

**CORPORATION OF DERBY COLLEGE**  
**FINANCE AND RESOURCES COMMITTEE**



*Minutes of the meeting held in the Boardroom at the Roundhouse on Friday, 4 December 2009 at 9.30 a.m.*

**COMMITTEE MEMBERS PRESENT:** Jackie Beswarick  
 David Croll, Principal and Chief Executive  
 Tim Park, Chair  
 Graham Schuhmacher

**ALSO IN ATTENDANCE:** Nigel Gell, Deputy Principal: Support and Environment  
 Jon Mold, Financial Controller  
 Vanessa Scales, Director of HR  
 Derek Sharp, Group Finance Director  
 Heather Simcox, Acting Clerk to the Corporation

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**23. CHAIR OF FRC**

The Principal informed the Committee that Brian Powell had sent apologies. Brian had raised the issue of Chair of FRC and while he was happy to continue as Chair of the Corporation, Brian felt he should step down as Chair of FRC. The Terms of Reference for FRC stated that a Chair could be appointed by the Committee. Jackie Beswarick nominated Tim Park and this was seconded by Graham Schuhmacher, and Tim Park accepted.

TIM PARK IN THE CHAIR

**24. DECLARATION OF INTERESTS IN ANY OF THE ITEMS ON THE AGENDA**

The Chair reminded those present to declare at the start of the meeting interests held in any matter to be discussed.

No interests were declared.

**25. APOLOGIES FOR ABSENCE**

Apologies for absence were received from Brian Powell and John Callaghan and the meeting was confirmed to be quorate with four members of the Committee present.

<b>ACTION</b> by whom	<b>DATE</b> by when
Clerk	04.12.09

Min. No.	<b><u>MINUTES</u></b>	<b>ACTION by whom</b>	<b>DATE by when</b>
26.	<p>AGREED that the Minutes of the meeting held on 6 November 2009 be confirmed as a correct record and signed by the Chair.</p>	Chair	04.12.09
27.	<p><b><u>ACTIONS OUTSTANDING AND MATTERS ARISING</u></b></p> <p>The following matters were raised as matters arising from the Minutes:</p> <p><b><u>Merger Update (Minute No. 21 refers)</u></b></p> <p>The Principal reported that the White File had been submitted for Ministerial approval. The Merger Management Group continued to meet on a weekly basis. One item now requiring attention was in relation to governance. It was noted that Search Committee on 14 December would consider an approach for inviting expressions of interest from SEDC Governors, which would then be discussed at Corporation on 14 December 2009.</p>	Search Cttee	14.12.09
<b>BUSINESS MATTERS</b>			
28.	<p><b><u>TRIBAL BENCHMARKING REPORT</u></b></p> <p>The Group FD tabled a copy of the report and gave an in depth presentation on the information contained within. It was noted that the exercise had been carried out using forecast data for 2009 but the benchmark was mainly 2008 data. For benchmarking purposes comparison was made against large further education colleges; however, it was noted this had been a difficult exercise given the Corporate College activity which had a major influence on the statistics. OLASS and franchise activity had been removed from data as not all colleges undertook this type of activity in order that consistent comparisons were made. The College's core base funding had been defined and it was noted the College made a surplus. Other points to note which may affect data comparisons were the College's land-based provision which was an area that not all colleges were involved in. 20% of the College's comparative income came from T2G provision compared with 1% in benchmarked colleges and this had a major influence on the data. The Group FD stressed that comparison should therefore only be made on core FE delivery. Mix of income was highlighted and the Committee agreed diversity of income was important.</p> <p>It was agreed that in some cases, where the College was seen to be different to other colleges, this could be seen as a positive. For example, the College was highlighted as paying above other colleges and teaching productivity appeared good.</p> <p>In terms of non-teaching costs it was felt there was a need to agree service levels and requirements before analysing on a like for like</p>		

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comparison.

In summary, it was thought the report highlighted areas to focus on. The first step would be to remove Corporate College from the data in order to gain full comparison with other large FE colleges. The report had shown curriculum, funding and efficiencies were good and utilisation was reasonable but the influence of Corporate College should be removed. It was agreed the report did not contain any unknowns but was useful in moving forward.

In response to a question from the Chair, the Principal confirmed the next stage was to look at the establishment projecting forward to September 2010 and agree actions to arrive at the required outcomes.

Graham Schuhmacher stressed the need for joined-up thinking and said it was important to assess how changes would impact on areas. He agreed for the need to remove Corporate College from the data but suggested Corporate College should be benchmarked against other similar operations although recognised that this may be very difficult to achieve. It was also suggested it would be useful to see the contribution of Corporate College to the whole. The Group FD pointed out that there were very few Colleges who achieved the same level of Train to Gain income but sourcing of benchmark information would be investigated.

The Chair requested a narrative summary before the next meeting of the key observations from the report based on the updated information.

NOTED the Tribal Benchmarking Report.

