

THE LEARNED SOCIETY OF WALES  
CYMDEITHAS DDYSGEDIG CYMRU

CELEBRATING SCHOLARSHIP AND SERVING THE NATION  
DATHLU YSGOLHEICTOD A GWASANAETHUR GENEDL

# The Funding Gap



**EXPERT • SCHOLARSHIP • AUTH**  
**INDEPENDENT • RESEARCH • EXCELL**



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### Correspondence with the Minister for Education and Skills, Leighton Andrews AM

Data from HEFCW show that from 2000-2001 to 2008-2009 (the years of abundant spending in other Welsh public sectors), with one small exception, it has been the policy of the Welsh Government to underfund the Welsh Universities, compared with those in England and Scotland. The Learned Society of Wales believes that attention must be drawn to this Funding Gap, with a view to persuading the Government, first, to recognise that the Welsh Universities are under-funded and, second, to rectify the position through the provision of resources at an appropriate level. Over the past months, through its President, Sir John Cadogan and with the support of its Council, the Society has therefore engaged in correspondence with the Minister for Education and Skills, Leighton Andrews AM, about the funding of our Universities.

Copies of the following letters are attached:

- Sir John Cadogan to Leighton Andrews AM, 16 March 2011
- Leighton Andrews AM to Sir John Cadogan, 14 June 2011
- Sir John Cadogan to Leighton Andrews AM, 8 July 2011
- Leighton Andrews AM to Sir John Cadogan, 25 August 2011
- Sir John Cadogan to Leighton Andrews AM, 12 October 2011

Also attached is a copy of the paper on the Funding Gap, Comments of the Council of the Learned Society of Wales on the Welsh Assembly Government's support for the Universities in Wales, which was issued by the Society on 1 March 2011. The paper concludes:

"Continued weakening of the Welsh Universities on top of a decade of poor support from WAG will reduce their attraction to students and hence loss of income. It will also reduce their attraction to staff and hence loss of excellence thus reducing their attraction to external funding bodies who are interested only in excellence. All will result in further erosion of our key National knowledge base and so on in a downward spiral which holds out little support for the belief that Wales is to be a small but clever Nation."

Sir John's letters were drafted in consultation with the members of the Society's Council and, during its meeting on 12 October 2011, the Council unanimously resolved that the entire correspondence should be published, on the Society's web-site and through other media.



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From the Office of the President, Sir John Cadogan CBE DSc FRSE FRSC PLSW FRS

COPY to First Minister and Minister for Science

Mr Leighton Andrews AM  
Welsh Assembly Government,  
Cardiff Bay.

16 March 2011

Dear Mr Andrews,

## The Funding Gap

It is noticeable that recent statements emanating from your Department have taken to referring to "the so called funding gap". As you will be aware many commentators as well as the Learned Society of Wales have commented adversely on the existence of what they describe as "the funding gap"

The Learned Society is determined to be accurate and thus has used "funding gap" because this is the title of five consecutive yearly publications on the subject emanating from your servant, HEFCW. It is known that HEFCW had to seek your approval before publication. My first question is - why are you now describing the gap as "so called"?

Your statements go on to speculate that changes in England will cause the funding gap to be abolished. Is it not the fact that such speculation has no bearing on the real issue of the damage done to the sector as a result of WAG's policy of underfunding over the last decade?

Based on the evidence from HEFCW it is clear to the Learned Society and others that the gap, which is better described as the deficit, is real, that it cannot be made to disappear by sophistry and that it remains at some half billion pounds so far in today's money whatever England chooses to do and whatever euphemism WAG uses. Is it not the case that the only way that the gap will "be abolished" is to fill it?

I am copying this to the First Minister and to the Minister for Science who should be deeply concerned with the effect of the decade of underfunding on the efficacy of scientific research and teaching in the Universities in Wales with all the consequential adverse effects on the future prosperity of the Nation.

Yours sincerely

President

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You are welcome to correspond with the Society in either Welsh or English ♦ Mae yna groeso i chi ohebu â'r Gymdeithas yn y Gymraeg neu'r Saesneg

Leighton Andrews AC / AM  
Y Gweinidog Addysg a Sgiliau  
Minister for Education and Skills



Llywodraeth Cymru  
Welsh Government

Eich cyf/Your ref  
Ein cyf/Our ref

Sir John Cadogan  
President  
The Learned Society of Wales  
PO Box 586  
Cardiff  
CF11 1NU

14 June 2011

*Dear Sir John,*

I am responding to the letters you sent to myself, the First Minister and the Deputy Minister for Science, Innovation and Skills, shortly before the dissolution of the last Assembly.

