

Cyflwynwyd yr ymateb i ymgynghoriad y [Pwyllgor Cyllid](#) ar [Cyllideb Ddrafft Llywodraeth Cymru 2025-26](#).

This response was submitted to the [Finance Committee](#) consultation on the [Welsh Government Draft Budget 2025-26](#).

WGDB25-26 (6) 63: Ymateb gan: Prifysgol Metropolitan Caerdydd | Response from: Cardiff Metropolitan University



- i. Universities are experiencing significant challenges due to a fall in international recruitment, reduced public funding and increased costs. Cardiff Metropolitan University is looking at ways of meeting this challenge. The University ran a voluntary severance scheme in 2023/24, which it has reopened for 2024/25. The University is also implementing additional cost reduction measures. Added difficulties have been created as a result of the National Insurance increase and change to foundation years.
- ii. Many of the pressures have been beyond Welsh Government’s control: a tightened fiscal environment, immigration reforms, high inflation, economic challenges in other nations and a *de facto* fee cap because the largest UK nation would not go past £9,250. In response to financial pressures, Welsh Government cut last year’s higher education budget by £11m and increased the maximum tuition fee from £9,000 to £9,250.
- iii. However, some national priority courses did not qualify for the higher fee and the respective funders were unable to match the new cap: degree apprenticeships and those commissioned by Health Education and Improvement Wales (HEIW). Given decisions made last year, there are several options Welsh Government could pursue either in isolation or in combination:
 - Match the new £9,535 fee implemented in England for 2025/26, but with consideration of more fundamental longer-term changes.
 - Increase the higher education budget, ring-fencing allocations (if necessary) for degree apprenticeships and the Research Wales Innovation Fund.
 - Increase the HEIW budget to allow for health courses to be funded at maximum fee-level plus premia or commit to reprioritise underspends for that purpose.
 - As per the general election campaign promise, increase spending on teacher recruitment and retention in key subjects.

