

**Welsh Liberal Democrats
Education Forum
Consultation Paper**



Sunday 14th October 2012

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This paper has been published for a Consultative Paper for debate at the Welsh Liberal Democrats' Education Forum.

Not all of the questions asked by the consultation will become party policy and no question or statement should be taken as being Welsh Liberal Democrat policy unless it has been approved by Conference.

October 2012.

Agenda

- 9.30 Registration and introductions.
- 9.50 Welcome by Aled Roberts AM
- 10.00 Split into workshops:
- Schools
 - Further education
 - Higher education
- 11.15 Break for Coffee
- 11.30 Workshops continue
- 12.30 Lunch
- 13.30 Plenary Session
- 15.00 Break for Coffee
- 15.30 Summation by Aled Roberts
- 16.00 Close

Introduction

“Don't be afraid to take a big step if one is indicated. You can't cross a chasm in two small jumps.”

- David Lloyd George



Dear Friend,

Education is a cornerstone of Liberal Democrat policy and principle. As Welsh Liberal Democrats we subscribe to the view that education is a crucial means by which individuals can realise their full potential. It tackles poverty, it creates wealth, it ends discrimination.

My times in schools in Rhosllannerchrugog and at university in Aberystwyth were central to my life. They taught me the skills I needed to become a solicitor, to lead a council and now to sit in the National Assembly. That experience of an excellent education as the basis for a rewarding future is one I believe should be available to everyone, regardless of their background. This paper looks at how we can improve that experience in schools, colleges and universities.

Educational performance has been slipping in Wales for some time. We now underperform compared to England and we are slipping back in world rankings. The political importance attached to education has slipped, and so investment in schools has slipped. Despite this, Wales has some of the best schools, universities and teaching in the world. The challenge for politicians is to make sure that every institution aims for and reaches the same high standard.

This is a wide-ranging consultation. It asks some questions that liberals may find unpalatable and not all of the proposals will be taken any further. But if we want the best possible decision, we must listen to the best possible debate and that means listening to everyone's views.

This is only the beginning of my conversation – I want to hear the ideas from everyone in the party and beyond. And I want to hear your experiences, however individual. I want to know how the broad brush of the education system affects individuals. Please feel free to contact me by writing to me at the National Assembly or emailing aled.roberts@wales.gov.uk.

I look forward to hearing your views.

Yours sincerely,

Aled Roberts AM

Welsh Liberal Democrat Shadow Minister for Education

Schools

“Virtue narrows without learning, learning withers without truth”

- John Beddoes

Introduction

Our approach to improving school standards must be seen as a credible and more effective alternative to the government’s own approach. The government’s 20-point plan is, in many places, uncontroversial. However, key elements of it are unpopular with the teaching profession and other important aspects are missing.

We should argue that support for individual pupils must be at the heart of the school standards programme and that schools must be encouraged to identify pupils who are falling behind the standard we should expect, in order to better support them.

In the pupil standards section below, the three key areas all relate to individual pupil support. In the accountability section, the link between our proposals and support for individual pupils is less apparent.

We should also make clear that we would continue to support a school system that is locally delivered but in a national framework rather than on the proliferation of academy schools, free schools or other schools outside of local authority control.¹

Pupil standards

Each of the following proposals place support for individual pupils at the heart of school standards, focussing on ensuring pupils meet expected performance, that this support is consistent and that it is fairly available to all pupils, regardless of background.

1) Individual pupil monitoring

*Making a difference at Key Stage 3*² identifies five schools that are particularly effective at “adding value” to pupils’ education and examines what they use to raise standards. All had in place a rigorous scheme for evaluating pupil achievements and monitoring performance. The report concludes that these schemes have been essential in raising standards in these schools and notes that, “Each of the schools focuses on the trajectory of its pupils as much as on their absolute standard of attainment. Thus all pupils are helped to achieve to the highest standard of which they are capable. To be able to do this most effectively, the

¹ There’s more detail on how to do this broadly in Howson, John “The State and Education” (2007) in Brack, Grayson and Howarth *Reinventing the State: Social Liberalism for the 21st Century*.

² Upton, Stevie *Making a difference at Key Stage 3: learning from five successful schools* (2011) Institute of Welsh Affairs, Cardiff p.39

schools maintain all-encompassing databases that include records on attendance, behaviour, predicted and actual attainment, effort and additional support needs ... The comprehensive datasets held on each pupil have two principal benefits. Firstly, they form the basis for the setting and monitoring of challenging targets. Secondly, having been used to identify pupils who are not reaching those targets, they inform the type of action that is undertaken.

