

Public Accounts Committee

Meeting Venue:

Committee Room 3 – Senedd

Meeting date:

Tuesday, 15 July 2014

Meeting time:

09.00

Cynulliad
Cenedlaethol
Cymru

National
Assembly for
Wales



For further information please contact:

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Committee Clerk

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Agenda

(THE COMMITTEE AGREED AT ITS MEETING ON 8 JULY 2014 THAT ITEM 1 WILL BE HELD IN PRIVATE)

1 Governance Arrangements at Betsi Cadwaladr University Health Board: Consideration of evidence received (09:00–09:15)

2 Introductions, apologies and substitutions (09:15)

3 Papers to note (09:15 – 09:20) (Pages 1 – 3)

Higher Education Finances (Pages 4 – 75)

The Welsh Government's location strategy: Letter from the Permanent Secretary (23 June 2014) (Pages 76 – 82)

Meeting the Financial Challenges Facing Local Government in Wales: Letter from

Steve Thomas, WLGA (8 July 2014) (Page 83)

Wales Audit Office: Update on the Auditor General's Value for Money Work Programme (9 July 2014) (Pages 84 – 87)

4 Covering Teachers' Absence: Consideration of response from the Welsh Government (09:20–09:30) (Pages 88 – 110)

PAC(4)–21–14(paper 1)

PAC(4)–21–14(paper 2)

5 Grants Management in Wales: Consideration of correspondence (9:30–9:40) (Pages 111 – 124)

PAC(4)–21–14(paper 3)

6 Motion under Standing Order 17.42 to resolve to exclude the public from the meeting for the following business: (09:40)

Items 7, 8, 9, 10 & 11

7 Young people not in education, employment or training: Briefing from the Auditor General for Wales (09:40–09:55)

8 National Fraud Initiative 2012–13: Briefing from the Auditor General for Wales (09:55–10:10)

9 Intra–Wales – Cardiff to Anglesey – Air Service: Agreement of final report (10:10–10:30) (Pages 125 – 160)

PAC(4)–21–14(paper 4)

10 Annual Report 2013/14: Agreement of final report (10:30–10:45) (Pages 161 – 190)

PAC(4)–21–14(paper 5)

11 Forward work programme: Autumn 2014 (10:45–11:00) (Pages 191 – 193)

PAC(4)–21–14(paper 6)

Public Accounts Committee

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Meeting time: **09.00 – 11.03**

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Cynulliad
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National
Assembly for
Wales



Concise Minutes:

Assembly Members:

Darren Millar AM (Chair)
William Graham AM
Mike Hedges AM
Alun Ffred Jones AM
Julie Morgan AM
Jenny Rathbone AM
Aled Roberts AM
Sandy Mewies AM

Witnesses:

Peter Higson, BCUHB
Alun Jones, HIW
Geoff Lang, Betsi Cadwaladr University Health Board
Grace Lewis-Parry, Betsi Cadwaladr University Health Board
Trevor Purt, BCUHB
Dave Thomas, Wales Audit Office
Mike Usher, Wales Audit Office

Committee Staff:

Meriel Singleton (Second Clerk)
Claire Griffiths (Deputy Clerk)
Joanest Jackson (Legal Advisor)

TRANSCRIPT

View the [meeting transcript](#).

1 Introductions, apologies and substitutions

1.1 The Chair welcomed the Members to Committee.

2 Papers to note

2.1 The papers were noted.

2.1 Meeting the Financial Challenges Facing Local Government in Wales: Letter from the Director General for Local Government and Communities (1 July 2014)

3 Motion under Standing Order 17.42 to resolve to exclude the public from the meeting for the following business:

3.1 The motion was agreed.

4 Governance Arrangements at Betsi Cadwaladr University Health Board: Briefing from the Auditor General for Wales' Office

4.1 Officials from the Wales Audit Office and Health Inspectorate Wales briefed the Committee on the joint report published on 4 July 2014.

5 Governance Arrangements at Betsi Cadwaladr University Health Board: Updates on reports

5.1 The Committee scrutinised Dr Peter Higson, Chair, Professor Trevor Purt, Chief Executive, Geoff Lang, Executive Director Primary, Community and Mental Health Services and Grace Lewis-Parry, Director of Governance & Communications from Betsi Cadwaladr University Health Board on their governance arrangements.

5.2 Geoff Lang agreed to send further information on the following:

- The total number of patient safety incidents in 2012-13 and how this data compares to previous years;
- The clinical areas where the Welsh Government's Delivery Unit is assessing performance.

6 Governance Arrangements at Betsi Cadwaladr University Health Board: Consideration of evidence received

6.1 Due to time constraints, Members agreed to consider the evidence received in private at the start of the meeting on 15 July 2014.

Agenda Item 3.1

Owen Evans

Cyfarwyddwr Cyffredinol • Director General

Yr Adran Addysg a Sgiliau
Department for Education and Skills



Llywodraeth Cymru
Welsh Government

Mr Darren Millar AM
Chair
Public Accounts Committee
National Assembly for Wales

4 June, 2014

Dear Darren

WAO report on Higher Education Finances

Thank you for your letter dated 7 May seeking a response to the Welsh Audit office Report on Higher Education Finances.

As outlined by the Minister for Education and Skills in his press release dated the 21 November 2013, the Welsh Government welcomed the WAO's findings that the Finances of the Welsh Higher Education Institutions are in sound financial health and that both Welsh Government and Higher Education Funding Council for Wales (HEFCW) have implemented policy around tuition fees effectively

The evidence contained in the report confirms that the tuition fee policy is affordable and sustainable and the WAO has also confirmed that HE institutions in Wales will continue to benefit from higher levels of income as a result of the reforms, while at the same time students who live in Wales will accrue significantly lower levels of debt than their counterparts in England.

The independent review of Higher Education Funding and Student Finance led by Professor Sir Ian Diamond met for the first time in April. I can confirm that the panel has received a copy of the WAO report and that I will arrange for the panel to receive a copy of the Welsh Government response to the findings and recommendations for consideration

Please find attached a copy of the Welsh Government's response to each of the relevant recommendations contained in the WAO report. Please note that I am expecting the Higher Education Funding Council for Wales to respond to recommendations 7 and 8.

.../..2



In addition, I can also confirm that the Minister for Education and Skills will respond to the Finance Committee's report on Higher Education Funding as requested by the 26 June.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Owen', followed by a period.

Owen Evans

Welsh Audit Office Report on Higher Education Finances

Recommendations

In framing our recommendations, we note that some of the issues covered by the report are also subject to other reviews, and we have assumed that the Welsh Government and HEFCW will respond positively to any fresh issues of concern that arise.

We have also assumed that the Welsh Government and HEFCW will continue to update their modelling of the future costs arising from the tuition fees policy and that HEFCW will keep under review the impact – on institutions and on the delivery of Welsh Government policy objectives – of the changes it has made to the distribution of higher education funding.

In addition, we have assumed that in developing fee planning arrangements for 2015/16, HEFCW will take full account of findings from its evaluation of the delivery of institutions' 2012/13 fee plans.

Recommendation 1

The fuller impact of the introduction of higher tuition fees and the Tuition Fee Grant will emerge over the next two to three years as more students who entered higher education before 2012/13 leave the system.

On 18 November 2013, the Welsh Government announced plans for a wide-ranging review that will include an evaluation of the impact of the current tuition fees policy. Amongst other things, we suggest that this review should address:

- the direct and opportunity costs arising from current policy;
- the impact on students, including from an equal opportunities perspective;
- the extent to which higher education institutions within Wales and beyond may be restricting access to financial support to Welsh-domiciled students because of the introduction of the Tuition Fee Grant;
- the impact on higher education institutions, particularly their financial health and competitive standing;
- comparison with the impact of policies adopted in other parts of the UK; and
- future policy options and their likely costs and benefits, including giving further consideration to the question of parity between full-time and part-time study.

Welsh Government response

Accepted – The review panel has already received a copy of the report. In addition, the Minister for Education and Skills will formally write to the chair of the panel informing him of the Welsh Government's response and requesting that the panel consider the issues identified when forming its own recommendations to the Minister in 2016.

Recommendation 2

The Welsh Government believes that five percent of students potentially eligible for the Tuition Fee Grant in 2012/13 did not take it up, although it has based its latest financial modelling on a more prudent assumption of 98 per cent take-up.

In the context of the centralisation of the student finance system through the Students Loan Company, we recommend that the Welsh Government:

- commissions work to improve its understanding of why some eligible students are not claiming the Tuition Fee Grant;
- reviews the processes that, together, aim to ensure that all students are fully aware of their entitlement both to the Tuition Fee Grant and to other loan and grant support; and
- at the level of individual institutions, compares Student Loans Company data on the number of students being supported by the Tuition Fee Grant with enrolment data, to identify any low local uptake rates.

Welsh Government response

Accepted

- the Welsh Government has asked the NUS (Wales) to undertake work to improve our understanding of why some students are not claiming the tuition fee grant. In addition, we have asked them to widen the scope of the work to include all Welsh Government grants (means tested and non means tested).
- we will formally request that the Student Loans Company undertake a review of its communication strategy (including the results of stakeholder feedback and customer satisfaction) during the first year of the modernised Student Finance Wales service to ensure that messages are communicated effectively.
- The Knowledge and Analytical Services Department of the Welsh Government will develop a system that will enable some further detailed analysis of areas of low take-up rates.

Recommendation 3

In its most recent (February 2013) financial modelling, the Welsh Government reduced its estimates of future costs associated with student loan and grant support, including the Tuition Fee Grant, by five per cent to take account of the historic accuracy of its forecasts. However, out-turn data for 2012-13 showed that the February 2013 modelling underestimated the costs of issuing student loans and the Tuition Fee Grant in 2012-13.

We recommend that the Welsh Government keeps the historic accuracy of its forecasts under review and that, in reporting estimated costs, it makes clear the adjustment for historic accuracy that has been applied and the basis for it.

Welsh Government response

Accepted - Student finance policy is underpinned by a sophisticated financial model which takes into account the current financial provision set aside for higher education in Wales as well as other sources of institutional income such as tuition fees. Forecasts are reviewed regularly as new or more robust data becomes available. Updated forecasts are produced by the Knowledge and Analytical Services Department at regular points during the financial year to ensure that the latest information regarding student behaviour, demographic trends, take-up rates, socio economic factors and other relevant data are taken into account.

Decisions to amend the assumptions contained in the model are based on advice from a Student Support Forecasting User Group (SSFUG) of officials which includes representatives from Higher Education Division, Knowledge and Analytical Services, Corporate Services Division and HEFCW.

In addition to discussions at the SSFUG, the high-level modelling assumptions are discussed at the Higher Education Funding and Student Finance Project Board. These Boards are made up of Welsh Government officials and key delivery partners including the Student Loans Company, HEFCW, Higher Education Wales and the Welsh Local Government Association.

The revised assumptions, data and macro economic factors are entered into the student finance model, which produces future forecasts.

Recommendation 4

The planned transfer of responsibility for processing student finance applications to the Student Loans Company should, in principle, help to address the weaknesses and inconsistencies that we have identified in respect of current local authority managed arrangements. We recommend that:

- the Welsh Government, in conjunction with HEFCW, specifies the control arrangements in respect of student finance applications (particularly in respect of eligibility controls) that it expects the Student Loans Company to apply and that the Welsh Government confirms these expectations as part of its revised service level agreement with the Student Loans Company; and
- that HEFCW participates as a full member of the Welsh Government's Student Finance Wales Modernisation project board.

Welsh Government response

Accepted

- the Welsh Government has worked with the Students Loans Company to draft, review and publish a suite of guidance documents for Wales. These documents are called the Guidance for Assessors and provide detailed explanations and scenarios of policy and assessment requirements. The SLC

has confirmed that it does not require any further guidance from the Welsh Government.

- HEFCW have agreed to be a member of the Student Finance Wales Modernisation project Board.

Recommendation 5

Both the Welsh Government's Higher Education Division and HEFCW have been managing the implementation of the Welsh Government's tuition fees policy at a time when staff numbers have been reducing in response to wider public finance constraints. Although there are associated costs, a robust system of regulation can deliver benefits to the sector, such as increasing the willingness of the banking sector to lend.

In the context of the ongoing development of the Higher Education (Wales) Bill and wider changes in the higher education regulatory framework, we recommend that:

- the Welsh Government and HEFCW consider how, together, they can make the best use of the resources and expertise at their disposal to support the development and implementation of Welsh Government higher education policy;
- the Welsh Government and HEFCW agree a clear protocol for HEFCW's future engagement in policymaking; and
- the Welsh Government assures itself that the new regulatory framework and the resources invested in its operation are proportionate to the size and scale of the higher education sector in Wales when compared with arrangements operating elsewhere in the UK.

Welsh Government response

Accepted

- We will continue to engage with HEFCW in the implementation and development of higher education policy. As part of the implementation plan for the Higher Education Bill we will develop a plan that will include joint working with the council and key stakeholders.
- We are working with HEFCW to develop a protocol for the Council's future engagement in policy making.
- We will ensure that the new regulatory framework and the resources invested therein will be proportionate to the size and scale of the HE sector in Wales. The HE bill was presented to the Assembly on the 19 May.

Recommendation 6

In June 2013, the Welsh Government published a new Policy Statement on Higher Education. Before this, HEFCW published a new corporate strategy, which included some new or revised targets for the higher education sector. The corporate strategy included a target that ‘the percentage change in the number of part-time students attending higher education courses in Welsh higher education institutions and further education institutions to be equal to, or greater than, the comparable figure for the UK’. It also referred to an overall outcome that ‘improved part-time learning opportunities are offered’. However, there is evidence of a significant downward trend in part-time student numbers in England.

We recommend that:

- the Welsh Government and HEFCW consider whether the targets HEFCW has set for the higher education sector in its 2013-2016 corporate strategy are consistent with the aims set out in the Welsh Government’s policy statement on higher education; and
- for part-time study and part-time student numbers, HEFCW seeks to incorporate measures that better reflect the intended outcome that ‘improved part-time learning opportunities are offered’.

Welsh Government response

Accepted

- We will consider whether the targets set by HEFCW in its corporate strategy are consistent with the aims of the Higher Education Policy Statement as part of the normal performance management and governance structure.
- We have made it clear to the Council that part time HE remains a Ministerial priority for the Welsh Government. We will consider the findings of this report alongside the Council’s position statement on part time provision before evaluating the adequacy of the targets.

Recommendation 7

HEFCW’s ‘Risk Review’ process includes an assessment of risk in six key areas: sustainability (which includes financial health), governance and management, estates, research and knowledge transfer, students and quality, and strategic direction. Based on its assessment across the six areas, HEFCW communicates a single holistic risk rating to individual institutions.

We recommend that

HEFCW includes the risk assessment evaluation for each of the areas it assesses in the letters that it issues to institutions to report its overall risk assessment. This would provide greater transparency and offer institutions, and their governors, greater insight into HEFCW’s evaluation.

Recommendation 8

Higher education institutions' financial planning and management arrangements are generally sound. However, we did identify variations in practice in a number of key areas and, in light of the financial challenges and uncertainties facing the sector, we consider that HEFCW is well placed to play a more active role in identifying, disseminating and promoting good practice.

We recommend that:

- HEFCW plays an active role in identifying, disseminating and promoting good practice; and
- institutions review the adequacy of their arrangements in the following areas:
 - cash flow forecasting, in particular whether they are suitable in light of future challenges;
 - the production of monthly management accounts on an accruals rather than commitment basis, particularly in light of the requirements imposed by banks within covenants attached to loans;
 - the extent to which course profitability is analysed; and
 - the skills needed to support business planning, covenant monitoring and increased levels of communication with banks and other funders in an uncertain and challenging environment.

National Assembly for Wales
Finance Committee

Higher Education Funding

May 2014



The National Assembly for Wales is the democratically elected body that represents the interests of Wales and its people, makes laws for Wales and holds the Welsh Government to account.

An electronic copy of this report can be found on the National Assembly's website:
www.assemblywales.org

Copies of this report can also be obtained in accessible formats including Braille, large print; audio or hard copy from:

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Information on the Committee, its membership, its remit and previous publications can be found at: **www.senedd.assemblywales.org/mgCommitteeDetails.aspx?ID=229**

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National Assembly for Wales
Finance Committee

Higher Education Funding

May 2014



Finance Committee

The Committee was established on 22 June 2011. The Finance Committee's role is to carry out the functions set out in Standing Order 19. This includes consideration of the use of resources by the Assembly Commission or Welsh Ministers, and in particular reporting during the annual budget round. The Committee may also consider any other matter relating to expenditure from the Welsh Consolidated Fund.

Current Committee membership



Jocelyn Davies (Chair)
Plaid Cymru
South Wales East



Peter Black
Welsh Liberal Democrats
South Wales West



Christine Chapman
Welsh Labour
Cynon Valley



Paul Davies
Welsh Conservatives
Preseli Pembrokeshire



Mike Hedges
Welsh Labour
Swansea East



Alun Ffred Jones
Plaid Cymru
Arfon



Ann Jones
Welsh Labour
Vale of Clwyd



Julie Morgan
Welsh Labour
Cardiff North

The following Member was also a member of the Committee during this inquiry:



Simon Thomas
Plaid Cymru
Mid and West Wales

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Chairs foreword

As a Committee we have found this inquiry to be particularly interesting; we received a breadth of evidence from various sources including students, bodies representing students and higher education institutions. For this inquiry we also undertook a web-chat with students, this proved to be a really useful tool for gathering evidence.

One area which was of great interest to the Committee was the factors which affect a student's higher education decision. We found that often the cost of living impacted on a student's choice and some students have to work full time hours, whilst studying full time to fund their education.

Another area which surprised the Committee was the amount of money that higher education institutions are spending on attracting overseas students. Whilst Members fully understand the benefits of having overseas students studying at Welsh institutions, we do question whether some of this money could be used to attract Welsh students to study at Welsh institutions.

We are pleased that the Minister has announced a review of higher education funding, and we hope this review will address some of the issues raised in this report.

I would like to thank everyone who gave evidence to this inquiry.

Recommendations

Recommendation 1. The Committee recommends the Welsh Government works with HEFCW and the higher education institutions to closely monitor, identify and assess the implications of any changes to trends in the numbers of international students; of policy changes in England, and any changes in the numbers of new applications for Welsh universities. (Page 18)

Recommendation 2. The Committee recommends the Welsh Government should continue to carefully monitor funding for the higher education sector until the Review publishes its first interim report and report regularly to the National Assembly for Wales, (as part of the Draft Budget narrative), on changes that may impact on higher education funding for example changes to cross-border flows of students; number of overseas students; policy changes in England etc. (Page 18)

Recommendation 3. The Committee recommends that the Welsh Government should look closely at the impact of policy decisions made in England, including after the UK election in 2015, and particularly the extent to which English universities are attracting Welsh domiciled students who:

- attract additional funding under “widening access” policies;
- achieve high A’ level grades for example ABB; or
- unable to find a relevant course in a Welsh HE institution.

