

## Terms and Conditions of Funding *Local Authorities Sixth Forms and Further Education Institutions*

**Academic Year 2025/26**

Mae'r ddogfen hon hefyd ar gael yn y Gymraeg |  
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## Introduction

1. This document sets out the terms and conditions for funding provided by the Commission for Tertiary Education and Research (Medr). The award of funding is subject to the conditions detailed below and is granted under the authority of the Medr Board, which acts on behalf of the Welsh Ministers, pursuant to sections 31 to 35 inclusive of the Learning and Skills Act 2000, in accordance with the Agency Agreement between Medr and the Welsh Ministers established under section 83 of the Government of Wales Act 2006.
2. The terms and conditions support Medr's responsibility to ensure that funds are being used for the purposes of the provision of education, the provision of facilities and carrying on of any other activities for the purpose of, or in connection with, education for the period 1 August 2025 to 31 July 2026.
3. This document records the agreement between Medr and **name of institution** in receipt of Medr funding as set out in the [Medr's Funding Allocations for Academic Year 2025/26](#) publication and any subsequent funding allocations made during the aforementioned period.
4. Alongside this document, throughout the year, institutions may receive guidance documentation through programme-specific publications for any activities not included in the annual Funding Allocations publication. These documents will outline the obligations or duties that the institutions must fulfil in exchange for those funds. It is essential to read these terms and conditions in conjunction with the purposes and targets specified in the programme-specific publications.
5. We have been mindful of a number of guiding principles whilst preparing this document. These principles are:
  - a. The need to maintain stakeholder confidence in the further education sector;
  - b. The protection of the learner interest;
  - c. Minimising regulatory burden and removing duplication;
  - d. Recognising institutional autonomy;
  - e. Reasonable and proportionate accountability; and
  - f. Adopting a consistent approach in alignment with other areas of the Welsh tertiary education system
6. The definitions of terms used within this document are set out within 'Annex A: Glossary'.

## Application of this document

7. This document does not override the requirements of the institution's statute (or equivalent) and the law relating to the institution's statute but is intended to complement and reinforce them. Nothing in these terms and conditions shall require the institution to act in a manner which would be inconsistent with its statute.
8. Where we use the term 'must', this indicates a specific legal requirement or condition of funding under this document. The institution must comply with these requirements, and failure to do so could result in Medr recovering and/or ceasing funding under the terms of this document. We use 'should' for items we regard as

minimum good practice, but for which there is no specific legislation or where we are not setting a condition of funding under this document.

9. From time to time, we may within subsequent guidance, attach extra mandatory requirements to the conditions of funding, following appropriate consultation with the sector.
10. This document takes effect on 1 August 2025 and covers the period 1 August 2025 to 31 July 2026.
11. The terms and conditions cover all funding allocated to further education institutions and local authority sixth forms and should be considered alongside any additional guidance that may be circulated alongside specific funding streams.

## **Right and responsibilities of Medr**

### ***Protection of public funds***

12. The Chief Executive of Medr has been appointed as its Accounting Officer. As such, they are responsible and accountable to Welsh Government for ensuring that the funds received from the Welsh Minister for Education (or successor) are used for the purposes for which they were given and in ways that comply with the conditions attached to them. The Chief Executive is also responsible for promoting good value for money through grants paid to the institution and associated guidance.
13. All funding provided by Medr is made available subject to the funding being deployed.
14. Medr must be confident that the institutions it funds have adequate and effective risk management, control and governance arrangements to protect the investment of public funding and arrangements for delivering value for money from public funds.
15. Medr has a clear regulatory interest to ensure that institutions in receipt of public funds provide value for money and are responsible in their use of these funds. In cases where improvement is identified we will expect the institution to take corrective action sufficient to address the issues.
16. Where Medr identifies concerns about an institution's performance through the learner outcome reports or Estyn inspections, the institution is expected to provide Medr with evidence of actions being undertaken to address these concerns, which may include documentation to evidence board engagement and demonstrate how the issues are contributing to the institutions' continuous improvement plan.

### ***Payment of funds in accordance with legislation***

17. Payments to the institution by Medr are made in support of activities specified in sections 31 to 35 inclusive of the [Learning and Skills Act 2000](#).