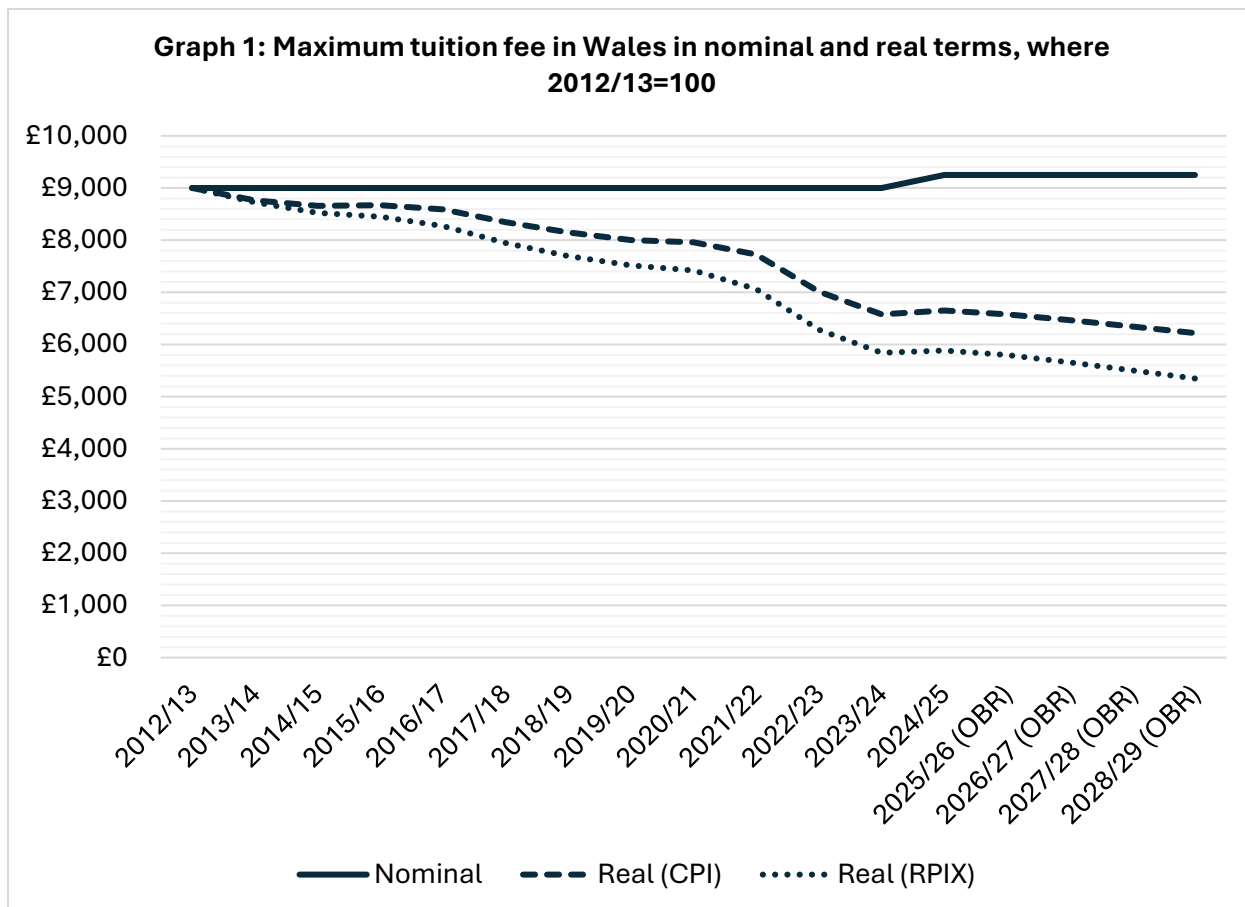
1. Background

- 1.1 The grant to HEFCW (now supplanted by Medr) has covered supplementary funding for teaching, research and other priorities. It helped cover the loss-making home fee. The budget was cut in 2024/25 by £11m, which HEFCW split across institutions *pro rata*.
- 1.2 The fee cap for UK undergraduates was £9,000 in Wales from 2012/13 to 2023/24, during which time its value fell considerably in real terms. In response, Welsh Government increased the maximum fee to £9,250 for 2024/25.¹ The University welcomes that action was taken and is implementing the increase in phases.
- 1.3 The Diamond review that led to the current funding model in Wales said, “inflationary pressures should be shared between the student (through the Tuition Fee Loan and Maintenance Loan) and the state (through the Maintenance Grant and HEFCW learning and teaching grants)”.² Instead, inflationary pressure has been alleviated primarily via the uncapped fees of postgraduate and international students. In the most recent data, international students were 23% of the cohort in Wales but 33% of fee income.^{3 4}
- 1.4 However, UK Government policies have caused a contraction in international recruitment. The UK has increased visa costs and the Immigration Healthcare Surcharge, the latter by £306 (65%) for students.⁵ Applying for a study visa from outside the UK has risen by £127 (35%).⁶

