

**FURTHER EDUCATION
COMMISSIONER ASSESSMENT
SUMMARY**

Barnfield College

JANUARY 2014

Assessment

Background

1. Following the notification by the Skills Funding Agency that Barnfield College had been assessed as inadequate for financial control, the Minister for Skills and Enterprise decided that the FE Commissioner should assess the position of the college in line with the government's intervention policy set out in *Rigour and Responsiveness in Skills* (April 2013).
2. The FE Commissioner conducted his assessment between 13 January and 24 January 2014. He assessed; the capacity and capability of the College's leadership and governance to deliver financial control improvements within an acceptable timetable; any actions that should be taken by the Minister and /or the Chief Executive of the funding agencies to ensure delivery of financial control improvements; and how and when progress should be monitored and reviewed taking into account the Agency's regular monitoring arrangements.

The College and its Partnerships

3. The initial concept behind the Barnfield Federation of a partnership approach to education and training in the Luton area has considerable merits. The vision - to deliver high quality provision to Luton learners of all ages, drawing on best practice and collaborating across sectors and age ranges – is commendable and one which could bring significant benefits to the local area.
4. There have been problems, however, in the realisation of this vision. The Academies within the Federation have expressed concerns about the cost and value for money of the shared services, the lack of autonomy of matters they should be involved in (e.g. setting budgets) and what they see as excessive micro-management.
5. Equally there is a general feeling amongst all levels of the organisation that the College has been relatively neglected in the previous Director General / CEO's pursuit of attempting to grow the overall Federation into a national business.
6. Nevertheless, although there are problems in the present system, there are significant merits for the College and for local learners in the Federation model, were it to be operated in a proper way, and with a clear vision of supporting the development of learners in Luton.

The Role, Composition and Activities of the Board

7. The Barnfield Federation has a complicated structure which has allowed executive decisions to be made without consideration by the Board of the Corporation or the Board of the Academy Trust. Both Boards have failed to carry out their duties in an acceptable manner and exercise the oversight and control necessary in a public body. Meetings have been infrequent, with little or no opportunity to discuss strategy or to oversee the Federation's progress.
8. The Board has suffered from inadequate support from the Clerk and its Professional advisers. The Clerk to the Corporation provides secretarial assistance but without

appropriate advice and guidance. There has been little or no training for Board members. As a result the information the Board has received on all aspects of the College's operations has been minimalist and of poor quality, with the issue of inadequate financial controls neither being raised nor addressed.

9. Major changes are therefore necessary in the governance arrangements of both the Corporation and the Academy Trust. The Federation and Academy Trust Boards need to replace those members who have failed to attend adequately or contribute with new members, under new Chairmanship. The complex organisational nature of the Federation has also meant that no one body has had oversight of the Federation's activities. This needs to be addressed in any new governance arrangements.

The Senior Management Team

10. The existing Senior Management Team rarely meets, are lacking the necessary qualifications and skills to lead an organisation of this nature and do not have the confidence of Board members, or staff. The Principal of the College is not the accounting officer for the College and as such does not have the authority to run the College in a way normally associated with a College Principalship.
11. Furthermore, the lack of more than one senior post holder has meant that communication routes to the Board are restricted, which in the past has allowed the executive to control information flows in ways that have not been beneficial to the organisation.
12. There is considerable support for the work of the current Principal both within the College and outside. Long-standing problems of overstaffing and a lack of curriculum planning are being addressed, despite clear difficulties in relationships with the interim CEOs. There is a feeling amongst the staff who were interviewed that the College is gradually getting back on track.
13. There is similar confidence in the Executive Director – Group Finance, who, since her appointment in May, has made very significant progress in addressing the College's deficit provision. Despite being a newcomer to the sector she has very quickly demonstrated a firm grasp of what is required in further education and has a clear view of what needs to be done.
14. A number of other senior managers, however, have left or are in the process of leaving the organisation, with resultant weaknesses in the overall structure. In particular additional Human Resources support will be needed to complete the necessary restructuring and enable staff efficiency gains to be made, as well as supporting the CEO to address pay issues.

The Quality of Provision

15. Barnfield College was inspected by Ofsted in April 2012 and was graded satisfactory with an inadequate grading for Beauty and Hairdressing. The College were previously graded as Outstanding. Leadership and Management were graded as Satisfactory.