18. Medr makes no commitment to renewing or continuing funding after the term of this Agreement and will not be liable for any additional costs incurred by you either during or after the Funding Period.
19. Payments will be subject to the provisions of the [Learning and Skills Act 2000](#), the conditions set out in this document, and such terms and conditions as Medr may from time to time prescribe in accordance with the 2000 and 2006 Acts, and after the consultation required. In accordance with section 83 of the [Government of Wales Act 2006](#), the payment of funds will be subject to such terms and conditions as Medr may impose, including those set out in this document. However, these terms and conditions will not relate to the application by the institution of any funds not derived from Medr. We do not wish to discourage the institution from maintaining or developing its funding from sources other than Medr.
20. Medr will make payments of all funding to the institution against a profile of payments which can be notified separately by email to Directors of Education/Chief Executives/Principals and/or Heads/Directors of Finance.

#### ***Right to suspend payment of funds***

21. In their role as Accounting Officer, the Chief Executive of Medr may suspend the payment of funds, either in whole or in part and either permanently or temporarily, if in their opinion it is appropriate and reasonable to do so in order to safeguard public funds.
22. Medr reserves the right to impose financial sanctions and/or withdraw funding from an institution where Medr considers the provision has serious weaknesses and requires significant improvement.
23. Medr expects institutions to engage with us and address matters prior to us needing to implement our statutory intervention.
24. Prior to implementation of statutory intervention, Medr will liaise informally or formally with institutions.
25. If an institution fails to take any agreed action, Medr will seek explanations and, if appropriate and justified, issue warnings to improve.
26. If the institution still fails to address the risks and issues, then the institution will be informed that one or more of the regulatory actions will be applied. This is very much a last resort and an action that we would not expect to take often.
27. The two regulatory actions at Medr's disposal, which could be deployed if other routes to secure compliance are unsuccessful, are:
  - a. Financial – through the recovery of grant funding or the denial of access to future grant funding, including access to specific grants or to discretionary funding; and
  - b. Information – through making public our concerns about an institution where there are strong grounds to do so and where this is in the public or collective learner interest (both current and prospective learners, and past learners where relevant).

28. In addition, Medr may:
- c. provide advice to the Charity Commission where an institution may have breached its charitable obligations; and/or
  - d. provide advice to the Equality and Human Rights Commission where discrimination may have occurred.

### ***Circumstances in which public funds become repayable***

29. Under sections 31 to 35 inclusive of the [Learning and Skills Act 2000](#), Medr may require repayment by the institution, in whole or in part, of funds received from Medr if the institution fails to comply with any terms and conditions attached by Medr to the payment of funds.
30. Medr may require an institution to repay funds if it has been over-funded.
31. Medr has a responsibility to secure that assessment is made of the quality of provision it funds and reserves the right to impose financial sanctions and/or withdraw funding from an institution where Medr considers the quality of provision to have serious weaknesses. Medr will aim to work with institutions in the first instance to enable issues to be addressed if possible.
32. Medr also reserves the right to require the institution to pay interest at two per cent over the Bank of England base rate, in respect of any period during which a sum due to Medr under these Terms and Conditions of Funding, or any other condition, remains unpaid.

### ***Audit***

33. Medr must satisfy themselves that the governing body (or equivalent) of an institution has appropriate arrangements for internal control (including financial management and accounting), and that Medr's funds are used for the purposes for which they were given.
34. In their role as Accounting Officer, the Chief Executive of Medr shall inform the institution's governing body (or equivalent) and/or its audit committee if they have serious concerns about the institution's financial affairs or system of internal controls.
35. The Auditor General for Wales, head of Audit Wales, is the external auditor of both the Welsh Assembly Government and Medr. The Auditor General for Wales has the right to inspect the accounts of any institution that receives Medr funding and to conduct value for money investigations.
36. All data used in funding calculations may be subject to an external data audit. Other data used by Medr for monitoring or analysis may also be included in the scope of an external audit. Adjustments may be made to funding in light of errors or omissions found at audit where these have resulted in an institution receiving a higher allocation of funding than should have been the case.

37. You must retain all documents relating to the Funding for either six or ten years from the date of the last payment of funding, as outlined within the [Welsh Government's Retention and Disposal Schedule](#).

