Medr

Y Comisiwn Addysg Drydyddol ac Ymchwil
Commission for Tertiary Education and Research

# Terms and Conditions of Grant: higher education institutions

2026/27

Mae'r ddogfen hon hefyd ar gael yn y Gymraeg | This document is also available in Welsh

**www.medr.cymru**

Noddir gan **Lywodraeth Cymru**
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## Contents

## Introduction

1. This document sets out the terms and conditions of grant of the Commission for Tertiary Education (Medr), made available by the Welsh Government for the purposes of the provision of education and the undertaking of research, and the provision of facilities and carrying out of any other activities for the purpose of, or in connection with, education and research for the period 1 August 2026 to 31 July 2027.

2. This document records the agreement between the Commission for Tertiary Education and Research (Medr) and **name of institution** in receipt of this funding as set out in the annual Funding Allocations circular and other funding allocations made from time to time.

3. This document supersedes the Memorandum of Assurance and Accountability (W15/32HE), which had previously replaced the Revised Financial Memorandum and Audit Code of Practice 2008 (W08/36HE).

4. The institution must maintain appropriate governance, risk management, internal control and financial management arrangements to ensure the proper stewardship of public funds. In satisfying this requirement, the provider must comply with the regulatory obligations applicable.

5. This document operates in parallel to Medr's Regulatory Framework. The institution is a Registered Provider (i.e. a Higher Education provider who has been accepted onto Medr's higher education register and therefore the institution is subject to the conditions set in the Regulatory Framework as conditions of registration. The Regulatory Framework supersedes the Financial Management Code with effect from 1 August 2026. The institution must comply with the conditions in the Regulatory Framework identified in the paragraphs below as conditions of funding to the extent that they are compatible with the limits of the funding powers under the 1992 Act. This includes Ongoing Conditions of Registration in respect of Financial Sustainability and Governance and Management (Including Financial Management).

6. 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 higher education sector;
    b. The protection of the student interest;
    c. Minimising regulatory burden and removing duplication;
    d. Recognising institution autonomy;
    e. Reasonable and proportionate accountability; and
    f. Adopting a consistency of approach with other UK HE funding bodies where possible (for example, in respect of financial requirements and the consideration of the student interest), in order that the regulatory environment in Wales supports the ability of Welsh institutions to operate competitively across Wales, the United Kingdom and internationally.

7. The definitions of terms used within this document are set out within '**Annex A: Glossary**'.

## Application of this document

8. This document does not override the requirements of the institution’s charter, statutes (or equivalent) and the law relating to the institution’s charitable status 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 cause it to lose its charitable status, or which would be inconsistent with its charter and statutes.

9. 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. We will, however, consider the extent to which the institution has adopted the ‘should’ provisions (or alternative, equally robust arrangements) in our assessment of institution risk.

10. From time to time, we may within subsequent guidance, attach extra mandatory requirements to the conditions of funding, following appropriate consultation with the sector.

11. This document takes effect from 1 August 2026 and covers the period 1 August 2026 to 31 July 2027.

## Responsibilities of Medr

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

12. Payments to the institution by Medr are made in support of activities specified in section 65(2) of the Further and Higher Education Act 1992.

13. Payments will be subject to the provisions of the 1992 Act, the conditions set out in this document, and such terms and conditions as Medr may from time to time prescribe in accordance with the 1992 Act, and after the consultation required under section 66(1) of the Act. In accordance with section 65(3) of the 1992 Act, the payment of funds will be subject to such terms and conditions as Medr may impose, including those set out in this document. However, in accordance with section 65(4) of the 1992 Act, these terms and conditions will not relate to the application by the institution of any funds not derived from Medr.

14. In accordance with section 66(2) of the 1992 Act, Medr does not wish to discourage the institution from maintaining or developing its funding from sources other than Medr.

### *Arrangements for payment of funding*

15. Medr will make payments of all teaching funding and research funding to the institution against a profile of payments. This profile was communicated to the Vice Chancellor/Principal and Director of Finance in April 2026.