(Page 19)

Recommendation 4. The Committee recommends the Welsh Government review how they can support Welsh institutions which are close to the border to compete effectively with English institutions for example reviewing local competition for specific courses; funding for capital projects etc. (Page 19)

Recommendation 5. The Committee recommends the Welsh Government commission more detailed modelling on overall student debt and the student loan book to estimate the long term implications of student debt. (Page 23)

Recommendation 6. The Committee recommends the Welsh Government explore the options for being involved in further developments of the Department for Business and Skills HERO model

which is used to model student loan repayments and whether adjustments can be made to take account of Welsh Government student finance policies. (Page 23)

Recommendation 7. The Committee recommends the Welsh Government investigate if:

- there is evidence that increasing numbers of graduates either do not need to repay their student loans because they do not meet the minimum earnings threshold requirements to do so or are failing to repay the loans for other reasons,
 - drop-out rates of students before completing their courses is increasing'
- (Page 23)

Recommendation 8. The Committee recommends the Welsh Government should increase awareness of the tuition fee grant at an earlier stage (at the latest year 9) in students' education. As well as ensuring consistency in how awareness is raised. (Page 26)

Recommendation 9. The Committee recommends the Welsh Government monitor the number of students who live at home while studying to see if there is an increasing trend. (Page 26)

Recommendation 10. The Committee recommends the Welsh Government commission research into whether living costs are more of a concern than tuition fee costs to students. (Page 26)

Recommendation 11. The Committee recommends that the Welsh Government, with HEFCW, should monitor how much money is spent on widening access initiatives and monitor whether this money represents value for money and is achieving its aim of supporting students from lower income households. (Page 29)

Recommendation 12. The Committee recommends that the Welsh Government, with HEFCW, should monitor the number of part-time higher education students in Wales to ascertain any changes in trends. Alongside this, the Committee recommends that a clear interim strategic policy direction is set for part-time higher education up to at least the academic year 2016/17. (Page 32)

Recommendation 13. The Committee recommends that the Welsh Government, with HEFCW, implement a holistic, strategic funding package for part-time study and for the Open University, at least for

academic years 2014/15 and 2015/16, as an interim strategy until Professor Sir Ian Diamond's review completes its work. (Page 32)

Recommendation 14. The Committee recommends that the Welsh Government should work with HEFCW to ensure that every higher education institution in Wales receives a small, minimum level of research funding, for example £500,000, if they are not entitled to any further funding under the "sustainable research excellence" formula. (Page 35)

Recommendation 15. The Committee recommends that a review is undertaken of post-graduate provision, including funding. (Page 35)

Recommendation 16. The Committee recommends that the Welsh Government and HEFCW should monitor the impact of the current fees/loans funding regime on the number of students studying expensive subjects in Wales and monitor the quality of provision of expensive subjects. (Page 37)

Recommendation 17. The Committee recommends that the Welsh Government should evaluate the progress and value for money of Coleg Cymraeg Cenedlaethol. (Page 38)

Recommendation 18. The Committee recommends that the Welsh Government investigate whether the overall number of students studying in the medium of Welsh is increasing or decreasing, and if necessary, investigate;

- the reasons why the take-up of studying courses delivered in Welsh is not increasing;
 - the reasons students who have attended Welsh medium education do not all continue to study HE courses in Welsh;
- and agree an action plan with stakeholders to address any issues. (Page 39)

1. Overview

1. At its meeting on 6 March 2013, the Committee agreed to conduct an inquiry into to consider the funding of Higher Education Institutions (“HEIs”) in Wales, the financial impact of the Welsh Government’s tuition fee grant policy on HEIs and students in Wales, and whether the Welsh Government is delivering value for money in this area.

Terms of reference

2. As the new part time Higher Education (“HE”) funding policy does not come into effect until later in 2014 the Committee decided to initially focus this inquiry on full time HE funding. As a result of the consultation responses received the scope of the inquiry was widened to include part time HE funding.

3. The Committee’s terms of reference covered three broad income streams of HEI funding plus the role of finance in choices made by students:

- Research – How effective are HEIs in securing research income including Welsh Government funding of research via Higher Education Funding Council for Wales (“HEFCW”).
- Tuition fee income and support – What has been the financial effect of the new tuition fee policy introduced in 2012 which allows HEIs to charge students up to £9,000 per annum for HE courses and what are the financial implications of the Welsh Government’s tuition fee grant?
- Other income opportunities or threats – How important is the income stream to Welsh HEIs from tuition fees received from students domiciled outside Wales including overseas students and what are the financial consequences, now or in the future, of other changes in the HE marketplace including the entry of private providers?

Student choices – What financial considerations do students take into account when deciding whether to go into HE and what impact the WG’s tuition fee grants have on an individual’s choice?

Review of Higher Education Funding and Student Finance Arrangements in Wales

4. On Tuesday 19 November 2013 the Minister announced that he was setting up a Review of Higher Education Funding and Student Finance Arrangements in Wales, to be chaired by Professor Sir Ian Diamond and the review will be structured in two parts.¹

5. Professor Sir Ian Diamond will produce a factual summary of the evidence that the review team collect in autumn 2015. The final report, including final recommendations, will be issued by September 2016. The priorities for the review will include:

- widening access – ensuring that any future system has widening access at its core objective, is progressive and equitable;
- supporting the skill needs of Wales;
- strengthening part-time and postgraduate provision in Wales; and
- long-term financial sustainability.

Statistical Information in relation to Higher Education

6. On 24 April 2014 the Welsh Government published a Statistical Bulletin entitled Universities and Colleges Admissions Service (UCAS) Statistics 2013 Entry.² This bulletin analyses UCAS data relating to applicants accepted to full-time degree and HND courses in autumn 2013 at higher education institutes in the UK.³

Applicants to Welsh institutions

7. In the 2013 academic year, 25,511 applicants were accepted by Welsh institutions. This represents a 5.7% increase compared with 2012 and is in contrast to the 8.1% decrease in applications between 2011 and 2012.

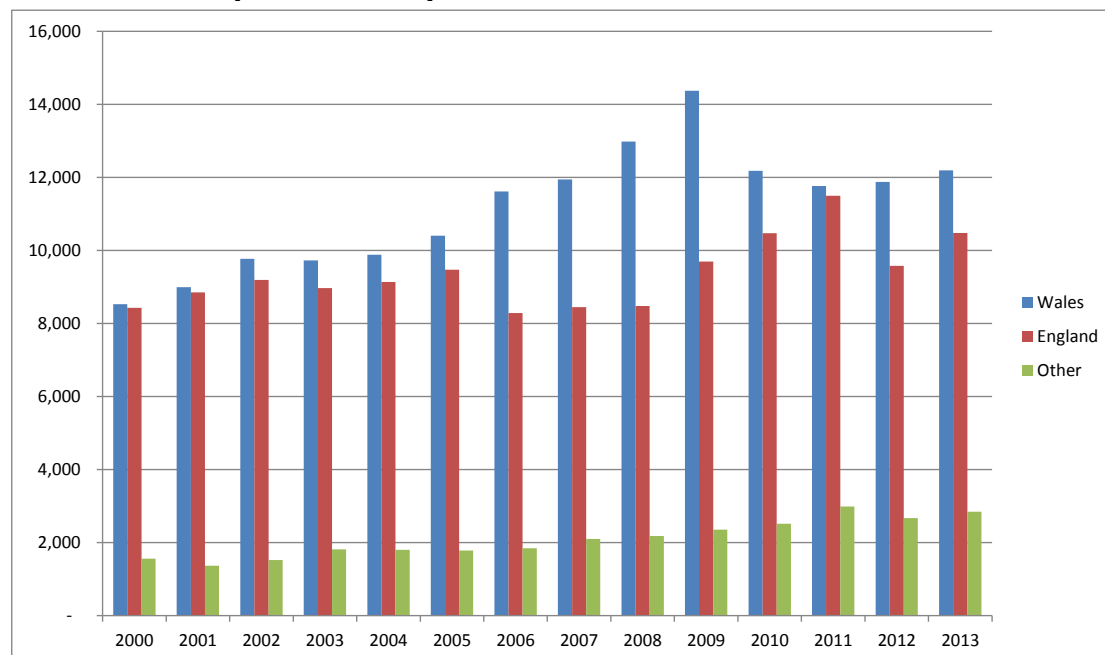
8. Just under half (47.8 per cent) of all applicants accepted by Welsh HEIs are Welsh domiciled students. This proportion is 1.4 percentage points lower than in 2012.

¹ Written Cabinet Statement, [Statement on the Review of Higher Education Funding and Student Finance Arrangements in Wales](#), 19 February 2014

² <http://wales.gov.uk/docs/statistics/2014/140424-universities-colleges-admissions-service-statistics-2013-en.pdf> [accessed 1 May]

³ UCAS, [UCAS Undergraduate 2013 End of Cycle report, December 2013](#) [accessed 6 May 2014]

Figure 1: Applicants accepted to Welsh institutions by country of domicile and year of entry; 2000 – 2013

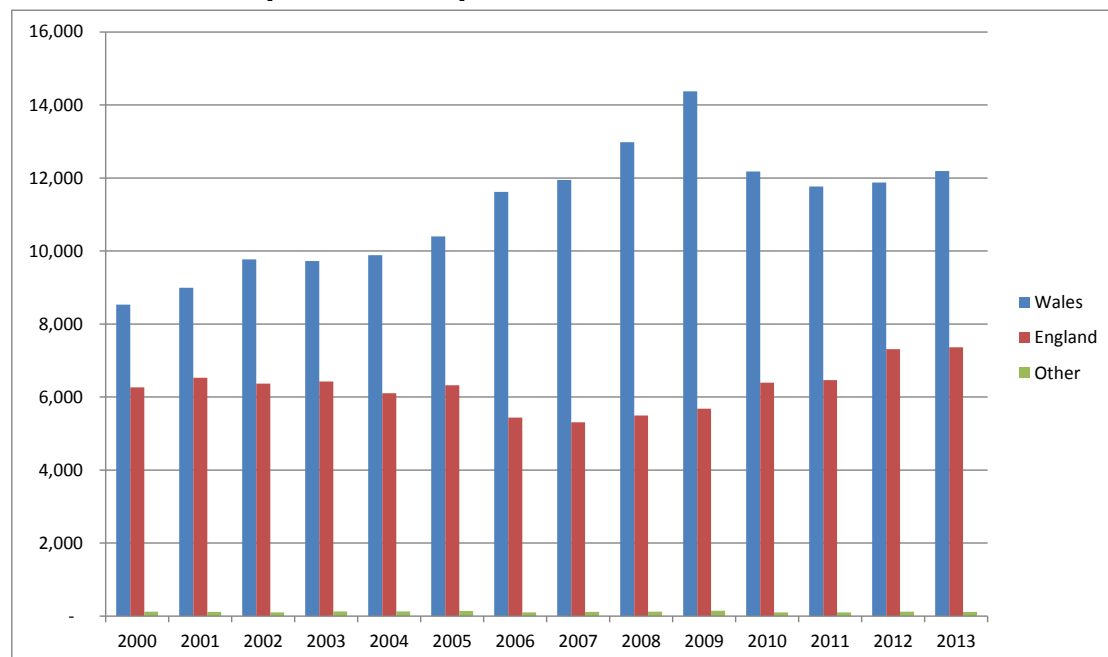


Source: Welsh Government, Universities and Colleges Admissions Service (UCAS) Statistics 2013 Entry

Applications by Welsh domiciles

9. In 2013 there were 19,663 Welsh domiciled applicants accepted to UK institutions this represents an increase of 1.8% since 2012. 62% of Welsh domiciled students were accepted at Welsh institutions, the same percentage as in 2012.

Figure 2: Welsh domiciled applicants by country of accepting institution and year of entry; 2000 - 2013



Source: Welsh Government, Universities and Colleges Admissions Service (UCAS) Statistics 2013 Entry ⁴

Individual institutions

10. Acceptance data at individual institution level can be accessed from the UCAS website for 2009/10 to 2013/14.⁵ This data reveals that Glyndŵr University saw the largest percentage increase in student numbers between 2012 and 2013, 31.5%. In contrast the University of South Wales (formerly University of Wales, Newport) saw a decrease of 14.9% in acceptances in the same period.

⁴ <http://wales.gov.uk/docs/statistics/2014/140424-universities-colleges-admissions-service-statistics-2013-en.pdf> [accessed 1 May 2014]

⁵ UCAS, [Acceptances by institution, domicile group and entry year](#), December 2013 [accessed 5 May 2014]

Figure 3: Acceptances by Welsh institutions by entry year; 2009 to 2013

	2009/10	2010/11	2011/12	2012/13	2013/14	Percentage change between 2012/13 and 2013/14
Aberystwyth University	2,935	2,820	3,310	2,710	2,520	-7.0
Bangor University	2,745	2,445	2,415	2,355	2,395	1.7
Cardiff University	5,330	5,000	5,345	5,565	6,035	8.4
Cardiff Metropolitan University (UWIC)	2,635	2,595	2,840	2,670	2,895	8.4
Glyndwr University	.	.	935	730	960	31.5
University of South Wales (formerly University of Wales, Newport)	1,415	1,530	1,445	1,140	970	-14.9
Swansea University	3,525	3,380	3,470	2,845	3,590	26.2
Swansea Metropolitan (UWTSD)	1,530	1,245	1,480	1,405	1,280	-8.9
University of Wales Trinity Saint David	610	595	1,155	820	770	-6.1

Source: UCAS, [Acceptances by institution, domicile group and entry year](#), December 2013 [as of 5 May 2014] data not available

2. Higher Education Funding Council for Wales funding

11. In March 2013, HEFCW published the funding allocations for the academic year 2013/14 which is the second year of transition to the new student fees and finance system. HEFCW will allocate £382 million (an increase of 6.5 per cent over 2012/13) of funding for HE in the 2013/14 academic year made up of:⁶

- An estimated £117 million in fee grant payments to HE institutions in Wales;
- £71 million for quality research (“QR”);
- £48 million for full-time undergraduate and PGCE provision through the “Public Investment Fund” for example for access and retention, Welsh medium and disabled students and students in subject priority areas;
- £46 million for part-time provision and postgraduate taught provision;
- £5 million for postgraduate research;
- £39 million for strategic and initiative allocations; and
- £6 million for innovation and engagement.⁷

12. HEFCW estimates that it will make around £50 million in fee grant payments to HE institutions in the rest of the UK for Welsh domiciled students who study outside Wales.

13. HEFCW also estimates that universities in Wales will receive approximately £87 million for additional tuition fees paid by students from the rest of the UK. These monies will not be paid through HEFCW and is not included in the HEFCW funding of £382 million for 2013/14.⁸

14. On 21 November 2013 the Wales Audit Office published its value for money study into financial planning and management in the higher education sector. The report concludes that:

⁶ HEFCW Press Release, [Funding for higher education in 2013/14](#), 10 April 2013

⁷ HEFCW Press release, [Funding for higher education in 2013/14, 10 April 2013, page 5](#) [accessed 15 April 2013]

⁸ Written Evidence, FIN(4)HEF07

“The finances of Welsh higher education institutions are generally in sound health and, overall, both the Welsh Government and Higher Education Funding Council have implemented policy around raising tuition fees effectively (...) the Welsh Government could have done more to appraise policy options around tuition fees in late 2010, before putting the current arrangements in place from the start of the 2012/13 academic year, and that estimated costs have increased since the time the policy was announced.”⁹

15. The WAO report states that the Welsh Government responded quickly to the UK Government’s decision to establish higher tuition fees in England however its appraisal of policy options and potential to consider changes to their assumptions were limited. The report highlights that the cost of the Tuition Fee Grant for 2012-12 to 2016-17 is now predicted to be higher than forecast in November 2010, increasing by 24 per cent from £653 million to £809 million.

16. Members heard evidence from Cardiff University that there had been a funding shortfall whilst students on the new funding regime (i.e. higher tuition fees) worked their way through the system.¹⁰

17. However the universities who gave evidence at Committee agreed with HEFCW’s forecasts, that overall funding for the higher education sector in Wales was increasing, following a fall in 2012/13, mainly as a result of an increase in the number of English domiciled students coming to study at Welsh universities.¹¹ Members also heard that “there are winners and losers” within the sector, with some institutions faring better than others.¹²

18. In written evidence from universities, it was emphasised that the current funding model causes increased uncertainty over the income for each individual institution as funding is dependent on the number of students that they recruit each year. It was also noted that funding

⁹ Wales Audit Office, [Press Release - Welsh higher education finances in ‘sound health’ and tuition fees policy well implemented](#), 21 November 2013 [accessed 21 November 2013]

¹⁰ Written Evidence, FIN(4)HEF06

¹¹ RoP, Finance Committee, 13 November 2013, paragraphs 168, 170

¹² RoP, Finance Committee, 13 November 2013, paragraph 168

was based on student fees (usually funded by student loans/debt) rather than government grant.¹³

19. Committee Members were not surprised to hear that Welsh universities would prefer Welsh Government funding to prioritise the higher education sector in Wales, rather than support English universities as a result of student choice and tuition fee grant payments. However the institutions recognise that it is a “grey area”. Professor Michael Scott of Glyndwr University said:

“I want to come back to this whole business of Welsh students, really, and the money following the students and going into the universities. We want Welsh students to come to Welsh universities and we want them to be proud of going to Welsh universities. Therefore, the universities have to be financed correctly... If we can find an incentive whereby Welsh students are encouraged to go to Welsh universities, which might bring more money into Welsh universities and allow a greater capital investment, for example, then that will start the ball rolling over a period of time. If you have an incentive at the moment that Welsh students are going into English universities that have more money and more realisation in terms of capital, you are just going to get a decline in the way in which Welsh universities are perceived

“I do not want to get into a long-term situation whereby we are disadvantaging Welsh students from having an experience outside of Wales, because that is not what we want Wales to be; we want Wales to look outwards. However, we have to accept a situation whereby there is certain underfunding. There is a funding gap between us and England, between our universities—whether it be Cardiff or Glyndwr, and universities across the border. One thing, for the moment, that we could look at would be to say, ‘Okay, if you are going to a Welsh university, you will be funded; if you are going to an English university, you will not be funded, or you will only be funded by 10% or 20%, or whatever’, just to try to equal it out, so that we can build up the reputation of all of the universities in Wales for

¹³ Written Evidence, FIN(4)HEF01, FIN(4)HEF03, FIN(4)HEF06

what we do and for the missions that we do. That is what we have to do.”¹⁴

Minister’s evidence

20. The Minister told the Committee that the current funding policy is sustainable and fully funded, not just for the current Assembly but until at least 2020.¹⁵

21. The Minister said that the funding situation for higher education was closely monitored by regular meetings of an expert group and that the costs and long term sustainability of the policy are kept under regular review. The cross-border flows of students are monitored to identify any emerging trends and any potential impact on income for the sector.¹⁶

22. The Minister told the Committee that the review will report after the 2016 Assembly elections due to the complex and rapidly changing nature of HE. He also highlighted there could be policy changes in HE policy in England following the 2015 general election. The Minister stated that he hoped this review will ‘see us through a generation’ in terms of how HE funding is configured.¹⁷

Committee view

23. Whilst it was agreed that overall levels of funding are increasing, the Committee notes the evidence that the current funding regime did have some unintended consequences:

- there is increased competition between Welsh and English universities, particularly those who are close to the border for example Glyndwr and Chester, for Welsh domiciled students;
- that the number of Welsh domiciled students attending Welsh universities had been decreasing (although the latest figures show a slight increase);¹⁸
- the number of English domiciled students applying to study in Wales continues to increase.¹⁹

¹⁴ RoP, Finance Committee, 13 November 2013, paragraph 293

¹⁵ RoP, Finance Committee, 11 December 2013, paragraph 55

¹⁶ RoP, Finance Committee, 11 December 2013, paragraph 18

¹⁷ RoP, Finance Committee, 11 December 2013, paragraph 55

¹⁸ Written Evidence, FIN(4)-01-14(ptn3), 22 January 2014

¹⁹ Written Evidence, UCAS, [Deadline Applicant Statistics: January 2014](#)

24. The Committee recognises that the higher education sector is experiencing a period of significant change. Although the structural changes are now largely complete, there is increased competition from private and overseas providers of higher education; increasing competition from massive open online courses; changing trends in overseas students, sometimes dependent on UK visa criteria; and a *Higher Education Wales Bill* expected later in 2014, which will address, amongst other issues, the effectiveness of fee plans in securing the Welsh Government's strategic priorities.

