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Llywodraeth Cynulliad Cymru  
Welsh Assembly Government



# Reaching Higher

## *Higher Education and the Learning Country*

*A Strategy for the  
higher education sector  
in Wales*

March 2002



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Welsh Assembly Government

## **REACHING HIGHER**

### **Higher Education and the Learning Country**

#### **A Strategy for the Higher Education Sector in Wales**

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## FOREWORD



Higher education is central to this Assembly Government's vision for Wales and to my vision of Wales as a Learning Country. We want to see a country where every individual is given equal opportunities to fulfil their potential, maximise their earning potential and contribute fully and effectively to society. We want to see a society where knowledge is valued in its own right, as well as for the benefits of its application. We want to see an economy which competes with the strongest in the world and has a thriving and flexible knowledge based economy.

We do not believe that these goals are achievable without a dynamic HE sector. No country in Europe or beyond can nurture the best possible prospects for its people without strong entrepreneurial and successful institutions of higher education, with active links with all parts of society and the economy.

Wales has a proud tradition of higher education provision, with proven excellence in teaching, learning, scholarship and research. Institutions have accommodated a gradual and sustained growth in the number of enrolments, without compromising standards in teaching or in research. In recent years the sector has further embraced the challenge of maximising the economic benefits of research and knowledge created in institutions.

We are committed to a strong future for the HE sector. We want to see an adequately funded sector which is equipped to respond to these challenges, whilst protecting its traditional provision. In financial year 2002-03, we are making an additional £5 million available in support of reconfiguration and widening access. This is our commitment to the sector. We believe in the benefits of higher education, and we want the maximum number of people to benefit from opportunities, regardless of their background. We want a sustainable sector which continues to adapt to and meet changing needs. This strategy is our proposal for how we will achieve this.

Our strategy builds on the framework of "The Learning Country". It also draws on the extensive consultation and evidence gathering that the Education and Lifelong Learning Committee undertook in producing its "Review of Higher Education Policy". We are grateful for the hard work that the Committee put into the review. It is a valuable document which has given us a strong base on which to build our strategy and vision for the sector. It has highlighted the challenges facing the sector and the strengths on which we must look to build. This strategy now sets

out how the Assembly Government will support the sector in achieving our vision. We believe that the sector has many of the prerequisites to achieve excellence, and that by working in collaboration we can maximise its contribution to students, staff, communities and business both now and in the future.

A handwritten signature in black ink that reads "Jane Davidson". The signature is written in a cursive style with a large initial 'J'.

Jane Davidson AM  
Minister for Education and Lifelong Learning

# Higher Education and the Learning Country

## A Strategy for the Higher Education Sector in Wales

### I Higher Education and Learning in Wales

#### Introduction

1. Higher Education (HE) makes a vitally important contribution to increasing the prosperity of Wales as a whole. No country in Europe or beyond can nurture the best possible prospects for its people without strong, entrepreneurial and successful institutions of HE playing a major role in the development of the knowledge economy.
2. The purpose of this strategy is to chart a clear course for the Welsh HE sector to 2010. It was foreshadowed by "Putting Wales First: A Partnership for the People of Wales" (October 2000) and "The Learning Country" (September 2001). It also takes account of the extensive consultation and evidence gathering of the Education and Lifelong Learning (ELL) Committee's "Policy Review of Higher Education", published in January 2002.
3. HE in Wales has much of which to be proud:
  - **pan-Wales** provision
  - an honoured **tradition of teaching, research and scholarship** - of pushing the boundaries of knowledge and learning;
  - a considerable **increase in student numbers** over the last 20 years whilst maintaining high standards of teaching;
  - a **strong record in widening access** - for attracting and retaining students from disadvantaged and under represented backgrounds. This record has been supported by the decision to introduce Assembly Learning Grants;
  - a **marked improvement in research performance** with top level ratings in the UK-wide RAE rising in consecutive rounds, with a quadrupling of the number of departments with 5\* ratings in the 2001 Exercise and a near doubling in the number of 5 ratings;
  - a position at **the forefront of commercialising the knowledge** generated through HE and allied institutions;
  - **success in attracting** 51% of students from Wales and 48% - students from elsewhere in the UK to study in Welsh Higher Education Institutions (HEIs) in 1999/2000.



## Policy and Principles

4. Policy for the sector to 2010 must build on these achievements. It must take account of the widely accepted core purposes of HE, while nurturing our distinctive culture and values.

"In the light of national needs, we believe that the aim of higher education should be to sustain a learning society. The four main purposes of this aim are to:

- inspire and enable individuals to develop their capabilities to the highest potential levels throughout life, so that they grow intellectually, are well equipped for work, can contribute effectively to society and achieve fulfilment;
- increase knowledge and understanding for their own sake and to foster their application to the benefit of the economy and society;
- to serve the needs of an adaptable, sustainable, knowledge based economy at local, regional and national levels;
- to play a major role in shaping a democratic, civilised, inclusive society<sup>1</sup>

5. The Assembly Government has made substantial investment in higher education. In 2001/2002, £385 million was available to the sector - proportionately a greater investment than that in England.

6. HE makes a major all-encompassing contribution to the Assembly's key goals of providing opportunities for all through lifelong learning, extending social inclusion, raising GDP; lifting skill levels; nurturing cultural self-confidence; tackling the needs of rural Wales; promoting enterprise and creativity and securing sustainable development<sup>2</sup>. The sector's future success will depend on the excellence of its results; the strength of its reputation amongst its peers and learners; the quality of its engagement with the community, its partners in business and in the public sector; and the strength of its profile locally, nationally and internationally.

