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www.gov.uk/companieshouse

1	Company details
Company number	F E 0 0 0 0 0 2
Company name in full	Hadlow College

→ **Filling in this form**
Please complete in typescript or in
bold black capitals.

2	Administrator's name
Full forename(s)	William Matthew
Surname	Tait

3	Administrator's address
Building name/number	55
Street	Baker Street
Post town	London
County/Region	
Postcode	W 1 U 7 E U
Country	

4	Administrator's name ^①
Full forename(s)	Francis Graham
Surname	Newton

① Other administrator
Use this section to tell us about
another administrator.

5	Administrator's address ^②
Building name/number	Central Square
Street	29 Wellington Street
Post town	Leeds
County/Region	
Postcode	L S 1 4 D L
Country	

② Other administrator
Use this section to tell us about
another administrator.

AM10

Notice of administrator's progress report

6

Period of progress report

From date	<div><div>d</div><div>2</div></div>	<div><div>d</div><div>2</div></div>	<div><div>m</div><div>0</div></div>	<div><div>m</div><div>5</div></div>	<div><div>y</div><div>2</div></div>	<div><div>y</div><div>0</div></div>	<div><div>y</div><div>2</div></div>	<div><div>y</div><div>0</div></div>	
To date	<div><div>d</div><div>2</div></div>	<div><div>d</div><div>1</div></div>	<div><div>m</div><div>1</div></div>	<div><div>m</div><div>1</div></div>	<div><div>y</div><div>2</div></div>	<div><div>y</div><div>0</div></div>	<div><div>y</div><div>2</div></div>	<div><div>y</div><div>0</div></div>	

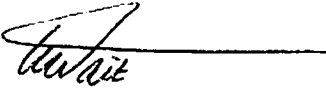
7

Progress report

<div><input checked="" type="checkbox"/> I attach a copy of the progress report</div>	
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8

Sign and date

Administrator's signature	<div>Signature</div> <div><div>X</div><div></div><div>X</div></div>								
Signature date	<div><div>d</div><div>2</div></div>	<div><div>d</div><div>1</div></div>	<div><div>m</div><div>1</div></div>	<div><div>m</div><div>2</div></div>	<div><div>y</div><div>2</div></div>	<div><div>y</div><div>0</div></div>	<div><div>y</div><div>2</div></div>	<div><div>y</div><div>0</div></div>	

**Presenter information**

You do not have to give any contact information, but if you do it will help Companies House if there is a query on the form. The contact information you give will be visible to searchers of the public record.

Contact name **William Matthew Tait**

Company name **BDO LLP**

Address **5 Temple Square**

Temple Street

Post town **Liverpool**

County/Region

Postcode **L 2 5 R H**

Country

DX

Telephone **01512 374 500**

**Checklist**

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Please make sure you have remembered the following:

- ☐ The company name and number match the information held on the public Register.
- ☐ You have attached the required documents.
- ☐ You have signed the form.

**Important information**

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Continuation page

Name and address of insolvency practitioner

✓ **What this form is for**
Use this continuation page to tell us about another insolvency practitioner where more than 2 are already jointly appointed. Attach this to the relevant form. ❶
Use extra copies to tell us of additional insolvency practitioners.

✗ **What this form is NOT for**
You can't use this continuation page to tell us about an appointment, resignation, removal or vacation of office.

→ **Filling in this form**
Please complete in typescript or in bold black capitals.

All fields are mandatory unless specified or indicated by *

1 Appointment type

Tick to show the nature of the appointment:

- ☒ Administrator
- ☐ Administrative receiver
- ☐ Receiver
- ☐ Manager
- ☐ Nominee
- ☐ Supervisor
- ☐ Liquidator
- ☐ Provisional liquidator

❶ You can use this continuation page with the following forms:
- VAM1, VAM2, VAM3, VAM4, VAM6, VAM7
- CVA1, CVA3, CVA4
- AM02, AM03, AM04, AM05, AM06, AM07, AM08, AM09, AM10, AM12, AM13, AM14, AM19, AM20, AM21, AM22, AM23, AM24, AM25
- REC1, REC2, REC3
- LIQ2, LIQ3, LIQ05, LIQ13, LIQ14,
- WU07, WU15
- COM1, COM2, COM3, COM4
- NDISC

2 Insolvency practitioner's name

Full forename(s) Danny Nicolaas William
Surname Dartnaill

3 Insolvency practitioner's address

Building name/number Thames Tower, Level 12, Station Road
Street Reading
Post town Berkshire
County/Region
Postcode RG1 1LX
Country

TO ALL CREDITORS

21 December 2020

Our Ref 00294470/WMT/DF/C3

Please ask for David Forster
Tel: 0151 237 4530
Email:
BRCMTLondonandSouthEast@bdo.co.uk

Dear Madams/Sirs

The Corporation of Hadlow College - In Education Administration ("the College")

As you are aware, Francis Graham Newton, Danny Nicolaas William Dartnaill and I were appointed Joint Education Administrators of the College on 22 May 2019.

