



Llywodraeth Cymru
Welsh Government

THE FUTURE OF TERTIARY EDUCATION IN WALES

Summary of the five challenges and calls for submission



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This document summarises the main challenges. See the [detailed version](#) for more information.



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CONTEXT AND SUMMARY

Part 1 – Context and summary

- Tertiary education in Wales encompasses all post-16 education and training provision across a range of levels, from basic skills to postgraduate degrees. The tertiary education sector in Wales comprises of:
- School sixth forms, which primarily deliver full-time education at levels 2 and 3 to 16-to-19-year-olds, and are overseen by local authorities.
- Further education (FE) colleges, which deliver a whole range of full-time and part-time education and training, both vocational and academic, from basic skills through to degrees (in partnership with universities).
- Universities and other higher education (HE) providers, which deliver full-time and part-time degrees and other higher education courses from levels 4 to 7, as well as extensive research and innovation activity.
- Apprenticeship and training providers, which predominantly deliver apprenticeships in partnership with employers.
- Adult community learning, predominantly lower-level and basic skill part-time provision delivered by local authorities.
- Since 2024, this diverse and complex sector has been funded and overseen by Medr, a Welsh Government sponsored body established by the Tertiary Education and Research (Wales) Act 2022.

A thriving tertiary education and research sector is indispensable to a prosperous, fairer and more equal Wales. Every year, thousands of learners reap the benefits of new skills, new perspectives, and new knowledge through their participation in education and training at all levels. Businesses and public bodies rely on this training and development to improve their goods and services. Research and innovation activity generates new ideas and innovations to improve products, ways of work, and transform people's lives.

However, changes in the wider world – in demography, in the economy, in the public finances, in culture and learners' expectations of education and training – require that tertiary education changes in turn. Much of how the sector operates is grounded in traditional and deep-rooted processes. The strengths and successes of tertiary education institutions in Wales owe much to these well-established ways of working. But the challenges of the coming decades require a fundamental revision of how tertiary education is planned, organised, and delivered in Wales.

This paper sets out a summary of what the Welsh Government believes to be the five key challenges for tertiary education in Wales.

The five challenges are:

- Participation and equality of opportunity – ensuring that everyone, regardless of background, can access and succeed in further and higher education.
- Demographic change and lifelong learning – responding to an ageing population and supporting learning throughout life.
- Competition and collaboration – supporting strong partnership working across the sector.
- Financial sustainability – ensuring institutions can deliver high-quality education and research on a secure financial footing.
- Delivering for the economy of the future – aligning education with the needs of the evolving economy.

The paper makes clear that there are few easy options for addressing the challenges identified. Any policy response will require a consideration of difficult trade-offs, prioritisation of limited resources, and a clear focus on the most effective and valuable activities that deliver better outcomes for learners, society, and the economy.

The paper is intended to invite stakeholders – tertiary education providers, learners and staff representatives, as well as businesses, public service providers, sector experts, and other interested parties both inside and outside Wales – to identify and submit further evidence and information which complements, corroborates, and indeed challenges what we present here.

During the submissions period, the Welsh Government will engage with key stakeholders. The Minister will also convene further meetings of the Tertiary Education Ministerial Advisory Group, bringing together the diverse range of views across the sector for consideration and discussion. We hope these discussions will further inform responses by stakeholders.

The submissions provided by stakeholders in response to this paper will enable Welsh Government officials to prepare for the new Senedd term, and to work immediately with the government elected to address the challenges set out, to develop a policy response grounded in good quality evidence and the considered views of stakeholders.



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CHALLENGES

Part 2 – Challenges

Participation and equality of opportunity

- Increasing participation in tertiary education is crucial for building a more skilled workforce, supporting productivity, and advancing social and economic outcomes for individuals and society.
- Wales faces ongoing challenges with post-16 participation rates that trail behind other UK nations and international comparators, with lower progression to higher qualification levels and higher rates of young people not in education, employment, or training.
- Recent years have seen a stabilisation in progression rates from compulsory schooling to post-16 education, with a notable shift towards further education colleges and vocational pathways, especially at lower qualification levels.
- The decline in sixth-form enrolments is offset by growth in further education colleges, reflecting changing learner preferences and local educational provision.
- Apprenticeships remain a minority of provision by younger learners, with most being undertaken by older age groups.
- Increased participation in vocational and technical pathways brings additional costs for provision and support services, particularly for learners on lower-level courses who may require more time and assistance to achieve higher qualification levels.
- Progression rates to higher education from school or college at age 18 are lower in Wales compared to other UK nations, though overall participation in higher education increases with age due to higher levels of part-time and mature student enrolment.
- Persistent inequalities exist in tertiary education participation, with socio-economic background, gender, and disability all influencing access, attainment, and progression routes.
- Welsh-medium and bilingual tertiary education provision is concentrated in school sixth forms, with further education colleges and work-based learning providers offering more limited opportunities.
- Shifting patterns in tertiary education provision could create new challenges for ensuring broad and accessible Welsh-medium provision, particularly in FE colleges and in HE.

Demographic change and lifelong learning

The Welsh tertiary education sector must be prepared for a decline in the number of young people and an ageing population. Institutions must adapt their planning, staffing, and provision strategies to respond to local demographic shifts and the varying needs of communities.

