

Notes of the Barnfield Further Education Corporation Board Meeting held on Tuesday 9th January 2018 at 6.30 pm in the Board Room, Barnfield College, New Bedford Road, Luton LU2 7BF.

Governors	Cumulative Attendance	Present at this Meeting
Robin Somerville (Chair)	4 of 4	✓
Alex Bain-Stewart (Vice Chair)	3 of 4	✓
Nick Barrett	4 of 4	✓
Elaine Battams (Staff)	4 of 4	✓
Ayotunde Efunkoya (Student Governor)	3 of 4	✓
Louise Ellis	2 of 4	Apologies Received
Tim Eyton-Jones (Principal and CEO)	4 of 4	✓
Peter Hill	3 of 4	Apologies Received
Marc Hulbert	2 of 4	Apologies Received
Gavin O'Brien	2 of 4	Apologies Received
Imrane Sarrouj (Student Governor)	2 of 4	No Apologies Received
Paul Seath	3 of 4	✓
Trevor Warrs	4 of 4	✓
	Percentage Attendance to date (40/52) 76.9%	Percentage Attendance this Meeting (8/13) 61.5%

In Attendance: Claire Does – Vice Principal Transforming Equalities and Safeguarding, Shagufta Shahin – Vice Principal Transforming Curriculum and Learning, Lisa Milligan – Director Quality and Improvement, Skip Singleton – Director Funding and MIS, Caron Montague – Clerk to the Corporation, Ian Lennox – Association of Colleges – Finance Consultant, Susan Evans – Association of Colleges – Interim Finance Director

1. Welcome and Apologies for Absence

The Chair welcomed everyone to the meeting. Apologies for absence had been received in advance from Louise Ellis, Peter Hill, Marc Hulbert and Gavin O'Brien and were accepted. The meeting was quorate.

2. Declarations of Financial and Non-Financial Interests

The Chair asked Members to declare any financial or non-financial interests, there were none.

3. Notification of Items of Any Other Business

No additional items of business were notified.

4. To Approve the Minutes of the Previous Meeting – 12th December 2017

The Minutes of the previous Meeting of the Board of Governors held on 12th December 2017 were APPROVED by those present and SIGNED by the Chair as an accurate record.

5. Register of Actions and Matters Arising

The Board REVIEWED the Register of Actions and NOTED the Matters Arising.

Item 10 was taken first. This item also incorporates agenda items 7, 8 and 9.

10. Financial Statements for the year end 31 July 2017 – Ian Lennox, Association of Colleges – Finance Consultant

Ian Lennox explained changes to the previously provided financial statements, primarily missing disclosures, numbers in the key statements not agreeing to the notes, notes containing incorrect information. These have now been corrected.

He highlighted some of the key changes:

- Statement of Comprehensive Income (SOCl) (Page 27) the deficit has increased by £93K to reflect an error found.
- Balance Sheet (Page 29) – creditors falling due within one year have increased by £93K and reserves have reduced by £93K as a result of the error in the SOCl.
- Staff costs Note 7 (Page 38). FTE disclosures had been based on the end of year position not on a monthly average. The comparative was also wrongly calculated and has now been corrected.
- Capital Commitments Note 18 (Page 43) – The previous version showed no capital commitments. Commitments based on either signed contracts or purchase orders raised at 31 July 2017 in respect of the New Build Project amounted to £1.786m.
- Events After The Reporting Period Note 21 (Page 43) – The Financial Notice to Improve is a disclosable event.
- Defined Benefit Obligations Note 22 (Page 44) – there have a number of corrections to this note.

We are aware that some of the pagination is not correct and a final proof read is required before the Report and Financial Statements may be signed.

