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Dear David,

Introduction

1. I am writing to you to detail my expectations, funding allocations and priorities for the year ahead.
2. I would like to place on record my thanks to you and your team for your work over the last year and how you have engaged in dealing with some of the challenges that have faced the sector. Welsh higher education is a local, national and international asset. It belongs to all the people of Wales, is crucial to our cultural and economic prosperity, and is a force for social mobility and democratic debate.
3. My recent agreement with the First Minister demonstrates this Government's commitment to innovation and radicalism in education policy and I expect HEFCW to play an important role in supporting these ambitions and commitments so that we continue to raise standards and extend opportunities.

Context

4. The coming year signals a new era. This remit letter could be the first to issue to the Council covering a period when the UK will no longer be a member of the EU. This will bring challenges and an imperative to identify new opportunities. It is therefore an important time for us to work together to further internationalise Welsh higher education, to promote partnerships with other Governments and higher education systems, to identify and develop areas for research collaboration and create study opportunities for students and academics. I am keen that this renewed global outlook should bring benefits and opportunities for communities, industry and wider education sector here at home.

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Rydym yn croesawu derbyn gohebiaeth yn Gymraeg. Byddwn yn ateb gohebiaeth a dderbynnir yn Gymraeg yn Gymraeg ac ni fydd gohebu yn Gymraeg yn arwain at oedi.

We welcome receiving correspondence in Welsh. Any correspondence received in Welsh will be answered in Welsh and corresponding in Welsh will not lead to a delay in responding.

5. As we move forward with our post compulsory education, training and research reforms I would like to thank you for your detailed response to the technical consultation and your contributions to the range of technical workshops which were held. We have published the summary of responses and my officials continue to develop the policy areas in light of these.
6. There is a great deal of important work to be done to plan and prepare for implementation of our PCET reforms and I expect the Council and its officers to continue to engage with officials in the Welsh Government as this work progresses. I would like the focus of the Council's preparations to be on developing and strengthening still further the relationships between higher and further education and apprenticeship providers, working towards greater alignment between the systems and enabling a smooth transition.
7. In terms of our future relationship, my officials are working with the Welsh Government's Public Bodies Unit on our approach to implementing the *Delivering Together* report and recommendations. They will write to you separately once those discussions have concluded.

HE Funding

8. The current academic year will see full implementation of the student finance reforms arising from the Diamond Review. Wales has become the first European country to provide parity of student support across all modes and levels of study in higher education. This unique approach creates new opportunities for the sector.
9. I am pleased that I have been able to meet my commitment to increase funding to the sector again in this financial year in addition to the funding commitments made previously. On top of the £10m allocation for fee mitigation funding and support for postgraduate study, and increased funding to expand delivery of degree apprenticeships in Wales, I have been able to allocate more than £10m additional funding to the sector in 2019-20. Current forecasts indicate that the projected implications for HEFCW's budget are as follows:

HEFCW budget projections, by financial year

	2018-19	2019-20	2020-21	2021-22
Revenue planning assumption	£115m	£125m	£155m	£170m
Additional revenue allocations (commitments)				
Front-loading into 2017-18 [1]	-£6m			
Postgraduate interim bursary scheme	£5m	£5m	£1m	
Tuition fee mitigation funding	£5m	£5m		
Degree apprenticeships	£3m	£5m	£12m	
Global Wales II		£1m		
Wellbeing, performing arts & research	£8m			
Total revenue funding	£130m	£141m	£168m	£170m
Capital funding	£12m	£10m	£10m	
Total budget projection	£142m	£151m	£178m	£170m

