

Sera Evans MS
Chair, Early Years, Children, Young People and Education Committee
Senedd Cymru
Cardiff Bay
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11 September 2026

Dear Sera,

RE: Further education (FE) enrolments and budget pressures facing the sector

Thank you for your letter of 23 July 2026 requesting further information on the challenges currently facing the FE sector in Wales, and many thanks for meeting with us last week to discuss the sector's priorities. The information we have provided below is the most up to date enrolment information from colleges, with the only caveat that it is a snapshot of a particular point in enrolment. However, while it is subject to some change we are confident that it reflects the overall direction of travel.

Firstly, it is worth stating that increased participation in our colleges should be seen as a positive news story. The highest number of learners ever recorded are making a positive choice to study at college and making informed decisions about their future careers and progression. However, with funding not keeping pace with the record numbers of participation we have seen over the last few years there are now record numbers of unfunded learners in the system. The latest data for the new academic years shows nearly 5,000 learners will be studying at college and for whom the sector is not receiving funding. On top of this colleges have not been able to offer places to several hundred young people who have applied for college, exacerbating the acute NEETs crisis facing Wales.

In order to ensure as many young people can access education as possible, colleges have been asked to carry unsustainable levels of underfunding over successive years. The cumulative impact on the sector will lead to financial instability and cuts to the curriculum offer, with the risk of job losses and potential damage to the strong industrial relations built over many years. More immediately it means that colleges will not have the resources they need to be able to meet the support needs of learners, including mental health and welfare,



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pastoral support and financial hardship funding. This increases the risk of the most vulnerable learners - including those from the most disadvantaged households - not completing their courses and becoming part of the rising number of young people not in education, employment or training.

There are also early indications from the sector that there has also been a sharp increase in the number of young people who have enrolled in college with Individual Development Plans (IDPs). It is possible, although not yet verified, that the number of IDPs could have doubled, underlining the pressures on the Additional Learning Needs (ALN) budget this year.

There is an additional risk here that the acute funding crisis in full-time provision could begin to erode budgets for part-time. Medr has enabled colleges to have flexibility to shift funds between delivery modes to support the increasing demand. While this agility is welcome, this intervention should be understood as part of the big picture. Data from StatsWales shows a dramatic [decline in the number of part-time learners in FE](#) - down by 45% over the past decade. Similarly, local authority community learning has seen a 49% decrease in learner numbers over the same period. In the pursuit of a more equal Wales, the role of adult education and community-based learning is key in dismantling barriers, promoting inclusivity, and fostering social value, and it must be supported.

We are at the point where urgent action and budget commitments are needed, both in this and the next academic year and we ask for the Committee to support our calls for the Welsh Government to:

- Immediately release additional funding to support the costs of increased participation in the sector, which will allow colleges to properly fund learner support costs. This is essential to enable colleges to provide both high-quality education and training, but also to meet the costs of learning support services which are so crucial to support attendance, retention and progression.
- Fully fund the funding model for the 2027/28 academic year. This is absolutely vital for the long-term financial health of the sector and for the capacity of colleges to meet the needs of learners of all ages.

In answer to each of your questions, I would make the following points on behalf of the sector:

1. There are a range of **key drivers behind rising FE participation in Wales, affecting institutional budgets and planning**. These include demographic trends, with a relatively high number of over-16s in the population. However, it is essential to recognise the greater number of learners entering at college at lower levels, which reflects some of the attainment challenges in schools, and the role of colleges in

providing an immediate second chance for young people. This also means that these learners will also be staying at college for more than the standard two years' duration, with this progression and retention creating specific financial pressures. Colleges have also noticed an increase in the number of home-schooled learners entering FE, who are not included in calculations for the current funding model, and therefore the specific support needs for this particular cohort are not being recognised.

