

Annual Report

2010-11



Conventions and abbreviations

Financial Year (1 April – 31 March) 2010-11

Academic Year (1 August – 31 July) 2010/11

HE – higher education

FE – further education

HEIs – higher education institutions

FECs – further education colleges

FTE – full time equivalent

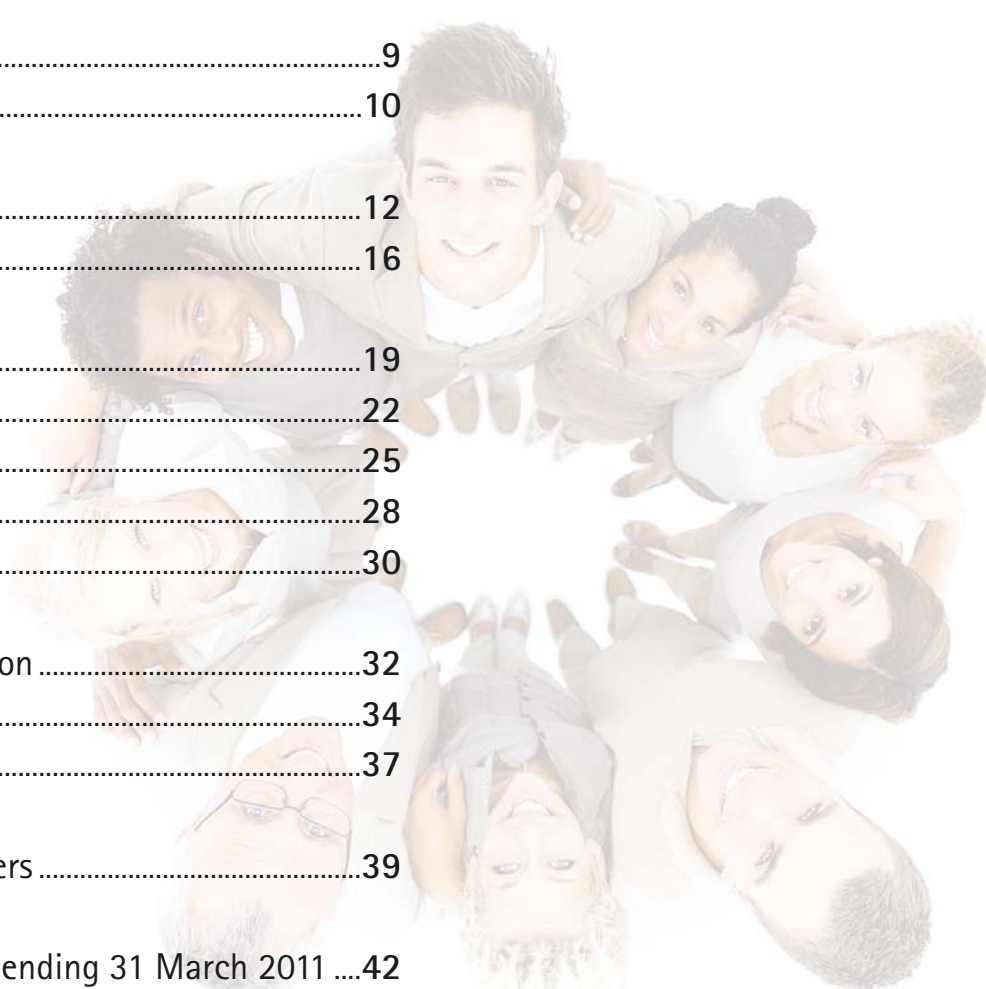
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About HEFCW

The Higher Education Funding Council for Wales (HEFCW) is a Welsh Government Sponsored Body.

HEFCW was established by the Further and Higher Education Act 1992. We administer funds from the Welsh Government for education and research in higher education (HE) institutions in Wales, and certain HE courses at further education colleges. 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 education in Wales, for the benefit of individuals, society and the economy, in Wales and more widely.

Our Mission

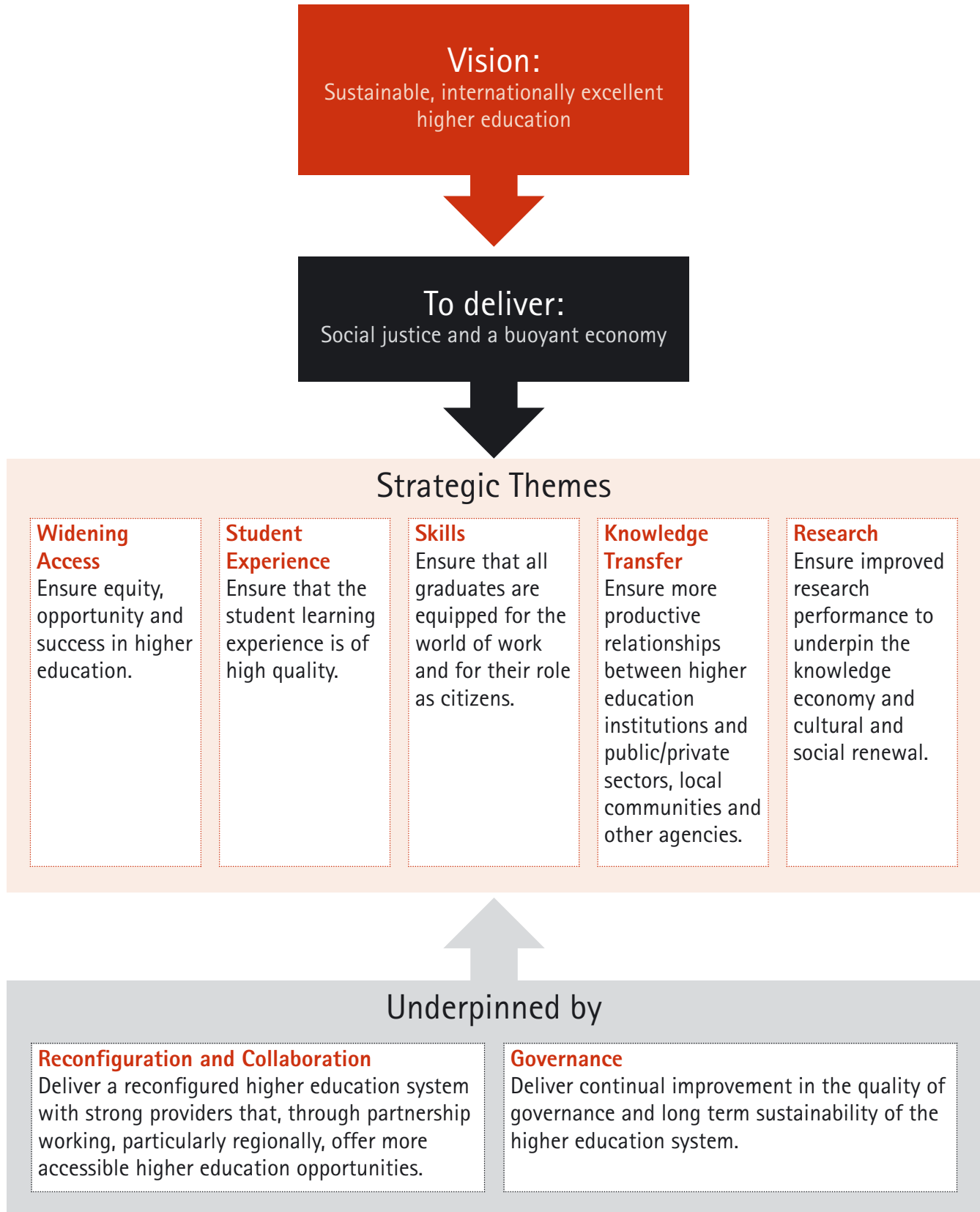
We strategically use resources from the Welsh Government and others to:

- 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.

Our strategic framework



Progress against Corporate Strategy measures

Strategic measure	Baseline	Progress
1 A 10% rise in the proportion of all Welsh domiciled students studying higher education courses at higher education institutions and further education institutions in Wales who are domiciled in the Welsh Communities First Areas from 15.6% in 2008/09 to 17.2% in 2012/13.	2008/09	2009/10
	15.6%	16.2%
2 A 2.7% rise in the module completion rate for undergraduate enrolments in Welsh higher education institutions from 87.6% in 2008/09 to 90% in 2012/13.	2008/09	2009/10
	87.6%	90.1%
3 The three year rolling average score for Wales in the National Student Survey 'overall satisfaction'* question will be equal to, or greater than the comparative score for the UK. <i>* 'Score' means percentage of students who agreed with 'Overall, I am satisfied with the quality of my course'.</i>	2007 to 2009 3-year rolling average	2009 to 2011 3-year rolling average
	Welsh HE institutions 83.3%	Welsh HE institutions 82.7%
	UK HE institutions 81.7%	UK HE institutions 82.7%
4 The number of Welsh domiciled students at Welsh higher education institutions and further education institutions undertaking some element of their course through the medium of Welsh will rise from 4,586 in 2008/09 to 5,509 in 2012/13.*	2008/09	2009/10
	4,586	4,612
5 The percentage growth in the number of overseas students attending higher education courses in Welsh higher education institutions will be equal to, or greater than, the comparable figure for UK higher education institutions (excluding London and the South East).	2007/08 to 2008/09 % growth	2008/09 to 2009/10 % growth
	Welsh HE institutions 15.1%	Welsh HE institutions 26.7%
	UK HE institutions (excl. London and SE England) 10.4%	UK HE institutions (excl. London and SE England) 11.9%

*Baseline and target have been amended to reflect 2008/09 data correction.