The Committee recommends the Welsh Government works with HEFCW and the higher education institutions to closely monitor, identify and assess the implications of any changes to trends in the numbers of international students; of policy changes in England, and any changes in the numbers of new applications for Welsh universities.

The Committee recommends the Welsh Government should continue to carefully monitor funding for the higher education sector until the Review publishes its first interim report and report regularly to the National Assembly for Wales, (as part of the Draft Budget narrative), on changes that may impact on higher education funding for example changes to cross-border flows of students; number of overseas students; policy changes in England etc.

3. Higher Education policies in England

25. In evidence Glyndwr University said that capital funding for Welsh Universities needed to be looked at in more detail and that they often found themselves at a disadvantage compared to English universities.²⁰

26. Professor Patricia Price of Cardiff University said:

“Our experience so far is that they are competing increasingly for the widening access and participation groups, and targeting those groups that we may also wish to encourage to stay in Wales to go across the border.”

Minister’s evidence

27. The Minister was unconcerned about the funding implications of increasing numbers of Welsh students studying at English universities because Wales is a net importer of students.²¹

Committee view

28. Committee Members’ views were more divided on this issue. Members noted that fees in England are generally higher than fees in Wales and this has some cost implications for the Welsh Government.

29. Members also noted from the web-chats that many students are choosing to study near to home so that they can continue with existing part-time jobs or keep the costs lower by living at home.

The Committee recommends that the Welsh Government should look closely at the impact of policy decisions made in England, including after the UK election in 2015, and particularly the extent to which English universities are attracting Welsh domiciled students who:

- attract additional funding under “widening access” policies;
- achieve high A’ level grades for example ABB; or
- are unable to find a relevant course in a Welsh HE institution.

The Committee recommends that the Welsh Government review how they can support Welsh institutions which are close to the border to compete effectively with English institutions for

²⁰ RoP, Finance Committee, 13 November 2013, paragraph 199

²¹ RoP, Finance Committee, 11 December 2013, paragraph 111

example reviewing local competition for specific courses; funding for capital projects etc.

4. Student Loan Book

30. The National Audit Office (“NAO”) published a report *Student loan repayments*²² in November 2013 which states that forecasts from the Department for Business and Skills (“BIS”) show the total value of outstanding student loans in England will increase from £46 billion in 2013 to around £200 billion by 2042 (in 2013 prices). The report only covers English loans and concludes that BIS need to improve their systems and strategy for achieving a higher rate of loan repayment. The NAO state that BIS expect 35% of new loans not to be repaid and estimate that 50% of borrowers with new student loans will not repay them in full.²³

31. More recently the Institute for Fiscal Studies (“IFS”) published a report on 24 April 2014 entitled [*Estimating the public cost of student loans*](#).²⁴ This report investigates English full-time undergraduates who started university in 2012 and concludes that for every £1 of loans issued the long run cost to the UK government will be 43.3p. The report explains that this is due to some students not paying their loans back in full and that loans are offered at an interest rate below the UK government’s long run cost of borrowing.

32. The Welsh Government is responsible for loans issued to Welsh domiciled students from 1998-99 onwards, although student finance was only devolved to the Welsh Government in 2006. The *Welsh Government’s Consolidated Accounts 2012-13*²⁵ explain in detail how the student loans are treated for accounting purposes. Further detail is provided in the document regarding student loan write-offs, the financial modelling used, the impact of the assumptions used and the overall level of student debt.

33. The Wales Audit Office report on *Higher Education finances* published in November 2013 discusses the statistical modelling used by the Welsh Government to calculate the value of the annual loan policy write-off charge. This report states that in Wales:

²² National Audit Office, [Student loan repayments](#), 28 November 2013

²³ National Audit Office, [Student loan repayments](#), 28 November 2013, page 4, [accessed 5 February 2014]

²⁴ <http://www.ifs.org.uk/comms/r94.pdf> [accessed 1 May 2014]

²⁵ Welsh Government, [Consolidated Accounts 2012-13](#), 20 August 2013, [Accessed 5 February 2014]

“The estimated cost of issuing student loans over the period 2012-13 to 2016-17 remains unchanged at just over £1.6 billion and, although subject to change, loan policy write-off charges are currently expected to be £476 million compared with an original forecast of £549 million.”²⁶

34. The report states that the Welsh Government recognises that the new HERO model it is adopting to model student loan repayments is flawed.²⁷

35. With regard to the repayment of loans a student from the first web chat said that they were aware of other students who have taken out a student loan and are avoiding paying it back, an Aberystwyth University science student said:

“The loan should have to stay with someone for life until it is paid off in order to ensure the Welsh economy does not suffer from their investment.”²⁸

36. Another student from the second web chat explained that there should be more information about the repayment system for loans as they were not clear of the current terms and conditions.²⁹

Minister's evidence

37. The Minister said he believes the overall level of student debt is being maintained and managed at a realistic level in Wales.³⁰ The Minister acknowledged that more work needs to be undertaken on modelling future debt with Professor Sir Ian Diamond's review considering the long term implications of this issue.

38. When asked whether there was 'headroom' in the Welsh loan book, the Minister responded:

“I have not asked officials as yet to undertake modelling in that regard, although you are right to point to it as something that we will need to do. It will be of enormous interest. At present,

²⁶ Wales Audit Office, [Higher Education Finances](#), 21 November 2013, page 33, [Accessed 4 December 2013]

²⁷ Wales Audit Office, [Higher Education Finances Report](#), 21 November 2013, paragraph 2.15

²⁸ Finance Committee Web-Chat Transcript, 21 November 2013, page 9

²⁹ Finance Committee Web-Chat Transcript, 21 November 2013, page 21

³⁰ RoP, Finance Committee, 11 December 2013, paragraph 24

that overall package of debt in Wales is miniscule compared to the situation across the border in England, but we need to take a long-term view.”³¹

Committee view

39. The Committee expressed concerns over the rising level of student debt, also known as the student loan book and whether this is sustainable in the longer term.

The Committee recommends the Welsh Government commission more detailed modelling on overall student debt and the student loan book to estimate the long term implications of student debt.

The Committee recommends the Welsh Government explore the options for being involved in further developments of the Department for Business and Skills HERO model which is used to model student loan repayments and whether adjustments can be made to take account of Welsh Government student finance policies.

The Committee recommends the Welsh Government investigate if:

- there is evidence that increasing numbers of graduates either do not need to repay their student loans because they do not meet the minimum earnings threshold requirements to do so or are failing to repay the loans for other reasons;**
- drop-out rates of students before completing their courses is increasing**

³¹ RoP, Finance Committee, 11 December 2013, paragraph 26

5. Impact on student and student choices

40. The Committee heard mixed views on whether students were aware of what funding is available to them. The results of the survey³² to prospective and current students showed high levels of awareness whereas the web chats³³ revealed students had all had different experiences in the way they were informed about the tuition fee grant.

Awareness of the tuition fee grant

41. Students from the web chats all had different experiences of how they had received information about the tuition fee grant. Several were informed at school or sixth form, some received presentations from Student Finance and others had to find out about support themselves and received incorrect information from their local authority. Some students also explained that they only found out about the support available when they were completing their UCAS applications and this was by word of mouth. One Aberystwyth University arts student explained:

“I think the problem with the access to information as I understand it is that everything to do with applying for grants extra is going to be centralised – this means that it becomes impersonal – I am lucky that our local office has some fantastic staff with better knowledge than the main student finance office who often gave conflicting advice.”³⁴

42. Students from both web chats felt that more information and advice should be made available to prospective students.

Working while studying

43. All five students in the first web chat stated that they are working whilst studying. One Cardiff University science student stated they are working full time and studying full time:

“I’m in uni 9-5 every day then having to go to work until 1-2am to try and earn enough money to pay for it so I am constantly

³² Finance Committee, Summary of Higher Education Funding Survey

³³ Finance Committee, Web-Chat with Students, 21 November 2013, page 4

³⁴ Finance Committee, Web-Chat with Students, 21 November 2013, page 4

exhausted and it is definitely affecting how much study I can do.”³⁵

Living at home while studying

44. From the first web chat several students stated that staying at home or close to home was an important consideration when choosing which university to study at due to the cost of living and the importance of keeping jobs they already had. Three of the students said that they live at home with the other two living in a shared house and on campus. The two students that don't live at home travel home most weekends to work. An Aberystwyth University science student said:

“I have a job near my home town, although it means travelling far, I end up earning money to use during the week at uni, unfortunately there are not many jobs near my university, and my job at home gets very busy during the summer, winter and Easter breaks, which means I will earn good money during those holidays.”³⁶

45. On 28 April 2013 NUS Wales published a report [Pound in Your Pocket, Wales 2014](#)³⁷ which surveyed nearly 2,000 students and found that the cost of living has a significant impact on students in addition to paying for tuition fees.

Minister's evidence

46. Regarding the tuition fee grant, the Minister stated that take up of the grant was ‘between 95% and 98%’.³⁸ When asked whether there was a benefit in making students aware earlier of the financial assistance available to them, he confirmed it would be looked at as part of the review, but also confirmed that work is taking place to work with young people.³⁹

47. With regards to questions on the concerns raised by students on the living costs whilst studying the Minister said

³⁵ Finance Committee, Web-Chat with Students, 21 November 2013, page 3

³⁶ Finance Committee, Web-Chat with Students, 21 November 2013, page 6

³⁷ www.nusconnect.org.uk/asset/News/6156/NUS_poundinyourpocket_report-English.pdf [accessed 1 May 2014]

³⁸ RoP, Finance Committee, 11 December, paragraph 119

³⁹ RoP, Finance Committee, 11 December, paragraph 122

“That is why I think it is more important than ever that we continue with a governmental commitment to supporting our students through the overall financial burden of higher education. There is even more reason to be determined about a policy such as this than there would have been in better times.”⁴⁰

48. The Minister confirmed many of the issues raised by students in the course of this inquiry would be looked at by the review.⁴¹

Committee view

49. The Committee notes the evidence and felt particularly strongly that the evidence offered by students during the webchat indicated that there is inconsistencies in the information available to students and that many students have to spend excessive time working to fund their studies.

The Committee recommends the Welsh Government should increase awareness of the tuition fee grant at an earlier stage (at the latest year 9) in students’ education. As well as ensuring consistency in how awareness is raised.

The Committee recommends the Welsh Government monitor the number of students who live at home while studying to see if there is an increasing trend.

The Committee recommends the Welsh Government commission research into whether living costs are more of a concern than tuition fee costs to students.

⁴⁰ RoP, Finance Committee, 11 December, paragraph 127

⁴¹ RoP, Finance Committee, 11 December, paragraph 129-144

6. Widening Access

50. Cardiff University's evidence states that in their experience the Tuition Fee Grant provides a strong incentive to those from lower income families.⁴²

51. However, Glyndŵr University indicated that it is too early to state with certainty the impact on socially disadvantaged groups. They said that people from deprived areas may be deterred from applying due to the fear of getting into debt and also stated the gap appears to be widening between participation rates.⁴³

52. Glyndŵr University also said that their institution's funding from HEFCW was adversely affected because they set a low level of tuition fees:

"If you look at the sector as a whole, that is probably true, but I think that there are winners and losers within the sector. As Professor Scott has already alluded to, because we set our tuition fee initially quite low, we did not fare so well. We have had a policy of gently increases over the intervening period. So, in one sense, we are playing catch-up, but we are very conscious of the market that we are particularly attracting."⁴⁴

53. Cardiff University said that the strain on the Funding Council's remaining grant has been such that they had seen the widening access and innovation and engagement moneys halved in this year, and they will disappear next year.

54. HEFCW explain in their written response that HESA data from 2011/12 shows Welsh domiciled students from lowest income households (using Communities First areas as a definition) are less likely to go to HEIs outside of Wales compared to all Welsh domiciled students.⁴⁵

55. Higher Education Wales ("HEW") argue in their written response that to date there is little evidence to show that full time students from lower income households or other widening access groups have been

⁴² Written Evidence, FIN(4)HEF06

⁴³ Written Evidence, FIN(4)-20-13 (Paper 5), 13 November 2013

⁴⁴ RoP, Finance Committee, 13 November 2013, paragraph 168

⁴⁵ Written Evidence, FIN(4)HEF07

affected by higher tuition fees with or without the tuition fee grant support.⁴⁶

56. Cardiff University said that they are concerned that perceptions around student debt might deter some students from widening participation backgrounds from continuing into postgraduate study. Cardiff University are looking at means-tested bursaries as a possible solution to this unintended consequence of increased student loans.⁴⁷

Minister's evidence

57. In the evidence the Minister stated that he was trying to obtain a complete picture of all the funding that supported the widening access policy:

“Thirty per cent of the money flowing through the student support system should be recycled into initiatives around widening access. That is a very chunky commitment that HEIs have to undertake. Since taking up my post, I have asked officials to grant me a better understanding of what is going on out there at the moment in terms of how the Reaching Wider programme is working, and also to grant me a better understanding of how we are monitoring the effectiveness of the spend of that kind of money. I have not had the full picture presented to me as yet...”⁴⁸

58. The Minister stated that widening access will be the overarching theme of the higher education review being chaired by Sir Ian Diamond and that he had not yet made a judgement on whether fee plans were an effective tool for widening access.

Committee view

59. The Committee notes there is conflicting evidence as to whether the Welsh Government's widening access was effective in achieving its aim of attracting students from lower income households into higher education, the Committee considers this to be a very important area.

60. The Committee recognises that some HEIs go to great efforts to attract overseas students, often spending millions of pounds on

⁴⁶ Written Response, FIN(4)-HEF04

⁴⁷ RoP, Finance Committee, 13 November 2013, paragraph 161

⁴⁸ RoP, Finance Committee, 11 December 2013, paragraph 161

attracting these students. Whilst the Committee doesn't doubt the importance of attracting overseas students, Members do question whether some of this money could be better spent attracting Welsh students.

61. The Committee was disappointed that information is not routinely collected on the A level grades obtained by students attending Welsh HEIs.

The Committee recommends that the Welsh Government, with HEFCW, should monitor how much money is spent on widening access initiatives and monitor whether this money represents value for money and is achieving its aim of supporting students from lower income households.

7. Part-time study

Background

62. Leighton Andrews, former Minister for Education and Skills announced that from 2014/15 eligible students studying at an intensity of over 25% of a full-time course will be able to access a non-means tested loan from Student Finance Wales in order to cover the up-front costs of tuition fees for part-time courses. He also said that funding would be available to HEFCW to continue to subsidise the delivery costs of part-time courses in order to continue to fund part-time provision at broadly current levels. He said that he would expect higher education institutions to exercise restraint in the setting of part-time tuition fees.

Evidence

63. In the evidence Cardiff University and Glyndwr University stated that the number of part time students had fallen and Glyndwr University explained that they had increased the cost of their part time courses:

“We are very carefully raising our part-time fees. The other thing to be aware of, certainly for us, is that, in many instances, employers pay those fees, because we are linked very considerably with local employers. There is a certain reluctance on their part to fund fees above the present levels. Over the last 12 months, we have found that we have had fewer part-time students, but they have been studying a higher density of course at the higher fee. So, I do not believe that it is particularly following the Government ambitions in this area for part-time students.”⁴⁹

64. Several consultees, including the Open University, argued that part-time and postgraduate funding issues need to be considered alongside full-time undergraduate funding.⁵⁰

65. HEW highlight that in the past few years part time enrolment patterns have been on a downward trend and they suggest that there

⁴⁹ RoP, Finance Committee, 13 November 2013, paragraph 364

⁵⁰ Written Evidence, FIN(4)-HEF08

is an opportunity for Wales to adopt a different part-time policy to England to avoid a large reduction in part-time student numbers.⁵¹

66. The Open University argued that the changes being implemented in the part-time funding system in 2014 do not represent a final or settled arrangement for the future funding of part-time HE in Wales. They also stated that there are further developments that are in the process of being implemented, such as the removal of HEFCW institutional strategy funding, which will impact upon the ability of institutions to deliver part-time HE in priority areas.⁵²

67. The Wales Audit Office agreed in their report that further action is needed on funding for part-time study.⁵³

Minister's evidence

68. In the evidence the Minister stated that HEFCW and individual HEIs had a 'moral obligation'⁵⁴ to support part-time study in Wales. The Minister said:

"I think that part-time provision is very important to the way that Welsh society is configured and what our economy needs. Postgraduate provision is, I think, a ticking time bomb across the UK, in terms of students now coming out of undergraduate study with a parcel of debt and potentially being completely demotivated or unable to go forward with postgraduate study because of affordability issues. These are the most highly skilled people of all—people who we will need if the Welsh economy is to keep ticking. We need to understand how we make sure that affordability problems are not barriers to entry into postgraduate study in Wales. That is a tricky question."⁵⁵

Committee view

69. The Committee was concerned that funding for part-time study may be squeezed as a result of pressures on other budgets. Members felt that a decision, at least for the short-term, on part-time funding did not necessarily need to wait for Professor Sir Ian Diamond's higher education review to make their recommendations. Members felt that

⁵¹ Written Evidence, FIN(4)-HEF04

⁵² Written Evidence, FIN(4)-HEF08

⁵³ Wales Audit Office, [Higher Education Finances Report](#), 21 November 2013, page 35

⁵⁴ RoP, Finance Committee, 11 December 2013, paragraph 181

⁵⁵ RoP, Finance Committee, 11 December 2013, paragraph 76

the part-time higher education sector (both students and institutions) would benefit from a clear policy direction and funding, rather than leave it to individual institutions to see what funding was available once other courses and strategic priorities had been allocated funding.

The Committee recommends that the Welsh Government, with HEFCW, should monitor the number of part-time higher education students in Wales to ascertain any changes in trends. Alongside this, the Committee recommends that a clear interim strategic policy direction is set for part-time higher education up to at least the academic year 2016/17.

The Committee recommends that the Welsh Government, with HEFCW, implement a holistic, strategic funding package for part-time study and for the Open University, at least for academic years 2014/15 and 2015/16, as an interim strategy until Professor Sir Ian Diamond's review completes its work.

8. Research and post-graduate funding

Background

70. HEFCW currently has two main funding streams for research: around £70 million for quality research (“QR”) and £5 million for postgraduate research per annum. HEFCW also contributes to the funding for the Sêr Cymru initiative, which is much smaller in comparison, a total of £50 million over five years, of which 30% comes from the HEFCW budget.

Evidence

71. The Committee heard on several occasions that the institutions are very concerned that there will be “a squeeze” on the funds available for strategic priorities as more funding is through the tuition fees, rather than from HEFCW grants. Dr Blaney, HEFCW, described the difficult decisions that HEFCW have to discuss with the Welsh Government:

“The tuition fee grant is untouchable and if we want to maintain investment in the research base in Wales, and, as I said earlier, we are the biggest single investor, so it is important that we do, then we have to try to ring-fence that.”⁵⁶

72. Dr Blaney, HEFCW, continued:

“The current position is that we expect, next year, to be spending 60% of our total HEFCW resource on fee grant for full-time undergraduate students. Full-time undergraduate students are but one of the policy priorities for higher education that the Government has correctly set. If you look at things such as Welsh medium, widening access and research, there is a whole list of priorities, all of which are perfectly legitimate. With the exception of Welsh medium, they are the same across HE systems throughout the developed world, essentially. However, at the moment, we have our balance of resource predominantly focused on one of those areas. So, what I would wish to see coming out of the review is a consideration of the balance of

⁵⁶ RoP, Finance Committee, 27 November 2013, paragraph 158

resources across that range of priorities and a shape of resourcing that better fits the shape of those priorities.”⁵⁷

73. As a research intensive university, Cardiff University currently receives around £40 million p.a. and Mr Davies emphasised the importance of this funding to Cardiff:

“Basically, that £40 million underpins—together with the tuition fee income, with a bit still coming from the funding council or from the student—the whole fabric of the university in terms of its academic staff, support staff and infrastructure. So, it is not additionality; it is core.”⁵⁸

74. HEFCW told the Committee that they currently allocate research funding based on a funding formula, based on “sustainable excellence” with two criteria: performance in the periodic research assessment exercises and a minimum threshold of three researchers in a unit of assessment.⁵⁹ Glyndŵr University is the only institution not to receive any research funding from HEFCW.⁶⁰

75. The Chief Scientific Officer evidence was unable to comment in detail on this but emphasised that the funding focus on “sustainable research excellence”⁶¹ was used in other parts of the UK as well as by HEFCW.

