Executive Summary

FAIR AND FLEXIBLE FUNDING: A WELSH MODEL TO PROMOTE QUALITY AND ACCESS IN HIGHER EDUCATION

Final Report of an Independent Study into the Devolution of the Student Support System and Tuition Fee Regime in Wales (The Rees Review)

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May 2005
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Preface and Acknowledgements

The Higher Education Act 2004 devolved responsibility for elements of higher education funding and student support to the National Assembly for Wales. Jane Davidson AM, the Welsh Assembly Government Minister for Education and Lifelong Learning, invited us to conduct an Independent Study into the Devolution of the Student Support System and Tuition Fee Regime to Wales to advise her on how best to use these powers. This is our final report in response to this brief. It summarises the evidence we have received and sets out our thinking. It offers our recommendations for how best in our view the devolved powers should be used, within the context of a UK higher education sector, to ensure an adequately funded sector for Wales and fair and flexible support for students.

Members of the Review Group were set an extremely challenging task. There are no easy options for guaranteeing a robust, adequately resourced higher education sector and a fair and equitable student support system while seeking at the same time to achieve the broader ambitions that the National Assembly has for Wales. This is particularly the case given pressing legal and financial constraints. We all agree that we feel to an unwelcome extent hemmed in by ‘givens’ in the UK system. This report discusses some of the issues we faced in seeking to produce our recommendations.

In our Progress Report published in March 2005, we set out six options that received wide debate. Options 4 and 5 both of which could be described as a Welsh model fared best in our feasibility testing and emerged as strong favourites. Our Final Report therefore focuses on developing and recommending the ideas in these options.

During the course of our deliberations, we have received considerable input and support from a wide range of individuals and organisations within Wales and beyond, for which we are most grateful. Members of the Group have been unstinting in their efforts to grapple with the issues and to work in a remarkable spirit of collegiality, despite many differences of opinion. I am enormously grateful to them for making my role as Chair such a pleasure. We have also been provided with first class support from the small team of Assembly officials seconded to this project. Although convention dictates that civil servants should remain anonymous, we wish to record that we are all especially indebted to Neil Surman for his exceptional and perpetually cheerful response to the heavy demands made upon his expertise and time by the Group. Claire Smetherham and Mike Tomlinson, both completing doctorates, were the Group’s longsuffering report writers, ably turning drafts round to a very tight timetable. Finally, we are grateful to our employers and our families for granting us the time needed to complete the task.
We are of the view that our recommendations are evidence based, fit for purpose and will find support among key stakeholders. We believe they combine pragmatism with innovation to deliver a Welsh model. We have ‘road tested’ them on key individuals and organisations. We support them unanimously: in the detail where we differ, we have proposed choices but within a common framework. I commend our recommendations to you, as a package, on behalf of the Group.

Professor Teresa Rees AcSS CBE
Chair, Independent Study into the Devolution of the Student Support System and Tuition Fee Regime to Wales

Cardiff, April 2005
Foreword by Minister

The Assembly Government made a manifesto commitment not to introduce university top up fees in Wales for the term of the second Assembly. We have honoured that commitment. Following the delegation of the functions of the Higher Education Act of 2004 to the Assembly, we promised to introduce a Supplementary Income Stream for our universities in 2006-07 so that they would not be disadvantaged compared to higher education institutions elsewhere in the UK. We maintain that commitment. We also agreed that students ordinarily resident in Wales would receive a student support package no less generous than that which they might have received from the DfES. We maintain that commitment.

The Higher Education Act 2004 represents a significant step forward for devolution. For the first time, the Assembly is able to take a whole-system view of further and higher education in Wales. With the new powers available to us from September 2006, we will have full control over the levers necessary to build on our strategy to develop the higher education sector - its learning, teaching and research capacity.

The 2004 Act allows the Assembly to set its own student support and tuition fee regime in Wales. I have been determined throughout that our decisions on these crucial issues should be based on the best evidence available. In early 2004, I therefore asked Professor Teresa Rees to chair an independent study to advise on the most appropriate arrangements for Wales. Supported by a panel of experts drawn from higher and further education and from across the United Kingdom, Professor Rees has undertaken a thorough and comprehensive review which has culminated in the report presented here.