The major issue that still needs to be resolved relates to the disclosures in respect of Going Concern in both the Corporation Report (page 20) and the Accounting Policies Note (Page 31). In the view of the Auditors, the previous draft of the Report and Financial Statements failed to demonstrate why the Corporation considered the College to be a Going Concern. There have been ongoing discussions with the auditors regarding their expectations of what should be included and the draft report and financial statements incorporates the outcome of those discussions. The auditors are happy with the current statements. The statements are those of the Corporation and not the Auditors and Members need to understand these and why they are required.

There are some numbers that are awaiting completion once updated cash flows are received from the Project Managers.

The College's poor track record of forecasting has led the ESFA to assess the College's Financial Health as "Inadequate" and has then led to the issuing of a Notice to Improve.

A revised budget had been circulated to the Board in July showing a deficit of £2m. This was in response to the original draft budget being rejected. Members asked for clarification on when this was circulated.

Action: Tim/Lisa to confirm when this was circulated and to whom.

In response to questions, Ian explained the basis on which going concern was addressed i.e. the ability of the College to meet its debts as they fall due. Until there is clarity on the New Build expenditure for the remainder of the current financial year, it is not possible to estimate the net current liabilities at 31 July 2018. Once the figures are known they will be part of data forwarded to Board.

Trevor Warrs questioned as to how we are where we are now. Tim Eyton-Jones responded that clarity and exploration of detail had not taken place; it is not a pin pointable situation. A

lot of issues were brought to light on the day of our last Board meeting. Lessons had been learnt.

Ian Lennox tabled the Draft Independent Auditor's Report to the Corporation which had been received just before the meeting. There is no qualification with regard to Going Concern, the Auditors have reported on a "Material uncertainty relating to Going Concern" The report will only be finalised once the information in the Going Concern note has been completed.

Tim Eyton-Jones explained that there were issues with 2017 accounts and there was an inherent problem within the finance team in respect of quality and level of scrutiny at Director level, coupled with a new Head of Finance joining at the end of the last financial year who did not receive support and had no background in the sector. Ian Lennox's services have been retained to get her up to speed, with impact already taking place. The College has confidence going forward with Ian Lennox and Susan Evans who have experienced working in colleges with similar issues.

Audit Committee agreed at the July 2017 meeting a review of the external audit service following completion of year-end July 2017 accounts and this will take place at 3 March 2018 Committee meeting. Current auditors are Moore Stephens who are in their second year of support. Ian Lennox disclosed that he knows and worked with the partner at Moore Stephens and they would have a different perspective of the situation.

Paul Seath questioned whether it was the duty of the internal auditors to make the Board aware of issues. Ian Lennox responded in terms of internal audit, their plan should address areas of risk. This should have regard to the Risk Register together with other information at their disposal, with an expectation that changes could be proposed to the Audit Committee to amend the plan during the course of a year where they believe an area should be looked at. Given the comments made by the ESFA regarding the College's budgeting and forecasting one might have expected Internal Audit to propose a review in this area. Once all the facts are known, about whether any such discussion took place, the Corporation can decide on the action it wishes to take.

Discussion took place around three points on the Auditor's Report which Ian Lennox was requested to follow up. Concerns were expressed around the language used in this public document.

Simple remedial actions could address the going concern issues such as::

- Obtaining a bank overdraft
- Take out a mortgage on the car park land or, as a last resort,
- Sell the land back to Luton Borough Council, as allowed within the purchase agreement (Put and Call option)

Corporation members considered the College to be asset rich. There is an expectation to have contracts of sale with Redrow Homes and another with LBC in the near future which could realise over £42m. It was considered that the College is in a short-term position in terms of its cash flow. The Chair enquired if the Board instructed the Principal tonight to arrange a mortgage on Bute Street would that resolution make the Going Concern position invalid.

The Principal explained that the College has a new strategy to reduce staffing costs, the biggest expenditure. The lack of clarity of staffing levels last year and moving forward was a concern. There was a projected income for catering of £400,000, which has already been reduced to £206,000. The College is looking at a restructure within some teams and will be meeting staff involved tomorrow to discuss. Susan Evans and Ian Lennox will be

benchmarking all teams across the College against available sector data. The College has strong growth plans. Executive receive monthly accounts no later than five working days after close.