76. During the web chats the importance of support for postgraduate studies was identified as important by the students taking part. Students in the first web chat stated that a postgraduate degree is now needed to ‘set yourself apart’ from other students and they felt that funding should be available to support students studying for postgraduate qualifications.⁶²

77. Students in the second web chat indicated that in some subjects (e.g. architecture) employers expected students to have a postgraduate degree.

⁵⁷ RoP, Finance Committee, 27 November 2013, paragraph 44

⁵⁸ RoP, Finance Committee, 13 November 2013, paragraph 322

⁵⁹ RoP, Finance Committee, 27 November 2013, paragraph 102

⁶⁰ RoP, Finance Committee, 27 November 2013, paragraph 108

⁶¹ Written Evidence, FIN(4)-02-14(ptn1), 5 February 2014

⁶² Finance Committee, Wed-Chat with Students, 21 November 2013, page 15

Minister's evidence

78. The Minister stated that postgraduate provision would be considered as part of the HE review.

“Postgraduate provision is, I think, a ticking time bomb across the UK, in terms of students now coming out of undergraduate study with a parcel of debt and potentially being completely demotivated or unable to go forward with postgraduate study because of affordability issues. These are the most highly skilled people of all—people who we will need if the Welsh economy is to keep ticking. We need to understand how we make sure that affordability problems are not barriers to entry into postgraduate study in Wales.”

Committee view

79. The Committee strongly believe that the area of research is vitally important to the Welsh institutions.

The Committee recommends that the Welsh Government should work with HEFCW to ensure that every higher education institution in Wales receives a small, minimum level of research funding, for example £500,000, if they are not entitled to any further funding under the “sustainable research excellence” formula.

The Committee recommends that a review is undertaken of post-graduate provision, including funding.

9. Funding for Expensive subjects

80. In written evidence HEFCW explained that to date they been able to pay a premium for priority subjects (modern foreign languages and maths) and expensive subjects (science, technology, engineering, medicine, dentistry and conservatoire performance element) which have cost institutions more than £9,000 per student each year to deliver.⁶³

81. HEFCW indicated that institutions who provide expensive subjects are facing difficulties and HEFCW are trying to continue to provide an expensive subject premium however they state “our capacity to maintain this support is under pressure”.⁶⁴

82. In evidence HEFCW confirmed that the expensive subject premium is increasingly under threat.⁶⁵

83. HEW state in their evidence that under the new funding regime fee levels do not necessarily reflect the costs of different subjects which could lead to an increase in the provision of lower-cost subject areas. HEW believe that the lack of funding to support expensive subjects is an “area of significant concern”.⁶⁶

84. Cardiff University indicated that they believe there is a funding gap between English and Welsh HEIs in relation to the provision of high-cost subjects, with the provision of high-costs subjects “increasingly becoming a strain”.⁶⁷

85. HEFCW state that expensive subject funding is becoming increasingly under threat.⁶⁸

86. The Committee also heard views that it is easier for private providers “to pick off niche, low-cost subjects” and to leave higher cost subjects like science, technology, engineering and mathematics, the clinical subjects and conservatoire to be delivered by publicly funded institutions.

⁶³ Written Evidence, FIN(4)-HEF07

⁶⁴ RoP, Finance Committee, 27 November 2013, paragraph

⁶⁵ RoP, Finance Committee, 27 November 2013, paragraph

⁶⁶ RoP, Finance Committee, 27 November 2013, paragraph

⁶⁷ RoP, Finance Committee, 13 November 2013, paragraph

⁶⁸ RoP, Finance Committee, 27 November 2013, paragraph

Minister's evidence

87. The Minister said that funding for expensive subjects was an issue for individual HEIs and HEFCW.⁶⁹

Committee view

88. The Committee is concerned that money for premium subjects may be squeezed as a result of pressures on other budgets.

The Committee recommends that the Welsh Government and HEFCW should monitor the impact of the current fees/loans funding regime on the number of students studying expensive subjects in Wales and monitor the quality of provision of expensive subjects.

⁶⁹ RoP, Finance Committee, 11 December 2013, paragraph 192

10. Welsh medium provision

89. Glyndŵr University stated that they had seen an increase in the number of students studying through the medium of Welsh, which they had funded themselves.⁷⁰

90. Bangor University indicated that they had not seen a decrease in the number of students studying in the medium of Welsh adding that they had invested heavily in this element taking around half of all the Coleg Cymraeg investment in Wales.⁷¹

91. In contrast HEFCW stated in their evidence session that there had been an overall decline in the number of students studying through the medium of Welsh of around 250.

92. HEFCW provided additional evidence that states the figure of 258 represents a 5.6% reduction in numbers between 2008/09 and 2011/12 (the penultimate year of the target).⁷²

Minister's evidence

93. The Minister indicated that since Coleg Cymraeg Cenedlaethol was set up in 2011, there has been a 10% increase in the types of courses being delivered in Welsh however there has not been a corresponding increase in take-up in the numbers of students.⁷³

Committee view

94. The Committee notes the efforts being put into teaching further education through the medium of Welsh, and applauds the steps being taken.

The Committee recommends that the Welsh Government should evaluate the progress and value for money of Coleg Cymraeg Cenedlaethol.

The Committee recommends that the Welsh Government investigate whether the overall number of students studying in

⁷⁰ RoP, Finance Committee, 13 November 2013, paragraph 369

⁷¹ RoP, Finance Committee, 13 November 2013, paragraph 371

⁷² Written Evidence, FIN(4)-01-14(ptn2), 22 January 2014

⁷³ RoP, Finance Committee, 11 December 2013, paragraph 45

the medium of Welsh is increasing or decreasing, and if necessary, investigate;

- **the reasons why the take-up of studying courses delivered in Welsh is not increasing,**
 - **the reasons students who have attended Welsh medium education do not all continue to study HE courses in Welsh,**
- and agree an action plan with stakeholders to address any issues.**

Witnesses

The following witnesses provided oral evidence to the Committee on the dates noted below. Transcripts of all oral evidence sessions can be viewed in full at

www.senedd.assemblywales.org/mgIssueHistoryHome.aspx?IId=1243.

Wednesday 12 June 2013

Leighton Andrews AM Minister for Education and Skills

Wednesday, 10 July 2013

Dr David Blaney Chief Executive, Higher Education
Funding Council for Wales

Celia Hunt Head of Skills, Education and Funding,
Higher Education Funding Council for
Wales

Bethan Owen Head of Institutional Engagement, Higher
Education Funding Council for Wales

Wednesday 13 November 2013

Professor Patricia Price Pro Vice-Chancellor, Student Experience
and Academic Standards, Cardiff
University

Mike Davies Director of Finance, Cardiff University

Professor Michael Scott Vice-Chancellor and Chief Executive,
Glyndŵr University

Paul Whiting Director of Finance, Glyndŵr University

Andrew Parry Head of Corporate Communications,
Glyndŵr University

Rob Humphreys Director, The Open University in Wales

Michelle Matheron Policy and Public Affairs Manager, The
Open University in Wales

Wednesday 27 November 2013

Professor John Hughes Vice-Chancellor, Bangor University

Amanda Wilkinson Director of Higher Education Wales

Ben Arnold	Policy Adviser, Higher Education Wales
Dr David Blaney	Chief Executive, Higher Education Funding Council for Wales
Bethan Owen	Director of Institutional Engagement, Higher Education Funding Council for Wales
Celia Hunt	Director of Skills, Education and Funding, Higher Education Funding Council for Wales
Stephanie Lloyd	National Union of Students Wales President
Keiron Rees	Policy and Public Affairs Officer, National Union of Students Wales

Wednesday, 11 December 2013

Huw Lewis AM	Minister for Education and Skills
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List of written evidence

The following people and organisations provided written evidence to the Committee. All written evidence can be viewed in full at www.senedd.assemblywales.org/mgIssueHistoryHome.aspx?Ild=5931

<i>Organisation</i>	<i>Reference</i>
Aberystwyth University	Fin(4)-HEF01
Cardiff Metropolitan University	Fin(4)-HEF02
University of South Wales	Fin(4)-HEF03
Higher Education Wales	Fin(4)-HEF04
National Union of Students Wales	Fin(4)-HEF05
Cardiff University	Fin(4)-HEF06
Higher Education Funding Council for Wales	Fin(4)-HEF07
Open University in Wales	Fin(4)-HEF08

Additional Written Evidence

[Summary of Higher Education Funding Inquiry Survey](#)

[Transcript of Web-chat](#)

<i>Organisation</i>	<i>Reference</i>
Open University Wales	FIN(4)-22-13(ptn1)
Higher Education Funding Council for Wales	FIN(4)-01-14(ptn1)
Higher Education Wales	FIN(4)-01-14(ptn2)
Higher Education Funding Council for Wales	FIN(4)-01-14(ptn3)
Professor Julie Williams	FIN(4)-02-14(ptn1)

Written Response by the Welsh Government to the report of the National Assembly for Wales Finance Committee on Higher Education Funding

May 2014

1. Background

1. At its meeting on 6 March 2013, the Committee agreed to conduct an inquiry to consider the funding of Higher Education Institutions (“HEIs”) in Wales, the financial impact of the Welsh Government’s tuition fee grant policy on HEIs and students in Wales, and whether the Welsh Government is delivering value for money in this area.

Terms of reference

2. As the new part-time higher education funding policy does not come into effect until later in 2014 the Committee decided to initially focus this inquiry on full time HE funding. As a result of the consultation responses received, the scope of the inquiry was widened to include part time HE funding.

3. The Committee’s terms of reference covered three broad income streams of HEI funding plus the role of finance in choices made by students:

- Research – How effective are HEIs in securing research income including Welsh Government funding of research via Higher Education Funding Council for Wales (“HEFCW”).
- Tuition fee income and support – What has been the financial effect of the new tuition fee policy introduced in 2012 which allows HEIs to charge students up to £9,000 per annum for HE courses and what are the financial implications of the Welsh Government’s tuition fee grant?
- Other income opportunities or threats – How important is the income stream to Welsh HEIs from tuition fees received from students domiciled outside Wales including overseas students and what are the financial consequences, now or in the future, of other changes in the HE marketplace including the entry of private providers?
- Student choices – What financial considerations do students take into account when deciding whether to go into HE and what impact the WG’s tuition fee grants have on an individual’s choice?

Review of Higher Education Funding and Student Finance Arrangements in Wales

4. On Tuesday 19 November 2013 the Minister for Education and Skills announced that he was setting up a Review of Higher Education Funding and Student Finance Arrangements in Wales, to be chaired by Professor Sir Ian Diamond. The review is to be structured in two parts.

5. Professor Sir Ian Diamond will produce a factual summary of the evidence that the review team collect in autumn 2015. The final report, including final recommendations, will be issued by September 2016.

The priorities for the review will include:

- widening access – ensuring that any future system has widening access at its core objective, is progressive and equitable;
- supporting the skill needs of Wales;
- strengthening part-time and postgraduate provision in Wales; and
- long-term financial sustainability.

Statistical Information in relation to Higher Education

6. On 24 April 2014 the Welsh Government published a Statistical Bulletin entitled Universities and Colleges Admissions Service (UCAS) Statistics 2013 Entry.² This bulletin analyses UCAS data relating to applicants accepted to full-time degree and HND courses in autumn 2013 at higher education institutes in the UK.

Applicants to Welsh institutions

7. In the 2013 academic year, 25,511 applicants were accepted by Welsh institutions. This represents a 5.7% increase compared with 2012 and is in contrast to the 8.1% decrease in applications between 2011 and 2012.

8. Just under half (47.8 per cent) of all applicants accepted by Welsh HEIs are Welsh domiciled students. This proportion is 1.4 percentage points lower than in 2012.

2. Detailed Responses to the report's recommendations are set out below:

Recommendation 1

The Committee recommends that the Welsh Government works with HEFCW and the higher education institutions to closely monitor identify and assess the implications of any changes to trends in the numbers of international students; of policy changes in England, and any changes in the numbers of new applications for Welsh universities. (Page 18)

Welsh Government response - accepted

- HEFCW and the Welsh Government will continue to work together to monitor the implications of international students, for example, one of the HEFCW Corporate Strategy 2013-16 targets tracks recruitment of international students in Wales against UK trends. In addition HEFCW works with UCAS and HESA to obtain data which enables close monitoring of Welsh institutional recruitment performance. HEFCW officers at all levels work with counterparts in England and the rest of the UK across the full range of Higher Education policy areas, this includes reciprocal arrangements for Chief Executive Officer attendance at full Council meetings with both England and Scotland.
- Welsh Government officials meet with HEFCW quarterly to discuss and monitor their performance. HEFCW are also a member of the Welsh Governments Student Support Forecasting User Group which monitors and analyses data relating to student numbers.
- The Welsh Government is aware of the benefits accruing from attracting international students to Wales, both in terms of cultural diversity but also in terms of economic benefit for Wales. International students in Wales generate a value-added contribution to the economy of over £140 million per annum.
- The Welsh Government is a member of the UK Higher Education International Unit's Advisory Board, along with colleagues from HEFCW and HEW. The Advisory Board meets quarterly and considers the impact of UK Government immigration policies on student recruitment. In recent years there has been a decline in the numbers of Indian students studying in the UK, including Wales, due to the perceived difficulties in obtaining Tier 4 visa, but also due to the relative strength of the pound to the rupee. This has been compensated by an increase in the number of Chinese students studying in the UK, including Wales. Officials regularly monitor trends in international students and work closely with the sector and colleagues in England to ensure that Wales continues to be an attractive destination of choice for international students.

Financial Implications – There are no financial implications arising from this recommendation

Recommendation 2

The Committee recommends the Welsh Government should continue to carefully monitor funding for the higher education sector until the Review publishes its first interim report and report regularly to the National Assembly for Wales, (as part of the Draft Budget narrative), on changes that may impact on higher education funding for example changes to cross-border flows of students; number of overseas students; policy changes in England etc. (Page 18)

Welsh Government response - partially accepted

- The Welsh Government will continue to monitor the funding available to the higher education sector up until the next election. The latest HEFCW funding circular confirms that the sector continues to receive above inflation increases in income at a time of austerity. The overall funding available to the sector (HEFCW funding and fee income) increased by 11.1% in 2014/15 and by 13.8% in 2013/14).
- In addition we will continue to closely monitor the impact of policy decisions taken in England (including changes to recruitment patterns by English Universities and its impact on funding in Wales).
- Student finance policy is underpinned by a sophisticated financial model which takes into account the current financial position set aside for higher education in Wales as well as other sources of institutional income such as tuition fees. Forecasts are reviewed regularly as new or more robust data becomes available. Updated forecasts are produced by the Knowledge and Analytical Services Department at regular points during the financial year to ensure that the latest information regarding student behaviour, demographic trends, take-up rates, socio economic factors and other relevant data are taken into account.

Decisions to amend the assumptions contained in the model are based on advice from a Student Support Forecasting User Group of officials which includes representatives from Higher Education Division, Knowledge and Analytical Services, Corporate Services, Corporate Services Division and HEFCW.

In addition to discussions at the Student Support Forecasting User Group, the high-level modelling assumptions are discussed at the

Higher Education Funding and Student Finance Project Board. These Boards are made up of Welsh Government officials and key delivery partners including the Student Loans Company, HEFCW, Higher Education Wales and the Welsh Local Government Association.

The revised assumptions, data and macro economic factors are entered into the student finance model which produces future forecasts.

- Government funding is scrutinised annually via the draft budget and I do not intend to introduce a further mechanism for reporting changes to the higher education budget.

Financial Implications – There are no financial implications arising from this recommendation

Recommendation 3

The Committee recommends that the Welsh Government should look closely at the impact of policy decisions made in England, including after the UK election in 2015, and particularly the extent to which English universities are attracting Welsh domiciled students who: -

- attract additional funding under “widening access” policies;
- achieve high A’ level grades for example ABB; or
- unable to find a relevant course in a Welsh HE institution. (Page 19)

Welsh Government response - accepted

- The Welsh Government will continue to closely monitor the impact of policy decisions taken in England (including changes to recruitment patterns by English Universities and its impact on funding in Wales).
- Consideration of cross border flows is within the remit for the Diamond Review. The panel undertaking the Review, when making its recommendations in 2016, will take into account the potential impact and implications of policy decisions made in England during the lifetime of the review. In this regard the panel will need to consider the implications of any UK policy changes post 2015 election.
- In the meantime, Knowledge and Analytical Services in the Welsh Government is able to access information on cross border flows of Welsh domiciled students to English Universities.

Financial Implications – There are no financial implications arising from this recommendation

Recommendation 4

The Committee recommends the Welsh Government review how they can support Welsh institutions which are close to the border to compete effectively with English institutions, for example reviewing local competition for specific courses; funding for capital projects etc. (Page 19)

Welsh Government response - not accepted

- Welsh institutions compete in the UK-wide and global markets for both UK and international students and not exclusively with those close to the Wales and England border.
- HEFCW will continue to work with Institutions to encourage a collaborative approach with other HEIs to provide courses on a regional and national basis.
- HEFCW will monitor the competitive performance of the Welsh HE sector against institutions in England and in other parts of the UK.
- Welsh Government officials have met with HE sector representatives to discuss the possibility of working together to understand the strategic demand for funding capital projects in Wales, with a view to accessing funds from institutions such as the European Investment Bank.

Financial Implications – There are no financial implications arising from this recommendation.

Recommendation 5

The Committee recommends the Welsh Government commission more detailed modelling on overall student debt and the student loan book to estimate the long term implications of student debt. (Page 23)

Welsh Government response - accepted

Modelling on student debt is an area which has not been fully explored from a Welsh Government perspective and further work is required (in conjunction with the SLC and the NUS) to gain a fuller understanding of the long term implications of student debt, especially as more data becomes available on the new fees regime.

Financial Implications – There are no financial implications arising from this recommendation. Any additional costs will be drawn from within existing Higher Education Division programme budgets

Recommendation 6

The Committee recommends the Welsh Government explore the options for being involved in further developments of the Department for Business and Skills HERO model which is used to model student loan repayments and whether adjustments can be made to take account of Welsh Government student finance policies. (Page 23)

Welsh Government response - accepted

- The Welsh Government will continue to discuss its' involvement in further developments from the Department for Business and Skills model for calculating the Government Subsidy for providing student loans. This will include how officials manage the process of developing the model to include unique Welsh policies.
- I will write to the Minister for Universities and Science in England and I will respond to the Committee on this recommendation once I have received a response.

Financial Implications – There are no financial implications arising from this recommendation. Any additional costs will be drawn from within existing Higher Education Division programme budgets

Recommendation 7

The Committee recommends the Welsh Government investigate if:

- there is evidence that increasing numbers of graduates either do not need to repay their student loans because they do not meet the minimum earnings threshold requirements to do so or are failing to repay the loans for other reasons;
- drop-out rates of students before completing their courses is increasing' (Page 23)

Welsh Government response - accepted

- The Welsh Government will work with SLC to agree a terms of reference to investigate loan repayments against earning thresholds and reasons for non-payment. The Welsh Government will be required to commission SLC, possibly in conjunction with DWP, HMRC and NUS to match data on graduates once they are in employment.
- HEFCW is currently required to monitor retention of both full time and part time students as one of the Corporate Strategy measures.