Higher education makes a difference to all our lives. As this report acknowledges, a strong and vibrant higher education sector is crucial to the future success of Wales as a knowledge-driven economy; it is also one of the essential building blocks of Welsh culture and contributes significantly to the civic health of the society in which we all share. At the same time, I want to see a student support system in Wales which meets the particular needs of Welsh learners - both full time and part time - and which helps to support our widening access agenda.

I am grateful to Professor Rees and other members of the review group for their immense hard work and the careful consideration they have given to the issues before them. The recommendations in this report are far reaching; its findings present a challenge to us all to ensure that higher education in Wales continues to flourish in an increasingly competitive global environment.

Jane Davidson AM
**List of Abbreviations**

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<tr>
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<th>Description</th>
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<tr>
<td>ALG</td>
<td>Assembly Learning Grant</td>
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<td>DfES</td>
<td>Department for Education and Skills.</td>
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<td>Education and Learning Wales</td>
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<td>Financial Contingency Fund</td>
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<td>NBS</td>
<td>National Bursary Scheme</td>
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<td>SIS</td>
<td>Supplementary Income Stream</td>
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<td>WAG</td>
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## Members of the Rees Review Group

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<tr>
<th>Name</th>
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* An asterisk denotes that the individual was also a member of the Independent Investigation Group on Student Hardship and Funding in Wales, 2000-2001
Executive Summary

Jane Davidson AM, the Welsh Assembly Government (WAG) Minister for Education and Lifelong Learning, invited us to conduct an Independent Study into the Devolution of the Student Support System and Tuition Fee Regime to Wales. The purpose was to make recommendations on how to use powers in the Higher Education Act 2004, which devolved responsibility for elements of higher education (HE) funding and student support in Wales to the National Assembly.

The specific aim of the Review was to produce a report, with relevant evidence, designed to inform Assembly Government and Higher Education Funding Council for Wales (HEFCW) decisions about future policy towards student support and the financing of the HE sector, and to make recommendations to the Minister as regards the applicability or otherwise of variable fees in Wales.

We are all firmly of the view that Wales needs an HE sector that conducts world-class research and provides excellence in teaching in order to contribute to a vibrant, prosperous knowledge-based economy. A strong, well-resourced HE sector makes a major contribution to the health and vitality of civic and cultural life. A poorly resourced HE sector in Wales, particularly if the overall financial position of Welsh HEIs were to decline relative to that of HEIs elsewhere in the UK, would result in a loss of teaching and research staff. Such a scenario could itself have further impacts upon the financing of Welsh HEIs: the number of students choosing to study in Wales would almost certainly decline and research capacity would be reduced. Income from research grants and related funding would therefore also decline, as would the opportunities for spinout companies, technology transfer and capacity building. This would represent a loss to everyone in Wales, not just to those who study or work in HE. Our economy, our levels of skills and earnings and our wider culture would be impoverished.

We also believe that students need to be adequately supported during their studies. We share concerns about students undertaking long hours of paid work to support themselves and the deleterious effect that this has on their studies and their experience of HE. We are also conscious that opportunities for such paid work are not available to all, and that fear of debt can deter potential students from pursuing a degree.

Members of the Review Group were set an extremely challenging task. There are no easy options for guaranteeing a robust, well-resourced HE sector and a fair and equitable student support system while at the same time seeking to achieve the broader ambitions that the National Assembly has for Wales. This is particularly the case given pressing financial and legal constraints. We all agree that we feel to an unwelcome extent hemmed in by ‘givens’ in the UK system.

We developed guiding principles to inform our approach to the task and to test our ideas as they emerged. They reflect our commitment to the promotion of the knowledge economy, social inclusion and an enhanced civil society. This entails promoting institutional autonomy, academic freedom, equality of opportunity and widening access and participation.
The diversity of Higher Education Institution (HEI) missions, types of students and their modes of study, especially part time study, need to be respected. Our recommendations need to shape a system that is flexible and fair, clear and consistent.

We took a collegial approach in our mode of working. We started from very different positions on some of the issues, and some members of the Group were of a clear view that HE should be freely available to all eligible students. We were mindful too of the vote in the National Assembly for Wales (NAfW) that variable fees are in principle wrong - a perspective some of us share, while others do not. However, we agreed to take an evidence-based approach, and to assess the intended and sometimes unintended consequences of different approaches to funding HE and student support on institutions and individuals, in all their variety. We sought to come to a unanimous set of recommendations, rooted in evidence that fulfilled the brief and were consistent with our guiding principles. This, despite differences of emphasis in places in this report, we have managed to achieve.

