

Notes of the Barnfield Further Education Corporation Board Meeting held on Wednesday 25th April 2018 at 10.30 am in the Board Room, Barnfield College, New Bedford Road, Luton LU2 7BF.

Governors	Cumulative Attendance	Present at this Meeting
Alex Bain-Stewart (Vice Chair)	10 of 10	✓
Nick Barrett	6 of 10	Apologies Received
Elaine Battams (Staff)	8 of 9	✓
Ayotunde Efunkoya (Student Governor)	3 of 9	No Apologies Received
Louise Ellis	7 of 10	Apologies Received
Peter Hill	9 of 10	✓
Marc Hulbert	8 of 10	✓
Gavin O'Brien (Vice Chair)	8 of 10	✓
Imrane Sarrouj (Student Governor)	2 of 9	Apologies Received
Paul Seath	7 of 10	Apologies Received
Martin Sim (Interim Chair)	1 of 1	✓
Trevor Warrs	10 of 10	✓
	Percentage Attendance to date (79/108) 73.1%	Percentage Attendance this Meeting (7/12) 58.3%

In Attendance: Claire Does – Vice Principal Transforming Equalities and Safeguarding, Susan Evans – Interim Finance Director, Lisa Milligan – Director Quality and Improvement, Caron Montague – Clerk to the Corporation, Stuart Parkes – Head of Intervention (Midlands and East) ESFA, Shagufta Shahin – Vice Principal Transforming Curriculum and Learning, Skip Singleton – Director Funding and MIS

Confidential Item – Issued under separate document.

1. Welcome and Apologies for Absence

Chair welcomed all members and introduced Martin Sim the new Interim Principal. Apologies for absence had been received in advance from Nick Barrett, Louise Ellis, Imrane Sarrouj and Paul Seath and were accepted. Chair was pleased to note that Imrane Sarrouj was attending a university interview. The meeting was quorate.

It is recognised that the Board require more members to give support and challenge specifically with substantial finance experience and skills. Clerk to contact two possible potential Governors the current Principal at and the retired Finance Director from Luton Sixth Form College.

Luton Borough Council have offered some financial support by making a tentative low offer for the Bute Street car park. Peter Hill has spoken at length advising that at the current time the £3.5m offer was far too low to be considered. LBC have indicated that they have an interest in a number of issues and would like to meet to discuss an announcement regarding the continuity for students here at Barnfield.

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 Meetings – Development Day and FEC Board Meeting both held on 27th March 2018. The Minutes of the last meeting had been delayed by the Chair and would be tabled at our next meeting on the 15th May 2018.

5. Register of Actions and Matters Arising

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

Governors again requested that they wished to see reports in a bullet point format with a more detailed document behind giving depth and clarity. A revised summary sheet required with an executive summary, work to take place, current position and actions taken giving clear guidance of impact on College.

Action Point – Clerk to provide.

6. Review and Approve Updated Draft Financial Recovery Plan

The updated draft Financial Recovery Plan has been reduced from 45 to 16 pages with summary, annexes and appendices. Discussion will include how the savings allow us to function as a College and whether the 65% staffing cuts include sub-contractors. If not there will be a need for a further £1m reduction. This will affect all layers of management and will be driven by the Curriculum Plan which should be based on an average of 16 students; subjects unable to achieve this will have to be considered. If more students are registered we will appoint visiting lecturers. The College is confident that the staff to student ratio is correct; it is the broader infrastructure that is being addressed.

Although a 16 student ratio is low it is significantly increased from this year's 12.8. Work is taking place on efficiencies in tutorials, lecturers 1-2-1 sessions. With a mentor led model there could be significant savings of up to £250,000. Governors need to be aware that it will be difficult to recruit to Barnfield during this period of change but we have not had a full staff cohort in September for some years now. A mentor model is less flexible but will improve quality of tutorials. The College will continue to reduce the number of lecturers delivering tutorials it will be an organic process. The challenge is aspiring to 65% of staffing and we want to drive that with the model pushing it further.

All savings will be during the 2018-2019 financial year. Areas highlighted amber have already been realised. Governors requested a timeline to review stability and percentage of staffing.

Action Point – Susan Evans to put tracker in place and share with Board.

