

LEADERSHIP FOUNDATION IN HE CONFERENCE

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- I think we can probably all agree that the higher education sector in the United Kingdom stands on the verge of one of the most radical transformations in its history.
- The White Paper published earlier this year by the UK government, following on from their response to the Browne review last year, demonstrates that in England it is the market that will dictate the development of higher education.
 - new low-cost private providers able to cherry pick certain subjects

- the core and margin proposals designed to drive fees down for some institutions
- the freeing of elite institutions accepting students with AAB grades

The competitive market in England will have implications for us in Wales. We can go down a market route or we can plan our provision and ensure we have stronger institutions, 'a smaller number of stronger universities' as my party's manifesto put it.

The political environment is very different from that which prevailed when my predecessor set out our strategy for higher education, *For our Future*, just over two years ago. I happen to believe that the overall principles of that strategy are sound, and we need to complete the implementation of that strategy

swiftly, before the market system being implemented in England bites.

In doing so, I think it is interesting to note that the approach of the Welsh Government is very close to that of other governments in mainland Europe. The Times Higher this week draws attention to the agenda being pursued in Sweden, where, says the Times Higher, 'mergers are very much the order of the day' to create the largest university in northern Europe'. Similarly, the Times Higher points out that mergers are on the agenda in the Netherlands – and they are controversial there too.

I have said before that in Wales, we prefer to plan our higher education provision, not leave it to the market. Of course, with one of the world's most

competitive higher education systems on our borders, we cannot cut ourselves off from developments elsewhere in the UK. But our approach to the structure of our higher education system is very much about ensuring its future sustainability in a very uncertain world. When I talk to Vice-Chancellors and senior figures involved in HE in England, I do not dictate any sense of certainty as to the outcomes in 2012-13, let alone 2013-14, driven by the proposals in the UK Government's White Paper. Indeed, I think that we are entering an era of known unknowns. In that context, it is our responsibility as Government to ensure that we are promoting the sustainability of the sector, in a context of serious public spending restrictions, while guaranteeing value for money and good governance. Let me take this opportunity to

welcome the proposals in the UK Government's Autumn Statement which will allow the sharing of services without VAT coming into play.

In Wales, we may not have a Master Plan for higher education, unlike that set out in California 50 plus years ago, but our objectives are not so different. Sustainability isn't just a fashionable word. It describes the position that we need to reach in developing a model for the Welsh HE sector. One which is better able to deal with problems of low participation, low skills and low aspiration; the failure to identify part-time and work-based provision as core business; the deficit in Wales' research capacity in comparison to the UK; and the need to ensure that the sector contributes to the economy, society and culture of Wales.

Reconfiguration and collaboration have been key elements in the strategy of successive Welsh Governments towards the HE sector for roughly a decade - from *Reaching Higher*, in 2002, to *For our Future*.

In March this year, I asked the Higher Education Funding Council for Wales to provide me with advice on the structure of the higher education sector in Wales.

In July, I published the advice I received from HEFCW. All those with an interest in higher education had an opportunity to put forward written representations over the summer.

I gave careful consideration to HEFCW's advice and to the written representations from stakeholders. I continue to believe that, overall, HEFCW's report makes a persuasive case for change and I accepted the overall thrust of HEFCW's advice, with one or two exceptions.

You will be familiar with the proposals I announced on 29 November. Cardiff and Swansea Universities are already making a substantial contribution to research. However, I am keen that they should remain committed to securing their positions as research intensive institutions and should work more closely together. In addition, I expect Swansea to further develop its collaborative work with its neighbours.

On 7 December Aberystwyth and Bangor Universities held an event in Cardiff to celebrate the early success of their strategic alliance. I applaud that success but I am conscious also of the possibilities that exist for the future. That is why I have made very explicit my expectation that Aberystwyth and Bangor should continue widening and deepening their existing strategic partnership.