To inform our deliberations, we commissioned an international research review. We also commissioned new research on the graduate labour market; patterns of access and participation; and the views of young people, especially in areas of socio-economic disadvantage in Wales, on going to university. One of the most striking points that emerged was that, irrespective of socio-economic background, the vast majority of those qualified to go to university in Wales, do so. These studies produced rich data which informed our thinking. However, more research work is needed on the differing patterns of recruitment of the various HEIs, on part time students and access and participation measures directed at adults.

We consulted a wide range of stakeholders, who generously provided a wealth of written and oral evidence. We participated in a large number of meetings and events in Wales, the UK and further afield to hear views and solicit expertise and experiences. We hosted open and closed seminars to discuss emerging ideas.

We familiarised ourselves with the economic, education and social inclusion policy framework of Wales, as well as the broader context of the UK, European Union (EU) and global policy developments. Key factors included the role of research in a knowledge-based economy, the expansion of the HE sector, the sensitivities of cross border flows of students and staff, access and participation, quality, equality and technology changes. We were also mindful of emerging legal factors, such as the impact of the Bidar case on maintenance support for non-UK EU nationals.

Many of us participated in a similar review, the Independent Investigation on Student Hardship and Funding in Wales, in 2001. We were pleased that many of our recommendations in that report were implemented by the Welsh Assembly Government (WAG). They included the (re)introduction of maintenance grants in Wales (Assembly Learning Grants) for both full and part time students, in HE and further education (FE); and a composite Financial Contingency Fund to address hardship experienced by students at Welsh HEIs and FE institutions. We are also pleased that maintenance grants are now being introduced for full time students in England too, by the Westminster Government. We also recommended that up-front tuition fees should be replaced by an end-loaded, income-contingent graduate endowment
contribution. We were therefore delighted that the provisions of the Higher Education Act 2004 mean that in future, there will be no need for full time students to pay up-front fees: instead they will pay when they are employed as graduates, at a rate contingent upon level of earnings.

There are currently 12 HEIs in Wales (after a recent merger between Cardiff University and the University of Wales College of Medicine); these 12 HEIs have a wide range of missions. Their three main sources of income are public funding through a core grant from HEFCW, research income, and fees from students (including overseas students). The Open University in Wales is another significant provider of HE in Wales, especially for part time students, and its funding is currently being transferred to HEFCW.

In 2002/3, there were nearly 120,000 students studying at HE level in Wales of whom 49% of all first years were part time students, the highest figure in the UK. Wales is a ‘net importer’ of students: 37% of Welsh domiciled first degree full time students study in England but 44% of students at Welsh HEIs are from England. A very important finding of our research was that just a minor fluctuation in these cross border flows could lead to Welsh domiciled students being squeezed out by better qualified applicants from elsewhere. It could also cause major viability problems for some institutions, and could have serious financial implications for the Assembly budget.

FE colleges have an important role to play in responding to the demand for higher level vocational skills in the local economy and in widening access to HE. There are 21 FE colleges in Wales that deliver HE courses; eight receive funding directly from HEFCW, the rest being funded via franchise arrangements with HEI partners. In 2004/5, approximately 7,500 students accessed HE courses at an FE college. The majority are mature students, many studying part time. FE colleges also provide Foundation Degrees, for example in science and engineering.

The HE sector in the UK has suffered years of under-investment. This has led to a run down infrastructure, a squeeze on salaries and deleterious staff/student ratios. In England, Scotland and Northern Ireland, this funding gap is partly being addressed through budget increases. In all three countries, graduates will be making a greater financial contribution to the costs of HE. The Department for Education and Skills (DfES) will be making a substantial contribution to subsidising fee and maintenance loans, and has made a commitment that any growth in student numbers will be fully funded. DfES has also undertaken to pay the full economic cost of Research Council supported research projects (Welsh HEIs successful in applications for such funds will benefit from this particular measure). The Assembly budget will benefit from the DfES commitment to fund means-tested maintenance grants.