The Board did determine reliance on sub-contracting year-on-year with the College currently sub-contracting more than half of the adult education budget. The College will retain 20-30% of funding. It is not efficient with the College aiming to deliver more themselves and build own capacity. Martin Sim advised caution when looking at sub-contracting. There are significant risks regarding the funding profile over the next year along with operational difficulties with the merger. We need to ensure quality and concentrate on providing a core campus provision that is cost effective. The sub-contracting provision lifts the College's adult achievement rates. The College needs to assess whether 65% is achievable. In any merger the College needs to know what will be Barnfield's provision moving forward.

Governors requested to see totals of staffing percentages as they reduced along with the impact on the cash flow. Susan Evans confirmed that at present staffing reduction is 90%+ due to budget discrepancies of salaries not being included. Clarity around the data is a necessity for the next Board meeting to be included in the tracker. Current staff costs against turnover was confirmed at 89%. Appendix 2 of the Draft Recovery Plan highlights roles that have been agreed, realised and proposed to be at risk. Governors requested an end date and percentage showing staffing reduction included on one page. It should be noted that these are realised savings for 2018-2019.

These conversations highlight Governors concerns regarding understanding of papers and presentation when conflicting messages are given. One page summaries with succinct papers to support are required and preferred. The Financial Recovery Plan should show:

- What has taken place?
- Impact
- Annualised savings for 2018-2019
- Clearly show how we are working to target against current position

Retention statistics are built into the Curriculum Plan with significant profiling evidenced from an external audit. The standardised number of hours per level has significant reductions at 324 for L1/L2 and 378 for L3. Stuart Parkes confirmed that whilst there is much work in progress there is further work to do. Income needs to be addressed as well as costs.

7. Management Accounts at Period 8

- Currently there is a £3.1m deficit which is £1m over planned budget.
- Income increases have come from the Bute Street car park, Nursery and Apprenticeships. Late entry of data for Apprenticeships has projected income.
- There is an expected reduction in capital project costs of circa £300,000.
- Redundancy costs are being processed with an update due shortly.
- The College will have a cash shortfall in June 2018. Exceptional financial support is being applied for. This is anticipated to be agreed at a total of £2.6m (£300,000 has already been received) and included in the next cash flow forecast.
- The College is providing many documents including contracts for new build, to support our exceptional financial support application. Fusion FM are providing final figures including no overrun on contracts.

Stuart Markham advised the Board that the ESFA's original intention was for an entire cash flow. The Board needs to ensure that this takes place with a holding request that it may change. Clarification on what is the exceptional financial support is secured against. The College has a number of assets which can be included in narrative but will have impact on the SPA and moving forward. Susan Evans confirmed that a cash flow model is in place which shows viability until merger with the ESFA requiring further clarity. Contingencies for unforeseen circumstances including site maintenance needs to be included.

Funding Position at Period 8

- Finance Committee reviewed the RO8 funding position noting that the growth seen in 16-18 learners was holding.
- There is a significant increase of £855,000 in sub-contracting.
- Apprenticeships income £400,000. Shortfall in original budget £157,000 in apprenticeships this year.
- There is a risk of ESFA clawback. Profiling is taking place with a current prediction of a 5% clawback in January 2019.
- Advanced learner loans are strong against allocation.

8. Approve 2016-2017 Accounts and Management Letter to the ESFA

These are not yet signed off. The Board, previous Chair and previous Principal were keen to secure the £5m rolling facility but this has not happened. Discussions are taking place with Moore Stephens as to how this is taken forward to meet our financial notice to improve commitment of 30th April 2018. Moore Stephens have agreed to adopt an alternative narrative seeking exceptional support and the merger. Both the Corporation Chair and Chair of Audit Committee are included in discussions and agreement.

Updated accounts and narrative were tabled which include the College's new position of seeking a merger partner and SPA. It states that the Board does not expect the College to

continue to exist as a legal entity beyond January 2019 and accordingly the Corporation, is unable to adopt the going concern basis of accounting in preparing the annual financial statements. It also states that the financial statements have been prepared on the basis that its assets will continue to be used and its obligations will continue to be met. Following this the College has every confidence that Moore Stephens will let us have a final copy. Discussion followed regarding this statement with Governors being advised that the financial statements were now being reviewed by Moore Stephens technicals with an outcome anticipated shortly. Once received Lisa Milligan to forward to all members. It is a public document with a strategy to be in place to protect September students and learners going forward. The Marketing Team are creating a marketing plan covering all areas including understanding the College's administered status to reassure potential students and parents.