## **Responsibilities of the institution to Medr and to learners**

### ***Governing body's<sup>1</sup> responsibility for compliance***

38. The responsibility for ensuring that the institution complies with the Terms and Conditions of Funding and related guidance rests with the governing body of the institution.
39. The governing body is responsible for delivering value for money from public funds. It must keep under review its arrangements for managing all the resources under its control, considering guidance on good practice issued from time to time by Medr, the Auditor General for Wales or the Public Accounts and Public Administration Committee of the Senedd Cymru.
40. The governing body of the institution is responsible for ensuring that funds from Medr are used only in accordance with the [Learning and Skills Act 2000](#), these terms, and any other conditions that Medr may prescribe from time to time.
41. The governing body must exercise its discretion reasonably in the use of public funds and consider any relevant guidance on accountability or propriety issued from time to time by Medr, Audit Wales or the Public Accounts and Public Administration Committee of the Senedd Cymru.
42. The governing body must have in place and apply equality policies covering employment, use of volunteers and provision of services, in accordance with the [Equality Act 2010](#).
43. The governing body should follow public sector pay policy by taking account of fairness, the need to recruit, motivate and retain staff and affordability within the limits set by the grant settlement, and by taking into consideration the [Public Sector Pay and Terms Guidance](#).
44. The governing body must ensure that the institution complies with the [Welsh Government Audit Code of Practice 2015](#) and any other directions drawn up and published by Medr in consultation with institutions.

### ***Composition of the governing body***

45. Further education institutions should follow the framework of best practice for governance outlined in the [Code of Good Governance for Colleges in Wales](#).

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<sup>1</sup> Local authority-maintained sixth forms are not separate legal entities but part of a maintained school that offers post-16 provision. Every maintained school in Wales, including its sixth form provision, must have a governing body constituted under the [School Standards and Organisation \(Wales\) Act 2013](#). All further education institutions (FEIs) in Wales must be governed by a board of governors. Their governance is set out in the [Further Education Corporations \(Replacement of Instrument and Articles of Government\) \(Wales\) Order 2006](#) and/or the [Further and Higher Education \(Governance and Information\) \(Wales\) Act 2014](#).



46. Each maintained school must have a governing body constituted in accordance with the [Government of Maintained Schools \(Wales\) Regulations 2005](#). These regulations are made under the [Education Act 2002](#), Part 3, Chapter 1, which sets out the framework for the establishment of governing bodies.<sup>2</sup>
47. Where a member of the governing body or one of its committees, or a clerk to one of these, leaves their post due to disagreement, dismissal or forced resignation, the accountable officer must notify Medr immediately of the reasons for the departure.

#### ***Accountable officer's role and responsibilities***

48. The governing body must designate an individual (normally, but not necessarily, the head of the institution) as the 'accountable officer' to assist and enable the governing body to discharge its reporting responsibilities to Medr.
49. The accountable officer is responsible for ensuring that funds from Medr are used only in accordance with this Agreement and any other conditions prescribed by Medr from time to time. Funds should be managed in line with the principles set out in [Managing Welsh Public Money](#).
50. The accountable officer may be required to appear before the Public Accounts and Public Administration Committee of the Senedd Cymru alongside the Chief Executive of Medr on matters relating to grants to the institution.
51. The accountable officer must advise the governing body immediately if, at any time, any action or policy under consideration by the governing body appears to the accountable officer to be incompatible with the terms of this document. If the governing body decides nevertheless to proceed, the accountable officer must immediately inform the Chief Executive of Medr in writing.
52. The accountable officer must notify Medr immediately of the resignation or removal due to disagreement, dismissal or forced resignation of a senior post holder.
53. The institution's accountable officer must notify Medr of any serious weakness. 'Serious weakness' is defined as one which has resulted in, or could result in, a significant loss of funds or a significant risk to an institution's property, work, data, beneficiaries or reputation. This includes serious weaknesses reported to another regulator.
54. If a serious weakness has been identified, or is being investigated, by a funder or regulator other than Medr, the accountable officer must make Medr aware of this.
55. The accountable officer should notify Medr of any fraud which, whilst not being significant, indicates a serious weakness in financial control and the action being taken by the institution to address this weakness.
56. The institution's accountable officer should notify Medr of any fraud reported to the Police, which has actually or potentially been committed.

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<sup>2</sup> Full details can be found in Welsh Government's [School Governors' Guide to the Law](#).



57. The accountable officer must prepare a college self-assessment report (SAR) and a quality improvement plan. They must inform Medr of any quality-related serious weaknesses identified via these processes. Information will be treated with confidentiality and will not be shared without seeking permission from the institution first.
58. The accountable officer must inform Medr of any instances where conflicts of interest and whistleblowing incidents have not been managed in line with college policy. These should be reported to Medr immediately. Information will be treated with confidentiality and will not be shared without seeking permission from the institution first.
59. The accountable officer must inform Medr of any breach or non-compliance with UK legislation.
60. If, in the judgement of the Medr Chief Executive, there is evidence of serious weakness in relation to the oversight and management of public funds, they will raise this as appropriate with the accountable officer concerned, the chair of the governing body or both; provide the relevant evidence; and seek and consider a response.

