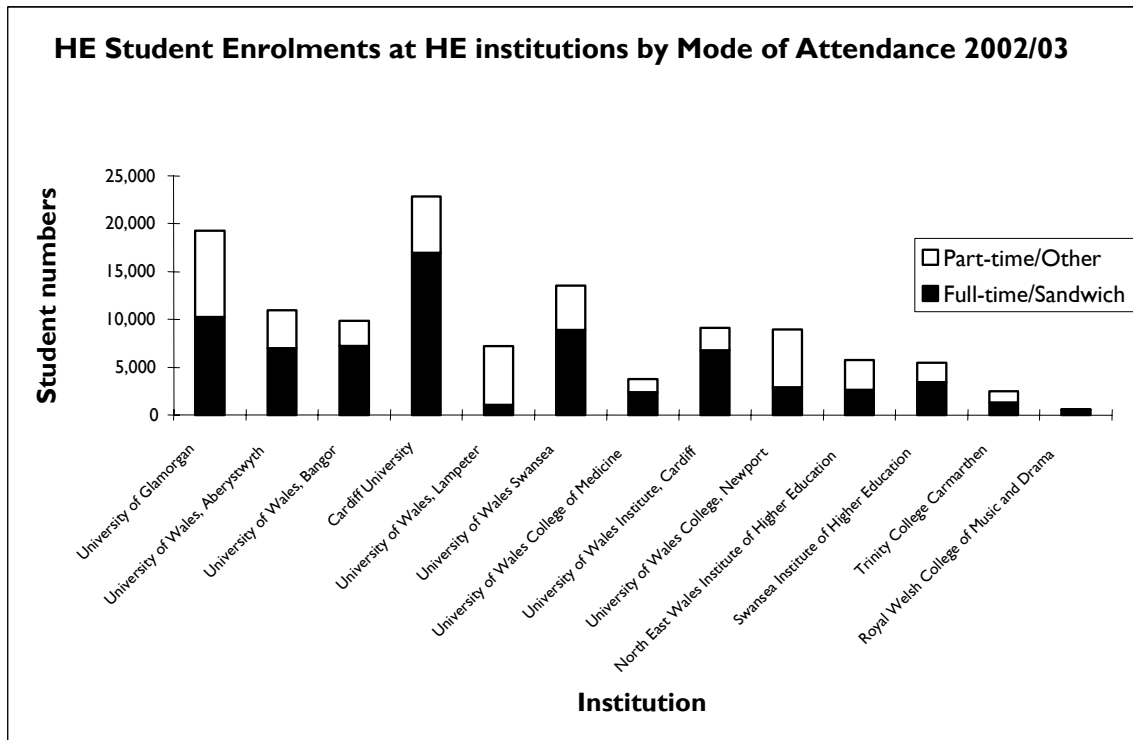
Source HESA Student Record, Open University, Further Education Student Record, ISR

D3 SPATIAL VARIATION

Source: HEFCW Circular W04/18HE (funded student places) and 2001 Census (population)

| University / Higher Education Institution by location | Student Places (FTEs) | Neighbouring local authority areas | Population in '000s | Student places per 1,000 pop. |
|--|-----------------------|------------------------------------|---------------------|-------------------------------|
| North Wales | | | | |
| | | <i>Anglesey</i> | 67 | |
| | | <i>Gwynedd (60%)</i> | 70 | |
| University of Wales, Bangor | 5,654 | <i>Conwy</i> | 110 | |
| | | <i>Denbighshire</i> | 93 | |
| North East Wales Institute of Higher Education | 3,483 | <i>Wrexham</i> | 129 | |
| | | <i>Flintshire</i> | 149 | |
| Sub total | 9,137 | | 618 | 15 |
| Mid Wales | | | | |
| | | <i>Powys</i> | 126 | |
| University of Wales, Aberystwyth | 6,661 | <i>Gwynedd (40%)</i> | 47 | |
| | | <i>Ceredigion</i> | 75 | |
| University of Wales, Lampeter | 1,535 | <i>Carmarthen (50%)</i> | 86 | |
| Sub total | 8,196 | | 334 | 25 |
| City of Swansea - and South West Wales | | | | |
| University of Wales, Swansea | 7,135 | <i>Swansea City</i> | 223 | |
| | | <i>Neath Port Talbot</i> | 135 | |
| Swansea Institute of Higher Education | 3,803 | <i>Bridgend (20%)</i> | 26 | |
| | | <i>Pembrokeshire</i> | 114 | |
| Trinity College Carmarthen | 1,318 | <i>Carmarthen (50%)</i> | 86 | |
| Sub total | 12,256 | | 584 | 21 |
| City of Cardiff - and Central and Western Valleys | | | | |
| Cardiff University | 13,549 | | | |
| University of Wales College of Medicine | 1,135 | <i>City of Cardiff</i> | 305 | |
| | | <i>Bridgend (80%)</i> | 102 | |
| Royal Welsh College of Music and Drama | 518 | <i>Vale of Glamorgan</i> | 119 | |
| | | <i>Rhondda Cynon Taff</i> | 232 | |
| University of Wales Institute, Cardiff | 6,281 | <i>Merthyr Tydfil</i> | 56 | |
| | | <i>Caerphilly (60%)</i> | 102 | |
| University of Glamorgan | 11,641 | | | |
| Sub total | 33,124 | | 916 | 36 |
| City of Newport - and Eastern Valleys | | | | |
| | | <i>Newport City</i> | 137 | |
| | | <i>Blaenau Gwent</i> | 70 | |
| University of Wales, Newport | 4,908 | <i>Torfaen</i> | 91 | |
| | | <i>Caerphilly (40%)</i> | 68 | |
| | | <i>Monmouthshire</i> | 85 | |
| Sub total | 4,908 | | 451 | 11 |
| All Wales Total | 67,621 | | 2,903 | 23 |

D4(a) WELSH HE FTE



Source: Higher Education, Further Education and Training Statistics in Wales: 2002/03

