



**Report and Financial Statements**

**for the year ended 31 July 2016**

## **Key Management Personnel, Board of Governors and Professional advisers**

### **Key management personnel**

Key management personnel are defined as members of the College Leadership Team and were represented by the following in 2015/16:

Tim Eyton-Jones Principal and CEO; Accounting officer  
Teck Kua Executive Director of Finance and Resources  
Claire Dores Vice Principal Equalities and Safeguarding  
Shagufta Shahin Vice Principal Curriculum and Learning

### **Board of Governors**

A full list of Governors is given on page 15 of these financial statements.  
Lisa Milligan acted as Clerk to the Corporation throughout the period.

### **Professional advisers**

#### **Financial statements auditors and reporting accountants:**

Moore Stephens LLP  
150 Aldersgate Street  
London  
EC1A 4AB

#### **Internal auditors:**

RSM Risk Assurance Services LLP  
The Pinnacle  
170 Midsummer Boulevard  
Milton Keynes  
Buckinghamshire  
MK9 1BP

#### **Solicitors:**

Eversheds LLP  
One Wood Street  
London  
EC2V 7WS

**Professional advisers (continued)****Bankers:**

Lloyds Bank  
60 George Street  
Luton  
Bedfordshire  
LU1 2BB.

Co-op Bank  
3<sup>rd</sup> Floor St Pauls House  
10 Warwick Lane  
London  
EC4M 7BP

Nat West Bank  
1<sup>st</sup> Floor Park Centre  
210 Butterfield Greatmarlings  
Luton  
Bedfordshire  
LU2 8DL

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## **Members' Report**

### **NATURE, OBJECTIVES AND STRATEGIES**

The Members present their report and the audited financial statements for the year ended 31 July 2016.

#### **Legal status**

The Corporation was established under the Further and Higher Education Act 1992 for the purpose of conducting Barnfield College. The College is an exempt charity for the purposes of Part 3 of the Charities Act 2011.

The Corporation was incorporated as Barnfield College of Further Education.

#### **Mission**

Governors reviewed the College's mission during 2014/15 and in May 2015 adopted a revised mission statement as follows:

*"Barnfield College will realise the entrepreneurial, skills and educational needs of the community and employers through inclusive, outstanding, innovative programmes of study"*

#### **Public Benefit**

Barnfield College is an exempt charity under Part 3 of the Charities Act 2011 and is regulated by the Secretary of State for Business, Innovation and Skills as Principal Regulator for all FE Corporations in England. The members of the Governing Body, who are trustees of the charity, are disclosed on page 15.

In setting and reviewing the College's strategic objectives, the Governing Body has had due regard for the Charity Commission's guidance on public benefit and particularly upon its supplementary guidance on the advancement of education. The guidance sets out the requirement that all organisations wishing to be recognised as charities must demonstrate, explicitly, that their aims are for the public benefit.

In delivering its mission, the College provides the following identifiable public benefits through the advancement of education:

- High-quality teaching
- Widening participation and tackling social exclusion
- Good employment record for students
- Strong student support systems
- Links with employers, industry and commerce
- Good learning facilities for the local community
- Delivering a curriculum to ensure that the skills needs of local employers are met

**The vision of the College is that:**

*"We will have created a fair, inclusive and diverse college that provides equality of opportunity for every student. We will be recruiting students from a diverse range of sectors to sustain both the College and future investment. Our programmes will be engaging, and motivate our students to higher levels of attainment than they initially expected. Students needs will be quickly identified and met through exceptional integrated support and outstanding teaching & learning. We will provide facilities, a curriculum, education and training that is the best and meets the needs of our stakeholders. The Barnfield College student experience will exceed expectations and will attract local, regional and national awards for innovation as well as high levels of skill and attainment reached."*

**Implementation of strategic plan**

In July 2015 the College adopted a strategic plan for the period 1 August 2015 to 31 July 2018. This strategic plan includes property and financial plans. The Corporation monitors the performance of the College against these plans by the way of strategic Key Performance Indicators. The KPIs are reviewed and updated each year but grouped under three distinct headings. The College's strategic priority objectives are:

1. To create a fair and diverse college that provides equality of opportunity, celebrates diversity and recruit students to sustain funding
2. To provide a curriculum, education and training that is the best
3. To ensure financial stability to allow continual investment in resources and effective delivery of the College Operating Plan

The College has been making good progress in implementing the strategic plan.