Ian Lennox commented, as recorded in the Register of Actions, that it would be expected for a detailed forecast of the year-end out-turn to be prepared at this time of year. This would involve reviewing in detail funding lines, other income streams, pay and non-pay.

Paul Seath enquired as to why the College had not addressed these concerns before. The Principal explained that the current Executive can only go back three years. The College has been rebuilt from the ground up. The processes are right and proper it was not a stand-alone College it was linked to schools. When he was first associated, talks were taking place regarding the separation of the College from the Federation. The College has been building management information systems including HR which are less than two years old. Mistakes have been made and lessons learnt. In 2014 we had the worst Ofsted report in the country, from that the Board has changed the whole culture of the organisation. The Chair stated that it had been a learning curve for all. There is now a good quality interim Finance Director in place and there is a need to ensure that she is replaced with a very good Finance Director going forward.

Nick Barrett enquired as to the new plan regarding our financial statements filing date. Lisa Milligan responded that there is no leeway and that the College is now non-compliant, however, the ESFA is aware of the situation and actions being taken. At a meeting held with the ESFA before Christmas our concerns were raised and were well received. Our honesty was appreciated and reasoning understood but non-compliance would be recorded. Given the Notice to Improve letter, the College needs to have filed by our next meeting on 22nd January 2018. The ESFA state that there is need for growth but their own mechanism relating to Apprentices stops us.

The instruction is for the Executive to investigate all options to ameliorate the current cash flow position including arranging a medium term bank loan secured on the Bute Street car park. Once there is some clarity on the numbers to be included within the Going Concern note these will be circulated to members prior to sharing with the Auditors.

Action – Executive as above.

Action – Governors take Independent Auditor's Report to the College to read and digest. Clerk to forward electronically.

20.00 Ian Lennox was thanked for his comprehensive review, support to College and left the meeting.

It was AGREED that the Board was happy for members of the Audit Committee and Chair of FEC to review the financial statements and authorise.

8. Revised Annual Report of the Audit Committee

Lisa Milligan will revise to reflect the outcomes from this meeting and the finalised external Annual Report circulated to this Committee.

6. Proposal for Recruitment of Director of Finance

The Board AGREED to appoint a Director of Finance rather than replace an Executive Director of Finance and Resources. This gives savings in staffing costs of circa £25,000. The candidate would have a specialism in Finance with an expectation of attendance at all relevant Board and Committee meetings included as part of post requirements.

The College could expect to see a good field of candidates for this senior role. Ian Lennox, and Susan Davies will help with a rigorous selection process. The Association of Colleges will undertake a search, the College will advertise nationally. The salary offered is in excess of the fiftieth percentile for a college of this size.

Governors asked to be apprised of the process and recommended a member of the Board to be on the selection panel.

7. Draft Financial Recovery Plan

The draft plan was tabled following the meeting with the ESFA offering a high degree of credibility with further information included to detail evidence.

- The College is already ahead on last year's 16-18 year old applications.
- Cash improved significantly.
- All to note, comment and report back. It is a key document. The College needs to have confidence in it.
- The financial detail will be added.
- The draft will be discussed at the next meeting with the ESFA.

11. College Self-Assessment Report 2016-17 and College Quality Improvement Plan 2017-18

This is the principal means of driving quality improvement through critical self-evaluation where we identify strengths and areas of weakness against the Common Inspection Framework (CIF). The CIF addresses the following areas:

- Effectiveness of Leadership and Management
- Quality of Teaching, Learning and Assessment
- Personal Development, Behaviour and Welfare
- Outcomes for Learners
- Leading to a judgement on the overall effectiveness of the College.