It concludes that demanding “that all schools follow a process for monitoring and evaluating performance, and for implementing changes in light of that evaluation, is vital for improvement. To prescribe precisely what that process should look like and how it should operate would be as damaging as to continue with a laissez faire approach.”³

During my time at Wrexham Council, we made use of a system of pupil data and monitoring which helped to raise standards of GCSE performance. There may well be other systems available, used by other authorities, and we should use analysis of the success of these programmes to see if we can roll-out successful approaches to different local authorities in Wales.

2) The “Middle Phase”

This section would make proposals to reduce the drop-off between attainment in key stage 2 and in key stage 3. That is, as children make the transition from primary to secondary school.

There has been a lack of research done into this topic by government or by academia, so we may need to call for commissioning of some work. However, there has been concern that children who fall between the Foundation Phase (3-7) and 14-19 Learning Pathways programme have not received the same political attention in recent years.

David Egan, writing for the Bevan Foundation, has said that, “increasingly there is evidence that the age phase 8 to 14 is perhaps the most critical in relation to student engagement and aspirations, a stronger focus on supporting disadvantaged students through this phase of education” is needed.⁴

Our proposals in the past have included; formalising partnerships between local secondary and primary schools to help the transition for pupils from primary to secondary education and ensure schools are able to plan for the future and; using more specialist transition teachers and ensuring the early years of secondary schools offer a better balance of pastoral and academic teaching.

The consequence of this would be to make ‘blur the boundaries’ between primary and secondary so that the jump in teaching and school styles is less pronounced and that there is greater individual support for pupils making this transition.

³ Upton, *Making a difference at key stage 3* p.50.

⁴ Egan, David “Educational equity and school performance in Wales” in Bevan Foundation, *Poverty and Social Exclusion in Wales* (2010) Ebbw Vale p.79.

3) Spending of pupil premium money

There is a need to consider how effectively the pupil premium money in England and Wales has been spent and would suggest the way in which the guidelines could be strengthened to ensure that the money is most effectively spent on breaking the link between deprivation and attainment. We must also examine how effectively this money has been spent in England to see if we can learn from their best practice.

This money is designed to improve the performance of pupils from poorer backgrounds; as a result it is incumbent on us to ensure that the money achieves this aim, and that schools spend it to reduce educational inequality and not on improving the performance of pupils generally (and especially on those who are already high achievers.)

The existing government guidance is weak, and based on ensuring that schools pursue non-core costs with the pupil premium money. I am currently unable to find the English guidance on pupil premium. This contrasts with the work of the Sutton Trust⁵, whose toolkit assesses the effectiveness and affordability of a wide-range of possible programmes on which a school could spend its pupil premium allocation.

Given that the criteria for inclusion in the pupil premium has altered in England (criteria is now having been on free school meals at all in the last six years, looked after children and the children of people serving in the armed forces) we may wish to consider asking for a review of the criteria. We may also want to revisit the issue of whether free school meals are the most effective indicator of socio-economic disadvantage.

4) Curriculum

In previous policy statements on education we have spent time considering the effectiveness of the national curriculum and whether it can be reformed to make it simpler and more relevant. Specifically, we have called for a slimming down of the National Curriculum, so that it gives teachers more freedom in how they teach subjects to their children. We have expressed admiration for the Swedish national curriculum that is 16 pages long. In Wales, it is several hundred. The Finnish curriculum is similarly short, but Finnish schools regularly class amongst the best in the world. In short, curriculum prescription is no guarantor of quality.

The Education Minister has recently announced a review of assessment and the curriculum. We as a Party have also called for other subjects to be included in the national curriculum. Most commonly this has included citizenship (or politics), expansions to existing curricula, such as new additions to PSHE courses, or additional time for existing subjects, such as sport or music. The Youth and Student wing of the Party (IR Cymru) has produced a new paper on the provision of a political education in schools. The paper can be found at the end of this document and also on the Welsh Liberal Democrat website.

⁵ Higgins, Kokotsaki and Coe *Toolkit of strategies to improve learning – summary of schools spending for the pupil premium* (2011) Sutton Trust, Durham

We should consider how best to balance these two approaches. This may include proposing a minimum entitlement of which subjects must be covered but also making it easier for teachers to choose how to do this. We must also consider how we balance “core subjects” with subjects that are often valued less highly but can be essential for a child’s development and for economic growth. For example, the arts are likely to be more important in the future if Wales chooses to promote the creative industries.

Finally, we must develop a response to the proposals to change the qualifications both in Wales and in England. It has become immediately clear that the UK government has proposed to scrap GCSEs and proceed with a different examination in England. The Welsh government is yet to announce its reforms to the qualifications regime. The recent spat over GCSEs has highlighted the problem with separate education systems but the same qualifications regime. We have always opposed a two-tier examination system and supported further rolling out of the Welsh Baccalaureate. We should consider if these are still appropriate in the current circumstances.