### ***Securing quality provision of education***

61. Medr has a statutory responsibility to monitor, and promote improvement in the quality of tertiary education. Medr is consulting on its regulatory framework, including a Quality Framework, which will set out how this will be done. The new framework will apply from August 2026.
62. Estyn has a statutory duty to inspect a wide range of tertiary education. It will undertake regular inspections of institutions and will report on the outcomes, including recommendations. Institutions must prepare an action plan to address inspectors' recommendations, and this will be subject to monitoring by Estyn. We will liaise with Estyn regarding funded institutions that fall into a follow-up category following inspection.
63. Estyn does not inspect a school's Sixth Form provision separately and does not reach judgements regarding follow-up in respect of a school's sixth form in isolation from the whole school. Therefore, inspection outcomes and judgements in relation to follow up in respect of the whole school may be read as applying to the school's sixth form provision. Following inspection all schools are required to prepare a post inspection action plan within 20 working days of publication of its inspection report setting out how they are going to address the recommendations made.
64. For school sixth forms, local authorities have statutory responsibility for monitoring and intervening where there are concerns about school standards. However, where local authorities commission school improvement services to undertake the role of school improvement on behalf of the local authority the school improvement service will generally deliver or broker school improvement strategies and monitor schools' progress, working in partnership with the local authority. Where a school is placed in a formal category by Estyn and found to require "Significant Improvement" or

“Special Measures”, the local authority and school improvement service should work closely with the school to provide support in drawing up the post inspection action plan to address the weaknesses identified during inspection. Estyn will continue to monitor these schools until such time as His Majesty’s Chief Inspector of Education is of the opinion that the school can be removed from the list of schools in statutory category.

65. For school sixth forms, local authorities and Medr have powers of intervention in a school causing concern. It is expected that local authorities will act in the first instance to take any required action under the [School Standards and Organisation \(Wales\) Act 2013](#), as set out in the Welsh Government’s [Schools causing concern: statutory guidance for schools and local authorities](#).
66. For the Adult Community Learning provision, where shortcomings are identified through Estyn inspection, the Partnership must put in place a detailed action plan with specific objectives and targets to address these shortcomings. The local authority must engage fully as a partner in developing and implementing the action plan. Where the outcomes of an inspection result in a partnership falling into Estyn follow-up, Medr will liaise with Estyn, which will oversee the implementation of the resulting action plan.
67. Where Medr identifies concerns about an Adult Community Learning Partnership’s performance through the annual Learner Outcomes Report process, the Partnership or lead institution must show through its ongoing quality development planning cycle how it is addressing the concerns. The partnership is expected to provide Medr with evidence of actions being undertaken to address these concerns, which may include documentation to evidence board engagement, and demonstrate how the issues are informing the institutions’ continuous improvement plan.
68. Institutions should use data such as the [Consistent performance measures for post-16 learning \(achievement\)](#) and Learner Outcome Reports (LOR) in their self-evaluations, and to set targets for improvement where appropriate.
69. Further Education Institutions are required to undertake an evaluation of their provision for Independent Living Skills (ILS) using the self-evaluation framework developed by ColegauCymru. Institutions are required to provide a copy of their evaluation report if requested by Medr.

### ***Monitoring of complaints***

70. Institutions must have a robust process in place for the handling of complaints made by learners, staff and third parties. Governing bodies should be provided with a complaints report at least annually, which provides the Governing Body with assurance that complaints are being managed appropriately.

### ***Appropriate use of public funds***

71. Medr funds must not be used to subsidise non-public activities.
72. Institutions providing Medr funded post-16 provision must comply with the requirements of the [Financial Memorandum](#).