7. Each institution must be clear as to its role and mission. While no institution can expect to excel in every subject and in every area, each can work from its current level of achievement and aspire to **world class performance** variously through teaching, research, community outreach and knowledge exploitation and transfer.

## The Challenges Ahead

8. Despite a strong track record, HE in Wales faces a number of major challenges to its traditional markets. The distances students are willing to travel

<sup>1</sup> Dearing Report – "Higher Education in the Learning Society" (July 1997)

<sup>2</sup> See - The National Basic Skills Strategy for Wales – March 2001: The Learning Country – September 2001: A Plan for Wales – October 2001: A Winning Wales – January 2002: Communities First – September 2001: Farming for the Future – November 2001: Cymru Ar-lein – November 2001: Learning to Live Differently – November 2000: Creative Future – January 2002: Skills and Employment Action Plan – February 2002.

for HE is falling; the financial assets of international, and some UK, competitors are massive; sizeable and vigorous new HEIs are being established in parts of England close to Wales; and the cap on student numbers in England is being lifted. The strength of this competition is made all the greater by a disproportionately large number of small institutions in Wales. Despite a high number of students relative to population share, the Welsh sector has the lowest average number of full time equivalent students per institution in the UK. Wales, with a population of 3 million has 13 institutions, compared to 14 institutions in Scotland, with a population of some 5 million and 2 (one consisting of four campuses) in Northern Ireland, with a population of around 1.5 million.

- **More needs to be done to widen access** to higher education. Only 26% of intakes to HEIs are from disadvantaged social groups (1999/2000). HEIs must do more to reach those in schools and FE in economically poor communities who could benefit from HE. They must open up, and sustain, new access routes.
- Welsh HEIs have historically found it hard to generate the critical mass necessary to **lift the number of successful applications for Research Council funding**. Despite a recent improvement the sector still has problems attracting funding for major projects. If the sector achieved a percentage of Councils' funding equivalent to population share, Wales would benefit by a minimum of an extra £10 million annually.
- **Welsh HEIs do not have strong records for leveraging in money** from corporate sponsorship, trusts and alumni or from endowments and research contracts with funders outside the Research Councils. The result is that corporate and other sectors have a weaker relationship with Welsh HEIs which in turn diminishes their contribution to the economy.
- The sector is **developing its relationship with the private sector** to commercialise knowledge and to spin out companies and patent rights using leading edge techniques – a key priority in "A Winning Wales". There is scope for considerable advance here – Wales is in an excellent position to maximise benefits and take the international lead. The UK is currently only second to the US in commercialising research. Welsh HEIs and FEIs play a significant part in this. However they do need to do more to maximise income from these sources.
- **The sector carries administration costs above the norm** – perhaps as much as 4% higher than the average of the other HEI sectors in the UK. Basic administrative functions could be handled far less expensively in collaboration. Large institutions spend a smaller percentage of total income on staff and premises than smaller ones. Scarce management capacity is dissipated to the disadvantage of financial control. If the sector as a whole reduced its overhead costs by 4%, it would have some £3 million more to spend on its core functions.

- **Student and careers services need modernising.** Welsh HEIs should be regarded as a destination of first choice. Institutions need to adopt the highest standards of customer care with each potential and actual learner.
- **Welsh HEIs are not marketing themselves abroad** well enough to get a proportionate share of fee paying overseas students. Much more needs to be done to attract students from non-EU countries, which could benefit the sector by at least £5 million annually.
- **Current formula based funding** leaves little scope to target new resources to achieve improved outcomes.

9. We must preserve the very best of what the sector has achieved across the whole of Wales whilst building a much more confident and vigorous profile not only for teaching and research, but also for HEIs' economic and community missions. This is what our strategy to 2010 seeks to achieve.

## II Strategic Direction and Intent

### The Vision

10. By 2010 we intend that higher education in Wales be defined less by institutions than by networks of excellence. We are committed to providing higher education for all those who have the ability to benefit from it. We want HEIs in Wales to be top quality places for learning and teaching, progressively attracting more students from disadvantaged communities and marketing themselves more effectively both at home and overseas.

11. We want HE to play its part in meeting workforce development needs in health and other services that matter most to people's lives in Wales. We believe that so far as possible - and utilising e learning for the purpose effectively - there should be a broadly even geographic spread of provision across Wales. We believe that in this way HE provision can also reflect the regional needs of Wales.

12. We want to see a diverse sector of varied missions, which at an all-Wales level provides comprehensive HE provision. We want institutions to have the freedom to specialise in subjects and missions, whilst ensuring that there is a responsive and appropriate coverage of subjects in Wales. Wales must have HEIs which are globally competitive in research and scholarship across a wide range of disciplines. We also want to see more and closer links built with business - and greater use of research capacity to support business and to reflect its needs. We want higher education to support the development of the knowledge economy, embracing targeted investment in research, in its application, and in knowledge transfer. We expect HEIs to be far more vigorous in commercialising knowledge wherever appropriate, seeking out opportunities to bring research findings to the market in products, techniques, and services. We want HEIs to transform themselves into business friendly organisations. We believe that every faculty and every department should use its creative capacity to support institutions'

economic missions and to play a key role in their regional economies - working closely with the WDA, local authorities and the National Council of ELWa.

13. Higher education must not be conceived in narrow institutional terms. HE must make links within the sector and also across sectoral boundaries. We want a sector that takes its rightful place in the delivery of the Assembly's wider priorities and principles, including those of sustainability, social inclusion, equal opportunities and the development of bilingualism.

