

Annual Report

2009-10







Conventions and abbreviations

Financial Year (1 April – 31 March) 2009-10
Academic Year (1 August – 31 July) 2009/10
HE – higher education
HEIs – higher education institutions
FEIs – further education institutions
FTE – full time equivalent

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Notes on Reaching Higher targets

The Welsh Assembly Government's new strategy for higher education, *For our Future*, was published during the reporting year. In this edition, we show, one final time, the start and end points of the *Reaching Higher* targets, which relates to the previous Welsh Assembly Government strategy for higher education.

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About HEFCW

The Higher Education Funding Council for Wales (HEFCW) is an Assembly Government Sponsored Body.

HEFCW was established by the Further and Higher Education Act 1992. We administer funds from the Welsh Assembly Government for education and research in higher education (HE) institutions in Wales, and certain HE courses at further education institutions. Responsibilities for initial teacher training (ITT), including the accreditation of ITT providers, are covered under the Education (School Teachers' Qualifications) (Wales) Regulations 2004 and the Education Act 2005.

Our vision
We wish to develop and sustain **internationally excellent** higher education in Wales, for the benefit of individuals, society and the economy, in Wales and **more widely.**

Our Mission

We strategically use resources from the Welsh Assembly Government and others to:

- secure higher education learning and research of the highest quality
- make the most of the contribution of higher education to the culture, society and economy of Wales;
- ensure high quality, accredited teacher training across Wales.

In order to

- enhance social justice, and
- support a buoyant economy.

Previously, we have reported on progress against seven strategic areas. To acknowledge the pace of change in higher education, and to remain as current as possible, we have grouped our actions in the reporting year – the 2009-10 financial year – against the headings in our most recent Corporate Strategy, accessible at [www.hefcw.ac.uk/Publications / Corporate Documents / Corporate Strategy](http://www.hefcw.ac.uk/Publications/Corporate%20Documents/Corporate%20Strategy).

Chair's statement



The Welsh Assembly Government published its strategy and plan for higher education in the 21st century, *For our Future*, during the reporting period. This heralded a new era for higher education in Wales, with further changes ensuing as we welcomed Leighton Andrews AM to the role of Minister for Children, Education and Lifelong Learning. One of a number of significant steps early in his tenure was the announcement of a review of governance structures in universities, and we look forward to engaging with that process over the coming months.

While the fundamental shape of many of our priorities stayed constant over the reporting period, the launch of *For our Future* has given them a sharper focus and a greatly accelerated sense of

pace. The Welsh Assembly Government's twin priorities of social justice and supporting a buoyant economy now run clearly through all our priorities and strategies, and our new *Corporate Strategy* for 2010-11 to 2012-13 sets some demanding targets.

This has been a challenging year for higher education in Wales. Like other bodies that receive public funding, universities have been planning with considerable uncertainty over the future funding environment, and have been anticipating

...higher education will be strengthened and show not just resilience, but progress.

the forthcoming arrangements in Wales to manage the number of full-time undergraduate students. However, we believe that by concentrating our funding in areas that can make a real difference to Wales – such as changing the shape of the HE sector, building our research base, widening access to HE, developing a regional dimension to HE delivery, and reinforcing the attraction of Wales as a place to study – higher education will be strengthened and show not just resilience, but progress. We have already welcomed the University of Wales, Lampeter and Trinity University College,

Carmarthen's commitment to strengthen higher education in west Wales by coming together to create the University of Wales: Trinity Saint David.

Finally, I would like to extend my thanks to all of our Council members and to our executive, who have responded to the

challenges of *For our Future* with a fitting urgency. I am grateful for the contribution of those members whose terms ended, and to the new members we welcomed. I was pleased that the Governance Assurance Review of our work by the Welsh Assembly Government reflected the hard work of the organisation.

Roger Thomas, OBE
September 2010

Chief Executive's statement



For our Future presents significant challenges to the delivery of higher education, in all its aspects, in Wales. We need now to think in terms of a higher education system, with universities and further education colleges working together in an integrated fashion, and with a clear understanding of how each institution contributes to the system as a whole individually and through collaboration, regionally, nationally and internationally.

Our new *Corporate Strategy*, published in June 2010, outlines how we propose to support higher education providers, to accomplish the goals in *For our Future*. Some of these measures are already well under way, such as the development of the *Coleg Ffederal*, which will expand still further the availability of Welsh medium provision, and the establishment of the Universities Heads of the Valleys Institute in South Wales, which will make HE more accessible within a wider programme of work to regenerate one of the most disadvantaged areas in the UK. Work, with our fellow UK HE funding bodies, is also proceeding well on the future framework for assessing research excellence.

During the year, HE institutions in Wales responded strongly to the economic crisis. Our Economic Support Initiative invested more than £2 million in universities to support employees, companies and graduates during the economic downturn. Universities in Wales continued to perform strongly in the annual survey which shows how they work with and generate business. We were also pleased

to launch, and to see universities quickly embracing, the new Matched Funding Scheme, whereby public funding matches donations and gifts given to them.

The challenges of *For our Future*, and the Ministerial Remit Letter which followed in March 2010, have required considerable rethinking of approaches to funding and to expectations over pace of delivery. In the months since March, we have worked with Council members to develop and publish proposals (some firm, some still under consultation) on, among other things, regional strategies for the planning and delivery of higher education, partnership-led Foundation Degrees, managing full-time undergraduate numbers, and significant changes to the funding system for higher education in Wales.

As *For our Future* rolls forward, this will be the last Annual Report in which we will show progress against the targets in the Welsh Assembly Government's previous strategy for HE, *Reaching Higher*. As shown later in this document, very good progress against some of the *Reaching Higher* targets is offset by others which remain challenging. We will continue to work with higher education providers, through difficult but transformational times, to develop a sustainable, internationally excellent higher education system in Wales, to the benefit of the people of Wales.

Professor Philip Gummatt
September 2010

During the year, HE institutions in Wales responded strongly to the economic crisis.

Higher education in Wales in 2009-10

Funding from HEFCW. Formula Funding Allocations 2009/10

Institution	Total formula funding for teaching	Research (QR) & (RIF)	Third mission fund allocations	Post-graduate research	Grand total
	£	£	£	£	£
University of Glamorgan	49,967,101	3,052,362	1,217,588	300,404	54,537,455
Aberystwyth University	25,279,098	7,518,011	496,507	441,153	33,734,769
Bangor University	23,732,378	7,791,036	754,208	647,864	32,925,486
Cardiff University	69,723,819	39,599,827	1,305,772	3,010,277	113,639,695
University of Wales, Lampeter	4,024,195	911,638	164,225	84,313	5,184,371
Swansea University	28,545,330	12,635,219	1,328,645	907,492	43,416,686
University of Wales Institute, Cardiff	27,536,562	1,509,719	473,532	154,744	29,674,557
University of Wales, Newport	17,400,875	559,207	259,987	13,797	18,233,866
Glyndŵr University	15,257,059	298,937	224,230	38,794	15,819,020
Swansea Metropolitan University	12,250,378	252,226	206,600	36,791	12,745,995
Trinity University College	8,495,168	0	160,505	0	8,655,673
University of Wales Registry	0	363,328	0	0	363,328
Coleg Sir Gâr	1,136,879	0		0	1,136,879
Coleg Llandrillo Cymru	1,301,130	0		0	1,301,130
Swansea College	26,799	0		0	26,799
Neath Port Talbot College	125,361	0		0	125,361
Bridgend College	76,671	0		0	76,671
Total	284,878,806	74,491,509	6,591,799	5,635,626	371,597,740

*Figures may not sum exactly to totals due to rounding

Funding higher education

We receive our grant from the Welsh Assembly Government on a financial year (FY) basis (1 April to 31 March), but allocate most of our funding on an academic year (AY) basis (1 August to 31 July).

- We normally announce our annual grant to higher education institutions in March each year.
- In 2009/10 we consulted and reported back on changes to HEFCW funding arrangements.

Formula funding allocations

We announced grant allocations of more than **£410 million** for higher education in Academic Year 2009/10. This included:

- recurrent programme funds of **£402.4 million**
- Open University programme funds of **£7.66 million**.

We announced an additional **£63 million** in Financial Year 2009–10, which included:

- **£34.6 million** to support Reaching Higher objectives
- Capital funds of **£28.7 million**.

Formula funding allocations for the academic year 2009/10

From this, **£372 million** in (mainstream) formula grant was given to the higher education sector for teaching, third mission, research and postgraduate research training. This comprised:

- **£284.8 million** for teaching
- **£74.49 million** for research
- **£5.56 million** for postgraduate research training
- **£6.59 million** for third mission (innovation and engagement activities)

Reaching Higher funding for financial year 2009–10

Funding under the Welsh Assembly Government's 10-year strategy *Reaching Higher* provided:

- **£17.6 million** to support reconfiguration and collaboration in the sector
- **£8.3 million** to support One Wales commitments
- **£2.1 million** allocated to widen access and
- **£6.8 million** earmarked for Reaching Higher capital funding.



HEFCW funding for academic year 2009/10

Baseline

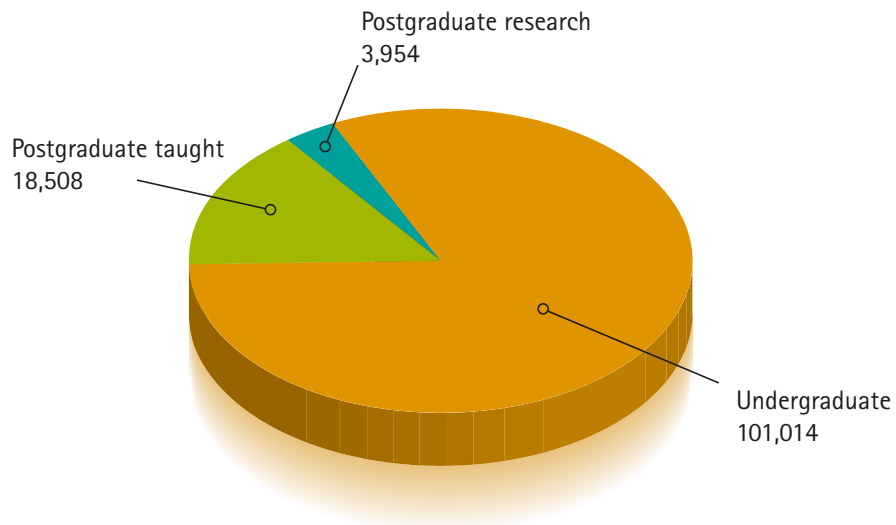
Recurrent	2009/10
Grant for teaching	(£)
Main formula grant	272,297,253
Per capita	4,705,542
Widening access premium	5,613,200
Welsh medium premium	1,400,851
Disability premium	880,660
Subtotal	284,878,806
Graham part-time funding	6,400,000
Open University Recurrent Funding	7,662,000
Strategic funded credits	94,149
Total	299,053,655
Grant for research	
Research Assessment Exercise (RAE) Quality based grant	74,491,509
Postgraduate research	5,635,626
<i>Initiatives - Wales</i>	
University of Wales Board of Celtic Studies	160,775
University of Wales Press	132,042
<i>Initiatives - UK</i>	
Overseas Research Students Awards Scheme (ORSAS)	358,250
Research Support Libraries Programme (RSLP)	
Research Libraries Network (RLN)	50,000
Total	80,798,204
Strategy and initiatives	
Strategy and initiatives	21,354,191
CEO miscellaneous fund	400,000
Total	21,754,191

