

Kirsty Williams, AM
Cabinet Secretary for Education
Welsh Government

3 November 2016

Dear Kirsty

Review of Higher Education Funding and Student Finance Arrangements in Wales

As you will be aware, following publication of the Final Report of the Diamond Review, the Children, Young People and Education Committee met with Professor Diamond to discuss the report and its recommendations in detail.

The Committee very much welcomed the meeting with Professor Diamond, as this provided an opportunity to hear first-hand the thinking behind many of the review's recommendations, and for Professor Diamond to provide further information and answer questions on specific recommendations and the Final Report as a whole.

I thought it would be helpful to set out formally the Committee's views and concerns on specific areas of the review in advance of your formal response to the Final Report. The Committee would also very much welcome your response to a number of questions set out in this letter, where we believe further clarity or assurance is needed. This will help the Committee in its ongoing scrutiny of the review's recommendations.

A package of support

It is clear that Professor Diamond considers the review's recommendations should be taken as a package, which will provide:

- support for funding both students and the higher education sector in Wales;
- support for an integration of research and teaching; and



- support an individual student to “flow” through different aspects of higher education. They may be entering higher education from school, college, unemployment or employment.

The Committee welcomes the recommendations for full time undergraduates and also welcomes the recommendations for support for postgraduate and part-time higher education. The Committee believes that the recommendations should be implemented as a “package” to help enable an individual student to be supported financially through different levels of higher education, including within further education.

To support this approach, the Committee welcomes the recommendations in the Diamond report on Welsh Government support for employer sponsored higher education programmes and higher level apprenticeships. It also recommends that the Cabinet Secretary gives serious consideration to introducing / developing a more “dynamic” system between further and higher education, using some of the most successful current arrangements between colleges and higher education institutions as potential future models.

Full time undergraduate fees

Professor Diamond told the Committee that he believes the level of fees for full-time undergraduate courses is “about right” to enable universities to operate effectively, but that the Welsh Government “will need to consider very seriously what these rates are in future”.

The Committee has noted that the Cabinet Secretary has set the maximum fees for undergraduate courses for 2017/18 at £9,000 p.a. compared to a maximum of £9,250 p.a. in England (an inflationary increase). However, some commentators have expressed the view that this will disadvantage the higher education sector in Wales.

Could you set out your reasons for setting the fee level to £9,000 p.a., and outline (a) at what level you intend to set full-time undergraduate fees in future years; and (b) how you intend to respond to future changes to undergraduate fees in England.



Financial modelling and forecasts

Professor Diamond has confirmed that the financial modelling within the review was largely based on the £9,000 maximum fee and current student numbers. An inflationary increase of 2 per cent would cost an additional £24million.

Can you confirm what contingency margins the Welsh Government will factor into their financial modelling to take account of for example: demographic change; increasing numbers of students at all levels; and increasing maximum fees? In addition, what modelling has the Welsh Government undertaken on the future numbers of European and International students?

Progressive Universalism

The Committee notes the review's recommendation to give every full-time undergraduate a maintenance grant of £1,000 p.a. regardless of household income. Professor Diamond told the Committee that the recommendation was made in the spirit of progressive universalism, which has been part of Welsh Government policy for some time.

Do you agree with the principles of Professor Diamond's proposals for "progressive universalism", and do you intend to accept the recommendation to give every full-time undergraduate a maintenance grant of £1,000 p.a.?

The cost of the proposals

There was some uncertainty as to whether the recommendations presented in the report would be cost neutral, as outlined. Some questions were also raised about the remit of the review relating to 'costs'.

Could you clarify:

- *Whether Professor Diamond was asked to make "cost neutral" recommendations?*
- *Whether this requirement was changed during the course of the Review?*
- *Whether the Welsh Government expects to make financial savings from a new policy compared to the previous policy, including the Tuition Fee Grant?*



Acquiring higher level skills and progression

Professor Diamond told the Committee that he “is passionate about a broad range of skills being available” including higher level apprenticeships. In order to help achieve this, the Committee recommends that the Cabinet Secretary reviews:

- the “flow” and progression of students through pre- and post-16 education, particularly for those young people who do not choose a traditional academic path.
- the availability of **independent** careers advice, particularly in years 9 and 11, particularly for those young people who may benefit more from a vocational pathway rather than an academic pathway but who still wish to achieve higher level skills.

Additional support for vulnerable groups

The Report recognises that students with a disability have particular challenges in successfully completing a course of higher education, and suggests that the Welsh Government should work with HM Treasury to consider what further assistance can be offered. The Committee very much agrees with this, and recommends that the Cabinet Secretary works with HM Treasury in this regard.

The Committee welcomes the recommendation that people with experience of care should receive the maximum Maintenance Grant. We do however recognise that other vulnerable groups, including those with experience of the care system, should also be considered a priority for additional help, and calls on the Cabinet Secretary to explore how this can be taken forward.

Increased Demand

The implementation of the new system could increase demand within the Higher Education setting. The Committee therefore recommends that the Welsh Government gives consideration to the impact of the proposals on higher education staff, particularly the workloads of current staff and the potential supply of new lecturers, if needed.



Incentivisation to encourage graduates to return to Wales

The Committee endorses Professor Diamond's recommendations about the incentivisation of graduates to return to Wales. The Committee notes that the report refers to loan cancellation as one means of incentivisation, but suggests that other mechanisms, such as "golden hellos" should be explored, especially if "partial loan cancellation" turns out to be difficult to arrange quickly.

The Committee is keen to consider the Cabinet Secretary's response to the Diamond recommendations. Once that response is published, we would welcome the opportunity to discuss this further with you in Committee.

I have copied this letter to Russell George, AM, Chair of the Economy, Infrastructure and Skills Committee.

Yours sincerely



Lynne Neagle AC / AM
Cadeirydd / Chair

Cc Russell George, AM
Chair of the Economy, Infrastructure and Skills Committee