10. In line with previous commitments, I would like the Council to prioritise funding for its Expensive Subjects Premium and to start planning for its expansion and enhancement for both full-time and part-time study.
11. In considering its future funding allocations, I would also expect the Council to have regard to Lord Murphy's recommendations about funding for the Royal Welsh College of Music and Drama (RWCMD).
12. I am delighted at the early evidence that suggests that there has been a significant increase in the number of applications for undergraduate part-time and postgraduate courses in Wales. Our radical approach will continue to deliver on social mobility, national prosperity and opportunities for all. The reforms that I have introduced are right for our students and provide a foundation for further development in our institutions. In light of this success, I would like the Council to work with my officials to ensure that there is a methodology within your funding formula for 2019/20 that recognises the increased numbers in these areas and its impact on institutions. I understand that you will need to provide assurance to institutions and I would be grateful if you could provide a report outlining an estimated cost of bringing forward this adjustment at the earliest opportunity.
13. In my written statement dated the 11 March, I confirmed that I have introduced an enhanced package of support for postgraduate students in 2019/20. However, this statement confirmed that due to HMT restrictions on the provision of loans for postgraduate courses I am unable to extend this package of support to individuals aged 60 and over. I would like the council to work with my officials to consider how I can provide additional grant support for Welsh domiciled students aged 60 and over that want to study postgraduate Master's courses in Wales during the next academic period.
14. This statement also confirmed that I would like to continue to build upon the success of our institutions in recruiting and retaining Welsh students studying postgraduate courses in 2018/19. I am considering how I can provide additional support to our institutions so that they can continue to incentivise the recruitment of the most talented Welsh students in line with our three national thematic sectors, as set out in the Economic Action Plan. My officials will be in touch to discuss how this can be achieved.
15. As individuals invest more in their education and personal development, and the sector begins to benefit from increased levels of funding, expectations will be raised around the benefits of that investment. I would like the Council, working with the sector, to consider how it can increase openness and transparency around the use of fee income. Through their tuition fees students make a significant contribution to institutional income and it is fair for them to expect institutions to be accountable for how that fee income is invested for the benefit of students, institutions and their communities. I expect the Council to continue its monitoring of fee levels across the sector for postgraduate and part-time provision in order to protect students from disproportionate and unwarranted fee increases.
16. Students can also expect to have access to accurate information and guidance to enable them to make informed choices about their future learning and personal development. I would like the Council to consider whether the current arrangements require strengthening to provide greater clarity for students and improved accessibility to the information provided by institutions about the courses offered, the outcomes and destinations of their students and about which of their courses lead to professional qualifications.

17. Our institutions must continue to take responsibility for ensuring their students receive value for money from their studies by providing them with an excellent learning experience and ensuring they are equipped with the skills necessary to secure fulfilling and rewarding employment after graduation and contribute as engaged and informed citizens.

Capital Funding

18. The funding allocation for 2019-20 also includes £10m capital funding, which is the second year of a three year commitment to provide funding to support institutions in reducing their financial risks associated with their estates and realising efficiencies in the management of their estates and operations.

Communications

19. We are fortunate in Wales to enjoy a close and strong working relationship with our institutions. In my time as Minister, the commitment to viewing higher education as a common good, and the support from university leaders to working together for national priorities, has been particularly welcome. Communications between the Welsh Government, the Council and the sector are generally positive and productive.

20. Given the increasing challenges facing the sector and the need for Government, the Council and the sector to be able to respond and react quickly to developing situations, I would like the Council to consider, in conjunction with the sector, a protocol or framework for handling communications between us. Such a system would enable the development of a 'no surprises' culture and provide Government and the Council with timely information, particularly where significant announcements are planned by institutions.

Brexit

21. The sector will continue to face challenges in 2019-20 which are compounded by the ongoing uncertainty surrounding the UK's exit from the EU.

22. Leaving the EU and developing Wales' place in Europe and the rest of the world is a theme that will run through much of the Council's work this year and the years to come. Whilst it will undoubtedly be a time of considerable complexity, change and challenge for the sector we must also continue to identify and exploit the opportunities that will inevitably arise. Together we must ensure the sector is well positioned and ready to capitalise on these opportunities as negotiations progress. I am therefore grateful for the sector's valuable contribution, through the Brexit Working Group and other networks, and would hope that this cooperation and collaboration will continue. I would also like the Council, together with the sector, to maximise their efforts to explore whether or not further measures are required to ensure Welsh institutions continue to be attractive to international students.