14. HEIs must aim to compete and meet the standards of the best, not only as they are now, but in the future. HEIs must acknowledge that their competitors are continually improving and their aspirations must continually rise in line with that. We shall commission analyses of experience in Wales and other parts of the UK and beyond to benchmark the progress of Welsh HEIs against that of the very best – and look to HEFCW to apply the lessons learnt over the period to 2010.

### **Realising the Vision – Structure, Outcomes and Resources**

15. We said in 'The Learning Country' that the status quo in terms of structure was not an option. This is a view that was endorsed by the ELL Committee. The sector cannot achieve what we expect of it without a radically new approach to the development of collaboration and co-operation across Wales.

16. Student numbers and the public funds invested in the sector continue to increase substantially year by year. The Assembly Government should therefore strike the most positive balance between ensuring accountability for those public funds and protecting academic freedom and flexible working. This leads us to an approach to 2010 with the following features:

- While substantial public funding will continue to provide the basic resource, HEIs need to demonstrate a greater capacity to generate income from other sources and to meet the challenges referred to above.
- The forward baseline published under BPR 2001 should not be uplifted save to reflect GDP inflation factors. Any supplementary funding should then be related to the achievement of this strategy on a 'something for something' basis with assessment of return on investment at each spending review against quantifiable targets.
- In the longer term, the bulk of any additional public funding will be distributed outside the established formulae, which do not do enough to encourage innovative or large scale approaches to specific problems, for example to widening access or to supporting all Wales developments which no single HEI could afford alone.
- There should be as much longer-term certainty about funding as possible. We shall continue to require HEFCW to provide core funding by

formula, but will consider the provision of supplementary funding in support of the funding priorities set out in this strategy.

- Our investment in HE is such that in the financial year 2001-02, with additional Welsh Assembly Government resources, we exceeded England's investment in terms of the unit of resource, as well as in proportion to population size.

<b>Unit of Resource in Wales (2001-02)</b>	<b>Unit of Resource in England (2001-02)</b>
<b>(£)</b>	<b>(£)</b>
5,323	5,281

- However, like Scotland, we do not feel that the unit of resource should be the primary driver for future funding decisions. It is not a secure basis and is bound to become increasingly misleading. The gradual divergence in funding components, in strategic direction and in the characteristics of the sectors in the different parts of the UK makes this inevitable. Our aim is to focus on outcomes, and we would look to evaluate our investment on the basis of the sector's achievements. Subject to those achievements, we will look to make measurable progress towards funding HE at a proportion similar to that in Scotland in due course, provided that this can give demonstrable returns to Wales.
- We seek to focus on strategic outcomes and funding for tangible results on a 'something for something' basis. The outcomes we seek for HE cannot be achieved without a radical drive towards collaboration and re-shaping structures in the sector.
- Funding methodologies and terms and condition of grant through HEFCW will facilitate and reinforce our drive towards a sector typified by networks of excellence.

17. Against this background, our key priorities for HE in Wales are reconfiguration, towards a system based on networks of excellence, and widening access to higher education for all those who have the ability to benefit from it.

### **III Reconfiguration and Collaboration – Reshaping the Sector**

18. Re-configuration and collaboration must be at the heart of the strategy for HE in Wales. We do not see clusters as an end in themselves, but we do see them as a key mechanism to revitalise the sector and make it internationally competitive.

19. We are keen to support clusters with a shared mission. Such geographically and functionally meaningful clusters will build greater institutional strength for HE in Wales. Thus, for example, the hub and spoke approach to medical training,

centred on the University of Wales, College of Medicine (UWCM) brings major all-Wales benefits and provides a blue print for the future of medical education.

20. We want to see administrative, functional and subject based collaboration. We believe that this can be achieved – notably by strong leadership from governors – without threatening either the overall diversity of missions across Wales or suitable coverage in provision. We are keen to see clusters specialising and prioritising – and so defining their core missions. Institutions which sign up to a cluster should not be restricted from collaborating with other clusters or institutions. The future potential of the sector will be based on a dynamic system, with a series of fluid interactions between institutions, founded upon the cluster model. Wales is too small a country for any institution to work in isolation. We reject a parochial model for the future of HE.

21. We consider that taking forward the agenda on reconfiguration and collaboration may well be more diverse and complex than the model proposed by the ELL Committee. We envisage a multitude of inter relationships between institutions and clusters at many levels – a series of networks of excellence. We do not wish to cut across current moves towards practical collaboration or merger. It is not appropriate to be prescriptive about the form and nature of clusters. We welcome the efforts and early progress that HEFCW and HEW have made to develop a framework for institutional collaboration.

22. However, we are clear that change is essential and we look to the sector to achieve real, not token results. Without firm evidence of strong engagement on this front (cost reducing; income generating; multiplier gaining; and capacity building), the case for the development and supplementary funding for the sector cannot be sustained. **Practical, costed and quantified results will be required from the sector over reconfiguration in 2002-03** – and we shall set out our expectations of HEFCW as to delivery, not least by way of grant conditions.

23. We recognise that long term restructuring along these lines will need up front investment to achieve multiplier benefits and savings for re-allocation to the sector in the longer term. A total of £5 million will be available in 2002-03 of which **£3 million is additional to previous plans**. Rolling funding of a similar order forward to 2003-04 will also be treated as an issue for consideration in the upcoming budget round, depending upon the first fruits of investment next year. The first call on extra resources for HE for the foreseeable future will be funding for collaboration and re-configuration. In the short term, we envisage that groups of institutions will undertake scoping studies, and preparatory work, before achieving tangible delivery in 2003-04.