Strategic measure	Baseline	Progress
<p>6 The proportion of leavers obtaining first degrees from full-time courses who were employed, studying or both six months after leaving, will be equal to, or greater than the UK proportion by 2012/13.</p>	<p>2008/09 % employed / studying after 6 months</p>	<p>2009/10 % employed / studying after 6 months</p>
	<p>Welsh HE institutions 91.2%</p>	<p>Welsh HE institutions 91.9%</p>
	<p>UK HE institutions 89.9%</p>	<p>UK HE institutions 90.4%</p>
<p>7 The absolute participation rate within Welsh higher education providers of students in the five Universities Heads of the Valleys Institute unitary authorities will rise by 8% to the current national average by 2012/13 (from 2.5% to 2.7%).</p>	<p>2007/08</p>	<p>2008/09</p>
	<p>2.5%</p>	<p>2.5%</p>
<p>8 The total number of part-time students studying higher education courses in higher education institutions and further education institutions in Wales will rise from 54,714 in 2008/09 to 59,000 in 2012/13.</p>	<p>2008/09</p>	<p>2009/10</p>
	<p>54,714</p>	<p>50,243¹</p>
<p>9 The number of spin-off companies still active which have survived at least three years will increase by 10% from 252 in 2008/09 to 277 in 2012/13.</p>	<p>2008/09</p>	<p>2009/10</p>
	<p>252</p>	<p>301</p>
<p>10 The annual percentage growth in income from Research Councils will be equal to, or greater than, the comparable figure for UK higher education institutions (excluding the 'golden triangle' of Oxford, Cambridge and London).</p> <p>[In 2008/09, Welsh HE income from the Research Councils accounted for 4.8% of the UK total excluding 'golden triangle' universities.]</p>	<p>2007/08 to 2008/09</p>	<p>2008/09 to 2009/10</p>
	<p>% growth in income for Welsh HE institutions 17.4%</p>	<p>% growth in income for Welsh HE institutions 3.0%</p>
	<p>% growth in income for UK HE institutions 13.9%</p>	<p>% growth in income for UK HE institutions 3.1%</p>

1. We currently attribute this to a combination of possible falling economic demand, course restructuring for various academic and financial sustainability reasons, and withdrawal from franchises. We would expect some future upturn in response to emerging new part-time provision in some institutions.

Strategic measure	Baseline	Progress
11 At least 75% of the Welsh higher education institutions will have an annual income in excess of the UK median (36% in 2008/09), with no institution to be in the lower quartile by 2012/13 (4 in 2008/09).	2008/09	2009/10
	In excess of UK median 36% (4 out of 11 institutions)	In excess of UK median 45% (5 out of 11 institutions)
	In lower quartile 36% (4 out of 11 institutions)	In lower quartile 36% (4 out of 11 institutions)
12 No higher education institution to be classified as 'high risk' under HEFCW institutional risk review processes.	2008/09 No of HE institutions classified as 'high risk'	2009/10 No of HE institutions classified as 'high risk'
	0	0



Chairman's Statement

2010-11 has been the year of really getting to grips with what *For our Future*, the Welsh Government's higher education (HE) strategy, means for HE in Wales, as we have embedded its principles and put them into action.

Our vision is to develop and sustain internationally excellent higher education in Wales, to benefit individuals, society and the economy, in Wales and more widely.

However, we believe the higher education sector in Wales could function even more effectively than it does now – for example, by better capturing research grants or sustaining a broad subject portfolio – and offer an even better service to learners and employers if institutions worked more closely together. In December 2010 we stated our view that the strongest possible HE sector in Wales would have no more than six higher education institutions (with multiple campuses), plus the Open University in Wales, with no more than two institutions in each of three regions of Wales.

Being able to take a better view of the range of subjects within institutions should extend access to higher education. Fewer, stronger institutions will give a better return on public funding, and should make them better placed to withstand any future funding uncertainties. We are pleased that not one is at imminent risk of collapse. We need to make sure, within the best of our abilities, that will always be the case.

At the Minister's request, we developed our December statement into a more complete and specific set of recommendations for the future structure of the higher education sector in Wales, and the Minister published this in June 2011. The Welsh Government requested representations from all interested parties by October 2011, before it will come to a conclusion about the structure of the sector. There will be further consultation with any institutions affected by the outcomes.

There were also significant developments in the area of governing HE institutions. *Achievement and accountability: Report of the independent review of higher education governance in Wales* (the McCormick review), published in March 2011, tackled the national and institutional governance of higher education in Wales, and marked a major contribution to the consideration of governing HE in Wales. The report proposed some important challenges for institutions and for all involved in higher education in Wales, and we will work with the Welsh Government to help deliver the decisions that arise in due course from its recommendations. I am pleased that the report recognised HEFCW's strengths and expertise and I look forward also to responding to potential conclusions concerning our role in the governance of HE.

We also continued our work with the Leadership Foundation for Higher Education to assess and enhance the effectiveness of governing bodies in higher education, and we produced an updated version of our Information Toolkit for governors, which includes a selection of the wide range of information available to help governors meet their obligations for steering and monitoring the strategic direction of their institution.

Once again, I wish to thank Council members and all our staff for their tremendous efforts over what has been an exceptionally busy year. I look forward to their continuing support as we work with the Welsh Government and the sector to address the challenges ahead.

Roger Thomas, OBE
September 2011



Chief Executive's Statement

There have been many changes in higher education in Wales over the reporting period, and many challenges to face.

We continue to work to further strengthen higher education in Wales and develop and implement new policies to steer the sector through a profound transition in funding. We have done so within the framework of *For our Future*, with a close eye to the twin aims of social justice and supporting a buoyant economy, and throughout facing new challenges for HEFCW as an organisation.

2010-11 saw the first consequences for higher education in Wales, as elsewhere in the UK, of the overall post-recession public sector financial position. After applying a 4% in-year funding reduction for the 2010/11 academic year, we have further revised our funding approach to ensure it reflects the priorities in our Corporate Strategy, and we have encouraged universities to focus on these. In preparation for the 2011/12 settlement, we consulted on arrangements to manage full-time undergraduate student numbers so that the overall budgetary cost would remain manageable.

The biggest change in higher education comes, however, from the decision that tuition fees for full-time undergraduate students in England could be raised to a maximum of £9,000 per year from 2012/13. The consequences of this step, especially in the context of the substantial cross-border student flows, could not be ignored.

The response in Wales was to allow fees, subject to fee plans that satisfactorily addressed criteria of promoting equality of opportunity and promoting higher education, also to rise to that maximum. This decision was coupled with a commitment by the Welsh Government, in respect of students ordinarily resident in Wales, and regardless of where in the UK they study, to pay – as a fee grant – the difference between the new 2012/13 fee and what it would have been under the current system.

HEFCW became responsible not only for reviewing the fee plans and, if satisfied, approving them, but also for managing the payment of fee grants – a step which adds a new responsibility for student finance to our existing responsibility for funding higher education.

All this amounts to a transformation in the basis of funding teaching in higher education. We are preparing for considerable change in how we will work with institutions as we move through the transition towards a fees-led teaching funding system.

In other developments, we were delighted that the Coleg Cymraeg Cenedlaethol became a reality in 2011, ready to welcome its first students from the 2011 academic year. The Coleg will oversee and develop Welsh medium provision in HE in Wales, working with and through the universities. We also worked with institutions to develop the regional agenda, with the aim, through collaboration between all relevant providers divided between three regions across Wales, of better meeting the needs of local learners and employers. Just a few examples of what these developments have led to include an expansion in aerospace engineering places, a Foundation Degree in computer animation and a Masters degree in high performance computing. And we continued to work with institutions in well established areas such as widening access and promoting equality of opportunity, ensuring a high quality student experience, and making sure that research, innovation and engagement with social and economic agendas are sustainably excellent. In difficult financial circumstances, universities increasingly need to show why they are worth the public investment made in them, and we have continued to play a part in that process, not least through the confidence in the effective use of

public funds that is provided through our institutional assurance processes.

We have seen good progress this year with most of the *For our Future* performance indicators, as later pages show in more detail, with the particular exception of a significant reduction in part-time provision. The reasons for this appear to be a complex mixture of perceived falling economic demand, course restructuring for combinations of academic and financial sustainability reasons, and withdrawal from franchises. We can expect some future upturn in response to emerging new part-time provision in some institutions. Into the equation will also come, from 2012/13, the likelihood of new arrangements for fees and finance for part-time students.

This period of rapid change inevitably requires us continuously to review our working methods and organisational effectiveness. With an increased premium on seeking efficiency through best use of information and communication technologies, it is pleasing that we have been re-accredited for IS27001, which shows that we are maintaining the highest information security standards.

In common with everybody in higher education, HEFCW is working in a rapidly evolving environment, and I would like to pay tribute to our staff, who I believe are delivering high quality output across a wide range of areas against very tight timescales. I am grateful for all their efforts.

Professor Philip Gummatt
September 2011

Funding higher education

We receive a grant from the Welsh Government on a financial year (FY) basis (1 April to 31 March), most of which we then allocate 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 AY 2010/11 we implemented changes to HEFCW funding arrangements, following consultation with the higher education sector.
- We also carried out a major consultation on how to develop our funding method to align it more closely with the main themes within our Corporate Strategy from AY 2011/12.
- A further consultation took place on how to manage the numbers of full-time undergraduate students at institutions in order to control the demand on Welsh Government student finance budgets. This was followed by guidance to universities in September 2010.
- We confirmed that we would make an in-year reduction of 4% on elements of our grants to institutions in the 2010/11 academic year, following confirmation of our 2011-12 financial year budget from the Welsh Government.