A full Ofsted inspection took place on 15<sup>th</sup> to 18<sup>th</sup> March 2016. The College has managed to improve its grade to "requires improvement" from its "inadequate" grade in 2014. This is a clear indication that the College is making good progress in its three-year development plan.

Following the Ofsted inspection in March 2016, on 18 April 2016 the SFA and EFA lifted the Notice of Concern including all schedules which the College was first subject to in March 2014 and withdrew their regular monitoring visits.

**Financial objectives**

The College's financial objectives are:

- to achieve an annual operating surplus
- to pursue alternative sources of funding, on a selective basis, consistent with the College's core competencies, and the need for a financial contribution to the College's overall finances
- to generate sufficient levels of income to support the asset base of the College
- to control costs
- to fund continued capital investment.

A series of performance indicators has been agreed to monitor the successful implementation of the policies.

### Performance indicators

The College is committed to observing the importance of sector measures and indicators and use the FE Choices data available on the Gov.uk website which looks at measures such as success rates. The College is required to complete the annual Finance Record for the Skills Funding Agency (SFA). The Finance Record produces a financial health grading. The current rating of Good is considered an acceptable outcome.

<b>To provide a curriculum and education and training that is the best</b>	<b>National Average (14-15)</b>	<b>2014/15 Out-turn</b>	<b>2015/16 Out-turn</b>
Achievement Rate Percentage 16 – 18 (inc English and maths)	78.4	61.7	64.7
Achievement Rate Percentage 16 – 18 (excl English and maths)	85.1	77.3	78.0
Achievement Rate Percentage 19+ (inc English and maths)	86.4	90.8	88.7
Achievement Rate Percentage 19+ (excl English and maths)	89.2	93.6	93.9
English achievement rates 16-18	n/a	52.3	48.2
Maths achievement rates 16-18	n/a	43.4	53.3
Apprenticeship achievement rates Total	70.2	73.6	70.5
Apprenticeship achievement rates 16-18	72.0	80.6	61.4
Apprenticeship achievement rates 19-23	72.2	69.2	80.6
Apprenticeship achievement rates 24+	67.8	66.7	75.0
Retention 16 – 18 (inc English and maths)	90.5	77.9	89.5
Retention of 19+ (inc English and maths)	93.3	95.7	96.4
<b>To create a fair and diverse college that provides equality of opportunity, celebrates diversity and recruit students to sustain funding</b>	<b>National or local Average</b>	<b>2014/15 Out-turn</b>	<b>2015/16 Out-turn</b>
Numbers of 16-18 year old learners	n/a	1500	1300
Numbers of 19- 24 year old learners (classroom based)	n/a	361	461
Numbers of Apprenticeships 16 to 18, 19+ and Higher	n/a	331	340
Higher Education learners	n/a	296	232

<b>To ensure financial stability to allow continual investment in resources and effective delivery of the College Operating Plan</b>	<b>National Average</b>	<b>2014/15 Out-turn (restated)</b>	<b>2015/16 Out-turn</b>
Operating Surplus / (Deficit) £'000	(494)	47	(1,980)
Operating Deficit/Surplus as a percentage of income	-1.7%	0.3%	-13.3%
Current ratio	1.23	3.0	3.3
Cash Days in hand	63.3	316	298
Financial Health Score	n/a	Outstanding	Satisfactory
Staffing cost as a percentage of turnover	62.3%	56.3%	70.2%
Percentage of income from non - EFA/SFA sources	19.3%	18.7%	16.6%

## **FINANCIAL POSITION**

### **Financial results**

The College generated a deficit before other gains and losses in the year of £1.980m (2014/15 surplus of £0.047m restated).