Can I firstly thank you for your observations. The support of higher education in Wales has and continues to be a priority for the Welsh Assembly Government and in 2011-12, nearly £400 million will be made available to Welsh Universities via HEFCW. We provide, and will continue to provide substantial funding to deliver higher education in Wales.

You will understand the current financial constraints within which the Government has to operate. With this in mind, I am determined that the money invested by Government is best utilised and so I have challenged the HE sector on numerous occasions to use the funding more efficiently to benefit students and the sector as a whole. The Sector remains ripe for rationalisation in order for it to compete internationally and better use its resources to serve the needs of Wales. It is important to note the findings of the PriceWaterhouse Cooper report into education administration which showed that 52 per cent of HE expenditure is on back room services rather than teaching and students.

Whilst you question past priorities, I hope that you now welcome our recent announcements on what I regard as the most equitable student finance system we've ever created in Wales. At the same time, the level of public funding for the Welsh HE sector (through HEFCW) will be higher than that available to English institutions. Our proposals are far more generous over forthcoming years that are predicted for England, where teaching budgets are expected to fall significantly. These changes effectively abolish the so called funding Gap.

*Yours sincerely  
Leighton Andrews*

Leighton Andrews AC / AM

Y Gweinidog Addysg a Sgiliau  
Minister for Education and Skills

Bae Caerdydd • Cardiff Bay  
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Wedi'i argraffu ar bapur wedi'i ailgylchu (100%)

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From the Office of the President  
Sir John Cadogan CBE DSc FRSE FRSC PLSW FRS

Mr Leighton Andrews AM  
Welsh Government,  
Cardiff Bay,  
Cardiff CF99 1NA

July 8, 2011

Dear Mr Andrews,

Thank you for your reply of 14 June to my letter of 16 March. In this letter I asked you to explain why you and your officials persist in referring to the Funding Gap of £360 million (ca £500 million in today's money) as "the So Called Funding Gap", given that "The Funding Gap" is the title of five consecutive annual papers on this topic published on your authority by HEFCW. I am further surprised to note that the First Minister has since referred to the "Alleged Funding Gap".

I feel obliged to put my question again.

You also overlooked my objection to your assertion that future changes in England will effectively abolish the funding gap. You simply repeated it again without addressing my points. I therefore repeat my question, is it not the fact that the existing gap is a £500 million millstone which has damaged and continues to damage the Welsh universities now and in the future and which can only be abolished by filling it?

In your letter you refer to your repeated observation on the PriceWaterhouseCoopers report in which you assert that 52% of HE expenditure is on what you describe as "back room services rather than teaching and students". Because this has become an attempted justification of the Funding Gap I will comment on it.

Putting the best light on it I assume you have been poorly briefed. You have argued, from what I will show is a false premise, that the universities are therefore very inefficient and regardless of the Funding Gap have quite enough money to compete. You have then extrapolated to a justification of continued and growing underfunding of the universities and have caused the sector to be diverted from its frontline tasks by reorganising and by juggling with the fee system. The resulting costs of complexity and damage to the universities are undoubtedly large.

I would be surprised if there are not efficiencies to be found in this sector as in Government at large but the size of the inefficiency which you purport to have discovered is not supported by the facts.

The PWC report is excellent in its detail. It shows that the quantum of 52%, “back room services” on which you have made your far reaching and damaging decisions, consists of three sectors which I will take in turn.

#### ACCESS(4% of total expenditure)

PWC say that this is the time spent by academics in handling enquiries from prospective undergraduates and post graduates and making the necessary assessments, **particularly from non traditional entrants. This is clearly a vital part of the teaching and research activity of the sector and is crucial to its work, even to its very existence. Surely this is in accord with your concerns about access. Your current demands will further load this sector.**

PWC say that these activities “improve retention rates by helping provide information to inform subject choice”.

#### SERVICE MANAGEMENT (13%)

PWC show that this includes

- Research leadership by supervisors of research.
- Course leadership of teaching at undergraduate and postgraduate levels.
- Management of knowledge transfer.
- Library staff.

I know from experience that the work in these areas is carried out by academics themselves with very little or no support. This is central to good teaching, research and support and not detrimental to it.

