

To: Heads of higher education institutions in Wales

Reference: W04/78HE
Date: 16 December 2004
Response by: 11 February 2005
Response to: Chief Executive
(philip.gummett@hefcw.ac.uk)

Dear Professor Lusty

OPEN UNIVERSITY: TRANSFER OF FUNDING FOR TEACHING FROM THE ENGLISH TO THE WELSH HIGHER EDUCATION FUNDING COUNCIL

You may be aware that the Open University has, over the past year, been considering whether the time is now right to seek a transfer of its funding for teaching in Wales from HEFCE to HEFCW. A similar transfer of funding from HEFCE to SHEFC for the OU's teaching in Scotland took place in 2000.

The University's deliberations have taken into account the political, strategic, financial and practical dimensions of transferring funding. Officers of the University have held discussions with the Welsh Assembly Government and with officers of HEFCE and HEFCW, the latter focussing on the financial and practical aspects of transfer. No major issues have emerged as a result of the various deliberations, and a recommendation that the necessary approvals for the transfer be sought from the DfES in England and the Assembly Government in Wales was put to, and accepted by, the Council of the OU at its meeting on 8 December.

Assuming the approvals are forthcoming, and subject to the resolution of a few minor details between the OU and HEFCW, the transfer would be likely to take effect for the 2005/06 academic year. HEFCW would administer the grant for teaching allocated by HEFCE for that year and assume full responsibility for the OU's funding for teaching – calculation and administration – thereafter, from 2006/07.

From the Welsh HE sector's point of view, the transfer would be cost neutral. The funding transfer would cover grant for teaching and widening participation and any special initiatives for which the OU would become eligible. Funding would be ring-fenced for a transitional period, say three years in the first instance, after which the position would be reviewed with a view to full integration of the OU into HEFCW's teaching funding method.

The decision on whether funding should be transferred rests entirely with the DfES and the Welsh Assembly Government. However, HEFCW wishes to give institutions in the Welsh HE sector the opportunity of drawing to its attention any particular considerations relating to the proposed transfer of which they believe the Council should be aware. I should be glad, therefore, if you would advise me of any such considerations by Friday, 11 February 2005. If

there are no particular considerations from your point of view, then a note to that effect would be helpful.

Yours sincerely

A handwritten signature in black ink that reads "Phil Gummert". The signature is written in a cursive style with a long horizontal flourish extending to the right.

PHILIP GUMMETT
CHIEF EXECUTIVE