One recent estimate of the funding gap in Wales suggests that it is much larger than previously thought, standing at £330m for the period 2005/6 - 2007/8, more than double the previous estimate of about £50m per annum. Meeting this gap is a serious but essential challenge. The main task for our Group, in effect, is to make recommendations for addressing this gap in the context of devolved powers. The sector needs much more investment in order to become more competitive in the UK and internationally, and to achieve the ambitions that the WAG has for it to deliver on its broader agenda. Income levels will need to increase significantly to enable HEIs to strengthen their infrastructure, improve quality and build upon
their research, teaching and third mission capabilities. In addition to addressing the historic funding gap in Wales, it is important that Wales is not now relatively disadvantaged by the enhanced investment being made in the HE sector elsewhere in the UK.

Since HE is both a public and a private good, the cost of this additional investment should be shared, principally between taxpayers and graduates, but also, to a lesser extent, by students and their families, employers and the wider community. It is fair that the bulk of new investment in HE should be financed from public funds, since Wales as a whole will be enriched by the economic, social and cultural benefits. However, given the constraints under which the Assembly operates, we have come to the view that it is also reasonable that graduates should make a contribution to the cost of HE, since they will benefit financially and in other ways.

None of our stakeholders was able to identify viable alternative sources of income other than the public purse or graduate contributions. Of course, there are some other potential sources of revenue, but their impact is likely to be marginal. They include contributions from alumni, employer partnerships and efficiency savings. Some courses charge full cost tuition fees (for example for continued professional development), and there is some limited potential growth in the recruitment of non EU overseas students, who pay higher fees. We certainly recommend HEIs explore these options more vigorously. However, none of these sources, singly or combined, is adequate to meet the funding gap.

Our main recommendations, therefore, identify the public purse and graduates as the main sources of additional income to make good the funding gap. We also make recommendations on how students can be better supported while they are studying. There are further recommendations on part time students, on improving information and advice, on promoting access and participation, on earning and learning, on monitoring, evaluation and research and on improving the post devolution HE strategy framework. Our emphasis is on ensuring sufficient resource to enhance the quality of teaching and research while promoting access and participation. However, our proposals will not meet the funding gap in its entirety. The WAG will need to increase further its investment in HE especially if there is further growth in student numbers.

In our Progress Report, published in March 2005, we presented six options for a fee and student support regime in Wales. They did not include the total abolition of fees in Wales, despite the fact that this was very attractive to some stakeholders and indeed initially, to some members of the Group. However, an analysis of the feasibility of such an approach revealed it would impose a disproportionate burden on the Assembly budget and it would have a potentially destabilising effect on HEIs in Wales because of the likely impact on cross-border flows. Assembly resources would in effect be subsiding well qualified non-Welsh domiciled students attracted to Wales by free higher education. Group members decided that the total abolition of tuition fees was not a realistic option. Hence, it did not appear as one of our six options.
The six options identified were:

**Model 1 The Status Quo**
Fixed fee of about £1,200 a year for all full time UK and other EU undergraduates, plus subsidy from the WAG through a Supplementary Income Stream (SIS), to compensate Welsh HEIs for the loss of fee income.

**Model 2 £2,000 Fixed Fee**
Fixed fee of £2,000 a year; also requiring continued subsidy by the WAG, but at a lower level than under Option 1.

**Model 3 English Competitive Model**
Variable fees (as in England), subject to approval of fee plans by a relevant authority, as determined by the WAG (probably HEFCW).

**Model 4 Variable Fees with a National Bursary Scheme**
Variable fees (as in Option 3) but in place of the competitive bursary market in England, there would be a National Bursary Scheme (NBS).

**Model 5 Differential Variable Fees for Welsh and non-Welsh domiciles, with a National Bursary Scheme**
Variable fees and a NBS; but Welsh domiciled students would be charged lower fees than students domiciled in other UK countries, requiring an SIS from the WAG to compensate Welsh HEIs for the loss of income due to differential fees.

**Model 6 £3,000 Fixed Fee with a National Bursary Scheme**
Fixed fee of £3,000 a year, with a National Bursary Scheme (NBS).