23. It is imperative that the sector benefits from any replacement structural funds for infrastructure and innovation, has continued access to support for knowledge creation and research and expands its international engagements, collaborations and networks.

Graduate Employability and Links with Business

24. A learner focussed, cohesive PCET sector, will have well developed links with local business to enable it to understand the skills needs of the area. Strong collaboration

both between HEIs and between HEIs, FEIs and other learning providers is necessary to meet local skills requirements and learner expectations.

25. Our entrepreneurship funding schemes have incentivised institutions to engage with internal and external stakeholders, business, alumni and regional networks to develop an entrepreneurial ecosystem. I would like the Council to encourage institutions to build on existing activity to develop still further an entrepreneurial culture within the sector, and to contribute to this agenda within the school sector.
26. I would also like the Council to work with Regional Skills Partnerships to identify opportunities for higher education which directly reflect the needs of the regions aligned to business clusters, regional infrastructure opportunities and high value priority sectors.

Quality Research

27. Traditionally, the Council has supported original and applied excellent research through its QR grant funding. Whilst our joint Welsh Government and HEFCW Sêr Cymru programme is beginning to address the deficit, concerns about a comparative lack of STEM researchers continue. Therefore I expect that QR funding will remain a priority for the Council and that the contributions made to the current Sêr Cymru programmes will continue as planned.
28. As our reforms become embedded I anticipate that funding may be available for the reintroduction of doctoral research scholarships. I should like to see the Council begin preparatory work to enable this for future years.
29. In response to the Reid Review and the call for greater coordinated and strategic engagement by Welsh organisations with UK research and innovation policy development and funding bodies, I should like to develop a more coherent and coordinated approach between Welsh Government officials and the Council when engaging with R&I funding bodies outside Wales. I would also like the Council to give thought to active measures we can take collectively to increase representation on UK R&I funding bodies.
30. I am pleased with the progress being made by institutions in Wales to address the recommendations set out in the Talented Women for a Successful Wales report. I would like the Council to continue to pro-actively support and encourage Welsh HEIs in responding to the report's recommendations and the Women in STEM Board and sub-groups on their work and efforts to improve gender equality in STEM in Wales and assist with the transparency of reporting progress and achievements.
31. I would encourage the Council to use its available levers with universities to promote further university-school engagement by supporting research capacity building and collaborations with schools in educational research, to meet the needs of schools and education stakeholders in the context of applied educational research.
32. University research has an important contribution to make to the social and educational priorities of Wales. Our National Mission sets the priorities for reform and the role of research within this is clearly defined. I would like the Council to encourage universities to continue to develop their educational research.

Student Wellbeing

33. The rising incidence of mental ill-health amongst our young people is troubling and I am pleased to see the steps being taken by the sector, the Council, Universities Wales and

NUS Wales, working with leading health charities and other agencies, to improve the assistance and support provided to students during their time at university. Wales' 'whole system' approach to mental health and well-being through the healthy universities framework is UK sector leading. I would like the Council to continue to prioritise safeguarding and wellbeing activity for students and staff and to keep in touch with my officials as this work progresses. I look forward to seeing the Council's strategic approach to well-being and mental health and the underpinning action plans, the first being on supporting students with mental health. Additionally, I would like the Council to develop in partnership with stakeholders an approach to suicide-safer universities.

34. Following the introduction of the Violence Against Women, Domestic Abuse and Sexual Violence (Wales) Act 2015 (the Act), I would like the Council to work with Welsh Government officials on the development and issuing of guidance to the sector on how institutions in Wales can contribute to the pursuit of the purpose of the Act.