24. If the sector commits to modernisation and reform, then we shall be prepared to make supplements to the existing forward baseline for HE to achieve our other strategic objectives over the longer term. We shall consider this in each successive budget round, and in the light of the results achieved by the sector.

25. We shall also monitor policy towards student numbers in England. Given that the cap is to be lifted, we shall do the same in Wales. While minimum targets

will remain, there would be no restrictions on the number of students recruited by HEIs. This would give every cluster the opportunity to take appropriate control of its business planning, determine critical student numbers and take the necessary collaborative steps to remain competitive.

26. The future of the federal University of Wales is not primarily a matter for the Assembly Government, but for its constituent members. Whilst recognising the current and historic value of the University of Wales degree, especially in the context of a model of collaboration, it is essential that an objective assessment of the value of the federal University of Wales to the sector is carried out, in particular its quality assurance and external validation business. We are also conscious that there are lessons to be learned from the evolution of federal universities in other countries.

27. Accordingly we welcome the current assessment of the role of the University of Wales being undertaken by Sir David Williams. It is important that there should be a widespread consensus on the results. We look to the sector to give serious consideration to the long-term viability of the UoW degree as a brand at home and abroad; to what it will take to strengthen it in the face of global competition; and to the implications of alternatives.

## IV Widening Access – A Student Centred Approach

- 5% of HE students in Wales had a disability in 1999/2000
- In 1999/2000 16% of young full time under graduate entrants were from low participation neighbourhoods in Wales, compared to 13% in the UK.
- 70% of applicants accepted by HEIs in Wales had A or AS level passes as their main qualification in 1999.
- In academic year 1999/2000, University of Glamorgan, University of Wales College Newport, UWIC, NEWI, Swansea Institute of Higher Education and Trinity College, Carmarthen all performed above the Wales average in attracting young full time under graduate entrants from low participation neighbourhoods.
- The Times Higher Education Supplement included 6 Welsh HEIs in its top 18 "Access Elite" – those institutions which combined success at widening access with high standards of research and teaching (THES 18 January 2002)

28. The Welsh Assembly Government has a very proactive approach to student support. Following the independent report on Student Hardship in 2001 we have almost doubled the funds for Access and Hardship Programmes covering HE and FE for 2001-02 to £20 million. This year, we have set aside £41 million to introduce Assembly Learning Grants in HE and FE for students with a minimum of three years' residence in Wales, wherever they study. We will target this money

at those students from low-income backgrounds, with additional support provided to mature students and those with childcare costs. These plans will see an estimated 43,000 Welsh students in higher and further education benefit from a grant supporting them through their education. We also note that the UK Government is carrying out a review of student support.

29. The benefits of all of these developments will feed through directly to learners in HE and FE whether full or part time. This represents a long-term financial investment in the future of learning and the future of our students. It shows our commitment to addressing those practical barriers preventing people from taking up HE opportunities.

30. Too many people who could potentially benefit from HE still believe that higher education is not for them. HE must break down these perceived barriers. We welcome the work that has already been undertaken by institutions to encourage more people into higher education, who historically either would not have had or would not have taken up the opportunity. We particularly welcome the fact that the two Councils of ELWa have designated widening access as a key area for joint working. Their joint working is key to the success of our strategy.

31. HE must continue to challenge the presumption that academic qualifications are the sole route into HE. We seek to ensure that there is a seamless progression from vocational qualifications and courses to HEIs. HE needs to ensure that there is flexible delivery of courses, with HE provision in FE colleges, and with credit systems to allow students to easily transfer between different types of provision and to undertake learning at times and in places that suit them. Artificial barriers between FE and HE must be removed.

- 8% of all full time first degree entrants in Wales in 1998-99 did not continue in HE beyond the year of entry, compared to 10% in the UK as a whole.
- 9% of young full time students from low participation neighbourhoods did not continue in HE after their first year, compared to 6% from other neighbourhoods. These figures are lower than the UK average.
- The proportion of students studying in Wales who are expected to obtain no award is lower than in the UK, and has been reducing progressively (14% of full time students starting first degree courses in 1998/99 compared to a UK average of 16%).

32. Retention is as important as recruitment. Widening access to those who were traditionally under represented in higher education brings new challenges for student retention. These groups frequently need higher levels of support than has traditionally been available. We believe that institutions need to adopt a still more learner centred approach.



33. HEIs need to ensure that pastoral support and guidance is available to students – many of whom will be living away from home for the first time. That support needs to be tailored to their specific, individual needs, including any special needs that they may have. This should be the start of lifelong contacts with students, embracing the highest standard of career advice, including advice on career opportunities in Wales, and an active alumni service.

34. We propose, in conjunction with HEFCW, to:

- increase funding for **innovative community based schemes** to encourage able people, without a history of participation, into HE. We want the sector to think more broadly than just schools and FE, especially in Communities First areas and other deprived communities, working with a diverse range of partners. We want the sector to consider the benefits of all Wales schemes as well as smaller collaborations. In 2002-03 we shall make available an **extra £2 million for pilots in this field**;
- **increase the widening access fund**, requiring HEFCW to keep under review the fund and its distribution. We will look to meet the real costs of widening access, as far as possible – including additional staff costs;
- commission a report from HEFCW into **the provision of personal support** to students in Welsh HEIs;
- draw on all the technologies available to **market the opportunities presented in the sector widely** – including information on routes to HE and on financial support. It is important that young people have comprehensive information about the options open to them throughout their education, as well as information about the future implications of their decisions;
- act to realise fully the planned **credit based qualifications system** to secure clear stepping stones to achievement and straightforward options for learners who wish to transfer between providers.