In accordance with Rule 3.13 of The Education Administration Rules 2018 ("TEAR 2018"), we provide below our report on the progress made in implementing the Joint Education Administrators' Statement of Proposals ("the Proposals") and achieving the Statutory Objective of the Education Administration for the period from 22 May 2020 to 21 November 2020 ("the Reporting Period").

Please note that we do not intend to report in detail on matters that have been previously disclosed to creditors. As such, this report should be read in conjunction with the Proposals and the previous progress reports which are available on the creditor portal. Please also refer to the Proposals for definitions of capitalised terms used in this report.

1 Statutory Information

The College is a body corporate established on 28 September 1992 under section 15 of the Further and Higher Education Act 1992 with its UKPRN being 10002843. As at the date of our appointment its primary educational site was at Tonbridge Road, Hadlow, Kent TN11 0AL ("the Hadlow Campus"). Provision was also delivered at campuses in Nottingham, Canterbury, Greenwich, Princess Christian Farm and Blackmans Dairy Farm.

On 14 May 2019, the Secretary of State for Education filed a petition at the High Court of Justice, Business and Property Courts of England and Wales, for an order placing the College into Education Administration. The Court reference number is 003244 of 2019.

At a hearing held on 22 May 2019, the Court made an order ("the Order") placing the College into Education Administration and appointing Mr Newton, Mr Dartnaill and me as Joint Education Administrators ("the JEAs") with effect from the date of the Order.

The JEAs full details are William Matthew Humphries Tait (officeholder number: 9564) of BDO LLP, 55 Baker Street, London, W1U 7EU, Francis Graham Newton (officeholder number: 9310) of BDO LLP, Central Square, 29 Wellington Street, Leeds, LS1 4DL and Danny Nicolaas William Dartnaill (officeholder: 10110) of BDO LLP, Level 12, Thames Tower, Reading, Berkshire, RG1 1LX.

Under the provisions of the Order, the JEAs carry out their functions jointly and severally, meaning any action can be done by one Education Administrator or by all of them.

The College's registered office is situated at 55 Baker Street, London, W1U 7EU.

2 Joint Education Administrators' receipts & payments account

We attach at Appendix 1 a summary of our receipts and payments account.

Receipts total £30.7m and payments total £30.0m. This includes £5.6m received and £6.6m paid in the Reporting Period. A summary of the main operational receipts and payments is provided at Appendix 1. Commentary on trading related income and expenditure together with asset realisations and costs of realisations during the Reporting Period are detailed in sections 4 and 9.

3 Progress and trading during the Education Administration

Summary

The JEAs' primary duty is to meet the Statutory Objective, summarised as follows:

- to avoid or minimise disruption to the studies of the existing students of the further education body as a whole; and
- to ensure that it becomes unnecessary for the body to remain in education administration.

The JEAs' overriding strategy has been to operate the College whilst implementing the recommendations of the Further Education Commissioner ("FEC").

The JEAs consider that they have substantially met the Statutory Objective following the completion of the transactions with Capel Manor College ("CMC"), EKC Group ("EKCG") and North Kent College ("NKC") ("the Merger Transactions"). In accordance with the Proposals, attached at Appendix 2 for ease of reference, the JEAs remain in office to complete a number of post-Merger Transaction matters. They do so mindful of the duty to maximise the outcome for the general body of creditors and funders of the Education Administration.