Quality

35. Some media reports during the past year have questioned the integrity of the higher education system in the UK. Whilst I acknowledge institutions' efforts and measures to address these issues, it is timely that further assurance is provided on how Welsh higher education provides quality provision, maintains standards and upholds its world-class reputation.

36. I understand that the Council monitors Welsh HEIs to ensure that information on the professional accreditation of degree courses is consistent with regulatory requirements, is up to date and readily available for students. I would like the Council to consider if these monitoring arrangements could be strengthened.

37. I recognise that the classification and awarding of degrees is a matter for individual institutions but grade inflation cannot be in the best interests of students if it is not a fair reflection of their achievements. Grade inflation is a UK-wide issue and is best taken forward by a coordinated approach across the four nations. I would expect the Council to look into this further and consider how best to work with the other UK countries.

38. The issue of contract cheating and the use of essay mills is being explored at a four nations level by the QAA. As this work develops, it may be necessary for me to ask the Council to look at this matter further. In the meantime, the Council should ensure that quality assurance activities take account of these matters to ensure the academic integrity of higher education provision in Wales.

39. I would like the Council to provide a report on the issues noted above, to provide me with a greater understanding of the situation and to ensure that all bodies involved are taking this issue seriously.

Welsh Medium

40. Cymraeg 2050, the Welsh Government's Welsh Language Strategy, sets out the ambitious target of one million Welsh speakers by the year 2050. Post-compulsory education and training will have a key role to play to ensure that the target is met. The Welsh Government will continue to fund the Coleg Cymraeg Cenedlaethol to support the higher education sector to develop its Welsh-medium provision and increase the number of students who choose to study through the medium of Welsh or bilingually.

41. My Agreement with the First Minister makes a commitment to work with the Coleg and other partners to enhance skills provision, vocational courses and promotion of Welsh-

medium courses in line with Cymraeg 2050. I expect the Council to support the objectives of Cymraeg 2050 and work with the Coleg to achieve this aim. The setting of targets for individual institutions is an essential element to ensure that all contribute to the future development of Welsh-medium higher education provision and I expect the Council to agree Welsh-medium targets in partnership with the Coleg.

Civic Mission

42. I remain committed to the challenge I set out, on entering government, that our higher education sector should recapture a sense of civic mission. I am pleased to note that there has been much progress. Recently, other parts of the UK have followed our lead on this matter. We have set the agenda on this, but we must now aim to be one of the best in the world in how universities act as stewards of place.
43. HEFCW's publication "Innovation Nation: On Common Ground" highlighted how higher education providers have been pursuing their civic mission, reaching out locally to develop their partnerships within and across community, helping to raise standards and drive civic engagement. The Council has an important role to play, offering appropriate support and encouragement to Welsh institutions, to develop the sector as a world leader in civic engagement and promote good practice. Working together strategically and across the regions, with business and other organisations and authorities, institutions should identify how their involvement can maximise the impact of their civic engagement.
44. I will soon be taking forward my commitment with the First Minister to "explore how we can deliver a new Welsh right to lifelong learning". I expect HEFCW to work with the sector to capture, challenge and promote the role of universities with regard to place-based adult, community and life-long education.
45. Our four key themes for connecting campus, community and the world remain: Leading Place; Links with schools; Active citizenship; and Social enterprise and innovation. I am confident that these provide sufficient strategic direction, but with scope for sector and institutional innovation, for continuing with this important agenda.

Fairness and Equality

46. I am encouraged by the work undertaken so far within the sector to promote a more open approach to senior pay, to address issues around equality for staff and students, to promote a living wage sector and a more ethical approach to procurement. Gender pay inequality is still an issue in parts of the sector and I expect the Council to take steps to ensure action to address this is prioritised.
47. I also expect to receive confirmation this year that all Welsh universities have received full accreditation as Real Living Wage employers. I would welcome an update from HEFCW on this matter, early in 2019/20.