D4(b) WELSH HE FTE

Full-time/sandwich students (HE and FE) enrolled at HE institutions 2002/03

| Institution | HE Students at HE Institutions | | FE Students at HE Institutions | | Total | |
|--|--------------------------------|----------------|--------------------------------|----------------|---------------|----------------|
| | All | Enrolled 1 Dec | All | Enrolled 1 Dec | All | Enrolled 1 Dec |
| University of Glamorgan | 10,247 | 10,078 | 0 | 0 | 10,247 | 10,078 |
| University of Wales, Aberystwyth | 6,991 | 6,897 | 0 | 0 | 6,991 | 6,897 |
| University of Wales, Bangor | 7,229 | 6,291 | 12 | 11 | 7,241 | 6,302 |
| Cardiff University | 16,980 | 16,517 | 0 | 0 | 16,980 | 16,517 |
| University of Wales, Lampeter | 1,064 | 1,027 | 0 | 0 | 1,064 | 1,027 |
| University of Wales, Swansea | 8,912 | 8,589 | 0 | 0 | 8,912 | 8,589 |
| University of Wales College of Medicine | 2,404 | 2,241 | 0 | 0 | 2,404 | 2,241 |
| University of Wales Institute, Cardiff | 6,797 | 6,642 | 146 | 139 | 6,943 | 6,781 |
| University of Wales College, Newport | 2,925 | 2,784 | 156 | 144 | 3,081 | 2,928 |
| North East Wales Institute of Higher Education | 2,636 | 2,543 | 0 | 0 | 2,636 | 2,543 |
| Swansea Institute of Higher Education | 3,459 | 3,327 | 73 | 68 | 3,532 | 3,395 |
| Trinity College Carmarthen | 1,310 | 1,288 | 0 | 0 | 1,310 | 1,288 |
| Royal Welsh College of Music and Drama | 552 | 521 | 0 | 0 | 552 | 521 |
| Total | 71,506 | 68,745 | 387 | 362 | 71,893 | 69,107 |

Coverage All higher education institutions in Wales

- Notes
1. This table counts individual students (not enrolments)
 2. 'All' includes all students active during the academic year; 'Enrolled 1 Dec' includes those registered at 1 December
 3. A student pursuing two or more qualification aims through two or more programmes of study, one of which is part-time and the other full-time, will be counted in this table only
 4. Higher education students include all students studying at NVQ level 4 equivalent and above

Source 2002/03 HESA Student Record

Part-time students (HE and FE) enrolled at HE institutions 2002/03

| Institution | HE Students at HE Institutions | | FE Students at HE Institutions | | Total | |
|--|--------------------------------|----------------|--------------------------------|----------------|---------------|----------------|
| | All | Enrolled 1 Dec | All | Enrolled 1 Dec | All | Enrolled 1 Dec |
| University of Glamorgan | 9,046 | 8,831 | 61 | 58 | 9,107 | 8,889 |
| University of Wales, Aberystwyth | 3,965 | 3,283 | 1,251 | 803 | 5,216 | 4,086 |
| University of Wales, Bangor | 2,628 | 2,321 | 1,458 | 1,215 | 4,086 | 3,536 |
| Cardiff University | 5,882 | 5,077 | 1,419 | 902 | 7,301 | 5,979 |
| University of Wales, Lampeter | 6,136 | 5,171 | 0 | 0 | 6,136 | 5,171 |
| University of Wales, Swansea | 4,620 | 3,873 | 914 | 543 | 5,534 | 4,416 |
| University of Wales College of Medicine | 1,357 | 1,253 | 0 | 0 | 1,357 | 1,253 |
| University of Wales Institute, Cardiff | 2,312 | 2,192 | 340 | 277 | 2,652 | 2,469 |
| University of Wales College, Newport | 5,998 | 5,423 | 157 | 111 | 6,155 | 5,534 |
| North East Wales Institute of Higher Education | 3,107 | 2,473 | 151 | 129 | 3,258 | 2,602 |
| Swansea Institute of Higher Education | 1,996 | 1,816 | 109 | 86 | 2,105 | 1,902 |
| Trinity College Carmarthen | 1,164 | 1,126 | 173 | 157 | 1,337 | 1,283 |
| Royal Welsh College of Music and Drama | 72 | 68 | 0 | 0 | 72 | 68 |
| Total | 48,283 | 42,907 | 6,033 | 4,281 | 54,316 | 47,188 |