PWC say these activities “represent the complexity of operations in a typical university”

#### STRATEGIC AND SUPPORT SERVICES (35%)

PWC say that this includes maintenance, heating and powering of the buildings, libraries, lecture halls, tutorial rooms, laboratories, highly advanced equipment housing, residences, catering, health and safety, security, outreach, technical laboratory staff, consumables, computing services, playing fields, etc. These functions are essential so that universities are fit for purpose and to meet today’s very demanding health and safety regulations. They underpin “student experience”. It should be obvious that without this infrastructure no teaching or research is possible. How do you imagine teaching of the sciences and the prosecution of scientific, engineering and medical research can proceed without laboratories, state of the art equipment and technical support? How are the arts, humanities and social studies to exist without libraries? Is it expected that lectures and tutorials are to be delivered in the open air? And all need state of the art computing. Further, student residences, an important part of the “student experience”, the cost of which is a big component, are self sustaining and not paid out of the public purse at all. Also, it is obvious to anyone who has taken the trouble to walk around our universities that much of the estate is in bad shape while every new building carries with it the burden of just running it. It is frankly ridiculous to state that this wide range of necessary provision constitutes unneeded “back room services rather than teaching and students” which could be cut to the

benefit of students when the reverse is obviously the case. To obtain a proper basis for comparison please take a look at the costs of WG's buildings and the costs needed to house and provide 5500 civil servants as well as AMs and special advisers.

If PWC had concluded that the level of provision in the "52% sector" was exorbitant and wasteful there would indeed have been cause for concern and remedial action. On the contrary, as must have escaped your notice, PWC concluded that "this level of cost is not surprising given the scale and state of the university estate".

It is clear therefore that that "back room services" to which you so pejoratively refer are, on the contrary, integral to the teaching, learning and research function of the universities. Please be aware that the universities are producers for, and guardians of the future of, the Nation. They have a real output which is the teaching and supervision of some 61000 students at a cost per head which is **vastly, but dangerously, lower than any other university sector in Great Britain. Your own numbers via HEFCW show that in 2008-2009 the funding deficit per capita compared with England was £900 and with Scotland it was £ 2276 - and remember that Scotland operates a four year degree. Further, this has been going on, year on year, for over a decade, while other public expenditure has burgeoned. By now the deficits are worse. Since you are so rightly concerned with costs I suggest you should think on this.** In this connection a study of PWC's report on DCELLS, which is a consumer of funds with no obvious educational output, is of great public interest in that it deals with an organisation which is 100% back room services, to use your terminology, which requires 745 civil servants to nourish it.

I ask that you look very carefully at the PWC report yourself in the light of the facts which you seemed to have missed and which I now bring to your attention. The Nation does not deserve inadequate analysis particularly when it leads to serious damage to its only knowledge base. The Welsh universities are struggling and their plight is getting worse year by year. Constant denigration is not constructive.

If any of my factual observations are held by you to be incorrect I would be grateful to receive a detailed rebuttal. The Learned Society, being interested only in evidence-based analysis, is anxious to be accurate in this regard. As things stand however the universities in Wales are in grave danger.

Yours sincerely

A handwritten signature in black ink, reading "John Cadogan". The signature is written in a cursive, flowing style.

President

Leighton Andrews AC / AM  
Y Gweinidog Addysg a Sgiliau  
Minister for Education and Skills



Llywodraeth Cymru  
Welsh Government

Eich cyf/Your ref  
Ein cyf/Our ref LA/05519/11

Sir John Cadogan  
President  
The Learned Society of Wales  
Cardiff  
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28 August 2011

Dear Sir John

Thank you for your letter of 8 July 2011. I appreciate your strength of feeling on the matter of higher education funding and whilst I acknowledge the points you raise in respect of HEFCW's comparative funding analysis, we cannot escape the fact that we are moving into a new funding environment from academic year 2012/13. This will impact significantly on any future analysis of comparative funding levels between Wales and other parts of the UK. You will no doubt be aware of the recent White Paper on Higher Education in England.

In considering the specific points that you raise on HEFCW's comparative analysis, it is important to note that public investment in higher education is not represented solely by the funding that goes to institutions but in my view should be taken together with the funding allocated to student finance. Taking the level of institutional funding and student finance together in Wales, spending is on a par with English levels. It is also important to note that HEFCW's analysis indicates that Wales invests more in higher education per head of population than England.