Formula funding allocations for the 2010/11 academic year

We announced grant allocations of more than £402.8 million for higher education in academic year 2010/11 and an additional £44.5 million in financial year 2010-11. This included:

- Recurrent programme funds of £402.8 million.
- Above baseline funding of £28.9 million to support the Welsh Government's *For our Future* strategy for higher education (previously *Reaching Higher* funding). This supported reconfiguration and collaboration in the sector, including £2.13 million allocated to widen access and a further £3.83 million earmarked for capital funding.
- Capital funds of £15.6 million.

From this, £360.7 million in (mainstream) formula grant was given to the higher education sector for teaching, innovation and engagement activities, research and postgraduate research training. This comprised:

- £278.2 million for teaching.
- £70.95 million for research.
- £5.41 million for postgraduate research training.
- £5.98 million for innovation and engagement activities.

Non-formula baseline (recurrent) funding

Non-formula funding included support for students, initial teacher training and learning and teaching.

Formula Funding Allocations 2010/11

Institution	Total Formula Funding for Teaching (includes premia, per capita, ERASMUS & PT fee Waiver)	Research (QR)	Innovation & Engagement Allocations	Postgraduate research (PGR)	Grand Total
	£	£	£	£	£
University of Glamorgan	47,293,451	2,905,359	1,067,966	314,929	51,581,706
Aberystwyth University	23,265,811	7,208,678	450,930	405,930	31,331,350
Bangor University	23,110,036	7,328,573	661,615	672,582	31,772,805
Cardiff University	65,907,731	37,871,527	1,185,910	2,849,866	107,815,033
University of Wales Trinity Saint David	12,678,087	859,991	294,922	71,740	13,904,739
Swansea University	27,190,688	11,946,193	1,164,269	959,156	41,260,306
University of Wales Institute, Cardiff	25,930,575	1,428,734	431,784	118,990	27,910,083
University of Wales, Newport	16,384,797	527,741	236,122	12,573	17,161,233
Glyndŵr University	14,231,693	282,772	203,647		14,718,112
Swansea Metropolitan University	11,745,448	245,209	187,636	4,437	12,182,730
Open University in Wales	7,936,906		96,000		8,032,906
University of Wales Registry		340,524			340,524
Bridgend College	33,827				33,827
Coleg Sir Gâr	70,373				70,373
Coleg Llandrillo Cymru	1,069,767				1,069,767
Neath Port Talbot College	120,478				120,478
Gower College Swansea	1,242,388				1,242,388
Total	278,212,056	70,945,301	5,980,800	5,410,200	360,548,357

*Figures may not sum exactly to totals due to rounding

HEFCW grant 2010/11

Baseline

Recurrent	2010/11
Grant for teaching	(£)
Main formula grant	260,552,672
Per capita	5,430,150
Widening access premium	8,031,356
Welsh medium premium	1,489,092
Disability premium	957,660
ERASMUS	1,221,701
Part-time Fee Waiver	529,420
Graham Part-time Funding	5,944,320
Strategic Funded Credits	94,149
Total	284,250,520
Grant for research	
RAE (Research Assessment Exercise) Quality based grant	70,945,301
PGR (Postgraduate research)	5,410,000
<i>Initiatives - Wales</i>	
University of Wales Board of Celtic Studies	104,000
University of Wales Press	132,042
<i>Initiatives - UK</i>	
Overseas Research Students Awards Scheme (ORSAS)	220,000
Research Support Libraries Programme (RSLP)	
Research Libraries Network (RLN)	50,000
Total	76,861,343
Strategy and initiatives	
Strategy and initiatives	20,962,656
Chief Executive's Miscellaneous Fund	200,000
Total	21,162,656

Innovation and Engagement	
GO Wales	1,809,543
Spinout	250,000
Innovation and Engagement	5,980,000
Total	8,039,543
Recurrent Total	390,314,062
Capital (allocation on financial year basis)	
Research	10,762,000
Teaching	4,844,000
Total	15,606,000

Above baseline

Welsh Government Higher Education Strategy Funding	
Financial Year	2010-11
Reconfiguration and Collaboration	12,298,244
Widening Access	2,132,756
<i>Reaching Higher Capital</i>	3,830,000
Initial Teacher Training Reconfiguration	4,058,134
<i>One Wales Commitments</i>	6,558,000
Total	28,877,134

Data about students 2009/10

	Undergraduate degree		Undergraduate non-degree		Undergraduate (UG)	
	Full-time	Sandwich	Full-time	Sandwich	Part-time (excl. FO)	Part-time (FO)
University of Glamorgan	10,284	45	2,060	4	3,471	1,681
Aberystwyth University	6,440	63	113	24	2,045	34
Bangor University	6,692	26	116	0	827	21
Cardiff University	16,077	311	108	0	4,699	0
University of Wales, Lampeter	1,361	0	68	0	764	3
Swansea University	9,835	45	180	0	1,868	0
University of Wales Institute, Cardiff	6,413	41	680	0	614	77
University of Wales, Newport	2,740	0	300	0	1,857	1,626
Glyndŵr University	2,723	0	366	0	3,202	443
Swansea Metropolitan University	2,595	2	410	0	1,298	0
Trinity University College	1,412	0	0	0	915	0
The Open University in Wales	0	0	0	0	5,311	0
Bridgend College	0	0	31	0	5	0
Coleg Sir Gâr	219	0	0	0	89	0
Coleg Llandrillo Cymru	140	0	257	0	385	0
Neath Port Talbot College	0	0	25	0	42	0
Gower College Swansea	0	0	0	0	2	0
Total	66,930	533	4,714	28	27,394	3,885

Source: End of Year Monitoring of Higher Education Enrolments (EYM) 2009/10

Notes: 1 Sandwich students counted as 1

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

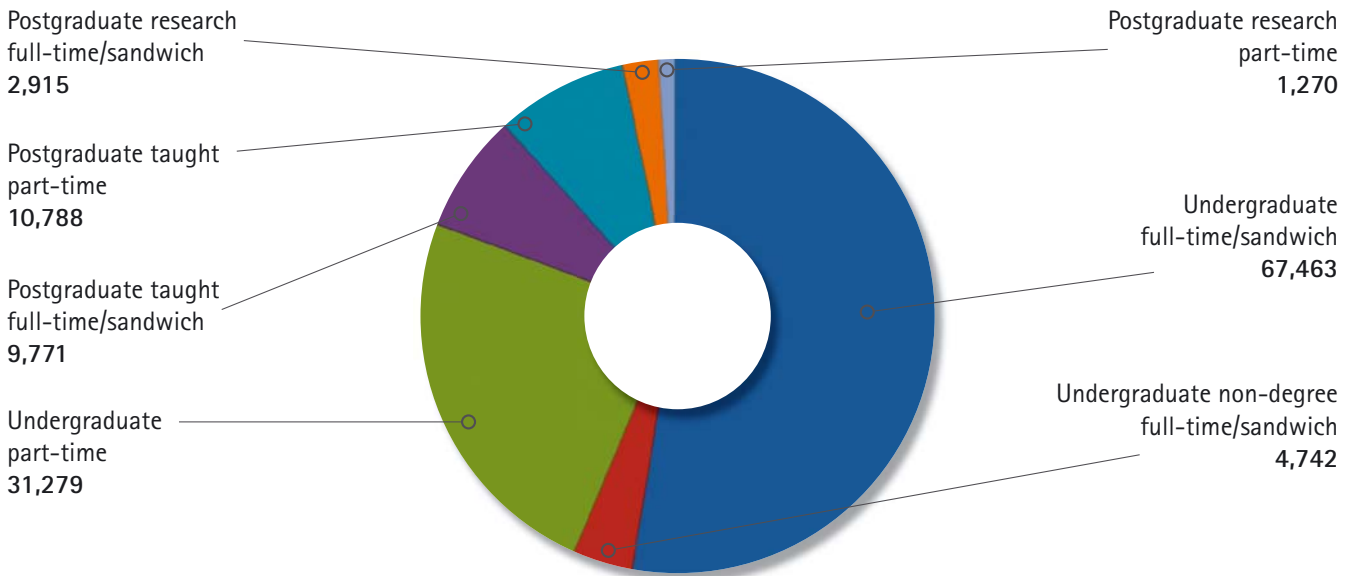
3 Franchised out (FO) includes part-time undergraduate only

4 Part-time Undergraduate includes degree and non degree enrolments

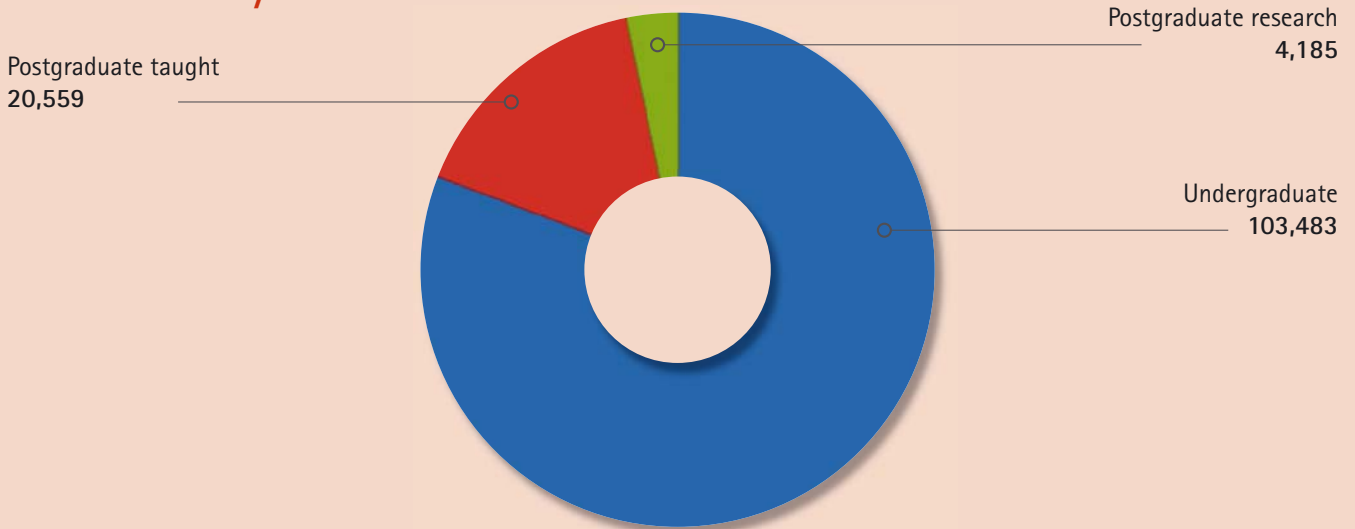
5 Figures may not sum to totals due to rounding