Likewise, given the recently announced changes to the pre-16 examinations system in England, with the proposed establishment of an English Baccalaureate, have shown that we need to consider how our examinations system relates to the model in England. Specifically, we need to consider the role the WJEC plays in assessment in Wales and in England, how we fairly regulate examinations and if we want to ensure that there is compatibility between the two examination systems. We must bear in mind that the capacity and future of the WJEC may be adversely affected by decisions taken in England.

Accountability & Governance

This section will seek to improve the accountability of schools both to the public (and therefore pupils directly) and whether we should change the role of the governor.

1) Reform of school banding

We need to examine whether we want to retain a school banding system, what the flaws are with the current methodology and how we would reform banding if we wished to keep it, or a similar model, in place.

There are a number of criticisms about the current model including, the over-reliance on free school meals as an indicator, that a school will accrue fewer points even if performance stays the same, the inability of the tables to reflect a system-wide rise in performance (as the bands are percentiles) and the complexity of the indicators. In any case, free school meal criteria will be re-defined by the introduction of the universal credit.

We may also wish to bear in mind that a report from Bristol University in 2012⁶ concluded that the removal of league tables in Wales in 2001 has been responsible for a decline in

⁶ Burgess, Wilson and Worth *Natural experiment in school accountability: the impact of school performance information on pupil progress and sorting* (2010) Bristol University, Bristol

standards in Wales, with each pupil in Wales dropping 1.92 GCSE grades a year as a result. The report estimates that this is the equivalent of expanding a class size from 30 to 38. At the time, we suggested the report did not identify causality sufficiently well.

We will need to consider firstly if we wish to retain a public indicator of the performance of schools. We would also need to consider whether this should be used to aid parental choice, which is often illusory in rural areas, or if it should be used to generally as a measure of accountability.

If we decide to proceed with a reformed school banding system, we would need to clearly identify what we wanted to measure. The current government system focuses strongly on value-added, and so schools that achieve good results may well appear to be underperforming whereas schools with relatively poorer headline results (such as for GCSEs or A levels).

Finally, the Welsh government still has to decide on the manner of banding for primary schools. We will have to decide if it is possible to design a similar banding system for some or all primary schools in Wales, given the problems that the government has encountered doing this.

2) Accountability of governors

This section would examine how we could strengthen the ability of school governors to act as scrutinisers for their schools. The government has recently legislated to place a duty on local authorities to offer training for school governors and clerks for governing bodies.

Ideas suggested by the federal party when they examined this issue included simplifying the role of governing bodies in order to simplify their role. Under these proposals, their key responsibilities would be “selecting the head teacher or principal; setting strategic goals; monitoring standards; budget oversight; serving as a court of appeal; and helping to ensure both the independence of the institution and its constructive interaction with other parts of the local educational network. They should not become bogged down in the day to day management of schools.”⁷ They also want a series of initiatives to improve the status of governors and encourage more people to become governors.

In the past, we have also considered whether school governing bodies should be organised on a cluster or catchment area basis, in order to promote a more strategic view for schools in an area.

3) Removing schools from local government control

In recent years in England, there has been a move towards removing schools from the control of local authorities, either through setting up academies, Foundation Schools or by

⁷ Liberal Democrats, *Equity and Excellence: Policies for 5-19 education in England's schools and colleges* (2009) London p.28

establishing free schools. There has been a similar trend worldwide, especially with charter schools in the United States.

In the first instance, academy status was limited to some of the poorest schools in England, but has now been expanded more widely. We are yet to see the results of academies and free schools more widely in the education system, whether on academic attainment or on the cost to other schools. (For example, there is evidence in Sweden that free schools necessitate additional money being spent on other schools in order to address surplus places).

We must consider what our approach to this should be in Wales. There are considerably fewer schools outside the control of local councils in Wales, although there is a handful. We should also consider how we can improve standards within schools if we choose to ensure that local authorities retain control of schools. There appears to be little appetite within the Welsh Liberal Democrats to move schools away from local authority control, but nevertheless we do need to have that discussion.