While the Welsh Government will continue to be a significant investor in higher education, it can be said that higher education institutions are able, through their own operations, to create considerable leverage with the resources at their disposal, through research excellence, teaching and engagement with business. However, it remains the case that the Welsh sector is more reliant on funding body grants than the English sector. In this regard it is increasingly important that the sector seeks to diversify its income sources.

At the same time, I feel I must reiterate the point made in my original letter to you in June. Despite the challenging financial constraints in which we now have to operate, The Welsh Government continues to have a strong commitment to higher education and this year will make funding of nearly £400 million available to Welsh higher education institutions via HEFCW. I have made clear my expectation that institutions seek to maximise the return on this significant public investment to drive forward the far reaching changes identified in *For our Future* and deliver a higher education sector that is internationally competitive and meet the needs of the people and economy of Wales.

Bae Caerdydd • Cardiff Bay  
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Wedi'i argraffu ar bapur wedi'i ailgylchu (100%)

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However, changes in the funding environment alongside pressures in public funding make it increasingly vital that we now refocus the funding gap debate even more strongly on how the higher education sector can make the most of the resources at its disposal to tackle the challenges and agenda for change outlined within *For our Future*.

As you will be aware, *For our Future* also identified the need for radical change in the shape, structure and provision of higher education. Too many Welsh Institutions are too small to operate effectively in response to the growing pressure of international competition, or yield sufficient economic benefit for Wales. This is a situation which must change if we are to build a world class higher education system that can meet the social and economic challenges we face in Wales, is financially sustainable and competitive on an international stage. To this end, I recently published a report by HEFCW on the *Future Structure of Universities in Wales* and I have invited representations on HEFCW's proposals over the summer.

It is my continuing aim to ensure that the sector is fit for purpose and fully equipped to meet the future challenges that face it. We must take care that the funding gap debate does not impact on our ability to deliver this for the benefit of Wales or detract from the significant achievements of the sector.

In relation to the points that you raise in respect of the PricewaterhouseCooper (PwC) report, you should note that the Front Line Resources Review, which I launched in July 2010 to implement the PwC review's findings, explored different opportunities to deliver a cost shift from support functions to front line service delivery. This was not simply to find efficiencies, but to deliver the best possible education service by trimming some of the unnecessary bureaucratic burdens in the system.

The original PwC report envisaged that a shift of funding of between £104 million and £192 million could be achieved. The delivery plan currently being progressed is expected to achieve this when fully implemented. However, there is still a long way to go and the cost shift is unlikely to be fully realised for another 2 to 3 years.

In June 2011, I published a One Year On report, which sets out what has been achieved and what remains to be done. The One Year On report may be found here:

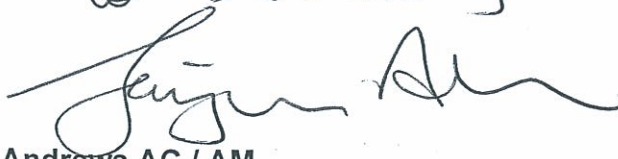
<http://wales.gov.uk/topics/educationandskills/publications/wagreviews/educationreview2010/?lang=en>

As you are aware, one of the key areas of delivery from this report was reconfiguration and sharing of services within HE and FE providers. With this in mind, I would once again draw your attention to the recently published HEFCW report on the *Future Structure of Universities in Wales* and invite you to consider the analysis and recommendations set out within it and submit a response by 5 October 2011. HEFCW's report is available via the following link:

<http://wales.gov.uk/consultations/education/heinwales/?lang=en>.

With its current level of annual contribution, the Welsh Government will always be a significant stakeholder in higher education. However, *For Our Future* makes clear that higher education needs to change significantly to make the best use of the public investment it receives, and sets a framework to ensure the sector meets the needs of the people of Wales and the Welsh economy.

By working together, seizing opportunities, maximising effectiveness and making best use of all the resources available, I am confident that we can deliver a high quality sector that meets the needs of Wales, is internationally outstanding and maintains effective high quality front line provision of education.