Postgraduate Taught			Postgraduate Research			Total
Full-time	Sandwich	Part-time	Full-time	Sandwich	Part-time	
1,445	0	1,637	146	0	274	21,046
543	0	808	232	0	68	10,370
1,035	0	703	513	0	148	10,080
2,635	0	3,336	1,236	0	299	28,701
518	0	379	45	0	80	3,218
884	0	452	548	0	143	13,955
1,048	0	1,055	105	0	121	10,154
381	0	1,086	30	0	25	8,045
608	0	369	39	0	55	7,805
183	0	504	22	0	57	5,071
492	0	135	0	0	0	2,953
0	0	324	0	0	0	5,635
0	0	0	0	0	0	36
0	0	0	0	0	0	308
0	0	0	0	0	0	782
0	0	0	0	0	0	67
0	0	0	0	0	0	2
9,771	0	10,788	2,915	0	1,270	128,227

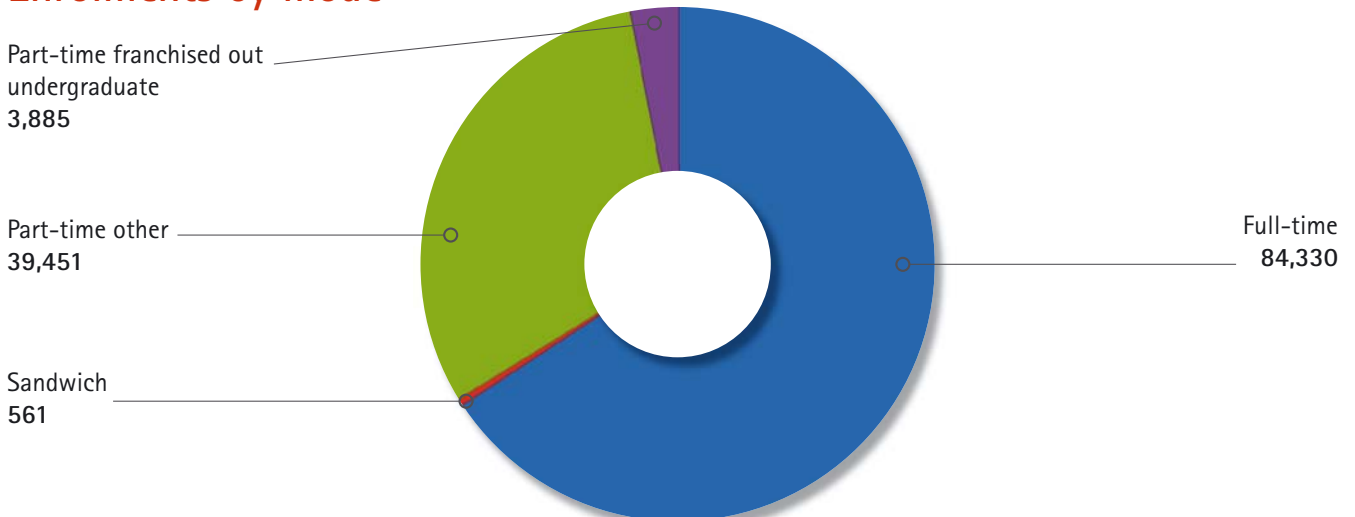
Enrolments by level and mode



Enrolments by level



Enrolments by mode



Widening access

Ensure equity, opportunity and success in higher education

Social justice is a key Welsh Government priority.

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

Our aims include to:

- improve access to higher education for groups which are under-represented in HE, including prioritising recruitment from 'Communities First' areas, identified as the most disadvantaged communities in Wales
- retain students in higher education and ensure they succeed
- encourage flexibility in HE courses, such as through opportunities to study on a part-time basis.

Every year, we work with higher education institutions which:

- implement strategies to widen access to and through higher education and increase provision for disabled students;
- receive specific widening access funding to recognise the additional costs incurred when some students need additional support, skills development or confidence-building before embarking on a HE course, or for retaining students from backgrounds where there is little tradition of HE and understanding of higher education practices;
- receive their teaching funding based on credits to support flexible learning, including part-time provision in higher education institutions, and to aid progression to higher education;
- receive further additional – 'premium' – funding for recruiting students from Communities First and other low participation areas, students with non-traditional qualifications, and those who receive a disabled students' allowance;

- provide schemes to encourage people of all ages to raise their educational aspirations, improve their skills and participate in HE. The Reaching Wider Programme co-ordinates activities regionally in Communities First areas to target individuals, groups and communities traditionally under-represented in higher education; and
- nominate members for our Student Experience, Teaching and Quality Committee, which advises our Council on policy in this area.

Activities in 2010-11

- In total higher education institutions received £8.03 million for widening access premium funding. The total premium funding for disabled students was more than £0.95 million. They received approximately £2 million for the Reaching Wider initiative, and £2.016 million to implement **widening access strategies**.
- We allocated an additional £2 million to the **widening access premiums**. The majority of this funding was used to increase the existing widening access premium while still maintaining the disabled students premium at £220. The impact meant that funding for those recruited from a low affluence background and/or from Communities First areas could be increased from £215 to £285 per student. The balance of the funding available was allocated for students who might be more difficult to retain (such as those with non-traditional qualifications).
- We developed our **Strategic Approach and Plan for Widening Access to Higher Education 2010/11 to 2012/13**. This set out how HEFCW would work with universities to meet the Welsh Government's commitment to social justice and supporting a buoyant economy. Our *Strategic Approach* continues to make learning opportunities a priority for people of all ages from Wales's most deprived areas, particularly Communities First areas. We also placed

importance on providing new and flexible ways of study, including more workplace, part-time and locally-based learning.

- We set out initial guidance to institutions to develop their Widening Access Strategies, which included the chance to develop these jointly with Learning and Teaching Strategies.
- The latest UK-wide figures about the make-up of the higher education sector showed that universities and colleges in Wales continued to perform well in **recruiting students from under-represented groups**. Wales had similar or higher proportions of students from most under-represented groups in higher education compared to the UK as a whole.

- We agreed arrangements for funding and monitoring the **Universities Heads of the Valleys Institute (UHOVI)**, including providing £1.39 million for 397 additional learners in HE from the UHOVI area in 2010/11.
- We gave £6.2 million in additional support for **part-time students**, aimed at maintaining and strengthening part-time courses which focus particularly on widening access to higher education and extending links with employers.
- The above actions provided a significant contribution to the **well-being agenda** in Wales, and supported economic and social sustainability.

Delivery of responsibilities in 2010-11, as set by the Welsh Government

Task	Outcome
<p>To play a lead role in supporting the introduction of the Universities Heads of the Valleys Institute (UHOVI).</p> <p>To ensure that successful approaches to widening access in the development of UHOVI are applied across Wales, to include: identifying at least two models of effective practice which may be adapted or rolled out to other parts of Wales.</p>	<p>✓ Completed.</p> <p>Discussions held with Glamorgan and Newport Universities regarding UHOVI areas of good practice.</p> <p>Discussions held with Welsh Government officials and others about the development of the education strategy for the heads of the valleys area.</p>

Performance against Corporate Strategy Measures

01	Purpose	To measure improved access and progression for people in locations where such opportunities are low, including the heads of the valleys area.	
	Measured by	A 10% rise in the proportion of all Welsh domiciled students studying higher education courses at higher education institutions and further education institutions in Wales who are domiciled in the Welsh Communities First Areas from 15.6% in 2008/09 to 17.2% in 2012/13.	
		Baseline	Progress
		2008/09	2009/10
		15.6%	16.2%

02	Purpose	To measure the increase in the number of students who successfully complete their learning objectives.	
	Measured by	A 2.7% rise in the module completion rate for undergraduate enrolments in Welsh higher education institutions from 87.6% in 2008/09 to 90% in 2012/13.	
		Baseline	Progress
		2008/09	2009/10
		87.6%	90.1%

The student experience

Ensure that the student learning experience is of high quality

National Student Survey results, and surveys of the international student experience in Wales, show the priority placed on an excellent student experience for a diverse student population, and on making sure the student voice is continuously strengthened.

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 to increase the numbers of students who take some part of their HE course through Welsh.

Our aims include to:

- ensure a high quality student learning experience in higher education Wales
- encourage institutions to continuously enhance the student experience for the diverse student population
- evaluate technology-enhanced learning to reflect new and innovative forms of learning
- work with the higher education sector in Wales to extend the range of Welsh medium provision.