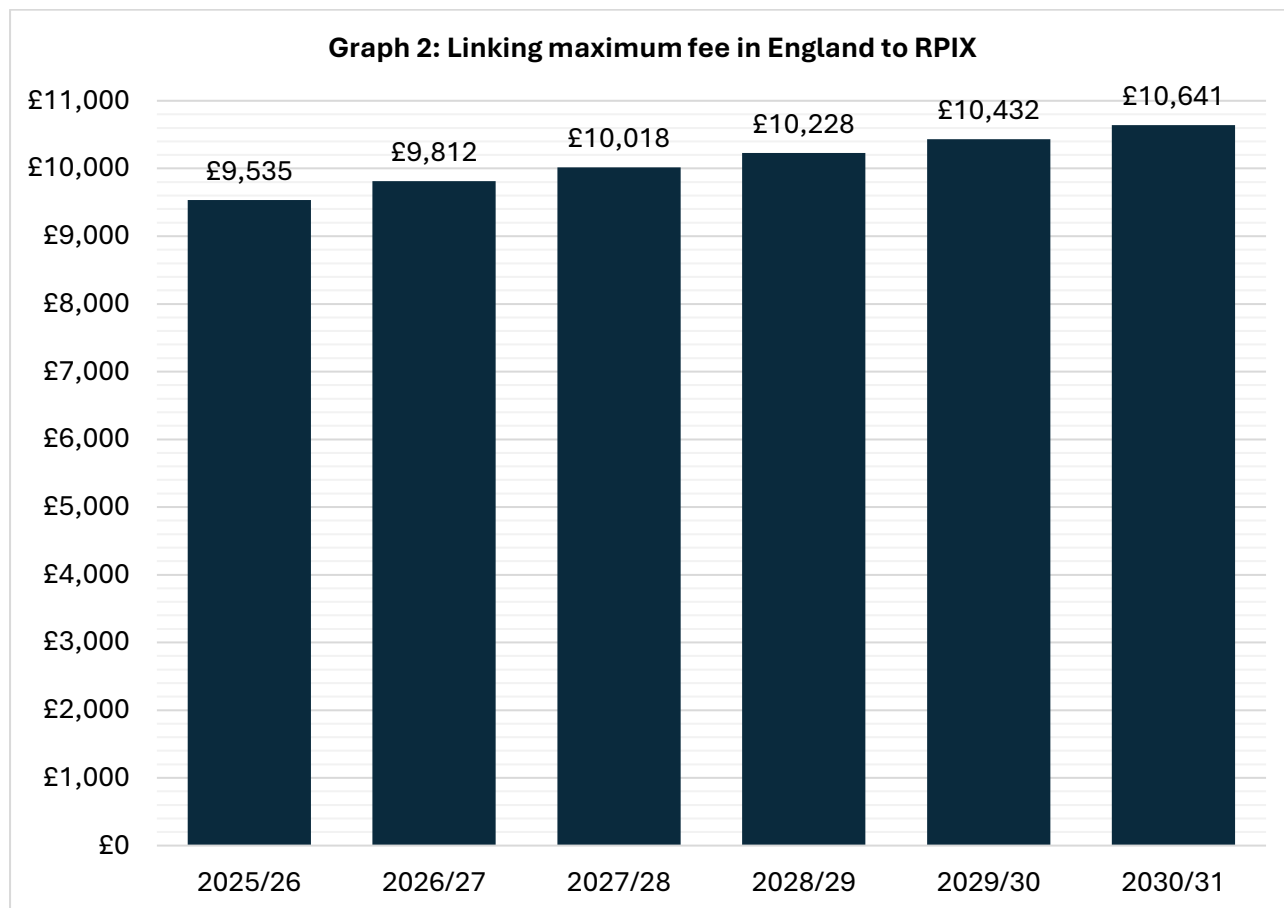
- 1.5 From January 2025, the amount of money that student applicants will need to prove they have maintained prior to their visa being granted will increase.⁷ Most student applicants currently need to show they have £1,023 per month plus their outstanding tuition fee balance for 28 consecutive days. This will increase to £1,136 and the University expects to see an associated impact on recruitment.
- 1.6 Moreover, the UK no longer grants visas for dependants of taught postgraduates.⁸ This has had a notable effect on applications from Nigeria and India, which accounted for 56% of international taught postgraduates in Wales in the last data.⁹ UK Government’s own impact assessment of the change estimates a hit to the UK economy of c. £15bn.¹⁰ Recruitment has also been affected by the Nigerian economic crisis.¹¹
- 1.7 UK Government’s Autumn Budget 2024 introduced additional pressures. The increase in employers’ contributions to National Insurance will add millions to the University’s wage bill.¹² English students will also have reduced access to loans for foundation year courses, with their borrowing capped at £5,760 for classroom-based subjects. A £9,250 fee for such courses in Wales is now likely unviable due to cross-border recruitment. Cutting those courses to £5,5760 would mean the University forgoing further millions.

2. Maximum tuition fee

- 2.1 As above, the maximum fee has been raised in Wales to £9,250 for 2024/25, but this will not recover the sustained loss of real terms value since fees went to £9,000 in 2012/13. Please note that the following graph includes RPIX for historical reasons.¹³



2.2 The £9,250 fee matches the maximum in England in 2024/25 and the level charged to students from Wales at universities in Scotland and Northern Ireland. But, for 2025/26, UK Government has raised the maximum fee in England to £9,535.¹⁴ With inflation having cooled, annual increases would be less significant than would have been the case in recent years. Based on OBR data:



2.4 However, UK Government has not committed to future fee raises and we are acutely aware that ever-increasing tuition fees are neither a X nor X. A fee rise will also be unable to offset the cost of the National Insurance increase and likely impact of cuts to foundation year fees.