Third mission	
Go Wales	1,809,543
Spinout	250,000
Third mission fund	6,591,799
Total	8,450,584
Recurrent Total	410,056,634
Capital (allocation on FY basis)	
Research	10,762,000
Teaching	17,983,000
Total	28,745,000

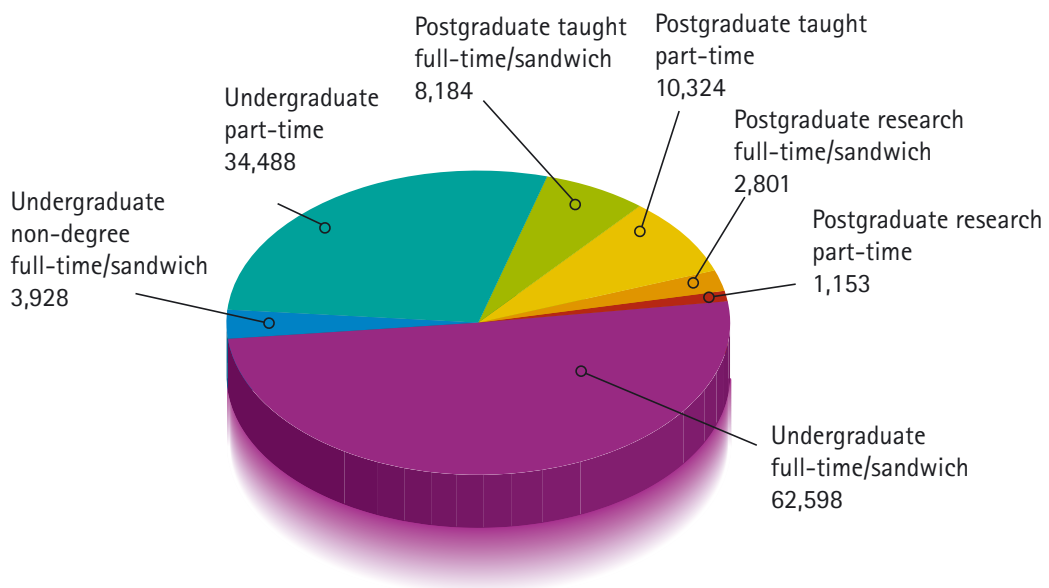
Above baseline

Welsh Assembly Government HE Strategy Funding	
Financial Year	2008-09
Reconfiguration and collaboration	12,464,175
Widening access	2,085,825
<i>Reaching Higher</i> capital	6,760,000
Initial teacher training (ITT) reconfiguration	4,986,050
<i>One Wales</i> commitments	8,318,000
Total	34,614,050

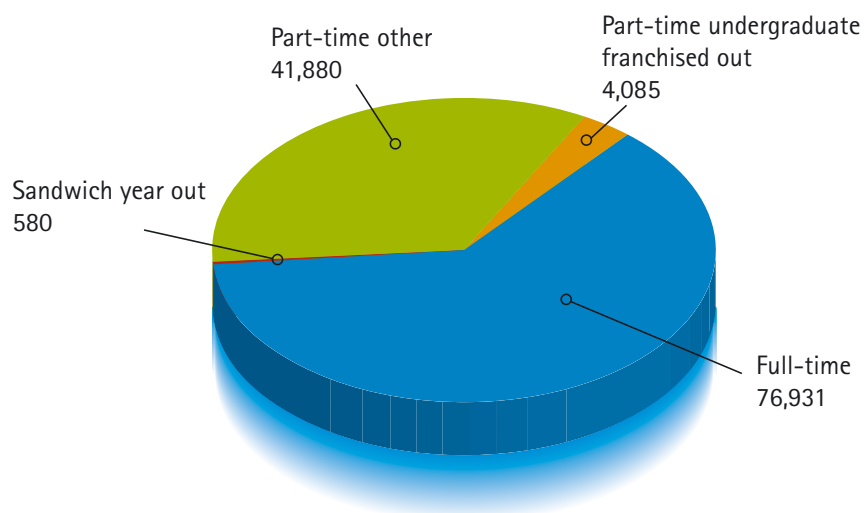
Enrolments by level



Enrolments by level and mode



Enrolments by mode



Higher education in Wales in 2008/09

Data about students

Enrolments by institution, level and mode 2008/09

	Undergraduate degree		Undergraduate non-degree		Undergraduate (UG)	
	Full-time	Sandwich	Full-time	Sandwich	Part-time (excl. FO)	Part-time (FO)
The Open University in Wales	0	0	0	0	4,806	0
University of Wales, Newport	2,904	0	271	0	2,136	1,519
Glyndŵr University	2,332	0	277	0	3,650	539
University of Wales Institute, Cardiff	5,985	56	604	1	765	67
University of Glamorgan	9,372	71	1,648	0	4,257	1,868
Swansea Metropolitan University	2,552	0	323	0	1,436	0
Trinity University College Carmarthen	1,052	0	0	0	699	0
University of Wales, Lampeter	1,062	0	78	0	2,113	7
Aberystwyth University	5,814	59	113	21	2,001	37
Bangor University	5,941	24	114	0	1,089	48
Cardiff University	15,671	301	95	0	4,926	0
Swansea University	9,023	47	126	0	1,984	0
Bridgend College	0	0	30	0	1	0
Coleg Sir Gâr	222	0	0	0	85	0
Coleg Llandrillo	111	0	203	0	391	0
Swansea College	0	0	4	0	5	0
Coleg Menai	0	0	0	0	10	0
Neath Port Talbot College	0	0	21	0	49	0
Total	62,040	558	3,906	22	30,403	4,085

Source: End of Year Monitoring of Higher Education Enrolments (EYM) 2008/09

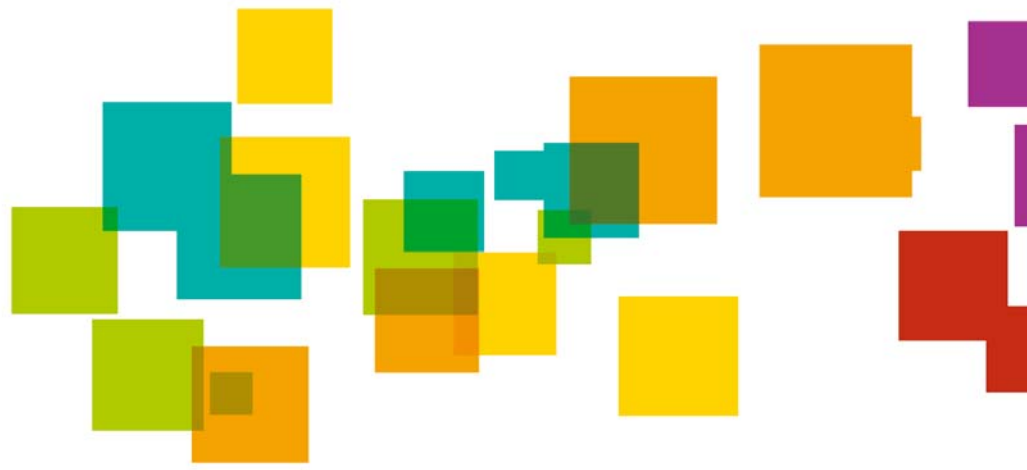
Notes: 1 Sandwich students counted as 1

2 Includes fundable, non-fundable, overseas and island enrolments

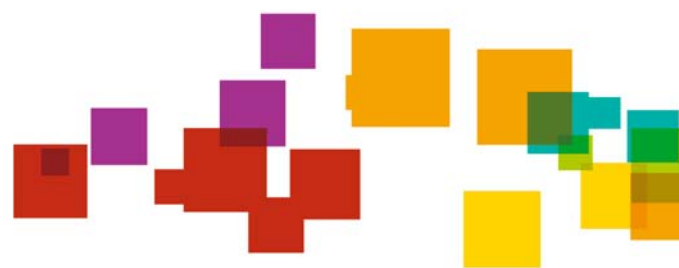
3 Franchised out includes part-time undergraduate only

4 Part-time Undergraduate includes degree and non degree enrolments

5 Figures may not sum to totals due to rounding



Postgraduate Taught			Postgraduate Research			Total
Full-time	Sandwich	Part-time	Full-time	Sandwich	Part-time	
0	0	344	0	0	0	5,150
412	0	1,086	27	0	24	8,379
421	0	332	38	0	32	7,621
799	0	487	130	0	114	9,008
1,205	0	1,701	177	0	242	20,540
413	0	611	16	0	48	5,399
104	0	80	0	0	0	1,935
568	0	563	86	0	111	4,588
516	0	740	215	0	79	9,595
801	0	822	426	0	136	9,400
2,170	0	2,949	1,237	0	240	27,589
776	0	609	449	0	127	13,141
0	0	0	0	0	0	31
0	0	0	0	0	0	307
0	0	0	0	0	0	705
0	0	0	0	0	0	9
0	0	0	0	0	0	10
0	0	0	0	0	0	70
8,184	0	10,324	2,801	0	1,153	123,476



Widening access

Social justice is a key Welsh Assembly Government priority.

Universities have an important contribution to make to this aim through widening access to higher education.

Our aims include to:

- increase access to HE for those with the potential to benefit from it
- ensure that retention rates in universities compare favourably with the rest of the UK
- promote co-ordinated widening access activities and share good practice across Wales
- encourage looked-after children and care leavers to consider opportunities in HE.

Every year, we work with higher education institutions which:

- run schemes to encourage people of all ages to improve their skills and participate in HE whatever their background. The *Reaching Wider* initiative, specifically, runs programmes to widen access, encourage regionally co-ordinated activities and share good practice for target groups traditionally under-represented in HE: people from Communities First¹ areas, black and minority ethnic (BME) groups, disabled people, and those who wish to study through the medium of Welsh.
- receive additional funding to recognise the additional costs that can be incurred if some students might need additional support, skills development or confidence-building before embarking on a HE course, or for retaining students where there is little tradition of participation in higher education.
- receive further additional – 'premium' – funding for recruiting students from Communities First and other low participation areas, students with

non-traditional qualifications and students who receive a disabled students' allowance.

- produce strategies to widen access to HE and increase provision for disabled students.
- provide members for our Student Experience, Teaching and Quality Committee, which advises our Council on policy in this area.
- receive their teaching funding based on credit to support flexible learning in higher education institutions and to aid progression between further and higher education.

