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14 February 2014

Dear Ms Oliver and Ms Philpott,

### **Barnfield Federation Investigation and follow up work**

We are writing to set out the government's view of Barnfield Federation's position in light of the recent investigation and follow up work. In summary, we are seeking confirmation that you will implement the following immediate actions in response to the significant concerns raised:

- Put in place a new interim CEO of the Federation. We understand that Dame Jackie Fisher has now been appointed to take on this role.
- Work with the Interim CEO of the Federation to implement urgent steps to address the immediate weaknesses identified – including significantly strengthening leadership and governance. For the College, we expect a prompt response setting out the actions you will take to respond to the issues raised by the FE Commissioner's recommendations. For the academy trusts, we expect full implementation of the actions set out in the Financial Notices to Improve that are being issued to each trust in parallel with this letter.
- Work with the Interim CEO of the Federation to consider all options for the future structure of the Federation's activities, including the option of splitting the academies from the College in time for the new academic year in September 2014.

Progress will be closely monitored and assessed. If this is not adequate, we will consider the next steps on intervention, including placing the College into Administered College status and possible termination of the academy funding agreements.

As you know, we received serious whistle blowing allegations relating to financial irregularities and governance at the Barnfield Federation in late August. A joint Skills Funding Agency (SFA) and Education Funding Agency (EFA) investigation was launched in September and has now concluded. Information has been passed to the

police, and they are currently assessing it. The final SFA and EFA reports will be published as soon as possible following this assessment.

The investigations identified significant financial irregularity, together with breaches of the College's Financial Memorandum; the Academies Financial Handbook; the Academies' Funding Agreements; Charity Commission regulation; and the Companies Act 2006. These breaches are underpinned by substantial concerns on overall governance and accountability across the Federation. In the light of these concerns, the FE Commissioner reviewed the position of the College.

The investigations and the follow up work have raised significant concerns about the Federation as a whole. These include the governance and leadership of the college – both directly and as a sponsor of the academies; the representation of the academies within the wider governance of the Federation; and the cost and value for money of shared services. It is clear that new leadership and governance are urgently needed at Barnfield, including a new interim CEO of the Federation. We understand that Dame Jackie Fisher has been appointed to take on this role.

The Interim CEO and the governors of both the College and the academy trusts must now work together to consider all options for the future structure of the Federation's activities, including fully considering the option of splitting the academies from the College in time for the new academic year in September 2014.

This options analysis should set out the vision for the future, the action needed to get there and how the issues identified through the investigation and follow up work will be addressed. We expect this work to be led by the new interim CEO for the Federation, and be jointly signed off by the Chair of the Corporation, the Chair of the academy trusts and the Academy Principals. We should receive the joint proposal by 28 March 2014.

In parallel to this activity, the Interim CEO must work with the College and the academy trusts to implement urgent steps to address the immediate weaknesses across both the College and the academy trusts.

In respect of the College, we attach a summary of the FE Commissioner's assessment. This includes a set of recommendations – all of which we have accepted. We now expect the College to respond setting out the actions you will take to address the significant concerns over the governance and leadership, and your timetable for doing this, taking account of the recommendations made by the FE Commissioner.

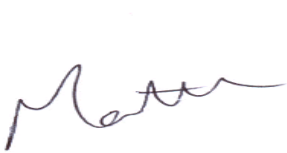
In respect of the academy trusts, officials are writing in parallel to this letter issuing a Financial Notice to Improve to each trust – setting out the areas on governance, leadership, financial management and value for money where the trusts will need to set out clear plans for improvement. Progress will be closely assessed and monitored.

We are also of the view that, in light of the issues identified through the review, the Barnfield Federation does not currently have capacity to take on sponsorship of Sandy Upper school. We will therefore be working with the school to consider alternative sponsors. We very much recognise the value that is being added by Barnfield staff who are currently working with the Senior Leadership Team at Sandy Upper, and we will work with you to ensure that this support continues.

If you have any questions about this letter my officials will be happy to meet with you to discuss. Please contact Karen Riley (SFA) and Claire Mycock (EFA) in the first instance.

We have copied this letter to the Interim CEO of the Federation, the Chief Executives of the SFA and EFA and the FE Commissioner.

Yours sincerely,

A handwritten signature in black ink that reads "Matthew".A decorative handwritten flourish consisting of a wavy line that ends in a small hook.A handwritten signature in blue ink that reads "Lord Nash".

**MATTHEW HANCOCK MP**

**LORD NASH**

## **OUTCOMES OF THE FE COMMISSIONER'S ASSESSMENT OF BARNFIELD COLLEGE**

### Governance

1. The Governing Body has not provided sufficient oversight of the Corporation and the Federation as its sponsor, nor has it provided adequate scrutiny and challenge of the Executive team. Significant change is needed to the composition of the Board to ensure it has the right skills and experience to deliver the necessary changes at pace. Within the Boards, however, there are a number of committed and skilled individuals who would be in a position to make a significant contribution to the Federation as it goes forward. Clerking arrangements need improving. The FE Commissioner's recommendations are:
  - **A refreshed governing body with the composition consisting of no more than 50% of existing members.**
  - **The appointment of a permanent Chair with the skills and experience to lead the organisation.**
  - **The appointment of a new Chair of the Finance and Employment Committee, drawn from the new membership.**
  - **The appointment of a new independent Clerk that reports to the Chair of the Corporation.**

### Leadership

2. There needs to be significant changes to the leadership to ensure there is a robust executive team in place with the right skills and experience necessary to lead an organisation of this nature. The FE Commissioner's recommendations are:
  - **A revised Senior Management Structure attracting salaries commensurate with sector norms. All senior posts should be advertised nationally. In the meantime Interim arrangements should be put in place.**
  - **The Principal of Barnfield College should be the Accounting Officer for the College and have the powers and responsibilities appropriate to a Principal.**
  - **The Executive Director – Group Finance should develop and apply revised financial regulations as a matter of urgency to provide appropriate checks and balances on expenditure by individuals including a process of sign off by the Board of the Corporation.**