Each model had its strengths and weaknesses, a set of risks in terms of cross border flows, legal implications, potential impact on institutional autonomy, agility of HEIs to respond to changes in the market, costs to the Assembly and so on. We costed all the models, and discussed them with stakeholders. On balance, Options 4 and 5 received the most support as best meeting the needs of the HE sector and of students.

There are some commonalities between Options 4 and 5. They both require a variable fee system, and a NBS. The main difference between them is that Option 5 involves lower fees for Welsh domicile students to study in Wales and therefore a larger contribution from the WAG budget. The Group is unanimous on the common features of Options 4 and 5 but there are differences of views on the feasibility and affordability of differential variable fees for Welsh domicile students. The Group’s recommendations have therefore been designed with the flexibility necessary for the Assembly to make that choice.

The WAG commitment on fees in 2006/7 stated that variable fees would not be introduced in Welsh HEIs in 2006/7, but no decision has yet been taken about fees in subsequent years. The Group was divided on the issue of whether fee protection should be guaranteed for the whole of their course for the cohort of students entering HEIs in Wales in 2006/7. If fixed fees were to be maintained throughout the three or four years of a degree course, it could have serious implications for cross-border flows. It would also have significant financial implications for the WAG budget. For these reasons, some members of the Group took the view that protection should be given only for the first year of a course, with students...
expected to pay the same fees as others in 2007/8 and thereafter. Other members had concerns about the fairness of such a policy; there was concern that either policy might set an unwelcome precedent in Wales.

There are pros and cons on both sides of the argument and the Group was sharply divided on the issue. Members were unanimous, however, on the need to remove the uncertainty relating to this cohort as a matter of urgency. While this persists, students may be discouraged from entering HE because of uncertainty about costs. We are also convinced that it is important, for the sake of clarity, to ensure that from 2007/8 all students in Wales will be entitled to the same level of student support.

We have had the opportunity to observe emerging patterns in England on approaches to variable fees and fee plans regulated through the Office for Fair Access. While almost universally institutions are charging the full £3,000 fee, there is a bewildering market in bursaries, scholarships and special offers targeting those from lower socio-economic groups and the well qualified. This market can be especially difficult for those from disadvantaged areas to negotiate. A clear message from students has been for clarity and transparency in information about courses and costs. We also note that the English system sets HEIs in competition with each other for a finite number of students. Competition is not being used here to grow the market, but in effect to substitute some applicants for others to satisfy access plans. Learning from all this, we are proposing a National Bursary Scheme, which is simple and easy to administer, which builds upon collaboration among institutions in Wales, and puts resource firmly and simply in the hands of students, to take with them wherever and whatever they wish to study. HEIs can retain some flexibility to add to the NBS to address their own missions. The NAfW can also build upon the NBS to target extra resource strategically as they wish, for example, to encourage growth in Welsh medium teaching or in certain subject areas to address labour market shortages.

We have been especially mindful of the needs of part time students. Their diversity and the fact that little is known about that diversity posed challenges for us in identifying recommendations. However, we know that part time students constitute over 40 per cent of the student body in Wales, that part time study is an important access route to HE and that many part time students have particular needs in terms of childcare, transport and balancing work and study. We make proposals which are framed in a desire that part time students should be treated in line with full time students, on a pro rata basis, but we call for more work to be carried out in order to develop an equitable system which is practicable, and which does not jeopardise existing provision.

We have sought to address access and participation issues more broadly, bearing in mind the research finding that the vast majority of young people who are suitably qualified tend to go to university; measures are needed to enable others to become eligible, and to enhance and develop access routes for mature age learners. This involves investing more in early years and in adult education. We emphasise important issues in calling for the scoping, implementation and monitoring of our proposed HE funding and student support measures. In particular, while we have sought to ensure that equality issues are addressed in the broad brush design of the proposals, there will need to be thorough equality proofing in the development, implementation and review phases.
We see these recommendations as a coherent package, and warn against picking and choosing between them, except as we have specified on the issue of special treatment for Welsh domiciles studying at Welsh HEIs. There are lessons to be learnt from the responses to the Dearing Report\(^1\) on HE and the Cubie Report\(^2\) on student support in Scotland, where the fact that implementation of recommendations was partial rather than complete was later regretted. A summary of our recommendations follows. More detailed versions appear in the main report.