In 2009-10:

- We allocated an additional £220 per eligible student for widening access and continued to pay the additional premium, also set at £220, per eligible student from Communities First areas. HE institutions received approximately £2 million for the *Reaching Wider* initiative, £1.87 million to implement widening access strategies, and £6.4 million for widening access premium funding (including targeted funding for Communities First students and others from low participation areas, and students with non-traditional qualifications).
- Institutions received an additional £220 per eligible disabled student, taking funding in this area to more than £0.9 million.
- UK-wide figures released showed that universities and colleges in Wales continued to perform well in recruiting students from under-represented groups. The Welsh higher education sector recorded similar or higher proportions of students from most under-represented groups in HE compared to the UK as a whole. The figures for the 2007/08 academic year showed the Welsh HE sector's achievements in widening participation, with particular successes in recruiting full-time undergraduate students who received a disabled students' allowance, and young, full-time undergraduates from state schools.

¹The Communities First areas correspond to the 100 most deprived electoral divisions according to the Welsh Index of Multiple Deprivation.



- We published information about higher education institutions' progress in supporting looked after children and care leavers, including examples of effective practice. All of Wales's universities have now achieved the Frank Buttle Trust Quality Mark for Care Leavers in Higher Education. The Quality Mark recognises universities' commitment to providing support and additional funding for people of all ages with a care background, and identifies institutions which have improved care leavers' academic skills to succeed in school, college and university.
- We published a report on the key outcomes of our research into support for disabled students in the HE sector in Wales. It gave an overview of the

progress the sector has made since our guidance was published in 1999, and of good practice and areas for development.

- We published information about widening access to higher education for refugees and asylum seekers, and gave examples of effective practice in providing refugee and asylum seeker support.
- We took forward the Universities Heads of the Valleys Institute (UHOVI) project using support from our Strategic Development Fund, and assumed responsibility from the Welsh Assembly Government for funding additional student numbers for UHOVI.

Performance against Remit Letter tasks

Action	Outcome
<p>On receipt of further Welsh Assembly Government guidance following the publication of the Merfyn Jones review of higher education, to:</p> <ul style="list-style-type: none"> • review the contribution of <i>Reaching Wider</i> to achieving Welsh Assembly Government policies and targets, and • take initial proposals and recommendations to Council and the Welsh Assembly Government's Department for Children, Education, Lifelong Learning and Skills (DCELLS), by March 2010, on measures which might refresh widening access policy, including <i>Reaching Wider</i>. 	<p>Further to the Jones review, the Education Minister's June 2009 Statement, and the Welsh Assembly Government's Strategy and Plan for HE, <i>For our Future</i>, we reviewed <i>Reaching Wider</i>, including through a higher education sector dialogue meeting in November 2009 and a meeting with Chairs of <i>Reaching Wider</i> partnerships. However, the task of reporting this to Council and DCELLS by March 2010 was superseded by <i>For our Future</i> requirements.</p>
<p>In rolling forward widening access strategies and <i>Reaching Wider</i> proposals for a further year, and taking account of the Merfyn Jones review of HE and Higher Education Academy reviews, to:</p> <ul style="list-style-type: none"> • research and report to DCELLS on additional levers which might deliver measures to improve widening access delivery by March 2010. 	<p>As above.</p>
<p>Following the Merfyn Jones review of higher education, to:</p> <ul style="list-style-type: none"> • investigate with the sector and report initial recommendations to DCELLS on measures that might raise the level of student retention across Wales, including how HEFCW might ensure the sector develops identifiable and effective pathways to HE from vocational and other non-traditional routes (including work-based learning) by March 2010. 	<p>Included in widening access advice to the Minister on remit letter matters, submitted in January 2010. There would be further work in the light of <i>For our Future</i>, including a remit to the Higher Education Academy to deliver a retention-related event in May 2010 to further support the sector to improve retention and to share effective practice with, and between, other devolved administrations of the UK.</p>

<p>Following the Welsh Assembly Government's response to the Merfyn Jones review of HE, to:</p> <ul style="list-style-type: none"> • present initial advice to DCELLS on options to address the challenges and opportunities presented by demographic change. 	<p>Achieved.</p> <p>Advice submitted to the Minister (Jan 2010) in response to our 2009-10 remit letter requirements. Taken forward as set out in the remit letter advice, noted above.</p>
<p>To present recommendations to DCELLS on approaches which deliver opportunities for greater 'synergy' between HEFCW policies and the Welsh Assembly Government's Adult Community Learning (ACL) policy by November 2009.</p>	<p>No longer applicable.</p> <p>However, we included this issue in the remit letter advice (noted above) submitted in January 2010. We continue to work with Welsh Assembly Government officials on ACL matters to ensure that HE is enabled to play its full part. The 17 ACL proposals included representation from all HE institutions and we strongly encouraged them, in their widening access strategies, to continue to take account of emerging ACL developments in their regional planning and to play their full part. HE contributed to the February 2010 ACL conference.</p>
<p>By December 2009, to:</p> <ul style="list-style-type: none"> • provide advice to DCELLS on steps to address the issue of hidden course costs and to ensure that HE institutions clearly communicate these to prospective students. 	<p>Achieved.</p> <p>Advice submitted as part of widening access remit letter advice in January 2010.</p>
<p>Building on HEFCW's earlier work, to:</p> <ul style="list-style-type: none"> • contribute, from a HE perspective, to the planned Welsh Assembly Government consultation on a Vulnerable Children Strategy (with a particular focus on children in care) by March 2010. 	<p>No longer applicable.</p>

Reaching Higher target: Widening Access

The percentage of all Welsh domiciled undergraduate new entrants to HE courses at UK HE or FE institutions (HEIs / FEIs) who are domiciled in the Welsh Communities First areas to rise from 8.9% in 2000/01 to 11.4% in 2010/11.

	2000/01			2007/08		
	Number	Total	%	Number	Total	%
Welsh HE institutions	2,733	26,848	10.2%	3,467	30,031	11.5%
UK HEIs and FE institutions	3,484	39,056	8.9%	4,292	42,825	10.5%
Lowest/highest (Welsh HE institutions):	2.0% - 15.8%			3.9% - 15.8%		

Communities First areas: 100 most deprived electoral divisions according to Welsh Index of Multiple Deprivation. Students domiciled in Communities First areas are those whose home postcode lies within these divisions.

Percentage of students domiciled in the Communities First areas is out of Welsh domiciled students at the institution with known wards.

Welsh domiciled students are taken to be those with a Welsh home postcode.

All modes of study are included.

A new HESA student record was introduced in 2007/08, therefore any comparisons to earlier years in previous annual reports should be made with care.

The Deal for Students

National Student Survey results, and surveys of the international student experience in Wales, show the priority placed in Wales on excellent teaching and a high quality student experience.

We are responsible for ensuring that the quality of funded provision in higher education institutions is assessed, and for helping the HE sector in Wales reach its target for 7% of students who live in Wales to take some part of their HE course through the Welsh language.

Our aims

- A HE sector in Wales which compares favourably with the rest of the UK and overseas in providing high quality learning and teaching, including through ensuring that the quality of funded provision in HE institutions is assessed.

Every year, we work with higher education institutions:

- which receive funding to implement learning and teaching strategies and share good practice, and to embrace new technology to boost the experience of students in higher education.
- whose award standards and quality are assessed by the Quality Assurance Agency for Higher Education (QAA).
- which are supported by the Higher Education Academy to enhance quality and standards.
- which receive funding to maintain and develop Welsh medium provision.
- which provide members for our Student Experience, Teaching and Quality Committee, and our Research, Innovation and Engagement Committee, to advise our Council on policy issues in this area.
- to run the graduate employability scheme GO Wales.
- and with the UK HE Europe Unit on European Union opportunities, with the UK International Unit on international opportunities for HE institutions in Wales, and with the Wales International Consortium on international issues.
- and the Sector Skills Councils to respond to issues of employer engagement, with a focus on higher level skills.

In 2009-10:

- We set up the Implementation Board to put in place the arrangements for the Welsh Medium Coleg Ffederal, which would maintain, develop and oversee Welsh medium higher education provision in Wales. This followed the report to the Welsh Assembly Government by Professor Robin Williams in 2009, which proposed a model for the Coleg Ffederal. The new Board would develop arrangements for: handling funding; incorporating the Centre for Welsh Medium Higher Education; the management and staffing structure of the Coleg Ffederal; and appointing and handing over to the Coleg Ffederal's new National Council in 2011.
- We worked with the QAA to implement a new institutional review process and a procedure for addressing potentially unsatisfactory quality in institutions in Wales.
- We confirmed that £1.02 million would be available to support institutions' learning and teaching strategies.
- We made extra payments for Welsh medium students and distributed roughly £1.4 million through these Welsh medium premium allocations.
- With the Welsh Assembly Government, we supported the Wales International Consortium (WIC) in a high-level delegation to India in March 2010, reported the outcomes to our Research, Innovation and Engagement Committee and highlighted valuable opportunities in research and innovation for the Welsh HE sector and businesses.
- As part of a delegation from the UK Association of University Administrators, we led a team which explored and reported on the governance and



management arrangements of the Indian HE sector, and stressed important opportunities and challenges for the UK HE sector as a whole.

- The UK HE Europe Unit's 2009 survey of HE institutions' engagement with the Bologna Process, which helps harmonise academic degree and quality assurance standards across Europe, highlighted several areas where Wales outperformed the rest of the UK, including:
 - An 83% response rate from HE institutions in Wales, higher than the UK national average of 59%,
 - 80% of HE institutions used the European Credit Transfer System (ECTS) for credit transfer in Wales compared to 78% in Scotland and 50% in England and Northern Ireland.
 - 80% of HE institutions had measures to support staff mobility compared with 67% in Scotland and 73% in England and Northern Ireland.
 - 90% of HE institutions had international strategies compared with 82% in the UK as a whole, while 70% had assigned responsibility to staff or a group for Bologna issues compared to the UK national average of 58%.
- We welcomed the President of the National Union of Students in Wales to her first meeting of HEFCW's Council as an observer, and she

continued in her role on our Student Experience, Teaching and Quality Committee.

- We approved a contribution of £2.738 million from HEFCW for JISC (the Joint Information Systems Committee, which supports UK post-16 and higher education and research) for 2009/10.
- A cross-sector commitment the *Wales Initiative for Student Engagement* (WISE), and a new 'Have your say' project were both launched. The HEFCW-funded 'Have your say' project put students at the heart of future developments in HE in Wales through recruiting, training and empowering a network of student course representatives. WISE brought together Higher Education Wales, HEFCW, the QAA, the HE Academy and NUS Wales.
- Results from the fifth annual National Student Survey (NSS) showed that 83% of respondents in Wales were satisfied with their course, with Wales remaining just above the figure achieved for the UK as a whole.
- We published guidelines – aimed at senior management and staff involved in the marketing and admissions – on good practice in providing information on the cost of study to students and prospective students of HE.