- Projected decreases in young people could present financial and operational challenges for education providers, especially in rural and less populated regions.
- Policy will increasingly need to focus on providing flexible and part-time opportunities for learners of all ages and at all levels, particularly for those already in work.
- Low qualification levels remain linked to higher unemployment, underlining the importance of targeted interventions for adult learning and skills development, particularly in basic skills areas such as literacy and numeracy, as well as vocational training.
- Recent trends show a rise in part-time learners and apprenticeships across a broad age range, with higher education institutions experiencing steady part-time enrolments.
- Future policy could build on successes including part-time student support and Personal Learning Accounts, as well as the lifelong training opportunities provided by apprenticeships.

Competition and collaboration

- The tertiary education sector in Wales is experiencing significant shifts in learner numbers, subject preferences, and demand, with variations in trends across school sixth forms, further education, and universities. Competition in this environment may be detrimental to the long-term sustainability of some providers and provision.
- School sixth forms are generally seeing a decline in enrolments. Some local authorities are reviewing the organisation of their post-16 provision, with implications for curriculum breadth and accessibility, including Welsh-medium education. Further education colleges are attracting a growing proportion of post-16 learners.
- Competition between schools and colleges may be undermining the need to provide young people with clear, impartial advice on their post-16 options.
- Market competition between universities across the UK and aggressive expansion by some higher-tariff universities has had a damaging effect on the financial position of some institutions and the sustainability of some courses, particularly in Wales. Unplanned and uncoordinated restructuring of provision may risk 'cold spots' in provision.
- International student recruitment has become increasingly important for university finances, though recent regulatory changes means that further growth cannot be relied upon.
- There are many existing examples of effective collaboration between schools, colleges, and universities, which can help broaden curriculum options, ensure impartial guidance for learners, and create cost efficiencies.

Financial sustainability

- The Welsh Government continues to invest substantially in tertiary education and apprenticeships, including funding for revenue, capital, and student loans.
- Financial challenges are growing for schools, colleges, and universities, driven by rising costs, squeezes in per-student income, and in some instances, falls in student numbers.
- Further education colleges face pressure from increasing learner numbers and complex support needs, with limited non-core funding available. Despite general financial stability, colleges report shrinking surpluses and liquidity, indicating tighter financial conditions.
- Universities have seen a squeeze in real-term per-student income, as well as increased domestic and international competition and the loss of European research funding, leading to significant cost-cutting and restructuring.
- Welsh Government student support has become increasingly reliant on student loan increases, but budget constraints limit further expansion. Welsh student loan repayment terms remain more progressive than in England, but may require review.
- Cost-of-living pressures remain significant to learners, particularly those from disadvantaged backgrounds. Recent initiatives to lower travel costs and increase living cost support (EMA and WGLG) for learners have helped, but broader access and affordability concerns remain, with further analysis ongoing.
- Despite relatively generous maintenance support compared to the rest of the UK, financial hardship and increased student employment continue in higher education due to cost-of-living pressures.
- With a constrained long-term outlook for the public financials, the Welsh Government will need to consider where investment in tertiary education institutions and student support will have the biggest impact.

Delivering for the economy

- Tertiary education in Wales is crucial for enhancing economic outcomes and future wellbeing through its impact on productivity and earnings.
- Substantial evidence supports the private and societal economic benefits of higher education, but less is known about the varied outcomes of different further education pathways.
- Returns on education differ significantly by subject and qualification type; some areas yield high economic benefits, while others offer more limited returns, and in a minority of cases, negative returns, with significant public subsidy.
- Public funding is generally distributed evenly across courses and qualifications, with limited alignment to actual economic or social returns.
- Prospective learners may struggle to access or interpret data on outcomes, potentially leading to inefficient resource allocation and missed opportunities in areas of high skill need.
- Vocational education and training are increasingly popular and play a vital role in meeting Wales's economic priorities, but provision is fragmented, and alignment with labour market needs is inconsistent. There is a lack of clear progression routes, uneven access to bilingual options, and inconsistent guidance for learners pursuing vocational pathways.
- Research and innovation funding in Welsh universities is shifting in response to changes in UK and EU funding, with increasing emphasis on specialisation and collaboration to secure competitive grants. The Welsh Government and the HE sector need to work together to best secure UK-wide income and focus on areas of key strength, aligned with economic priorities.
- Technological and economic changes, especially the rise of AI, are creating uncertainty around future skills needs but also present opportunities for personalising education and improving institutional processes.



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CALLS FOR SUBMISSION

Part 3 – Call for submission

Questions for respondents

The Welsh Government is seeking the input of key stakeholders, including tertiary education providers, learners and staff representatives, as well as businesses, public service providers, sector experts, and other interested parties both inside and outside Wales, on the challenges identified in this paper.

We have asked 24 key questions which focus on the areas where further information will be most useful to future policy making. In particular, we are eager for responses to focus on the following:

- Further detail on the challenges we've outlined, supported with data and evidence where possible, or which recognises gaps in the available data and evidence.
- Real-world examples of relevant practice within tertiary education that addresses the challenges outlined.
- Relevant comparisons with the rest of the UK and other nations, including how other countries are tackling these challenges.

Full details on the call for submission, including questions and how to submit your response, can be found on the [Welsh Government website](#).