



Lynne Neagle AM
Chair
Children, Young People and Education Committee

16 November 2016

Dear Lynne

Thank you for your letter of 3 November on behalf of the Children, Young People and Education Committee. I am pleased that Professor Diamond was able to attend the Committee to discuss with you the work of the Review of Higher Education Funding and Student Finance in Wales.

I welcome the views that the Committee has put forward in relation to the Review. I will publish the Welsh Government's detailed response to the Diamond Review's recommendations, together with a consultation on proposals for student support funding on the 22 November following a statement to the Senedd.

Many of the questions contained in your letter will be answered when I issue the formal Welsh Government response. However, there are a number of issues to which I would like to respond prior to the 22 November.

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.

The Diamond Review's report stated that Welsh universities should be able to charge tuition fees of up to £9,000. The Welsh Government remains opposed to full cost or near full cost fees. We do not believe that higher education should be organised on the basis of a market and we are concerned at some of the reforms that are being proposed in England. However, we recognise that HE institutions must be able to operate across geographical boundaries and remain competitive in an environment that has a significant cross-border flow of students. We recognise, therefore, that HE institutions should be able to continue to set their tuition fee levels at around £9,000. I did not believe that it was the right time to increase fees beyond £9,000 prior to the publication of the Diamond report on the 27 September and before Welsh Government had time to consider how it was going to respond to the recommendations.

I will continue to review the maximum level of tuition fees in Wales, taking account of the financial sustainability of our institutions, how we maintain our competitiveness in an international context and the impact on students. Of course I will also take account of developments in England, including the introduction of the Teaching Excellence Framework

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Rydym yn croesawu derbyn gohebiaeth yn Gymraeg. Byddwn yn ateb gohebiaeth a dderbynnir yn Gymraeg yn Gymraeg ac ni fydd gohebu yn Gymraeg yn arwain at oedi.

We welcome receiving correspondence in Welsh. Any correspondence received in Welsh will be answered in Welsh and corresponding in Welsh will not lead to a delay in responding.

(TEF). However, No commitment has been made to link TEF outcomes to increases in tuition fees in Wales and it is a matter for individual Welsh providers delivering higher education to determine whether or not they want to take part in year two of the TEF. .

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?

As I consider Professor Diamond's proposals, I am mindful of the key dependencies noted in the Diamond Review and your letter; it is clear that factors such as these will affect the affordability of any system of student support. The assumptions underlying Welsh Government analytical modelling of student support costs are routinely reviewed, in light of potential impacts of policy changes, student numbers and inflationary pressures. Sensitivity analysis is undertaken to quantify the effect of deviations from central assumptions.

As the timing of the exit of the UK from the European Union remains unknown, EU students continue to be factored in to forecasts of student support costs. This will be reviewed as more details on the future relationship of the UK and the EU become available.

Could you clarify:

- Whether Professor Diamond was asked to make 'cost neutral' recommendations?*
- Whether this requirement was changed during the course of the Review?*

The remit and principles of the Diamond Review were outlined clearly in both the Interim and final Report. The initial remit specified that the panel was asked to deliver recommendations that were deliverable, affordable and sustainable. I can confirm that Sir Ian was under no specific requirement to make his recommendations cost neutral and there was no change to that aspect of the group's remit during the course of the review.

I am clear that Wales needs a sustainable and progressive higher education funding settlement that supports students when they most need it, and enables our universities to compete internationally.

As I made clear on 27 September, Cabinet endorsed the principles contained within the report. Our response will build on our key established principles:

- that we maintain the principle of universalism within a progressive system;
- that we have a 'whole system' approach;
- that investment is shared between Government and those who directly benefit;
- that we enhance accessibility, tackling barriers such as living costs; and
- and that student support is portable across the UK.

Yours sincerely



Kirsty Williams AC/AM

Ysgrifennydd y Cabinet dros Addysg
Cabinet Secretary for Education

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