Performance against Remit Letter tasks

Action	Outcome
<p>To work in partnership with the sector to:</p> <ul style="list-style-type: none"> • take forward such developments as may follow from the Welsh Assembly Government's response to the report of the Chair of the Coleg Ffederal Planning Board, including continuing HEFCW's role in funding Welsh medium provision. 	<p>Achieved.</p> <p>Welsh medium funding has continued.</p> <p>The Chair of the Coleg Ffederal Implementation Board was appointed.</p> <p>The first meeting took place in April 2010.</p>
<p>Taking soundings from the higher education sector, to:</p> <ul style="list-style-type: none"> • play HEFCW's views into the evaluation of the Prime Minister's Initiative 2 (PMI2), and offer informed comment to the Welsh Assembly Government's Department for Children, Education, Lifelong Learning and Skills (DCELLS) by January 2010. 	<p>HEFCW engaged in regular discussions with the Welsh Assembly Government through 2009 to deliver advice and comment. A Wales International Consortium (WIC) workshop was held early in 2010 to promote good practice and engage academics, highlighting several successful Welsh higher education bids. PMI2 concludes in 2011, and funding opportunities are now winding down. DCELLS were content with HEFCW's support, with no further contribution expected under this specific task.</p>

<p>To gather additional information from the Vice Chancellors' representative body Higher Education Wales (HEW) and the higher education sector on how Erasmus Mundus might be developed further in Wales, and to report that analysis with appropriate conclusions to DCELLS by December 2009.</p>	<p>Achieved. Wales was largely outperforming rest of UK on aspects of Erasmus Mundus. Supporting data was shared with the Welsh Assembly Government towards end of 2009, and continuing HEFCW work to support Welsh HE performance has been supported by Wales Higher Education Brussels (WHEB) and WIC activity.</p>
<p>To join meetings with DCELLS officials to support and enable them to prepare an overarching strategy for international HE in Wales for submission to Ministers by March 2010.</p>	<p>The Welsh Assembly Government formed the HE International Board in December 2009 with appropriate representation to oversee the development of the HE international strategy. The Assembly subsequently asked Higher Education Wales (HEW) to lead on the HE International strategy supported by the International Board. HEFCW provided advice to support the appointment of a consultant, with a view to producing a draft strategy by early summer 2010.</p>
<p>To work with Welsh Assembly Government officials in developing foundation degree policy, and in delivering level 4/5 skills provision.</p>	<p>HEFCW was to be represented on the Welsh Assembly Government's Foundation Degree Group, although events were overtaken by the approval of the HEW all-Wales foundation degree proposal for Convergence Funding, agreed with WEFO in September 2009. HEFCW became a member of the HEW steering group, and the foundation degree programme scheduled to begin recruitment in January 2010. Our Student Experience, Teaching and Quality Committee (SETQC) had a strategic discussion on foundation degrees March 2010.</p>
<p>To consider mechanisms for enhancing engagement with NUS Wales, including through a new programme of support for student representation in quality, to start in August 2009.</p>	<p>Achieved. Observer status offered to the NUS Wales President on Council. New NUS programme, 'Have your Say', started in August 2009 and was launched as part of the multi-agency <i>Wales Initiative for Student Engagement</i> initiative by the Education Minister in October 2009. Regular liaison meetings between HEFCW and NUS Wales. NUS Wales are also represented on our Student Experience, Teaching and Quality Committee.</p>

Reaching Higher target: Welsh Medium

The proportion of Welsh domiciled HE students in Welsh HE institutions and FE institutions undertaking some element of their course through the medium of Welsh to increase from 5.3% in 2000/01 to 7% in 2010/11.

	2000/01			2007/08		
	Number	Total	%	Number	Total	%
Welsh HE institutions	3,473	63,681	5.5%	3,916	72,080	5.4%
Welsh HE institutions and FE institutions	3,495	65,800	5.3%	9,977	73,418	5.4%
Lowest/highest (Welsh HE institutions):	0.0% - 38.0%			0.1 - 52.5%		

Students are counted as having some element of their course through the medium of Welsh if they are flagged as taking a module that is available wholly or partly through the medium of Welsh or if any of the modules they are taking has a greater than zero percentage of provision through the medium of Welsh. Courses in Welsh language and literature are included.

All modes of study are included.

For 2007/08 only, a small number of adjustments were made to the Welsh medium data using corrections provided by institutions.

A new HESA student record was introduced in 2007/08, therefore any comparisons to earlier years through previous annual reports should be made with care.

Reaching Higher target: Wales as Destination of First Choice

The proportion of all Welsh domiciled full-time HE students enrolled at UK HE institutions who are studying at HE institutions in Wales to increase from 60.1% in 2000/01 to 70% in 2010/11.

Proportion of full-time students in Welsh HE institutions who are Welsh domiciled

	2000/01			2007/08		
	Number	Total	%	Number	Total	%
Welsh HE institutions	31,772	67,742	46.9%	38,679	80,881	47.8%
Lowest/highest (Welsh HE institutions):	29.5% - 84.7%			23.6% - 83.5%		

Proportion of Welsh domiciled full-time HE students enrolled at UK HEIs who are studying in Welsh HEIs:

Total UK HE institutions	31,772	52,882	60.1%	38,679	58,186	66.5%
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Welsh domiciled students are taken to be those with a Welsh home postcode. Full-time and sandwich modes of study are included.

A new HESA student record was introduced in 2007/08, therefore any comparisons to earlier years should be made with care.

Reaching Higher target: Overseas students

The percentage change in the number of overseas students attending HE courses in Welsh HE institutions to be equal to, or greater than, the comparable figure for UK HE institutions (excluding London and the SE) by 2010/11.

	2000/01			2007/08		
	Number	Total	%	Number	Total	%
Welsh HE institutions	5,322	109,765	4.8%	14,066	131,511	10.7%
UK HE institutions (excl London and SE)	98,381	1,366,391	7.2%	179,874	1,609,706	11.2%
Lowest/highest (Welsh HE institutions):	0.5% - 9.5%			1.8 - 20.9 %		

Year-on-year change

	2000/01 to 2001/02	2006/07 to 2007/08
Total Welsh HE institutions	10.4%	13.1%
Total UK HE institutions (excl London and SE)	10.3%	5.2%
Lowest/highest (Welsh HE institutions)	-7.7% - 97.6%	-12.0% - 51.8%

Overseas students are taken to be those students not domiciled in the EU, the Channel Islands or the Isle of Man and includes incoming exchange students.

All modes of study are included.

A new HESA student record was introduced in 2007/08, therefore any comparisons to earlier years, detailed in previous annual reports, should be made with care.

Research

Research creates knowledge which, when applied, can generate wealth and new, high-level jobs.

We direct funding to help strengthen the quality and quantity of the research base in Wales, and to secure sustainable excellent research in Wales that is recognised around the world. We will also fund higher education institutions to continue to form new collaborative partnerships which strengthen their individual research goals. We also strategically deploy a Third Mission Fund alongside funding delivered by the Welsh Assembly Government via its Academic Expertise for Business (A4B) Programme to help commercialise research outputs, including via collaborative research between HE institutions and businesses in Wales.

Our aims

- A research base in Wales of a quality which compares favourably with the rest of the UK and internationally, and which is exploited more effectively.
- Effective and sustainable research groupings in Wales, by ensuring they are of a sufficient size and disciplinary range.
- The HE sector in Wales to secure more research income from sources other than HEFCW, particularly through Research Council grants and through commercialising their research outputs.
- To support economic development in Wales by attracting new inward investors on the basis of the commercial relevance of Welsh research expertise.

Every year, we work with the higher education sector, which:

- undertakes research which advances knowledge and practice and, where appropriate, provides a basis for application and knowledge transfer.
- receives HEFCW funding for research through the QR (Quality Research) funding stream, which rewards and reinforces research excellence based on the outcomes of the Research Assessment Exercise (RAE).

- trains the next generation of researchers by providing postgraduate research degree programmes, with support from HEFCW's postgraduate research funding stream (PGR).
- We have also worked with the sector to progress developments that strengthen research capacity on a collaborative basis, with support provided from the Welsh Assembly Government's Reconfiguration and Collaboration Fund.

In 2009-10:

- We published the high-level outcomes of the consultation by the four UK HE funding bodies, and the next steps in implementing the Research Excellent Framework, which will replace the Research Assessment Exercise (RAE).
 - We approved £4 million of Reconfiguration and Collaboration Fund support for the Climate Change Consortium, comprising Aberystwyth, Bangor, Cardiff and Swansea Universities. The research programme brings together nearly 200 experts in the four Welsh universities to improve understanding of how climate change will affect the Earth's environment and people's lives.
 - We also worked closely with the Welsh Assembly Government's Department of Economy and Transport to implement the recommendations of the Gibson *Review of Commercialisation in Welsh HE*, especially in the context of a dual-support system provided via HEFCW's Third Mission fund and the Welsh Assembly Government's A4B (Academic Expertise for Business) Programme.
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Performance against Remit Letter tasks

Action	Outcome
To investigate with the higher education sector the scope for establishing further National Research Centres based on collaborative proposals from HE institutions with a strong research profile, and to make recommendations to the Welsh Assembly Government's Department for Children, Education, Lifelong Learning and Skills (DCELLS) by January 2010.	Advice was presented to DCELLS in January 2010 on appropriate criteria for future National Research Centres. Our advice noted that, by agreement with the Department for Economy and Transport and DCELLS, two research developments have already been so designated and funded by HEFCW: the Research Institute of Visual Computing and the Wales Institute of Social and Economic Research, Data and Methods (WISERD).
To support proposals emerging from DCELLS (especially through our membership of its National Science Academy (NSA) steering group) for developing an NSA in the HE sector, with a particular emphasis on the STEM (science, technology, engineering and maths) graduate supply chain, by December 2009.	Revised NSA steering group proposals were presented to Ministers in March 2010, and funding arrangements were then rolled out for new developments, which focused primarily on schools. HEFCW continued on the steering group.

Reaching Higher target: Research income

A The percentage of Research Council funding attracted by HE institutions in Wales to rise from 3.3% to 4.5%.

	2000/01	2007/08
Welsh HE institutions Total	£22,915,000	£43,816,000
Total UK	£695,065,000	£1,358,095,000
Wales as % of UK	3.3%	3.2%

Data relating to the Centre for Advanced Welsh and Celtic Studies have not been included in these figures.

B The research income from sources other than the Research Councils to rise by 60% on £55.6 million by 2007/08 and 100% by 2010/11.

	2000/01	2007/08
Welsh HE institutions Total	£55,645,000	£99,108,000
Increase as % of baseline	–	78.1%

Data relating to the Centre for Advanced Welsh and Celtic Studies have not been included in these figures.

Skills and knowledge transfer

The higher education sector in Wales produces more than 30,000 graduates a year, contributes more than £1 billion annually to the Welsh economy, attracts inward investment, generates export earnings, and is a major employer in Wales.

We are committed to ensuring that graduates are equipped for the world of work and for their roles as citizens. It is vital that the knowledge developed in higher education can be made accessible for development in the business community, with providers needing to develop their links with employers, and their cultural and civic roles.

We aim to:

- benefit economy and society – creating wealth and knowledge – through delivering productive relationships between HE institutions and the public and private sectors, other agencies and local communities.
- retain graduate skills in the Welsh economy and enhance the contribution of Welsh graduate skills more widely.
- support HE institutions to deliver newly qualified teachers of the highest quality.

Every year, we work with higher education institutions:

- to contribute to economic development and delivering social justice at local, regional, national, UK and international levels. Areas of activity include skills and employability, sustainability, enterprise, innovation and inward investment.
- which receive funding to implement Innovation and Engagement (formerly 'Third Mission') strategies in support of economic and social well-being in Wales and beyond.
- which lead employability initiatives in the UK with schemes such as GO Wales. GO Wales has strengthened employer links with universities. This part ESF-funded programme brings graduates and business together by supporting

work placements or offering work experience and training.