## V Management Development and Human Resources

35. The drive towards reconfiguration will allow institutions to focus on all aspects of their performance, including pressing management issues. There is plainly room to improve management practice and expertise, giving it the same attention as is given to academic excellence. We want to see institutions which are continuously and evidently improving, and using techniques such as the European Foundation for Quality Management (EFQM) for the purpose. HE has a responsibility to demonstrate the highest standards of accountability and governance to all its stakeholders. Insofar as institutions find aspects of this to be burdensome, they should look to reconfiguration and collaboration to assist.

36. HE is a large employer in Wales. It is important that it be seen to have a high regard for the principles of equal opportunity, staff development and sound pay policy for all grades of staff. To back these aspects of modernisation for the sector we shall be prepared to consider providing additional funds to:

- **ensure that HEIs are managed better** and invest **to meet the needs of disabled and under-represented groups**, and to meet their statutory responsibilities.
- assist HEIs in a **radical review of business and management systems** and support experiments in joint procurement and novel sourcing;
- facilitate **comprehensive staff development programmes, staff re-training and re-deployment**– cluster by cluster, and for the whole sector;
- maximise the use of internal expertise to help **propel the adoption of up to date management** techniques;
- **conduct equal pay audits**, and help HEIs respond to the conclusions.

## VI Research

37. We have already provided incentive and reward funding of an **extra £6 million** – to recognise the progress made by HEIs in Wales under the last RAE. This will feed through to expenditure in 2002-03. However we are keen to make sure that institutions are not encouraged to pursue largely identical missions.

38. This strategy is about focusing and maximising improvement through joint action. Research should not be restricted to a single research led cluster. No single institution has the capacity to cover the entire scope of even a single leading edge technology. In most institutions, there are individual Departments of great strength, excellence and ambition. It is for this reason that we envisage functional links between clusters and individual institutions.

39. We are keen to see research clusters develop in fields that are crucial to the growth of the knowledge economy in Wales and build on those aspects of Welsh life which are distinctive to Wales. For instance, it is possible that the Assembly's unique statutory responsibility for sustainable development, could itself act as a focus for research and development, especially into waste management and renewable energy. Subject to progress over reconfiguration and in the context of successive budget planning rounds, we shall:

- **look again at how we allocate funding for research achievement.** We shall invite HEFCW to consider whether the current funding methodology provides enough incentives for excellence or whether it needs to be applied more selectively. We need to reward excellence and support its pursuit;

- **consider making funds available to promote a research base** that has the flexibility to reshape existing research portfolios; to develop research capacity in embryonic areas; and to allow the emergence of new groups of researchers;
- **encourage collaborative effort and collaborative bids** for Research Council and other funds, building on areas of excellence; taking full account of the development potential in all institutions;
- consider how to **support research groups working to world class** standards with a particular eye to genetics, bio and nano technologies in the health and life sciences;
- make it part of HEFCW's remit to give **financial support to HEIs in drawing up research bids** taking full account of available synergy between Research Council and Assembly strategies.

## VII Knowledge Exploitation

- Between 1990 and 1998, 17 businesses were created as a result of developments within HEIs. From the inception of the Wales Spinout Programme in April 2000, a total of 19 companies were created up to August 2001.

40. Commercialisation of knowledge through patenting, knowledge transfer, spin out and other techniques is of critical importance to "The Learning Country" and "A Winning Wales". It has immense significance for all the Assembly Government's actions and a special importance for the manufacturing based sector – especially SMEs. If they were better able to match their expertise to enabling technologies, their overall competitiveness would improve markedly. We must utilise cutting edge technology for economic and market gain.

41. We look to clusters to work closely with Welsh businesses to exploit opportunities and to respond to economic realities. We expect to see them having an increasing impact in years to come. We look to the sector for a step change in the culture of knowledge exploitation. We want third mission activities to be viewed as a normal and natural part of each institution's activity in every subject area, including humanities with their natural potential cross-overs to our creative and media industries.

42. Equally, we should not underestimate the importance of research to Welsh public services. Health and social care, for instance, have much to gain from the application of research in developing evidence based decision-making. The Assembly Government also takes this approach towards its own policy making across the board – and greatly values developing links with the sector to increase its evidence base.

43. Provided that the sector plays its part to achieve success through reconfiguration and collaboration, we should be prepared to assist through increasing funding streams in support of knowledge exploitation. For the short to medium term the Knowledge Exploitation Fund (KEF), amounting to £34 million in the period 2000-2004, together with Objective 1 funding, the WDA's "Spinout" programme, the proposed Technology Commercialisation Centre, KnowHow Wales and HEFCW's TACS scheme<sup>3</sup>, provide the basis for this. We will keep the use of KEF under review and will be prepared to consider lifting investment in the medium term.

- By the start of AY 2004 we expect **clusters to have determined how they will develop their commercialisation portfolios** - with quantitative estimates of returns identified fully. We would expect this to be central to each institution's strategic plan and we shall remit HEFCW to secure delivery.
- We shall require HEFCW to assess the potential for **introducing a single funding stream** in support of knowledge exploitation activities.
- We expect **each cluster to lock into the key growth sectors** in Wales - taking appropriate account of Sector Skills Councils and Future Skills Wales data, as well as WDA advice, and Foresight principles. This is as relevant to the teaching and learning agenda as it is to research and we look to clusters to take action to help staff remain in touch with leading-edge industry practice, wherever appropriate.
- We shall consider providing **funding for research and development bursaries** funded through HEIs but to criteria set by individual companies - so as to help ensure that the R&D agenda in Wales becomes better attuned to the needs of industry and to encourage close links between institutions and businesses.
- It will be part of HEFCW's remit to **hold a series of 'roundtables' with HE sector managers and academics, and risk finance experts**, to increase the sector's confidence and expertise in bringing sound deals on stream; to overcome misconceptions and inflexibilities in HE's handling of intellectual property; to provide a platform for sharing experience about what can be achieved successfully in knowledge exploitation; and to increase the risk finance community's knowledge of the potential in Welsh HE.