In relation to Glyndŵr University I have concluded that there is a case for considering more closely the existing pattern of HE provision in NE Wales and for examining further the options for securing greater regional coherence in the delivery of further and higher education. I shall make a further announcement about that in due course.

In South-West Wales, I welcome the moves already made by the University of Wales Trinity: Saint David, Swansea Metropolitan University and the University of Wales to merge.

The proposals for the South-east have generated by far the most vigorous early response. In line with HEFCW's recommendations, I believe that there is a persuasive case for merger between the University of Glamorgan, Cardiff Metropolitan University and University of Wales, Newport. This would provide an opportunity for the development of a strong, competitive post-92 university in SE Wales and would enable these institutions to develop a model of provision across the region to deliver higher education more sustainably and coherently. It would

also build on the collaborative work established to date with the University of the Heads of the Valleys.

We need high ambition in our higher education sector, not parochial small-mindedness. In debate in the Assembly on 7 December, I spelt out at length the vision I have of a post-92 institution which would rival any in the UK. I think it is time that we spelt out carefully the opportunity for a metropolitan institution of scale within south-east Wales. This could be one of the most powerful post-92 institutions in the whole of the United Kingdom, second only in size to Manchester Metropolitan University. It would be a powerful driver for the economy of South East Wales, including the two cities of Cardiff and Newport and the Glamorgan and Gwent valleys. It would be an institution with real critical mass, a

strong overseas recruitment driver and with a deeper and stronger research base.

A powerful institution that would include:

- one of the strongest performing arts institutions, based on the world-class conservatoire that is the Royal Welsh College of Music and Drama, already part of the Glamorgan group;
- one of the oldest film schools in the UK at Newport, sitting alongside the acclaimed Glamorgan University Atrium facility just up the road, housing the Cardiff School for the Cultural and Creative industries;
- the internationally recognised Cardiff School of Sport within the current Cardiff Metropolitan University, aligned with the new £3.7 million sports facilities at Glamorgan, used by the Academy of

Cardiff City Football Club and international rugby teams;

- an institution offering cutting edge research and development in scientific sectors allied to the economic priorities of Wales, including the National Centre for Product Design and Development Research at Cardiff Metropolitan and the University of Glamorgan's Sustainable Environment Research Centre focussing on low carbon technologies with its international reputation in hydrogen fuel cell research and development;

- a strengthened Art and Design School, bringing together the combined skills and strengths of Cardiff Met and Newport across a range of courses, building on the joint bid by Newport and UWIC as it was then to the latest Research Assessment Exercise and their joint working over many years;

- Critical mass in business and management studies, bringing together three business and management schools with different strengths
- real scale in education and ITT
- modern facilities like Newport's new city centre campus, Glamorgan's Atrium and the new Business School building at Cardiff Metropolitan University.

So looking forward, my vision is for a single institution which can build on these strengths, provide a more sustainable model for developing provision for learners, and ensure the maximum return on the significant investment which has been made in recent years in its estate.

The initial period of public engagement on HEFCW's report has now concluded. As I have made clear,

before any final decision and dissolution order is made in relation to an individual higher education corporation, I will consult the institutions affected. This will provide an opportunity for those institutions to put forward evidence and raise any issues or concerns that they may wish to discuss. I anticipate that this period of consultation will begin early in the New Year.

We need universities with the capacity and critical mass to operate dynamically, effectively and efficiently, particularly in an era when the HE sector in other parts of the UK is undergoing radical change.

Importantly, it seems to me that the HE sector in Wales now recognises the challenges that face us

and shares the Government's determination to see change for the better. I am heartened by the support now coming from the sector – both from Higher Education Wales and individual institutions – for radical reform. I do not pretend that this is an easy or comfortable process. But it is necessary for the long-term success of Welsh higher education and of Wales.

A strong research base is vital. Vital for addressing the big challenges facing our society, and vital for the sustainability and prestige of our higher education system.

