

## Council Meeting

*For discussion*

### **Hazelkorn Review: consultation White Paper, *Public Good and a Prosperous Wales***

Agenda: 6  
**HEFCW/17/45**

Disclosable

**13/07/2017**

#### **1 Issue**

- 1.1 The purpose of this paper is to discuss with Council the Welsh Government white paper, *Public Good and a Prosperous Wales*, which represents the next stage in their response to the Hazelkorn Review.

#### **2 Corporate Planning Implications / Rationale for paper**

- 2.1 The proposals in the white paper would, if implemented, see the closure of HEFCW, with its functions being transferred into a new Welsh Government Sponsored Body, the Tertiary Education and Research Commission for Wales (TERCW).

#### **3 Recommendation**

- 3.1 The Council is invited to:
- i. Discuss the proposals made in the white paper and propose initial steers to officers in preparing a formal response from HEFCW.

#### **4 Timing for decisions**

- 4.1 The closing date for submission of responses to the white paper is 23 October, 2017. Officers will bring forward a draft response for consideration by the Council in its September meeting.

#### **5 Council members' interests**

- 5.1 No conflicts of interests have been declared in advance of the meeting beyond the fact that the proposed closure of HEFCW would impact on all members.

#### **6 Further information**

- 6.1 Contact David Blaney (029 2085 9660; [david.blaney@hefcw.ac.uk](mailto:david.blaney@hefcw.ac.uk))

## 7 ***Public Good and a Prosperous Wales***

- 7.1 On Tuesday 20 June 2017, the Welsh Government published the White Paper *Public Good and a Prosperous Wales* which includes proposals to establish a single, strategic authority, responsible for overseeing all aspects of post-compulsory education and training. See Annex A for the White Paper. The consultation on the white paper will run until 23 October 2017. It is understood that a further technical consultation will take place in early 2018 with legislation to follow in the new year.
- 7.2 The white paper proposes the creation of a new arm's length body for post-compulsory education and training (PCET) called the Tertiary Education and Research Commission for Wales (TERCW). TERCW would replace HEFCW and provide strategic direction, oversight, and leadership for post-16 education. It would take on all of HEFCW's current functions.
- 7.3 In addition, the Commission would be given responsibility for policy, planning, funding, contracting, quality, financial monitoring and audit of further education, Work Based Learning, Adult Community Learning and relevant employability and employer led programmes - functions which are currently undertaken by the Welsh Government. The position of sixth form provision is not settled in the white paper. It proposes an option of creating TERCW without sixth forms initially but with the ability to bring them into TERCW at a later date.
- 7.4 TERCW would have the following core functions in relation to all post-compulsory sectors within its remit:
- Strategic-planning of education and skills delivery - the Commission would be responsible for aligning post-compulsory education and training more closely with the needs of employers in Wales.
  - Funding - the Commission would be a single funding body for all post-compulsory sectors.
  - Quality– TERCW would have a statutory duty to assure the quality of education and training and a duty to promote enhancement in the quality of teaching and learning for all post-compulsory sectors.
  - Financial monitoring and audit.
  - Financial governance and performance – the Commission would have a duty to assure the financial health and governance arrangements of all PCET providers (see p.29).
  - Management of performance and risk
  - Research and innovation – see the proposals of the statutory committee 'Research Innovation Wales' below.
  - Protecting the interests of learners - a key focus of the Commission would be protecting the interests of learners and ensuring that vocational and academic routes are equally valued and helping to impart the skills needed. The White Paper consults on proposals to strengthen protection measures for PCET students (see pp26-28).
  - Contracting
  - Use of data, particularly on outcomes and destinations
- 7.5 The white paper makes clear statements on protecting the institutional autonomy and academic freedom of universities in Wales.
- 7.6 In order to deliver these functions, TERCW would require establishing a mechanism for managing the relationship between the Commission and the institutions and

training providers it regulates or funds. The White Paper discusses three potential models:

- 1) Registration of Provider model – it is proposed that the terms and conditions of provider registration would be proportionate, for instance, to the levels of fees charged, and student numbers. There are three categories proposed: registered providers (mostly HEIs and FEIs), certified providers (predominantly WBL providers) and recognised providers (providers typically regulated by other means).
- 2) Outcome Agreement model - outcome agreements would set out a mix of medium-term, strategic goals for the provider, alongside operational targets and objectives, which would form the basis of annual funding allocations and performance monitoring by the Commission. Outcome agreements may comprise a mix of regional, spatial and sector outcome targets or goals. These would be reached in negotiation between TERCW and the provider and would reflect particular providers' own strategy and institutional mission.
- 3) Regional Compacts model. These would be outcome agreements but in a regional compact model, with groups of providers coming together. It is not clear at the moment how it is envisaged that these models would work.

7.7 In addition to proposals for establishing the new Commission, the white paper seeks views on higher education governance arrangements in Wales. This includes, for instance, changes to the legislation relating to Higher Education Corporations in Wales (e.g. the role of Privy Council and the power to dissolve HECs) and arrangements for granting degree awarding powers and university title. (see p.44ff).

7.8 The white paper proposes that research and innovation will be part of TERCW but as a separate, statutory committee called Research and Innovation Wales (RIW). The committee's composition, constitution, membership, and functions would be specified on the face of the legislation (see p32ff).

7.9 The Commission (via RIW) would have responsibility for coordinating QR and post graduate research capacity funding in a more strategic and dynamic way and for ensuring alignment with other, competitively-awarded research capacity funding (e.g. Sêr Cymru) according to a national strategy. This would include other relevant research-related funding and other research capacity funding streams allocated to the Commission from the Welsh Government, e.g. Ph.D. doctoral funding (except perhaps Health and Care Research Wales funding). The white paper envisages RIW as a vehicle to engage and collaborate with UKRI on behalf of Wales' (p.31).

7.10 It is proposed that Research and Innovation Wales would have its own clear identity, remit, governance, and specified freedom to operate within TERCW. Its purpose would be to oversee and coordinate Welsh Government research and innovation expenditure with the aim of creating a more dynamic and responsive-to-need research, innovation and knowledge translation environment in Wales.

7.11 The committee would be required to establish two discrete routes of funding:

- Unhypothecated research (and innovation) 'QR' funding based on REF;
- Hypothecated Strategy-related Research and Innovation (SRI) funding. This funding would be awarded on competitive merit according to Welsh Government national priorities agreed in the Commission Strategic Plan; The funding would be focused on research and innovation capacity, capability and infrastructure expansion (people, equipment, laboratories and organisations) within the HE,

FE, RTO (Research and Technology Organisations) sectors and industrial private-sector organizations.

***The Council is invited to discuss the proposals made in the white paper and propose initial steers to officers in preparing a formal response from HEFCW.***

## **8 Financial implications**

- 8.1 There are no immediate financial implications arising from this paper. Were the proposals contained in the White Paper to be taken forward, there would be resource implications for HEFCW to deliver those parts of the proposals which impact on the functions currently carried out by the Council. This would include implications for staffing and other organisation redesign covering both staff structures and operating systems.

## **9 Communications implications**

- 9.1 In our submission to the Hazelkorn review, we advocated the establishment of a single WGSB with responsibility for post-compulsory education in Wales. The proposals in the white paper, broadly, are consistent with that stance and our public positioning in response to it reflect this.
- 9.2 We would expect our response to the white paper to be a public document but would not expect to arrange any publicity around it.

## **10 Diversity and Equal Opportunities implications**

- 10.1 This paper has no implications for age, disability, marital/civil partnership, maternity/pregnancy, race, religion or belief, sex, sexual orientation, any other protected characteristic or Welsh Language

## **11 Risk Assessment**

### 11.1

<b>Risk</b>	<b>Action to address risk</b>
If we are unable to encourage WG to engage effectively with, and utilise, HEFCW in relation to the implementation of the Hazelkorn recommendations, then the resultant legislative and operational arrangements may be unfit for purpose with the desired policy benefits unachievable	Close officer dialogue with relevant WG colleagues, via routine and special meetings as needed to ensure WG are fully informed when implementing changes, and ad hoc as required to alert them to key issues.