## VIII Excellence in Teaching and Learning

44. Powerful economic growth in Wales rests on the development of a capable workforce. The aim must be to supply skilled people for the growth sectors that need them. Knowledgeable, adaptable and skilled graduates able to contribute to

<sup>3</sup> Other initiatives designed to facilitate links between industry and academia include TCS, CBP, Help Wales, Centres of Expertise for Technology and Industrial Collaboration (CETICS), Design Wales, Cymru Prosper Wales, The Topspin Programme, the FUSE Programme and Cardiff University Innovation Network,

the economic future of Wales rely on first rate teaching. Teaching is one of the key functions of our HEIs and has an important link to research. However the current funding mechanism does not properly reward excellence in teaching in its own right– or support it effectively in those HEIs without a major research mission.

45. We want institutions to continue to focus on high standards in teaching – in both academic and vocational subjects. We believe that the objective of all teaching missions must be to maximise the experience and attainment of all students. Responsiveness to students’ needs is critical to ensuring the success of the access agenda. Disparities in retention must be overcome not least in support of students recruited from non-traditional backgrounds.

46. We are looking to institutions to build on their success to date, and to reassess their teaching missions in response to changing students’ needs. We expect institutions to develop innovative teaching methods, drawing on the latest developments in technology wherever relevant, to supplement more traditional techniques and personal contact between tutors and students.

47. Provided significant progress on reconfiguration and collaboration is achieved we shall remit HEFCW to consider how effective teaching can be properly recognised and rewarded, much as is done for research through the RAE process. At successive budget planning rounds we should then be prepared to consider the provision of additional funding for the purpose, with due regard to the contributions of the post 1992 institutions. We shall continue to fund teaching through the block grant. We shall look to HEFCW to draw up a strategy for developing the teaching mission and to consider how best to measure and reward achievements in terms of retention and attainment.

48. There are significant developments to take account of in specialist fields too. For example the UWCM and the Welsh College of Music and Drama (WCMD) are quite different institutions at very different stages of development, but both show what can be achieved over the extension of provision.

49. UWCM makes an important contribution to health for the whole of Wales. We are clear that any reconfiguration or collaboration must not dilute its all-Wales role and responsibility.

50. Detailed workforce planning is in hand for the NHS. The expansion of medical education is being overseen by the All Wales Medical Workforce Expert Advisory Group. By September next year we will have almost doubled the number of medical students studying at UWCM from 190 to 360 students Wales-wide.

51. We do not consider that it would be appropriate to establish a new institution to meet changing demands in this field. Rather, we intend to see expansion elsewhere in Wales centred on the existing provision at UWCM – particularly through the hub and spoke model, on the basis of developing plans in

North Wales and at the Royal Gwent Hospital. Maintenance of the UWCM's all-Wales role will be a touchstone for the future. We are keen to see provision extended strategically, building on existing excellence and experience. We recently announced funding in support of the Swansea Clinical School graduate entry scheme - the details of which will also be considered by the Advisory Group. We shall continue to examine the evolving needs of the NHS in Wales and develop complementary strategic responses to meet them.

52. HEFCW are already supporting WCMD in its ambitious programme to achieve conservatoire status. We welcome these plans and will look to WCMD to develop its Wales-wide presence.

53. In short we shall:

- make it part of HEFCW's remit to devise ways of **developing and rewarding excellence in teaching missions**;
- look to UWCM, in partnership with HEFCW and other Welsh HEIs **to extend provision of medical training across Wales**, in line with the widening access agenda and other Assembly Government priorities;
- **expect WCMD to develop its all Wales role** and presence, collaborating to promote high standards.

## IX Welsh Medium Provision

54. In 1999/2000, only 3% of all students at Welsh HEIs received some teaching through the medium of Welsh. We are committed to working to make bilingualism a reality in Wales. The recent Estyn report<sup>4</sup> pointed to the paucity of Welsh medium provision in HE and FE. We want an HE sector which is responsive to individuals, including those who wish to pursue elements of their degrees through the medium of Welsh. Over time it should be viewed as part of the mainstream provision covering a selection of courses and modules.

55. However, we do not believe that there is a simple way to extend opportunities to learn through the Welsh language. Before substantial investment is made in developing Welsh medium capacity, HEFCW needs better data on which to plan. The Council needs to be clearer about current and forecast levels of demand throughout the education system, and a better understanding of the inter-relationship between supply and demand. We cannot confirm what investment we shall be prepared to make in Welsh medium provision until we are clear about these forward planning assumptions. However, we agree that Welsh medium provision should be taken forward in ways informed by proposals advanced by the Board for Welsh Medium Teaching and we recognise the valuable work of the Board.

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<sup>4</sup> The Annual Report of Her Majesty's Chief Inspector of Education and Training in Wales 2000-2001 (February 2002)

56. We want institutions to work flexibly and collaboratively to look at how they can meet Welsh medium demand, and draw on new technology to extend opportunities. We consider that the National Centre for Welsh Medium Teaching should be a virtual rather than geographic entity, with funding considered in the light of results from the required study into demand and supply. We need to recognise future provision needs to address the current shortage of Welsh medium teaching materials and recognise that the proportion of natural Welsh speakers at present is probably too small to cover all the demands that are implicit in the development of bilingualism. It is likely that priority attention will need to be given to piloting and evaluating language learning sabbaticals for teachers in schools, FE and HE – and to assessing the resource implications across the board.