**Main Recommendations**

**Recommendation 1: Deferred Flexible Fees**

We recommend the Assembly commence the powers, granted by the *Higher Education Act 2004*, to permit Welsh HEIs to charge full time undergraduate students deferred flexible (we prefer this term to variable) fees, from 2007/8, of up to £3,000. HEIs will be expected to report to HEFCW on how they are using the additional resource.

**Recommendation 2: National Bursary Scheme**

We recommend a National Bursary Scheme (NBS) should be established, by top-slicing the additional fee income to HEIs to provide targeted bursaries to both Welsh domiciled and non-Welsh domiciled UK students at Welsh HEIs. The NBS should be self funded and sector led. Bursaries should be means tested and targeted at students with low incomes, but could also be targeted for example at mature students, or those with dependants, those studying through the medium of Welsh, the highly qualified or those studying shortage subjects. The top slice should leave HEIs with enough resource to supplement the NBS to target their own priorities. The WAG can top up the NBS to promote strategic goals. No fee plans or Office for Fair Access would be needed but HEFCW’s reviews of HEIs’ access and participation plans should be bolstered to monitor performance.

**Recommendation 3: Differential fees for Welsh domiciles at Welsh HEIs**

We recommend the Assembly conducts further analysis of the costs and the implications of providing financial incentives to encourage Welsh domiciled students to study in Wales. If the Assembly decides to impose differential fees for Welsh domiciled and for non-Welsh domiciled students, it should provide HEIs with adequate compensation on a recurrent basis, in the form of a Supplementary Income Stream (SIS) to cover the shortfall in income resulting from the imposition of differential fees. Alternatively, the Assembly may decide to offer Welsh domiciled students a fee grant, in which case the Assembly should ensure that sufficient funds are allocated from its annual budget to meet the costs of entitlement to a fee grant for all full time Welsh domiciled students at Welsh HEIs. At the very least, the NBS should offer small non means-tested bursaries for all full time Welsh domiciled students studying in Welsh HEIs, in order to provide incentives for Welsh domiciled students to choose to study in Wales.

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\(^2\) Independent Committee of Inquiry into Student Finance (2000a) *Student Financial Fairness for the Future* Edinburgh: Independent Committee of Inquiry into Student Finance (The Cubie Report)
Recommendation 4: Part time students
We recommend an Independent Review is established to make recommendations to the WAG on creating an affordable, practicable, simple and transparent system of fees and student support for part time students for implementation in 2007/8. Meanwhile, existing part time provision should not be jeopardised by significant increases in fees. We recommend that the WAG gives serious consideration to using that element of ALG funds currently allocated to full time Welsh domiciled students in HE, combined with that proportion of ALG money currently being paid to part time students in HE, to support new arrangements for part time students in Welsh HEIs. We recommend that scoping work be undertaken with a view to making the NBS open to Welsh domiciled part time students on a pro rata basis if they are studying 30 credits or more per year as part of a recognised scheme of study leading to a qualification. This should be completed in time to allow any introduction of appropriate NBS support for part time students alongside that for full time students.

Recommendation 5: Equality proofing
All the scoping and implementation phases should be thoroughly equality proofed, drawing upon professional expertise, to ensure in particular equality on the grounds of sex, race and ethnic origin, disability, sexual orientation, faith, age and class, and to identify implications for the promotion of teaching through the medium of Welsh.

Recommendation 6: WAG investment in HE sector
The WAG needs significantly to increase its investment in the HE sector, to address the funding gap. The amount of that increased contribution is dependent upon decisions by the WAG in response to our recommendations about enhancing the graduate contribution.

Subsidiary recommendations
These recommendations are essentially about how to deliver on our main recommendations, addressing some of the key issues of access and participation, earning and learning, the development and implementation of student support systems, improving access to good quality information and advice, monitoring, review, evaluation and research and the post-devolution strategy framework.

Recommendation 7: on investing in early years
To increase the number of those qualified for HE, intervention has to start early on in the education system. We recommend devoting more resources to earlier levels of education, including projects and schemes aimed at raising aspirations and improving university readiness in areas of low participation.

Recommendation 8: on FE/HE interface
We recommend the development of guidelines to underpin franchise arrangements, in consultation with HEIs and FE colleges, HEW and Fforwm, to include arrangements between FE colleges and HEIs regarding fees and access to the NBS for students in FE studying HE.