Steps taken to achieve the Statutory Objective

The JEAs have:

- Completed the Merger Transaction of the College's Nottingham campus with CMC on 1 January 2020 ("the Nottingham Transaction");
- Completed the Merger Transaction of the College's Canterbury campus with EKCG on 1 April 2020 ("the Canterbury Transaction"). This transaction formed part of a wider transaction with West Kent and Ashford College ("WKAC") whereby the Ashford campus was sold to EKCG ("the Ashford Transaction");
- Completed the Merger Transaction of the College's Hadlow Campus (and certain other properties related to provision) with NKC on 15 August 2020 ("the Hadlow Transaction"). This transaction also formed part of a wider transaction with WKAC whereby the Tonbridge campus was sold to NKC ("the Tonbridge Transaction");

- Prior to completion of the Merger Transactions, worked successfully with the College to maintain the delivery and standard of education provision to all students and with minimum disruption. This included supporting the Senior Leadership Team (“the SLT”) in making significant changes to the operation of the College and the delivery of provision as a result of the Covid-19 pandemic;
- Completed their due diligence of NKC and EKCG as acquiring colleges in order to provide the JEAs with reasonable assurance that the merged entity would be able to operate on a financially viable and sustainable basis and address the conditionality of the FEC’s recommendations;
- In coordination and collaboration with the College and the acquiring colleges, conducted extensive and detailed transition, integration and implementation planning and established post-Merger Transaction contract monitoring mechanisms;
- Completed the sale of land comprising Betteshanger Country Park and the College’s shareholding in Betteshanger Country Park Limited (“BCPL”) on 2 December 2019;
- Assisted the Joint Administrators of Betteshanger Sustainable Park Limited (“BSPL”) conclude the sale of the business and assets of BSPL on 2 December 2019;
- Managed the closure of the College’s farm shop (“Farm Shop”) and florist (“Florist”) and sale of its pre-school and nursery (“Saplings”). As these were commercial business areas and not related to education provision they did not form part of the Hadlow Transaction;
- Regularly provided information and updates to regulatory and other key stakeholders which included: operational performance, educational performance, progression of the Education Administration as measured against the Statutory Objective, historic cost analysis and management accounting information, forecast cost and expenditure analysis and detailed project management information;
- Conducted monthly governance reviews through the Education Administration Advisory Group (“EAAG”) and Education Administration Working Group (“EAWG”); and
- Undertaken health and safety compliance investigations and remediation work where required.

In order for the JEAs to objectively consider critical elements of the Merger Transactions, detailed analysis and verification work was undertaken including the condition and utilisation of the College estate, health and safety compliance and IT stability and security.

Focussed due diligence of the Merger Parties’ financial proposals was undertaken by the JEAs to test the reasonableness of the financial plans for each campus in securing ongoing provision to existing and recruited students. This included a thorough review of

the property and assets which it was proposed be acquired in order to deliver education provision.

The Merger Transactions were complex and, in the context of new legislation, without precedent. The JEAs therefore required and received significant legal and other professional support in each transaction to address a range of diverse matters which included:

- the sectionalisation and transfer of the Local Government Pension Scheme (“LGPS”);
- consents to the transfer from government departments other than the Department for Education (“DfE”);
- the agreement of overage contracts with the merger parties, the DfE and the College’s former secured lenders;
- the release of security and/or the obtaining of consent of secured creditors;
- the transfer and/or gift of animals;
- the treatment and transfer of personal data in compliance with relevant legislation; and
- dealing with a range of property related matters including a number of third party tenants and clarifying contractual arrangements with Hadlow Rural Community School.

In order to promote a successful transfer of the students, the transitional planning undertaken required significant input from the JEAs, the Education and Skills Funding Agency (“ESFA”), multiple tiers of management and staff from the College, NKC, EKCG and CMC as well as professional and specialist advisors.

The JEAs ensured that College staff were appropriately consulted and updated as to the Merger Transactions’ progress. Prior to completion CMC, EKCG and NKC presented their respective operational and educational provision strategies to those staff. In accordance with relevant employment law, the JEAs oversaw the completion of the employee consultation processes.

Operation of the College

The JEAs did not seek to directly manage every aspect of the College’s operation. The JEAs delegated appropriate management powers and authority to the College’s interim principal, interim CFO and, more generally, the SLT and instituted a number of control and reporting mechanisms.

The JEAs were supported by the EAWG which was partly comprised of external members experienced in Further Education (“FE”). This, in turn, reported into the EAAG which was chaired by the JEAs.

The EAWG and EAAG formed key components of the JEAs' strategy to ensure good governance following the automatic dissolution of the Board of Governors upon the JEAs' appointment.

Membership of the EAAG and EAWG included the JEAs, members of the SLT, two experienced Chairs of FE colleges, BDO education specialists, an external Higher Education specialist, a governance specialist together with a representative of the JEAs' legal team. Each meeting, operating to a standardised and extensive agenda, undertook detailed examination and testing of the College's operations, finances and compliance with sector and other standards.