Every year, we work with higher education institutions:

- which we fund to implement learning and teaching strategies and share good practice, including enhancing learning and teaching through technology;
- whose standards and quality are assessed by the Quality Assurance Agency for Higher Education (QAA);
- by funding the Higher Education Academy which supports the HE sector in its aim to provide the best possible learning experience for all students;
- which we fund to maintain and develop Welsh medium provision;
- who nominate members to our Student

Experience, Teaching and Quality Committee, and our Research, Innovation and Engagement Committee, which advise our Council on policy issues in these areas.; and

- to address the Welsh Government priority of Education for Sustainable Development and Global Citizenship.

We also work with:

- Welsh Higher Education Brussels and the UK HE Europe Unit on opportunities within the European Higher Education Area which enhance the student experience.
- the Wales International Consortium and the UK HE International Unit on opportunities that encourage further internationalisation in HE institutions.
- the National Union of Students, Wales, through the Wales Initiative for Student Engagement (WISE), and through supporting for the 'Have your Say' campaign.

Activities in 2010-11

- The development of **Y Coleg Cymraeg Cenedlaethol** (formerly referred to as Y Coleg Ffederal) continued, with the appointment by HEFCW of Mr Geraint Talfan Davies in April 2010 as chair of the Implementation Board for the Coleg. The Board oversaw the development of the legal framework and other preparations for the Coleg, which will work with and through the universities in Wales to support the maintenance and development of Welsh medium higher education. Professor Merfyn Jones was appointed first chair of the Coleg in December 2010. By the end of March 2011 the Coleg had been legally incorporated and its Board of 13 directors had met for the first time, ensuring the Coleg's readiness for the new academic year in September 2011.

- The Welsh Government announced its plans for a new system for charging **tuition fees** for higher education from 2012/13, following an announcement in the autumn 2010 by the Westminster Government of its plans to allow university tuition fees in England to rise to £9,000. HEFCW played an active role in the subsequent consultations with institutions and was charged with requesting Fee Plans from higher education providers in Wales. Any institution wishing to charge over £4,000 per full time undergraduate student needed a fee plan approved for 2012/13. Institutions would invest a proportion of fee income into equality of access and promotion of higher education.
- We asked universities (and FE institutions with more than 6,000 HE credits, whether through franchise, directly funded, or a mixture of both) to publish '**employability statements**' on the Unistats website, detailing the support they provide to students to enhance their employability.
- We supported the Higher Education Academy's work on enhancing learning and teaching and the **student experience** in Wales.
- The report *The Impact of International and EU students in Wales* looked at the wider long term **economic benefits for Wales of international and EU students**, who currently contribute the equivalent 0.5% of the Welsh economy, and showed the importance of overseas students to the internationalisation of Welsh universities as a whole.
- We reiterated our position on **course length**, and requested that universities take measures to

ensure that the average length of first degree courses did not increase, given their potential impact on the Welsh Government's student finance budget.

- The outcomes of the **National Student Survey** showed that, overall, 82% of respondents in Wales were satisfied with their course. While, after five years of growth, the overall result dropped for the first time by 1 percentage point, the results also saw slightly improved outcomes for some areas, including assessment and feedback and academic support.
- A review of the Joint Information Systems Committee (JISC) acknowledged its success over many years, the contribution made by its shared services to the HE and FE sectors, and its international reputation. It identified that the increasing demands on JISC, particularly at a time of resource constraint, indicated a need for changes in its operation to ensure improved efficiency and effectiveness. JISC inspires UK colleges and universities in the **innovative use of digital technologies**, helping to maintain the UK's position as a global leader in education.
- Two institutions underwent the Quality Assurance Agency (QAA) **Institutional Review: Wales** process. We worked closely with the QAA in relation to the Education Minister's remit to HEFCW on the University of Wales.
- We confirmed that £1.02 million would be available to support institutions' **learning and teaching strategies**.

Delivery of responsibilities in 2010–11, as set by the Welsh Government

Task	Outcome
To provide: <ul style="list-style-type: none"> • A progress report on the Review of the University of Wales Collaborative Partnerships by May 2010. • A report on the Quality Assurance Agency's (QAA) Review of the University of Wales by January 2011. 	✓ Completed. Progress report provided on schedule. The QAA institutional review report was held for publication until June 2011, pending the outcome of other work by the QAA on the University's overseas activity.

Performance against Corporate Strategy Measures

03	Purpose	To measure 'continuing efforts are made to deliver an excellent student experience' and ensuring that 'the student voice strengthens higher education'.	
	Measured by	The three year rolling average score for Wales in the National Student Survey 'overall satisfaction'* question will be equal to, or greater than the comparative score for the UK. *Score' means percentage of students who agreed with 'Overall, I am satisfied with the quality of my course'.	
		Baseline	Progress
		2007 to 2009 3-year rolling average	2009 to 2011 3-year rolling average
		Welsh HE institutions 83.3%	Welsh HE institutions 82.7%
		UK HE institutions 81.7%	UK HE institutions 82.7%

04	Purpose	To measure 'study through the medium of Welsh to take place in a wider range of programmes and locations in Wales'.	
	Measured by	The number of Welsh domiciled students at Welsh higher education institutions and further education institutions undertaking some element of their course through the medium of Welsh will rise from 4,586 in 2008/09 to 5,509 in 2012/13.*	
		Baseline	Progress
		2008/09	2009/10
		4,586	4,612

05	Purpose	To measure the internationalisation of higher education in Wales, by continuing to see Wales outperform UK-wide movement in the recruitment of overseas students.	
	Measured by	The percentage growth in the number of overseas students attending higher education courses in Welsh higher education institutions will be equal to, or greater than, the comparable figure for UK higher education institutions (excluding London and the South East).	
		Baseline	Progress
		2007/08 to 2008/09 % growth	2008/09 to 2009/10 % growth
		Welsh HE institutions 15.1%	Welsh HE institutions 26.7%
		UK HE institutions (excl. London and SE England) 10.4%	UK HE institutions (excl. London and SE England) 11.9%

*Baseline and target have been amended to reflect 2008/09 data correction.

Skills

Ensure that all graduates are equipped for the world of work and for their role as citizens

Universities in Wales produce more than 30,000 graduates a year.

We are committed to ensuring that graduates are equipped for the world of work and for their roles as citizens.

Our aims include to:

- retain graduate skills in the Welsh economy and enhance the contribution of Welsh graduate skills more widely, including using flexible programme design and work-based learning
- increase higher level and entrepreneurial skills in the Welsh workforce
- encourage careers guidance and improve employability
- support 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, including in the areas of skills and employability;
- 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 HE students, graduates and business together by supporting a range of work experience and training opportunities;
- to support initial teacher training (ITT) centres in addressing key issues for ITT and relevant priorities set by the Welsh 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; and

- to encourage science, technology, engineering and mathematics (STEM) within HE, and to maintain and improve the delivery of modern foreign languages, a subject of broader importance to Wales.

Activities in 2010-11

- We invited universities and partners in Wales to submit **regional strategies**, designed to identify how institutions could best work together to tackle local learner and employer needs and reduce unnecessary duplication. HEFCW confirmed at the end of March 2011 that a number of subject areas had been identified for regional funding allocations from HEFCW in the following academic year.
- In funding these new courses, we were careful first to define our policy on **Foundation Degrees**, in response to *For our Future and Skills that Work for Wales: A Skills and Employment Strategy and Action Plan*. These qualifications are essentially designed to make higher education more affordable to more people, promote social cohesion, and extend the routes to lifelong learning.
- We continue to co-fund the Higher Education STEM Programme, an initiative to promote **science, technology, engineering and mathematics (STEM)** in England and Wales, which Swansea University leads within Wales. Swansea University collaborates on activities with ten other institutions in Wales and is involved in cross-border collaboration with the other regional leads. The programme aims to enable best practice to transfer and be widely adopted across the higher education STEM sector, and encourage innovation.

- We encouraged an increase in university places in **science subjects** from the 2010/11 academic year in order to support Welsh Government plans for economic renewal. Accordingly, we invited universities to convert some existing student places into STEM (science, technology, engineering and mathematics) subjects, following widespread employer calls for more graduates in these subjects.
- We funded CILT Cymru to deliver the Welsh 'region' within England's wider 'Routes to Languages' initiative, enabling groups of our universities to work closely with schools and colleges to enthuse and encourage people to **study languages**.
- The First Minister launched the new North and Mid Wales Centre of Teacher Education in January 2011. We allocated £1.3 million in **initial teacher training** strategy funding to support providers, including the Centres of Teacher Education, in addressing priorities for teacher training.
- We gave some £6 million in additional support for **part-time students**, aimed at maintaining and strengthening part-time courses which focus particularly on widening access to higher education and extending links with employers.

Delivery of responsibilities in 2010-11, as set by the Welsh Government

Task	Outcome
To encourage the development of Foundation Degrees with emerging renewable energy sectors, as part of HEFCW's new Foundation Degree policy developments.	<p>✓ Completed.</p> <p>Covered under the criteria set for funding the Foundation Degree proposals.</p>

Performance against Corporate Strategy Measures

06	Purpose	To measure 'employability as a key outcome of the HE experience'.	
	Measured by	The proportion of leavers obtaining first degrees from full-time courses who were employed, studying or both six months after leaving, will be equal to, or greater than the UK proportion by 2012/13.	
		Baseline	Progress
		2008/09	2009/10
		% employed / studying after 6 months	% employed / studying after 6 months
		Welsh HE institutions 91.2%	Welsh HE institutions 91.9%
		UK HE institutions 89.9%	UK HE institutions 90.4%

07	Purpose	To measure the extent to which more people in Wales, including in the Heads of the Valleys, experience higher education and are 'equipped with higher level skills'.	
	Measured by	The absolute participation rate within Welsh higher education providers of students in the five Universities Heads of the Valleys Institute unitary authorities will rise by 8% to the current national average by 2012/13 (from 2.5% to 2.7%).	
		Baseline	Progress
		2007/08	2008/09
		2.5%	2.5%

08	Purpose	To measure the extent to which 'improved part-time learning opportunities are offered'.	
	Measured by	The total number of part-time students studying higher education courses in higher education institutions and further education institutions in Wales will rise from 54,714 in 2008/09 to 59,000 in 2012/13.	
		Baseline	Progress
		2008/09	2009/10
		54,714	50,243 ²

2. We currently attribute this to a combination of possible falling economic demand, course restructuring for various academic and financial sustainability reasons, and withdrawal from franchises. We would expect some future upturn in response to emerging new part-time provision in some institutions.