2.5 **Having recently equalised the fee, Welsh Government should commit to match the new £9,535 fee in England for 2025/26. However, we want to engage with more fundamental questions about the purpose of the Welsh sector.**

3. Degree apprenticeships

3.1 ColegauCymru and the National Training Federation for Wales have covered, in detail, the impact of apprenticeship cuts in Wales:¹⁵

- Nearly 6,000 fewer apprenticeship starts this year.
- £50.3m ‘short run’ loss in GVA.
- Up to £215.7m loss of GVA in the longer term.

- 3.2 Degree apprenticeships combine the work-based element of an apprenticeship with the academic framework of a higher education qualification. It allows the apprentice to study for their academic qualification while working full time with an employer, gaining real-world experience in their chosen career path. The University offers degree apprenticeships in data science, cyber security and software engineering.
- 3.3 The funding for degree apprenticeship courses was administered by HEFCW, in essence covering the fee equivalent for each student. This funding has been allocated from the economy budget and ring-fenced by Welsh Government. The last allocation from HEFCW for degree apprenticeships was c. £10m.
- 3.4 Demand for these courses outstrips the supply, with the number of places needed having exceeded the level that can be funded considerably. This has meant:
- Applicants being turned away, albeit preferring to wait to study at the University rather than transfer to another institution.
 - Partner organisations having to redesign their workforce planning.
 - New pathways, for example in rail, putting additional strain on the budget.
 - Institutions having their allocations ‘baked-in’, with the providers that took an early market share now holding a dominant position.
- 3.5 Furthermore, the increase in the maximum fee to £9,250 did not automatically apply to degree apprenticeships; the regulatory change only applied to those courses covered by tuition fees. The change was confirmed in February 2024, which was too late for any consideration of whether degree apprenticeships could match that increase per head.
- 3.6 In sum, the ring-fenced budget for degree apprenticeships is too small to meet the demand and the potential supply in Wales and/or ensure the courses are funded at the same level as other undergraduate courses (£9,250 per head) without cutting places.
- 3.7 Increasing the allocation for degree apprenticeships would let Medr fund them at the maximum fee cap and/or increase places.**

4. Healthcare workforce

- 4.1 The challenges in developing the future health workforce are well-known, with more than 5,000 vacancies at the start of 2024.¹⁶ Scientific advice to Welsh Government is that, over the next 10 to 25 years, NHS Wales will need to deal with an increase in long-term conditions and to increase investment in primary care and allied professions.¹⁷
- 4.2 HEIW commissions healthcare workforce courses, which the University delivers in allied professions important for prevention and in-community care: healthcare science, human nutrition and dietetics, podiatry, and speech and language therapy.
- 4.3 HEIW published a workforce strategy in 2020, with Welsh Government issuing an NHS Wales workforce plan in 2023.^{18 19} NHS England launched its long-term plan in 2023, promising an extra £2.4bn and a major increase in training places by 2031/32.²⁰

Table 1: NHS England target intake for health professionals

Professional group	Training intake (2031)	% of 2022 intake
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Medical	15,000	160–200
GP	6,000	145–160
Nursing	40,000	165–180
Nursing associates	10,500	200–210
Midwifery	4,269	110–113
Health visitors, district nurses, qualified school nurses	3,788	169–209
Advanced care practitioners	6,371	186
Allied health professionals	18,822	119–125
Healthcare scientists	1,326	120–133
Clinical psychologists, child and adolescent psychologists	1,024	120–134
Pharmacists	4,970	131–155
Dentists	1,133	123–140
Dental hygienists and therapists	518	120–140
Medical associate practitioners	1,802	127
Approved clinicians	127	100
Peer support workers	2,230	115
<i>Total</i>	<i>131,738</i>	<i>150–160</i>

4.5 The NHS Wales plan depends on an increase in international recruitment, while the plan in England points to decreased reliance on overseas staff. As per section 1, the hit to international student recruitment is already happening.

4.6 UK Government will create degree apprenticeships for medicine and healthcare science, with existing apprenticeships for nursing, nursing associates, midwifery and allied health professionals all set to be doubled. By 2031, degree apprenticeships will be 22% of the intake for the above professions. Degree apprenticeships are not available for health professions in Wales.

