

Professor Dame Julie Lydon
Chair, Commission for Tertiary Education and Research
Capital Quarter No2
Tyndall Street
Butetown
Cardiff
CF10 4BZ
julie.lydon@medr.cymru



Llywodraeth Cymru
Welsh Government

26 March 2026

Dear Professor Dame Julie Lydon,

Welsh Government's Financial Support for Medr, the Commission for Tertiary Education and Research: 2026-2027

Following approval by the Senedd of the Welsh Government budget for 2026-27 we are pleased to confirm our funding for Medr for the 2026-27 financial year.

The funding is provided for Medr to perform its functions held under relevant legislation, particularly the Tertiary Education and Research (Wales) Act 2022 as commenced. It is also provided to perform those functions it is exercising on behalf of the Welsh Ministers, as set out in the Agency Agreement between Medr and the Welsh Ministers made under section 83 of the Government of Wales Act 2006.

We expect Medr to continue delivery of its Strategic Plan as approved by Welsh Ministers and recognise that Medr will publish a refreshed Operational Plan for the period commencing 1 April 2026

A total grant-in aid-budget of **£1,018,508,000** for the 2026-27 financial year has been agreed for Medr, as set out in Annex 1.

The annex includes additional allocations to Medr to support the following:

- additional costs of additional learning needs (ALN) support in further education colleges (£4.1m);
- continued pay parity in further education colleges and school sixth forms (£14.1m);
- costs of ITE placements in higher education (£2.5m);
- an uplift to the financial contingency fund in further education (£0.4m); and
- further expansion of the Junior Apprenticeships programme (£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 (£2.04m).

As part of the final budget, there were further allocations of £8.706m for Medr. This included:

- FE participation (£5.0m)
- FE Pay (£2.866);
- Sixth Forms Pay (£0.687m);
- Medr Pay (£0.137m); and
- Estyn Pay (£0.016m).

The pay adjustments were to reflect the increase of 1% in the planning assumptions from 2.2% at draft budget to 3.2% at final budget.

In addition, **£0.400m** in 2026/27 is being allocated to Medr for support to the network of Reach Hubs coordinated by Cardiff and the Vale College supporting delivery of ESOL assessments and referral to provision.

As in the previous financial year, the education and apprenticeships elements of the funding should be considered ringfenced. Further detail on the policy priorities and intended use of the ring-fenced apprenticeship funding will be provided separately by the Minister for Culture, Skills and Social Partnership.

The funding will be monitored against delivery. In accordance with the Framework Document, timely forecasts and monitoring information should be provided to officials, including prompt notification of any expected overspends and underspends. Ministers may adjust the grant in-year accordingly if required through the supplementary budget process.

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

Yours sincerely,



Lynne Neagle AS/MS

Ysgrifennydd y Cabinet dros Addysg
Cabinet Secretary for Education



Vikki Howells AS/MS

Y Gweinidog Addysg Bellach ac Uwch
Minister for Further and Higher
Education

Rebecca Evans.

Rebecca Evans AS/MS

Ysgrifennydd y Cabinet dros yr
Economi, Ynni, a Chynllunio
Cabinet Secretary for Economy,
Energy, and Planning

JACK SARGEANT

Jack Sargeant AS/MS

Y Gweinidog Diwylliant, Sgiliau, a
Phartneriaeth Gymdeithasol
Minister for Culture, Skills, and Social
Partnership

Annex 1

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

Budget area	Amount
Tertiary education - general	£848,687,000
Ringfenced items:	
14-16 Junior Apprenticeships	£1,000,000
Employability and enterprise	£360,000
Estyn	£2,056,000
REACH	£400,000
Culture - Performance-based music and drama conservatoire provision	£1,970,000
Apprenticeships	£150,535,000
Net revenue budget:	£1,005,008,000
Non-cash (depreciation)	£437,000
Resource budget	£1,005,445,000
Higher education capital	£10,000,000
Further education digital capital	£3,000,000
Medr implementation capital	£500,000
Capital budget	£13,500,000
Total resource and capital budget:	£1,018,945,000
<i>Grant in Aid adjustments:</i>	
<i>Less non-cash (depreciation)</i>	£437,000
Total Grant-in-Aid (Cash)	£1,018,508,000

Additional funding is anticipated to be allocated in year via the supplementary budget process and will be appropriately ring-fenced. Confirmation of this funding will be issued in funding letters.

Annex 2

Other Sources of Income

Under GOWA, the Welsh Government has a duty to report all other sources of income for all bodies within the central government boundary and to manage it within an overall income ambit control limit agreed by Senedd Cymru. To enable the Welsh Government to remain within this control total, the income which may be retained by Medr from other sources to fund activity during the year for revenue resource purposes is £50,000. This is not the tolerance limit for cash retained at the year end. Please inform your Partnership team if this income is expected to change during the financial year.

Key Considerations

The statement of priorities and framework document issued to the Commission for Tertiary Education and Research set out various operational requirements and refers to government guidance and policies with which the Commission for Tertiary Education and Research needs to comply, in addition to its own duties as responsibilities as a public institution in Wales.

Your Welsh Government partnership team is headed up by Claire Rowlands and your normal point of contact within the team is Craig Greenland:
craig.greenland@gov.wales.

A meeting with your partnership team will be arranged to agree appropriate oversight and monitoring arrangements.

Funding should be claimed in the manner agreed with the tertiary education funding team and funding claims should be submitted to Lisa Drury: lisa.drury@gov.wales