Coverage All higher education institutions in Wales

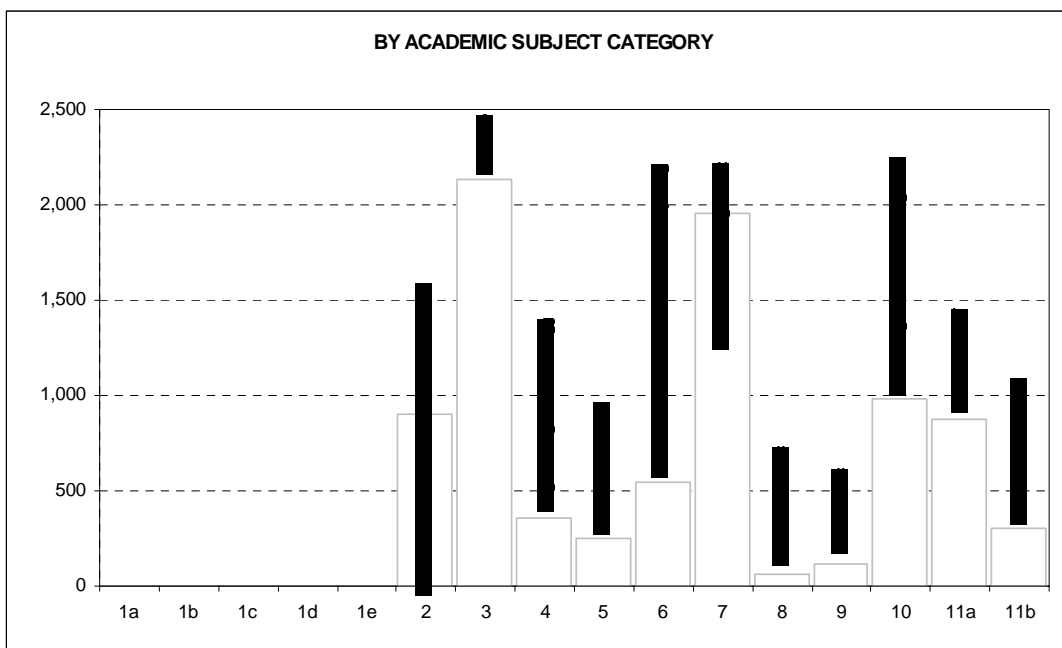
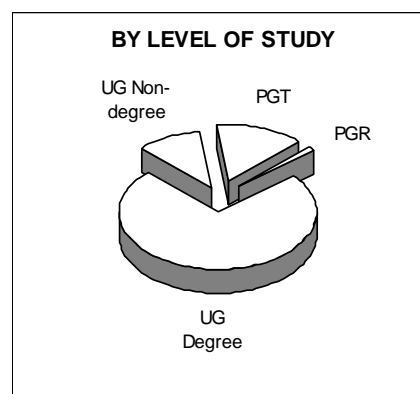
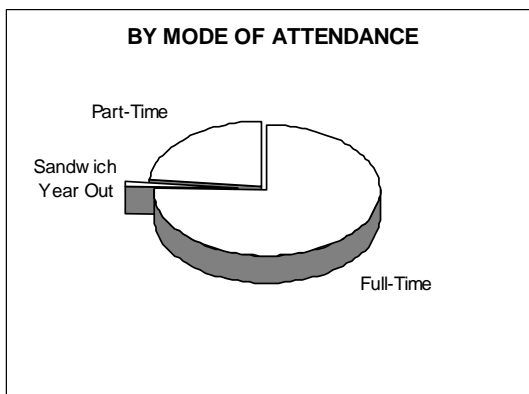
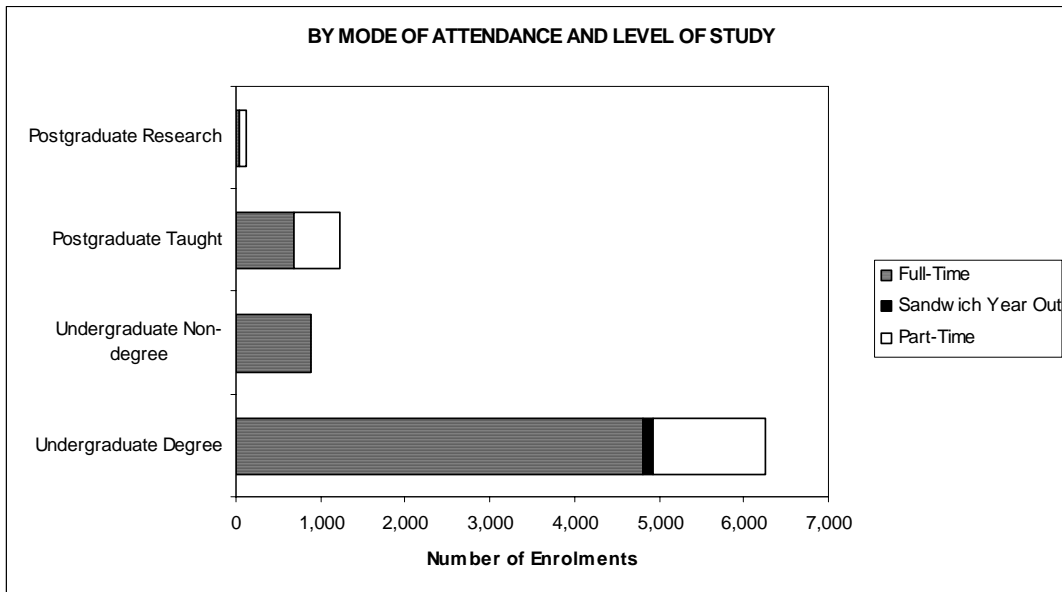
- Notes
1. This table counts individual students (not enrolments).
 2. 'All' includes all students active during the academic year; 'Enrolled 1 Dec' includes those registered at 1 December.
 3. A student pursuing two or more qualification aims through two or more programmes of study, one of which is part-time and the other full-time, will be counted in Table H1.1a only.
 4. Higher education students include all students studying at NVQ level 4 equivalent and above.

Source 2002/03 HESA Student Record

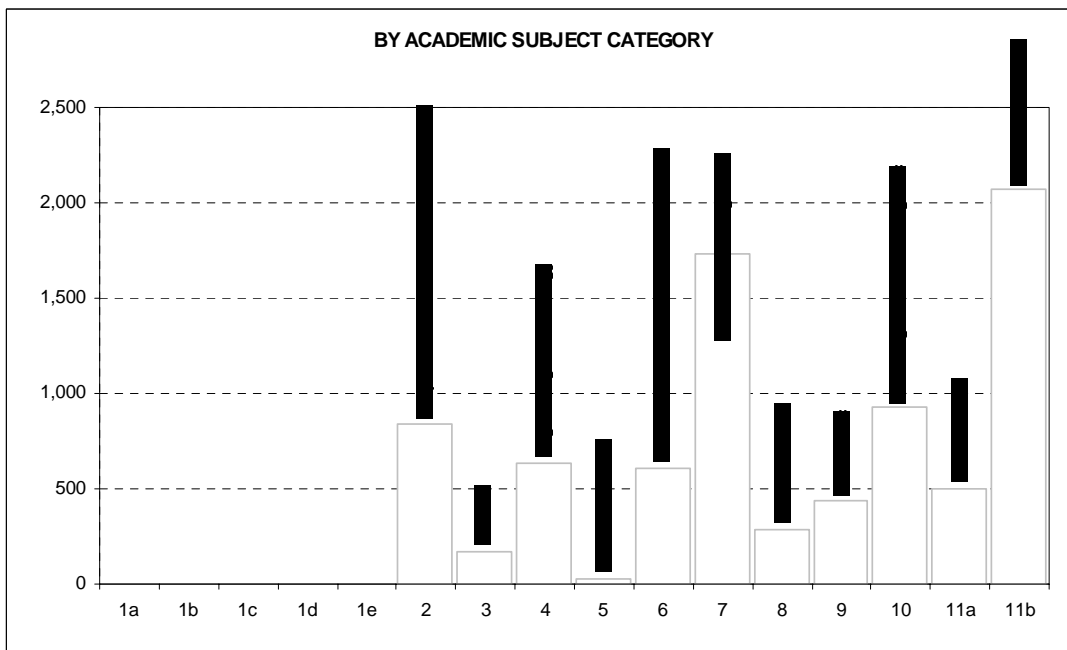
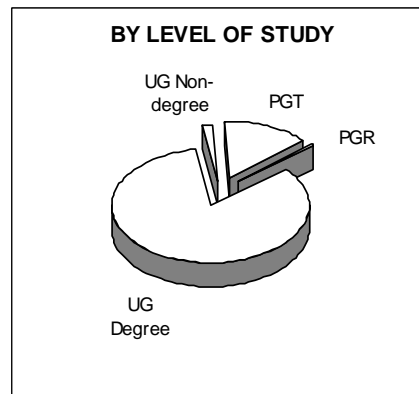
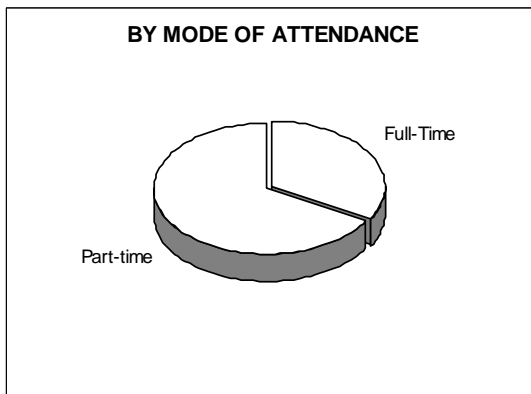
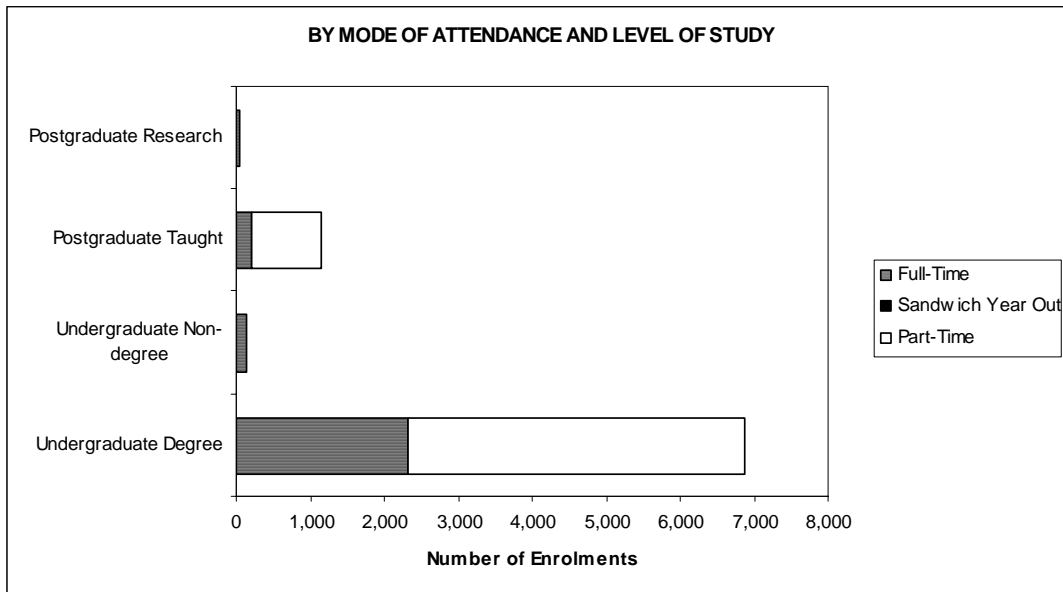
ANNEX E INSTITUTIONAL DATA