*Yours sincerely*  


**Leighton Andrews AC / AM**  
Y Gweinidog Addysg a Sgiliau  
Minister for Education and Skills



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From the Office of the President  
Sir John Cadogan CBE DSc FRSE FRSC PLSW FRS

Mr Leighton Andrews AM,  
Welsh Government,  
Cardiff Bay,  
Cardiff CF99 1NA

12 October 2011

*Dear Mr Andrews,*

Thank you for your reply of 25 August to my letter of 8 July 2011. The Learned Society of Wales agrees that there is great benefit in working with Government for the future good of Wales. It sees that its part in this lies in helping to produce accurate and independent interpretation of key data on which Government bases its decisions, as well as championing international excellence in our universities. The Learned Society also recognises the difficulties facing Government and that there are calls for all to take their share of cuts. However it wishes it to be known that the universities have taken serious and damaging cuts in advance during years when financial support for the rest of the public sector has burgeoned.

In the light of this objective I return to your latest reply.

It was good to see your acknowledgement in your first paragraph, of the reality of the cumulative Funding Gap of £500 million in today's money and its adverse consequences as enumerated by The Society and I thank you for this.

In my letter I went on to refer to misleading and damaging inaccuracies in your interpretation of the results of the PWC report. In particular you have said that 52% of expenditure in the University sector is for "backroom services" and not for front line teaching and research, whereas I pointed out that the detail of the PWC report and PWC's own commentary shows that this is a profound misinterpretation. I invited you to provide a detailed rebuttal of any inaccuracies which you perceived on my part. That you have not done so entitles The Learned Society of Wales and the community at large to assume that you were unable to do so and that the criticisms therefore stand. I urge you therefore to amend your strategy of underfunding which is based, at least in part, on what we know to be inadequate analysis, thus lessening the risk that our universities will become damaged beyond repair.

In your reply you draw attention to PWC's opinion that a shift of funding, between £104 million and £192 million, from unnecessary bureaucracy to front line activity is possible over the next three years. This, of course, bears on an overall expenditure of £1.643 billion covering all the activities of your department from costs of DCELLS through schools, Estyn, FE, LEA services and so on. This has little bearing on the particular unfounded criticisms of the HE sector to which I refer in the previous paragraph.

I note that you wish to aggregate the funding provided to the universities with the very generous treatment of students domiciled in Wales. Even if this is done the Funding Gap remains. Further, your assertion obscures the fact that your very low direct funding of the infrastructure of the universities, which is your sole responsibility, is weakening their already fragile capability as the only knowledge base of the Nation. This bears on the relatively low success rate in science research council funding, for example, which depends solely on the population of world class, state of the art equipped scientists and engineers and is not related to the population of Wales, contrary to what is assumed to be so in some quarters.

To gamble the already delicately poised future of the universities in Wales on the uncertainties of where students, domiciled inside or outside Wales, wish to study coupled with the unquantifiable effect of the cap on numbers is dangerous for the future of Wales. Forward planning by the universities is now a matter of guesswork. Already, tariff scores show that our best students are leaving Wales to study in higher ranked universities elsewhere. Many never return. Tariff numbers also show that these bright leavers are not balanced by equally well qualified non Welsh domiciled students coming in. Recent changes in the English system adumbrate head hunting by the English universities of our best students. As the Welsh universities decline because of lack of funds, the position will get worse.

You can be certain that the Learned Society will respond, as it considers appropriate, to invitations to comment on papers arising from Government and HEFCW. Also certain is that it will continue to argue and provide evidence that underfunding underpins underperformance.

Yours sincerely  
Iwan Cadogan

President



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### COMMENTS OF THE COUNCIL OF THE LEARNED SOCIETY OF WALES ON THE WELSH ASSEMBLY GOVERNMENT'S SUPPORT FOR THE UNIVERSITIES IN WALES (1 MARCH 2011)

Data from HEFCW<sup>1</sup> show that from 2000-2001 to 2008-2009, with one small exception, it has been WAG's policy to underfund the Welsh universities, compared with those in England and Scotland. These were the years of abundant spending in other Welsh public sectors.

#### CUMULATIVE FUNDING GAPS (£million, money of the day)

	2000-2001	2007-2008	2008-2009 (est.)	2000-2009 (total)
Wales cf England	1.4	68.5	78.0	361.8
Wales cf Scotland	54.8	181.0	180.0	1061.2

Put another way, the negative funding gap per student (Welsh cf English) has grown from £20 in 2000-01 to almost £900 in 2008-09. The funding gap between Wales and Scotland is much higher. In 2000-2001 it was £780 per student, growing to £2276 in 2008-2009.