The Present Financial Position

16. Barnfield College as part of the Barnfield Federation has a legal and financial relationship with all other companies in the group. The College receives shared services from Barnfield Education Services Ltd (BES) which also provides similar services to each of the Academies in the Federation.
17. The College has also seen a deteriorating financial position over the past 4 years which has culminated in a significant loss in 2012/13. The decline has been as a result of falling income levels, due to reducing learner numbers which have not been matched by similar reductions in the cost base at the College. The Executive Director – Group Finance is working closely with the College Principal to redress the situation. The initiatives that are currently being worked on include: a reshaping of the curriculum delivery model to make it more efficient and reduce the resource base; a staffing restructure to reduce the percentage of income spent on staffing to sector norms and bring teaching hours in line with the national average; and a reduction of subcontracting activity by bringing more provision in-house.
18. Financial health, however, has been very good throughout this period due to zero borrowings and high cash balances.
19. The College is currently planning an operating position close to break-even for 2014/15 and the work that they are currently undertaking to gain better control of their costs should position them to make improvements on 2013/14. Some caution is needed as much needs to change, in particular in relation to future income levels. However, the developments that are currently underway provide optimism that the College's financial position will improve.
20. The Finance Department staff appear to have the required skill sets to perform their duties adequately. There are problems generally, however, with the College systems and work is now being undertaken to make improvements. Consultants have been appointed to advise on improvements to the College's procurement system, for example, with the intention of changing the current paper-based system into a more efficient electronic system. The College believes that this will not only provide a more efficient way of dealing with the procurement of goods and services but will also improve financial control. Further systems improvements are needed, of which the College is aware.

Financial Oversight by the Board

21. Those College Board members who are active appear to be very committed to the cause and with their experience gained during recent investigations should be able to carry out their duties more effectively in future. The information now being prepared for the Boards by the Executive Director – Group Finance is also of much higher quality than they have received in the past.
22. The College's current Financial Regulations, however, are inadequate. According to the current Regulations, expenditure on a single order in excess of £10,000 has been at the discretion of the Director General/CEO alone. New revised regulations should be developed and applied as a matter of urgency.
23. Board members have relied on the work of both internal and external auditors without fully appreciating the limited scope of work that both undertake and, through exclusion of the auditors from the whole Audit Committee meetings and not having

private meetings, have hampered the ability of the auditors to gain a more detailed picture of the College.

24. The Board should review the scope and depth of internal audit and ensure that a risk based approach is undertaken to ensure areas of concern can be addressed. The Audit Committee should ensure that internal and external auditors are able to attend the whole of the meetings as appropriate and to have a regular private meeting as part of the agenda to enable Board members and auditors to talk openly about any concerns.
25. The College has established a Head Office at Harpenden at some considerable cost. The two Interim CEOs are based at the Head Office. There does not appear to be any strategic or operational reason for this separate site. The College should begin to explore, as a matter of urgency, the implications and cost of withdrawing from the Harpenden site.
26. There is general dissatisfaction with both the cost and the level of services being provided by BES. The pay costs of those involved in BES are excessive and in many cases out of step with sector norms for an organisation of this size. A job evaluation exercise is needed to re-align salaries with job roles.
27. The Boards of the Corporation and Academy Trusts, and the interim CEO of the Federation, should undertake an urgent and comprehensive review of BES to look at its cost base and to improve the quality and efficiency of its service delivery.
28. The College Risk Register needs a complete review and updating to ensure it is current, complete and demonstrates how the College is managing risks. It needs to be considered regularly by the Audit Committee who in turn should be responsible for drawing significant risks to the attention of the full Corporation.

Views of Stakeholders

29. In the course of the assessment the FE Commissioner interviewed a number of stakeholders as suggested by the Skills Funding Agency.
30. Given the publicity generated by recent events there is clearly concern by the Borough Council in particular that the Barnfield 'brand' has been badly damaged. There is a recognition, however, that the situation is improving thanks to the efforts of the new Principal, and that there is considerable scope for development in both the 16-19 and adult market. The Council has expressed its commitment to supporting the Federation and the College as it moves forward and has suggested that their Strategic Director 16-19 join the Board.
31. Job Centre Plus has also expressed its support. Although numbers attending the College are small they have been very satisfied with the service they have received and look forward to the College expanding its offer for both employed and unemployed adults.

Conclusions

32. Major changes are necessary to the governance and management of Barnfield College. New financial regulations and controls are needed as a matter of urgency. An Interim CEO should be appointed with the necessary skills to tackle the immediate operational issues that the college faces and to pave the way for the national recruitment of a new senior team.

Recommendations from Further Education Commissioner

1. A refreshed governing body with the composition consisting of no more than 50% of existing members.
2. The appointment of a permanent Chair with the skills and experience to lead the organisation.
3. The appointment of a new Chair of the Finance and Employment Committee, drawn from the new membership.
4. The appointment of a new independent Clerk that reports to the Chair of the Corporation.
5. 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.
6. The Principal of Barnfield College should be the Accounting Officer for the College and have the powers and responsibilities appropriate to a Principal.
7. 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.

You may re-use this information (not including logos) free of charge in any format or medium, under the terms of the Open Government Licence. Visit www.nationalarchives.gov.uk/doc/open-government-licence, write to the Information Policy Team, The National Archives, Kew, London TW9 4DU, or email psi@nationalarchives.gsi.gov.uk.

This publication is available from www.gov.uk/bis

If you require this publication in an alternative format, email enquiries@bis.gsi.gov.uk, or call 020 7215 5000.