Financial Implications – There are no financial implications arising from this recommendation. Any additional costs will be drawn from within existing Higher Education Division programme budgets

Recommendation 8

The Committee recommends the Welsh Government should increase awareness of the tuition fee grant at an earlier stage (at the latest year 9) in students' education. As well as ensuring consistency in how awareness is raised. (Page 26)

Welsh Government response - accepted

- The Welsh Government has asked the NUS (Wales) to undertake work to improve my understanding of why some students are not claiming the tuition fee grant. In addition, I have asked them to widen the scope of the work to include all Welsh Government grants (means tested and non-means tested).
- The Knowledge Management and Analytical Services Department of the Welsh Government will develop a system that will enable some further detailed analysis of areas of low take-up rates.
- Whilst the Student Loans Company promote the tuition fee grant in all relevant materials and work with schools to promote the policy, they currently do not focus on this age group particularly; they tend to work with students and their parents in the last 2 years of school.

We will formally request that the Student Loans Company undertake a review of its communication strategy (including the results of stakeholder feedback and customer satisfaction) during the first year of the modernised Student Finance Wales service to ensure that messages are being communicated effectively and to discuss how we could best reach this audience in a cost effective manner.

- Discussions need to take place with local Government about how and when they can raise awareness of student finance to students in secondary education.

Financial Implications – There are no financial implications arising from this recommendation. Any additional costs will be drawn from within existing Higher Education Division programme budgets.

Recommendation 9

The Committee recommends the Welsh Government monitor the number of students who live at home while studying to see if there is an increasing trend. (Page 26)

Welsh Government response - accepted

- The Welsh Government will request that the Student Loans Company undertake work to consider possible trends in this area, possibly supported by HESA data and the NUS.

Financial Implications – There are no financial implications arising from this recommendation. Any additional costs will be drawn from within existing Higher Education Division programme budgets

Recommendation 10

The Committee recommends the Welsh Government commission research into whether living costs are more of a concern than tuition fee costs to students. (Page 26)

Welsh Government response - partially accepted

- Research covering certain elements on funding priorities for students has already been completed by NUS (student views on the costs of study and debt [Pound in your Pocket, Wales 2014]), but there are gaps which the Diamond Review could commission, depending on the Review's direction of travel and the costs of the research. The Diamond Review Panel has a finite budget and, therefore, needs to be selective about what research it commissions. As an independent body, it needs to be allowed to decide for itself (rather than being instructed) what research is required.
- Further discussion needs to take place regarding the work due to be undertaken both internally within WG and externally about the types of research being planned in the future to identify whether such research could be commissioned.

Financial Implications – There are no financial implications arising from this recommendation. Any additional costs will be drawn from within existing Higher Education Division programme budgets

Recommendation 11

The Committee recommends that the Welsh Government, with HEFCW, should monitor how much money is spent on widening access initiatives and monitor whether this money represents value for money and is achieving its aim of supporting students from lower income households. (Page 29)

Welsh Government response - accepted

- Welsh Government officials have remitted HEFCW in AY 2014-15 to monitor and report on widening access activities including the proportion of student fee funds devoted to widening access and participation activity. Widening access covers many agendas related to students underrepresented in higher education, not just those from lower income households. The difficulty of establishing the causality between specific widening access interventions and outcomes, and consequently the return on investment, is widely acknowledged. I recognise that spending on widening access is greater than 'formal' allocations of funding for this area, such as HEFCW's allocations to the Reaching Wider Partnerships.
- I have already made clear the need for improvements in the way in which HEFCW measure the impact of widening access initiatives and HE generally on those from low participation neighbourhoods. For example, the fee plans which institutions must submit to HEFCW already represents an important source of evidence of how they are deploying tuition fee income to meet widening access priorities.

Officials will be exploring with HEFCW ways in which the fee plan guidance, which is issued annually, could be made more explicit on what is considered by widening access and what I expect to see in terms of institutions' related activities and spending. However, HEFCW continues to monitor the outcomes across a range of widening access measures, including those assessed at UK level.

- Widening access is also included in the terms of reference for the Review of HE Finance and Student Funding. I would anticipate, therefore, that the Review Panel's final report may also include recommendations relating to this area.

Financial Implications – There are no financial implications arising from this recommendation. Any additional costs will be drawn from within existing Higher Education Division programme budgets

Recommendation 12

The Committee recommends that the Welsh Government, with HEFCW, should monitor the number of part-time higher education students in Wales to ascertain any changes in trends.

Alongside this, the Committee recommends that a clear interim strategic policy direction is set for part-time higher education up to at least the academic year 2016/17. (Page 32)

Welsh Government response - partially accepted

- Welsh Government officials will continue to monitor the number of part-time students in higher education to ascertain any changes in trends resulting from the introduction of part-time fee loans.
- I have made it clear to the Funding Council that part-time HE remains a Ministerial priority for the Welsh Government. However, I will need to consider the Councils' position statement on part time provision, the report by the WAO on HE Finances and the findings of the Diamond Review before I am able to evaluate next steps.

Financial Implications – There are no financial implications arising from this recommendation.

Recommendation 13

The Committee recommends that the Welsh Government, with HEFCW, implement a holistic, strategic funding package for part-time study and for the Open University, at least for academic years 2014/15 and 2015/16, as an interim strategy until Professor Sir Ian Diamond's review completes its work. (Page 32)

Welsh Government response - partially accepted

- The Welsh Government has introduced part-time fee loans from 2014/15 to support and promote part time study in Wales and additional funding has been provided to support the Open University in 2013/14 and 2014/15 to ameliorate the impact of the transfer of HEFCW funding to support full-time undergraduate student fee grants.
- Given that the Diamond Review is due to be completed by 2016, introducing a strategic funding package which is holistic and affordable requires a longer timescale and could not feasibly be implemented for either of the suggested academic years.

Financial Implications – There are no financial implications arising from this recommendation.

Recommendation 14

The Committee recommends that the Welsh Government should work with HEFCW to ensure that every higher education institution in Wales receives a small, minimum level of research funding, for example £500,000, if they are not entitled to any further funding under the sustainable research excellence formula. (Page 35)

Welsh Government response - rejected

Research is a highly competitive process, and HEFCW has been following moves in other parts of the UK and internationally for activity to be focused on larger, well-resourced research teams (as demonstrated by the outcomes of the Research Assessment Exercise).

This ensures that the available funding is provided to units which have excellent research and are sufficiently large to be sustainable in the longer term. At a time of limited and contracting resources, a relatively small number of universities do most of the outstanding research – in Wales 95 per cent of all university research takes place in just five institutions – this has as a consequence led to the concentration of QR and other research funds.

This also maintained performance and allows Welsh institutions to compete effectively with universities elsewhere in the UK for Research Council and other research grants.

There seems little point in dissipating scarce QR funding across a large number of small, mediocre research teams. The Research Councils themselves are focusing increasingly on funding excellence and multidisciplinary research that addresses major scientific and societal challenges. This is leading to the growth of larger, better-resourced research teams. If Welsh universities are to remain competitive for Research Council and other external grants then they must similarly develop greater scale and range as well as improving their quality. Dissipating QR through such an “all must have prizes” approach will prevent us from achieving these goals.

Financial Implications – There are no financial implications arising from this recommendation.

Recommendation 15

The Committee recommends that a review is undertaken of post-graduate provision, including funding. (Page 35)

Welsh Government response - partially accepted

- Postgraduate provision forms part of the terms of reference of the Diamond Review, but consideration would have to be given to the remit which may have to be widened to include both provision and funding.

- HEFCW is currently drafting a paper exploring those subjects which are not available in Wales at both undergraduate and postgraduate level.

Financial Implications – There are no financial implications arising from this recommendation.

Recommendation 16

The Committee recommends that the Welsh Government and HEFCW should monitor the impact of the current fees/loans funding regime on the number of students studying expensive subjects in Wales and monitor the quality of provision of expensive subjects. (Page 37)

Welsh Government response - accepted

- The reforms that the Welsh Government introduced in 2012-13 have put the HE sector in a much stronger financial position to support expensive subjects. Latest forecasts suggest that the new funding regime will contribute an additional £200m during the lifetime of this Government when compared to the previous funding formula. Given the increase in funding available to the sector, there should be an expectation on institutions to accept that what used to be funded by HEFCW via specific funding streams might now be regarded as their responsibility because the outcomes are important to Wales.
- It is pleasing to note that enrolments in STEM subject courses in HE continue to increase suggesting that provision in Wales is proving attractive to potential students.
- HEFCW will continue to monitor trends in subjects of a broader importance to Wales, including STEM provision. Quality assurance arrangements in UK higher education are undertaken by the Quality Assurance Agency (QAA) who focus on the awarding responsibilities of the university and not at individual subject level.

Financial Implications – There are no financial implications arising from this recommendation.

Recommendation 17

The Committee recommends that the Welsh Government should evaluate the progress and value for money of Coleg Cymraeg Cenedlaethol. (Page 38)

Welsh Government response - accepted

HEFCW was remitted in 2013-14 to 'undertake an evaluation of the outcome of the Coleg's activities, including a review of the funding provided to the Coleg and to supply my officials with the details of the review by September

2013 and a final report by September 2014.’ That review is under way, conducted by consultants Oldbell3, and will by the end of September 2014.

Financial Implications – There are no financial implications arising from this recommendation.

Recommendation 18

The Committee recommends that the Welsh Government investigate whether the overall number of students studying in the medium of Welsh is increasing or decreasing, and if necessary, investigate;

- the reasons why the take-up of studying courses delivered in Welsh is not increasing;

- the reasons students who have attended Welsh medium education do not all continue to study HE courses in Welsh;

and agree an action plan with stakeholders to address any issues. (Page 39)

Welsh Government response - accepted

- HEFCW will continue to monitor the issues raised in this recommendation. One of the HEFCW Corporate Strategy 2013-16 targets aims to increase in the number of HE students undertaking at least 5 credits and at least 40 credits through the medium of Welsh.
- Performance against corporate strategy targets is reported on annually in the HEFCW annual report.
- The evaluation of the Coleg, referred to above, will investigate these matters in more detail and we will await the recommendations of the evaluation before taking further action. Some of the answers to these questions lie with education arrangements prior to entry to higher education.

Financial Implications – There are no financial implications arising from this recommendation.

Huw Lewis AM, Minister for Education and Skills

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Mr Darren Millar AM
Chair of the Public Accounts Committee
National Assembly for Wales
Cardiff Bay
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Date: 9 July 2014
Our ref: HVT/2179/fgb
Page: 1 of 3

Dear Darren

HIGHER EDUCATION FINANCES

I am writing with regard to the Welsh Government response to my November 2013 report on *Higher Education Finances*. To help inform any further action by the Committee, I have also provided below an update on the Welsh Government commissioned work referred to in my report that was still on-going when I and Wales Audit Office staff briefed the Committee in January 2014.

Commissioned work on the processing of student finance applications and related data matching

As noted in my *Higher Education Finances* report (paragraphs 2.35-2.41), the Welsh Government had commissioned further work by the Wales Audit Office to review the operation of controls in relation to student finance applications at nine local authorities. That work followed on from a 2012 review of controls at four other local authorities. The latest report found that, since the 2012 review, the Welsh Government has improved aspects of its oversight and control of student finance, although a small number of significant weaknesses remain in the overall system of control operated collectively by the Welsh Government, Student Loans Company and local authorities. The report and the Welsh Government's response to its recommendations have been considered by the corporate governance committee for the Department for Education and Skills.

Wales Audit Office staff have also been facilitating a data matching exercise, the aim of which was to explore the use of data matching work to address potential control weaknesses in the assessment of applications for student finance, particularly in respect of the Tuition Fee Grant. The data processing itself was undertaken by the Audit Commission. Wales Audit Office staff have provided the Welsh Government with a summary of the findings from this work which covered three pilot local authority areas (Cardiff, Swansea and Wrexham). The work involved the matching of address details for students applying for student support with electoral data. The aim of this exercise was to

identify any anomalies between the data sets which could have arisen due to fraud or error (whilst accepting that timing differences may also be a source of anomalies). The exercise aimed to identify negative matches: those students who had applied for student finance via a Welsh local authority, but did not appear on the latest electoral data for Wales. For all of the negative matches, the process also identified from the electoral data, whether or not there was someone else living at the address with the same family name.

Wales Audit Office staff risk-assessed the data matching results and gave the three local authorities guidance to support their follow-up investigations. The local authorities indicated to Wales Audit Office staff that they had largely been able to obtain evidence to demonstrate that applicants were eligible for the Tuition Fee Grant (where negative matches had been identified). However, Wales Audit Office staff recommended to the Welsh Government that it should seek assurance from the local authorities on the eventual outcomes of their investigations and the evidence that they obtained in undertaking their investigations.

Welsh Government response to my *Higher Education Finances* report and further action by the Committee

At the time of writing this letter, I understand that the Committee has not yet received a response from HEFCW to recommendations 7 and 8 in my report. Those recommendations related to HEFCW's 'risk review' process and to HEFCW's role in identifying, disseminating and promoting good practice.

The Welsh Government has responded positively to the recommendations in my report. The Welsh Government has indicated that it accepts all six of the recommendations that were directed at it. However, it would have been helpful if the Welsh Government could have set out more clearly the likely timetable for discharging the actions that it has set out in response to recommendations 5 and 6, particularly given the time that has already passed since my report.

When the Committee discussed my report in January 2014, it noted the on-going Finance Committee inquiry on *Higher Education Funding*. The Finance Committee's report covers some similar ground to my report and I am aware that the Finance Committee report has recently been the subject of a plenary debate. Added to which, there is the on-going work of the '*Review of Higher Education Funding and Student Finance Arrangements in Wales*' and an expectation that the National Assembly will, as part of its regular budget scrutiny, have an opportunity to keep track of the financial implications of the current tuition fees policy. I have also written recently to the Children and Young People Committee to draw attention to issues arising from my report, and the Welsh Government's response to it, that are relevant to that Committee's scrutiny of the Higher Education (Wales) Bill.

In January 2013, we noted that one of the issues arising from my report that appeared to have been covered in less detail by the Finance Committee concerned the arrangements for the valuation of the student loan book and annual loan policy write-off charges (paragraphs 2.7 to 2.11). However, the Finance Committee's report does include a section on the student loan book and many of the related issues have also been covered by the Westminster Public Accounts Committee's February 2014 report on *Student Loan Repayments*, which followed a National Audit Office report on the same subject in November 2013. The planned consideration of the Welsh Government's 2013-14 consolidated accounts should provide an opportunity for your Committee to follow up these issues from a Welsh Government perspective.

The other issue that we highlighted to the Committee in January 2014 was the Student Finance Wales modernisation project (paragraphs 2.26 to 2.34 of my report). That project will see the Student Loans Company take on the processing of student finance applications for all new and returning students for the 2015/16 academic year, having taken on the applications for new students only in 2014/15. The Children and Young People Committee had expressed some concern about these changes when reporting on the Further and Higher Education (Governance and Information) (Wales) Bill in July 2013.

The Welsh Government responses to recommendations 2 and 4 in my report are both relevant to the Student Finance Wales modernisation project. As noted in the report (paragraph 2.38), the adequacy of controls around Tuition Fee Grant payments is material to my opinion on HEFCW's financial statements. The Wales Audit Office team that audits HEFCW's accounts is likely to be undertaking further work during 2014-15 to seek assurances about the robustness of the Student Loans Company's own processing of student finance applications. The specification for, and costing of, the new centralised student finance Wales service had not been finalised at the time of my report, but these costs and potential future savings are another issue that could be explored as part of scrutiny of the Welsh Government's budget.

I hope that this letter is helpful to the Committee.

Yours sincerely



HUW VAUGHAN THOMAS
AUDITOR GENERAL FOR WALES

Sir Derek Jones KCB
Ysgrifennydd Parhaol
Permanent Secretary



Llywodraeth Cymru
Welsh Government

Darren Millar AM
Chair – Public Accounts Committee
National Assembly for Wales
Cardiff Bay
Cardiff
CF99 1NA

Dear Darren,

23rd June 2014

**WALES AUDIT OFFICE REPORT
THE WELSH GOVERNMENT'S LOCATION STRATEGY - RESPONSE TO THE
REPORT**

Thank you for your letter dated 15 May 2014 asking for a response to the specific recommendations contained in the Auditor General's report into the Welsh Government's Location Strategy. I'm sorry that you have had to ask for this twice.

The attached note (Annex A) sets out the Welsh Government's response to each of the five recommendations contained in the report.

I hope that this provides the Committee with a clear picture of our considered response to the Wales Audit Office Report. I note that the Committee have agreed to defer further consideration of the Report.

We would be delighted to welcome any members of your Committee to our new buildings if they wish to see the new facilities.

*Yours,
Derek*



**BUDDSODDWYR | INVESTORS
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Recommendation 1:

The Welsh Government should strengthen the way it identifies and appraises options to inform key decisions on how its strategic objectives should be delivered. In particular the Welsh Government should:

- ***undertake option appraisal and cost-benefit analysis in line with Green Book guidance for all major programmes and projects; and***
- ***Revisit option and financial appraisals at key stages, such as when major changes to a programme or project takes place, to check that the chosen option continues to offer the best value for money.***

Accepted. The requirement to undertake these activities is presently part of the Business Case Guidance which has been jointly developed by the Welsh Government and HM Treasury and was first published in the autumn of 2006.

The Five Case Model methodology is the recommended, best practice approach for developing spending proposals in the public sector. The Welsh Government mandated this methodology in May 2012 for all new programmes and projects which are included in the Wales Infrastructure Investment Plan (WIIP).

To improve capacity and capability circa 150 Welsh Government staff have been trained over the past year on how to undertake options appraisal and apply Cost-Benefit Analysis (CBA) in accordance with the Treasury Green Book. In addition, the Welsh Government is currently refreshing its Business Case guidance which will be completed this autumn and will reinforce the need to revisit options appraisal at the programme level.

In May 2014 the Welsh Government launched an accreditation scheme for the training of business case practitioners and reviewers known as the Better Business Case Programme. This programme is jointly run between the Welsh Government and HM Treasury; it is designed to ensure that Welsh Government staff have the requisite skills and competencies to undertake appraisals to a high standard.

The Welsh Government Integrated Assurance Hub, within the Finance and Corporate Services department (accredited by Cabinet Office) and provides assurance that supports the Better Business Case methodology. The Integrated Assurance Hub exists to provide assurance and delivery confidence to the Senior Responsible Owner (SRO) of the programme or project through the assessment of potential risk. This assessment of risk and the complexity of the programme or project determines the level of assurance necessary to provide the SRO with an independent appraisal of options and value for money. The tools available through the Integrated Assurance Hub range from a desktop exercise, through to a comprehensive Office of Government Commerce Gateway review, depending on the potential risk and level of assurance needed.

The risk assessment process is mandatory and assesses the risk against a standard set of high level criteria in a strategic context. If the risk assessment is high enough, further analysis of the complexity is undertaken and the most applicable assurance method for the programme or project is identified.

The Welsh Government Integrated Assurance Hub is accredited by Cabinet Office to undertake the OGC Gateway Reviews. The OGC Gateway review process provides an independent source of assurance to the SRO at five key stages throughout the project lifecycle, these are:

- Gateway 0 – Strategic Assessment;
- Gateway 1 – Business Justification;
- Gateway 2 – Delivery Strategy;
- Gateway 3 – Investment Decision;
- Gateway 4 – Readiness for Service; and
- Gateway 5 – Operational review and Benefits realisation.