In defence of its actions WAG has said that future cuts in England "will effectively abolish the so called [*sic*] public funding gap" implying that the problem will be lessened. This is to ignore the absolute damage done to the Welsh universities by inadequate WAG support over ten years which is set to continue. It is the view of The Learned Society of Wales that such underfunding of the Welsh universities undermines the sustainability of the dominant knowledge base of the Nation.

<sup>1</sup> The Funding Gap 2007/08, HEFCW,  
[http://www.hefcw.ac.uk/documents/publications/hefcw\\_reports\\_and\\_statistics/Funding%20gap%202007%202008.pdf](http://www.hefcw.ac.uk/documents/publications/hefcw_reports_and_statistics/Funding%20gap%202007%202008.pdf)

Higher Education is a devolved responsibility of WAG which brings with it a duty to nourish the infrastructure of its universities so that they are fit for purpose based on internationally excellent staff and state of the art equipment, libraries and buildings. In the light of the above figures it is not surprising that on most indicators the Welsh universities are not performing well despite some admirable, but too few, pinnacles of excellence. Important academic departments have been closed through pressure on funds. Wales is already trailing in Research Council competitions and has been for a decade. The latest analysis<sup>2</sup> of the distribution of UK health research money showed that Wales received only 1.6% of the whole while Edinburgh alone received 5.6%. In the last Research Assessment Exercise<sup>3</sup> only 14.6 % of research in Wales was rated as world class, the University of Cardiff being the leader at 21%. In the THES ranking of the “top” 200 in the World, Welsh universities do not appear<sup>4</sup>. The QS World Universities Ranking puts Cardiff at number 122 with Bangor, Swansea and Aberystwyth at 368, 376 and 380<sup>5</sup>. The retiring Chairman of HEFCW said three years ago that unless the underfunding of scientific research were to be reversed in two years the position would be irreversible but the gap has continued to worsen.

We do not have a strong enough private sector in Wales to provide the wealth we need. Key economic indicators show Wales to be slipping back. Our largest private employer is TESCO. All agree that Wales must attract more industry and commerce particularly from the high technology sector. There is no doubt that a really outstanding science, engineering and technology base is the only way to attract such companies anxious to get close to the action, not to mention the genesis of start up enterprises. Strong university departments in the social sciences, economics, law and the humanities are also vital, not only to support these industries and commerce but to underpin our large public sector including the Welsh Assembly and the civil service which overwhelmingly recruit from these disciplines.

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<sup>2</sup> UK Health Research Analysis (UK Clinical Research Collaboration, May 2006):  
<http://www.ukcrc.org/researchcoordination/healthresearchanalysis/ukanalysis/>

<sup>3</sup> RAE December 2008: <http://www.rae.ac.uk/results/>

<sup>4</sup> [www.timeshighereducation.co.uk/world-university-rankings/](http://www.timeshighereducation.co.uk/world-university-rankings/)

<sup>5</sup> QS World University Rankings 2010: <http://www.topuniversities.com/university-rankings/world-university-rankings/2010>

**The figures in the Table spell damage enough for the universities but the following latest decisions of WAG introduce critical uncertainties and do nothing to repair the already perilous financial state of this crucial National resource, hence consigning the Nation permanently to the slow lane.**

Thus in November 2010 WAG announced the university budget for 2011-2012 to be £382 million, down from £420 million. Soon, further change was signalled as a result of the English decision on future fees when WAG immediately announced through the Minister that the English settlement would not be copied in Wales but that WAG would pay all required increased fees needed by Welsh students whether studying in Wales or elsewhere. The assumption is that the resulting reduction in budget for the universities would be compensated by fee income from non-Welsh-domiciled students but this is subject to serious uncertainties depending on:

- (i) the numbers of students in our Universities and the size of any cap on numbers;
- (ii) the number of Welsh students leaving Wales, taking the subsidy with them;
- (iii) the number coming in from outside Wales; and
- (iv) the level of fees levied by universities here and elsewhere, which will probably vary.

There is also the matter of timing (the expected uplift in fees will not occur until 2012-2013) and there has to be a reconciliation between financial and academic years.