16. Funding will be provided in two stages: 60% will be remitted by the institution in August 2026, and the remaining 40% will be received by the institution in April 2027.

### *Protection of public funds*

17. The Chief Executive of Medr has been appointed as its Accounting Officer. As such, they are responsible and accountable to the Welsh Government for ensuring that the funds received from the Welsh Government 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.

18. All funding provided by Medr is made available subject to the funding being spent for the purposes given.

19. The Chief Executive must satisfy themselves that the governing body (or equivalent) of the institution has appropriate arrangements for internal control (including financial management, risk management, and accounting), and that Medr's funds are used for the purposes for which they were given.

### *Auditors' access to information*

20. The Auditor General for Wales, head of Audit Wales, is the external auditor of both the Welsh Government and Medr. The Auditor General for Wales has the right to

inspect the accounts of any institution that receives Medr grant or Welsh Government funding and to carry out value for money investigations.

*Right to suspend payment of funds*

21. In their role as Accounting Officer, the Chief Executive of Medr may suspend the payment of grant, 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. 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, systems of internal control or risk management.

## Responsibilities of the institution to us and to students

*Governing Body responsibility for compliance with this document*

23. The responsibility for ensuring that the institution complies with the Terms and Conditions of Grant and related guidance rests with the governing body of the institution.

*Proper stewardship of public funds*

24. The governing body of the institution is responsible for ensuring that funds from Medr are used only in accordance with the 1992 Act, these terms, and any other conditions that Medr may from time to time prescribe.

25. The governing body must exercise its discretion reasonably in the use of public funds and take into account 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.

*Governance*

26. The institution must comply with the requirements regarding governance set out in the Ongoing Condition of Registration in respect of Governance and Management (Including Financial Management) in the Regulatory Framework.

27. Significant issues of independence or conflict should be highlighted to the Chair of the governing body.

*Accountable officer's role and responsibilities*

28. The head of a institution is first and foremost responsible for leadership of the academic affairs and executive management of the institution.

29. 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.

30. 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.

31. 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.

### *Absence or removal of accountable officer*

32. If, in the judgement of the Medr Chief Executive, there is evidence of serious failure in relation to the oversight and management of public funds, they will raise this as appropriate with the accountable officer concerned and/or the chair of the governing body; provide the relevant evidence; and seek and consider a response.

### *Responsibility for reporting significant events*

33. The institution’s accountable officer must notify Medr of any serious incidents and notifiable events relating to matters covered by these terms and conditions, including fraud or financial irregularities, as set out in Medr’s Regulatory Framework. Where such matters fall within the legal scope of these terms and conditions, notification is a condition of funding.

34. If an issue or weakness has been identified, or is being investigated, by a funder or regulator other than Medr, the accountable officer must make us aware of this.

### *Governing Body’s responsibility to deliver value for money*

35. 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, taking into account 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.

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

36. The institution must provide Medr, or agents acting on its behalf, with whatever information Medr requires to exercise its functions under the 1992 Further and Higher Education Act, and the Higher Education (Wales) Act 2015.

37. The institution must provide Medr with access to all books, records, information, systems and assets. 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.

38. If the institution is overpaid grant as a result of Medr using estimated data, Medr

reserves the right to recover any overpayment, plus interest, in accordance with paragraphs 76 to 80 below.

39. The institution will be asked to provide data that they have collected to Medr or to other bodies acting on Medr's behalf. At present, the Higher Education Statistics Agency (HESA) acts as an agent both for the institution and for Medr in collecting information required by Medr and passing that information to Medr and/or to Welsh Government on behalf of Medr. These data contain personal details for students and/or staff. To ensure that the institution and Medr can fulfil their duties under the Data Protection Act 2018 and the General Data Protection Regulation (GDPR) (EU 2016/679), the institution must satisfy themselves when collecting data that students and/or staff are aware of data is being collected for these purposes. The institution must inform students and staff that their personal data will be submitted to HESA and must make HESA collection notices available to all relevant data subjects. The institution will co-operate with Medr as reasonably necessary to ensure that Medr or any other agents of Medr, are able to comply with the Data Protection Act 2018 in processing information supplied by the institution.

