

17 November 2025

Buffy Williams MS

Chair

Children, Young People and Education Committee

Dear Chair,

## **Funding assumptions for academic year 2026/27<sup>1</sup>**

This document sets out, in broad terms, the funding assumptions that underlie the planned distribution of Medr's budget.

These proposals are based on the draft Welsh Government budget published on 3 November 2025 and the subsequent Indicative Funding Letter received on 7 November 2025 (see Annex A).

The final Welsh Government budget is expected in January 2026. Medr expects to publish our final funding allocations at a provider level before the end of March 2026.

The funding proposals in this document are presented with the caveat that the allocations for 2026/27 academic year (1 August 2026 to 31 July 2027) may be adjusted if the Welsh Government revises the 2026-27 financial year (1 April 2026 to 31 March 2027) Medr budget line.

The draft budget was considered by the Medr Board at its meeting on 13 November. Once the final Welsh Government budget has been set, Medr Board will approve any amendments required at its March Board meeting, leading to Medr formalising and publishing our final allocations before the end of March 2026.

Confirmation of the final funding allocations at an institutional/provider level will be subject to the availability of quality assured and verified data used to inform the agreed funding methodologies.

For information, a copy of Medr's publication of the final 2025/26 academic year allocations at an institutional level can be found at the following link: [Medr/2025/06: Medr's funding allocations for academic year 2025/26 - Medr](#)

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<sup>1</sup> Within this document, financial years are denoted with a '-' and academic years with a '/' e.g. 2026-27 is the financial year and 2026/27 the academic year. Medr receives its budget allocation from the Welsh Government on a financial year basis, but primarily makes allocations to providers for an academic year. The financial year runs from April to March, while the academic year runs from August to July.

Rydym yn croesawu 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 correspondence in Welsh. Any correspondence in Welsh will be answered in  
Welsh, and corresponding in Welsh will not lead to a delay in responding.

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## The settlement

Details of Medr's draft settlement for the financial year 2026-27 are presented in Table 1. The Welsh Government budget figures are for a financial year from 1 April to 31 March.

Tertiary education - general	£842,037,000
Ringfenced items:	
14-16 junior apprenticeships	£1,000,000
Employability and enterprise	£360,000
Culture – Performance-based music and drama conservatoire provision	£1,970,000
Apprenticeships	£145,655,000
<b>Net revenue budget</b>	<b>£991,022,000</b>
Non-cash (depreciation)	£437,000
<b>Resource budget</b>	<b>£991,459,000</b>
Higher education capital	£10,000,000
Further education digital capital	£3,000,000
Medr implementation capital	£500,000
<b>Capital budget</b>	<b>£13,500,000</b>
<b>Total resource and capital budget:</b>	<b>£1,004,959,000</b>
Grant in Aid adjustments:	
Less non-cash (depreciation)	(£437,000)
<b>Total Grant in Aid (cash)</b>	<b>£1,004,522,000</b>

## Indicative allocation of the Medr Budget

In deploying the 2026-27 financial year budget, Medr allocations to tertiary education and research providers are predominantly allocated on an academic year basis. Therefore, the 2026-27 financial year budget must first take account of the known budget requirement to meet the remaining 2025/26 academic year funding commitments placed on Medr. This covers the commitment from April to July 2026.

In the same way, in agreeing 2026/27 academic year allocations, a commitment will be placed on the 2027-28 financial year budget, which has not yet been set by the Welsh Government.

Medr operating costs are not detailed separately in the Welsh Government budget. Before the academic year allocations are derived, Medr's forecast operating costs are deducted.

The Welsh Government has ringfenced a number of funding lines in direct support of specific activity. In 2026-27 this relates to apprenticeships provision (£145,655,000), junior apprenticeship provision (£1,000,000), employability and enterprise (£360,000) and provision to support performance-related music and drama conservatoire (£1,970,000).

The Welsh Government has also provided specific ‘steers’ as to the deployment of the budget, which are included in the narrative supporting Medr’s indicative funding letter and are listed in the table below:

	£m
Supporting growing costs of ALN in FE	4.100
Continuing pay parity in FE colleges and LA Sixth Forms	14.119
Increase to the FCF in FE	0.400
Medr’s responsibilities to fund Estyn for post-16 education and training inspections	2.053
Support for universities with the costs of Initial Teacher Education (ITE) placements	2.500

## Indicative allocation of the financial year budget

Medr’s indicative draft budget is based on the current information available regarding budget line obligations. It includes all the funding that we expect to receive from the Welsh Government as published in the draft budget.

	£ million
Cash requirement to meet the commitments of 2025/26 core allocations	294.648
Operating budget	16.394
Ringfenced budget: Apprenticeships	145.655
Ringfenced budget: Junior apprenticeships	1.000
Ringfenced budget: Employability and enterprise	0.360
Ringfenced budget: Performance-based music and drama conservatoire provision	1.970
Core budgets	496.585
Targeted budgets	34.410
Capital budgets	13.500
<b>Total</b>	<b>1,004.522</b>

## Conversion of financial year budget to an academic year allocation

In order to arrive at academic year allocations, the allocation of the Welsh Government budget has been converted to an academic year. In most cases this is calculated using a proportion of the current draft FY budget and a balancing proportion of the next year’s FY budget. This may vary depending on sector.