Other issues we may wish to consider:

- The best way to accommodate faith education in the curriculum and how we approach schools which have a religious ethos or are Church in Wales schools.
- The quality of teaching; reviewing our policy on scrapping the GTCW and using the money saved to fund a national continuing professional development programme.
- Auditing and updating the Foundation Phase if we feel it could be improved to take into account its impact on pupils later in their school experience.
- The conflict between the PISA approach (the application of knowledge) and the GCSE approach (the acquisition of knowledge). If we wish to switch to a school system geared towards improving Wales' performance in the PISA tests, we would need to redesign the school system so that this is taken into account more readily throughout the curriculum.
- In our local government manifesto for Cardiff we suggested a mentoring approach for schools so that schools that were performing well and those that were not in an attempt to improve best practice. (This is an evolution of a clustering approach as the schools in Cardiff tend to be located close to similarly performing schools).
- Any particular issues about the availability of Welsh-medium teaching in some subjects and how we adapt individual pupil monitoring to a Welsh-medium environment particularly in Welsh-medium schools.
- Better training, or better scrutiny, for local councillors in assessing school performance. Alternatively, some people are beginning to suggest that local authorities appoint Schools Commissioners to champion standards in their area. This has mostly been in reaction to the increasing number of schools in England that are no longer under local authority control. I am not convinced that this would offer value for money, given the small size of local authorities in Wales.
- Ensuring that local government firstly measures demand for Welsh medium education and secondly how it responds to that demand. We have called for this provision in the School Standards and Organisation Bill.

Further education

“Investment in FE ... has consistently been a priority for my party and will continue to be a priority in the future.”

- Kirsty Williams

Introduction

Further education plays a vital role in our education system, whether it is in helping students study for the world of work or helping them gain qualifications to attend university. Unfortunately, further education can often be ignored because it is seen as an intermediate stage, rather than an end in itself. Welsh Liberal Democrats believe that that needs to change and that further education should be seen as an equal partner in education provision. Consequently, we need to discuss how we would reorganise the provision of Further Education to increase its profile and the ensure standards are as high as possible.

Governance

1. Colleges and Sixth Forms

Wales' local authorities organise their further education provision on different models. In many authorities, students have the choice between choosing FE colleges or attending sixth forms attached to local schools. The proportions of students which attend FE colleges or sixth forms varies from area to area, as do the subjects offered by each institution.

In recent years, some councils have moved towards drastic re-organisations of further education in their areas. This has included closing or reducing sixth form provision. Reaction to these proposals has often been vocal and we have left decisions about whether or not these decisions are appropriate to local council groups and activists. This fits with our localist philosophy. However, we must consider if this approach is appropriate or if there is an optimal mix of sixth form provision and FE provision that we would like to see rolled out.

There has also been a recent trend towards fewer, larger FE colleges which are based over several sites. This has generally been seen as a more efficient use of public money and of a simple way of offering a greater range of qualification to students. We ought to consider whether we believe the current number of colleges sufficiently balances this with the need for local flexibility for colleges or whether a better balance could be struck.

Finally, we ought to consider how we can reduce compartmentalisation of further education in order to provide a greater range of qualifications to students. The Learner Skills Measure⁸ required local authorities to ensure that students were able to access at least 30 subjects.

⁸ Learner Skills (Wales) Measure 2009

However, since then the Minister has publicly questioned whether this is sustainable. We ought to consider the best way to widen the range of subjects. This should include allowing students to study across a variety of institutions, both FE and sixth forms. We would also need to consider how best to fund this. (This review looks at funding issues shortly.)

2. Models of governance

In 2011, the Welsh government received a report into the future governance arrangements of colleges, with the aim of moving towards a social enterprise model of governance⁹. The white paper was released in July and the consultation recently closed. Particularly, it recommended each institution had a smaller Board of Governors and a larger Membership body made up of stakeholders. The government has broadly accepted these recommendations, although it wishes to strengthen the role that learners will have in the new arrangements.

The FE sector welcomes some of the proposed changes. However, the Universities and Colleges Union (UCU) has recommended that the co-operative model be strengthened by including provisions such as ensuring provision for learners at the college, the local community and other partners in education provision. They also recommend that, in the case of multi-campus institutions, there be a guarantee of involvement for each campus. They also propose a more regional structure for planning FE provision.¹⁰

We ought to consider whether we would prefer a more co-operative model of governance, or if we prefer the current model of incorporation. Likewise, we want to consider whether or not we want to place FE back under the control of local authorities. Finally, we ought to consider who we believe should have a statutory place on FE college boards.

Funding

Funding of further education has needed serious reform for years. The current funding settlement varies between sixth forms and further education colleges. Colleges are directly funded by the Welsh government but sixth forms are funded by local authorities. The government has undertaken a review into funding for further education and this presents an opportunity to make the funding of FE more equitable.

The value of college funding had fallen by around 23.6%¹¹ in real terms up until the financial year 2010/11 and has remained tight ever since. As a result, further education has been required to deliver more and more with less and less resources. It has also often seen a decline in funding in relative terms compared with sixth forms. This has made it more difficult for colleges to provide courses at the same quality.

We ought to consider how we can improve the funding settlement for further education colleges. This may include simply increasing the resources available to them, but it could

⁹ Humphreys, Rob *Independent Review of Governance Arrangements for Further Education Institutions in Wales* (2011). Mr Humphreys is a party member but undertook this review in a personal capacity.