Recommendation 9: on HE as a route back to the labour market
We recommend that consideration be given by WAG to exploring the feasibility of a pilot scheme, working with Jobcentres Plus in Wales, where the potential role for the unemployed of HE as a trajectory back to the labour market would be highlighted and considered more in
job centre interviews. This process could be replicated in projects working with other groups of people on a trajectory back to the labour market.

**Recommendation 10: on a scoping project on earning and learning**

We recommend that the WAG commissions a scoping project, led by the HE sector, Careers Wales, employers and ELWa, for exploring options for more satisfactory arrangements for earning while learning. This would address the issue of enhancing student employability, ensuring that paid work while studying would contribute more educationally and would be better regulated than at present. We specifically propose the scoping study explores:

- establishing a Graduate Apprenticeship Scheme which would combine learning and employment opportunities for students in structured and mutually reinforcing ways;
- the scope for more HEIs in Wales to offer students the opportunity of a year’s paid work experience with an employer during their course; and
- the scope for HEIs to make further endeavours to offer campus based work opportunities, bearing in mind trade union issues.

**Recommendation 11: on the implementation of student support systems**

We recommend that the Assembly Government, in implementing the system of student support, ensures that it is flexible and fair by:

- improving the system of means-testing, and monitoring the effects of thresholds, to ensure money is more effectively targeted on the most needy students;
- ensuring the system of support for students addresses better the needs of students estranged from their parents, for whatever reason;
- equality proofing rigorously, paying careful attention for example, to the interface between the system of support and disabled students’ allowances; and
- providing simplicity and transparency in the design, dissemination and delivery of student support systems, particularly for part time students.

**Recommendation 12: on a rich media information and advice system on HE and student support**

A free, clear and easy to understand and personalised communication system is needed for potential students, especially those making the transition between school, FE and HE and especially those from low participation communities to enable them to understand what courses are available where and what it will cost to take them up. Careers teachers and advisers also need to be able to update themselves on student support and legislative changes in order to provide accurate and immediate advice. We recommend that the WAG set up a working group of partners, including Careers Wales and a telecoms provider, to scope, and if appropriate, undertake a feasibility trial of a state of the art broadband based ‘rich media’ environment to provide information and advice on HEIs in Wales and on student support for potential students and advisers to enable them to keep up to date on changes. The technology could provide customised information and advice for potential students, with help in feeding in information. It could also be used to provide training, which could be credentialised, for careers advice and guidance providers. This work builds upon the portal
being developed by Careers Wales, but takes it to the next stage of technological capacity currently being developed. It also capitalises on the WAG’s investment in bringing broadband to Community First areas. This scoping study and feasibility phase is likely to cost about £200,000, which WAG and the partners should provide.

**Recommendation 13: on publicising the student support package**

We recommend an intensive multi-media publicity campaign to advertise the ALG, the FCF, NBS and other elements of the student support package, especially in the FE sector. In particular, for full time students, the message needs to be conveyed that up front fees have been abolished, that graduates earning more than a certain amount pay the fees retrospectively, and that payments are dependent on a graduate’s income. Examples of the loan repayment rate linked to income level should be provided in the publicity.

**Recommendation 14: on monitoring, review, evaluation and research**

Significant changes are taking place in HE funding and student support in the UK. A sound statistical base is needed as a management tool, alongside focused research projects, to enable the WAG to evaluate the effects and impact of policies and their implementation and to maximise opportunities to respond flexibly and with agility to new challenges. This is particularly the case as decisions made by DfES can have significant effects in Wales, given the relative size of the two countries. We therefore recommend a commitment is made to annual expenditure to ensure monitoring, evaluation and research based assessment of the implementation and delivery of the new funding and student support system in the context of a changeable UK and EU policy framework. More specifically, we recommend:

- the measurement and monitoring of the public contribution to HE. It is important to guard against fee income being used to substitute for public investment. In England, a measure is already being used to calculate the real term unit of funding for teaching as variable fees are introduced. We recommend a comparable measure in Wales so that we can (i) ensure the unit of funding is sustained in the face of any expansion in the number of students (ii) benchmark against England and (iii) be able to market HE in Wales to students by demonstrating transparency and equivalence of investment.