Recommendation 2:

The Welsh Government should make sure that:

- ***major projects and programmes are subject to effective strategic overview and scrutiny, and that robust governance and financial controls are in place; and***
- ***The terms of reference of major project and programme boards include the frequent and regular monitoring and review of estimated costs against budgets so that they can make timely interventions.***

Accepted. The Welsh Government recognises the need for an effective strategic overview of its high profile programmes and the Principal Accounting Officer receives regular updates on their progress. Additionally The First Minister receives quarterly capital updates; these collate all Welsh Government capital schemes with a total scheme value of over £500,000.

To improve visibility and transparency of the Welsh Governments capital investment schemes, the Minister for Finance publishes the Welsh Infrastructure Investment Plan Pipeline. This is a forward looking paper that of schemes that exceed a total value of £15m.

Accountability for the successful delivery of projects and programmes sits with the respective SRO and Additional Accounting Officer. This includes responsibility for implementing rigorous financial controls and having robust governance arrangements in place. The Welsh Government has identified Programme and Project Management (PPM) as a key skill within its Capability Plan. Accordingly appropriate training, guidance, an SRO Community of Practice, and support from the PPM Division is provided to ensure that all SROs are equipped to successfully deliver projects efficiently and effectively.

The Welsh Government Integrated Assurance Hub also provides assurance of Major Projects through the OGC Gateway process ensuring that complex, high priority, high risk or cross-cutting projects are being delivered in accordance with best practice and remain aligned to strategic and operational priorities throughout their lifecycle. This mechanism also considers the governance arrangements and the likelihood of benefit realisation.

A comprehensive suite of guidance is available to all staff within the Welsh Government on both PPM and Assurance including guidance on project boards and their terms of reference. This guidance identifies that the Project Board has a responsibility in respect to financial management and governance of the project. This will be developed further to take account of this recommendation.

Recommendation 3:

In determining how to manage larger programmes and projects, the Welsh Government should follow the example set in the latter stages of the Location Strategy Programme by ensuring the right mix of skills within programme and project teams.

Accepted. The Welsh Government recognises the WAO view, that successful delivery of projects and programmes is fundamental to delivering the Programme for Government. In order to achieve this outcome Welsh Government staff need to be familiar with, and practiced in, programme and project techniques and methodology. There has been considerable progress in this area over recent years. In July 2012 Programme & Project Management Division (PPM Division) was established and staffed by experienced practitioners whose role is to improve the capacity and capability of staff throughout Welsh Government.

The right mix of skills is essential for successful delivery and, depending on the type of Programme or Project; there will need to be a degree of specialism and expertise in other areas to support delivery. In addressing the need for an appropriate mix of PPM skills a considerable amount of work has been undertaken in ensuring that SROs understand their own key leadership role and what is required from them regarding staff resourcing and the mix of skills within their teams to enable successful delivery of a programme or project. SRO's are supported via a central pool of skilled staff that have a wide range of skills including Policy, Digital, Business Analysts and Legislation, to help deliver the programme or project.

To address the WAO recommendations PPM Division has introduced the following initiatives:

- Established a Centre of Expertise with experienced staff who are able to offer advice and guidance to WG staff involved in projects and programmes.
- Created a Community of Practice with a formal programme for sharing of lessons learned (both internally & externally)
- Provided PPM mentoring to Welsh Government staff where required
- Organised one-off events for Welsh Government staff focusing on specific

topics and areas of interest

- Assisted with the design and development of the Better Business Case training for Welsh Government staff embarking on projects
- Designed a suite of PPM training courses and templates which are available to all Welsh Government staff (so far over 560 Welsh Government staff have attended these courses).

In addition the Welsh Government is developing a cadre of PPM practitioners for deployment through a pool of specialised staff who can be deployed to priority projects.

Recommendation 4:

At the outset of any programme or project, the Welsh Government should make sure that the anticipated benefits are clearly established, realistic and deliverable. In addition, the Welsh Government should compile a benefits realisation strategy to support the delivery of benefits.

The strategy should include:

- ***identifying at the outset clearly defined benefits which are linked to strategic objectives;***
- ***maintaining throughout the duration of the programme or project a clear and consistent understanding of the expected benefits;***
- ***managing the delivery of these benefits, where possible measuring progress against robust baseline data, steering projects and programmes to realise the benefits identified, and taking advantage of opportunities to enhance benefits;***
- ***ensuring business areas are committed to realising the benefits allocated to them;***
- ***engaging relevant stakeholders so that they own and support the delivery of benefits;***
- ***undertaking robust and evidence based analysis of the benefits achieved, including the wider impact of the programme or project; and:***
- ***Continuing to monitor and analyse the benefits for a sufficient period after programme or project closure, to allow the full impact of benefits to be recognised.***

Accepted. There may in the past have been insufficient focus on identifying benefits at the outset of a project or programme and an absence of follow up to ensure that on completion benefits have been realised.

The Welsh Government has in recent years increased the intensity of its focus on the successful realisation of the benefits envisaged at the outset of programmes and projects. The PPM Centre of Expertise (COE) plays a key role in this by supporting staff across Welsh Government through a wide range of activities including specific training, one to one support, workshops and presentations.

The OGC Gateway review framework also provides assurance on whether the project is on track to deliver the stated benefits. Gateway 5 of the process concerns itself with whether the benefits of the project have been realised and how these benefits can be sustained, owned and monitored.

We anticipate that as assurance reviews, such as the Cabinet Office Gateways are applied more widely to programmes and projects across WG, the focus on the realisation of benefits will become greater.

Benefit identification, monitoring and realisation are an essential part of any approach to Project and Programme Management. The Welsh Government PPM training focuses on identifying benefits and providing the tools and techniques to identify, measure, track and ultimately realise benefits in order to evidence successful delivery along the lines set out in this recommendation.

Some examples of this work are set out below.

- **Benefits Management Training:**

The PPM Division has taken the lead and is working in conjunction with external benefits experts to develop a Benefits framework with strategic end benefits which all programmes and projects can map themselves against.

Focused training sessions have been held with individual projects and groups of PPM staff to embed this approach. The Centre of Expertise continues to support the business and undertake project and programme benefit workshops.

- **SRO Network and Community of Practice:**

A Senior Responsible Owner (SRO) network has been established to ensure we have a consistent approach to the leadership of programmes and projects across the organisation. The network meets quarterly to share best practice on all aspects of project and programme management including the delivery of benefits.

- **SRO Master Classes and guidance:**

PPM Division has facilitated SRO master class training sessions to help SROs understand their role and responsibilities. In Early 2014 it launched specialist guidance designed to help SROs understand their role and responsibilities on a project and help them achieve project success, including the delivery of benefits.

This pocket guide has been distributed to all known SROs within the Welsh Government. It has also been shared with external Welsh Public Sector organisations who have engaged with the Division for help and guidance in PPM matters.

- **PPM Community Of Practice:**

The PPM Community of Practice was established to help identify, develop and promote best practice in PPM across all Welsh Government Projects and Programmes, including benefit realisation.

Meetings are usually held quarterly and there are now over 500 members including

a number from UK Government departments and public sector bodies in South Wales.

- **PPM intranet:**

PPM has been identified as one of the core skills required within the Welsh Government. The Welsh Government intranet hosts a range of information to help programme and project staff to deliver their project benefits. The intranet contains detailed guidance and templates which are structured around the ten core principles of project management.

Recommendation 5:

The Welsh Government should evaluate the extent to which the 'Y Bont' facilities in the Aberystwyth and Llandudno Junction offices have successfully increased the public's engagement with, and awareness of, the Welsh Government. If the evaluation is positive, and if it is practicable and cost-Effective to do so, the Welsh Government should introduce 'Y Bont' facilities at the Merthyr Tydfil office.

Accept in principle. We had to discontinue the dedicated staffing of "Y Bont" facilities on grounds of affordability. However, the Welsh Government takes the engagement of citizens extremely seriously and is the responsibility of all staff across the organisation rather than a discrete team. The Welsh Government continues to engage with the public through other multiple channels, that include school visits, marketing and campaigns, social media and Ministerial visits, among others.

Later this year we will be looking to review our marketing work which will include a benefits evaluation of our work around the public's engagement with, and awareness of the government, we will include the 'Y Bont' facilities in the Aberystwyth and Llandudno Junction offices in this work.

Our Ref/Ein Cyf:
Your Ref/Eich Cyf:
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8 July 2014
Steve Thomas
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Agenda Item 3.3



WLGA • CLILC

Mr Darren Millar
Chair of the Public Accounts Committee
National Assembly for Wales
Ty Hywel
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Dear Mr Millar

Please accept this apology. I appeared before the Public Accounts Committee last week in the Assembly and pointed out that the regulatory services collaboration between Cardiff, the Vale and Bridgend was potentially breaking down because of differential boundaries in the Williams Report proposals. I had previously been informed of this but I have now been told that following a recent meeting it was determined that the project should continue which is obviously good news.

This is occurring on the basis that the savings and resilience requirement is imminent and LGR is now further off. Speaking to the three Chief Executives involved it appears that the project is progressing "in spite of the Williams Report" and that the uncertainty it has created which has undermined confidence. Nevertheless I gave the information to the PAC in good faith and it turns out to be an error on my part. Thus I am sorry for the mistake and I hope this letter addresses this in full.

Yours sincerely

Steve Thomas CBE
Chief Executive / Prif Weithredwr

c.c. Clerk to the Public Accounts Committee

Steve Thomas CBE
Chief Executive
Prif Weithredwr

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Date: 9 July 2014
Page: 1 of 4

Mr Darren Millar AM
Chair of the Public Accounts Committee
National Assembly for Wales
Cardiff Bay
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Dear Darren

UPDATE ON THE AUDITOR GENERAL'S VALUE FOR MONEY WORK PROGRAMME

On 6 March 2014, we discussed with the Committee potential topic areas for future value for money studies, before then sharing with the Committee a fuller briefing paper about the Auditor General's programme of value for money studies. We have since used that briefing paper as the basis for some wider consultation with, among others, the Welsh Government, other National Assembly committees, the commissioners in Wales and other inspection and regulation bodies. That process of consultation is on-going. However, we have already progressed some new work and I have set out in this letter other new studies that the Auditor General intends to take forward before the end of 2014-15. I have also listed below those reports due for publication over the summer recess and early in the autumn term to assist with the Committee's own work programme planning.

Looking ahead, we will be bringing forward the planning process for 2015-16 and we will consult the Committee in the autumn on the addition of other new studies to the Auditor General's programme from early 2015.

New value for money studies

- ***NHS Wales - Overview of service and financial performance***: As suggested in the Auditor General's March 2014 briefing paper, we have already taken forward a piece of work to report again on health finances and key indicators of service performance, following-up previous reports by the Auditor General and the Committee.
- ***Regional education consortia***: Noting the interest of Committee members in this topic, we have taken forward a new study on regional education consortia. This study has been developed, and is being delivered, alongside work that Estyn is undertaking to evaluate the work of regional school improvement services. Our study will focus on ensuring appropriate financial and governance arrangements are in place to ensure delivery of the agreed outcomes.
- ***Natural Resources Wales (NRW)***: We are planning to take forward a study examining the development of NRW. However, before confirming the scope and timescale for this work, Wales Audit Office staff are discussing with Welsh Government officials opportunities to align this review with work that the Welsh Government needs to discharge as part of its commitment to review the governance of new sponsored bodies at the end of their first two years of existence.
- ***Public procurement and the National Procurement Service (NPS)***: The development of the NPS has been referred to in a number of recent Committee inquiries, most notably as part of the Committee's inquiry on the procurement and management of consultancy services. While it is unlikely to start before the final quarter of 2014-15, we do intend to take forward a study to provide an independent review of the early development of the NPS and evidence of progress in delivering its strategic aims and objectives.
- ***Flood and erosion risk management***: This study would provide an opportunity to follow up our October 2009 report on Coastal Erosion and Tidal Flooding Risks in Wales and to look at how climate changes are influencing flood and erosion risk management. The scope of this work is also likely to encompass inland – fluvial and surface water – flood risk management.

- ***The role of commissioners in Wales:*** The Auditor General remains keen to undertake a review that could examine issues including arrangements for the appointment of commissioners, their relationship with the Welsh Government and other stakeholders, the different approaches adopted by commissioners to their work, the overall management and governance of the commissioners' work, and any opportunities to streamline back-office functions. The commissioners themselves are generally supportive of such a review. We indicated previously that any work in this area would need to take account of the review of the role and functions of the Children's Commissioner for Wales that the Welsh Government is taking forward. Wales Audit Office staff have been discussing that review with Welsh Government officials and will be represented, with observer status, on the advisory panel that has been established to support the review.

In his March 2014 briefing paper, the Auditor General indicated that the Chief Executive of Healthcare Inspectorate Wales (HIW) had asked him to consider undertaking a review of the overall effectiveness of HIW and delivery against its 2014-15 operational plan. The Auditor General indicated that he intended to include such a review in his programme of new studies to start in 2014-15, subject to any action taken by the Welsh Government to review HIW's functions in response to recommendations from the Health and Social Care Committee. Before taking this matter any further, the Auditor General will be meeting with Ruth Marks to understand better the scope of the independent review that she has been asked to undertake on behalf of the Welsh Government with a view to introducing legislation to strengthen HIW's remit.

Members may also be interested to know that, since March 2014, the Auditor General has confirmed his programme of local government studies for 2014-15. That programme will include: a review of the effectiveness of services that support independent living for older people; a 'delivering with less' review of leisure services; and a review examining financial resilience across local government in Wales (as indicated to the Committee during its consideration of the Auditor General's January 2014 *Meeting the Financial Challenges Facing Local Government in Wales* report). Our 2014 programme of local performance audit work in the NHS remains as described in the Auditor General's March 2014 briefing paper.

Work in progress

I have indicated below the value for money study reports that we expect to be able to publish between now and the end of October 2014. The broad scope of most of these pieces of work was described in the Auditor General's March 2014 briefing paper.

- ***Glastir***: This report is currently in clearance with the Welsh Government (to confirm the factual accuracy of the report) and we would expect it to be published before the end of the summer recess.
- ***NHS Wales - Overview of service and financial performance***: We plan to publish this report in the autumn.
- ***Regeneration Investment Fund for Wales***: This report will be in clearance shortly, with a view to publication in the autumn.
- ***GP prescribing***: This report is due to be in external clearance during the summer recess, with publication in the autumn.
- ***Orthopaedic services***: This report is due to be in external clearance during the summer recess, with publication in the autumn.

In addition to the value for money studies listed above, the Auditor General has also indicated previously that he will report back to the Committee in the autumn term on his findings from some specific follow up work on continuing healthcare and on hospital catering and patient nutrition. We will also be providing a memorandum on NHS governance arrangements, to include a commentary on the findings from our 'structured assessment' work at individual NHS bodies during 2013-14. We also anticipate publishing in the autumn some further local government study reports.

Finally, our work in respect of the Wales Life Sciences Investment Fund, which arose in response to concerns that were brought to the Auditor General's attention in autumn 2013, is drawing to a close. We have continued to liaise closely with the Welsh Government's internal audit service and the Auditor General anticipates reporting on this matter later in autumn 2014.

I hope this update is helpful to the Committee.

Kind regards



GILLIAN BODY

Assistant Auditor General

Agenda Item 4

Huw Lewis AC / AM

Y Gweinidog Addysg a Sgiliau
Minister for Education and Skills



Llywodraeth Cymru
Welsh Government

Ein cyf/Our ref SF/HL/1998/14

Darren Millar AM
Chair
Public Accounts Committee
National Assembly for Wales
Cardiff Bay

24 June 2014

Dear Darren,

Thank you for forwarding a copy of the Public Accounts Committees report on Covering Teachers' Absence.

I attach the Welsh Government's response to the recommendations made in your report.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Huw Lewis'.

Huw Lewis AC / AM
Y Gweinidog Addysg a Sgiliau
Minister for Education and Skills

**WELSH GOVERNMENT RESPONSE TO THE NATIONAL ASSEMBLY FOR WALES
PUBLIC ACCOUNTS COMMITTEE REPORT ON COVERING TEACHERS' ABSENCE
Report Published 12 May 2014**

The Committee's report provides a helpful and comprehensive set of recommendations that demand thorough consideration and effective action. As stated in our written and oral evidence to the Committee, we are taking a number of proactive steps to address the recommendations already received from the Wales Audit Office and Estyn on this subject. These actions, we believe, will go some way to address the recommendations in your report.

The Welsh Government notes that responsibility for some key actions also lie with others, including local authorities and consortia, schools and supply agencies. In particular, this reflects the responsibilities local authorities and supply agencies have as employers – a responsibility that does not sit with the Welsh Government. In response to a number of recommendations we have therefore accepted in principle to reflect our agreement with the recommendation but to also reflect the limited scope the Welsh Government has to implement the recommendation. However, we will work with these organisations and stakeholders to address those actions which we believe they are better placed to address, in particular where it involves action at local authority and school level.

The Welsh Government will provide an update as requested in January 2015, although it should be noted that a number of recommendations can only be addressed over a longer time frame, and we will identify the expected timescales in our response at that time.

Recommendation 1

The Committee recommends that the Welsh Government captures and disseminates relevant and reliable data on teachers' absence from the classroom to enable more robust monitoring of occurrences of, and the reasons for, absence. (Page 12)

Response: Accept in principle

We accept the need for data on the issue which will assist schools and employers to monitor and address absence. We accept this recommendation in principle because we believe the data should be gathered and disseminated locally by employers.

We already collect and publish data on sickness absence on an annual basis from local authorities. We firmly believe that establishing a standardised system at local authority level which assists schools and local authorities to improve their tracking of absence on a regular basis will support them to deal with specific absence issues – and that employers are best placed to establish such a system. As we state in response to recommendation 3, we will issue guidance which will make clear to governors their right to ask head teachers for regular reports on absence issues. Such reports will need to be informed by accurate data gathered at local level.

School governors and the head teacher are ultimately responsible for the deployment of staff to meet the needs of the school and monitoring absence data on a regular basis will be a key component of meeting this requirement.

Whilst we are willing to consider collecting additional data which relates to this issue we also need to bear in mind the potential burdens on schools and local authorities of providing data centrally.

The Welsh Government will therefore work with schools, local authorities and consortia to identify what key information should be collected, by whom, and how it can be used by them to better manage teacher absence.

This work will include ensuring that any system that is introduced will complement data collection systems already in place so that value for money can be achieved.

A report will be produced setting out the findings of the scoping work by December 2014.

Recommendation 2

The Committee recommends that the Welsh Government conducts an evaluation of the effectiveness of training delivery and reports back to the Committee by January 2015. This evaluation should include the impact of different forms of training delivery on teacher absences from the classroom. (Page 13)

Response: Accept in principle

On 10th June the Minister for Education and Skills announced a 'New Deal' which set out his vision for the professional learning of all school based practitioners in Wales. This New Deal is supported by the development of the National Professional Learning Model (NPLM) which provides practitioners with a clear, coherent model setting out the approaches to

professional learning that have the most positive and sustained impact on teaching standards.

It is intended that this approach to professional learning will place less of a reliance on the traditional approach of one off training days which are a significant cause of teacher absence. Embedding professional learning activities within the school, whilst not eradicating absence, will provide a more flexible and effective approach.

The principles of the NPLM are based on existing evidence of effective approaches to professional development and we are continuing to draw on international evidence as we develop the model as well as from schools in Wales who are already using these approaches. As such, we accept the need to evaluate the effectiveness of training delivery but we do not consider it necessary to commission a fresh evaluation where the evidence already exists. We will report back to the Committee by January 2015 on the evidence we have been drawing on and how it is being used in implementing the NPLM.

Recommendation 3

The Committee recommends that the Welsh Government amend regulations to make it a requirement for at least one member of each governing body to be designated to lead on HR matters and that such members are suitably trained to fulfil this role. (Page 15)

Response: Reject

We reject this recommendation because the regulations cannot require individual governors to be a designated lead for a specific issue. However, there is provision for governing bodies to delegate functions to a committee or to decide by choice to delegate certain functions to an individual.