- to encourage initial teacher training (ITT) centres to consider and tackle key issues for ITT and relevant priorities set by the Welsh Assembly Government, Estyn and HEFCW. These priorities include: training for secondary priority subjects and Welsh medium teachers; partnerships with schools; maintaining and enhancing quality; and curriculum development.

In 2009–10:

- Universities were awarded more than £2 million to support employees, companies and graduates during the economic downturn. Four projects, worth £2.15 million, were given the go-ahead under the Economic Support Initiative, for Wales's universities to help individuals and businesses weather the economic downturn. The initiative enabled Welsh higher education institutions to further protect or improve the employment prospects of employees in the Welsh economy, the recently unemployed and graduates entering employment. It also enabled them to support companies, including small and medium enterprises, in targeted sectors, by providing co-ordinated access to knowledge and expertise within higher education to improve business performance and up-skill their workforce.
- We delivered over £6.5 million in Innovation and Engagement (formerly 'Third Mission') funding to HE institutions to support individual and collaborative Third Mission strategies, as well as more focused collaborative activity such as the *Food Industry Skills Project* and the *Strategic Insight Programme*.
- We commissioned an independent evaluation of our first three-year third mission (3M) funding cycle. This report found that between 2004/05 and 2006/07, HE institutions increased their income from their 3M activities by 50% and that these activities were making a positive and quantifiable impact on delivering Wales's ambitions for a knowledge-based economy.

- Universities in Wales performed well in the annual UK-wide Higher Education – Business and Community Interaction (HE-BCI) Survey showing how HE institutions work with and generate business, measuring the level and nature of interactions between universities and the public, private and third sectors as well as with the public at large. The survey showed that Welsh HE was performing above its nominal 5% UK weighting in a range of areas, including in relation to the generation of new companies from both university staff (spinouts) and students (graduate start-ups) and levels of associated turnover and employment, which directly impact on economic growth in Wales. In 2008/09 – the most recent year for which data are available – Welsh universities 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 Higher Education Academy published the results of a nationwide review of Education for Sustainable Development and Global Citizenship in curricula. We had sponsored this review, which used an audit tool developed by the Centre for Business Relationships, Accountability, Sustainability and Society (BRASS) at Cardiff University, in 2008.
- We implemented new funding arrangements for ITT strategies and partnerships.
- We part-funded the Higher Education STEM Programme, an initiative to promote science, technology, engineering and mathematics (STEM) in England and Wales. Six partner universities, including Swansea University, would develop and initiate activities in their regions as part of the £21 million initiative. The programme helps students to develop the skills required by employers, engage young people in STEM disciplines and encourage participation in these subjects in schools.
- We announced allocations for Additional Support for Part-Time Students in 2009/10. This was aimed at maintaining and strengthening part-time provision, with a particular focus on widening access to higher education and at extending links with employers in delivering part-time higher education.

Performance against Remit Letter tasks

Action	Outcome
To promote joint working across Wales on socio-economic regeneration, commercialisation, research, and sector skills through Council's new Research, Innovation and Engagement (RIE) Committee throughout 2009/10.	Achieved. There is now a range of major collaborative projects being supported by the European Structural Funds monies. These cover work-based learning, foundation degrees, access to Masters and knowledge economy scholarships. Our third mission fund is also supporting four collaborative projects across these areas, and their progress is being actively monitored by the RIE Committee.
To: <ul style="list-style-type: none"> • assess progress with the new GO Wales programme, including its role in assisting new or redundant graduates through the recession • evaluate earlier phases, and • advise the Welsh Assembly Government's Department for Children, Education, Lifelong Learning and Skills (DCELLS) on how graduate employability might be further enhanced, by December 2009, taking into account emerging agendas arising from the review of Careers Wales. 	The new programme is at the height of activity, and a year end performance review has been undertaken. The pilot phase of the Graduate Academy was very successful, with plans to extend it during 2010/11. The freelancers pilot programme was successfully held, with plans to roll it out across Wales in 2010/11. Agreement was reached with Jobcentre Plus about unemployed graduates' ability to retain benefits while being eligible for Graduate Academy enrolment. Awaiting the publication of Careers Wales review at time of writing.

<p>To work closely with the Sector Skills Councils (SSC) and related stakeholder groups (including the Wales Employment and Skills Board (WESB)) to:</p> <ul style="list-style-type: none"> • produce proposals from the higher education sector which improve partnerships between HE institutions and employers which lift skills levels and commercialisation opportunities, in order to make recommendations to DCELLS by January 2010. 	<p>Following the SSC relicensing process, DCELLS has been driving activity in relation to the establishment, by the SSCs, of all-Wales action plans, from which HE-specific strategies will derive. DCELLS set a deadline of the end of March 2010 for this process (overriding the original January target date here), but delays in relicensing decisions slowed progress.</p> <p>Our <i>For our Future</i> action plan re-commits us to this agenda, underpinned by our active engagement with the Alliance of Sector Skills Councils the HE-SSC Communications Group and the HE European Structural Funds Collaborative Programme; the latter will fund new foundation degree and work-based learning provision delivered through HE/further education/SSC partnerships (with the first batch of projects to be approved in March 2010). DCELLS was fully involved in all these deliberations.</p>
<p>To consult with the higher education sector in the context of the Welsh Assembly Government's Transformation Strategy (Delivering Skills that Work for Wales), and develop solutions which offer opportunities to better cater for the needs of learners and employers through improved skills levels. Initial recommendations to be presented to DCELLS by March 2010.</p>	<p>See above.</p> <p>To be taken forward through our <i>For our Future</i> action plan.</p>
<p>To explore ways in which the supply of STEM (science, technology, engineering and maths) graduates in Wales can be increased through:</p> <ol style="list-style-type: none"> i) participation in the England and Wales STEM steering group; and ii) managing Welsh HE institutions' active participation in the HEFCE STEM programme, run by the University of Birmingham. <p>Reporting on progress to DCELLS by December 2009.</p>	<p>Wales is participating in the National STEM Programme. Activities in Wales are being led by the Welsh Institute of Mathematics and Computational Sciences (WIMCS) at Swansea University.</p>
<p>To keep under review the effectiveness of HEFCW's Economic Support Initiative (ESI), advising DCELLS as appropriate on any further actions required to alleviate the pressures resulting from the current economic downturn.</p>	<p>Achieved. Four projects were approved for ESI funding. Initial monitoring reports were due by April 2010, with an evaluation at the end of the initiative in 2011.</p>
<p>To encourage institutions - in their role as employers - to respond to the economic downturn.</p>	<p>Achieved. HE institutions' third mission strategies and GO (Graduate Opportunities) Wales discussions addressed recession issues.</p>

To make recommendations to DCELLS on measures to extend the opportunity for part-time delivery, including through the workplace, by March 2010.	Funding for part-time students ('Graham' funding) was reviewed, and report was shared with the Research, Innovation and Engagement Committee, Student Engagement, Teaching and Quality Committee and Council; renewed arrangements agreed and sector informed of new allocations in April. Employer engagement remains a principal focus of the funding activities.
To continue to work, in liaison with Welsh Assembly Government officials, with the initial teacher training (ITT) providers to implement plans for reconfiguring ITT, in line with the timetable agreed with the Assembly.	Achieved. Reconfiguration has been progressing positively in the three new ITT Centres.
In the light of the DCELLS review of teacher professional development, to: <ul style="list-style-type: none"> • consider mechanisms for accrediting teacher professional development, and alignment with the work of HE institutions. 	Discussion postponed until April 2010.
Taking account of WERN (Welsh Education Research Network) progress, to: <ul style="list-style-type: none"> • develop proposals with Welsh Assembly Government officials and the higher education sector on building research in learning delivery and performance in Wales, by the end of July 2009. Following on from this, to: <ul style="list-style-type: none"> • work with HE institutions to agree a proposed way forward by December 2009, with initiation by the end of March 2010. 	Achieved. Proposals were developed in 2009 and HEFCW funding was agreed by December 2009.

Reaching Higher target: spinout

The number of profitable spin out companies produced from HE institutions in Wales to double from 21 to 42.

	2000/01	2007/08
Welsh HE institutions Total	25	35
Lowest/highest (Welsh HE institutions)	0/7	0/9

Data show actual and new spinout companies to be formed each academic year.

Reconfiguration, collaboration, and the higher education system in Wales

We are committed to delivering the Welsh Assembly Government's key priority of a reconfigured higher education system with strong providers that, through partnership working, particularly regionally, offers more accessible higher education opportunities.

HE in Wales is part of a UK and wider international market for students and staff. Developments elsewhere impact on the competitiveness of the sector in Wales.

For our Future, the Welsh Assembly Government's strategy for higher education, published in December 2009, set a clear framework for the development of higher education in Wales. Within this context, we wish to see closer working between providers, with a culture of collaboration deeply embedded across the sector and with other partners, to build critical mass, share services and improve income generation.

We are aiming for:

- a competitive, diverse and internationally competitive HE system that serves the needs of Wales.
- a more strategic approach towards distributing our core funding to HE institutions and how we distribute the funding set aside for carrying out *Reaching Higher* priorities.

We work with higher education institutions:

- to award funding through the Welsh Assembly Government's Reconfiguration and Collaboration Fund (RCF), which supports major proposals for higher education institutions to merge or work together in clusters or networks of excellence in teaching, research and innovation and engagement activities.
- to support collaborations and UK-wide, strategic initiatives which do not fall under the remit of the RCF through our Strategic Development Fund.

- to review estates strategies, where institutions take account of their individual estates needs, including the accommodation requirements of students and financial and environmental sustainability issues.
- to provide capital funding to institutions to support investment in buildings and equipment for teaching and research.

In 2009–10, we:

- Agreed to the merger of Trinity University College, Carmarthen and the University of Wales, Lampeter, which will deliver a viable and sustainable new university (University of Wales: Trinity Saint David) that builds on the brands and traditions of the existing institutions. The new university will ensure a sustainable future for HE provision west Wales, and will act as a key supporting partner in the South West Wales regional community and economy.
 - Approved £4 million of Reconfiguration and Collaboration Fund support for the Climate Change Consortium, comprising Aberystwyth, Bangor, Cardiff and Swansea Universities. The research programme brings together nearly 200 experts in the four Welsh universities to improve our understanding of how climate change will affect the Earth's environment and people's lives.
 - Consulted on *For our Future's* recommendation that higher education in Wales is developed in the context of a regional planning and delivery structure, and called in May 2010 for regional strategies.
 - Gave advice on the potential establishment of a ceiling on full-time undergraduate student numbers for 2011/12 (we later issued a consultation circular in July 2010).
 - Reviewed arrangements for the Reconfiguration and Collaboration and Strategic Development Funds, and published new guidance.
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Governance and engagement

The role of universities' governing bodies is essential in setting their strategic direction and holding executive teams accountable for their performance. We are committed to encouraging them to deliver continual improvement in the quality of governance and long term sustainability of the higher education system.

We aim to:

- explore how further to develop leadership and governance within the higher education sector.