The College has accumulated reserves of £22.5m and cash balances of £12.4m. The College wishes to continue to accumulate reserves and cash balances in order to support its property strategy and to create a contingency fund.

Tangible fixed asset additions during the year amounted to £1.104m. This was split between land and buildings of £0.383m and equipment purchased of £0.721m.

The College has significant reliance on the education sector funding bodies for its principal funding source, largely from recurrent grants. In 2015/16 the FE funding bodies provided 84.0% of the College's total income.

The College has one subsidiary company which is now inactive and the College plans to wind this up in January 2017.

### **Treasury policies and objectives**

Treasury management is the management of the College's cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks.

The College has a separate treasury management policy in place.

### **Cash flows and liquidity**

An outflow of £1.592m (2014/15 restated £0.210m outflow), operating cashflow was reasonable as compared to the sector. The net cashflow resulted mainly from payments to acquire fixed assets (£0.880m) and outflow from operating activities (£0.753).



## **CURRENT AND FUTURE DEVELOPMENT AND PERFORMANCE**

### **Student Numbers**

In 2015/16 the College has delivered activity that has produced £12.431m in funding body main allocation funding (2014/15 restated £14.736m). The College had approximately 4,258 funded and 1,002 non-funded students: including subcontracting, the number of funded students is 7,225.

### **Student Achievements**

Achievement outcomes in 2015/16 plateaued despite improvements in other indicators including IQA compliance, student satisfaction and behaviour.

At 19+ achievement outcomes including English and maths declined by 2.1 percentage points (pp) but remained ahead of the 14-15 national rate by 2.3 pp. Excluding English and maths, performance remained strong with achievement at 93.9% and 4.7 pp above the 14-15 national rate.

Achievement outcomes at 16-18 including English and maths showed a small improvement on the previous year +3 pp, but remain significantly behind the 14-15 national rate. A 10 pp improvement in maths outcomes was significant in improving overall outcomes at 16-18. Achievement outcomes for English, however, did not show improvement. High grade outcomes were poor for both subjects - remaining at a very low base in English and declining in maths. A comprehensive review of the English and maths curriculum has resulted in a new strategy and delivery framework from which learners in the 2016/17 are already gaining demonstrable benefit.

Overall Apprenticeship outcomes have shaded back slightly on 2014/15 (-3.1 pp), at 70.5% and are at the national average. At 16-18 apprenticeship outcomes are 61.4% which is significantly below national average. At 19-23 apprenticeship outcomes are strong at 80.6% and 8.4 pp above the national average. At 24+ outcomes are also above national rates.

One of the marks of a 'requires improvement' college is variability across different areas of provision and analysis by department and SSA highlights this. At age 16-18 outcomes in; in child development by 15.2 pp, public services by 29.6 pp and ICT by 35.6 pp. Equally there have been areas where performance has improved – health and social care by 18.6 pp; creative arts and design by 19.2 pp; administration by 28.1 pp, with significant improvement also in media and communication and business. A feature of the planned quality improvement work in 2016/17 is to address this 'patchiness' and to share the outstanding practice in some areas to develop those underperforming and coasting.

### **Curriculum Developments**

Following Inspection, the College has enacted a range of approaches and strategies to improve teaching, learning and assessment across the college. A number of new systems and procedures, targeted CPD, the sharing of good practice, the development of Advanced Learning Practitioners and cross-college training have also been implemented. This has direct impact upon the way in which the curriculum has been shaped and modelled as the College moves towards reclaiming its outstanding status.

The College is in the process of developing its STEM strategy as it moves towards collaborative approaches across the various teaching areas in providing learners with a curriculum that is fit for purpose, promotes the notion of careers as opposed to courses, and supports the progression towards positive and tangible destinations be it further study, higher education, employment or an apprenticeship.