Knowledge Transfer

Ensure more productive relationships between higher education institutions and public/private sectors, local communities and other agencies

Universities contribute more than £1 billion annually to the Welsh economy, attract inward investment, generate export earnings, and are a major employer in Wales.

It is vital that the knowledge created in higher education institutions is made accessible for use in the economy and society more widely, which includes institutions developing their links with employers, and their cultural and civic roles.

Our aims include to:

- benefit economy and society – create wealth and knowledge – through delivering productive relationships between HE institutions and the public and private sectors, other agencies and local communities.

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 sustainability, enterprise, innovation and inward investment;
- which receive funding to implement Innovation and Engagement strategies to support economic and social well-being in Wales and beyond;
- to increase the commercialisation of research; and
- to further their cultural and civic roles.

Activities in 2010-11

- We delivered more than £5.98 million in **Innovation and Engagement funding** to higher education institutions to support individual and collaborative Innovation and Engagement strategies.
- We reported that, in 2008/09 (the most recent year for which data were available), Welsh universities, which make up some 5% of UK higher education, generated 10% of all UK graduate business-start-ups and more than 12% of estimated turnover (around £16.5 million) from all active UK graduate start-up firms. The latest UK-wide survey (HE-BCI survey) on how **HE institutions work with and generate business** showed that universities in Wales were helping both businesses and the economy to weather uncertain times and lay down sound foundations for future recovery.

Delivery of responsibilities in 2010–11, as set by the Welsh Government

Task	Outcome
To finalise proposals for a new cycle of Innovation and Engagement funding, taking account of developments in the regional dimension of higher education in Wales, where appropriate, and invite new strategies by April 2011.	✓ Completed. However, given the extension of second cycle of previous funding regime, new strategies were requested by the end of July 2011.
To formulate proposals to support greater collaboration between universities and employers in generating and pursuing joint research plans, specifically the exploitation of new and existing research directed at benefiting the needs of employers and the economy.	✓ Completed. Taken forward under development of new cycle of Innovation and Engagement Funding.

Performance against Corporate Strategy Measures

09	Purpose	To evidence 'knowledge transfer and exploitation of intellectual property in ways which can impact on Welsh economic transformation'.	
	Measured by	The number of spin-off companies still active which have survived at least three years will increase by 10% from 252 in 2008/09 to 277 in 2012/13.	
		Baseline	Progress
		2008/09	2009/10
		252	301

Research

Ensure improved research performance to underpin the knowledge economy and cultural and social renewal

Research creates knowledge which, when applied, can address key challenges faced by society, provide new, high-level jobs, and generate wealth.

We direct funding to help strengthen the quality and quantity of research in Wales, and to secure sustainable excellent research in Wales that is recognised around the world. We also fund higher education institutions to continue to form new collaborative partnerships which strengthen their individual research goals, all the while recognising the role of research in supporting social justice and cultural and social renewal.

Our aims include:

- to strengthen the quality, scale and impact of an internationally-competitive and thriving research base in Wales
- effective and sustainable research groupings and collaboration in Wales, by ensuring they are of a sufficient size and disciplinary range, particularly in areas of strength and national priority
- for the higher education 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
- to increase the size of and support for the postgraduate community in Wales.

Every year, we work with higher education institutions:

- which carry out research that advances knowledge and practice and, where appropriate, provides a basis for application and knowledge transfer;

- which receive 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);
- which train the next generation of researchers by providing postgraduate research degree programmes, with support from HEFCW's postgraduate research funding stream (PGR); and
- to progress developments that strengthen research capacity on a collaborative basis.

Activities in 2010-11

- We worked with colleagues in the other UK funding bodies to further develop the **Research Excellence Framework**, the new system for assessing the quality of research in UK higher education institutions. The broad framework was announced following UK-wide pilot exercises which tested and developed the arrangements for assessing impact.
- We reviewed and revised our **research funding method** (QR – Quality Research) to focus support on sustainable research excellence. From 2011/12, we would no longer include 2* research in the QR funding formula, and we would introduce a combined quality and volume threshold. Alongside our Innovation and Engagement Fund, funding was delivered by the Welsh Government via its Academic Expertise for Business (A4B) Programme to help commercialise research outputs, including through collaborative research between HE institutions and businesses in Wales.
- We established a **Research Subgroup** of our Research, Innovation and Engagement Committee to focus on issues relating to research quality and external – Research Council – income. The Subgroup made recommendations for improvements to be delivered through co-

ordinated action by the HE sector, HEFCW and the Welsh Government.

- We agreed to contribute £5 million to help support the development of **High Performance Computing Wales** (HPC Wales), in partnership with a number of other funders. HPC Wales will build state-of-the-art high performance computing capability across the universities in Wales.
- We signed the **Concordat for Engaging the Public with Research**, alongside the other UK higher education funding bodies, Research

Councils UK and other research funders. The Concordat provides a set of principles to encourage public engagement and boost the social and economic impact of research.

- We contributed £1.5 million to co-fund an Economic and Social Research Council (ESRC) **Doctoral Training Centre for Social Sciences for Wales**, which a consortium of Welsh universities will host for five years. The £10 million award will fund 33 new studentships a year.

Delivery of responsibilities in 2010–11, as set by the Welsh Government

Task	Outcome
<p>To take action to improve the research performance of Welsh higher education, including:</p> <ul style="list-style-type: none"> • Supporting the drive to increase the Welsh share of UK research funding in order to further focus on national research priorities. • Encouraging collaborative scholarship across subject specialisms. • Promoting cross-institutional collaboration, particularly across more research intensive universities. 	<p>✓ Completed.</p> <p>These issues were tackled by the research subgroup of HEFCW's Council's Research, Innovation and Engagement Committee (RIEC) and presented in a report to Council in March 2011.</p> <p>Discussions about its conclusions and recommendations took place with the Welsh Government, following consideration by the Cabinet on 18 March, with further work after the May 2011 elections.</p>

Performance against Corporate Strategy Measures

10

Purpose	To encourage more effective research through focussing investment on areas of strength.	
Measured by	The annual percentage growth in income from Research Councils will be equal to, or greater than, the comparable figure for UK higher education institutions (excluding the 'golden triangle' of Oxford, Cambridge and London). [In 2008/09, Welsh HE income from the Research Councils accounted for 4.8% of the UK total.]	
	Baseline	Progress
	2007/08 to 2008/09	2008/09 to 2009/10
% growth in income for Welsh HE institutions	17.4%	3.0%
% growth in income for UK HE institutions	13.9%	3.1%

ENABLING THEMES

Reconfiguration and collaboration

Deliver a reconfigured higher education system with strong providers that, through partnership working, particularly regionally, offers more accessible higher education opportunities

We are committed to delivering the Welsh 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. We wish to see a stronger higher education sector through closer working between providers, with an embedded culture of collaboration that builds critical mass, shares services and improves income generation.

We are aiming for:

- a diverse and internationally competitive higher education system that serves the needs of Wales
- an embedded culture of regional collaboration and a fall in unwarranted course duplication
- a more strategic approach towards distributing our funding to HE institutions
- fewer, but larger and more resilient, universities. This means a sector made up of no more than six institutions (not including the Open University in Wales), reflecting, variously, regional, national, widening access and research priorities
- no more than two HE institutions should have an income below the UK median, neither of which would be in south-east Wales.

We work with higher education institutions:

- to award and capitalize on final funding through the Welsh Government's Reconfiguration and Collaboration Fund (RCF), which has supported 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 a range of collaborations and UK-wide, strategic initiatives through our Strategic Development Fund; and
- to review estates strategies, where HE institutions take account of their individual estates needs, including the accommodation requirements of students and financial and environmental sustainability issues.

Activities in 2010-11

- We gave a clearer lead on how we envisaged **the higher education sector in Wales would look in the future** in order to deliver a sustainable Welsh HE system, announcing that, by March 2013, the higher education sector in Wales should move to a structure of no more than six institutions (not including the Open University in Wales).
- We invited universities and partners in Wales to submit **regional strategies**, designed to identify how institutions could best work together to tackle local learner and employer needs and reduce unnecessary duplication. Regional collaborations between HE institutions and further education colleges, post-16 education providers, local authorities, Sector Skills Councils, employers, and representative groups were designed to help learners to progress from school, through to further and higher education or work-based learning, and address skills shortages. We confirmed at the end of March 2011 that a number of subject areas had been identified for regional funding allocations in the following academic year.