Medr estimates that the funding shortfall for the FE sector for the 2026-27 academic year will be £30million, although the additional £6.5million provided to Medr for participation pressures will reduce this to £23.5million. However, the current level of additional funding is significantly lower than the additional £21.5million allocated to the sector as support for increased participation in 2025-26, so the amount being received this year is nearly 70 per cent less than the previous at a time of rising demand. Based on the latest data, the pressures are in vocational areas, specifically construction and built environment, engineering and land-based courses. Provisionally the data also suggests that there has been a further drift away from A/S courses, suggesting that many young learners are choosing vocational and technical courses in response to an uncertain labour market and economic environment.

Whilst an increase in participation levels is to be welcomed, the sector urgently needs to be sufficiently resourced so that it can meet demand for provision.

2. It is very difficult to give an exact figure as to **the number of learners currently on waiting lists** as there is no central collection process that tracks the applications a learner makes across schools and colleges. Colleges are also still enrolling learners so it is not possible to give a precise figure at this stage, although based on initial feedback we believe several hundred learners will not have been offered a place by colleges. Data suggests that the majority of these learners will be those who had applied for lower-level programmes and on over-subscribed vocational courses. As such they are more likely to be at risk of becoming NEET, especially given that this year colleges have not been able to refer learners in the same volume to Jobs Growth Wales due to the funding pressures on that programme.

It is clear, therefore, that this is a problem faced by learners and institutions in different parts of Wales, with a range of subject areas being affected. If the Welsh Government does not urgently address this issue, it means that colleges will continue to be unable to offer places to learners, adding to the growing problem of NEET numbers in Wales.

3. In terms of the **adequacy of the current FE funding model in supporting providers to respond to rising demand**, it should be understood that the model for FE provision operates on a lagging basis, which means that the increased participation levels of recent academic years should be recognised as budgets begin to be set for 2027-28. However, the budgetary pressures that colleges are facing today will only be addressed if the model itself is fully funded. We estimate that the Welsh Government will need to find an estimated £40million simply to fund what the model requires.

The sector will be faced with a significant challenge around financial sustainability, with the very real risk of job losses, the loss of pastoral and welfare support, and cuts to key curriculum areas that will inevitably close off progression pathways for young people and adults into higher education, apprenticeships and employment. The impact would be to reduce the life chances of young people at a time when there are already tens of thousands of NEETs.

4. It is **critical that the 2027/28 budget reflects the record level of demand, and that it enables the sector to provide the appropriate level of support to learners**. In addition to the £30million which is immediately required by the sector to address the shortage of places for the 2026-27 academic year, a minimum of £40million will be required to reflect sustained higher participation levels in 2027-28.

However, the Committee should be aware that the £40 million figure cited above is a minimum. A greater figure will be required to address pay awards; to ensure that colleges have sufficient resources to meet the requirements of the Welsh Language and Education (Wales) Act 2025; and an increase in the unit rate of funding to ensure it meets the full inflationary costs of delivering high-quality FE. These are all issues of huge importance to the sector.

All these factors will need to be reflected in Welsh Government's 2027-28 Draft Budget if the urgent financial pressures facing FE are to be addressed and its long-term sustainability in Wales assured.

We repeat our call for all political parties in the Senedd to work together on a budget agreement that prioritises investment in young people, and believe that the Early Years, Children, Young People and Education Committee has a key role to play in this process. Two recent reports into [White Working-Class Educational Outcomes](#) and [Young People and Work](#) ('the Milburn Review') in England make clear that ambition is not the issue with young people - rather, the issues are accessibility and support. We believe that these findings are as applicable to Wales as they are to England - perhaps more so as Wales has a slightly higher proportion of NEETs amongst the 16-24 population. If the new Welsh Government

wants to attain its goals of growing the Welsh economy and reducing the productivity gap, it must invest in the future of these young people.

I hope that the above information is helpful and provides the Committee with the information it is seeking to inform its work in the forthcoming autumn term. ColegauCymru is happy to answer any further questions you may have on this and other matters relating to the FE sector in Wales, and we look forward to working closely with the Committee throughout the duration of the seventh Senedd.

Yours sincerely,



David Hagendyk
Chief Executive