In addition, the interim principal and members of the SLT met every two weeks with area representatives of the ESFA to ensure appropriate monitoring of operational matters in anticipation of the transition.

The JEAs ensured that the SLT was empowered to make decisions about College operations quickly, effectively and with the focus on the achievement of the Statutory Objective. This was particularly relevant and successful in delivering the College's response to the Covid-19 pandemic, as detailed below.

Evidence of compliance with the Statutory Objective is supported by the output of the Ofsted monitoring visits that took place shortly after the JEAs' appointment. Ofsted was satisfied that the SLT, supported by the JEAs, had taken steps to improve the provision and ensure greater support for learners resulting in more learners being retained and completing their studies.

The impact of Covid-19

The close working relationship between the SLT and the JEAs' team was particularly evident following the outbreak of Covid-19. Daily meetings were convened and attended by the SLT and the JEAs' team. Initially, the purpose of those meetings was to receive reports on Covid-19 issues affecting the College, to continue to support vulnerable learners on-site through the 'lockdown' period, along with children of key workers, and to plan potential actions to be taken by the College and to ensure suitable plans were in place for continued animal welfare.

On 19 March 2020, in accordance with government guidance released the previous day, the decision was taken to temporarily cease onsite provision at the College campuses except for vulnerable students and children of 'key workers'. The College campuses were closed to all but a limited number of critical staff.

The SLT was able to quickly implement remote/virtual learning practices that were adopted by the College staff with professionalism and dedication, allowing continued delivery of education to all students.

As access to the campuses was temporarily restricted, College staff continued to fully support learners with education, health and care ("EHC") plans and the wider student body via a combination of online delivery, virtual work-books and, for those unable to access online learning, via hard copy. IT equipment was provided, through a range of means, for those learners without equipment who requested it directly or via their tutor.

For each EHC learner the College updated their risk assessment and, once the College campuses were reopened, EHC learners were encouraged to attend where government

guidance allowed them to do so safely. If they were unable to attend scheduled sessions, the College continued to support those students remotely. Specific focus was placed on liaising with assessment bodies and university partners and academic year learner assessments.

When the Government announced that colleges would begin to open to wider groups of learners from 1 June 2020 (this date was subsequently changed to 15 June 2020), a second group, meeting daily, comprising members of the SLT, members of the JEAs' team and a staff/union representative was established to oversee the wider opening of the College.

Whilst the Merger Transactions have now completed, Covid-19 did impact the original timetable for the Hadlow Transaction to NKC and the linked Tonbridge Transaction. Together, these two transactions were the largest and most complex of the Merger Transactions.

The Hadlow Transaction was intended to be co-terminus with the Canterbury Transaction with EKCG on 1 April 2020. The nature and scale of the proposed Hadlow Transaction (and the linked Tonbridge Transaction) was such that the transactional requirements and transitional arrangements needed to be further progressed and finalised to ensure a successful completion and were therefore more impacted by the restrictions of 'lockdown'. At that time, the JEAs and the SLTs of both NKC and the College prioritised the changes to the College's operations in readiness for a full reopening.

The majority of the terms of the Hadlow Transaction were agreed between the contracting parties by the revised target completion date of 1 August 2020. However, prior to that completion date it became apparent that a specific consent of a party not directly related to the terms of the Merger Transaction was required. A maximum two-week delay was agreed (with a commitment to expedite an earlier completion if possible) between the parties.

In that two week period, the JEAs:

- refined and then finalised the negotiation of all contractual terms which included granting a number of licences to occupy, an underlease and lease over certain properties owned by the College;
- communicated and coordinated with key stakeholders including: students, staff, apprentices, apprenticeship employers, prospective students, regulatory bodies, university partners and both local and government bodies;
- participated in further discussions between the parties to ensure that the necessary consents were obtained;
- progressed time critical matters and works that would otherwise have fallen on the purchaser as the responsible party;
- undertook discussions with the ESFA regarding the impact of the delay and a proposed mid-month completion date on a new College funding contract for the academic year starting on 1 August 2020; and

- negotiated, drafted and agreed contractual terms with the purchaser regarding the ownership and apportionment of the funding received under that contract.

In addition to the above, it was necessary for the College to operate under the control of the JEAs for a further two weeks whilst further implementing transitional planning arrangements.

The Hadlow Transaction and the linked Tonbridge Transaction completed on the rescheduled date of 15 August 2020.

Employees

The JEAs and the College's interim principal communicated with staff regularly throughout the Education Administration. Ensuring that staff were as informed as possible about the strategy and progress being made was in itself a key part of ensuring the consistency of education provision and minimising disruption to students.