We:

- provide constructive feedback on HE institutions' strategic plans. We also monitor their progress, provide feedback and work with them on enhancing certain areas of performance.
- we assess HE institutions' annual monitoring statements that report on progress against strategies and HEFCW initiatives.
- we review institutions' five year financial forecasts and their annual audited financial statements, in order to assess their sustainability.
- ensure our Council visits each higher education institution in Wales at least once every three years to engage more fully with individual institutions, increase our knowledge and understanding of them and improve our methods of feedback to institutions.
- help institutions to adhere to other guidelines and legislation such as equality and procurement.
- continue to support the governance and management work of the Leadership Foundation for Higher Education (LFHE) and the Committee of University Chairmen (CUC), both on a UK and Wales level. HEFCW's Chief Executive chairs a group which brings together the senior representatives from CHEW (Chairs of Higher Education Wales), HEW (Higher Education Wales), the Leadership Foundation in Wales and others involved in governor and management development.
- work with the UK-wide body, the Equality Challenge Unit (ECU), to monitor higher education institutions' performance in meeting their statutory obligations under equality legislation. The ECU leads on UK-wide projects and research activities, and organises Welsh Liaison Group meetings to share knowledge and best practice. We monitor equality and diversity data on HE institutions in Wales and provide advice and guidance in this area.

In 2009-10:

- We developed our framework for a more strategic engagement with the HE sector in Wales.
- We implemented our institutional risk assessment approach, to help us focus more clearly on the key strategic issues facing institutions and on longer term institutional sustainability.
- We published our Procedure for Addressing Unsatisfactory Quality in Institutions in Wales.
- We gave universities an incentive of £10 million over three years to increase their fundraising abilities. The matched funding scheme for voluntary giving guaranteed additional – matched – funding from HEFCW to supplement gifts to higher education institutions from organisations and individuals, including former students.
- We produced a new Information Toolkit for higher education governors, to share some of the wide range of information available to assist governors in meeting their obligations in steering and monitoring the overall strategic direction of their institution.
- We gave evidence before the National Assembly for Wales's Finance Committee's Inquiry into the Funding of Post-16, Further and Higher Education. We informed the Committee about the basic factual position of higher education in Wales and potential issues that would be raised by any significant reduction in income for Wales's universities. We noted that the HE sector had a good record of managing its finances through



difficult times, and that we would expect institutions to make realistic assessments of their financial futures and adjust provision accordingly to continue to deliver their high quality teaching and research.

- We approved recommendations that the ECU should be funded for a further five years, from 2011-2016 as per the existing model, with a review of ECU's progress in mainstreaming equality within the sector to be undertaken in 2013.
- We presented the HE sector overview report of our *Evaluation and Review of Welsh Higher Education Institutions' Disability Equality Schemes*.

- Along with Chairs of Higher Education in Wales (CHEW), the Leadership Foundation and Higher Education Wales (HEW), we organised a conference for higher education governors. The Governor Development Conference addressed various topics including ensuring the financial health and sustainability of universities and the maintenance of university staff morale during tough times, and discussed the essential attributes of a 21st century university. The Education Minister, Leighton Andrews, gave the keynote speech at the event where he announced a review of higher education Governance in Wales.

Performance against Remit Letter tasks

Action	Outcome
To develop a framework to evaluate the effectiveness of current expenditure in securing outcomes, underpinned by consistent management information on outputs and delivery.	Delayed pending receipt of the Welsh Assembly Government's strategy and plan for higher education, <i>For our Future</i> , and our 2010-11 remit letter.
To propose and take forward specific action to ensure the most efficient deployment of resources to higher education institutions to meet priority outcomes for Wales, including a paper to the July 2009 Council about the strategic use of core funding.	Achieved. Following consultation with the HE sector, changes were implemented for 2010/11 funding, including further emphasis on the strategic use of core funding.
To work with Welsh Assembly Government's Department for Children, Education, Lifelong Learning and Skills (DCELLS) to: <ul style="list-style-type: none"> • develop a framework for the funding of a sustainable HE sector, including planning for the effective use of monies resulting from the Merfyn Jones review of higher education. 	Delayed pending receipt of <i>For our Future</i> and our 2010-11 remit letter.
To liaise with the higher education sector to develop submissions to the Reconfiguration and Collaboration Fund (RCF), with targets and deliverables to be confirmed for each proposal before releasing funding, encouraging institutional engagement with the Welsh Assembly Government's Transformation (Delivering Skills that Work for Wales) agenda.	Achieved. The November 2009 Reconfiguration and Collaboration Committee meeting considered four RCF proposals and, in the light of affordability, would take forward one proposal.

<p>To support and assist in driving forward the Universities Heads of the Valleys Institute (UHOVI) project.</p>	<p>Achieved. Our Chief Executive became a member of the Heads of the Valleys Educational Programme Board. We approved Strategic Development Fund support for UHOVI start-up costs and agreed a contract with DCELLS for transferring funding for additional student numbers.</p>
<p>Subject to Ministerial approval, to:</p> <ul style="list-style-type: none"> • take forward the recommendations of the Wales Audit Office review of collaboration between HE institutions by September 2009, including broadening the criteria to encourage collaboration between HE institutions and institutions in other sectors, other facets of delivery, and Welsh Assembly Government priorities such as the transformation (Delivering Skills that Work for Wales) agenda. 	<p>Achieved. Revised arrangements were published in a circular in September 2009.</p>
<p>To work with the sector to improve procurement, including:</p> <ul style="list-style-type: none"> • Monitoring Sustainable Procurement Assessment Framework action plans and Sustainable Risk Assessment template statistics, to ensure that Assembly Government targets are met; • Implementing Business Procurement Taskforce recommendations arising from "Barriers to procurement opportunities research project", when published; • Meeting the "Making the Connections" procurement efficiencies target; and • Extending the use of e-technology to improve the procurement process and to ensure prompt payment, including the use of purchasing cards. 	<p>Sustainable Procurement Year 2 returns were submitted to the Welsh Assembly Government in March 2010, from whom we are now awaiting benchmarking information.</p> <p>Sector efficiencies information was received March 2010, showing that the Welsh Assembly Government procurement efficiencies target was met.</p> <p>Barriers sub group and e-technology work ongoing with sector and WAG's Value Wales staff.</p>
<p>Following the implementation of strategic use of core funding for research, to:</p> <ul style="list-style-type: none"> • consider extending this, including to widening access policy areas and capital funding, taking account of regional dimension of HE provision to secure efficiency and value for money in funding allocations. <p>With an initial paper to Council for consideration in July 2009.</p>	<p>Achieved. Council agreed proposals for consultation in the July 2009 meeting. Consultation circular published in September 2009 and the outcome published March 2010.</p>
<p>In consultation with the Welsh Assembly Government and Higher Education Wales (HEW), to:</p> <ul style="list-style-type: none"> • implement arrangements for a match funding scheme for donations to higher education institutions in Wales by August 2009. 	<p>Achieved. The new scheme started in August 2009.</p>

To prepare a report on existing collaboration around asset management services provided by Welsh HE institutions, both within and external to HE.	The development of regional strategies emerging as part of <i>For our Future</i> has resulted in this task being no longer applicable.
Working with the sector (and particularly HEW) to: <ul style="list-style-type: none"> • explore opportunities to support activities by increasing income from other sources. 	The Matched Funding Scheme for Voluntary Giving started. We have been engaged with the higher education sector to develop collaborative proposals for European funding.
To consider, and advise DCELLS on how HEFCW might extend its relationship with wider stakeholder groups and employers, by February 2010.	HEFCW has successfully raised its profile and is increasingly engaging directly with stakeholders in national and international forums.

Reaching Higher target: Reducing Overhead Costs

The median administration cost per full time equivalent (FTE) student for Welsh HE institutions to drop from the 45th percentile of administration costs per FTE student in UK HE institutions (excluding London and the SE) to the 40th by 2007/08 and the 25th by 2010/11.

	2000/01	2006/07
Welsh HE institutions Median (£)	2,476	3,677
Percentage of UK (excl. London and SE) HE institutions with administration cost per FTE student below Welsh median	45%	42%
UK (excl. London and SE) HE institutions Median (£)	2,659	3,955
Lowest/highest (Welsh HE institutions) (£):	1,483 – 5,419	1,904 – 7,058

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 and FE for all years and non-credit bearing students up to 2003/04 (with the exception of some Welsh for Adults students for whom FTE data are not available for 2000/01 to 2004/05).

Data are taken from institutional level higher education management statistics published on the HEIDI system, which are based on HESA data.

Data for Cardiff University and the University of Wales College of Medicine were combined from 2004/05. Data for University of Glamorgan and RWCMD were combined from 2006/07.

HEFCW as an organisation

We aim to provide an environment in which our staff can realise their full potential so that HEFCW can, in turn, deliver its policy objectives and provide an effective service.

As an intermediary body between the Welsh Assembly Government and the higher education sector in Wales, we act within an environment over which we exercise influence rather than control.

HEFCW's accountability

The *Management Statement and Financial Memorandum* defines the relationship between HEFCW and the Welsh Assembly Government.

The Chief Executive is accountable to the Welsh Assembly Government and to the National Assembly for Wales for use of the public funds made available to HEFCW.

The Welsh Assembly Government's Education Minister holds quarterly meetings with the Chair and Chief Executive, and Assembly Government officials conduct quarterly performance review meetings with the Chief Executive and HEFCW staff.

The independent office of the Auditor General for Wales (Wales Audit Office) audits our records and accounts.

HEFCW's Council and executive

During 2009-10, there were 12 members of the Council, including the Chair. The Council welcomed one new member, one member was reappointed and one member resigned.

The Council met seven times in 2009-10. An assessor from the Welsh Assembly Government attends the meetings. The Chief Executives of the Higher Education Funding Council for England (HEFCE) and the Scottish Funding Council, the Deputy Secretary responsible for higher education at the Department for Employment and Learning Northern Ireland and the President of the National

Union of Students in Wales have observer status on the Council.