Delivery of responsibilities in 2010–11, as set by the Welsh Government

Task	Outcome
<p>To liaise with the higher education (HE) sector in Wales to develop regional strategies for planning and delivering of HE, by November 2010. These strategies would:</p> <ul style="list-style-type: none"> • be linked to funding priorities • deliver the requirements of HEFCW's remit letter from the Welsh Government, and the Welsh Government's <i>For our Future</i> strategy, including clearly guiding institutions to match their delivery of learning to meet national priorities. 	<p>✓ Completed. Three regional strategies submitted to HEFCW by end of November 2010.</p>
<p>To provide a report on the regional framework to the Welsh Government.</p>	<p>✓ Completed. Report submitted May 2010.</p>

Performance against Corporate Strategy Measures

11

Purpose	To encourage further reconfiguration of the higher education sector including 'institutional mergers and collaborations, where this will underpin strength, capacity, and availability of high quality higher education'.	
Measured by	At least 75% of the Welsh higher education institutions will have an annual income in excess of the UK median (36% in 2008/09), with no institution to be in the lower quartile by 2012/13 (4 in 2008/09).	
	Baseline	Progress
	2008/09	2009/10
	In excess of UK median 36% (4 out of 11 institutions)	In excess of UK median 45% (5 out of 11 institutions)
	In lower quartile 36% (4 out of 11 institutions)	In lower quartile 36% (4 out of 11 institutions)

Governance

Deliver continual improvement in the quality of governance and long term sustainability of the higher education system

Universities' governing bodies are essential in setting their course and ensuring executive teams are accountable for their performance.

We are committed to encouraging governing bodies to deliver continual improvement in the quality of governance and long term sustainability of the higher education system, which would include establishing a restructured higher education that best meets the needs of Wales.

Our aims include to:

- explore how to further develop leadership and governance within the higher education sector
- promote the role of HE providers as 'corporate citizens'.

We:

- engage in a 'strategic engagement' process with higher education institutions, which includes giving feedback on their strategic plans. We also monitor their progress and work with them on enhancing certain areas of performance;
- assess HE institutions' reports on progress against strategies and HEFCW initiatives;
- 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 external guidelines and legislation in areas such as equality, and sustainability;

- monitor institutions' and the sector's procurement progress and performance, which includes looking at efficiencies made, the use of technology to support the procurement function and progress with sustainable procurement;
- continue to support the governance and management work of the Leadership Foundation for Higher Education (LFHE) and the Committee of University Chairmen (CUC), on a both UK and Wales level, and we support others involved in governor and management development;
- monitor equality and diversity data on HE institutions in Wales and provide advice and guidance in this area; and
- 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.

Activities in 2010-11

- We carried out a major **consultation on how to develop our funding method** to align it more closely with the main themes within our Corporate Strategy from AY 2011/12. A further consultation took place on how to manage the numbers of full-time undergraduate students at institutions in order to control the demand on Welsh Government student finance budgets. This review was followed by guidance to universities in September 2010.
- We welcomed the **independent review of higher education governance** in Wales, and the subsequent report, *Achievement and accountability*. The report considered the national and institutional governance of higher education in Wales, and the national role and function of the University of Wales. Among other recommendations, it suggested an enhanced role

- for any future HE funding body in Wales.
- Welsh universities secured nearly £2 million in cash gifts from donors, which was an increase of 36% on the previous year. This was the second year of HEFCW's £10 million **matched funding scheme for voluntary giving**, which gave additional – matched – funding from HEFCW to supplement gifts to higher education institutions from organisations and individuals, including former students.
 - We published details about HEFCW's revised arrangements for conducting cyclical **institutional assurance review visits** to assess

the effectiveness of higher education institutions' governance, risk management and internal control arrangements.

- We maintained a dialogue with the Welsh Government about the need for an **appropriate level of funding** for the HE sector in Wales.
- We reported nearly £19 million worth of **procurement efficiencies** for the financial year 2009/10, which was an increase of £6 million on the previous year, alongside sector improvements in sustainable procurement.

Delivery of responsibilities in 2010–11, as set by the Welsh Government

Task	Outcome
To submit HEFCW's Operational Plan, and Corporate Strategy / <i>For our Future</i> Action Plan.	✓ Completed.
To instigate a review of HEFCW funding: <ul style="list-style-type: none"> • restructuring current funding streams in the move to a Strategic Implementation Fund • assessing planned expenditure to align with <i>For our Future</i> goals • implementing changes to 2010/11 funding round. 	✓ Completed. A review of and consultation on funding streams were carried out. Initial proposals were published for consultation in November 2010, with final changes agreed by HEFCW's Council and published in February 2011.
To: <ul style="list-style-type: none"> • consult on and publish measures to cap the recruitment of funded student numbers from 2011/12. • report on progress and interim actions taken for 2010/11 to the Minister for Education by May 2010. 	✓ Completed. Following consultation with the higher education sector, guidance was published in September 2010.
To embed sustainable development within HEFCW: <ul style="list-style-type: none"> • by ensuring that decisions taken are within the framework of policy-making in HEFCW's Strategic Development Directorate • by ensuring that HEFCW supports the long-term well-being of the people of Wales through its funding and influence over the HE sector, and that this is demonstrated in performance reporting. 	✓ Completed. A paper setting out proposals to enable HEFCW to further embed sustainability both within decision making processes, and funding was considered by HEFCW's Council in July 2011.

Task	Outcome
To continue to encourage HE institutions to reduce their environmental impacts and report on environmental issues through their Environmental Managements Systems.	✓ Completed. HEFCW developed proposals that were approved by Council October 2010. These were then amended to reflect withdrawal of capital funding.
To progress the implementation of HEFCW's strategic engagement strategy with institutions, including reviewing HEFCW's stance on institutional planning to ensure that universities contribute collectively and individually to delivering <i>For our Future</i> .	✓ Completed. HEFCW's Council agreed in December 2010 to the new process for requesting universities' strategic plans and annual progress reports from 2011 onwards.

Performance against Corporate Strategy Measures

12	Purpose	To encourage improving effectiveness of governing bodies in guiding the strategic direction of their institution.	
	Measured by	No higher education institution to be classified as 'high risk' under HEFCW institutional risk review processes.	
		Baseline	Progress
		2008/09	2009/10
		No HE institution classified as 'high risk' under HEFCW institutional risk review process.	No HE institution classified as 'high risk' under HEFCW institutional risk review process.

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 Government and the higher education sector in Wales, we act within an environment over which we exercise influence rather than control.

HEFCW's accountability

A Management Statement and Financial Memorandum defines the relationship between HEFCW and the Welsh Government.

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

The Welsh Government's Education Minister holds quarterly meetings with the Chairman and Chief Executive, and Welsh 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 2010-11, there were 12 members of the Council, including the Chairman. The Council Chairman was reappointed during the year and one member resigned.

The Council met seven times in 2010-11. An assessor from the Welsh Government attends the meetings. The Chief Executives of the Higher Education Funding Council for England (HEFCE) and the Scottish Funding Council, 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 2010-11 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.

Our aims include 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 and, including through the areas of leadership and management, take the required action 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 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
 - reduce environmental impact, including through employing 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 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 Government.
- We have a high-level corporate risk register which identifies risks associated with delivering our corporate plan objectives and with the broader environment within which we operate, and includes measures for managing those risks. This approach is also applied separately to the management of fraud risk.

- We have a Welsh Language Scheme, which outlines our commitment to treating the Welsh and English languages on the basis of equality in providing services to the public in Wales.
- We have an Equality Scheme, stating our commitments and plans for individuals with protected characteristics. We involve and consult with staff and other interested stakeholders in developing our Scheme and action plans as they include actions addressing both HEFCW as an employer and policies relating to the HE sector in Wales.
- We collect information on staff and applicants with protected characteristics, to monitor the application process and employment policies, and to find out whether they are treated on the basis of equality. As a small organisation, we could not publish our 2010-11 data without identifying individuals.
- We have an externally verified environmental management system, and work with our staff to identify and implement improvements in environmental performance.
- We procure our goods and services as collaboratively as possible, using technology to support the procurement function. We meet Welsh Government targets on sustainable procurement and efficiencies and report the benefits accrued from our procurement.
- Welsh Government performance reviews and monitoring, Investors in People, external stakeholder surveys and internal staff surveys all assess the degree to which we meet our objectives.
- We keep 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.

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 Council and committee member 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 Public Services Ombudsman for Wales. We received no requests to consider complaints under the Complaints Procedure during the year.

Activities in 2010-11

- We consulted on how to best implement the Welsh Government's strategy and plan for higher education, *For our Future*, and concluded that the most effective way to do this was through our own **Corporate Strategy**, which was published in June 2010.
- We signed up to the public sector **Efficiency and Innovation programme**, which aims to promote collaboration and innovation, and bring about improvements and cost savings.
- Our new **Welsh Language Scheme** was approved in November 2010.
- HEFCW maintained accreditation against the ISO 27001 **Information Security Management System Standard**, after originally achieving certification in September 2007.

Council committees and working groups in 2010–11

Appointments Committee Chair: **Roger Thomas**

Remuneration Committee Chair: **Roger Thomas**

Audit and Risk Committee Chair: **David Allen**

Research, Innovation and Engagement Committee Chair: **Professor Robin Williams**

Human Resources Committee Chair: **Nina Park**

Reconfiguration and Collaboration Committee Chair: **Dame Sandra Burslem**

Student Experience, Teaching and Quality Committee Chair: **Professor Leni Oglesby**

Members of Council during 2010–11

Chairman

Roger Thomas

Former Chair of Governors,
University of Glamorgan
5 May 2008 to 4 May 2011;
reappointed: 5 May 2011 to 4 May 2014

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 the Committee of University Chairmen (CUC). He was 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), and a judge of the Provincial Court of Church in Wales, and until recently was a member of the CBI Wales Council. He was formerly senior partner at Eversheds solicitors, Cardiff, Vice President of the National Museums and Galleries of Wales, a director of the Welsh National Opera, Vice-Chairman of Techniquet and a member of Council at Cardiff University. Roger Thomas is High Sheriff of South Glamorgan for 2011/12.