Staff aligned to the Hadlow, Canterbury and Mottingham campuses transferred to NKC, EKCG and CMC respectively, as part of the mergers with those colleges. Staff were kept informed of the progress towards completion of these transactions, including delays.

With the exception of the Farm Shop, Florist and Saplings staff, all other College staff transferred to either NKC, EKCG or CMC. The Saplings staff transferred to Saplings Rural Day Nursery and Preschool Limited on 1 October 2020. Regretfully, seven Farm Shop staff and two Florist staff were made redundant on 7 August 2020 following their closure (further detail in section 4).

4 Assets

We refer you to the Proposals for an explanation of the assets owned by the College, the net book values as disclosed in the College's management accounts and the actions taken to date by the JEAs in relation to those assets.

As noted above, the completion of the Merger Transactions as recommended by the FEC underpinned the strategy to achieve the Statutory Objective.

Mottingham, Canterbury and Hadlow Merger Transactions

The JEAs, together with their legal advisers, carefully assessed the hierarchical statutory means by which the Statutory Objective could best be achieved.

The transferring of the benefit and burden of certain assets and the related teaching provision to CMC, EKCG and NKC was assessed as the most appropriate means and one that aligned with the FEC's recommendations.

In consideration of the receipt of £1, CMC, EKCG and NKC each assumed the obligation for all existing students, students recruited post the JEAs' appointment, transferring employees, current and historic pensions obligations, trading and other operational contractual commitments and the estates in their current condition.

As detailed above, the future operating plans of each of CMC, EKCG and NKC were subject to due diligence by the JEAs to provide reasonable assurance that provision would continue on a financially viable and sustainable basis.

The assets included in each transaction were specific to the operations being merged but there were fundamental similarities in the terms applied to each of the merger parties as follows:

- an obligation to continue to deliver the educational provision to students based at each of the transferring campuses until those students had either completed or withdrawn from their studies (“the Learner Protection Objective”);
- a requirement to maintain the standard of provision to levels at least comparable with those currently delivered by the College;
- the adoption of the employment of staff and who transferred to the respective merger party at the point of transaction pursuant to the Transfer of Undertaking Protection of Employment Regulations 2006 (“TUPE”); and
- the assumption of the appropriate share of any potential LGPS deficit/liabilities in relation to transferring staff under TUPE.

Book debts, cash held by the College and assets not required by the merger parties in the achievement of the Learner Protection Objective were excluded.

Ownership of certain property assets was transferred free of the fixed charge security held by Barclays Bank plc (“Barclays”) following a negotiated settlement of sums due to them. The JEAs negotiated extensive overage and security provisions to safeguard the interest of creditors in the event of a future disposal.

Land and property assets identified as being surplus to the education delivery requirement and excluded from the Merger Transactions will be marketed for sale and realised at market rates. Any funds generated will be dispersed in the statutory order of priority.

Transitional services arrangements were agreed between the College and each of the merger parties. These arrangements included the sharing of curriculum staff (Mottingham Transaction and Canterbury Transaction) and providing wider mutual administrative support for a short period after the mergers.

Farm Shop, Florist and Saplings Preschool and Nursery

As noted above, the Farm Shop, the Florist and Saplings were commercial activities undertaken by the College but not directly related to learner provision. These activities did not form any part of any Merger Transaction.

A marketing exercise was undertaken for the sale of the Farm Shop and the Florist ‘businesses’. This resulted in insufficient interest to support a commercial transaction. As a consequence the Farm Shop and Florist were wound down and ceased operations on 31 July 2020.

A marketing exercise was undertaken for the sale of the nursery and preschool business. A transaction for the sale of the nursery to Saplings Rural Day Nursery and Preschool Limited (“New Saplings”) completed on 30 September 2020. New Saplings is, an entity formed and owned by two former College employees.

The consideration paid by New Saplings was £1. In addition, New Saplings received a working capital contribution of £10k from the College and were obliged to adopt the employment contracts of all Saplings staff, who otherwise would have been made redundant at an estimated cost to the College of £40k.

To facilitate the transaction, the JEAs granted New Saplings a licence to occupy the existing trading premises at Court Lane for £1 whilst a formal lease is completed.

Betteshanger Sustainable Park Limited and Betteshanger Country Park Limited

BSPL was placed into Administration on 2 December 2019 with Mr Mark Newman and Mr Vincent Green of Crowe UK LLP appointed as Joint Administrators. The Joint Administrators were subsequently appointed Joint Liquidators when BSPL moved to Creditors’ Voluntary Liquidation (“CVL”) on 9 November 2020.