E1 STUDENT NUMBERS BY MODE, LEVEL AND DOMICILE

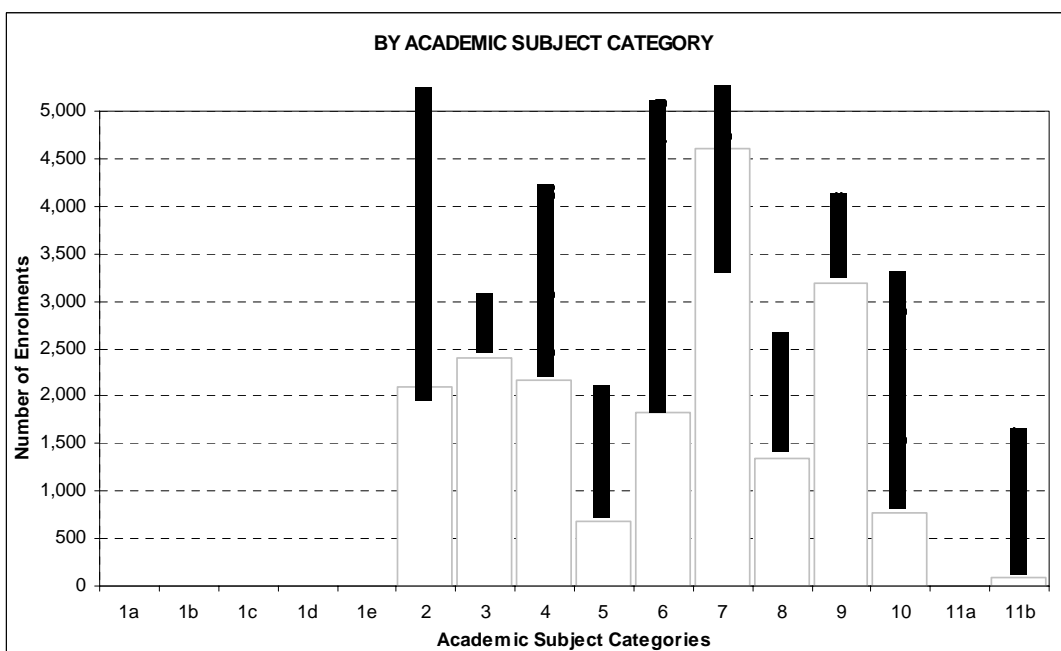
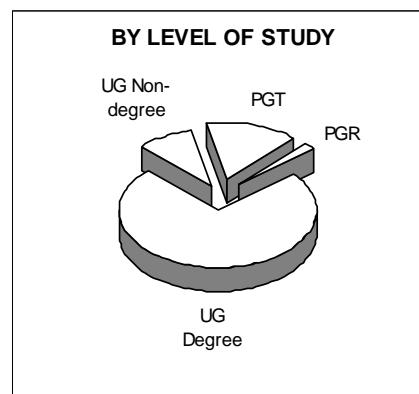
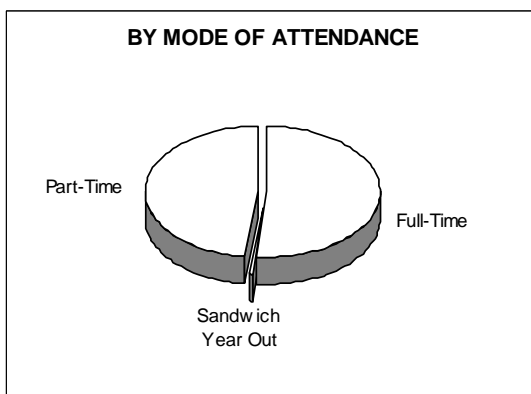
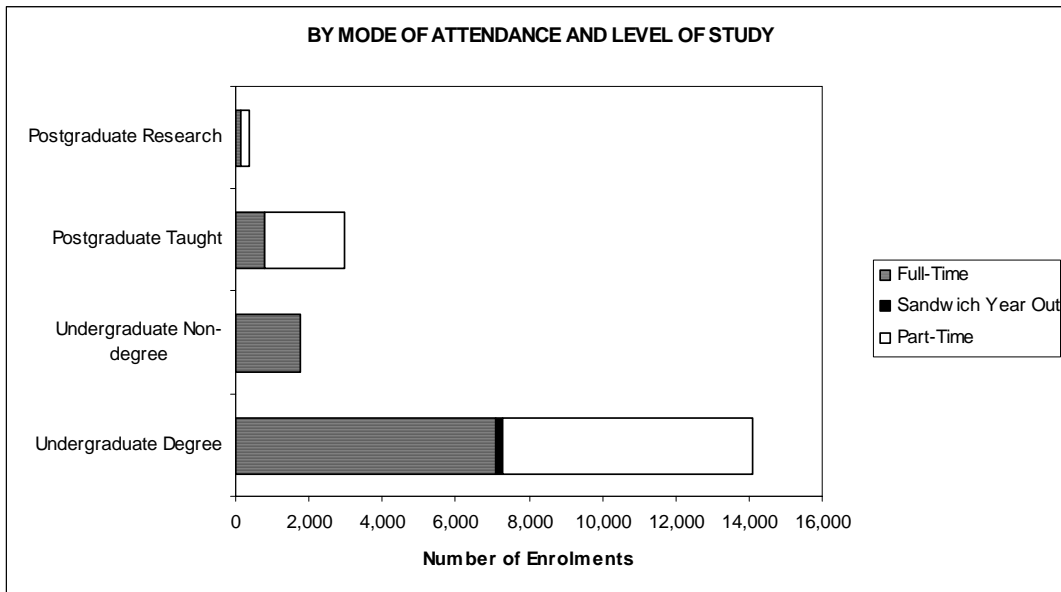
a) University of Wales Institute, Cardiff – Enrolments 2002/03



