



Simon Thomas AM,  
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By email: Simon.Thomas@assembly.wales

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Dear Simon,

As the Director of Universities Wales I am writing on behalf of our members – the Vice Chancellors of the eight universities in Wales and the Director of the Open University in Wales.

I am writing to you in your role as Chair of the Finance Committee with some brief but important comments on the Welsh Government draft budget for 2017/18. These are additional to those in our original budget consultation response of 9 September 2016 (enclosed) as since submitting our consultation response, the sector has seen the publication of the recommendations, and Welsh Government response to the Diamond Review of higher education funding and student finance arrangements for Wales. This has significant implications on the sector's position regarding future funding, and therefore our response to the proposed 2017/18 HE budget.

Universities Wales believes the previous government was right to look to an independent cross-party panel to make recommendations for the long-term success and sustainability of the sector and we welcome its findings: offering means-tested maintenance grants for Welsh students will give many more talented people the opportunity to transform their life-chances through going to university, and alongside this support to students, university funding for key priorities – quality research, part-time provision and expensive subjects such as medicine – is crucial if our universities are to continue to be a positive force for good for the people and economy of Wales.

As we look to the future, universities, and the growing proportion of people studying at them, will be the key drivers of economic and social transformation in Wales. We therefore welcome Welsh Government's commitment to implement the Diamond Review's recommendations from 2018/19.

However, as we have not yet reached the point of implementation, it is crucial that the HE budget for 2017/18 is sufficient to provide a bridge to this point for our universities. The upcoming year presents a time of exceptional circumstances for universities in Wales due to the result of the vote to leave the EU, potential UK immigration policy changes and significant shifts in the global political landscape. This creates very high uncertainty and

volatility in student recruitment, on which universities are highly dependent on for income. Furthermore, in order to continue to attract students, universities need sufficient funds to cover the cost of borrowing and future repayments for the significant capital investment needed to maintain a competitive position. This combination of challenges gives an uncertain short-term outlook.

Whilst universities in Wales are positive about the long-term funding outlook post-Diamond, a clear path to a funding solution so that our universities can be resilient enough to see through this period of particularly high uncertainty is crucial. The 2017/18 HE budget must not place universities in the position where they are required to make decisions that would take many years to reverse and could have detrimental consequences for Wales. Certain activities are particularly vulnerable in the short-term including, part-time provision, high cost subjects and research. These areas are vital to Wales' economy and society and are covered in more detail in our enclosed original submission.

We would like to note that capital funding could form part of the solution to reducing the short-term risks above and enable joint work towards Welsh Government's priority in their Programme for Government: to better utilise their existing relationships with Welsh universities to help sell Wales to the world following the Brexit vote – and work with the sector to ensure protection for students, and important research grants. Capital funds support the development and improvement of higher education infrastructure to create and sustain the conditions for a world leading HE system.

This ability to remain competitive should be a major issue for Wales, since the economy is so dependent on the strength of its universities and their ability to compete successfully in a global knowledge economy. Universities in Wales are national assets – not simply resources to deliver programmes of study but major generators of investment and income for the wider Welsh economy and society. We therefore ask that our comments are seriously considered by the Committee and I am happy to answer any questions you may have.

With best wishes



Amanda Wilkinson  
Director, Universities Wales