A non-preferential unsecured claim of c£1.45m, for monies owed by BSPL to the College, was submitted in the Administration proceedings and will be automatically be carried forward as claim into the CVL. The Joint Liquidators have indicated to the JEAs that the College may receive a distribution from the CVL in the range of £170k to £350k, to be paid in the next six to nine months.

A sale of the land at Betteshanger Country Park and the College’s shareholding in BCPL was completed on 2 December 2019 for a cash consideration of £622k, as reflected in the receipts and payments account at Appendix 1.

The land sales completed by the College and BSPL both include overage provisions that may give rise to future cash consideration being payable by the purchaser. We continue to monitor this position but do not expect the overage provisions to be payable in the short term.

Grove Farm Park Limited (“GFPL”)

GFPL is a wholly owned subsidiary of the College and owns land and a property which is used as student accommodation for its Higher Education students.

GFPL was placed into Administration on 28 May 2020, with Mr Trevor O’Sullivan and Mr Philip Stephenson of Grant Thornton UK LLP appointed as the Joint Administrators. At the date of administration, the College has an unsecured claim of c.£666k in the insolvent estate of GFPL.

The College had entered into a lease agreement with GFPL for the use of the student accommodation and land until 2024 with, rent payable quarterly and subject to annual inflationary increments. It would appear that rent had been set at a level sufficient for GFPL to meet the capital and interest payments on a £3m secured loan provided by Barclays.

As a provider of critical services to the College, the JEAs considered it appropriate to provide limited additional funding to GFPL so that it could meet its operating costs and expenses.

As part of the Hadlow Transaction, with the consent of GFPL's Joint Administrators, an underlease was granted to NKC until 30 September 2021. The underlease contains a break clause permitting NKC to terminate its obligations on 1 August 2021. The commercial terms mirror the costs formerly met by the JEAs under the headlease.

At some future point the property will be sold and payment made to creditors in the statutory order of priority. The JEAs understand that a second ranking secured charge is registered against the property by its former owner, Marpaul Limited purporting to secure a sum of c.1.3m.

The JEAs have written to GFPL's Joint Administrators concerning the purported debt as, should the property ultimately realise sufficient net proceeds to discharge the first secured creditors debt, a distribution to the College may be possible.

Motor vehicles

We have realised equity in two mini buses, excluded from the Merger Transactions giving net realisations of £10.9k after settlement finance liabilities and selling costs. Other motor vehicles with operating leases or which had no equity value, and were not transferred under the Merger Transactions, were returned to the respective lease companies.

Book debts

The College's book debts, totalling £373k, were excluded from the Merger Transactions. These broadly comprised unpaid accommodation costs, tuition fees, employee loans and unpaid apprenticeship employer costs. The JEAs have instructed a specialist debt collection agency to assist with collection, with £17k collected to date. It appears that, historically, the College did not regularly reconcile the ledger and a proportion of tuition fee debtors may have already been settled. The JEAs are keeping this matter under close review but suspect that final collections may be limited.

Cash at Bank

A balance of £1.2k held in the College former solicitor's client account was transferred back to the College in the Reporting Period on finalisation of its work with the JEAs.

Insurance refunds and recoveries

A further £5k of insurance recoveries have been received during the Reporting Period for claims accepted relating to veterinary equine costs and medication.

Division of unsold assets

There has been no distribution of unsold assets amongst the creditors in accordance with Rule 5.13 of TEAR 2018. Please note that this only applies to property which cannot be readily sold and in this particular matter, no such property exists.

5 Outstanding matters in the Education Administration

Finalisation of Merger Transactions and trading

Having completed the Merger Transactions all education provision, staff and substantially all students have now been transferred to one of the Merger Parties. A very limited number of students did not transfer to NKC pending receipt of their final examination / test results by January 2021 at the latest. The JEAs remain in a transitional support phase with NKC in part to ensure finalisation of this matter.

The JEAs' team is finalising the Education Administration trading period. In this regard, they are reconciling outstanding supplier invoices and paying amounts due for the period to 15 August 2020 in addition to completing all regulatory, financial and administrative requirements.

The above work includes apportioning income and expenses between the College and NKC. Therefore the receipts and payments account included at Appendix 1 currently includes income and expenses which may be later apportioned to NKC. It should also be noted that it does not yet include expenses paid by NKC, but not yet apportioned to the College.