### *Responsibility to provide Medr with data requested*

40. The institution must provide Medr, HESA or other organisations as required by Medr, with reliable and accurate information on the students it has enrolled and the credit values associated with those students, and with any other data required whether for calculating funding or for other reporting and analysis purposes.

41. The data provided by the institution and used for funding purposes by Medr are subject to validation checks. The definitions used in the data returns are set out in Medr's Higher Education Students Early Statistics (HESES) and End of Year Monitoring (EYM) of Higher Education Enrolments surveys and also in the HESA record manuals.

42. Medr reserves the right to use its own estimates of student registrations, associated credit values and any other data for the institution fails to return data on time to Medr, HESA or other organisations, or where data is considered to be of insufficient quality.

43. The institution must comply with the Code of Practice for higher education data collections and to report any breaches of the Code to Medr. The institution must confirm their adherence to the Code as part of the annual assurance return.

### *Audit of data*

44. All data used in funding calculations can 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. In addition to the adjustments described in paragraphs 50 to 53 above for credit-based teaching, funding adjustments may be made to funding in the light of errors or omissions found at audit where these have resulted in the institution receiving a higher allocation of funding than should have been the case. If the adjustment is less than £50,000, Medr will use its discretion, based on the circumstances of the audit findings, to decide whether the adjustment should be applied. If the adjustment is greater than £50,000 the adjustment will be applied in full.

*Notification of changes to senior roles*

45. The accountable officer must notify us of changes to governing body and senior roles as set out in Medr's Regulatory Framework. A member of the senior executive team is defined in accordance with FOS 102's definition for 'key management personnel'; that is "those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of that entity". This is consistent with the approach that the institution is required to take in identifying their senior executive team for financial statements under the applicable Statement of recommended practice: accounting for further and higher education.

*Securing quality provision of education*

46. The institution must comply with the condition for quality and continuous improvement, which has been set out by Medr in the Regulatory Framework, in accordance with the Tertiary Education and Research (Wales) Act 2022. Compliance includes taking account of the Quality Framework.

47. The institution is required to publish a Student Charter and Relationship Agreement which should be reviewed annually in partnership with the Students' Union.

48. Medr has a statutory responsibility to ensure that assessment is made of the quality of provision of education provided in Wales by, or on behalf of, each Registered Provider. We exercise this duty partly through commissioning regular external quality assurance reviews of the institution from the Quality Assurance Agency, in compliance with the European Standards and Guidelines requirements for such reviews.

49. A range of factors could give rise to the risk of the quality of education becoming inadequate. We therefore monitor a range of indicators throughout the year to determine our judgement of the likelihood of the quality of education becoming inadequate. This process could inform external quality assurance reviews, and would be informed by such reviews. Our Procedures for assessing the quality of education set out how we will determine the risk of provision being inadequate, or being likely to become inadequate. As noted above, instances which give reason to believe that the quality of provision is inadequate or likely to become inadequate, must be treated as notifiable events.

50. Medr has a clear regulatory interest to ensure that the institution in receipt of public funds provide value for money and are responsible in their use of these funds, as described in this document. In cases both of inadequate quality, and where we have identified that quality is likely to become inadequate, we will expect the institution to take corrective action sufficient to address the issues. Prior to implementation of statutory intervention, we will liaise informally or formally with the institution. Medr may also take action through its regulatory power under the Tertiary Education and Research Act (Wales) 2022.

*Monitoring of complaints*

51. The institution must comply with the condition in respect of Complaints Procedures, which has been set out by Medr in the Regulatory Framework and in accordance with the Tertiary Education and Research (Wales) Act 2022. Governing bodies must be provided with a complaints report at least annually, which provides the Governing Body with assurance that complaints are being handled appropriately.

*Compliance with the Research and Innovation Concordats*

52. Medr is one of the signatories to the Concordat to Support Research Integrity, together with Universities UK, the other three UK higher education funding bodies, UK Research and Innovation, the National Institute for Health Research and the Wellcome Trust. It is our expectation that all universities in Wales should comply with the terms of the Concordat. The institution is asked to provide confirmation of their compliance with the Concordat within the Annual Assurance Returns.