Existing Regulations require governing bodies to retain responsibility at full governing body level for some functions and to delegate certain staffing functions to a statutory committee, including those involving certain HR issues i.e. appointments, capability, grievances, redundancy, disciplinary and dismissal, and performance management of headteachers.

Regulations already permit governing bodies to delegate functions that have not been delegated to a statutory committee to the headteacher, an individual governor or a committee. This will invariably include a staffing/personnel committee. As such there is already provision for a governing body to delegate monitoring of staff absences and supply cover to the headteacher committee or an individual. Delegating functions to a statutory committee will incur costs for the governing body as such committees have to be clerked by law. If regulations are made to increase the number of statutory committees this will have financial implications for governing bodies as they will have to fund the cost of clerking it.

In 2013 the Welsh Government worked with Governors Wales to produce terms of reference for a range of governing body committees including a staffing committee. The terms of reference for the staffing committee includes responsibility for monitoring staff absences. We will work with Governors Wales to ensure that their committee terms of reference are cascaded to all schools.

In education law local authorities are responsible for providing governors with training to enable them to carry out their role effectively. Local authorities will invariably offer governors some training on the HR issues they are specifically required to deal with.

The mandatory training for chairs of governors introduced in September 2013 includes reference to HR matters. It makes it clear what the core responsibilities of governors are and the need to have appropriate, updated and relevant staffing policies as well as the relevant committees and panels that are need to discharge these responsibilities. . The existing mandatory training must be given time to bed down before considering introducing any further mandatory training. Governors already commit much of their private time to supporting their school. There has to be a balance therefore between the learning and training we can expect governors to undergo plus the time taken to carry out their role.

As part of the National Model for Regional Working the regional consortia are in the process of developing their regional HR services, including the support and advice provided to governing bodies. This should assist governing bodies as there will be consistency of quality advice and support across Wales.

The Welsh Government will write to local authorities and the regional consortia drawing this recommendation to their attention to ensure that this issue is reflected within the service and training provided to governors.

As stated in response to recommendation 3, we will issue guidance which will make clear to governors their right to ask for reports on absence issues which will need a set of comprehensive data for the head teachers to compile such a report. The guidance will make clear that the headteacher should report to governors on teacher absence, the use of supply cover and the impact on learners.

Recommendation 4

The Committee recommends that the Welsh Government reviews the training (e.g. through the National Professional Qualification for Headship/first year mentoring) provided to headteachers to ensure that there is a greater emphasis on managing classroom absences. This focus on managing absence should also be incorporated into the Continuing Professional Development for headteachers. (Page 16)

Response: Accept in principle

We agree that it is important for headteachers to have sufficient skills and knowledge of managing staff including classroom absences. This reflects the current Leadership Standards which requires all headteachers to manage the school's financial and human resources effectively. However, the Welsh Government does not directly provide formal headteacher training or stipulate the content of any training provided by others, other than an expectation that it reflects the provisions of the Leadership Standards.

There is, therefore, no formal training that all headteachers are required to undertake. As we develop the provision of professional development for aspiring and established headteachers and senior leaders – either directly or, more likely, through our partners, such as regional consortia, – then we will consider 'managing staff absences' as one of the many elements that may need to be explicitly included. Any intervention would be guided by the principles of effective professional learning which underpin our approach to practitioner development.

The National Professional Qualification for Headship (NPQH), which is provided as an example in the committee's recommendation, is not a training course – it is an assessment

process to judge whether or not a practitioner is able to demonstrate that they meet the Leadership Standards in full. It is therefore the Leadership Standards that form the basis of the assessment which already include standards related to managing the school which include managing staffing issues. The Leadership Standards are due to be the subject of a formal review which will consider whether amendments are required.

We will ensure that the proposed guidance on school workforce absence referred to in recommendation 7 will be distributed to all headteachers. We will cross refer to this guidance in any relevant resources which we produce for headteachers and others to aid their leadership development.

The Welsh Government currently provides funding for consortia to provide mentoring and networking support for newly appointed headteachers. As part of this provision, it would be expected that new headteachers would be able to access any necessary support and advice on managing classroom absences. We will contact consortia to draw their attention to this recommendation.

Recommendation 5

The Committee recommends that the Welsh Government, in collaboration with local authorities, ensures that when HR services are procured by schools from local authorities, service level agreements are strengthened to ensure that headteachers and governors receive sufficient HR support as well as appropriate training and guidance, to enable HR matters related to supply staff to be managed appropriately. (Page 18)

Response: Accepted

The Hill Review identified that the lack of specialist HR advice available to schools was an issue and suggested that it would be beneficial for schools to have access to dedicated expertise in HR matters when dealing with staffing matters, i.e. disciplinary, grievance and capability and complaints. The report recommended that this be delivered at regional consortia level to support leaders and governors in discharging their obligations as employers.

As such, and as an integral part of the National Model for Regional Working, regional consortia and their constituent local authorities are in the process of developing a standard operational model for HR services for implementation from April 2015. Welsh Government officials are working with designated consortia HR Lead Directors in the development of a consistent, high level of provision of support and guidance to schools in respect of all aspects of HR, including absence and the use of supply staff. This will include consideration of the effective use of and support for service level agreements.

Specific guidance on effective management of school staff absence being produced in response to recommendation 7 for school, local authorities and consortia will make reference to the current legal requirements regarding the employment of supply teachers which is governed by a combination of UK Employment law (including the Temporary Workers Directive) and the School Teachers Pay and Conditions document. It will also identify the roles of these stakeholders in ensuring that employment conditions are being met.

Recommendation 6

The Committee recommends that the Welsh Government:

- a) outlines how it expects Estyn to inspect and report on cover arrangements;
- b) alters the guidance for Estyn inspections by September 2014 to explicitly require inspectors to examine cover arrangements;
- c) provides the Committee with clear evidence that this approach is working and any actions they intend to take to address any shortcomings in this approach by September 2015.

We request that an update on the details of the changes to guidance and early indications of how the revised approach is working be provided to the Committee by January 2015.
(Page 22)

Response: Accept in principle

The Welsh Government has accepted this recommendation in principle because it can only set the legislative framework for inspection. Estyn is an independent Inspectorate and it is therefore for Her Majesty's Chief Inspector to decide how inspectors inspect and what guidance on inspection it issues. We will, however, discuss with Estyn what scope exists within the current inspection framework to address the areas the Committee recommends.

We will also propose that a thematic study of issues relating to cover arrangements be considered as part of the Minister for Education and Skills remit letter to Estyn for 2015/16. This will potentially identify the impact of the guidance on the effective management of school staff absence that the Welsh Government intends to publish this autumn.

If the remit request is agreed then Estyn is likely to start its planning work in April 2015 but the field work would not begin until September 2015. Although the Welsh Government will be in regular discussion with Estyn as the study is taking place we will not be in a position to act on any findings or recommendations until the report from them is published in 2016.

We will provide an update on these arrangements to the Committee in January 2015.

Recommendation 7

The Committee recommends that the Welsh Government publishes a timetable for disseminating guidance on the effective management of cover and a plan for evaluating this guidance. The Committee would expect an update on this work by January 2015. (Page 23)

Response: Accepted

The Welsh Government is currently developing draft guidance on the effective management of school staff absence. This guidance is being produced in conjunction with schools and local authorities to identify effective practice and is based on the following themes:

- Roles and responsibilities of stakeholders
- Effective management of cover
- Mitigating the impact of teacher absence
- Proactive management attendance and absence of teachers

Information and support to be provided to supply teachers and other staff providing cover
Performance management and professional development of staff.
Quality Assurance checklist for schools who use supply teachers from agencies and local authorities lists.

The draft guidance will be shared by September 2014 for stakeholders to comment on. It is anticipated that the final version will be published later in the autumn term.

We will discuss with Estyn about undertaking a thematic inspection in 2015/16 to identify how successfully the guidance has been adopted (links to recommendation 6)

Recommendation 8

The Committee recommends that the Welsh Government evaluates its policies; such as the development of different forms of training and Continuing Professional Development that rely less on teachers being absent from the classroom and the demands of the regional consortia on schools, and considers the impact these have had on cover requirements. We request that the outcome of the evaluation be reported to the Committee by January 2015. (Page 25)

Response: Accept

We will undertake a review of training and professional learning instigated by the Welsh Government using a sample of activities delivered between 1 January 2014 and July 2014. The review will either be carried out directly by the Welsh Government or through a contract arrangement.

The review will:

- a. Identify the type and frequency of face to face training and professional learning activity undertaken with teachers for that period and their impact on teacher absence.
- b. Consider the strengths and weaknesses of those approaches and their impact on professional learning.
- c. Identify key factors and alternative approaches that should be considered when developing programmes in the future.
- d. Ensure that approaches shown to be most effective are embedded into the Professional Learning Model.

The findings of the review will be used to provide guidance to officials so that they can consider a range of options when requiring the input of teachers. This guidance should ensure that a range of approaches will be used that will minimise the impact of teacher absence from the classroom.

The findings of the review will also be shared with consortia so that they can also consider their approach to this issue.

The review will be completed by December 2014.

Recommendation 9

The Committee recommends that the Welsh Government takes steps to ensure that School and Local Authority Continuing Professional Development be available to supply teachers, and ensures it develops an effective mechanism for communicating these opportunities to supply teachers. (Page 27)

Response: Accepted

We are currently consulting on regulations which will require schools to produce school development plans. These plans will set out the arrangements for developing all staff at the school including those who are temporarily placed at the school. This covers short term and long term supply teachers.

We have already taken action to improve access to statutory induction for supply teachers. This has included amending the scope of The Education (Induction Arrangements for School Teachers) (Wales) (Amendment) Regulations 2012 which came into force on 1 September 2012. This had the effect of enabling all Newly Qualified Teachers (NQTs) who are undertaking supply work to participate in statutory induction, irrespective of the length of their school placements. Each school session (one half day) is now counted towards the statutory induction period which has particular benefits for those teachers engaged in short term supply work. A total of 380 sessions, equivalent to 190 days is required to complete the induction period. We will work with the General Teaching Council for Wales (GTCW) to monitor patterns of engagement with induction by supply teachers to help identify what further support might be needed.

We have also strengthened mentoring support for those NQTs working as supply teachers. All NQTs are entitled to the support of an external mentor during induction. For short term supply teachers allocation of an external mentor was previously made after completion of 190 sessions (equivalent to half of the total induction period). In recognition of the limited access to school-based mentoring for short term supply teachers we have now brought the trigger point forward to 50 sessions to enable mentoring support to be provided at a much earlier point.

For supply teachers who previously fell outside the scope of the regulations but have not yet completed their induction we have introduced retrospective arrangements. Those NQTs who started teaching prior to September 2012 were previously not entitled to an external mentor. We have now addressed this situation by providing mentoring support to each NQT affected.

We are also identifying external mentors in each consortium area who will specialise in addressing the specific needs of supply teachers and we will also require LAs to ensure short term supply teachers undergoing induction receive support in line with that provided to NQTs who are working full or part time within the authority, especially in relation to access to professional development opportunities.

The 'five-year rule' has also been removed. This rule specified that supply and part time teachers had to complete their induction within a five year limit. There is now no limit to allow completion of induction to reflect availability of work.

A bespoke area of the Learning Wales website is being developed to support those NQTs undertaking their statutory induction through the short term supply route. This will provide access to resources to support professional development activities and information relevant to their role.

The Professional Learning Model (PLM) will apply to all practitioners including supply teachers. Welsh Government will develop a range of high quality resources which will underpin the PLM and be accessible to all practitioners via Learning Wales.

The Welsh Government has asked the GTCW to make contact with all those teachers that are identifying themselves as supply teachers. We now ensure that those teachers who have agreed to being contacted by the Welsh Government receive the fortnightly DYSG newsletter. The newsletter provides updates on developments for staff who work in either the pre or post 11 education and training sector in Wales.

The Welsh Government will also consider how information about locally based professional development opportunities provided by stakeholders can be disseminated to those supply teachers who are willing to be contacted directly. Due to data protection issues, we would need the explicit permission of those individuals to pass on their contact details.

We recognise that all practitioners, including supply teachers, also need to take responsibility for their own professional development and we anticipate that the on-line resources will facilitate this learning.

Recommendation 10

The Committee recommends that the Welsh Government works with representatives from WLGA, Supply Agencies and schools in developing the specification for the retendering of the Framework contract for school supply staff, to include a requirement for supply staff to have access to Continuing Professional Development and to determine arrangements to recover from the supply agencies any additional costs for Continuing Professional Development for supply staff. (Page 27)

Response: Accept in principle

We accept the need to strengthen access to professional development opportunities by working with partners. We are accepting in principle as the Framework contract is not binding on all supply agencies, local authorities or schools.

'The National Procurement Service can assist schools and head-teacher's jointly to procure HR services from local authorities, provided that there is sufficient critical mass of demand that will support collaboration, standardisation, and process efficiency'

The Category Manager of the Welsh Government National Procurement Service (NPS) regularly meets with suppliers and customers to ensure the existing framework delivers best value and we will engage with these stakeholders to ensure the requirements for CPD are captured in the retender exercise.

These recommendations will be explored further and built into the specification for the new framework, to help ensure supply teachers have access to appropriate professional development opportunities.

NPS Category specialists will discuss with the supply agencies how funding of CPD for supply staff is provided in order to limit the potential for CPD costs to become excess profits for the agencies. The cost model will be developed to ensure full visibility of the cost of CPD when evaluating supplier responses.

NPS Category Specialists will also develop a Key Performance Indicator measuring tool to capture all CPD provided to supply teachers that are placed under this framework.

Recommendation 11

The Committee recommends that the Welsh Government includes the costs and take up of the Masters in Educational Practice in its evaluation of the programme. (Page 30)

Response: Accepted.

The evaluation of the MEP will look at both the overall costs of the programme and the take up and drop out rates of MEP students.

Recommendation 12

We also recommend that an evaluation of the mentor element of the Masters in Educational Practice programme is undertaken before the end of 2014 to address concerns that it may not be delivering value for money. The evaluation should include consideration of the utilisation of retired teachers as mentors and the impact of the extraction of experienced teachers from the classrooms to be engaged as mentors. (Page 30)

Response: Accepted

An evaluation of the MEP is already planned which will look at the implementation of all elements of the programme including the sourcing, selection and the effective deployment of mentors. It is expected that the evaluation will include consideration of the impact of use of experienced teachers on their home schools as this is one of the factors schools use to determine if they are prepared to release their teachers.

The model for the MEP is based on the principle that experienced and highly skilled employed practitioners are recruited as external mentors. This is to ensure that the mentors' experience is fully up to date; that the mentor's own school also benefits from them undertaking the role through access to the training and materials made available to the mentor; and that the deployment of employed practitioners to work with NQTs builds capacity in the system by enabling practitioners within the mentor's own school to move around, to have access to developmental opportunities and to develop their leadership skills.

Recommendation 13

The Committee recommends that the Welsh Government collects further information on the extent and cost of covering teachers' absence. We recommend that the Welsh Government

publishes a timetable and plan for gathering this information and provides detail on how value for money will be monitored and evaluated. (Page 32)

Response: Accept in principle

We accept this recommendation in principle as we support the need to monitor and evaluate the value for money provided by arrangements to cover teachers' absence but consider this to be a responsibility of schools and employers. However, we will consider this recommendation alongside work being undertaken to address Recommendation 1 and determine what information would be useful and appropriate for the Welsh Government to collect.

A report will be produced setting out the findings of the scoping work by December 2014.

The guidance being produced on workforce absence will also set out how schools should be monitoring their expenditure on covering absence including how they should consider value for money issues. We would expect this guidance to ensure that the school and the governing body is monitoring absence issues which will include expenditure figures to ensure that the deployment of supply cover is being used effectively.

Recommendation 14

The Committee recommends that the Welsh Government's proposed guidance clearly addresses the identified safeguarding issues for temporary staff and that the Welsh Government develops an effective mechanism to check that the guidance is being followed. The Committee should be provided with an update on this by January 2015.

Response: Accept in principle

The Welsh Government recognises the need to create a safe learning environment for children and young people in schools and to ensure they are appropriately safeguarded.

Wide ranging new statutory guidance on safeguarding children in education is being compiled and will include substantive advice on safe recruitment practice and the disclosure and barring arrangements, including the impact on temporary or agency staff. This will be available later this year and the Welsh Government will continue to support all education providers to ensure that they have effective systems in place to promote safe practice. The Welsh Government's approach is that agencies have a legal responsibility to adhere to statutory guidance unless they consider there are good reasons not to do so. Formal monitoring arrangements covering individual aspects of the guidance would be prohibitive and the Welsh Government therefore does not intend to put in place such arrangements. We will continue to discuss with Estyn the outcome of its inspections of safeguarding arrangements in schools and any potential impact on statutory guidance.

The guidance on workforce absence which we will publish in the autumn will also cross refer to schools responsibilities regarding safeguarding including carrying out the necessary employment and registration checks.

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Mr Darren Millar AM
Chair of the Public Accounts Committee
National Assembly for Wales
Cardiff Bay
Cardiff CF99 1NA

Date: 9 July 2014
Our ref: HVT/2180/fgb
Page: 1 of 3

Dear Darren

ADVICE ON THE WELSH GOVERNMENT'S RESPONSE TO *COVERING TEACHERS' ABSENCE*

The Clerk's letter of 24 June 2014 requested my advice on the Welsh Government's response to the Public Accounts Committee report entitled *Covering Teachers' Absence (May 2014)*.

The Welsh Government has indicated that it accepts six of the Committee's 14 recommendations, accepting seven in principle and rejecting one recommendation. Where accepted in principle, this is largely because the Welsh Government notes that responsibility lies with others including local authorities, consortia, schools and supply agencies. The Welsh Government agrees to provide an update in January 2015, as requested, but notes that some actions will take a longer time frame.

Overall, I consider that the Welsh Government has responded satisfactorily to the majority of recommendations. However, the Committee may wish to consider whether, taken together, the responses will meet the Committee's overall concern about the lack of monitoring and evaluation of the extent of lessons being covered and the impact on the education of pupils. I have also made some comments and observations against specific recommendations for your consideration.

Recommendation 1 - The recommendation that the Welsh Government captures and disseminates relevant and reliable data on teachers' absence from the classroom is accepted in principle but the response places the onus on consortia, schools and local authorities to identify what to collect and how it is to be used. Consequently, it will not necessarily address the Committee's intention that '*the Welsh Government should capture and disseminate*' the information. This is a similar response to recommendation 13 about monitoring the cost and value for money of cover arrangements. The Committee may wish to request additional information about whether and how the Welsh Government expects to be able to know the extent of covered lessons, the reasons for absence, and the extent of expenditure on the arrangements.

Recommendation 2 – Whilst the response to this recommendation appears to not accept the need to evaluate the effectiveness of training delivery, including the impact on classroom absence, the response to recommendation 8 confirms the Welsh Government will review training and professional development it instigates including the impact of different activities on teacher absence. The review will be used to provide guidance to officials and consortia to help ensure that approaches are used that minimise the impact of teacher absence. This is likely to meet the intentions of the Committee.

Recommendation 3 – The Welsh Government says the recommendation to designate a lead governor on HR matters is rejected because regulation cannot require such a designation. This seems reasonable. The response helpfully notes that the forthcoming guidance will make it clear that headteachers should report to governors on teacher absence, the use of supply cover and the impact on learners.

Recommendation 6 - This is accepted in principle because it is for Her Majesty's Chief Inspector to decide how inspectors inspect, although the Welsh Government will discuss the recommendation with Estyn. The Welsh Government will also propose a remit study for 2015/16 which will potentially identify the impact of the proposed guidance to be published this autumn.