- We shall invite HEFCW to commission a **report into current levels of demand and supply in Welsh medium higher education**, the projected trends in demand and the steps that should be taken to increase demand.
- We shall ensure that **HEFCW to enter into dialogue with the Board for Welsh Medium Teaching** to see how demand might best be met.
- We shall consider funding – including **pilot language learning sabbaticals** for practitioners - in the context of successive Budget Planning Rounds.

## X Developing a Skilled Workforce

### First Destination of Welsh domiciled Students

- For 1999/2000, 61% of Welsh domiciled undergraduates and 56% of postgraduates took up their first activity in Wales.
- 55% of Welsh domiciled undergraduates found paid employment in the UK, whilst a further 26% continued with further study or training. The figures for postgraduates are 83% and 6% respectively.

### First Destination of Graduates from Welsh HEIs

- In 1999/2000, 55% of undergraduates and 52% of postgraduates from Welsh HEIs remained in Wales for their first activity.
- 55% of all students from Welsh institutions found paid employment in the UK, whilst 25% undertook further study or training, compared to 62% and 20% for England.

57. The continuing contribution of HE to the wider economy extends to the generation of high quality employment opportunities for graduates of Welsh HEIs here in Wales. We are determined to increase the number of graduates because of the life opportunities and personal fulfilment that a higher education can offer,

but also because of the benefits to the Welsh economy of a skilled and capable workforce. Academia no longer works in isolation from business, industry, and the public services and has a responsibility for enhancing the employability of graduates. Students should be able to study where they want, but it is very much in Wales' interest that highly skilled graduates should choose to settle in Wales.

58. Careers services need to provide sound advice in the run up to graduation and high quality work experience and familiarisation schemes during the undergraduate period. We look to institutions' own careers' services to work closely with Careers Wales to maximise information flows and to ensure that they provide an holistic service. We believe that collaboration and the use of ICT could greatly enhance the provision of career advice, sharing systems, best practice and developments, whilst promoting a vigorous campus presence. We shall:

- consider providing funding to institutions for the **development of alumni contacts**, aimed at building networks with past graduates to keep open long-term opportunities for them to return to Wales;
- **consider the scope for introducing new scholarships** and career development opportunities, match funding resources levered in by HEIs themselves, especially for students from disadvantaged groups;
- commission a report from HEFCW into the **provision of personal support** to students in Welsh HEIs;
- respond to the **recommendations of the current working group on careers services** in HE and provide funding to assist them to compare their performance with the best internationally and to achieve world class standards. We want to see seamless provision of careers support throughout students' education and into their working lives.
- **encourage the HE sector to work closely with local business** and respond to their needs - promoting increased participation from amongst people who are already in employment, in support of lifelong learning and upskilling and driving for innovative and flexible delivery.

## XI International Markets and Comparators

- 12% of first year HE students in Wales were from overseas, compared to nearly 15% for the UK as a whole (1999/2000)

59. International links make a significant contribution to sustaining Wales' profile world-wide and allow Welsh HEIs to benchmark against the best and remain productive on a national basis. There is a strong case for furthering links to advance best practice for all HE missions – and for encouraging the very best of global players to have a real or virtual presence.



60. International students offer an important funding stream for institutions. HEIs in Wales currently perform comparatively well in attracting students from the EU to study in Wales, but there is room for improvement in attracting students from outside the EU. We shall look to provide funds for schemes designed to build links and strategic alliances with institutions in key, target countries. We envisage that these schemes would include:

- **bursaries**, to help institutions to build links with colleagues in other countries;
- funds to **attract academics with international reputations** to leading professorships and visiting chairs;
- **student exchanges**, especially at postgraduate levels.

61. The Welsh Higher Education International Liaison Association (WHEILA) has done some useful work in the field of international marketing and links. We think that it is important that Wales has a united face internationally, and that the sector as a whole takes a strategic approach to international collaboration. We have recently signed a Memorandum of Understanding with Cuba which focuses on the mobility of intellectual capital and seeks to share best practice. We believe that this will be the first of many, and we particularly welcome WHEILA's current work on key target countries. We also want to maximise the gains from work being done at the UK level. There needs to be a step-change in performance for the future and accordingly, we shall require HEFCW to fund future development centrally.

## **XII Innovation, Opportunity and Future Funding**

62. We envisage that, subject to decisions at successive budget planning rounds, existing grant in aid should be supplemented by hypothecated funding streams for the medium and longer term. The first call on additions to the existing baseline for HE in Wales, after reconfiguration, will relate to fulfilling priorities for access, third mission work, research, teaching, management and learner support set out in this strategy. We would not expect that every cluster would receive funding under each of these headings. We want to build on existing strengths and move away from mission drift. As the sector successfully reconfigures and achieves the real benefits of collaboration, the associated funding will transfer into these other elements of the strategy.

63. In the longer term, once the sector has redefined its shape and mission, the new hypothecated programmes will give way to block grants, designed to support continuous improvements. Grants would be subject to overall conditions related to strategic requirements and high quality outcomes for the sector as a whole. This is broadly in line with the funding proposals currently being considered in Scotland.

64. It is increasingly evident that the existing funding methodology inhibits HEFCW from concentrating resources in support of new developments that individual institutions are unable or unwilling to fund for themselves. Formula distribution limits the scope for large-scale investment capable of reforming and strengthening the sector to take major new opportunities in the interests of learners, and of Wales as a whole.