b) University of Wales, Newport – Enrolments 2002/03



c) University of Glamorgan – Enrolments 2002/03



E1 STUDENT NUMBERS BY MODE, LEVEL AND DOMICILE (CONTINUED)

Proportion of Student Body who are from South East Wales, 1999/2000 to 2003/04

| Institution | Mode of Study | 1999/2000 | | | 2000/01 | | | 2001/02 | | | 2002/03 | | | 2003/04 | | |
|-------------|---------------|--------------------------|--|---|--------------------------|--|---|--------------------------|--|---|--------------------------|--|---|--------------------------|--|---|
| | | Total number of students | Students from SE Wales as a proportion of total students | Students from SE Wales as a proportion of UK-domiciled students | Total number of students | Students from SE Wales as a proportion of total students | Students from SE Wales as a proportion of UK-domiciled students | Total number of students | Students from SE Wales as a proportion of total students | Students from SE Wales as a proportion of UK-domiciled students | Total number of students | Students from SE Wales as a proportion of total students | Students from SE Wales as a proportion of UK-domiciled students | Total number of students | Students from SE Wales as a proportion of total students | Students from SE Wales as a proportion of UK-domiciled students |
| Glamorgan | Full-time | 10,308 | 47% | 54% | 9,886 | 51% | 59% | 10,112 | 56% | 62% | 10,247 | 58% | 66% | 10,725 | 54% | 63% |
| | Part-time | 6,961 | 68% | 70% | 7,153 | 69% | 71% | 8,267 | 68% | 71% | 9,046 | 69% | 72% | 9,496 | 53% | 55% |
| | Total | 17,269 | 56% | 61% | 17,039 | 58% | 64% | 18,379 | 61% | 66% | 19,293 | 63% | 69% | 20,221 | 54% | 59% |
| UWIC | Full-time | 5,779 | 39% | 42% | 6,126 | 40% | 43% | 6,283 | 40% | 44% | 6,797 | 41% | 44% | 6,862 | 40% | 44% |
| | Part-time | 1,916 | 79% | 82% | 2,007 | 81% | 84% | 2,084 | 80% | 82% | 2,312 | 77% | 81% | 2,279 | 75% | 81% |
| | Total | 7,695 | 49% | 52% | 8,133 | 50% | 54% | 8,367 | 50% | 54% | 9,109 | 50% | 54% | 9,141 | 49% | 53% |
| UW Newport | Full-time | 2,831 | 59% | 68% | 2,702 | 61% | 69% | 2,832 | 61% | 69% | 2,925 | 61% | 69% | 2,972 | 60% | 68% |
| | Part-time | 4,961 | 72% | 74% | 5,337 | 73% | 75% | 5,538 | 73% | 75% | 5,998 | 73% | 74% | 6,063 | 71% | 72% |
| | Total | 7,792 | 67% | 72% | 8,039 | 69% | 73% | 8,370 | 69% | 73% | 8,923 | 69% | 72% | 9,035 | 68% | 71% |
| Total | | 32,756 | 57% | 62% | 33,211 | 59% | 64% | 35,116 | 61% | 65% | 37,325 | 61% | 66% | 38,397 | 56% | 61% |

Source: HESA student record 1999/2000 to 2003/04

Notes: Students from South East Wales are defined as those domiciled in Blaenau Gwent, Caerphilly, Cardiff, Merthyr Tydfil, Monmouthshire, Newport, Rhondda Cynon Taff, Torfaen, Vale of Glamorgan, Neath Port Talbot or Bridgend, according to their home postcode.

Includes both undergraduate and postgraduate students; incoming exchange students are excluded.

E2 SUBJECT AREAS AND PERCENTAGE DISTRIBUTION

The following represent a broad correlation of curriculum areas for the three institutions drawn from their documentation. This is then represented overleaf on the basis of student enrolments classified by JACS categories.