73. The institution must only use Medr funds for the activities eligible for funding as specified in the [Post-16 Funding Framework Guide and Programmes Directory](#) and the [Adult Community Learning guidance](#), whichever most relevant. This condition also applies where the institution passes on a part of its Medr grant to another legally distinct entity for provision of an activity which is eligible for funding. That includes where provision is delivered via sub-contractual arrangements or via a subsidiary company.
74. Institutions must ensure that their post-16 local curriculum offer meets the requirements of the [Learning and Skills \(Wales\) Measure 2009](#), by providing a minimum of 30 courses, 5 of which are vocational. The vocational courses must fall across the 3 domains, one of which must be mathematics, science and technology.
75. Institutions should ensure not to use Medr funding to develop, or permit to be developed, post-16 education provision which duplicates or undermines any existing or planned learning provision by other further education institutions, maintained and non-maintained schools or work-based learning providers in their local area.
76. Local Authorities should ensure that every learner enrolled in Sixth Form programmes within their jurisdiction has had the chance to obtain in advance:
- independent careers advice from Careers Wales; and
  - information about all post-16 learning options including Further Education, Higher Education and Apprenticeship pathways.
77. Local Authorities should ensure that all schools delivering Sixth Form provision in their area provide learner support services to their students. Learner support services include learning coaching, personal support, careers information and other advice and guidance which aim to help learners make informed and realistic choices and to realise their potential. Local Authorities are required to adhere to statutory guidance with regard to learner support.
78. Local Authorities must allocate the funding to schools in their area in accordance with the [School Funding \(Wales\) Regulations 2010](#).
79. Local Authorities must ensure that no tuition fee is charged in respect of full or part-time education provided to eligible learners who have finished their compulsory school education but have not reached the age of 19 on 31 August 2025.
80. Local Authorities must not offer financial incentives to sixth form students to remain in learning. Where it is found that any school engaged in this practice, monies will be reclaimed in full from the local authority.
81. Local Authorities must not use the funding to:
- pay staff employed at schools delivering Sixth Form provision on an hourly basis;
  - support of capital projects;
  - support of home to school transport; and
  - education of pre-16 learners.

82. Local Authorities must not pass any Medr funding to a third party or permit a school to pass on any of the funding to a third party for any new programme delivery without the prior written authority of Medr. This undertaking does not apply to Medr funding used for Adult Community Learning provision or funding which is passed on to a Further Education Institution in Wales as part of the delivery of the post-16 Local Curriculum Offer.
83. Further Education Institutions must ensure that have arrangements in place to check the identity and eligibility of learners on entry, including prior qualifications, and to monitor learner attendance.
84. Further Education Institutions must provide appropriate assessment and guidance for learners at the point of recruitment to ensure, as far as possible, that a learner enrolls for a programme of learning which:
  - a. is compatible with their career and development plans; and
  - b. they will want to, and be able to, complete.
85. Further Education Institutions should produce an Individual Learning Agreement/Plan for all learners undertaking full-time programmes and Personal Learning Account provision.
86. Further Education Institutions must participate in Medr's learner support schemes in accordance with specific scheme guidance for institutions.
87. Further Education Institutions must ensure that no tuition fee is charged:
  - a. for approved qualifications to learners who are above compulsory school age but have not attained the age of 19 on or before 31 August 2025; and
  - b. in respect of full and part-time learners undertaking Basic Skills, Essential Skills Wales and ESOL qualifications up to and including level 1.
88. Further Education Institutions must ensure that no admission fee is charged to learners who are above compulsory school age but have not attained the age of 19 on or before 31 August 2025, that covers more than the cost of services rendered.
89. Further Education Institutions must comply with legal requirements as follows:
  - a. Ensure that all teaching staff and learning support staff are registered with the Education Workforce Council (EWC) before they commence employment;
  - b. Refer conduct, competence and criminal conviction cases to the EWC, should you dismiss a staff member or if you might have dismissed them if they had not left; and
  - c. Inform Medr in writing of any circumstances of staff being referred to the EWC for matters that could be considered fraudulent. Fraudulent in this context will include where awards have been issued inappropriately (by misrepresenting the level of attainment gained) which may be construed as a gain to the contractor and/or, depending on their terms and conditions, the employee.
90. If passing on Medr-provided funds to another legally distinct entity, Further Education Institutions remain accountable for the funds and must retain sufficient oversight such that it can ensure that the funds are used for qualifying purposes under the [Learning and Skills Act 2000](#). This oversight must cover, among other areas, both financial accountability and quality assurance. A written statement of the

arrangements must be agreed by both parties. This statement must ensure that the chain of accountability for the use of Medr funds is not broken, and that the relevant parts of the terms and conditions of funding here within apply to the eventual user of the funding.

91. The institution must use any funds which Medr has earmarked or provided for specific revenue or capital purposes, solely for those purposes.