However, despite these unresolved uncertainties, it is possible to put forward a best case analysis, ominous though it is. HEFCW say that this year, in rounded terms, there are 52000 full time undergraduate Welsh students - 36000 in Welsh universities and 16000 in universities outside Wales. What is to be done about part time students is yet to be decided. We are told that the maximum fee might be some £9000 per student. However, WAG is assuming that the figure will be £7000<sup>6</sup>, implying an increase in subsidy of £3700 per student in addition to the present £3300, again in round numbers. Assuming that student numbers and the budget stay the same this amounts to a cut in direct grant to the universities of £192 million (52K x 3.7K) of which only £133 million (36K x 3,7K) would return to the universities. Thus the universities lose a further £59 million

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<sup>6</sup> [www.information.wales.gov.uk](http://www.information.wales.gov.uk) (see disclosure log>education and skills>2011>ED33, February 4 2011)

from their original budget from WAG which now becomes £323 million, down from £420 million by 23%. But the number of incoming non-Welsh students, presently very significant at 25000, would produce an income of £92.5 million. Other things being equal this would produce a total sum for the universities of £416.5 million rather than £420 million. Crucially, the financial health of the universities will suffer if more of our Welsh students are attracted elsewhere and if fewer non-Welsh students come in. It is clear, therefore, that just holding the budget at its already deprived level of £416.5 million depends on the gamble of not losing Welsh students and, more importantly, keeping up the attraction of the Welsh universities to incoming students at the same level. A further negative factor would ensue if a significant number of exiting Welsh students enter the top English universities demanding £9000 in fees. In this respect it would be wise to monitor the average A-level points score of those leaving and those staying in Wales.

All of this does nothing to remedy the existing degradation resulting from cumulative underfunding. We recognise that this is a time of inevitable cuts in public expenditure but emphasise that the Welsh universities have taken cuts in advance in times of plenty elsewhere in Wales.

**Continued weakening of the Welsh universities on top of a decade of poor support from WAG will reduce their attraction to students and hence loss of income. It will also reduce their attraction to staff and hence loss of excellence thus reducing their attraction to external funding bodies who are interested only in excellence. All will result in further erosion of our key National knowledge base and so on in a downward spiral which holds out little support for the belief that Wales is to be a small but clever Nation.**

1 March 2011

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## **The Learned Society of Wales: a brief note**

The Learned Society of Wales was established in May 2010 when it was incorporated as a Company Limited by Guarantee and formally launched. Under the provisions of its Memorandum and Articles, the Society is governed by a Council which is chaired by the President. Its first President and Chair of Council is Sir John Cadogan CBE DSc FRSE FRSC PLSW FRS.

The Society's Mission is:

- to celebrate, recognise, preserve, protect and encourage excellence in all of the scholarly disciplines, and in the professions, industry and commerce, the arts and public service;
- to promote the advancement of learning and scholarship and the dissemination and application of the results of academic enquiry and research; and
- to act as a source of independent and expert scholarly advice and comment on matters affecting the wellbeing of Wales and its people and to advance public discussion and interaction on matters of national and international importance.

The Society aims to establish itself both as a recognised representative of the world of Welsh learning internationally and as a source of authoritative, scholarly and critical comment and advice on policy issues affecting Wales.

The Society has fifty-eight Founding Fellows, who are prominent figures within their respective academic disciplines. The Society intends, within a relatively short space of time, to elect considerably more Fellows, using appropriate, transparent and fair but exacting procedures. Election to Fellowship of the Learned Society of Wales will be open to men and women of all ages and from all ethnic groups:

- who have a demonstrable record of excellence and achievement in any of the academic disciplines or who, being members of the professions, the arts, industry, commerce or public service, have made a distinguished contribution to the world of learning; and
- who are resident in Wales, or who are persons of Welsh birth but are resident elsewhere, or who otherwise have a particular connection with Wales.

The first round of elections will be completed in the Spring of 2011.

By focussing on the criteria of excellence and achievement, the Society will ensure that its Fellowship demonstrates the very best of which Wales is currently capable in all the major disciplines of human knowledge.

As part of its programme of events and activities, the Society will develop a number of lecture series and some special themes that support the world of learning. The Themes include: Energy; Invention, innovation and change; the History of Science and Technology; and the Universities (as the first event in which, the Society is organising a one-day Symposium on the subject "What are Universities for", to be held in UWIC in Cardiff on 18 May 2011).

**More information about the Learned Society of Wales (including lists of its Founding Fellows and Council members) can be found at:**

<http://learnedsocietywales.ac.uk>.



**THE LEARNED SOCIETY OF WALES**  
**CYMDEITHAS DDYSGEDIG CYMRU**

CELEBRATING SCHOLARSHIP AND SERVING THE NATION  
DATHLU YSGOLHEICTOD A GWASANAETHU'R GENEDL

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