65. For large scale and innovative projects, a new fund will be derived in part – but not exclusively – from the recycled returns progressively arising from this strategy for higher education. As the sector successfully reconfigures and achieves the real benefits of collaboration, so the associated funding will transfer into other elements of the strategy itself – and specifically in support of major innovation that is currently unaffordable.

66. The new innovation fund will seek to assist the sector to exploit major new opportunities with strong multiplier effects – many of which, by their very nature, are difficult to predict. By way of example the fund would be focused on collaborative efforts to:

- develop **Wales wide approaches to widening access** amongst young people and adults;
- **promote research capacity** in departments that fall outside the 5/5\* category but which have the potential to develop such excellence;
- provide **additional capital investment for leading edge technologies** and support research, technology transfer and upskilling in fields that are vital to Wales' chances in the knowledge economy;
- **promote international links** with world renowned departments and institutions – especially in support of key business and employment sectors in Wales;
- **develop e and distance learning**, especially to bring new thinking to bear on the exploitation of broadband, and to increase massively increase bandwidth for existing HE links;
- **support key Assembly Government priorities** such as inter-professional training in health and social care, and to promote creative industry.
- **support new provision** on the basis of collaboration within or between clusters – for example in the field of rural enterprise;
- **develop new subject themes or competencies** such as those associated with sustainability, environmental products and services.

### **XIII The Role and Remit of the Higher Education Funding Council (HEFCW)**

67. HEFCW will continue to be central to the delivery of our aims for higher education. The contents of this strategy will shape successive remit letters to the Council setting out guidance as to what will be required of it and by when. We will monitor the Council's performance against these requirements. We shall continue to depend heavily on the Council's expertise in taking this strategy forward, and upon their excellent reputation for working in close partnership with the sector. We accept that the staff structure of HEFCW will need to be strengthened if it is to implement its part of this ambitious agenda.

68. We expect HEFCW to bring together its own strategic and operational planning with that of the National Council at ELWa and continue to work very closely with other partners, such as the WDA.

69. We endorse the view that HEFCW should adopt a more proactive strategic planning role. The sector faces significant national and international competitive pressures. They cannot be faced successfully without continuous and dramatic improvement in the coherence and productivity of the overall HE system in Wales.

70. We expect the sector to make substantive progress over re-configuration and collaboration as the key preconditions for delivering on this strategy. With due regard to the experience gained as the first phase of the strategy goes forward, we shall look for legislative opportunities to ensure that HEFCW has all the powers needed to plan sensitively and effectively so as to guarantee successful implementation.

### **XIV Outcomes**

71. This Strategy commits the Assembly Government to supporting the HE sector in new and creative ways for the long haul. It recognises both the importance of the sector in its own right, and its contribution to the seamless development of lifelong learning throughout Wales. A detailed range of target outcomes will be developed in consultation with the sector year by year. This will take account of the existing suite of qualitative and quantitative performance measures appropriate to higher education in the round. It will also reflect the degree to which the sector makes genuine progress over reconfiguration and collaboration of a kind that can impact upon successive budget planning rounds positively and as the Assembly Government would wish.

72. At the very least, and subject to further discussion with the sector and others, we want to see the following results from the HE sector in Wales. Funding will be tied to these outcomes:

- **Reconfiguration** to achieve critical mass sufficient to reduce overhead costs for the HE sector as a whole to better the England and Wales average as a minimum by 2005, and to the lowest quartile by 2010.
- **The income foregone by the sector annually**, and identified in this document, to be garnered year by year between 2007 and 2010, and in particular:
  - the existing gap in funding attracted by HE to Wales from the Research Councils to be closed by 2010;
  - the income from research contracts charities, industry, endowments and knowledge exploitation to increase by 60% by 2007, and by 100% by 2010.
- The proportion of **young people accessing HE from low participation neighbourhoods** to increase from around 25-30% to 40-50% by 2010.
- **Links between HE and other providers** in innovative ways to ensure that seamless and progressive routes to continuous learning are available to **everyone** in Wales by 2010.
- **The proportion of young people with a disability** attending HE to match the proportion of those in Wales with a disability by 2010.
- The proportion of students in Welsh HEIs **undertaking some element of their course through the medium of Welsh** to increase to 7% by 2010.
- HE in Wales to be regarded as the **destination of first choice** by a majority of learners in Wales by 2010.
- **Top-level research ratings** achieved by HEIs in Wales to increase by at least a third by 2007.
- Following appropriate consultation, ELWa and WDA to **agree priorities for development in research, technology transfer and upskilling** where investment will be targeted to help promote the knowledge economy in Wales by Spring 2003.
- The number of **profitable spin out companies** produced annually from HEIs to double by 2010.
- No HEIs in Wales to be assessed as being in a marginal or unsatisfactory **financial position**, and all achieving high standards of governance by 2007.
- The number of **overseas students** attending HE courses in Wales to increase by the same percentage as those attending HE courses in the UK as a whole by 2010.

## XV Conclusion

73. We look to support higher education to ensure that Wales can become a truly learning country. We recognise its central strategic significance in enabling Wales to develop an international reputation as a place marked by creativity; entrepreneurial flair; and progressive, outward looking, social engagement that attends as much to poverty of opportunity as to sustainable development. We have confidence that higher education in Wales can rise to the opportunities and challenges implicit in this Strategy. We are prepared to invest over and above existing provision to help higher education take this positive agenda forward. Now we look to the sector to embrace it with a will.