### ***Requirement of Welsh-medium and bilingual learning***

92. Institutions have a responsibility to ensure that they comply with the requirements of the Welsh Language Standards ([Welsh Language \(Wales\) Measure 2011](#)).
93. Institutions are required to have an up to date Welsh-medium and bilingual strategy which specifically addresses the learning provision, enabling learners to continue with their Welsh language skills. The strategy should also demonstrate how the institution contributes towards [Cymraeg 2050](#); this will be in addition to complying with the Welsh Language Standards. Institutions must provide a copy of their latest Welsh-medium and bilingual strategy if requested by Medr.
94. Institutions are required to support the development of the Welsh language as a skill in the workplace and facilitate the take-up of Welsh-medium and bilingual education and training in line with the aims of the [Cymraeg 2050: Welsh language strategy](#); specifically to: *'develop post-compulsory education provision which increases rates of progression and supports everyone, whatever their command of the language, to develop Welsh language skills for use socially and in the workplace'*.
95. Institutions must plan to develop Welsh-medium provision by creating an ethos where learners can proactively engage with the Welsh language in all social and learning environments.
96. The Coleg Cymraeg Cenedlaethol's [Further Education and Apprenticeship Welsh-medium Action Plan](#) sets out a programme to support Welsh medium and bilingual post-16 education and training, and all Further Education Institutions are required to respond appropriately by growing their provision in line with strategic aims of the Action Plan:
  - a. organisational targets for the delivery of Welsh-medium/bilingual learning and assessment reflecting the needs of the area and the college's priorities;
  - b. targets to ensure that at least 50% of all learners who have a Welsh first language GCSE qualification, undertake their qualifications bilingually or through the medium of Welsh (recorded as C1 or B1 in LLWR field LA26), in the following priority sectors:
    - Health and Social Care
    - Childcare
    - Public Services
    - Agriculture
    - Construction
    - Business
    - Sport and Leisure
    - Creative Industries

- c. arrangements for recording learners' language preference, Welsh language skills and recording their Welsh-medium and bilingual learning and assessments;
  - d. arrangements for all learners with a Welsh first and second language GCSE qualification to receive planned elements of Welsh-medium activity in their learning to demonstrate language confidence and proficiency appropriate to their level, thereby maintaining and developing their skills for the workplace; addressing the Skills Development Model in the Action Plan (Figure 1, page 6);
  - e. arrangements for the recruitment and/or the development of staff to deliver services and learning through the medium of Welsh/bilingually;
  - f. partnership arrangements with other stakeholders and employers, to support individuals who wish to learn and be assessed through the medium of Welsh;
  - g. clear objectives for the development of Welsh-medium/bilingual activities and resources in support of provision; and
  - h. arrangements for marketing and promoting your Welsh-medium/bilingual provision.
97. Further Education Institutions must ensure that they submit accurate and timely data via the LLWR field LA26 for activity undertaken bilingually or through the medium of Welsh as per the guidance on [Recording of Welsh-medium learning](#).
98. Further Education Institutions must ensure that they submit accurate and timely data via the LLWR field LP67 in relation to the level of highest Welsh language qualification achieved prior to learning programme.

### ***Specific funding clauses***

99. Local Authorities may retain up to 3% of the Funding provided for Sixth Form provision for expenditure on administrative and central services by their education department. If Local Authorities wish to increase this percentage to above 3%, consent is required from Medr, and confirmation is also required that the Chair of Governors of every secondary school within the Local Authority is in agreement.
100. Local Authorities may retain up to 3% of the funding provided for Adult Community Learning provision for expenditure on administrative and central services by their education department. If Local Authorities wish to increase this percentage to above 3%, consent is required from Medr, and confirmation is also required that the Director of Education and members of the Adult Community Learning Partnership are in agreement.
101. Local Authorities may use up to 5% of the Adult Community Learning funding as [Engagement Activities](#). A final report and end of year Statement of Expenditure is to be provided to Medr no longer than a month after the relevant September LLWR freeze date, outlining how the funding has been spent.
102. Further Education Institutions are required to meet 97% of their Part Time financial target. Any delivery below this level will be reclaimed in full.
103. Further Education Institutions may use up to 5% of the Part Time funding as [Engagement Activities](#). A final report and end of year Statement of Expenditure is to



be provided to Medr no longer than a month after the relevant September LLWR freeze date, outlining how the funding has been spent.

104. Institutions are required to meet 95% of their Learner Recovery and Progression (LRP) financial target. Any delivery below this level will be reclaimed in full. Institutions can use up to 10% of the LRP funding to implement strategies to help improve behaviour and attendance.