Climate Change and De-carbonisation

48. In 2017 we published a commitment for a carbon neutral public sector by 2030. Higher education institutions have a key leadership role through the impact their activities have on their staff, students and the local community and the influence purchasing practices can have on Welsh supply chains. There is also huge potential for the sector to make a significant contribution in this area through research, business and industry collaborations. To this end, I am encouraging Welsh universities to voluntarily join our

Public Bodies in our efforts to achieve carbon neutrality by 2030 and stimulate the significant economic, social and environmental benefit I know is possible.

49. Our evidence points to a number of key areas for action if we are to achieve carbon neutrality – the way we build, manage and use our buildings; our transport and mobility strategies; how we manage our land; and how we procure goods and services. Institutions are already taking action to reduce their impact across some of these areas, but we need to increase the breadth and depth of action, and work across organisational boundaries, if we are to achieve carbon neutrality.
50. Whilst our decarbonisation programme will ensure our commitments to mitigate climate change are met, the threat of climate change from current and historic global greenhouse gas emissions has led to global warming becoming a reality. The risks to Wales, and the 32 adaptation actions we can take to respond to them, are outlined in our draft Climate Change Adaptation Plan for Wales. I would encourage the Council and the sector to consider what steps it can take to adapt and become resilient to these impacts.

Ongoing Priorities and Reporting

51. The priorities set out in this letter will inform development of the Council's Operational Plan for 2019-20, which I look forward to receiving by the end of June 2019. Officials will continue to monitor performance against the Operational Plan on a quarterly basis but, in addition, I would like the Council to report to me by the end of May 2020 on progress against the specific activities identified in this letter.

Conditions imposed on grant provided to HEFCW

52. Annex 1 provides details of the funding allocated to HEFCW for the financial year 2019-20. The grant made by the Welsh Ministers to HEFCW under section 68 of the Further and Higher Education Act 1992 is made subject to the terms and conditions specified in Annex 2 to this letter.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Kirsty Williams', is written over a light grey grid background.

Kirsty Williams AC/AM
Y Gweinidog Addysg
Minister for Education

Annex 1

Detailed allocations for the HEFCW Budget Expenditure Lines for 2019-20 are set out below (£s):

	2019-20
HEFCW Revenue Expenditure	141,052,000
HEFCW Depreciation	90,000
HEFCW Capital Expenditure	10,000,000
Total	151,142,000

The HEFCW revenue expenditure is an amalgamation of the following budget lines that were in place prior to 2017-18:

- For Our Future;
- HEFCW running costs; and
- HEFCW receipts.

Decisions on the level of funding allocated to each expenditure line are now the responsibility of the Council. However, at the start of each financial year, HEFCW must provide the Welsh Government with an estimate of their running costs for the year and an estimate of their anticipated receipts for the year. Any shortfall in anticipated receipts will need to be managed within HEFCW's overall budget allocation, unless otherwise agreed in writing with the Welsh Government.

The HEFCW Revenue Expenditure Line includes the following additional allocations:

- £5m to help mitigate the impact of the decision to freeze the maximum tuition fee level;
- £5m to support a scheme to encourage post-graduate study in Wales; and
- £5m to fund the delivery of degree apprenticeships in Wales;

In addition, I have approved a further allocation of £104.5k to support development and delivery of the second phase of the WHEELP. This funding will be allocated to HEFCW's Revenue Expenditure Budget at the first Supplementary Budget stage.

Provision has been made within the Welsh Government budget for £10m capital resource to be allocated in 2019-20 to support proposals from institutions that promote more effective use of their estates.

Annex 2

Conditions of Grant

HEFCW will comply with the terms of the Framework Document agreed between the Council and the Welsh Government and dated September 2014 or such other document that may be issued to HEFCW by the Welsh Government from time to time.

Condition of Grant on Regional Coherence

In the exercise of its functions to allocate funding to providers of higher education, HEFCW must have regard to regional coherence.