



**WALES  
CYMRU**

**RESPONSE TO:  
The Wales Audit Office review of the  
Welsh Government Oversight of  
Further Education Institutions'  
Finances and Delivery**

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The University and College Union (UCU Wales) represents more than 7,000 academics, lecturers, trainers, instructors, researchers, managers, administrators, computer staff, librarians, and postgraduates in universities, colleges, adult education and training organisations across Wales.

UCU Wales is a politically autonomous but integral part of UCU, the largest post-school union in the world: a force for educators and education that employers and government cannot ignore.

UCU was formed on the 1st June 2006 by the amalgamation of two strong partners – the Association of University Teachers (AUT) and the National Association of Teachers in Further and Higher Education (NATFHE) – who shared a long history of defending and advancing educators’ employment and professional interests.

We welcome the opportunity to respond to the Wales Audit Office review of the Welsh Government Oversight of Further Education Institutions’ Finances and Delivery.

The further education sector is a vital partner to schools, universities and employers in Wales. It aids social mobility and personal development regardless of individual characteristics.

However we are concerned that without adequate policy to protect the sector, we are witnessing the swift erosion of much that is valuable and unique to education.

Therefore we offer the following comments:

### **How clear the Welsh Government’s expectations are for the FE sector?**

An annual remit is issued to FE institutions, which sets out clearly the expectations of the Welsh Government. However, we are concerned that the remit seldom addresses provision for those aged 19 years and over, nor does it appear to take into account the breadth of issues contained within the Programme for Government, that are underpinned by the work of the FE sector. UCU addressed this matter when drafting its manifesto, (see appendix 1). We believe that the Welsh Government need to develop a policy articulating the role of FE within the economy and communities across Wales. A copy of the desk research we carried out to support our contention is attached to this submission at appendix 2

### **Whether funding arrangements are clear and appropriate**

In our experience the funding arrangements, by necessity, change on a regular basis. We are often reminded by civil servants that the law requires them to make decisions about school funding first, then once they know how much money is left in the Education budget, after schools (to 16) and HE have been

assigned their share, then they can work out how much the FE sector will receive. One of the reasons we suggested in our manifesto that FE needed a policy and clear strategic mission is to help address the issue of finance and the pecking order created by regulation.

**Whether FEIs are financially sound and well managed (this will be a high-level review, not a detailed one, because we are not auditing individual institutions) and the impact of restructuring and mergers on the sector**

We would contend that since the Transformation Agenda in Wales, FEIs have been more financially sound and on the whole well managed. There are exceptions to this statement, but we believe that arrangements are in place to deal with the few colleges where we have concerns.

**FEI's response to financial challenges, for example, development of new income streams and efficiency savings**

This does pose some concerns for us as a union; another reason why we want the Welsh Government to think very carefully and strategically about what they want from the FE sector in Wales. We know for example that the last government actively encouraged FEIs to seek to develop new income streams as a way of minimising the impact of the cuts in Government funding. It would be our view that this is sensible strategy, however the pursuit of profit must not undermine the quality of the education and training provided for the Welsh population.

**The impact of reduced funding on course delivery and learner numbers, and whether this impact meets the Welsh Government's expectations**

From UCU's perspective, the last ten years have seen efficiency after efficiency saving and any further cuts in funding to the sector will result in significant cuts in core services. Already, part time adult education has been decimated and this needs to be addressed by the incoming government. A further consequence of decreasing budgets, has been the impact on the remaining provision. Despite 16-19 provision being fully funded, it is still subject to reduced staffing levels, increased class sizes and a reduction in the number of taught hours. It is therefore not practical to expect the standard of provision to remain unaffected.

**The extent to which FEIs' plans reflect the Minister's priorities and the well-being goals set out in the Wellbeing of Future Generations Act (noting that the Welsh Government is subject to the Act but FEIs themselves are not).**

In our view FE are certainly more focused on the 'programme for government' than the HE institutions are. However since the Further and Higher Education (Governance and Information) (Wales) Act 2014 when the sector was reclassified as NPISH to avoid being classified as public sector and hence having their reserves subject to the 2% limit in relation to building up reserves for investment in their estates, the government are less able to directly influence the activities and strategic planning in the larger FEIs, although what levers there are relate to funding in our view. Which is why a strategic plan for FE is needed with the requisite funding set aside to be able to deliver it.

**How effectively FEIs are dealing with financial challenges, including the impact on service provision, staff and pay related aspects such as NI and pension changes**

There is significant work being undertaken by all colleges and their trade unions to address the funding shortfalls, as you will know a significant part of their budget is spent on salaries and on costs. Thus far this year we have only had one notification of 'restructuring.' As we said earlier in the response, the academic staffing numbers have been pared to the bone – there cannot be any further college wide cuts unless the provision is discontinuing.

**The impact of the National Contract for FE staff on FEI financial health and planning**

It would be a fairly accurate to say that the common contract, which has to be implemented in all colleges by Sept 1<sup>st</sup> 2016, has costs associated with its implementation. However this is a one off cost and for a significant minority of colleges we believe there are savings attached to the contract implementation. We believe that the Welsh terms and conditions provide significant savings to HR department as they no longer need to engage on matters that are now dealt with at a national level. Neither can colleges engage in nugatory competition with each other as their cost base is very similar in relation to human resources.

**Communications and relationships generally between the sector and individual FEIs, and the trade unions.**

UCU and the Joint Trade Unions in Wales have a very constructive dialogue with government, their civil servants, Colegau Cymru, individual employers. We

believe that constructive dialogue maintains industrial peace in the sector in Wales, which when compared with the FE sector in England, provides significant benefits to the students in Wales. There has been very little industrial action in the FE sector since the national bargaining structure was established in Wales in 2000, prior to 2000 when we were part of UK bargaining, we were in dispute most years.

**Additional comments**

UCU would urge the audit office to include in their deliberations the recommendations arising from the report just published by Professor Hazelkorn, attached at appendix 3