53. Medr will require universities in Wales to: provide a copy of their policies on ethical review and approval and mechanisms for reporting allegations of misconduct; point to the area of the university website where information on research integrity is available; provide information on investigations of research misconduct to funders of research and to professional and/or statutory bodies as required by their conditions of grant and other legal, professional and statutory obligations.

54. Medr is one of the signatories to the Concordat to Support the Career Development of Researchers. It is also a member of the Concordat Strategy Group (CSG) which is comprised of representatives from funding bodies, higher education institutions, and other organisations and associations from within and outside of higher education. The CSG is responsible for promoting the implementation of the principles of the Researcher Development Concordat across the UK. It is our firm expectation that all higher education institutions in Wales should be signatories of the Concordat and adopt its principles, standards, and good practice. The institution will be asked to provide confirmation of their signatory status and details of how they are meeting their signatory responsibilities, and their reasons for not signing up to the Concordat if not a signatory, within the Annual Assurance Returns.

55. If signatories to the Concordat, the institution should be implementing the signatory responsibilities as laid out in the Concordat. The Concordat is a sector-owned continuous improvement tool, and these responsibilities may change over time as the Concordat is reviewed. Medr will monitor the institution’s implementation of the signatory responsibilities of the Concordat through the Annual Assurance Returns, within which the institution should include their annual Concordat Action Plan and their annual report to their Governing Body.

*Compliance with UK legislation relevant to Medr funding*

56. The institution must ensure that their use of funding is compliant with all relevant legislation.

*Remuneration*

57. The institution must 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.

58. The institution must comply with all the required disclosures regarding the remuneration of its higher paid staff in its audited financial statements, as specified in Medr's current Accounts Direction to higher education institutions , relevant financial accounting standards, and legal requirements.

59. The institution should follow publicised remuneration good practice, including the principles set out in the CUC Senior Staff Remuneration Code (2021).

*Appropriate use of public funds*

60. Medr funds must not be used to subsidise non-public activities.

61. The institution must only use Medr funds for the activities eligible for funding as specified in sub-sections 65(2)(a), (b) and (c) of the 1992 Act. This condition also applies where the institution passes on a part of its institution grant to another legally distinct entity for provision of an activity which is eligible for funding. That includes provision of funding to the Students' Union via a block grant or subvention, passing on grant to colleges in the further education sector, and where provision is delivered via sub-contractual arrangements or via a subsidiary company.

62. If passing on Medr provided funds to another legally distinct entity:

    a. The institution remains accountable for the funds and must retain sufficient oversight such that it can ensure that the funds are used for qualifying purposes under the Act. 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 Grant here within apply to the eventual user of the funding; and
    b. This applies except in cases where the body to which the institution passes funds is also an institution funded in Wales. In such cases, as set down in Section 65(3A) of the 1992 Act, the institution must obtain our consent before passing Medr funds to the connected institution. If Medr consents to the passing of funds, Medr will give notice to all parties stating the party which will be held accountable for the funds.

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

64. If any Medr funds which were earmarked or provided for specific purposes are used for other purposes, the institution must report such use to Medr immediately.

*Circumstances in which public funds become repayable*

65. Under section 65(4) of the 1992 Act 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.

66. We may require a institution to repay funds if it has been over-funded.

67. 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 be unsatisfactory.

68. 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 this Terms and Conditions of Grant, or any other condition, remains unpaid.

69. The value of the Exchequer interest in the institution becomes immediately repayable if the institution becomes insolvent, including going into liquidation or administration, or if it dissolves or transfers its undertaking to some other body, or if it experiences any analogous event.

*Requirement to subscribe to other bodies*

70. Under the 1992 Act and the Higher Education Act 2004, the institution is respectively required to subscribe to the Office of the Independent Adjudicator and Higher Education Statistics Agency.