Other members

Professor Philip Gummatt

Chief Executive
From May 2004

Philip Gummatt is Chief Executive of the Higher Education Council for Wales (HEFCW). He 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. He is a companion of the Chartered Management Institute.

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 was until November 2010 on the Board of the Leadership Foundation for Higher Education and chaired its Audit Committee. He is a member of the Leadership, Governance and Management Committee of HEFCE and serves on its Shared Services Advisory Group.

James Bennett

Principal/Chief Executive, Coleg Gwent
Appointed 1 April 2010; leave of absence from May 2010; membership ended 5 April 2011

James (Jim) Bennett was appointed a member of HEFCW Council from 1 April 2010 but commenced leave of absence in May 2010 after being appointed as interim Principal for Coleg Gwent. Jim took unpaid leave of absence from the Council until May 2011 when he resigned following confirmation of his appointment as Principal and Chief Executive at Coleg Gwent.

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 was a Civil Service Commissioner from 2005-10. 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 High Sheriff for the County of Greater Manchester in 2006-07.

Bethan Guilfoyle

Former Headteacher of
Treorchy Comprehensive School
1 April 2010 to 31 March 2013

From 1996 to 2011, Bethan Guilfoyle was Headteacher of Treorchy Comprehensive School situated at the top of Rhondda Fawr Valley, a school of 1,560 students including 325 students in the sixth form. She is a member of the Ministerial Advisory Group for the Welsh Government's Department for Education and Skills and was a governor at the University of Glamorgan. She is currently Chair of the Corporate Governance Committee for Health and Social Services at the Welsh Government. In January 2010 she was awarded a CBE for services to education in the New Year Honours List.

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 in the Department of Health committee on psychosocial care.

David Mason

Former Principal and Chief Executive,
Coleg Gwent
1 April 2010 to 31 March 2013

David Mason retired after six years as Principal/Chief Executive of Coleg Gwent in February 2004. Before that, David had been Principal of two colleges in England, and had held senior positions in the Civil Aviation Authority. Since his retirement, David has undertaken a number of part-time consultancy projects in further education including two interim Principal posts, one managing the closure of a college and the other managing a merger. David has been a member of the Board of the Association of Colleges, Vice Chair of fforwm (now Colleges Wales) and a non-executive Director of Careers Wales (Gwent) Limited. He has also been Wales's Education Liaison Officer for the Institute of Directors and is an Honorary Fellow of the University of Wales, Newport.

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 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 Access and Participation.

Nina Park

Vice-President for Control Techniques

1 April 2010 to 31 March 2013

Nina Park has been a Vice-President for Control Techniques since 2007 with global responsibility for human resources. Control Techniques, which manufactures motor control and power conversion technologies for commercial and industrial applications, has its headquarters in Newtown, Powys, and is part of Emerson, a US\$25 billion multi-national company with 134,000 employees. After graduating from Oxford Brookes University with a BA (Hons) in English, Law, Politics and History, she began her career in recruitment before moving into human resources, and held a variety of senior positions before joining Emerson in 2005. She has a Masters in Human Resource Management and is a member of the Chartered Institute of Personnel and Development.

Professor Sir Brian Smith

Former Vice-Chancellor, Cardiff University

1 December 2002 to 30 November 2005;

reappointed 1 December 2005 to 30 November

2008; reappointed 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.

Professor Robin Williams

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 of the group established to review higher education. He chaired the Planning Board which produced a report on a model for the 'Coleg Ffederal', now established as Y Coleg Cymraeg Cenedlaethol.

Summary financial statements

For the year ended 31 March 2011

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 2011.

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 became an Assembly Government Sponsored Body and following the election of a new government in May 2011, became known as a Welsh Government Sponsored Body (WGSB).

HEFCW is responsible for the administration of funds made available by the Welsh 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. Our responsibilities for initial teacher training are

covered under the Education (School Teachers' Qualifications) (Wales) Regulations 2004 and the Education Act 2005.

Results for the year

The net operating costs for the year were £455.6 million (2009-10 net operating costs £475.2 million). The cumulative general fund at 31 March 2011 after crediting grant in aid funding of £456.9 million, was £5.5 million (2009-10 £4.3 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 Gummatt

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 Mari Lloyd-Williams

(reappointed 1 January 2010)

Senior Clinical Academic, University of Liverpool

Professor Katherine Oglesby

(appointed 1 December 2008)

Former Senior Deputy Vice-Chancellor of the University of Teesside

Professor Sir Brian Smith

(reappointed 1 December 2008)

Former Vice Chancellor, Cardiff University

Professor Robin Williams CBE

(appointed 1 August 2009)

Former Vice-Chancellor, Swansea University

Mr James Bennett

(appointed 1 April 2010, resigned 5 April 2011)

Former Principal of South Tyneside College

Mrs Bethan Guilfoyle

(appointed 1 April 2010)

Head Teacher of Treorchy Comprehensive School

Mr David Mason

(appointed 1 April 2010)

Former Principal/Chief Executive of Coleg Gwent

Ms Nina Park

(appointed 1 April 2010)

Vice President for Control Techniques

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

Committees	Members
Student experience, teaching and quality	Professor Katherine Oglesby (Chair), Mrs Bethan Guilfoyle, Mr David Mason (from 24 September 2010), Professor Mari Lloyd-Williams
Research, innovation and engagement	Professor Robin Williams (Chair), Professor Sir Brian Smith, Ms Nina Park
Audit and risk	Mr David Allen (Chair), Mr David Mason (from 24 September 2010), one vacancy
Reconfiguration and collaboration	Dame Alexandra Burslem (Chair), Mr David Mason, Professor Sir Brian Smith, Professor Robin Williams, Professor Philip Gummett
Human resources	Dame Alexandra Burslem (Chair to 10 December 2010), Ms Nina Park (Chair from 11 December 2010)
Remuneration	Mr Roger Thomas (Chair), Dame Alexandra Burslem, Ms Nina Park
Appointments	Mr Roger Thomas (Chair), Mr David Allen, Dame Alexandra Burslem, Professor Katherine Oglesby, Professor Robin Williams, Ms Nina Park (from 11 December 2010), 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 2011 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 46-49.

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 2011 on which I have issued an unqualified opinion.

Huw Vaughan Thomas
Auditor General for Wales
24 Cathedral Road
Cardiff
CF11 9LJ
13 July 2011

Summary statement of comprehensive net expenditure

for the year ended 31 March 2011

	2011		2010 restated	
	£'000	£'000	£'000	£'000
Expenditure				
<i>Funding of higher education:</i>				
Recurrent expenditure	431,595		437,742	
Capital expenditure	17,223		24,284	
Other purposes	28,204		22,128	
	<u>477,022</u>		<u>484,154</u>	
<i>Council expenditure:</i>				
Staff costs	2,243		2,243	
Depreciation	76		85	
Amortisation	-		1	
Other expenditures	593		645	
	<u>2,914</u>		<u>2,974</u>	
Total expenditure		<u>479,936</u>		<u>487,128</u>
Income				
Income from activities		<u>24,299</u>		<u>11,935</u>
Net operating costs		(455,637)		(475,193)
Interest receivable		4		3
Appropriations		(4)		(3)
Net operating costs after interest transferred to the general reserve		<u>(455,637)</u>		<u>(475,193)</u>

Summary statement of financial position

as at 31 March 2011

	As at 31 March 2011	As at 31 March 2010	As at 1 April 2009
	£'000	£'000	£'000
<i>Non-current assets</i>			
Property, plant and equipment	184	166	201
Intangible assets	-	-	1
Total non-current assets	184	166	202
<i>Current assets</i>			
Trade and other receivables	804	820	212
Cash and cash equivalents	5,515	4,360	5,625
Total current assets	6,319	5,180	5,837
Total assets	6,503	5,346	6,039
<i>Current liabilities</i>			
Trade and other payables	(927)	(1,000)	(796)
Provisions for liabilities and charges within one year	(7)	(7)	-
Total non-current assets plus net current assets	5,569	4,339	5,243
<i>Non-current liabilities</i>			
Provision for liabilities and charges after one year	(22)	(24)	-
Assets less liabilities	5,547	4,315	5,243
<i>Reserves</i>			
General reserve	5,547	4,315	5,243
	5,547	4,315	5,243

Summary statement of cash flows

for the year ended 31 March 2011

	2011	2010
	£'000	£'000
Net cash outflows from operating activities	(455,618)	(475,480)
Net cash flows from returns on investments and servicing of finance	-	-
Net cash outflow from investing activities	(96)	(50)
Net cash flows from financing activities	456,869	474,265
Net increase/(decrease) in cash	1,155	(1,265)

Statement of changes in reserves

for the year ended 31 March 2011

	General reserve
	£'000
Balance at 1 April 2010	
As previously stated	4,315
<i>Prior period adjustments</i>	
Cost of capital charges from Statement of Comprehensive Net Expenditure (no longer reportable)	167
Non-cash charges – cost of capital adjustment previously credited to general reserve (no longer reportable)	(167)
Balance at 1 April 2010 – restated	4,315
<i>Changes in reserves 2010-11</i>	
Net operating costs	(455,637)
Total recognised income and expense for 2010-11	(455,637)
Funding from Welsh Government	456,869
Balance at 31 March 2011	5,547

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.

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

Professor Philip Gummatt
Chief Executive and Accounting Officer
13 July 2011