- the publication of annual statistics on the take up of all the different elements of the new student support system, including ALGs, FCFs and National Bursaries, by FE/HE, PT/FT status, local authority, the statutory equality dimensions and household income. They should be analysed and used as a management tool to monitor trends and distributional impact. They should also be developed into equality indicators to measure performance. These data are designed to be helpful in evaluating to what extent measures are targeting those in need and changing behaviour.

- after three years, there should be a review of the student support systems to identify strengths and weaknesses and identify areas for improvement.

- WAG should consider boosting the Welsh sample of relevant UK/GB national sample surveys (such as the Labour Force Survey) in order to allow more detailed analysis of the situation in Wales and to allow better comparisons to be made with other parts of the UK on education, skills and employment data.
that WAG scopes and develops enhanced background data for individual students, to be used in an anonymised form to help evaluate measures designed to promote access. This has been discussed in Wales, and was a recommendation in the previous Rees Review. It is being developed currently in Scotland. In Wales the Unique Pupil Number is being developed in schools for pre-16s (scheduled to be launched in Autumn 2005). There is also some data in the Lifelong Learning Wales Record held by ELWa. However, there is no post-16 identifier covering the whole FE/HE sector. Clearly there are data protection issues to be explored.

that WAG commissions a study of 15 year olds in schools and colleges to complement the commissioned research on attitudes to HE. It is at this age that students decide whether or not to proceed to post-compulsory education or training. This would facilitate a better understanding of patterns of participation.

that WAG commissions a research project exploring how FE colleges and HEIs manage the FCF, and the pattern of claims made and awarded, in order to benchmark good practice and provide advice on how to target need more effectively.

WAG commissions research on the needs and experiences of mature-aged students in HE in order to inform future policy, including an exploration of mature students’ attitudes to debt and the graduate premium.

WAG commissions research on widening access and increasing participation schemes, incorporating qualitative research to examine the effect that they are having on potential students and to explore the extent to which existing access schemes are successful in making a difference. The research should pay attention to the issue of drop out and retention.

**Recommendation 15: on other sources of funding**

We recommend that HEIs pursue more vigorously other sources of funding, such as research contracts and grants, alumni and other donations, full cost fees from overseas students and from employers for courses for professional development, and partnerships with industry, business and other public or private sector employers.

**Recommendation 16: on the post-devolution strategy framework**

We recommend the establishment of a post-devolution strategy framework that allows for long-term planning of future policy. Although outside our remit, we recommend that further attention be given to the role of the existing Joint Ministerial Committee, not only in Wales but also at a wider UK level. To make a success of devolution it is essential that a robust framework be in place to facilitate speedy informational flow and to provide advanced warning from DfES of major policy changes in England. There is therefore a need to ensure that the Joint Ministerial Committee meets regularly, is an effective tool for dealing with UK and international issues, and should be underpinned by similar arrangements for senior civil servants.
Conclusion

Our brief posed significant challenges for the Group. We have made a set of broad recommendations that we feel will deliver a better funded HE system and a fair and flexible student support system that should enable anyone eligible, whatever their circumstance, to feel encouraged to pursue HE. We operated under a serious number of constraints, especially given that HEIs in Wales operate within a global context where decisions made elsewhere can have profound effects.

One serious problem faced by the Group was that the situation was frequently changing, while we were considering evidence and options. In particular, new information, figures and statistics became available when we were already far advanced in our analysis and evaluation of options. This new information included information on tuition fee levels in England from 2006/7, estimates of the extent of under-funding of the Welsh HE sector and estimates of the costs to the Assembly budget of the various options we were considering. These new figures have been used in place of the estimates we gave in the Progress Report. Since in every case the most recent estimates of costs were higher than those provided earlier, we are confident that our conclusions are all the more valid. The most recent figures tend to strengthen, rather than weaken our conclusions and recommendations, and the evidence on which they are based.

There are a considerable number of details still to be worked out. However, we should like to convey a sense of urgency in the scoping and implementation phase. The sector, and the student population have lived in a period of uncertainty for some time. To put the HE sector and its students on a firm footing, some bold decisions are now needed. Within the context of the existing powers of the NAfW, we believe our recommendations will be as progressive as they can be in their effects and impact. We should like to see the fee and student support system we propose up and running for the 2007/8 academic year.