### ***Responsibility to provide Medr with accurate and timely information***

105. The institution must provide Medr with access to all books, records, information, systems and assets<sup>3</sup>. Medr can require any officer to give any explanation which it considers necessary to fulfil its responsibilities. The books and records of the institution shall also be open to inspection by the Auditor General for Wales.
106. If the institution is overpaid grant as a result of Medr using estimated data, Medr reserves the right to recover any overpayment.
107. Institutions must provide data that they have collected to Medr or to other bodies acting on Medr's behalf. At present, the [Pupil level annual school census \(PLASC\)](#) and the [Lifelong learning Wales record \(LLWR\)](#) act as agents both for the institutions and for Medr in collecting information required by Medr and passing that information to Medr and/or to Welsh Government.
108. The data will often contain learners' personal details. To ensure that institutions and Medr can fulfil their duties under the [UK General Data Protection Regulation \(UK GDPR\)](#) and the [Data Protection Act 2018](#), institutions must satisfy themselves when collecting data that learners are aware of data is being collected for these purposes. Institutions must inform learners that their personal data will be submitted to PLASC or LLWR and must make the most up-to-date [Data management information: privacy notice](#) or [LLWR privacy notice](#) available to all relevant data subjects. The institution will cooperate with Medr as reasonably necessary to ensure that PLASC and LLWR, or any other agents of Medr, are able to comply with the aforementioned legislation in processing information supplied by the institution.
109. The institution must provide Medr, PLASC, LLWR or other organisations as required by Medr, with reliable and accurate information on the learners it has enrolled and the learning programmes associated with those learners, and with any other data required whether for calculating funding or for other reporting and analysis purposes.
110. The data provided by institutions and used for funding purposes by Medr are subject to validation checks. The definitions used in the data returns are set out in the [PLASC technical completion notes for local authorities and schools](#) and the [LLWR user support manual for learning providers](#).

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<sup>3</sup> Local authority sixth forms requirements flow from the [School Standards and Organisation \(Wales\) Act 2013](#).

Further education institutions in Wales are required to maintain core books and records as set out in the [Further Education Corporations \(Replacement of Instrument and Articles of Government\) \(Wales\) Order 2006](#), pending this does not override the requirements of the institution's statute (or equivalent) and the law relating to the institution's statute.



111. The institution must comply with the [Post-16 Funding Framework Guide and Programmes Directory](#) and the [Reporting school and pupil information: regulations](#) or [Post-16 Data Management Principles](#)<sup>4</sup>, and to report any transgressions to Medr.
112. The Post-16 Data Management Principles set out what is expected from the Further Education Institutions in respect of:
- a. Accuracy – to ensure data is submitted to the Post-16 Data Management System in the correct format. To be correct, a data value must be the right value and must be represented in a consistent and unambiguous form.
  - b. Timeliness – to ensure data is submitted to the Post-16 Data Management System within the expected timeframe.
  - c. Integrity – to ensure that the submission and management of data is a true reflection of the learning/activities delivered, and the outcomes achieved by a learner/individual.
  - d. Completeness – to ensure all relevant data sets have been submitted to the LLWR.
  - e. Consistency – to ensure values are consistent across all datasets.

### ***Partnerships and data sharing***

113. Following the publication of [Estyn's thematic report Post-16 partnerships – Shared planning and provision between schools, and between schools and colleges](#), institutions should ensure that they follow recommendation 4 in the report.
114. Following the publication of Welsh Government's [Effective post-16 transitions and data sharing: a short guide for schools and post-16 learning providers](#), institutions take regard of the importance of submitting accurate information about the programmes learners undertake, including the provider of each learning activity, as part of their data submissions.

### ***Prudent management of the estate***

115. An estates condition survey should be undertaken on a regular basis and consideration should be given to this in the estates strategy.
116. Institutions must develop a carbon management strategy and plan. Progress against the strategy and plan should be monitored via the governance structure.
117. Institutions should be working towards achieving Net Zero.
118. Institutions should keep their holdings of land and buildings under review, with the objective of rationalising and disposing of those which institutions consider to be no longer needed.
119. Processes should be implemented to ensure that space is effectively managed within the institution.

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<sup>4</sup> NB: Access to the document requires a LLWR Inform account.