¹⁰ University and College Union briefing for Aled Roberts AM

¹¹ Source: Colegau Cymru

also involve completely overhauling funding for post-16 education. However, this would present its own pitfalls. If sixth forms moved towards FE-style funding, the schools would see two different funding arrangements in the same school. Likewise, placing further education colleges under local authority control would be unpopular within the sector.

Consequently, we should consider how best to reform funding to provide equity between colleges and sixth forms. We may also wish to consider how best to fund part-time students at further education in order to ensure that FE education is available to those in work or with caring responsibilities who may wish to extend their studies.

Skills and qualifications

1. Reforming qualifications

This review has already asked questions about the way in which the Welsh government should reform exams for pre-16 education. We must also consider if we want to see any overhaul of the way that examinations are structured for post-16 education.

We have traditionally called for the Welsh Bacalaureate to be rolled-out across Wales. This is a post-16 qualification, unlike the one proposed in England. We ought to consider if we still support this model, which teaches some core skills alongside traditional A-level or vocation qualifications. We have also traditionally argued for equity between vocational and academic subjects. We would need to develop a qualifications model which allowed for students to receive qualifications of the same prestige regardless of whether they choose an academic or vocational route, or choose a balance between the two.

We ought to consider whether a new qualification regime ought to offer the same sort of qualification structure for vocational and academic subjects, or whether we think the split between A-levels and qualifications for vocations subjects (such as AV levels and BTECs) provides a greater flexibility for course structure.

We also need to consider the impact of any changes to the examination system at a pre-16 level (see above) and how this is integrated with post-16 qualifications. There is a need to ensure that any replacement system ensures that it enjoys international credibility.

2. Skills beyond A-levels

Many FE colleges also offer courses that aim to build up skills for people who live nearby, and are often taken up by people who missed out on receiving an education earlier in life. They also often teach valuable skills for career development. We should examine how best to use FE colleges to deliver an increase in basic skills levels and how best we can ensure that these match the needs of local businesses. Currently businesses tend to be engaged in an ad hoc way with little use of labour market intelligence. We ought to consider how we can improve this.

Welsh Liberal Democrats have also supported apprenticeships as a model for training young people to improve their skills. These have been seen as a tried-and-tested way of improving

skills and helping young people secure employment. The coalition government has massively invested in increasing the number of apprentices,¹² although part of this was funded by ending other, less effective programmes. We also promoted apprenticeships as part of our budget deal with Labour in the National Assembly for Wales. We ought to consider how many apprenticeships we wish to fund and from where we will find the money for additional ones.

Finally, not all skills are taught purely because of the economic value of them, but because people enjoy learning for its own sake. Adult community learning and FE colleges are often involved in teaching to people who wish to re-enter education or undertake further study even if this does not directly improve their employability. We ought to consider how best to enable people to undertake this study. In our last manifesto, we offered people who did not do A-levels (or an equivalent qualification) the opportunity to enrol for free, and funded their study for them. We ought to consider if we feel this should be widened to other people.

3. Welsh-medium participation

Provision of Welsh-medium education has generally seen improvement of recent decades, especially with the proliferation of Welsh-medium schools and with the establishment of the Coleg Cenedlathol Cymru. Ensuring Welsh-medium provision in FE has often been more difficult, especially in those areas with a greater proportion of English-only speakers. It is unreasonable to expect someone to go to a Welsh-medium school and then make a quick transition to English-medium learning.

Part of this problem relates to the lack of Welsh-medium FE lecturers and the lack of confidence of some lecturers to teach through the medium of Welsh. We ought therefore to consider how best to promote this as a valuable career opportunity for Welsh-speakers and how to ensure that those who already speak Welsh can feel confident in teaching through that medium.

¹² Liberal Democrats *What have the Liberal Democrats done?* (2012) available: <http://www.scribd.com/doc/105942116/What-Have-the-Lib-Dems-Done>

Higher education

“Nid Byd, Byd Heb Wybodaeth”

- Aberystwyth University

Introduction

Universities play a vital role in helping individuals succeed, but also in advancing Wales as a nation. Liberals have long championed the need for vibrant, well-funded universities in Wales. However, now is a time for significant upheaval for students and for universities. We must ensure that we develop a policy programme that continues to uphold our core values of excellence, freedom and ensuring access for all.

Funding

Welsh Liberal Democrats believe that higher education is a public good. Although individual graduates benefit from improved employment potential as the result of achieving higher-level qualifications, society as a whole also benefits from this investment. Investing in higher education is not simply a matter of investing in particular students or universities, but of investing in these on behalf of the whole nation. That is why funding issues are important to the Welsh Liberal Democrats and constitute a central part of this review.