4.7 The picture is one of increased competition for UK domiciles to fill the training places. However, as with degree apprenticeships, the fee change did not apply to HEIW-commissioned courses for 2024/25. Again, the fee change was issued mid-year and did not allow for consideration of the HEIW budget and implications.

4.8 If Wales wants to fund courses that fill NHS Wales posts, then they need to be financed at an appropriate level. With increased competition from other parts of the UK, universities need to be able to invest to maintain and enhance quality provision.

4.9 Welsh Government should increase the HEIW budget to allow for its undergraduate courses to be funded at the same level as others: the maximum, plus associated premia from Medr. If the budget cannot be found, there should be a commitment that health training underspends are redirected to make up the per capita gap.

5. Research Wales Innovation Fund (RWIF)

5.1 Recent analysis from London Economics states that the economic impact of Welsh universities’ research and innovation activity was c. £2bn in the 2021/22 academic year.²¹ A paper for UK Government suggests every “£1 of public R&D eventually stimulates between £1.96 and £2.34 of private R&D”.²²

- 5.2 As has been covered extensively, Wales has lost access to the EU regional development funding that supported research and innovation in Welsh universities.²³ Some projects had replacement funding from Welsh Government in recognition of their significant contribution. This was the case for Project HELIX, led by our Food Innovation Centre, which has had a near £500m impact on the Welsh economy.²⁴
- 5.3 The UK Government replacement—the Shared Prosperity Fund—focuses less on the role research plays in economic development. The University has shifted to the new arrangement, working with local authorities across south Wales to secure funding for skills projects in digital, circular economy, creative leadership and decarbonisation. The Autumn Budget confirmed £900m for a Shared Prosperity Fund transition year.
- 5.4 However, the loss in overall research funding is real. The Welsh Government innovation strategy recognises the difficult context and puts an emphasis on attracting more funds from UK-wide sources, primarily UKRI.²⁵ The strategy delivery plan includes milestones for increased capture of such funding.²⁶
- 5.5 The only devolved fund targeted at higher education innovation is RWIF, which universities use to increase research engagement with external organisations. A key aspect of RWIF is that it specifically rewards institutions that bring money into Wales; it is allocated in proportion to income from UK-wide sources, as well as consultancy, contract and collaborative research, CPD provision, IP, spin-outs and start-ups.
- 5.6 With Welsh Government wanting to incentivise greater UKRI grant capture and see greater impact from Welsh research, additional funding into RWIF would pay dividends. HEFCW funded RWIF at £15m per annum. It was created on the back of Professor Graeme Reid’s review of research and innovation in Wales, but not at the recommended £25m per annum.²⁷ To note, the £25m figure was the recommendation if Wales did not have control of structural fund replacements.
- 5.7 Had the fund been £25m since its introduction as a pilot in 2019/20, the sector would have had an additional c. £69m (this includes the £3.3m consequential that came in 2023/24 because of additional innovation funding in England).

Table 2: Allocations for RWIF compared to Reid recommendation

Institution	Shortfall (£m)						Total
	19/20	20/21	21/22	22/23	23/24	24/25	
Aberystwyth	1.7	1.6	1.1	1.1	0.7	1.0	7.4
Bangor	2.5	2.1	1.4	1.3	0.8	1.3	9.4
Cardiff	3.2	2.6	1.6	1.5	1.0	1.5	11.5
Cardiff Met	1.8	1.4	0.9	0.9	0.6	0.8	6.4
OU	0.9	0.6	0.4	0.3	0.2	0.4	2.8
Swansea	2.7	2.5	1.8	1.9	1.4	2.1	12.2
USW	1.6	1.2	0.8	0.8	0.5	0.8	5.7
UWTSD	2.0	1.7	1.2	1.3	0.9	1.3	8.4
Wrexham	1.1	0.9	0.7	0.8	0.5	0.8	4.8
<i>Total</i>	<i>17.5</i>	<i>15.0</i>	<i>10.0</i>	<i>10.0</i>	<i>6.6</i>	<i>10.0</i>	<i>68.6</i>

- 5.8 This has happened against a backdrop of growing investment in other parts of the UK. While HEFCW was having to implement the £11m cut to its grant, Research England

was allocating more than £2.8bn to research and innovation.²⁸ The equivalent total that HEFCW could afford for 2024/25 was c. £112m, which is below a Barnett share.²⁹ The Autumn Budget included £6bn for UKRI, which includes Research England, and there is potential for the gap to grow wider when that money is apportioned.