-
- The average number of full-time equivalent posts in HEFCW in 2009-10 was 52. This included staff working on a full time, part-time, job-share, or fixed term basis, staff on long and short-term secondments and students working on placements within HEFCW.
-

We aim to:

-
- recruit and develop staff who perform effectively and who display the values and behaviours of the organisation.
 - continually assess and identify areas for improvement through exercises such as Investors in People, stakeholder surveys, staff surveys and Welsh Assembly Government performance reviews; and take the required action, including in the areas of leadership and management, in order to be capable of meeting future challenges.
 - ensure that we provide an effective service to our stakeholders and partners, and that clear, accessible and strategic communications support both our internal operations and our relationships with the Welsh higher education sector, the Welsh Assembly Government and other external partners, in order to fulfil our mission.
 - work effectively and efficiently, and be a model employer, having maintained the Investors in People standard. We are committed to keeping our staffing and support structure under review, and also our financial and other systems, to ensure that they continue to be appropriate to safeguard public funds and deliver value for money.
 - treat the Welsh and English languages on the basis of equality in providing services to the public in Wales.
 - reduce environmental impact, including sustainable procurement.
-

What we do

- We produce a corporate strategy (setting out our vision and long-term strategic outcomes) and a more detailed operational plan. The operational plan includes targets and actions set out in the Welsh Assembly Government's annual remit letter to HEFCW. Progress against the targets in the plans is reviewed quarterly both by our Council and at meetings with the Welsh Assembly Government.
 - We have a high-level corporate risk register which identifies risks associated with the delivery of our corporate plan objectives and with the broader environment within which we operate, and measures for managing those risks.
 - We maintain a dialogue with the Welsh Assembly Government about the need for an appropriate level of funding for the HE sector in Wales.
 - We have a Welsh Language Scheme, which sets out how we provide Welsh language services to the public and the higher education sector.
 - We have an Equality Scheme, outlining our commitments and plans for disability, gender, race, age, religion and belief and sexual orientation. We involve and consult with staff and other interested stakeholders in developing our equality schemes and subsequent action plans. The plans include actions addressing both HEFCW as an employer and policies related to the HE sector in Wales.
 - We have an externally verified environmental management system, and work with our staff to identify and implement improvements in environmental performance.
 - We have been and will be monitoring the gender, age, disability, marital status, racial or ethnic origin, sexual orientation, religion or belief of our staff and applicants, to monitor the effectiveness of the application process and related employment policies, and to find out whether all applicants and staff are treated on the basis of equality. As a small organisation, we could not publish our 2009-10 data without identifying individuals. Our website includes equality monitoring data on the HE sector in Wales and on HEFCW as an employer.
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Access to information

Publication Scheme

- HEFCW's Publication Scheme, drawn up under Section 19 of the Freedom of Information Act 2000 sets out: the information we publish, or intend to publish, as a matter of course; how this information will be published; and whether the information is available free of charge or on payment. The Publication Scheme is available at www.hefcw.ac.uk or in hard copy on request.

Code of Conduct and register of interests

- All Council members and staff are required to abide by a Code of Practice and to register financial, political and other interests relevant to HEFCW business. The register of interests is available on request from the Clerk to the Council and from www.hefcw.ac.uk.

Complaints

- We operate a Complaints Against HEFCW Procedure and HEFCW can be investigated by the Welsh Administration Ombudsman. We received one request to consider a complaint under the Complaints Procedure during the year.

In 2009-10

- We launched our new website, following feedback from stakeholders that the information on our old website was extensive, but difficult to find.
 - We prepared our new Welsh Language Scheme.
 - The report on the *Citizen-centred Governance Review* that was carried out by the Welsh Assembly Government's Performance and Governance unit from June to August 2009 was published. The review was part of a wider programme of governance reviews established as part of the Welsh Assembly Government's public service improvement agenda, which replaced the former 'quinquennial' reviews of Assembly Government Sponsored Bodies.
 - HEFCW became the first organisation in Wales to be awarded the Welsh Assembly Government's small workplace health award at silver level.
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Performance against Remit Letter tasks

Action	Outcome
To respond to the Welsh Assembly Government's governance review of HEFCW, and produce an action plan once received.	Achieved. The final report was received in January 2010 and the action plan to respond to its recommendations was approved by our Council on 12 March.
To develop a draft Corporate Plan 2009-10 – 2011-12 and Operational Plan 2009-10, and to submit it to Welsh Assembly Government officials by early June 2009.	Achieved.
To further develop, in consultation with Welsh Assembly Government officials, the performance monitoring framework to secure a close alignment with the Welsh Assembly Government's Department for Children, Education, Lifelong Learning and Skills' performance management process.	Achieved. This document included the monitoring report within the framework.
To undertake an annual review of HEFCW's sustainable procurement action plan to ensure ongoing progress and achievement of Welsh Assembly Government targets by February 2010.	Achieved. The annual review was completed and the Welsh Assembly Government target of Level 3 was achieved. Information was submitted to the Welsh Assembly Government in March 2010.

Council committees and working groups in 2009-10

Appointments Committee

Chair: Roger Thomas

Audit and Risk Committee

Chair: David Allen

Human Resources Committee

Chair: Dame Sandra Burslem

Reconfiguration and Collaboration Committee

Chair: Dame Sandra Burslem

Remuneration Committee

Chair: Roger Thomas

Research, Innovation and Engagement Committee

Chair: Professor Robin Williams

Student Experience, Teaching and Quality Committee

Chair: Professor Leni Oglesby

Members of the Council during 2009–10

Full biographies are available on www.hefcw.ac.uk / Council and Committees / Council members

Chair

Roger Thomas

5 May 2008 to 4 May 2011

Roger Thomas OBE, CCMI, FRSA, OStJ was Chair of Governors and Pro-Chancellor of University of Glamorgan, and Chairman of Chairs of Higher Education Wales. In the latter capacity he was a member of the Chairs' Group of Committee of University Chairmen (CUC) and also a Member of the Board of Universities and Colleges Employers Association (UCEA); and the Joint Negotiating Committee for Higher Education Staff.

Outside higher education, Roger is Deputy Chairman of Business in Focus Ltd (enterprise agency), a member of the CBI Wales Council, and a judge of the Provincial Court of Church in Wales. He was formerly senior partner at Eversheds solicitors, Cardiff, Vice President of the National Museums and Galleries of Wales, Business Partnership Adviser to the National Assembly for Wales, director of the Welsh National Opera, Vice-Chairman of Techniquest and a member of Council at Cardiff University.

Other members

Professor Philip Gummett

Chief Executive

from May 2004

Professor Gummett is Chief Executive of the Higher Education Council for Wales (HEFCW). Professor Gummett joined HEFCW from Manchester University, where he was Pro Vice-Chancellor, former Head of the Department of Government and Professor of Government and Technology Policy. He was a founder member and non-executive director of PREST (Policy Research in Engineering, Science and Technology) at Manchester – one of the leading science policy research centres globally, and is a former member, and Chair, of the Board of Examiners of the Training Board of the Economic and Social Research Council.

David Allen

Registrar and Deputy Chief Executive of the University of Exeter

1 December 2008 to 30 November 2011

David Allen has been Registrar and Secretary of the University of Exeter since 2003 and Deputy Chief Executive since 2009. David currently serves on the Board of the Leadership Foundation for Higher Education and chairs its Audit Committee. He is a member of the Leadership, Governance and Management Committee of HEFCE and serves on its Sustainability and Shared Services Advisory Groups. He also serves on the Universities UK Delivery Partnership for Higher Education.

Dame Alexandra (Sandra) Burslem

Former Vice-Chancellor of Manchester Metropolitan University

1 December 2008 to 30 November 2011

Dame Sandra was Vice-Chancellor of Manchester Metropolitan University from 1997–2005. She is now a Civil Service Commissioner. She chairs the Education Honours Committee, and is the first Independent Chair of the British Council's Education-UK Partnership. Dame Sandra sits on the Boards of a number of educational institutions. She was awarded an OBE for services to higher education in 1992, and became a Dame Commander of the British Empire in the New Year Honours in 2004. She was also High Sheriff for the County of Greater Manchester in 2006–07.

Professor Anthony Hazell

Chair of the UK Nursing and Midwifery Council

1 January 2009 to 31 December 2011

resigned 31 May 2009

Professor Hazell retired from his full time position as Assistant Principal at UWIC in 2004 having spent nearly 30 years in higher education in England and Wales. From 2001 to 2008 he was Chair of the Velindre NHS Trust. He has held a number of positions on committees within HEFCW, and in April 2008 he joined the Board of the QAA. He has been a Member of the Health Professions Council since 2002 and is currently Chair of the new UK Nursing and Midwifery Council.

Professor Katherine (Leni) Oglesby

Former Senior Deputy Vice-Chancellor of the University of Teesside

1 December 2008 to 30 November 2011

Professor Oglesby previously held academic and senior management posts at Leicester, Sheffield, Lancaster, Surrey and Manchester Metropolitan universities, and a secondment to the Policy Division of the Higher Education funding Council for England. She has wide experience of international, European, national and regional agencies and has been a member of HEFCE and QAA panels. She is a graduate of Cardiff University, and undertook postgraduate studies at Leicester University. She is also a fellow of the Royal Society of Arts and is currently a member of the Higher Education Funding Council for England's Strategic Advisory Committee on Widening Participation.

Professor Mari Lloyd-Williams

Senior Clinical Academic, University of Liverpool

1 January 2007 to 31 December 2009; reappointed 1 January 2010 to 31 December 2012

Professor Lloyd-Williams has held a personal chair at the University of Liverpool Faculty of Medicine since 2003, where she is a consultant in palliative medicine and Director of one of the largest community medical education curricula in the UK. She was lately Honorary Senior Lecturer and Medical Lead of the LOROS Hospice, Leicester. She has wide experience of chairing and sitting on regional and national committees including currently the professional conduct committee of the General Medical Council and Department of Health committee on psychosocial care.

Professor D Garel Rhys OBE

Former Director of the Centre for Automotive Industry Research, Cardiff University

31 October 2003 to 30 October 2006; reappointed 31 October 2006 to 30 October 2009; extended to 31 December 2009

Professor Emeritus Garel Rhys was Director of the Centre for Automotive Industry Research at Cardiff University's Business School and held the Society of Motor Manufacturers and Traders chair in Motor Industry Economics. He headed the Business School's Economics Section until 1999. He is chair of the Welsh Automotive Forum. He has advised various Select Committees. He is currently chair of the Welsh Assembly's Economic Research Advisory

Panel and a member of the Ministerial Advisory Group to DE&T. He is also a member of the (DTI) Motor Racing Industry Advisory Panel and is Professor Emeritus at Cardiff University.

Kenneth Richards

Former academic, Aberystwyth University

1 January 2007 to 31 December 2009

Ken Richards was educated at University College, Cardiff and the Economics Department of the Massachusetts Institute of Technology. He spent most of his career as an academic at Aberystwyth University, where he was latterly Senior Lecturer in Taxation and Finance in the School of Management and Business. He was a member of both independent reviews into student finance in Wales, chaired by Professor Teresa Rees, and has published a number of academic papers on this topic. Mr Richards is an Honorary Research Fellow at the Cardiff School of Social Sciences.

Professor Sir Brian Smith

Former Vice-Chancellor, Cardiff University

1 December 2002 to 30 November 2005; 1 December 2005 to 30 November 2008, 1 December 2008 to 30 November 2011


Sir Brian was appointed Vice-Chancellor of Cardiff in 1993, and retired in 2001. Prior to that, he was master of St Catherine's College, University of Oxford. He was awarded a knighthood in 1999 in recognition of his successes in building mutually profitable links between the University and industry and commerce. Sir Brian also served on the Welsh Development Agency from October 1998, assisting in opening up markets for Wales in India and China. Sir Brian is International Ambassador for Cardiff University.

Pauline Thomas

Former Head of Abertillery Comprehensive School

1 April 2007 to 31 March 2010

Pauline Thomas graduated from Nottingham University with a degree in Chemistry; from Keele University with a PGCE (commendation) in Science and Maths; and gained her MA in Educational Management from the Open University in 1998. She moved to Wales in 1999 and took up the post of Deputy Head of Monmouth Comprehensive School. Mrs Thomas completed her NPQH at Cardiff University in 2001. She was Head of Abertillery Comprehensive School from 2002 to 2009. She was



elected a member of the Association of School and College Leaders Council (ASCL) in 1999 and previously served as its Membership Officer before being elected as Honorary Secretary in 2005.

