

Progress Report on the HEFCW Corporate Strategy and Strategic Direction from the Minster via the FE/HE Bill

15 May 2014

Dr David Blaney

Chief Executive

Higher Education Funding Council for Wales

Structure

- Role of HEFCW
- What do we actually do?
- How are we doing?
- Issues
- HE Bill and Diamond Review

Responsibilities of the Council

Further and Higher Education Act 1992 :

- to administer funds in support of the provision of education, the undertaking of research and associated activities in higher education institutions in Wales.
- to administer funds to support the provision of prescribed courses of higher education in FE institutions in Wales
- to consult relevant bodies with respect to the terms and conditions to be imposed in relation to grants, loans and other payments
- to provide the Secretary of State (Welsh Minister) with such information and advice as he may require or which the Council thinks fit
- to secure provision for assessing the quality of education provided in institutions for whose activities Council provides financial support

In addition the Council may:

- with other Council(s) exercise jointly any function where it appears that to do so would be more efficient or effective

Education Act 1994

- to accredit providers of initial training for school teachers
- to commission research to improve the standards of teachers and teacher training

What do we actually do?

- We fund the Welsh HE sector
 - Historically more than 90% by formula
 - Formulae constructed to incentivise policy delivery
- We advise the Welsh Government
 - Minister
 - Officials
- We work with the sector to deliver policy
 - Previously: For our Future
 - More recently: Policy Statement
 - HEFCW Corporate Strategy (17 key targets)
 - Institutional Engagement
 - Monitoring
 - Fee plans

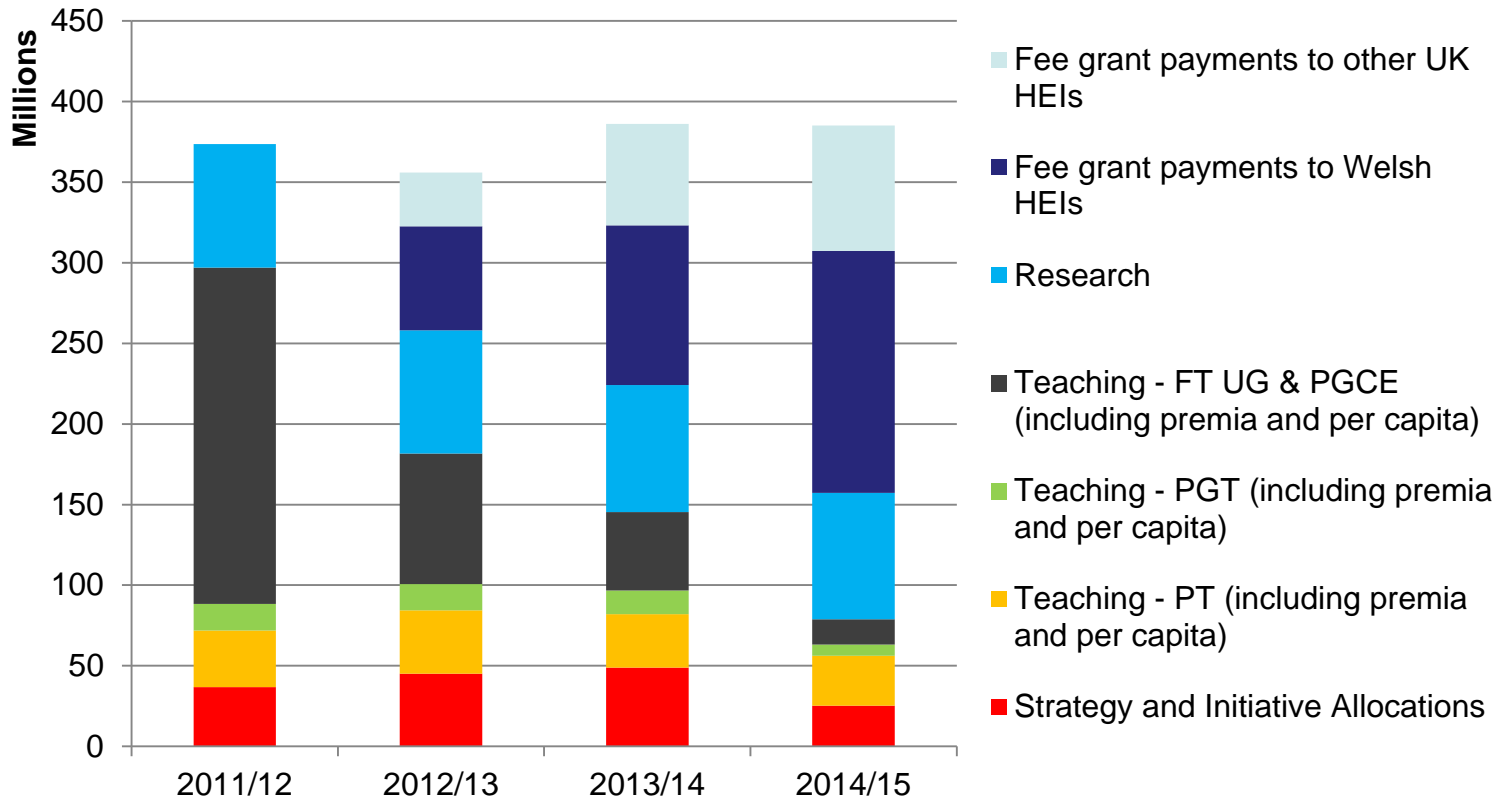
How are we doing?