## **Financial statement preparation and audit**

120. Local authorities are responsible for preparing and publishing budget statements and outturn statements for all maintained schools, including sixth forms. These requirements are set out in the [School Funding \(Wales\) Regulations 2010](#), the [Education \(Budget Statements\) \(Wales\) Regulations 2002](#), and the [Education \(Outturn Statements\) \(Wales\) Regulations 2003](#).
121. Financial statements for the further education institutions must be prepared in accordance with [FRS 102](#) and the [Statement of Recommended Practice \(SORP\): Accounting for Further and Higher Education 2019](#).
122. The institution must make copies of the consolidated financial statements publicly available on their website in a timely manner and in line with the above guidance.
123. To ensure transparency, consistency, and accountability in public financial reporting, institutions and their external auditors must comply with the *Welsh Government Accounts Direction*, as in the formal guidance issued under the [Government of Wales Act 2006](#), which sets out how the institutions must prepare their annual consolidated accounts.
124. The financial statements must be signed by the accountable officer and by the chair or another member of the governing body, as appointed by the governing body. If the institution is a company, the requirements of the [Companies Act 1985](#) (as revised by the [Companies Act 1989](#)) for signatories to the financial statements shall apply.
125. The following information must be included in the institution's audited financial statements and related reports:
  - a. The members must confirm in the annual report that they have conducted a robust assessment of the principal risks and material uncertainties facing the institution, including those that would threaten its business model, future performance, solvency or liquidity. The report must describe those risks and explain how they are being managed or mitigated;
  - b. A statement from the members as to whether they consider it appropriate to adopt the going concern basis of accounting in preparing the financial statements, having considered the principal risks and material uncertainties existing over a period of at least twelve months from the date of approval of the financial statements;
  - c. A description of the governing body's policy on diversity and membership, including gender; any measurable objectives that it has set for implementing the policy; and progress on achieving the objectives.
126. Medr may provide more detail and additional requirements on the above in the Medr accounts direction to institutions.

## **Medr's right of access for investigations**

127. Medr may conduct any investigations that it considers necessary. All or part of the cost of such additional investigations may, where circumstances warrant it, be

deducted from the institution's revenue grant. The Auditor General for Wales may also conduct value for money studies of the institution's use of resources.

128. Welsh Government's internal auditors and/or Audit Wales may accompany Medr on institutional visits to the institution. On such visits, Welsh Government's and/or Audit Wales's auditors will be concerned only with the way Medr is conducting tasks and will not themselves audit arrangements within the institution.

## **Other matters**

### ***Revisions of this document***

129. Medr may from time to time revise, revoke or add to any of the terms and conditions in this document, after consultation with the institution and such bodies representing the institution. The institution may itself make proposals to Medr for such changes.

### ***Interpretation of statements within this document***

130. Questions on the interpretation of any statement in this document shall be resolved by Medr after consultation with the institution and such bodies representing the institution as Medr considers appropriate.

### Signature of the Accountable Officer

131. The accountable officer of **name of institution** must signify below that they have received and accepted the Terms and Conditions of Funding, which sets out the terms and conditions for payment by Medr of funds to the governing body of **name of institution** out of funds made available by the Welsh Minister for Education.

Signed .....

Dated .....

### Signature of the Director of Finance (or equivalent)

132. The Director of Finance of **name of institution** must signify below that they have received and accepted the Terms and Conditions of Funding, which sets out the terms and conditions for payment by Medr of funds to the governing body of **name of institution** out of funds made available by the Welsh Minister for Education.

Signed .....

Dated .....

## Annex A: Glossary

In this Terms and Conditions of Funding, the following definitions apply:

Academic year	The 12 months from 1 August to 31 July
Accountable officer	Normally, but not necessarily, the head of the institution responsible and accountable to Medr (and ultimately to the Senedd Cymru) for ensuring that the institution uses Medr funds in ways that are consistent with the purposes for which those funds were given and complies with the conditions attached to them
Accounting period	The period covered by the institution's audited financial statements, usually the 12 months from 1 August to 31 July
FRS	Financial Reporting Standard applicable in the UK and Ireland
Governing body	The institution's council, board of governors or other body ultimately responsible for the management and administration of the institution's revenue and property, and the conduct of its affairs
Institutions	Refers to both Local Authority Sixth Forms and Further Education Institutions
LLWR	Lifelong learning Wales record
Month	Calendar month
PLASC	Pupil level annual school census
Serious weakness	'Serious weakness' is defined as one which has resulted in, or could result in, a significant loss of funds or a significant risk to an institution's property, work, data, beneficiaries or reputation
The institution	<b>name of institution</b>
2000 Act	The Learning and Skills Act 2000
2006 Act	The Government of Wales Act 2006

References to the **financial position, financial statements, financial commitments or borrowing of the institution** mean the consolidated financial position, financial statements, financial commitments or borrowing of the institution and its subsidiary undertakings, as defined in the [Companies Act 1985](#) and revised by the [Companies Act 1989](#), and in accordance with generally accepted accounting principles.