Additionally, the College through the Team Operating Plans process is refining and defining its curriculum offer to ensure both income generation through funding streams that are not wholly dependent upon Central Government Funding such as full-cost recovery programmes, loan funded Higher Education, Access and Return to Study programmes as well as exploring Distance Learning and Overseas partnership models of delivery and direct trading with Local Authorities, for example in Teacher Education, and Industry.

The College has also developed a range of pre-apprenticeship provision to fill a gap in the market. This provides the learners with better confidence in progressing to their chosen apprenticeship programme.

### **Payment performance**

The Late Payment of Commercial Debts (Interest) Act 1998, which came into force on 1 November 1998, requires Colleges, in the absence of agreement to the contrary, to make payments to suppliers within 30 days of either the provision of goods or services or the date on which the invoice was received. The target set by the Treasury for payment to suppliers within 30 days is 95 per cent. During the accounting period 1 August 2015 to 31 July 2016, the College paid 58.6 per cent of its invoices within 30 days. The College incurred no interest charges in respect of late payment for this period.

### **Events after the end of the reporting period**

There were no significant post balance sheet events.

### **Future Developments**

The College is embarking on a new challenging and exciting phase of our development in ensuring that we are able to transform the lives of all our students and improve their economic impact for businesses by providing an accessible innovative and high quality curriculum that generates enthusiasm and facilitates success.

The College has started the Campus Transformation project which aims to provide a modern learning facility in the centre of Luton. The project will rationalise the current campuses which are of poor quality and costly to operate. The new campus will be in the transportation hub of Luton which would improve the ease of access for our learners.

In recognising the important of science, technology, engineering and mathematics (STEM) education the College is working with the STEM Foundation in formulating its STEM strategy. The strategy will be impacting our curriculum design to ensure that our courses meet the requirement of our employers. The strategy will further influence the design of our new build project which will be a STEM centre in the heart of Luton.

The College took advantage of a British Council leadership development programme during 2015/16 to establish links with Chinese colleges. A close link has been established with the Guangdong Industrial Technical College (GDITC) whereby GDITC will be visiting the College in December 2016 with the intention of sending a number of their teachers to the College to gain knowledge in our apprenticeship operations. Another Chinese college, Jiangsu Vocational Institute of Architectural Technology, has also expressed interest in the said programme.

## **RESOURCES:**

The College has various resources that it can deploy in pursuit of its strategic objectives.

Tangible resources include two college sites at New Bedford Road and Enterprise Way in Luton.

### **Financial**

The College has £22.540m of net assets (including £12.495m pension liability) and long term debt of £1.338m.

### **People**

The College employs 231 people (expressed as full time equivalents), of whom 126 are teaching staff.

### **Reputation**

The College's reputation, locally and nationally, has been tarnished as a result of the investigations by the SFA and EFA into the ex-Barnfield Federation, following a whistleblowing allegation in October 2013, and the Ofsted inspection judgement of "Inadequate" in 2014. The new management team has embarked on a new mission to restore the quality brand that the College had in the past. Maintaining a quality brand is essential for the College's success in attracting students and external relationships.

In March 2016, Ofsted re-inspection of the College found good progress made at the College in improving its quality and graded the College as "Requiring Improvement". Subsequent support visit by Ofsted in October 2016 found further evidence that these improvements are sustaining at the College.

In May 2016 Ofsted inspected the Barnfield Nursery and confirmed its "Outstanding" status.

## **PRINCIPAL RISKS AND UNCERTAINTIES:**

The College has undertaken further work during the year to develop and embed the system of internal control, including financial, operational and risk management which is designed to protect the College's assets and reputation.

Based on the development plan, the Risk Management Group undertakes a comprehensive review of the risks to which the College is exposed. It identifies systems and procedures, including specific preventable actions which should mitigate any potential impact on the College. The internal controls are then implemented and the subsequent year's appraisal will review their effectiveness and progress against risk mitigation actions. In addition to the annual review, the Risk Management Group will also consider any risks which may arise as a result of a new area of work being undertaken by the College.