The JEAs are also completing statutory requirements in relation to GDPR and retention of certain College records.

Land and property not required for long term future educational provision

As indicated above, certain of the College's land and property assets were excluded from the Hadlow Transaction, including land and buildings at Court Lane, Hadlow ("Court Lane").

Whilst Court Lane is not required for provision in the longer term, a 2 year lease has been granted to NKC to enable provision to be continued at the site in the short term prior to it moving to the Hadlow main campus. At The JEAs currently await further advice from their appointed property agent regarding the most appropriate strategy to be adopted to maximise realisations from the sale of this property.

A small number of parcels of land excluded from the Hadlow Transaction will shortly be openly marketed by the JEAs recently appointed property agents.

No land or property assets were excluded from the Mottingham or Canterbury Transactions.

Assets not sold as part of the Merger Transactions ("Excluded Assets")

Certain leased assets, legal actions and all other potential claims have been excluded.

The JEAs continue to investigate a number of potential claims for the benefit of the College's estate.

Exit process

Unlike Administration proceedings governed by the Insolvency Act 1986, there is no automatic end to an Education Administration. The Education Administration can only end following an application to the Court by either the Secretary of State for Education or the JEAs (with the approval of the Secretary of State for Education).

The JEAs are considering the most appropriate exit route and its timing, mindful that a number of matters require further work, as detailed below.

6 Investigations

Company Directors Disqualification Act 1986

The JEAs have, as required, submitted a confidential report to the Secretary of State with regard to the conduct of every relevant person in the three years prior to the commencement of the Education Administration.

Further investigations and cooperation with the Insolvency Service

As previously reported, the JEAs engaged BDO LLP's Forensic Services team to carry out focussed work in relation to the historic bank statements of the College.

In addition, the JEAs, assisted by their legal advisers (including Counsel), have conducted an extensive review of relevant records. This includes: emails, regulatory filings, financial statements, management information, statutory financial information, Board minutes, other governance records, third party contracts and other general correspondence and advice received by the College. In addition, interviews have been held with individuals having specific knowledge of the events leading up to the College's insolvency.

The JEAs have responded to enquiries received from the Insolvency Service in connection with its ongoing investigations. Creditors may wish to note that the power to restrict or limit individuals from holding executive office (known as disqualification) is reserved to the Insolvency Service.

The JEAs focus is to establish whether there are causes of action that may give rise to a financial recovery for the College estate.

Creditors will be aware that this investigatory work is confidential and subject to legal privilege. The JEAs are unable to provide any detail on the specific work that they have performed or the potential outcome of that work.

Notwithstanding, the JEAs principal areas of focus are:

- Any action or inaction of the College's office holders and Governors to the extent that they may have contributed to its financial failure, depletion of its assets and /or increase in its liabilities. This includes, but is not limited to, the adherence to the requirements of public sector governance, independence, financial probity and record keeping.

- The entering into contracts, disposal of assets or the undertaking of operations through subsidiary structures and in specific relationships, the financial benefit of which may be uncertain or unclear.
- Record keeping and authorisation for personal and other expenditure including the use of College assets.
- Compliance with the requirement for correct accounting for taxes including VAT.
- The obtaining, utilisation and reporting of grants and other income.
- Maintenance of timely and accurate financial and other records, including the Individual Learner Record.

Request to creditors

If any creditors hold any information that they believe may be of assistance to the JEAs in their investigations or wish to bring any matters to their attention that they believe merit investigation by the JEAs, please contact them at BDO LLP, 5 Temple Square, Temple Street, Liverpool, L2 5RH.

7 Potential outcome for creditors

The estimated outcome for all classes of creditors has not changed from that reported in the Proposals.

Secured creditors

At the date of the JEAs appointment, Barclays held a fixed charge over specific parts of the College's campuses.

To facilitate the Merger Transactions, the redemption of Barclays' fixed charge security was required.

The valuation methodology for freehold property assets required for ongoing education provision is a complex matter and, within an education administration, is without precedent. In order to obtain the release of fixed charges held by Barclays over certain College freehold properties, the JEAs requested funding from the ESFA.

The JEAs instructed agents to prepare open market valuations of the charged assets and, supported by that valuation, received funding of £4.5m. This was paid to Barclays shortly prior to the Canterbury Transaction, thereby securing the release of Barclays' security over the College assets.

