Unit 33

The Enterprise Centre

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Chair of the Children, Young People & Education Committee

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Email Only

<u>HE in Wales – Narrative Evidence</u>

Sector Strain – no End in Sight

In lieu of a foreword, we believe that the committee should take stock of the industrial environment as it stands.

During and following the Pandemic, positive Barnett consequentials generated additional funding. Emphasizing the need for 'an equality-led recovery', the Welsh Government made funding available for school and college improvement through various 'reform and recovery' budget streams.

More recently, UK fiscal constraints have dampened the mood of decision makers, disrupting the coherence of Welsh Government's response to challenges emerging from the hysteresis of the pandemic and historical underfunding. Where previously we saw a system-wide vision, this has since been replaced by budgetary triage as government attempts to engage the isolated aspects of a much deeper structural problem.

UCU Cymru notes that Higher Education has suffered systematic failure and neglect which, combined with the recent hike in operating costs, risks bringing many Welsh institutions to their knees. With at least one Welsh institution having experienced severe liquidity issues, the recent increase in employers NI contributions can only exacerbate operating pressures.

Nor can we ignore the role of corporate governance and its place in promoting short term and opportunistic planning. Whether through disadvantageous banking covenants or PFI, a number of institutions are experiencing the cumulative effects of past financial mistakes.

Against this background, UCU Cymru notes a variety of harmful effects which can only exacerbate inequalities by effectively excluding Welsh learners. As reported in February, Cardiff University is seeking to raise course entry tariffs and thereby 'lever' against a more 'reliable' and 'lucrative' student cohort. They hope that this, in turn, will enable the university to climb in the Russel Group League table, enabling the institution to capture a greater portion of the inherently risky international market (hence the decision to maintain high reserves as a 'cash cushion').

In summation, we would invite the committee to consider two overarching issues:

- Nowhere else in the Welsh public or not-for-profit sector, do we find a combination of job losses through voluntary severance, pay freezes and the very real risk of compulsory redundancy.

- In contrast to other bodies, universities are prevented from making a public case for more money on the basis that students will not apply to an institution if they think it is at risk.

Participation and Recruitment – More, Not Less

Some policy makers have suggested that a fall in overall learner demand necessitates a reduction in the Welsh sector's capacity.

Around 30% of Welsh young people attend a university anywhere in the UK. This compares to 40% in Northern Ireland and just under 50% in Greater London. A report by Universities UK (UUK) found that Wales will need an additional 402,825 graduates by 2035 to fill jobs. Given that the Welsh economy currently comprises a 51% graduate workforce, it is clear we are confronting a skills deficit which threatens to exacerbate regional inequalities and arrest the development of the Welsh 'missing middle' – socially rooted medium-sized SME's.

Viewed from this perspective, it becomes clear that the real emergency centres on failing aspiration as opposed to low demand.

UCU Cymru is working closely with Welsh Government and Medr to design a suite of practical measures designed to boost Welsh learner participation. Departing from the assumption that pupils will aspire to something that they frequently experience, many of our ideas involve developing meaningful relationships between universities, colleges and schools whilst ensuring that HE has a visible profile in all Welsh primary and secondary settings.

International Recruitment – a Question of Consent

UCU Cymru welcomes the massive cultural and intellectual contribution made by international students. Not only do they bring new wisdom to our campuses but also enrich Welsh communities.

Members of the Welsh Affairs Committee will be familiar with the fact that international recruitment not only subsidises research but also teaching in some institutions.

What has gone largely unnoticed is the degree to which localised low participation often coincides with resistance to migration and support for populist alternatives. The Brexit referendum demonstrated the extent to which consent can collapse when voters lived experiences contradict 'official arguments' which point to widely distributed benefits

For this reason, boosting participation amongst home students becomes a fundamental guarantor of consent both for post-16 education and international study. The contention that every Welsh child has the right to be enabled to study at a Welsh University or undertake a Welsh apprenticeship locates international applicants in a wider system that can benefit young people in every part of Wales, as well as the wider world.

Funding as 'the' Essential Lever

Whilst not immediately obvious, institutions will ultimately follow funding. To that extent, along with Medr, UK and Welsh Government exert real influence over institutional behaviours.

For instance, following the collapse of international recruitment, many universities sought to expand home places to make up revenue on scale. However, that expansion took place ostensibly in 'low-cost courses' giving rise to a temporary bubble. It is against this background that some HEI's now seek to 'de lever' the 'home market' and once again enter an inherently riskier home terrain.

Accepting that fees are politically capped, the cost of more expensive courses such as STEM need to cover. The alternative is to careen towards an acceleration in boom, bust merger and decline.

Funding the Sector

Supported by work undertaken by London Economics, Hepi's 2024 survey revealed that the most popular alternative model amongst students was a graduate levy – where higher education would be funded by an employer levy of 3 per cent on earnings over £25,000 for the graduates they hire.

Whereas this constitutes UCU Cymru official policy, the decision to raise Employer NI has complicated our advocacy.

During a 30 year expansion in university access, UK business's contribution to workforce investment has declined by over 50% (27% between 2011 and 2023 alone!).

UCU Cymru notes that the price of a degree is currently carried by learners, the exchequer and, whether experienced through pay deferment, recruitment freezes, job losses and increased workload, academics themselves.

Given the massive benefits which have accrued to larger businesses following the expansion of access, we see a coherent moral and economic argument for asking for a return. Moreover, we have sketched a plan whereby business which engage in socially desirable behaviours would receive a full or partial rebate. Accepting that this would constructively amount to central funding in some cases, it would lever government's ability to extract a broad range of reciprocal advantages as well as disarming the argument that 'those who do not go to university should not be made to pay for those who do'.

Social Partnership and Democratic Governance

The 'Welsh Way' of social partnership is now firmly embedded both in the priorities of government and Medr's Strategic plan.

UCU Cymru's joint social partnership projects for instance in Coleg Cambria demonstrate the success of partnership. Solution focused relationships not only mitigate against the risk of strife but also provide the conditions for innovation.

However, whereas the threat of compulsory redundancies undermines good relations, actual compulsory redundancies will irretrievably damage relationships and inevitably result in prolonged industrial action as well as reputational harm.

In our UCU Cymru Senedd Manifesto, we are asking all parties to commit to pursuing and developing the social partnership agenda in the tertiary sector, with every college and university enjoying an opportunity to enter into genuine partnership in the 7th Senedd.

Similarly, the funding crisis in Welsh higher education has shone a light on both the best and the worst of HE governance. Whilst some institutions have opened their books and worked with trade unions as creative partners, others have fallen back on managerial diktat in pursuit of untested plans.

The past decades reveal a pattern of boom and bust in Welsh HE. Moreover, when institutions have miscalculated, all too often it is learners and staff who have been left to carry the cost. UCU Cymru believes that this cycle can only be broken through the democratization of university governance.

In addition to promoting medium-to-long term planning, democratic governance can tap expertise from below and act to stabilize the sector.

In our UCU Cymru Senedd Manifesto, we are asking all parties to commit to a Senedd Commission with the remit to explore the current state of university governance. Examining UK and International comparators, the Commission will report both to the Cabinet secretary and Medr during the first two years of the new Senedd.