

Margaret Phelan
Joint Trade Unions for Further Education in Wales

9 October 2014

By email

Dear Margaret

Re: Pay and Conditions Claim for academic year 2014/15

I am writing on behalf of the Board of Colegau Cymru to respond to the Joint Trade Unions pay claim for a 3% increase in 2014/15.

The response to this claim comes at a time when colleges are experiencing an unprecedented level of reductions in public investment. This year is the third year of cuts to college grant-in-aid from the Welsh Government. In 2014/15 colleges have faced a reduction in grant from the government of close to 4% - a real terms cut of 6%.

According to a report published in *The Western Mail* on the Draft Assembly Budget on 1 October 2014, further education will face a cash terms cut of £26 million in 2015/16. As you will be aware, four months of the Welsh Government financial year 2015/16 falls in the current academic financial year for colleges. The projections for public spending reductions in Wales over the next five years are significantly worse than the cuts experienced hitherto. To add to these pressures, the employers' contribution rate for the Teachers' Pension Scheme will increase from 14.1% to 16.4% in September 2015, adding millions of pounds to the pay bill of the FE sector in Wales.

It is worth noting that during this period of public spending cuts for FE the resources channelled to schools in Wales have been fully protected. Universities have also benefited from substantially higher levels of tuition fee income which has meant that their overall financial position has hardly been affected by the austerity agenda. As a result of this wide disparity in these funding settlements, what is affordable as a pay rise for these other sectors may not be for the college sector.

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It is in this context that the Board of ColegauCymru is recommending to college governing bodies that incremental progression for staff should be respected in 2014/15. This is likely to increase the total pay bill of colleges by over £3 million this year. Many staff will benefit from a pay increase of more than 1% from this measure. The Board, however, was unable to recommend an additional general increase in pay for staff in 2014/15 due to the financial pressures outlined above. The lowest paid staff in colleges will be protected by the implementation of the agreement to pay the Living Wage to employed staff. You will be aware that the rate of the Living Wage is updated annually.

In taking this decision the Board was very mindful of the need to minimise the level of redundancies that would be required in responding to the deep cuts in public investment in FE.

The Board's recommendation is to the governing bodies of FE colleges in Wales. It is for governing bodies to make any decision in relation to the pay award for staff in their college.

Yours sincerely

A handwritten signature in black ink that reads "Greg Walker". The signature is written in a cursive style with a large, sweeping initial 'G'.

Dr Greg Walker

Prif Weithredwr / Chief Executive