The members of Corporation present unanimously AGREED to approve the 2016-2017 Accounts on the basis stated above. Proposed by Peter Hill and seconded by Alex Bain-Stewart.

9. Agree Overview and Vision for Barnfield College

An updated draft document was tabled. The purpose of the document is to provide the College's vision, community and requirements from a merger partner.

The Board suggested including the quality of our alumni along with the fondness of history and brand. Governors requested a summarised version selling Barnfield's good points and if located in Luton town centre it would be very attractive to potential students. Barnfield's values also need to be included to ensure that they are not lost when merging; along with how much Barnfield College and brand means to the Luton community. Luton is an increasing demographic with many big local employers. The Board will be involved throughout the merger decision making process.

The town centre developments are a positive. It would be hoped that any merger partner will enable development of the learners of Luton and realise the benefit of a town centre site. The College and its learners would not benefit from an asset stripper partner would be resisted.

The SPA process is established with guidance to progress from the FE Commissioner. Governors should be aware that a secondary plan is needed should no suitable merger partner be found. Governors also need to be mindful of the Insolvency Act and a perception of the Board being constructive not obstructive in their decision making process. Getting the best deal for learners of Luton will protect the College's history. The FE Commissioner will be looking for the best solution and will be open to all options but they will also be looking for value for money as it is the public purse.

Time constraints will be a factor but there could be a trio of colleges that would benefit from merger. Personality conflicts with the previous Chair, previous Principal and Central Bedfordshire College are no longer relevant.

Governors requested the document be reviewed and revised for the SPA meeting on 27th April 2018.

Action Point – Lisa Milligan as above. (Post meeting note: action completed.)

10. Update of current Sub-Contracting Position

Board reviewed the approved Sub-Contracting expenditure for 2017-2018 of £2.123m.

	Agreed Budget	Current Position
Aztac	£1.3m	£1.09m
Free 2 Learn	£500,000	£724,000
Maybe Magazine	£130,000	£130,000

There are possible savings with Aztac of £200,000 and Free 2 Learn of £300,000. It will increase deficit but next year it will protect income.

Governors APPROVED IN PRINCIPLE subject to caveats of rules. This expenditure is for meeting local needs.

11. Monitor Key Trigger Dates for Compliance

All staff are committed to achieving the tight deadlines received by the FE Commissioner. The Curriculum Plan is nearly finalised with courses not feasible identified.

Action Point – Clerk to forward to all Board members once completed. (Post meeting note – circulated on 27th April 2018.)

12. Note Policy Schedule and Agree Policies for Governor Approval

The Board REVIEWED the Policy Schedule and AGREED policies for Board approval.

13. Standing Item – Committees/Task Groups Chairs Statements

Finance Committee requires more members as there are currently not sufficient numbers to support quorum. Clerk is actively working on this but volunteers are needed.

The review of new cost codes has been paused due to the merger.

Governors considered the need for external support on this committee due to level of cost. Ian Lennox is now working one day per week (dropped from three) and was initially using part of this day to support the Finance Committee. There is conflict with his AoC Create contract and his work being presented to committee so it was AGREED he should not be a member of the Finance Committee moving forward.

Action Point – Clerk to advise Ian Lennox accordingly.

Chris Mantel is completing set pieces of work with supporting the Finance Committee included. The arrangement is flexible and as merger becomes a reality this will be reviewed. Clerk is currently trying to secure two substantive financial Co-opted Governors, if this proves fruitful there will be less of a need for Chris Mantel to advise.

14. Any Other Business

HE Funding Council (HEFC) Audit and Office for Students (OFS) Application

The College has been advised of a HE Learner Numbers Audit on a date to be confirmed. Skip Singleton is looking at risk and will advise the Board accordingly. The College is also advising the OFS that our current financial position puts Barnfield at risk.

15. Date and Time of Next Meeting

The next planned Meeting of the Board will take place on Tuesday 15th May 2018 at 6.30pm.

The meeting closed at 12.05pm.

Signed:

Peter Hill, Chair of the Board of Governors

Date: _____