5.9 Given the growing gap with the rest of the UK, the loss of structural funds, the urgent need to attract more UKRI funding and Welsh Government’s desire to see greater research impact, additional funding (ring-fenced if necessary) should be allocated to Medr to allow it to move RWIF closer to £25m.

6. Teacher training

6.1 With regards to pre-16 education, the University is the largest provider of initial teacher education in Wales.³⁰ The Autumn Budget confirmed that VAT would be charged on private school fees and that such schools would lose business rates charitable relief in England. Funding from those changes would help increase spending on the Department for Education in England by £2.3bn, with plugging teacher shortages in key subjects a priority for investment.

6.2 This was promised in the UK Labour general election campaign, with Welsh Government ministers indicating they would use consequential funding from the extra education spending in England for the same purposes in Wales.^{31 32} The Welsh manifesto stated it would recruit “new teachers in key subjects in schools across Wales to prepare children for life, work and the future, paid for by measures a UK Labour government will put in place to end tax breaks for private schools, meaning more money for Wales”.³³

6.3 Welsh Government should clarify if it will still use consequentials to target an increase in teacher recruitment, training and retention.

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² Welsh Government. 2016. [The Review of Higher Education Funding and Student Finance Arrangements in Wales: Final Report](#). Cardiff: Welsh Government.

³ Higher Education Statistics Agency. 2024. [Higher Education Student Statistics: UK, 2022/23 - Where students come from and go to study](#). Cheltenham: Higher Education Statistics Agency.

⁴ Higher Education Statistics Agency. 2024. [What is the income of HE providers?](#). Cheltenham: Higher Education Statistics Agency.

⁵ UK Government. 2023. [NHS staff receive pay rise](#). London: UK Government.

⁶ UK Government. 2024. [Visa fees transparency data](#). London: UK Government.

⁷ UK Government. 2024. [Statement of changes to the Immigration Rules: HC 217, 10 September 2024](#). London: UK Government.

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¹¹ Wood, P. and Butcher, B. 2024. [Universities braced for financial fallout from Nigerian currency crisis](#). London: Telegraph.

¹² Universities & Colleges Employers Association. 2024. [UCEA response to the Budget](#). London: Universities & Colleges Employers Association.

- ¹³ RPIX was intended to be the measure by which fees should be adjusted, but it is being replaced as an official measure from 2030 onwards. See: UK Government. 2020. [A Response to the Consultation on the Reform to Retail Prices Index \(RPI\) Methodology](#). London: UK Government.
- ¹⁴ UK Government. 2024. [Higher education reform to back opportunity and protect students](#). London: UK Government.
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- ¹⁹ Welsh Government. 2023. [National Workforce Implementation Plan: Addressing NHS Wales Workforce Challenges](#). Cardiff: Welsh Government.
- ²⁰ NHS England. 2023. [NHS Long Term Workforce Plan](#). London: NHS England.
- ²¹ Booth, J., Halterbeck, M. and Conlon, G. 2024. [The economic impact of Welsh universities’ teaching, research, and innovation: Report for Universities Wales](#). London: London Economics.
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- ²⁴ Food Innovation Wales. 2024. [Project HELIX Annual Report 2023-24](#). Cardiff: Food Innovation Wales.
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- ²⁶ Welsh Government. 2023. [Innovation strategy for Wales: delivery plan](#). Cardiff: Welsh Government.
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- ²⁹ HEFCW. 2024. [HEFCW’s Funding Allocations for Academic Year 2024/25](#). Cardiff: HEFCW.
- ³⁰ Higher Education Statistics Agency. 2024. [What do HE students study?](#). Cheltenham: Higher Education Statistics Agency.
- ³¹ Labour. 2024. [Change: Labour Party Manifesto 2024](#). London: Labour.
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