- Progress depends on HE sector
- Data not yet available for current targets
- Performance on FoF targets mixed
 - OK on: widening access; module completion; knowledge transfer; governance
 - Probably OK on: overseas students; employability; participation from Heads of the Valleys; Research Council income
 - Not so good on: NSS; Welsh medium; part-time; reconfiguration
- Predictions (on institutional forecasts) for new targets (NB – big health warning on this)
 - OK on: quality; collaborative research income
 - Not sure on: part-time; NSS; overseas students; employment; Research Council income; REF, income; governance.
 - Not looking good for: widening access; participation; retention; Welsh medium; ITT; employability; continuing professional development

What are the issues?

- Tension between social responsibility and economic rationality
 - a key governance challenge
- Impact of market forces (including handling challenges)
- Diminution of HEFCW leverage
 - Funding
 - Fee plans
- There should be more money in the Welsh system
 - Sector has to recruit
 - Some of that extra money brings delivery costs
 - There remains a challenge in a UK context

Impact of Fee Grant on HEFCW Funding



Comparison of changes to HEFCW and HEFCE Funding

| Funding Council | Funding category | Funding allocated to institutions | | | | Percentage difference |
|-----------------|------------------------------|-----------------------------------|--------------|--------------|--------------|-----------------------|
| | | 2011/12 | 2012/13 | 2013/14 | 2014/15 | 2011/12 to 2014/15 |
| HEFCE | Teaching | 4,317 | 3,233 | 2,325 | 1,582 | -63% |
| | Research | 1,558 | 1,558 | 1,558 | 1,558 | 0% |
| | HEIF | 150 | 156 | 160 | 160 | 7% |
| | Capital | 223 | 265 | 280 | 440 | 97% |
| | Other ¹ | 237 | 177 | 149 | 143 | -40% |
| | Total | 6,485 | 5,390 | 4,472 | 3,883 | -40% |
| HEFCW | Teaching | 260 | 137 | 94 | 53 | -79% |
| | Research | 77 | 77 | 77 | 77 | 0% |
| | I&E | 9 | 11 | 6 | 0 | -100% |
| | Capital (T & R) ³ | 0 | 0 | 0 | 0 | |
| | Other ² | 39 | 35 | 39 | 28 | -30% |
| | Total | 385 | 259 | 215 | 158 | -59% |

1 - "Earmarked capital" has been separated from "other" on the basis of circular announcements.

2 - 2011/12 includes above baseline figures (e.g. R&C and Reaching Higher)

3- Does not include DBIS match funded capital

◆ Funding Gap with England in 2007/08 estimated to be £69m.

HE Bill and Diamond Review

- Bill due out soon
- Main purpose is to replace funding levers
 - We have the powers to withhold funding now
- Not intended to be a draconian regime
- HEFCW has to work in partnership with the sector
- HEFCW wants to work in partnership with the sector

- Diamond review fees and funding arrangements
- Early days
- Key = balance of resources against priorities.

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