Key areas for development and improvement:

- Attendance and punctuality
- Apprenticeship outcomes which are inadequate
- Driving up all outcomes to national rate
- English and maths performance which although improved is below national rate and progress in maths which is below sector norms
- L1 outcomes are low

Key strengths, which are focussed largely on improvements secured:

- Significant improvements have been made in the quality of teaching and learning but there is still work being addressed around differentiation and every student progressing at pace.
- Barnfield College is the first educational establishment in the country to be a Hate Crime Reporting Centre.
- 11 out of 15 of our subject areas improved. An area which declined was accounting as the AAT introduced a new synoptic test which led to results plummeting nationally.
- L3 learners made expected or better progress and outcomes are above national rate
- English/Maths significantly improved GCSE high grades but not yet where we want it to be.

Governors discussed the SAR and evaluated performance against the proposed grading judgements. Ofsted expectation would be that a College can judge their own position. The document reflects the analytical, critical self.

Overall effectiveness for 2016-17 is Requires Improvement

- Effective Leadership and Management - good, driving improvements.
- Quality of Teaching, Learning and Assessment – requires improvement due to the follow through to outcomes, there is supportive leadership.
- Personal Development, Behaviour and Welfare – good with the exception of attendance which requires improvement.
- Outcomes for Learners – requires improvement as Apprentices is inadequate.
- Governors reflected on the document and Lisa Milligan talked through the proposed grading judgements

It is challenging stating we are at grade 3. The College has good practices but needs consistency to achieve grade 2.

Recent senior inspector visits have indicated Leadership and Management is good, it is the College's outcomes that need improving and these have made a step change. Apprenticeship outcomes clearly require improvement although it is a relatively small proportion of the College's total learners. The Board needs to be clear on drive for quality and how small class sizes have impacted; understanding that have to grow but quality has been poor and now we have to go for growth. Hairdressing was stripped right back and now it is growing from strength to strength showing improved impact.

There are some areas of Personal Development, Behaviour and Welfare that demonstrate outstanding practice.

Quality Improvement Plan

The College needs to ensure that each individual student is 'being the best they can be'. It is addressed through:

- Attendance and Punctuality
- Apprenticeships
- English and Maths
- Achievement Outcomes and High Grades
- Curriculum Development and Financial Health
- Quality of Teaching, Learning and Assessment
- Culture and Development
- Tutorial and Student Support

Termly updates will be presented to Board to monitor targets. actions and achievements. Activities will be driven through the College and Departments.

12. Staffing Efficiency Report

Many efficiencies taking place – not replacing maternity cover, leaving staff, etc.

Teaching staff work on a 23 hour week x 36 weeks per year = 836 hours per year contract. The College already showed above 90% utilisation of staff with an expectation to be over 95%. There is no significant inefficiency in staff contact however low class numbers do impact on staff non-timetabled during the day. It is much improved on last year.

Tutorials have 3 or 4 classes taken together

13. Standing Item – Apprenticeship Performance Monitoring

This will be addressed at our next meeting on 6th February 2018 and did not form part of the additional meeting.

14. Standing Item – Updates from Committees/Task Group (matters not on the agenda)

There were no Committee meetings held in the period since the Board last met.

15. Standing Item – Link Governor Programme

This will be addressed at our next meeting on 6th February 2018 as it did not form part of the additional meeting.

16. Any Other Business

Following receipt of the anonymous complaint the internal auditors have been tasked to review our exam procedures regarding the allegations of grades being manipulated. This is due to take place on 26th February 2018.

With respect to the comment regarding management style at a recent whole staff training event there was opportunity for anonymous questioning of the Executive and although there were some difficult questions there was nothing that could not be responded to with transparency and honesty.

17. Date and Time of the Next Meeting

The next Meeting of the Board will take place on Tuesday 6th February 2018 at 6.30pm.

David Corke Director of Education and Skills Policy, Association of Colleges will provide a briefing to Governors at this meeting.

The meeting closed at 8.57pm.

Signed:

Robin Somerville, Chair of the Board of Governors

Date: _____