University of Glamorgan

- Art and Design
- Media and Drama Studies
- Built Environment
- Geography and the Environment
- Business
- Computing and Mathematics
- Education
- Engineering
- Health Sciences
- Humanities and Social Sciences
- English, Writing and Journalism
- Law, Policing and Crime
- Life Sciences
- Multidisciplinary
- Physical Sciences
- Sport

UWIC

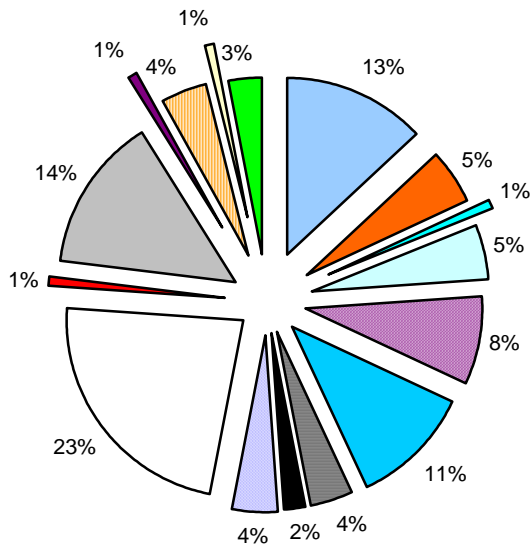
- Art and Design
- Product Design
- Construction and Architectural Design
- Environmental Sciences
- Business and Management
- IT and Computer Studies
- Education and Teacher Training
- Electronics
- Food and Consumer Sciences
- Health
- Humanities
- Social Sciences
- Biomedical Science
- Sport and Leisure
- Tourism
- Hospitality

UW Newport

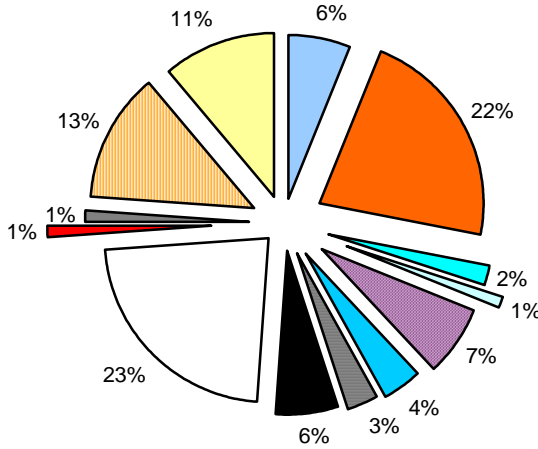
- Art, Media and Design
- Business and Management
- Computing and Engineering
- Education and Teacher Training
- Humanities and Science
- Social Studies

E2 SUBJECT AREAS AND PERCENTAGE DISTRIBUTION (CONTINUED)

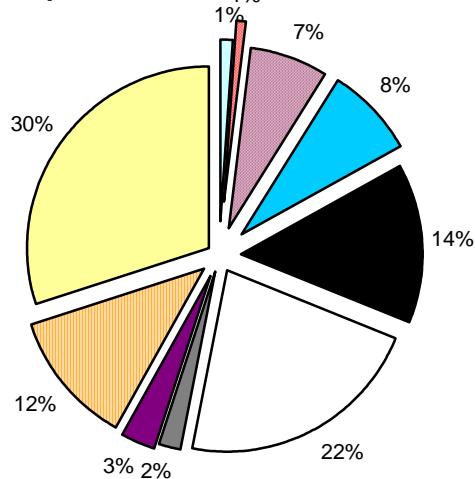
Glamorgan 2002/03



UWIC 2002/03



UW Newport 2002/03



E3 APPLICATIONS / ACCEPTANCES

All Applications

| Institution | Applications | | | | | | % Change | |
|------------------------------|--------------|---------|---------|---------|---------|---------|----------------------|--------------------|
| | 1999/2000 | 2000/01 | 2001/02 | 2002/03 | 2003/04 | 2004/05 | 1999/2000 to 2004/05 | 2003/04 to 2004/05 |
| University of Glamorgan | 10,883 | 10,219 | 9,036 | 8,755 | 9,156 | 9,498 | -12.7% | 3.7% |
| UWIC | 10,277 | 10,226 | 9,342 | 10,573 | 10,349 | 9,923 | -3.4% | -4.1% |
| University of Wales, Newport | 3,029 | 2,710 | 2,991 | 3,257 | 2,926 | 3,355 | 10.8% | 14.7% |

Applications from home-domiciled applicants

| Institution | Applications | | | | | | % Change | |
|------------------------------|--------------|---------|---------|---------|---------|---------|----------------------|--------------------|
| | 1999/2000 | 2000/01 | 2001/02 | 2002/03 | 2003/04 | 2004/05 | 1999/2000 to 2004/05 | 2003/04 to 2004/05 |
| University of Glamorgan | 10,014 | 9,429 | 8,452 | 8,171 | 8,372 | 8,348 | -16.6% | -0.3% |
| UWIC | 9,445 | 9,537 | 8,812 | 9,976 | 9,801 | 9,229 | -2.3% | -5.8% |
| University of Wales, Newport | 2,836 | 2,535 | 2,827 | 3,071 | 2,766 | 3,153 | 11.2% | 14.0% |

E3 APPLICATIONS / ACCEPTANCES (CONTINUED)

Applications to Acceptances Ratio for First Year Applications in 2004

| Institution | Apps 2002 | Accepts 2002 | Apps 2004 | Accepts 2004 | Apps: Accepts 2002 | Apps: Accepts 2004 |
|-------------|-----------|--------------|-----------|--------------|--------------------|--------------------|
| Aberystwyth | 8813 | 2160 | 8872 | 2194 | 4 | 4 |
| Bangor | 7051 | 1727 | 7946 | 1837 | 4 | 4.3 |
| Cardiff | 22053 | 4042 | 22313 | 3900 | 5.4 | 5.7 |
| Lampeter | 988 | 307 | 916 | 279 | 3.2 | 3.2 |
| Newport | 3174 | 1045 | 3262 | 1019 | 3 | 3.2 |
| Swansea | 10369 | 2513 | 11099 | 2896 | 4.1 | 3.8 |
| UWIC | 10277 | 2275 | 9597 | 2169 | 4.5 | 4.4 |
| NEWI | 1584 | 328 | 1522 | 276 | 4.8 | 5.5 |
| SIHE | 4166 | 1264 | 3800 | 1056 | 3.2 | 3.5 |
| Trinity | 1566 | 515 | 1728 | 500 | 3 | 3.4 |
| RWCMD | 1518 | 161 | 1338 | 138 | 9.4 | 9.6 |
| Glamorgan | 8418 | 2258 | 8700 | 2343 | 3.7 | 3.7 |

| Institution | Apps 2005 | % Increase | Apps: Place Ratio | |
|-------------|-----------|------------|-------------------|------|
| | | | 2002 | 2005 |
| Aberystwyth | 9050 | 7.1 | 4.0 | 4.6 |
| Bangor | 8038 | 9.0 | 3.1 | 4.5 |
| Cardiff | 32117 | 15.6 | 4.9 | 8.6 |
| Lampeter | 936 | 15.8 | 2.1 | 3.2 |
| Newport | 3452 | 41.4 | 2.8 | 4.1 |
| Swansea | 11159 | 7.2 | 3.7 | 4.5 |
| UWIC | 8664 | 4.5 | 5.0 | 5.0 |
| NEWI | 1190 | -0.7 | 1.5 | 1.4 |
| SIHE | 3128 | 11.8 | 4.3 | 3.2 |
| Trinity | 1653 | 11.6 | 3.4 | 4.3 |
| Glamorgan | 8166 | 7.2 | 2.4 | 3.2 |