As a consequence there needs to be a philosophical discussion on how the party wishes to fund higher education. Part of this will entail a wider discussion on whether we wish to fund the students or the institutions, or what balance we strike between them. This links to issues about whether we wish to close the university funding gap and what the likely impact is of having relatively underfunded universities in Wales on cross-border flows of students if there is a consequent drop on standards. The increasing interdependence of further education and higher education demands that funding issues be addressed from a broader perspective. Finally, we must emphasise that widening access to higher education included improving the educational attainment of children from disadvantaged backgrounds and improving aspiration from to attend university. Improving school standards is as important for increasing access to higher education as reducing fees.

As part of this, we must recognise that funding for all public services are difficult at the moment and we must consider the knock-on impact of any additional funding we propose to other parts of the Welsh budget. Is this an immediate necessity, for which we would have to find appropriate levels of cuts elsewhere, or a longer-time aspiration?

1. Fees

For a long period of time, the Welsh party has maintained a policy of keeping university fees for Welsh-domiciled students as low as possible. This culminated in 2004 with our securing funding for the Tuition Fees Grant, which effectively kept tuition fees out of Wales.

Subsequently, the Coalition government decided to increase tuition fees in England, and the Welsh government chose to subsidise these fees sufficiently to ensure that there was, effectively, no increase in fees for Welsh students, regardless of where in the UK they study. At the time, we made a decision as a party to support the Welsh government policy and our 2011 manifesto said we would pay “any additional tuition fees or graduate contributions above the present level for students from Wales, wherever they choose to study in the UK.”¹³

A number of people believe that the policy is fraught with legal and financial difficulties that could lead to it being unsustainable. Official estimates put the eventual cost of this policy at £173m per year¹⁴, although this is based on a series of assumptions that are not yet proven, such as the average cost of fees in England and the number of non Welsh-domiciled students studying in Wales. Some estimates suggest that around £50 million a year could be lost from the Welsh budget to universities in England. The announcement on the 3rd October confirmed this.

As more recent statistics have become available, it has become clear that cross-border transfers (in this case the number of English-domiciled students who will study in Wales) will not be as high as expected. As a result, the overall cost is likely to be higher because there may be lower than expected income from English-domiciled students. The number of Welsh-domiciled students studying in England where fees are generally higher has also increased leading to further funding demands on the Welsh government.

This fees subsidy will be funded by “top-slicing” the HEFCW teaching grant and as such money that is used to pay for the fees subsidy will be removed from universities teaching budgets. The hope is that Welsh universities would be sufficiently popular that income from English-domiciled students would make up the gap, but this looks unlikely.

Finally, there are ongoing concerns about the legality of offering this programme only to Welsh-domiciled students and EU students studying in Wales. We are obliged under EU law to offer the same deal to EU students as local students. However, it is unclear whether we would need to pay the subsidy of EU students studying in English, Scottish or Northern Irish institutions. The Welsh government maintains that this is not the case.

Key issues that affect the financial sustainability of the system include; the higher than expected average fees in both England and Wales, the slow decline in the number of students from England choosing to study in Wales, the possibility of the rise in the number of students from Wales choosing to study elsewhere, the possibility of a legal challenge regarding EU students studying in England, Scotland and Northern Ireland and the amount of money that is being “invested” in English universities by the Welsh government

Previously, the Tuition Fees Grant was restricting to Welsh HEIs. The party may wish to consider whether any subsidy should be given to Welsh students studying outside of Wales. This would be partly about legality, but also about the principles of spending Welsh money

¹³ Welsh Liberal Democrats *Wales Can do Better* (2011)

¹⁴ Leighton Andrews “The Forecast for Income to the Higher Education Sector in Wales from 2011 – 2012 until 2016 – 2017” (Welsh Government Written Statement, 2010)

outside of Wales. We would need to bear in mind the small number of institutions in Wales as well as the existence of only one Russell Group University. Likewise, some subjects are not available in Wales.

In our manifesto, we also proposed a number of small schemes to improve access to students from poorer backgrounds. For example, we proposed to pay the fees of children in care as well as providing them with a bursary for living costs that would ordinarily be met by children's families. We also proposed to establish a scheme similar to the AimHigher scheme in England. We estimated the total cost of these schemes to be £1.5 million per annum. We need to consider if there are other mechanisms we could establish to improve access to children from poorer backgrounds.

As part of broad review of funding for higher education, the party needs to consider whether the best way to fund higher education is to fund institutions directly or to fund institutions through students.

2. The spending gap

Since 1999, there has been a growing spending gap between universities in Wales and universities in England. It has been estimated at approximately £57 million this year and the Learned Society of Wales believe that it is a cumulative gap of over £360m in the period 2000-09 and have called it "perilous"¹⁵. Various academics, and the universities themselves, feel this will hurt the quality of output from Welsh universities, especially in the sciences.