Sadly, we are not achieving our research potential. I've always celebrated the few examples of

excellence in Wales, but we cannot delude ourselves about our relative underperformance.

Wales has two long-standing problems. A quantity problem – we don't capture enough research funding – and a quality problem – not enough of the research done here is genuinely making an impact, either academic or economic.

The challenge is urgent. You will know that the Research Councils are increasingly awarding fewer, larger grants. This policy of 'concentration' is amplifying the success of the biggest and best universities.

In response, institutions around the UK are – literally in the case of Scotland – pooling their expertise,

working together to create 'super departments' with critical mass to compete.

Research leaders tell me that our rivals are 'thinking big'. Just look at the N8 partnership in the North of England – a powerful alliance of eight research-intensive institutions.

If Wales doesn't think equally 'big', we risk being left behind.

Which is why, frankly, I was very disappointed that Welsh universities did not work together to submit a single joint bid for a Doctoral Training Centre in Engineering and the Physical Sciences.

We need a reality check – our universities are generally small. Researchers in Wales can only achieve critical mass by working together.

We learned this lesson from successful collaborative bid for a Doctoral Training Centre in the social sciences. Similarly, one strong collaborative bid to the EPSRC would have stood a much greater chance of success than the series of individual bids we ended up with.

This episode confirms my view that researchers and institutions in Wales need to work together much more effectively and much more strategically. The sector needs to be ‘tuned into’ funding opportunities as they arise, and it needs to offer a consistently joined-up response.

This is yet again an issue of leadership. We must rapidly improve the research leadership skills in our universities. We need people who not only have a significant track record in research, but who understand the policy and funding landscape, who can engage with their peers and have the management ability to lead large, collaborative research groups.

It hasn't escaped my attention that there are few Wales-based academics on the Research Councils or their technical committees and panels. Indeed, the Research Councils themselves made a similar point at their recent meeting with myself and the Chief Scientific Adviser. I want to see a new

generation of research leaders emerging from our universities. Research leaders who can shape the agenda for their disciplines, and are sensitive to the needs of Wales.

Welsh universities must encourage their best people to apply for positions on the Research Councils, and they must support those people with time, advice and networking opportunities.

I will be looking to individual institutions, Higher Education Wales and HEFCW to show me evidence that the sector is taking this issue seriously.

The new institutions we create or new strategic partnerships that are developed must be

underpinned by **an effective system of governance** at both national and institutional level.

The Review of HE Governance in Wales, Chaired by John McCormick reported earlier this year and made clear that change must be fundamental if we are to ensure that the Welsh higher education sector is fit for purpose and fully equipped to meet the challenges of the future.

McCormick's message was clear - Welsh HE's continuous failure to address national strategic priorities and needs have weakened the sector and seriously jeopardised its capacity to address future pressures, both on the domestic and international stage. This has been compounded further by weaknesses in governance. McCormick identified

reform of governance as critical to developing a sector capable of rising to the significant challenges that lay ahead.

I will be publishing the Government's proposals to reform higher education governance at national and institutional levels in the new year.

The manifesto of the incoming government committed us to the establishment of a new strategic funding and planning body with increased responsibilities and powers to regulate the sector.

The new national body will be required to monitor and intervene in institutional governance and will be directly accountable to the Welsh Government for the sector's performance. The shape of that new strategic funding and planning body will depend on

the continuing response of the higher education sector to the agenda we have set out. If reconfiguration does not happen at the pace envisaged by HEFCW then the legislation we introduce may have to be more dirigiste than I currently imagine. I want to remind this audience that our manifesto explicitly stated that we would ‘through legislation where necessary, bring coherence and efficiency to HE in Wales through the establishment of a single strategic planning and funding body.’ There is nothing in the manifesto that says that that planning and funding body could not be chaired by the Minister.

We will also introduce a new code of governance for higher education in Wales, compliance with which will be overseen by the new national body.