	2025/26 including any in year allocations £ million	2026/27 £ million
Ringfenced: apprenticeship contract	<b>134.520</b>	<b>134.520</b>

	2025/26 including any in year allocations £ million	2026/27 £ million
Ringfenced: targeted apprenticeship budget lines	<b>11.135</b>	<b>11.135</b>
Ringfenced: junior apprenticeships	<b>0.600</b>	<b>1.000</b>
Ringfenced: employability and enterprise	<b>0.360</b>	<b>0.360</b>
Ringfenced: performance-based music and drama conservatoire provision <sup>2</sup>	<b>1.970</b>	<b>1.970</b>
Core: local authority sixth form	<b>119.311</b>	<b>120.578</b>
Core: local authority Adult Community Learning	<b>6.479</b>	<b>6.479</b>
Core: further education mainstream	<b>434.894</b>	<b>462.288</b>
Core: further education additional learning support	<b>16.781</b>	<b>20.971</b>
Core: further education Financial Contingency Fund	<b>6.880</b>	<b>7.280</b>
Core: higher education research and innovation <sup>3</sup>	<b>97.121</b>	<b>97.121</b>
Core: higher education teaching funding <sup>4</sup>	<b>70.194</b>	<b>74.792</b>
Core: degree apprenticeships	<b>9.411</b>	<b>9.411</b>
Targeted budget lines <sup>5</sup>	<b>45.827</b>	<b>45.837</b>
Strategic Development Fund	<b>4.750</b>	<b>4.750</b>
Estyn		<b>2.053</b>
Capital: higher education	<b>10.000</b>	<b>10.000</b>
Capital: further education digital	<b>3.000</b>	<b>3.000</b>
<b>Total</b>	<b>973.23</b>	<b>1013.55</b>

These proposals:

- Follow clear steers set out by the Welsh Government in relation to maintaining pay parity between teachers and FE lecturers.
- Align with of Medr's Strategic Plan in allocating all core allocations in line with previously approved funding methodologies.
- Place a cash requirement of £365.828 million on the 2027-28 financial year budget in converting the 2026-27 financial year budget to a 2026/27 academic year allocation.

Yours sincerely,

<sup>2</sup> Funding for performance-based music and drama conservatoire provision was received for the first time as an in-year budget in 2025/26

<sup>3</sup> This includes quality research (QR), postgraduate research (PGR) and Research Wales Innovation Fund (RWIF)

<sup>4</sup> This includes full and part time premia, credit-based and per capita allocations

<sup>5</sup> These lines include funding for access and wellbeing, employability and skills, research and innovation, student/learner and workforce, and data and technology



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Llywodraeth Cymru  
Welsh Government

07 November 2025

Dear Dame Julie,

**Welsh Government's budgeted support for Medr, the Commission for Tertiary Education and Research: 2026-2027**

Following the publication of the Welsh Government Draft Budget, we are writing to set out the indicative budget for Medr for the 2026-27 financial year.

The funding set out in this letter is intended to assist the Medr board in planning and is subject to approval of the Welsh Government Final Budget by the Senedd. A final funding letter will be issued by Welsh Ministers upon confirmation of the Final Budget, expected in January 2026.

A total resource and capital budget of **£1004.522m** for the 2026-27 financial year has been identified for Medr, as set out in Annex 1, including ringfenced areas. This is an increase of £25.329m from the revised baseline for 2025-26.

As set out in evidence to the CYPE committee, ministers will expect Medr to utilise the additional funding for the following:

- Continuing pay parity in further education colleges and school sixth forms.
- Addressing growing costs of additional learning needs (ALN) support in further education colleges (£4.1m).
- Support for universities with the costs of Initial Teacher Education (ITE) placements (£2.5m).
- An increase to the Financial Contingency Fund (FCF) in further education (£0.4m).
- Further expansion of junior apprenticeships (£0.4m).
- Assumption of Medr's responsibilities to fund Estyn for post-16 education and training inspections under the Tertiary Education and Research Act 2022 (£2.053m).
- Additional funding for delivery of the apprenticeships programme (£2.378m).

We anticipate further funding will be allocated to Medr for the costs of additional medical places, Higher Education Research Capital funding. Details of this funding will be confirmed with your team as soon as possible, and may be remitted within the financial year, subject to ministerial approval.

We look forward to our continued working with you and the Medr senior team.

Yours sincerely

A handwritten signature in blue ink, appearing to read 'Claire Rowlands'.

Claire Rowlands  
Deputy Director, Tertiary Education – Strategy & Funding

## **Annex 1**

The indicative resource and capital budget and grant-in-aid settlement are set out in the following table:

<b>Budget area</b>	<b>Net resource budget</b>
Tertiary education - general	£842,037,000
Ringfenced items:	
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Employability and enterprise	£360,000
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<i>Grant in Aid adjustments:</i>	
<i>Less non-cash (depreciation)</i>	<i>£437,000</i>
<b>Total Grant-in-Aid (Cash)</b>	<b>£1,004,522,000</b>