E4 RAE OUTCOMES

Glamorgan

| Unit of Assessment | 2001 Rating | Proportion of Staff Selected | Category A and A* Research Active Staff (FTE) |
|-------------------------------------|-------------|------------------------------|---|
| 0 Nursing | 3b | B | 21.0 |
| 25 Computer Science | 4 | D | 33.2 |
| 33 Built Environment | 3b | C | 22.6 |
| 40 Social Policy and Administration | 3a | A | 20.2 |
| 43 Business and Management Studies | 3b | D | 27.5 |
| 50 English Language and Literature | 4 | B | 12.0 |
| 59 History | 3a | C | 8.0 |
| 66 Drama, Dance and Performing Arts | 2 | C | 7.0 |
| 69 Sports-related Subjects | 3b | B | 10.0 |

UWIC

| Unit of Assessment | 2001 Rating | Proportion of Staff Selected | Category A and A* Research Active Staff (FTE) |
|---|-------------|------------------------------|---|
| 11 Other Studies and Professions Allied to Medicine | 3b | D | 8.7 |
| 16 Food Science and Technology | 3b | C | 5.0 |
| 64 Art and Design | 4 | D | 35.3 |
| 69 Sports-related Subjects | 3a | F | 9.0 |

UW Newport

| Unit of Assessment | 2001 Rating | Proportion of Staff Selected | Category A and A* Research Active Staff (FTE) |
|---|-------------|------------------------------|---|
| 30 Mechanical, Aeronautical and Manufacturing Engineering | 3a | D | 2.0 |
| 58 Archaeology | 3a | A | 7.5 |
| 64 Art and Design | 5 | E | 8.5 |

E5 QAA ASSESSMENTS

| | Glamorgan | UWIC | UW Newport |
|---------------------|---|--|--|
| Excellent | <ul style="list-style-type: none"> ▪ Business & Management Studies <ul style="list-style-type: none"> □ Business & Management @ Carmarthen □ Business Administration @ Llandrillo □ Business & Management @ Pembrokeshire ▪ BSc (Hons) Surveying for Resource Development and HND Minerals Surveying ▪ Creative Writing ▪ Theatre and Media Drama ▪ Electrical & Electronic Engineering ▪ Accounting & Finance ▪ Public Sector Schemes ▪ Welsh for Adults | <ul style="list-style-type: none"> ▪ Psychology ▪ Biomedical Sciences ▪ Ceramics, Fine Art and Internal Architecture ▪ Speech and Language Therapy, Podiatry and Applied Human Nutrition ▪ Environmental Health | |
| Satisfactory | <ul style="list-style-type: none"> ▪ Mechanical Engineering ▪ Chemistry ▪ Law ▪ History ▪ Computer Science ▪ Applied Science ▪ Surveying ▪ Humanities & Social Sciences ▪ Mathematics ▪ Building and Civil Engineering <ul style="list-style-type: none"> □ Business and Management @ Bridgend | <ul style="list-style-type: none"> ▪ Mechanical Engineering ▪ Computer Science ▪ Business Studies ▪ Applied Social Work ▪ Building ▪ Housing ▪ Electronics Engineering ▪ Art, Design and Art History ▪ Hotel, Tourism and Leisure ▪ Sports Science ▪ Food Science | <ul style="list-style-type: none"> ▪ Mechanical Engineering ▪ Computer Science ▪ Applied Social Work ▪ Business and Management Studies ▪ Construction ▪ Combined Studies ▪ Electronics and Electrical Engineering ▪ Art and Design |

Source: QAA

E6 SUMMARY FINANCIAL POSITIONS

Income and Expenditure Account 2003/04 (£ thousands)

| | Glamorgan | | UWIC | | UW Newport | |
|--|---------------|----|---------------|----|---------------|----|
| | £ ,000 | % | £ ,000 | % | £ ,000 | % |
| Funding council grants | 43,169 | 52 | 25,643 | 49 | 19,722 | 61 |
| Tuition fees & education grants & contracts | 21,360 | 25 | 12,586 | 24 | 5,573 | 17 |
| Research grants & contracts | 6,366 | 8 | 841 | 2 | 304 | 1 |
| Other income | 10,457 | 13 | 13,043 | 25 | 6,157 | 20 |
| Endowment & investment income | 1,267 | 2 | 298 | 0 | 392 | 1 |
| Total income | 82,619 | | 52,411 | | 32,148 | |
| Staff costs | 48,936 | 62 | 31,699 | 60 | 18,885 | 59 |
| Other operating expenses | 27,958 | 35 | 17,798 | 33 | 11,101 | 35 |
| Depreciation | 2,509 | 3 | 2,457 | 5 | 1,944 | 6 |
| Interest payable | 246 | 0 | 1,201 | 2 | 188 | 0 |
| Total expenditure | 79,649 | | 53,155 | | 32,118 | |
| (Deficit)/Surplus on continuing operations after depreciation of tangible fixed assets at valuation & exceptional items but before tax & minority interest | 2,970 | | -744 | | 30 | |
| Surplus on Disposal of Asset | 0 | | 942 | | 0 | |
| Taxation | 0 | | 0 | | 0 | |
| (Deficit)/Surplus on continuing operations before taxation | 2,970 | | 198 | | 30 | |
| Release from Revaluation Reserve | 0 | | 0 | | 0 | |
| Difference between historical cost depreciation & the actual charge for the period calculated on the re-valued amount | 18 | | 878 | | 526 | |
| Realisation of revaluation gain on disposal of asset | 0 | | 250 | | 273 | |
| Historical cost surplus/(deficit) for the period after taxation | 2,988 | | 1,326 | | 829 | |

E6 SUMMARY FINANCIAL POSITIONS (CONTINUED)