71. The institution should remain appraised of the latest guidance from the Competition and Markets Authority and the Office of the Independent Adjudicator, or any successor bodies fulfilling those roles.

72. It is institution’s responsibility to ensure that they comply with the requirements of the Welsh Language Standards (The Welsh Language (Wales) Measure 2011).

*Prudent management of the estate and exchequer value*

73. The institution must comply with the requirements regarding estates management, and the monitoring of exchequer value and management and disposal of exchequer assets, in the Condition of Registration in respect of Governance and Management (Including Financial Management), as set out by Medr in the Regulatory Framework.

*Financial statement preparation and external audit*

74. The institution must comply with the requirements for the preparation of financial statements and the use of external audit services set out in the Conditions of Registration in respect of Financial Sustainability and Governance and Management (Including Financial Management).

75. The institution must comply with Medr’s applicable annual accounts direction.

*Medr's right of access for investigations*

76. Medr may carry out 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.

77. Medr may carry out reviews designed to improve economy, efficiency and effectiveness in the management or operation of the institution, including value for money studies. The Auditor General for Wales may also carry out value for money studies of the institution's use of resources.

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

## Provider engagement, support and safeguarding actions

79. As a Welsh Government Sponsored Body, Medr must be confident that the institution's it funds have adequate and effective risk management, controls and governance arrangements to protect the investment of public funding and arrangements for delivering value for money from public funds.

*Safeguarding actions*

80. We expect the institution to engage with us and address matters prior to us needing to implement safeguarding actions or utilise interventions set out in our statement of intervention.

81. If the institution fails to take any agreed action, Medr will seek explanations and, if appropriate and justified, issue warnings to improve.

82. If the institution still fails to address the risks and issues then theinstitution will be informed that one or more of the safeguarding actions will be applied. This is very much a last resort and an action that we would not expect to take often.

83. The two safeguarding actions at Medr 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. Ultimately Medr can withdraw funding entirely, should circumstances warrant such action; and

    b. **Information** – through making public our concerns about an institution there are strong grounds to do so and where this is in the public or collective student interest (both current and prospective students, and past students where relevant).

84. In addition Medr may:

    a. Implement interventions in respect of non-compliance with Conditions of Registration under the Statement of Intervention;
    b. provide advice to the Charity Commission where an institution may have breached its charitable obligations; and/or
    c. provide advice to the Equality and Human Rights Commission where discrimination may have occurred.

## Other matters

### *Revisions to this document*

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

### *Interpretation of statements within this document*

86. 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

87. The accountable officer of (**name of institution**) must signify below that they have received and accepted the Terms and Conditions of Grant, which sets out the terms and conditions for payment by the Commission for Tertiary Education and Research (Medr) of funds to the governing body of (**name of institution**) out of funds made available by the Welsh Government.

Signed……………………………………………......................................

Dated ……………………………………

## Signature of the Chair of the Governing Body

88. The Chair of the Governing Body of (**name of institution**) must signify below that they have received and accepted the Terms and Conditions of Grant, which sets out the terms and conditions for payment by the Commission for Tertiary Education and Research (Medr) of funds to the governing body of (**name of institution** ) out of funds made available by the Welsh Government.

Signed……………………………………………......................................

Dated ……………………………………

## Annex A: Glossary

Unless otherwise stated, terms used in these Terms and Conditions of Grant have the meanings given to them in the Regulatory Framework Glossary. The following additional definitions also apply:

| | |
|---|---|
| **Academic year** | The 12 months from 1 August to 31 July |
| **Accounting period** | The period covered by the institution's audited financial statements, usually the 12 months from 1 August to 31 July |
| **Medr** | Medr, The Commission for Tertiary Education and Research |
| **FMC** | Financial Management Code |
| **FRS** | Financial Reporting Standard |
| **The institution** | (name of institution) |
| **Month** | Calendar month |
| **1992 Act** | The Further and Higher Education Act 1992 |
| **2015 Act** | The Higher Education (Wales) Act 2015 |
| **2022 Act** | The Tertiary Education and Research Act (Wales) 2022 |

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