

**WALSALL COLLEGE MINUTES OF A MEETING OF THE FINANCE & RESOURCES COMMITTEE
HELD ON WEDNESDAY 18 JANUARY 2023 AT 1000 HRS
VENUE: ON TEAMS**

Attendance Present: **Attendees**
David Wheeler - Chair
Jat Sharma - Principal
Tony Sadla
Stuart Pedley-Smith

Together with: **Matthew Brown – Director of Finance & MIS**
Jacky Leek – Head of Finance
Natalie Priest – Head of HR
Alison Buick – Head of Governance

Apologies: **None**

Item	Subject	Who
31.23	CHAIR'S OPENING REMARKS The Chair welcomed all to the meeting and thanked them for their attendance. This meeting would have a single agenda, to discuss a proposed pay award.	
32.23	APOLOGIES FOR ABSENCE None.	
33.23	DECLARATIONS OF INTEREST None.	
34.23	PAY AWARD The Director of Finance & MIS had provided a written paper that summarised the current position and provided some analysis of affordability and options. There were a number of factors to be considered. The written paper showed the updated pay distribution for staff, the numbers of actual and FTE staff and the numbers that were on Real Living Wage. The history of pay review outcomes from 2018/19 to date was also included. The proposal was for a 5% uplift to the harmonised pay scale. In the previous five years the total pay level had tracked above inflation and only dipped below in 2022. To match this, 8.7% would be required, but in terms of affordability, 5% was proposed. The Consumer Price Index including Housing had been used to provide comparative data, as set out in the table on page 3 of the written report. From the table, Governors noted the following: <ul style="list-style-type: none"> • Cumulatively, the lowest paid staff had been paid well above inflation; • The proposed increase raised median salaries in line with UK averages and higher than West Midlands averages; • The proposal was based on Exec's assessment of affordability and risk appetite, taking into account potential strain on budgets and ability to deliver the college plans; • The financial impact of 5% in 2022/23 would be £700k; • There were some funding increases that would support the pay award, including the WMCA uplift of 10% and the study programme base rate 	

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	<p>increase of 2.2%. However, slight under recruitment of 16-18 in 2022/23 would partially offset this in the next year;</p> <ul style="list-style-type: none"> • The income and expenditure account on page 4 showed the variances to November 2022, the forecast variance for 2022/23 and some early indications of the 2023/24 position (which was not a full budget but did include known changes at this time); • Staff turnover was currently 12% and vacancies were taking longer to fill; • Utility costs continued to be high with future costs unknown beyond the end of fixed contracts in March 2023; • EBITDA had been reduced for the effects of utility costs. Awarding a pay rise would further reduce EBITDA, from 5.5% to 4.8%. However, this would not affect the college's overall Financial Health grade, as measured by the ESFA. 	
	<p>The reasons for proposing 5% were outlined. Unions were asking for 10%, so anything below this did risk the chance of industrial action.</p>	
	<p>Questions and comments were invited.</p>	
	<p>Governors commented that the proposal and rationale were clear, honest and fair.</p>	
	<p>A Governor asked what impact the change would have on the key ratio showing staff costs as percentage of turnover. It was confirmed that this would remain below 70%. Although no budgeting had yet started for next year, it was hoped that turnover would grow.</p>	
	<p>Governors asked about plans that were in place for other colleges. The Principal cited some anecdotal but unconfirmed information. The Director of Finance & MIS stated that comparisons were difficult to make due to differing timescales and circumstances in colleges. Affordability was key and some colleges had stronger financial positions than others.</p>	
	<p>The Principal commented on the need for a wider pay and reward strategy for the college. HR were to be asked to start work on this.</p>	
	<p>There was a discussion about whether the pay award should be restricted to those below a certain scale or management position. Exec had considered this but not agreed to it.</p>	
	<p>The ways in which the proposal, if approved at Corporation, would be presented to staff were considered. Governors felt that context and positioning of the proposal were key to the messaging. Staff would inevitably compare to headline inflation rates and awards being made to other colleges and in other sectors.</p>	
	<p>The possibility of non-financial awards was discussed. Additional holiday was not an option due to the way that teaching hours needed to be scheduled.</p>	
	<p>The Chair asked how many people were at the top of their payscale. The Director of Finance & MIS stated that 186 staff were entitled to increments, so around 600 were either at the top of their scale or were on fixed points.</p>	

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	<p>The Chair asked what reasons were being given by staff leaving. The Head of HR stated that there were a variety of reasons but bottom line salary in the current economic climate appeared to be a driver.</p> <p>A Governor asked about areas of curriculum growth and whether it was possible to expand these by recruiting staff at higher rates to ensure that provision could be delivered, or that delivery was done in different ways. It was confirmed that market uplifts were applied in hard to recruit areas. Curriculum staff were concerned to ensure that delivery met quality expectations before committing to new courses.</p> <p>Governors agreed that the proposed pay award of 5% should be taken for discussion at the next Corporation meeting.</p> <p>It was resolved that Governors recommended the that Corporation approve the pay award proposal of 5% for all staff excluding senior postholders with effect from 1 February 2023.</p>	
33.23	<p>DATE OF NEXT MEETING</p> <p>It was resolved that the next meeting would be held on Tuesday 21 February 2023.</p> <p>The meeting ended at 1105 hrs.</p>	

Item	How governors challenged management
32.33	<p>Impact of staff costs to turnover ratio.</p> <p>How proposal would be presented to staff.</p> <p>Whether any non-financial rewards were possible.</p> <p>How many people were at the top of pay scales and what reasons were given by people leaving.</p>

Item	Impact of meeting on college
32.23	Recommended 5% pay award for Corporation approval.