Balance sheet by institution 2003/04

| | Glamorgan £ ,000 | UWIC £ ,000 | UW Newport £ ,000 |
|--|---------------------|----------------|----------------------|
| Fixed assets | | | |
| Tangible assets | 56,028 | 123,358 | 31,109 |
| Investments | 4,368 | 0 | 0 |
| Total fixed assets | 60,396 | 123,358 | 31,109 |
| Endowment Assets | | | |
| Cash at bank | 0 | 0 | 83 |
| Other investments | 0 | 0 | 1 |
| Total endowment assets | 0 | 0 | 84 |
| Current assets | | | |
| Stock | 52 | 216 | 37 |
| Debtors | 8,787 | 2,860 | 2,262 |
| Investments | 31,006 | 0 | 8,820 |
| Cash at bank & in hand | 2,358 | 6,644 | 782 |
| Total current assets | 45,203 | 9,720 | 11,901 |
| Creditors: Amounts falling due within one year | | | |
| Creditors | 15,984 | 6,172 | 6,244 |
| Current portion of long-term liabilities | 891 | 431 | 176 |
| Bank overdrafts | 0 | 0 | 110 |
| Total | 16,875 | 6,603 | 6,530 |
| Net current assets | 28,328 | 3,117 | 5,371 |
| Total assets less current liabilities | 88,724 | 126,475 | 35,654 |
| Creditors: Amounts falling due after more than one year | | | |
| Reimbursable by the funding council | 0 | 0 | 2,395 |
| External borrowing | 4,909 | 6,817 | 0 |
| Other | 0 | 0 | 0 |
| Total | 4,909 | 6,817 | 2,395 |
| Provisions for liabilities & changes | 3,820 | 16,230 | 2,950 |
| NET ASSETS | 76,995 | 103,428 | 31,219 |
| Deferred Capital Grants | 10,178 | 11,435 | 1,790 |
| Endowments | | | |
| Specific | 0 | 0 | 84 |
| General | 0 | 0 | 0 |
| Total | 0 | 0 | 84 |
| Reserves | | | |
| Revaluation reserve | 21,848 | 91,837 | 15,873 |
| Minority interest | 0 | 0 | 0 |
| General reserve | 44,969 | 156* | 13,472 |
| Total | 66,817 | 91,993 | 29,345 |
| TOTAL FUNDS | 76,995 | 103,428 | 31,219 |

*This figure represents a general reserve of 16,386 less provision for future pension liabilities of 16,230

E6 SUMMARY FINANCIAL POSITIONS (CONTINUED)

Administration Cost per FTE 1998/99 to 2002/03

| Institution | 1998/99 | 1999/2000 | 2000/01 | 2001/02 | 2002/03 |
|---|---------|-----------|---------|---------|---------|
| University of Glamorgan | 1,566 | 1,735 | 2,175 | 2,123 | 2,181 |
| University of Wales Institute, Cardiff | 2,076 | 2,584 | 2,140 | 3,100 | 2,855 |
| University of Wales, Newport | 1,836 | 1,804 | 2,355 | 2,358 | 2,890 |
| Welsh HEIs median | 2,388 | 2,384 | 2,476 | 2,642 | 2,855 |
| English HEIs median | 2,430 | 2,625 | 2,747 | 2,959 | 3,024 |
| English (excluding London and SE) HEIs median | 2,214 | 2,453 | 2,618 | 2,771 | 2,842 |
| UK median | 2,454 | 2,611 | 2,727 | 2,963 | 3,009 |
| UK (excluding London and SE) HEIs median | 2,317 | 2,508 | 2,659 | 2,802 | 2,888 |

Administration costs include academic departmental costs (excluding academic staff costs), academic services expenditure and expenditure on administration and central services (and exclude expenditure on premises). The FTE calculation includes all HE, FE and non-credit bearing students.

Data are taken from institutional level higher education management statistics published on CD each year by HESA.

E7 INSTITUTIONAL SIZE: FTEs AND TURNOVER

| | Total HE FTEs 2001/02 ¹ | Turnover (£ ,000) 2002/03 ² |
|-----------------|---------------------------------------|---|
| Glamorgan | 13,719 | 74,519 |
| UWIC | 6,854 | 50,331 |
| UW Newport | 5,652 | 30,301 |
| Bath | 8,524 | 106,367 |
| Birmingham | 21,766 | 291,853 |
| Bristol | 14,258 | 229,613 |
| Central England | 16,734 | 102,848 |
| Exeter | 9,807 | - |
| Gloucestershire | 7,515 | 41,291 |
| Plymouth | 18,873 | 120,177 |
| UWE | 20,329 | 128,609 |

¹ Data from 'Students in Higher Education Institutions 2001/02', HESA

² Data from university annual reports

ANNEX F PROMOTING MERGERS IN FE

Mergers can bring:

- i. More effective use of resources, including savings (and possible capital receipts) from site rationalisation and removal of unnecessary duplication, though not at the expense of an effective spread of sites for delivery;
- ii. Enhancement of services available and savings from integration of support services;
- iii. Sustainable savings secured through removal of duplicate posts, although this in itself could have short term cost implications (e.g. severance payments);
- iv. Greater security for minority classes within a larger institution;
- v. A more comprehensive curriculum, with more opportunity for progression and wider student choice;
- vi. A higher local profile, providing the opportunity for a more effective position in relation to securing non funding council income, contributing to local strategic initiatives a joint marketing and co-ordinated liaison with local employers;
- vii. Wider use of good practice and expertise in one of the partners in order to benefit the whole institution;
- viii. Greater opportunity to deploy staff, for example to deal with growth in student numbers;
- ix. An increase in borrowing capacity and capital receipts which can facilitate investment in, say, IT links between campuses or teaching resources, and achieving greater value for money by economies of scale and improved purchasing power;
- x. More effective management and organisation, through the opportunity provided by merger for institutional reorganisation;
- xi. Greater resources to support central services – MIS, finance, estates;
- xii. Enhanced and shared staff development;
- xiii. Improved career opportunities for staff in the larger college;
- xiv. Greater responsiveness to future demands (for example distance learning, ICT);
- xv. Greater consistency with accommodation strategies and other strategic plans;
- xvi. Savings realised by removal of duplicated bought in services such as auditors, solicitors, payroll etc;
- xvii. Sharing of good practice in terms of quality.

Source: The Scope for Institutional Mergers at the Higher Educational Level, Welsh Funding Councils, 1999