The full package of HE reforms I will put forward for consultation next year will include proposals within this wider context. Many of the proposals to reform the Welsh HE system will require primary legislation. I intend to incorporate the necessary provisions in the Welsh Government's Legislative Programme.

There are equally significant changes under way to **the way in which higher education is funded in Wales** and the rest of the UK. This is a third major strand of reform which has huge implications for universities and for learners.

Our response to the increased tuition fees announced in England last year has been to put in place a generous system of student support,

coupled with arrangements for higher education funding that do not force Welsh institutions to compete for Government funding. I believe that is a fair and sensible solution. One that protects the interests of Welsh students and protects Welsh HEIs from the worst excesses of the English market system.

Central to our policy remains the principle that access to higher education should be on the basis of the individual's potential to benefit, and not on the basis of what they can afford to pay. As a Government, we will never depart from that principle.

While I recognise that higher education is not necessarily the right choice for everyone, the rates

of participation in some of our most disadvantaged communities are still too low. The challenge to Government and to the sector is to ensure that all those who could benefit from higher education have the chance to do so.

Widening access is a fundamental aim of *For Our Future* and a core aspect of the Welsh Government's drive for social justice.

On most indicators, Welsh HE institutions outperform UK averages in attracting a wide social mix of students. However, while Wales may outperform other areas, there is still significant inequality of access to higher education in Wales.

The demographics of Wales are changing - we have an aging population - which will mean that a smaller proportion of the total population will be aged 18-24 in years to come. This will have implications for planning of public services and will need to be considered when targeting access interventions in higher education.

To broaden the options for people for whom full-time study is not feasible or attractive more choice is needed, including part-time, work-based and distance learning modes of study. This presents a challenge to current delivery models. As university leaders you need to engage with that challenge in innovative and flexible ways, making use of new technology and delivery platforms that match the expectations and needs of 21st century students.

We need to adapt to emerging ways of delivering the higher education experience. I've been taken by recent discussions about the use of technology in the delivery of higher education. This could be fundamental in future. The USP of institutions and academics across the globe has always been content.

Traditionally, students enrolled to be provided with an excellent environment and challenging and interesting content, typically delivered in a lecture theatre or tutor's room. But what's to stop students in the future, or indeed today, accessing the best lecturers across the world in their chosen subject rather than have to brave the December weather and troll down to campus.

The Open University, for example, has recorded 40million downloads from their itunes portal since 2008, with 275,000 tracks downloaded on average each week from the OU store. That I suggest, is just the start of what we can expect for the future.

What we're talking about is the democratisation of content - the ability to search out the best the planet can provide. This will in part shift the onus on providing the best HE experience locally but will further cement the need for world-class research flowing into world class delivery if we are to compete. These are the discussions that I want to have with the sector. And we won't be able to compete if we approach this challenge with a fragmented and unambitious agenda. We need to

see collective leadership from the sector, not just good leadership in institutions.

Other barriers to participation exist though, such as the lack of aspiration to progress to higher education and achieving the right qualifications to do so. These have to be overcome.

A key challenge is to ensure that more young people with talent and ability can gain the qualifications they require to be 'university ready'. The **Qualifications Review** being led by the Deputy Minister for Skills will be exploring whether the qualifications that are offered in schools and colleges are relevant to progression to higher education, valued and understood by learners.

As I speak, there is an opportunity to contribute, on our website, to a survey about whether or not the Welsh Baccalaureate Qualification should be graded - potentially an important development for the Welsh Bacc and I would encourage you all to take part.

I expect the HE sector to work in partnership with schools, FE colleges, employers and the wider community to ensure that the value of participating in higher education is recognised and that opportunities are accessible to students who may not progress via traditional routes.

Under the new fees and funding arrangements HE institutions in Wales seeking to charge fees above £4,000 are required to have an approved fee plan in

place which sets out the action they will take to promote access to higher education.