This is likely to be exacerbated by the Welsh government's fees policy, which recovers part of the cost from the teaching grant, and it is not known what the impact of the capping of student places will have on this funding.

The Learned Society also state that "underfunding of the universities damages the Welsh economy because the negative impact on Wales's science, engineering and technology base makes the country less attractive to industry and commerce, particularly from the high technology sector." The National Assembly have estimated that for every £1 invested in higher education, there is a return of £5.30¹⁶. This means the cumulative loss to the Welsh economy since devolution could be as high as £1.9 billion. Such estimates are however capricious at best.

As well as additional funding directly from government, there is also scope for Welsh universities to attract money from other sources. The most easy, and likely, of these is through research grants, either from the research councils or from EU funding. Research councils consistently give Welsh universities less research money than either its population or its number of students entitles it too. There was concern that some institutions were too small to adequately bid for research money or that expertise in drafting funding bids was not available in some institutions or centrally in the Welsh government.

¹⁵ Learned Society of Wales *Comments of the council of the Learned Society of Wales on the Welsh Assembly Government's support for the universities in Wales* (2011)

¹⁶ National Assembly for Wales Enterprise and Learning Committee *The Economic Contribution of Higher Education in Wales* (2009)

This would likely be made easier by more effective central government support and better collaboration between institutions to achieve critical mass for Research Council and EU funding. The party should consider how it can reform formal institutions and also how it can improve the capacity of universities to successfully bid for higher levels of research funding.

Governance

Welsh Liberal Democrats have long-championed the need for academic freedom and its central role in a thriving and innovative university sector. In our manifesto in 2011, we promised to “guarantee that university governance will remain free from direct government interference ... whilst maintaining the distinctive identities of institutions and their academic independence.” Recent proposed changes to governance arrangements have led to a fear that the independence of institutions and their academics may be challenged.

In Ireland, universities were specifically guaranteed academic freedom by the Universities Act (1997). There have been ongoing reviews of this since then but we should consider whether or not we would like to see the formalisation of academic freedom in legislation and how we could ensure that government is still able to raise standards for learning across the sector. Such a move could both improve academic independence of institutions but also send a powerful symbol about how Wales values independent thinking.

Over the next few years, new legislation will be brought forward to reform the way in which higher education is governed. This will begin with the government’s Further and Higher Education (Wales) Bill 2013¹⁷, which proposes two significant changes to the way in which the government interacts with the higher education sector. Firstly, it proposes to significantly reform the role of HEFCW to expand its role to include a regulatory and oversight role for HEFCW. It will therefore be involved in quality assurance as well as funding. Secondly, it proposes to allow the government to directly fund some institutions to ensure that higher education is delivered in partnership with other training providers and with regional consortia, such as through Further Education Institutions and as part of work-based learning. We should consider if we feel that these changes will improve the governance arrangements of the university sector as a whole. We should also consider if there are other changes that we can implement to modernise the governance arrangements of universities,

We also need to consider how best to support part-time students. In recent years, there has been significant reform on fees to make them more equitable with full-time students. However, part-time higher education is a way of both empowering people to overcome social barriers and to drive economic growth. We need to consider how best to encourage a greater take-up of part-time education. For example, we should consider the cost-effectiveness of subsidising companies who allow their employees to take up part-time courses. We also should consider if we believe that the current availability of part-time HE is sufficient and how we can spread it further.

¹⁷ The white paper is available here:
<http://wales.gov.uk/docs/dcells/consultation/120629whitepaperfehebillen.pdf>

Finally, we ought to consider whether the governance arrangements of individual institutions are fit-for-purpose. While it should never be our intention to interfere in the individual arrangements of institutions, are there wider, systemic flaws in the governance of institutions that we may wish to reform, for example the high remuneration of some employees.

Re-configuration in south-east Wales is a pressing issue, with the universities of Newport and Glamorgan agreeing to a voluntary merger. However, the Minister has commissioned a report which has concluded that there is a strong business case for also merging Cardiff Metropolitan into this new institution. Cardiff Metropolitan will not do this voluntarily and have threatened legal action if it is forced upon them. We ought to consider if we feel forcing a merger would be acceptable or not and also if we feel the current number of institution is acceptable. The government is also currently undertaking a review chaired by Sir Adrian Webb into the future of higher education in North-east Wales.

Society

Both civic society and the economy in Wales are weaker than in other parts of the UK. We believe that there are strong public returns on investment in higher education. However, we may not be realising these returns in the most effective way possible Welsh Liberal Democrats believe that universities can play a role in improving our society and economy. As a result, we may wish to consider additional funding for mechanisms to ensure that we spread the benefits of higher education more widely. We must also consider whether we believe the investments needed would represent value for money in an age when budgets are tighter than before.