Professor Robin Williams CBE

Former Vice-Chancellor, Swansea University

1 August 2009 to 31 July 2012

Professor Robin Williams was Vice-Chancellor of Swansea University from 1994 until 2003. Before that he was Head of the Department of Physics and Astronomy at Cardiff University where he also held the position of Vice-Principal. Much of his research involved collaboration with industry worldwide and he has chaired a range of national and international committees in physics and engineering. He is a Fellow of the Royal Society and was awarded the CBE for his contribution to research and to higher education. He was a member of the Ministerial Advisory Groups for economic development and for education in Wales, and the group established to review higher education. He chaired the Planning Board which produced a report on a model for the 'Coleg Ffederal'.



Summary financial statements

For the year ended 31 March 2010



Summary financial statements

The following financial statements are a summary of the accounts for the Higher Education Funding Council for Wales (HEFCW) for the year ended 31 March 2010. The statements are an overview and do not contain sufficient information to allow for a full understanding of the results and state of affairs of HEFCW. For further information, the full annual accounts and the auditor's report on those accounts should be consulted. A copy of the audited accounts, which contain the detailed information required by law and under best practice guidelines, can be obtained, free of charge, from the Clerk to the Council, HEFCW, Linden Court, The Orchards, Ilex Close, Llanishen, Cardiff CF14 5DZ.

Statutory background

The Higher Education Funding Council for Wales (HEFCW) was established under the Further and Higher Education Act 1992. On 7 May 1999, the National Assembly for Wales was created and took over the majority of the functions of the Welsh Office from 1 July 1999, which led to HEFCW becoming a sponsored body of the National Assembly for Wales (the former National Assembly for Wales as constituted by the Government of Wales Act 1998). As a result of the Government of Wales Act 2006, HEFCW is now an Assembly Government Sponsored Body.

HEFCW is responsible for the administration of funds made available by the Welsh Assembly Government, and others, in support of the provision of education and the undertaking of research by higher education institutions in Wales and the provision of prescribed courses of higher education in local authority or further education institutions in Wales, and the performance of such supplementary functions as are required of it by the Further and Higher Education Act 1992 and the Education Act 1994.

Results for the year

The net operating costs for the year were £475.4 million (2008-09 net operating costs £454.3 million). The cumulative general fund at 31 March 2010 after crediting grant in aid funding of £474.3 million, was £4.3 million (2008-09 £5.2 million).

Council membership

The following persons served as Council members during the reporting year:

Chair

Mr Roger Thomas OBE

(appointed 5 May 2008)

Former Chair of Governors and Pro-Chancellor of the University of Glamorgan

Members

Professor Philip Gummett

Chief Executive, Higher Education Funding Council for Wales

Mr David Allen

(appointed 1 December 2008)

Registrar and Deputy Chief Executive of the University of Exeter

Dame Alexandra Burslem

(appointed 1 December 2008)

Former Vice-Chancellor of Manchester Metropolitan University

Professor Anthony Hazell

(appointed 1 January 2009, resigned 31 May 2009)

Chair of the UK Nursing and Midwifery Council

Professor Mari Lloyd-Williams

(appointed 1 January 2007)

Professor and Director of Academic Palliative & Supportive Care Studies Group, University of Liverpool

Professor Katherine Oglesby
(appointed 1 December 2008)
 Former Senior Deputy Vice-Chancellor of the
 University of Teesside

Professor D Garel Rhys CBE
(term of office ended 31 December 2009)
 Former Director of the Centre for Automotive
 Industry Research, Cardiff University

Mr Kenneth Richards
(term of office ended 31 December 2009)
 Former Senior Lecturer in Taxation and Finance,
 University of Wales, Aberystwyth

Professor Sir Brian Smith
(reappointed 1 December 2008)
 Former Vice Chancellor, Cardiff University

Mrs Pauline Thomas
*(appointed 1 April 2007, term of office ended 31
 March 2010)*
 Head of Abertillery Comprehensive School


Professor Robin Williams CBE
(appointed 1 August 2009)
 Former Vice-Chancellor, Swansea University

The following Council Members served on HEFCW's committees and panels during the year:

Committees	Members
Student experience, teaching and quality (formerly Learning and teaching)	Professor Katherine Oglesby (Chair), Professor Mari Lloyd-Williams, Mrs Pauline Thomas <i>(to 31 March 2010)</i>
Research, innovation and engagement	Professor Garel Rhys (Chair) <i>(to 31 December 2009)</i> , Mr Kenneth Richards <i>(to 31 December 2009)</i> , Professor Sir Brian Smith, Professor Robin Williams (Chair) <i>(from 4 January 2010)</i>
Audit and risk	Mr David Allen (Chair), Professor Anthony Hazell <i>(to 31 May 2009)</i> , Mr Kenneth Richards <i>(to 31 December 2009)</i>
Reconfiguration and collaboration	Dame Alexandra Burslem (Chair), Professor Garel Rhys <i>(to 31 December 2009)</i> , Professor Sir Brian Smith, Professor Philip Gummett
Human resources	Professor Anthony Hazell (Chair) <i>(to 31 May 2009)</i> , Dame Alexandra Burslem (Chair) <i>(from 1 June 2009)</i>
Remuneration	Mr Roger Thomas (Chair), Professor Anthony Hazell <i>(to 31 May 2009)</i> , Dame Alexandra Burslem
Appointments	Mr Roger Thomas (Chair), Professor Anthony Hazell <i>(to 31 May 2009)</i> , Mr David Allen, Dame Alexandra Burslem, Professor Katherine Oglesby, Professor Garel Rhys <i>(to 31 December 2009)</i> , Professor Robin Williams <i>(from 1 August 2009)</i> , Professor Philip Gummett

Auditors

The report of the Auditor General for Wales on the full annual accounts of HEFCW for the year ended 31 March 2010 was unqualified.



Report of the Auditor General for Wales to the National Assembly for Wales on the summary financial statements

I have examined the summary financial statements of the Higher Education Funding Council for Wales' statutory accounts set out on pages 45 to 48.

Respective responsibilities of the Council, Chief Executive and the Auditor

The Council and the Chief Executive are responsible for preparing the Annual Report. My responsibility is to report my opinion on the consistency of the summary financial statements with the statutory accounts. I also read the other information contained in the Annual Report and consider the implications of my report if I become aware of any apparent misstatements or material inconsistencies with the summary financial statements.

Basis of audit opinion

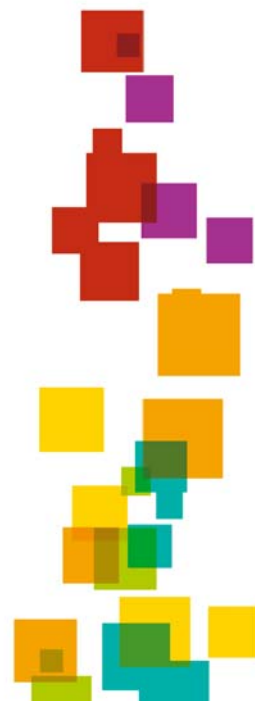
I conducted my work in accordance with Bulletin 1999/6 'The auditors' statement on the summary financial statement' issued by the Auditing Practices Board for use in the United Kingdom.

Opinion

In my opinion the summary financial statements are consistent with the statutory accounts of the Higher Education Funding Council for Wales for the year ended 31 March 2010 on which I have issued an unqualified opinion.

Gillian Body

*Auditor General for Wales
24 Cathedral Road
Cardiff
CF11 9LJ
9 July 2010*



Summary statement of comprehensive net expenditure for the year ended 31 March 2010

	2010		2009	
	£'000	£'000	£'000	£'000
Expenditure				
<i>Funding of higher education:</i>				
Recurrent expenditure	437,742		412,954	
Capital expenditure	24,284		21,854	
Other purposes	22,128		23,745	
	484,154		458,553	
<i>Council expenditure:</i>				
Staff costs	2,243		2,196	
Depreciation	85		85	
Amortisation	1		-	
Other expenditures	645		791	
	2,974		3,072	
Total expenditure		487,128		461,625
Income				
Income from activities		11,935		7,535
Net operating costs		(475,193)		(454,090)
Cost of capital		(167)		(202)
Interest receivable		3		268
Appropriations		(3)		(268)
Net operating costs after cost of capital charge and interest transferred to the general reserve		(475,360)		(454,292)

Summary statement of financial position

as at 31 March 2010



	As at 31 March 2010	As at 31 March 2009	As at 1 April 2008
	£'000	£'000	£'000
Non-current assets			
Property, plant and equipment	166	201	246
Intangible assets	–	1	–
Total non-current assets	166	202	246
Current assets			
Trade and other receivables	820	212	844
Cash and cash equivalents	4,360	5,625	6,001
Total current assets	5,180	5,837	6,845
Total assets	5,346	6,039	7,091
Current liabilities			
Trade and other payables	(1,000)	(796)	(769)
Provisions for liabilities and charges within one year	(7)	–	–
Total non-current assets plus net current assets	4,339	5,243	6,322
Non-current liabilities			
Provision for liabilities and charges after one year	(24)	–	–
Assets less liabilities	4,315	5,243	6,322
Reserves			
General reserve	4,315	5,243	6,322
	4,315	5,243	6,322

Summary statement of cash flows for the year ended 31 March 2010

	2010	2009
	£'000	£'000
Net cash outflows from operating activities	(475,480)	(453,346)
Net cash flows from returns on investments and servicing of finance	–	–
Net cash outflow from investing activities	(50)	(41)
Net cash flows from financing activities	474,265	453,011
Net decrease in cash	(1,265)	(376)

Statement of changes in reserves for the year ended 31 March 2010

	General reserve
	£'000
Balance at 1 April 2009	5,243
<i>Changes in reserves 2009-10</i>	
Net operating costs	(475,360)
Non-cash charges – cost of capital	167
Total recognised income and expense for 2009-10	(475,193)
Funding from Welsh Assembly Government	474,265
Balance at 31 March 2010	4,315

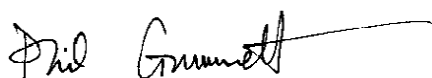
Notes

1. Basis of preparation

The summary financial statements have been prepared under the historical cost convention, with reference to the Companies Act 1985, having regard to the Companies (Summary Financial Statement) Regulations 1995 (SI 1995/2092) as far as is relevant, the 2009-10 Government Financial Reporting Manual and complies with a direction issued by Welsh Ministers, with the consent of the Treasury, in exercise of the powers conferred by paragraph 16(2), schedule 1 to the Further and Higher Education Act 1992.

2. First time adoption of IFRS

The 2009-10 accounts represent the first set of annual accounts to be prepared under an IFRS basis of accounting replacing the previous UK GAAP basis. There are no adjustments resulting from this change in the basis of accounting in the figures shown in either the Statement of Comprehensive Net Expenditure or the Statement of Financial Position, for 2008-09.



Professor Philip Gummatt

Chief Executive and Accounting Officer

2 July 2010