Recommendation 10 - The Welsh Government has 'accepted in principle' because the Framework contracts for supply school supply staff are not binding on all supply agencies, local authorities and school. However, the response meets the recommendation in full.

Recommendation 13 - This recommendation is accepted in principle because, whilst supporting the need to monitor and evaluate the value for money of supply teachers arrangements, the Welsh Government considers this to be the responsibility of schools and employers. The Welsh Government guidance this autumn will set out how schools should consider value for money issues and will expect schools and governing bodies monitor absences and ensure cover is used effectively. As noted above under recommendation 1, the Committee may wish to request information on how the Welsh Government expects to know whether cover arrangements are being managed well to ensure that learners make good progress.

As the Committee has asked for an update in January 2015, any additional information requested could be incorporated in the update. The Committee could revisit at that point in time the merits of a follow-up evidence session to examine the overall progress that is being made in response to its recommendations and the recommendations in my report.

I hope that this advice is helpful to the Committee in its consideration of the Welsh Government response.

Yours sincerely

A handwritten signature in blue ink, appearing to read 'Huw Vaughan Thomas'.

HUW VAUGHAN THOMAS
AUDITOR GENERAL FOR WALES

Sir Derek Jones KCB
Ysgrifennydd Parhaol
Permanent Secretary



Llywodraeth Cymru
Welsh Government

Darren Millar AM
Chair
Public Accounts Committee
National Assembly for Wales
Cardiff Bay
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25/6 June 2014

Dear Darren,

**Public Accounts Committee – Grants Management – Action Points from Meeting
12 June 2014**

I am grateful for the Public Accounts Committee's continued interest in improving grants management across the public sector in Wales. At the meeting on 12 June I agreed to follow up on a number of points that were raised and these are set out below:

1. Further information on the work around Spot Checks – Annex A
2. Improvements to reduce administration costs – Annex B
3. Update on IT issues including recommendation 6 of the Grants Management Report – Annex C
4. Good Governance Group – Annex D

Finally, as requested at the meeting, I will of course keep the Committee updated on progress in resolving the technical issues raised by the European Commission, mainly regarding the Audit Authority's sampling methodology. These issues have led to a temporary interruption of ERDF payments to WEFO, which we hope to see lifted as soon as possible.

Please let me know if you need further clarification on these or any other points raised.

*Yours,
Derek*

Annex A

Spot Checks

To continue to provide some reassurance that improvement in grants management is being maintained and embedded across the Welsh Government, spot checks are undertaken by both Grants Centre of Excellence and WEFO, although different processes are followed. Spot checks for both areas are undertaken as a way of understanding the level of cultural change, to identify any potential issues at an early opportunity and to support grant managers to improve their processes. Spot checks do not replace the more detailed internal audit processes that take place.

Grants Centre of Excellence Spot Checks

The spot checks detailed within the Annual Report on Grants Management are undertaken by the Centre of Excellence. These are aimed at looking at specific documentation associated with the internal processes that a grant manager would use in implementing their grant schemes. Spot checks are not directed against any particular organisation or body which is funded. They are simply a snapshot of one item of documentation from a single point in the grant life cycle.

As part of the spot checks officials are asked to provide one item of documentation. Some examples of the type of documentation that is asked for include:

- Copies of an application form (if appropriate) associated with the specified grant scheme;
- Legal documentation such as the award letter to ascertain whether it is appropriate, up to date, correctly drafted etc; and
- Copies of Desk Instructions for the specified grant scheme which would detail the tasks required of officials in a consistent and compliant manner.

The documentation provided as part of the spot check is then compared against the minimum standards to ensure continued compliance. This also enables the Grants Centre of Excellence to understand any issues or practicalities around meeting the minimum standards.

Where improvement is required the Grants Centre of Excellence works with the Grant Manager to ensure that appropriate or improved processes are applied. These arrangements were developed to support grant managers in improving their processes not from a need to record failures.

Since the process began in December 2012 the number of checks being undertaken has increased from 10 to 20 per month from January 2014.

In the period December 2012 until April 2014, 234 spot checks were undertaken and 12 failures were recorded. The failures included desk instructions not being up to

the necessary standard and issues surrounding the Award letters, including not using the standard template or an out of date version. These spot checks were focused on internal grant managers processes, and there were no particular themes or particular areas which featured.

Where the minimum standards are not met, the Grants Centre of Excellence works with grant managers to ensure that appropriate processes are implemented to comply with the minimum standards where possible.

WEFO Spot Checks

WEFO carries out an inspection programme which is undertaken by its Project Inspection and Verifications Team (PIVT) in line with its set procedures.

The PIVT will visit a sample of beneficiaries who have received structural funds support during the 2007-2013 programmes. Large projects may be subjected to more than one on the spot visit. In terms of a sampling methodology, the PIVT will visit the first project from each beneficiary, subject to levels of expenditure. Coverage of other projects will be determined on a risk based assessment. The risk based assessment will take into account, among other risk drivers, the number and value of irregularities raised against the project, project size and the programme development officers and payment officers' assessments of the project risk. The risk assessment method will be recorded and kept on file and this coverage will represent approximately 50% of the remaining un-visited projects over the life of the programme. The sampling methodology is reviewed annually.

Based on the results of the review, the PIVT will complete a draft report based on a standard pro forma. The draft report is sent to the sponsor and to internal WEFO staff (Programme Management Division). The sponsors review the report for factual accuracy and return the report with a formal response and action plan for each issue raised. Issues and irregularities are raised in WEFO's Programme Information Management and Monitoring System (PIMMS) when the draft report is issued. At the end of the agreed timescale the PIVT either carry out a further monitoring visit or obtain documentary evidence to check the agreed action has been taken as appropriate. Where a serious problem arises the Welsh Government's Head of Counter Fraud will be consulted.

The PPIMS computer system holds records of all projects that have received a verification visit, holding the necessary data for the EC commission.

The WEFO spot checks identify issues of concern in approximately 25% of the beneficiaries reviewed. However, the significance of these concerns varies considerably and WEFO works closely with the beneficiaries to understand, rectify or resolve the issues identified. Less than 10% of issues identified are insurmountable and result in grant claims being amended accordingly.

A number of themes have emerged from WEFO's ongoing work and include document retrieval, procurement, timesheets, ineligible expenditure, eligibility of participants / beneficiaries and output evidence.

It should be noted that there is no indication these issues are systemic across the sponsor, sector or programme. Going forward WEFO intend to ensure the revised rules and requirements for future programmes are even more explicit.

Annex B

Improvements to reduce administration costs

As previously explained to the Committee, it is extremely difficult to separate out the administration cost associated with grant funding. This is because most departments are not solely focussed on the delivery of grants but grants are implemented as a much wider part of the development and implementation of policy. The exception to this is WEFO which, as a fairly self contained grant management operation, can more readily identify the administrative costs associated with its management of EU funds.

Last year (2013–14), WEFO's total programme expenditure was just under £375m and expenditure on staff costs was £7.5m – this equates to around 2%. In addition, WEFO spent £782K on research & evaluation, ICT support and communications, bringing total administrative costs to £8.3m or around 2.2% of total programme spend.

In an attempt to determine the optimum method of establishing administration costs officials have been in contact with the Cabinet Office who have told us that they also face similar issues regarding baselining administration costs across the UK. However, there are a number of approaches which the Welsh Government are adopting to take this area of work forward including looking at amalgamating grant schemes, issuing award letters covering more than one financial year (where budgets permit) and by encouraging collaborative working. Due to the time constraints in responding to the Committee we have been unable to provide as many costed examples as we would like but it is our intention to include further examples within the next Annual Report on Grants Management. However some further details and examples of reducing administration costs are provided below:

- Since 2010-11 the Welsh Government has transferred grants worth over £170 million into the Local Government Settlement. Although exact figures for the administration costs associated with these grants are not available it is clear that administration costs will have been reduced both internally and externally.
- From 2013-14 the £244 million council tax reduction scheme has also been included in the Local Government Settlement rather than be administrated as a separate and specific grant scheme.
- From 2013-14 both the School Effectiveness Grant (SEG) and Pupil Deprivation Grant (PDG) are now distributed on a regional basis totalling approximately £62m in 2013-14. The SEG is itself an amalgamation of a number of grant funding streams, resulting in significant reductions in

administration at all levels. The SEG has been in place since 2011-12 which focused on identifying grant streams which could be combined to create a larger, more focused grant scheme to minimise administrative costs and bureaucratic burdens on schools and local authorities. The 2011-12 programme combined a number of grants including:

- Better Schools Fund
- Community Focused Schools grant
- Innovation in Small and Rural Schools grant
- Out of School Hours Learning grant
- Looked-after Children grant (formerly part of RAISE)

When additional funding was made available for lower ranking schools this was also included in the SEG rather than setting up a separate grant scheme. From these combination of measures it has been estimated that a approximately £1.2 million has been saved in administration costs for the Local Authorities whilst a further saving equivalent to approximately 90 hours of officials time per year has been realised within the Welsh Government.

However, as was discussed with the Committee at the evidence session, we are looking again at what more we can do to get better information on the cost of operating our grant schemes by looking more closely at a sample of smaller schemes. We will report back to the Committee with the results of this exercise within the Annual Report.

Annex C

Provide an update on recommendation 6 of the Grants Management Report and IT issues

Recommendation 6 - “We recommend that the Welsh Government sets out timescales for the introduction of a central grant management IT system, and the implementation of a Customer Relationship Management system.”

The Welsh Government has previously acknowledged the limitations of its overall management information and corporate data available to support decision making on grants. As a result of the PAC recommendations the Welsh Government has been looking at a number of issues of how to take this work forward and a number of measures have been put in place to address these issues. From the PAC session it was evident that the Committee wanted further clarification of how information sharing on external bodies or any individuals of concern was reviewed and shared across the Welsh Government.

The immediate, but interim, approach was to develop a corporate due diligence sharing area to facilitate the sharing of information on external organisations and provide a point of contact for officials seeking further details. This highlights any organisations/individuals that the Welsh Government may have governance concerns with. The facility prompts officials to seek further information before awarding a grant or processing a claim. Welsh Government officials (including WEFO) have access to the “Finance Desktop” pages where the Due Diligence pages are held and therefore these pages are available to the wider business and not restricted to just grant officials who make payments. Detailed desk instructions are available for officials and a number of communication exercises have been undertaken to emphasise the use and importance of the system.

Grant managers have been made aware of the importance of reporting concerns or the availability of information relating to external bodies on the due diligence sharing area. Face-to-face training modules on due diligence are currently under development and will be made available across the Welsh Government in the early autumn.

As detailed within the Annual Report, the Welsh Government acknowledges the limitations of its existing overall management information and corporate data available to support decision making on grants.

Significant work has been undertaken on defining IT requirements and various

options have been appraised to identify the best possible solutions to support the grant processes. This ranged from developing a new IT system based on similar programming to the existing system to a packaged solution using the SAP Grantor module.

SAP Grantor is confirmed as the preferred solution for the longer term. However the estimated costs of implementing SAP Grantor within the Welsh Government are approximately £5million pounds and due to the niche nature of the software significant risk remains around the implementation. To date SAP Grantor has limited implementations worldwide. Given the uncertainty around the deliverability of SAP Grantor, the Welsh Government has decided that the system cannot be successfully rolled out at this time without an unacceptable level of risk.

Whilst the business plan for the development of a new grants IT system (SAP Grantor) was given approval, the subsequent Gateway Review indicated that a number of key dependencies (highlighted in the options appraisal carried out by Deloitte and the subsequent business case) had yet to be delivered. Further business change activity is required in order to prepare grants teams for a new IT system. This together with concerns around the capacity and capability in the marketplace for technical skills to deliver SAP Grantor for the Welsh Government poses a level of risk which at this stage is not acceptable.

The Welsh Government has therefore decided to continue to make further enhancements to the current IT system (e-Grants) which will make the information available much more transparent across the Welsh Government. Further tactical improvements to the e-Grants system are already underway, including improving the summary reporting information.

We recognise the Committee's concerns about this issue. The improvements to e-Grants will enable more detailed management information on grants across the Welsh Government to be provided through more effective use of the data already collected within the system. E-Grants will include all grants across the Welsh Government and provide improved transparency. This, together with the due diligence system, will enable improved sharing of information across the Welsh Government so that better informed decisions can be made as to what organisations should be funded.

While not "fool proof", this will be a substantial improvement in IT support and of course the SAP system prevents a payment being made if major concerns are flagged up elsewhere in the organisation. Nevertheless, it is intended that the work undertaken by the grants pilot project and the ongoing work of the Centre of Excellence will help inform any future decisions around the timing of the delivery of a new IT system. The Welsh Government is involved in ongoing discussions with SAP in relation to the support that can be provided in mitigating the level of risk.

We will provide a further update to the Committee in the Annual report later this year.

Annex D

Good Governance Group

In line with the recommendation from PAC, The Good Governance Group has been established and terms of reference have been agreed. This group shares all relevant details of pertinent external bodies or individuals with the Big Lottery Fund, Charity Commission, WCVA, WLGA and other appropriate bodies who are providers of publicly funded grants. This enables an informed decision to be made on the risks of funding organisations. An update on the action taken and the results of any investigation are communicated to the Governance Group members and forms a standing agenda item.

The group meet periodically to review notifications and share best practice and common themes. The meetings have been set up as and when required rather than at set specific times, to enable the group to respond to emerging concerns at short notice. Therefore, if concerns regarding a particular body are identified, all the members of the group are notified accordingly.

Not all information will result in declining or withdrawing funding from that particular organisation. Notification of any kind will not automatically result in a withdrawal of funding by other members of the Good Governance group. Instead the information will act as an early warning system and each group member will consider the impact of the information on the risk to their particular funding and where appropriate take action to mitigate that risk.

However, as a result of the concerns expressed by the Committee we will now review the terms of the Good Governance Group in consultation with its members. A representative from WEFO will now be invited to be a standing member of this Group. Regular meetings will now be set up for the Group and in future these meetings will be chaired by the Welsh Government's Director of Governance. The next meeting is planned for September.

A copy of the Group's current Terms of Engagement is attached.

The Good Governance Group

Terms of Engagement for Sharing Information

Purpose

The main funders and regulators within Wales share a vision to improve/ strengthen governance within funded bodies and hence reduce the amount of Welsh public funding being lost through fraud or mismanagement. One way to realise this vision is to share information in order to detect weaknesses and potential problems and take action as necessary. All member bodies of the Good Governance Group are committed to making this happen.

This document sets out how the Good Governance group can develop as an effective Network of Welsh funders and regulators to achieve this purpose.

Operating Principles

The purpose of the group is to discuss best practice and actions required from lessons learnt to strengthen governance. The Group is committed to sharing information on external bodies, and individuals associated with them, within the group and to disseminate this information as appropriate throughout their respective organisations.

Nature of information

Tangible information

In the context of organisations, tangible information is evidence based. For individuals, due to the legal restrictions on holding personal information, it must also be in the public domain.

Intangible information

Intangible information may have been obtained through dialogue or engagement or it may be merely a concern that something is not right, rather than resting on tangible evidence.

Not all information will result in declining or withdrawing funding from that particular organisation. Notification of any kind will not automatically result in a withdrawal of funding by other members of the Good Governance group. Instead the information will act as an early warning system and each group member will consider the impact of the information on the risk to their particular funding and where appropriate take action to mitigate that risk.

An update on the action taken and the results of any investigation may be

communicated to named Governance Group members and form a standing agenda item.

Membership

Membership of the Good Governance Group will include the following organisations and their representatives. See Annex A for contact details for each organisation.

Name	Organisation/ Body
Betsan Moses	Arts Wales
Lara Ramsay	Big Lottery Fund
Harry Iles	Charity Commission
Jennifer Stewart	Heritage Lottery Fund
Neil Wicks	Museum Wales
Eifion Williams	NHS
Sarah Powell	Sports Council Wales
Carol Green	Swansea Council for Voluntary Service
Nick Davies; Mike Usher	WAO
Tessa White	WCVA
Clare Collett (Chair); Tracey Mayes; Steve Tooby	Welsh Government
Tim Peppin; Jon Rae	WLGA

Roles & Responsibilities

The purpose of the group is to discuss and share best practice and information on external bodies, and individuals associated with them, within the group, this involves each group member;

- focusing on raising awareness that good governance is critical and assisting organisations with or signpost to good governance practice, where appropriate, not policing grant funding on behalf of the Welsh Government;
- being open and transparent and acting independently without political influence;
- determining when there is sufficient evidence to support a notification to relevant members of the group;
- consider any emerging “early warnings” that might imply a cause for concern within a particular organisation;.
- notifying concerns by alerting relevant group members. All notifications to the Welsh Government will be sent to the Grants Centre of Excellence as

well as other relevant Welsh Government officials;

- considering each notification on a case by case base and agreeing not to automatically decline or withdraw funding;
- taking the appropriate, proportional risk based action to mitigate any risk identified for their particular organisation or sector;
- having the responsibility of disseminating information through their respective organisations and sectors;
- meeting periodically to review notifications and share best practice and common themes.

Those group members whose organisation have a regulatory role will also have the responsibility of deciding how best to implement best practice and actions from lessons learnt within each sector and which organisations should take the lead.

Roles & Responsibilities of other groups

The Group should seek to identify the other committees and groups that exist which the Good Governance group should consider sharing information with. A list of these groups will be appended at Annex B and will be updated as new committees or groups are identified.

Meetings

The group will meet periodically as required to review notifications and share best practice and common themes. The main contact will be through the alert notifications. Meetings will focus on discussing best practice and current concerns.

The Welsh Government will provide a secretariat to the Good Governance Group.

Papers for the meeting will be circulated 2 weeks before the meeting, and notes of the meeting / action points will be circulated within 5 working days of the meeting.

Meeting minutes and action points may be shared with group member organisations only and only insofar as necessary.

Further considerations

The Data Sharing Bill

The Cabinet Office is developing proposals to enable greater data sharing across government and the public sector. A single bill will cover three main strands around the reuse of administrative data:

- Fraud, error and debt;
- service provision; and
- research and statistics.

“The Government is now exploring legislative options for these specific proposals, with a view to publishing draft legislation in the New Year. It is likely that the legislation would be introduced to Parliament in 2014/15 at the earliest.”

The Good Governance group will amend the Terms of Engagement to consider the impact of this Data Sharing Bill.

The National Fraud Initiative

The Good Governance group will consider any links with the existing National Fraud Initiative.

Experian pilot

The Good Governance group will consider links with the Experian pilots under development.

Annex A – Contact list for each member organisation

Organisation/ Body	Contact name	Tel	E-mail
Arts Wales	Betsan Moses	02920 441307	betsan.moses@artswales.org.uk
Big Lottery Fund	Lara Ramsay		Lara.ramsay@biglotteryfund.org.uk
Charity Commission	Harry Iles		Harry.iles@charitycommission.gsi.gov.uk
Heritage Lottery Fund	Jennifer Stewart		jennifers@hlf.org.uk
Museum Wales	Neil Wicks		neil.wicks@museumwales.ac.uk
NHS	Eifion Williams		eifion.williams@wales.nhs.uk
Sports Council Wales	Sarah Powell		Sarah.Powell@sportwales.org.uk
Swansea Council for Voluntary Service	Carol Green		Carol.green@scvs.org.uk
WAO	Mike Usher Nick Davies	02920 320573 02920 320527	Mike.Usher@wao.gov.uk Nick.Davies@wao.gov.uk
WCVA	Tessa White	02920 431755	twhite@wcva.org.uk
Welsh Government	GCoE	02920 823768	grantsexcellence@wales.gsi.gov.uk
WLGA	Jon Rae		jon.rae@wlga.gov.uk

Annex B – List of other groups

- Wales Funders’ Forum – chaired by WCVA

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