I am pleased that **fee plans** show Welsh institutions will be investing over £39 million from 2012/13 in supporting equality of opportunity to access higher education.

The challenge to you as higher education leaders is to determine where the investment derived from fee income should be targeted to promote wider access and improve the overall student experience.

Whilst performance has been encouraging we need to go further and faster. More needs to be done to promote student retention and to reduce drop-out rates where performance is not as good.

In November I announced a delay in implementation of the new fees and support regime for **part-time higher education** in Wales until 2013/14. That was in response to strong representations by stakeholders.

In the meantime, I remain committed to maintaining and building on the principle of equity between full-time and part-time study. I want to continue to encourage part-time study in Wales in line with the aims of *For Our Future*. Over time we expect to see an increasing proportion of higher education taking place on a part-time and more flexible basis, including through modular, and work based routes.

I have asked HEFCW to report to me by March 2012 on progress made with widening access in part-time, employer focussed provision and opportunities for progression from FE to HE.

Expectations among learners are changing. The **student voice** has never been more important in helping to shape the whole higher education experience. I disagree with the UK White Paper in this respect. Students must not be considered as mere consumers of education – they are active participants in shaping their own learning. Student feedback should be valued by your institutions and used to improve the quality of courses, the appropriateness of support services and to enhance the wider student experience. Ensuring effective

student representation within institutional governance arrangements will be paramount.

Our manifesto made it clear that we expect to see Welsh institutions setting the agenda on student representation and student voice. This is about much more than publication of Key Information Sets and drawing up Student Charters, important as those are. Students should have a real say in the governance arrangements of their institutions, underpinned by well-funded students unions.

HEFCW has published guidance on **Student Charters**. It is crucial that all our higher education institutions should have a Student Charter in place by August next year at the latest. I expect the majority to have a Charter in place well before then.

Students' unions should also be properly resourced so that they can represent their members effectively. I am very concerned to hear that some institutions are reducing student union funding at this critical time.

I have tasked HEFCW with establishing best practice in the funding of effective, democratic student unions.

As important as the quality of the learning experience is to students, so too are the opportunities that higher education opens up later in life. In *For our Future*, we said that **graduate employability** is a key outcome of the higher education experience.

This is an area where Wales has a good record. Even in a tough labour market, around three-quarters of people qualifying from Welsh HE institutions last year were working six months after graduation, and only six per cent were assumed to be unemployed. A university education is still a worthwhile investment. Research shows that on average graduates still earn more than their peers, and are still more likely to be in employment.

But we all also know that on its own, getting a good degree is not enough to guarantee anyone a job. There are plenty of anecdotes about people who studied hard and did well at university, but are struggling to succeed in the labour market.

Employers aren't just looking for intellectual ability – they want people with a good attitude, who are well presented, able to communicate effectively, can show that they are self-motivated and work effectively in a team. So the wider skills that a graduate develops - at, before and after university, inside and outside the lecture theatre - are vital in giving them an edge.

HEFCW's GO Wales scheme has proven its worth in helping students and graduates to get both practical work experience and vocational skills, and it also helps small and medium-sized Welsh businesses to benefit from the talents of highly-educated people. We need to build on successful initiatives such as this.

We find ourselves on the cusp of the biggest change to the Welsh higher education sector ever witnessed. As a Government, we have a clear and consistent agenda for change which encompasses:

- strengthening the structure, delivery and quality of HE provision;
- improving the research base and research capacity in Wales;
- improving leadership and governance at institutional and national levels;
- new funding and student support arrangements consistent with our planned approach to provision;
- creating a more learner-focused HE sector which meets the needs and expectations of

students and enhances their future employability.

We remain resolute in the pursuit of all those goals. Our proposals were tested in our manifesto and received the endorsement of the people of Wales. The Welsh Government will not back down from doing what we regard as necessary in the interests of Wales and our learners. These changes are needed; in some cases they are long overdue. And we will see them through. Thank you.