1. Economic benefits

The role of higher education in improving the Welsh economy is two-fold. Firstly, we can use new technology developed by university –led research in Welsh universities – to create successful Welsh companies. Secondly, Wales has a higher proportion of students per head than England, many of whom leave to find work elsewhere. If we are able to create high-paying jobs in modern industries, then we have a potentially large, skilled workforce here in Wales.

The National Assembly, in 2009, noted that there was a 5.3:1 *direct, appreciable* multiplier on investment in higher education. As a result, there is an economic incentive for the Welsh government to invest in higher education and especially in realising the economic potential of commercialisation from universities. The Gibson Review, in 2007¹⁸, found that there were systemic weaknesses in the government’s commercialisation programme and recommended a stronger strategy and a series of Advisory Panels.

In addition to this, there have been a series of specific proposal, some of which we have previously endorsed, that would make it easier for universities to commercialise their research.

¹⁸ The report is available here: http://www.assemblywales.org/commercialisation_in_wales_-_gibson_review.pdf

Some proposals have included:

1. An Innovation Voucher programme, which would present universities with a voucher that they could then “spend” at a university to gain academic support or knowledge. This provides businesses with a new source of advice on research and technology matter and also provides a (modest) extra income to universities.
2. Match-funding for intellectual property, which would encourage Welsh universities to register a higher number of patents and encourage them to market them more effectively by using government funds to match income from intellectual property over a certain period.
3. The “Biofusion” model of IP commercialisation, whereby a company is given first-refusal on any new intellectual property for development in exchange for significant proportions of its shares being held by the university.
4. Science Parks, which are similar to Techniums in nature but have generally been more successful and act as a locus for businesses and academics to share knowledge.
5. Mentoring schemes for students and graduates to help them establish their own businesses and develop entrepreneurialism, alongside better access to entrepreneurialism as part of the curriculum.
6. A successor scheme to the Prince of Wales Innovation Scholarships (POWIS) which was a business-led scheme that paid for research graduates to study for their PhD whilst also contributing to the research and development work at a company. Its benefits included more top-level PhDs in Wales, as well as lower research and development costs which greatly helped develop home grown businesses. The Welsh Government ended funding for the scheme.

We need to consider whether these proposals are still useful models for achieving commercial spinouts from universities. Likewise, in many cases they were proposed during a time when money was more readily available. We need to consider which of these models are still appropriate for delivering economic benefits for Wales.

We also need to consider the cost of any schemes we choose to pursue and by what model we should fund them. In our previous manifesto, we committed to establish a Jobs and Growth Innovation Programme that would fund projects designed to support hi-tech and modern businesses across Wales. We allocated £20 million to the programme and envisaged that much of its expenditure would be on capital projects, or short-term seed-funding for revenue projects. We need to consider if this sort of model, primarily arms-length and quasi-independent of government, would best suit a programme designed to improve innovation in businesses and universities, or whether we would prefer more *ad hoc* direct funding streams for each programme. We may also wish to consider if these programmes would be better run if they were part of an economic development-based organisation.

2. Civic benefits

Even outside of direct and measureable economic benefits, Welsh Liberal Democrats believe that universities provide a valuable role in society. The greater knowledge that we acquire about ourselves as a nation, our place in the world and how we can improve society

helps us to construct a stronger civic society and helps politicians develop a wider-range of better informed solutions to the challenges we face as a nation.

In HEFCW's most recent remit letter, the Minister placed emphasis on the need to ensure a focus on the delivery of "Welsh studies" such as history, politics, culture and literature¹⁹. Some of the underdevelopment of these studies may be due to the lower levels of research funding that comes into Wales from the research councils and the fact that not all research undertaken in Wales is necessarily of Wales itself (and neither should it be. Likewise, there is some study of Welsh political life undertaken by academics at institutions elsewhere in the UK). We should consider if we wish to make additional funding available for a Fund to provide greater research for Welsh studies to help strengthen civic society. We should also consider how we would prevent a concomitant reduction in funding from the research councils for similar projects and whether we would use this fund to commission research from outside of Welsh universities.

In addition, the government has recently announced that it is proceeding with plans to establish a Public Policy Institute for Wales, which will seek to draw together ideas from academics across Wales to develop better public policy thinking and to adapt ideas from academia into politics. They are inviting bids in the region of £250,000 to £450,000 to establish this body. We should consider what role we want this body to have and if we would be likely to give it a greater role in pursuing issues of relevant to civic society. For example, it could also administer funding for research that does not directly relate to public policy.

¹⁹ Andrews, Leighton to Thomas, Roger *Annual HEFCW remit letter 2012-13* (2012)

Notes

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