**29. EMPLOYMENT DEVELOPMENTS AND CORPORATE HEALTH PERFORMANCE INDICATORS**

The Director of HR highlighted the main points within the report confirming that indicators were up to the twelve month period ending October 2009.

Graham Schuhmacher queried the data for black and minority ethnic groups (BAME) and the Director of HR agreed to investigate the census information and include in the next report.

It was noted there had been a reduction in staff absences.

In terms of merger, TUPE was the key issue and the Director of HR confirmed work had commenced and to date there had not been any major issues.

It was noted that UCU had not accepted the AoC's offer for a pay award. It was not known how many of the College's staff were members of UCU.

ACTION by whom	DATE by when
Group FD Group FD	Asap Asap
Group FD	Asap
Dir. HR	March 2010

Min. No.		ACTION by whom	DATE by when
	<p>AGREED the report from the Director of HR on employment developments and the corporate health performance indicators be received and accepted.</p>		
<b>30.</b>	<p><b><u>MANAGEMENT ACCOUNTS (OCTOBER 2009)</u></b></p> <p>The Group FD referred the Committee to page 3 of the accounts which highlighted the income and expenditure account. It was noted that whilst it was early to receive a meaningful report, a few issues were emerging. The deficit was higher than budgeted and the Group FD explained that this was down to the LSC splitting contracts for T2G and changing the funding profile. In terms of the budget profile, the variances were noted and the College would manage within the LSC profile and was currently undertaking a re-profiling exercise. It was noted that pay costs were under budget which represented a saving. A key area was non-pay costs which was driven by profiling.</p> <p>The Group FD referred to 16-18 provision and informed the Committee that the College currently delivered significantly above what it was funded for. It was noted the College did, however, have some large class sizes but there was a need to understand the impact of this overachievement.</p> <p>The Committee noted that cash was being managed closely, and the Chair requested a standing paragraph in the management accounts on Treasure and Cash.</p> <p>AGREED that the management accounts for October 2009 be received and accepted, and the Corporation be briefed on the financial position of the College at its next meeting.</p>	<p>Group FD</p> <p>Group FD</p>	<p>Asap</p> <p>14.12.09</p>
<b>31.</b>	<p><b><u>ANNUAL PROCUREMENT REPORT 2008-2009</u></b></p> <p>The report recognised the key achievements around savings being made. The Chair requested that the Procurement Report to this Committee be provided on a six-monthly basis and should focus on Cash and Value for Money aspects, together with Partnerships.</p> <p>NOTED The Annual Procurement Report and the efficiencies made during the year.</p>	<p>Group FD</p>	<p>2010</p>
<b>32.</b>	<p><b><u>MANAGEMENT LETTER OF KPMG LLP</u></b></p> <p>The Committee were informed that the Audit Committee had approved the management letter of KPMG LLP. One key element contained in the letter was around PCA and the accelerated depreciation. Page 8 of the letter was highlighted which showed pension information and assumptions as FRS17 was noted to have a major impact on the account. A final point was made by KPMG</p>		

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around observation and monitoring of fixed assets and financial performance. It was noted that no audit adjustments had been made.

A query was raised over the value of The Roundhouse which was quoted as £67 million and it was noted this figure included the value of the gifted land and buildings.

AGREED that the management letter from KPMG on the audit of the 2007-2008 Financial Statements be received and noted.

33. **2008-2009 MEMBERS' REPORT AND FINANCIAL STATEMENTS (DERBY COLLEGE, MBS LTD, CORPORATE COLLEGE LTD.)**

The Group FD was pleased to inform the Committee out that the actual and forecasted results were accurate and said this should provide assurance to both the Committee and external funders.

The Group FD went over some of the exceptional write-offs. It was noted the accounts were fully audited and confirmed there were good governance and internal controls in place.

AGREED that the Corporation be recommended to approve the Members Report and Financial Statement for the year 2008-2009 for the College and its subsidiary companies.

Group FD

14.12.09

34. **STUDENTS' UNION ANNUAL AUDITED ACCOUNTS 2007-2008**

The Committee received and noted the accounts for 2007-2008 but expressed some concern that accounts for 2008-2009 were not yet available. The Deputy Principal agreed to pursue this with the SU.

AGREED that the SU Accounts for 2007-2008 be received and noted.

Dep.  
Principal

05.03.10

35. **PAY AWARD 2009-2010**

This item was recorded as a confidential minute.

36. **PROPERTY STRATEGY – UPDATE**

This item was recorded as a confidential minute.

**OTHER ITEMS**

37. **ANY OTHER ITEMS OF URGENT BUSINESS**

There were no items of urgent business

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<b>ACTION by whom</b>	<b>DATE by when</b>

There being no further business, the Chair thanked everyone for their attendance and participation and closed the meeting.

The meeting ended at 11.40 a.m.

HEATHER SIMCOX, Acting Clerk to the Corporation

Signed as a correct record on Friday, 5 March 2010

..... Chair