As consideration for this funding, the JEAs granted security over certain College freehold property assets in favour of the ESFA. This security was then released to enable the Hadlow Transaction to complete with NKC. NKC subsequently granted new security over the freehold properties to the Secretary of State for Education, thus ensuring that were there to be a future sale the proceeds would continue to be under the control of the DfE.

The Secretary of State for Education continues to hold a fixed charge over Court Lane.

The College holds the benefit of overage agreements over all of the properties included within the Merger Transactions such that, subject to existing overages/security arrangements, should they be sold funds would flow back to the College.

Preferential unsecured creditors

There are no preferential creditors in the Education Administration.

Prescribed Part ("the PP")

As the status of the College does not allow the College to grant a floating charge, the PP provisions will not apply in the Education Administration.

Non-preferential unsecured creditors

The statement of affairs that was appended to the Proposals lists the unsecured creditor claims of c.£35.1m at the date of the Order.

To date, the JEAs have received 177 claims, totalling c£20.8m, from unsecured creditors. These claims have yet to be reviewed and adjudicated upon for dividend purposes. In due course, the JEAs expect to receive significant claims representing much of the difference between the claims received to date and the claims detailed in the Statement of Affairs.

As advised in the Proposals, the distribution prospects for unsecured creditors are uncertain albeit, based on information currently available, it appears unlikely that an unsecured dividend will be declared due to the following factors:

1. Realisations from the sale of the property and other assets that were excluded from the Merger Transactions will be payable to the secured creditor in priority to unsecured creditors. The realisable value of that property is not anticipated to be sufficient to repay the ESFA funding/secured creditor in full.
2. The costs of the Education Administration are payable in priority to the claims of creditors.
3. The costs of the Education Administration, to the extent not covered by income or realisations, may be addressed from the Grant funding for which the ESFA has priority for repayment ahead of any distributions to unsecured creditors.

The JEAs request that any creditors who believe that they may have a claim in the Education Administration proceedings submit a proof of debt form (a copy of which is provided at Appendix 6) providing a detailed account of the sum owing to them as at the date of the Order, together with any security held.

8 Pre appointment accrued costs of the Education Administration

Certain costs were incurred in preparing and planning for the Education Administration and were disclosed to creditors in the Proposals in accordance with Rule 3.8(10)(a) of TEAR 2018. Allowable costs fall into the following categories:

- (i) the fees charged by BDO LLP;

- (ii) the expenses incurred by BDO LLP; and
- (iii) the fees charged (to the JEAs' knowledge) by any other person qualified to act as an insolvency practitioner.

Under Rule 3.8(10)(a) of TEAR 2018, the table below summarises the outstanding costs and also, where relevant, records payments received, all net of VAT.

	Costs Incurred (£)	Payments Received (£)	Costs Outstanding (£)
(i)	314,505	314,505	Nil
(ii)	10,242	9,342	900
(iii)	Nil	Nil	Nil
TOTAL	323,847	323,847	Nil

Under the provisions of Rule 6.11 of TEAR 2018, the JEAs must make an application to the Court for approval of their pre-appointment costs to be paid from the Education Administration estate.

Where applications to Court are made, creditors are given fourteen days' notice of any such application and may make representations if they wish, which will be reported to the Court as part of the application. An application to Court for retrospective approval of pre-appointment expenses of £9,342 plus VAT, previously paid to third parties, was approved by the Court at a hearing held on 16 April 2020.

We will seek court approval to pay the outstanding pre-appointment expenses of £900 plus VAT as part of our next court application.

BDO LLP's pre-appointment fees totalling £314,505 were paid directly by the DfE and therefore no application to Court was necessary in respect of these costs.

A detailed explanation of the incurred pre-appointment costs is included within the Proposals.

9 Post appointment accrued costs of the Education Administration

The JEAs have engaged professionals to provide a range of services to support the College's ongoing operations, the management of the Education Administration and for assistance with the Proposed Merger Transactions.

A schedule of costs incurred and paid to 21 November 2020 is provided at Appendix 5.

We are not required to seek approval of the payment of these costs but, for information, we provide our further comments below in relation to these services provided during the Reporting Period.

Legal Fees and disbursements - Womble Bond Dickinson LLP and Cripps Pemberton Greenish, Brown Rudnick LLP and Gowling WLG (UK) LLP ("Gowling")

Womble Bond Dickinson LLP ("WBD") continue to provide legal support to the JEAs, which is required as summarised below:

- This is the first Education Administration under new legislation;

- The Statutory Objective of an Education Administration has required the continued operation of the College. Due to the size and nature of the College, the JEAs regularly face a large number of matters on which legal opinion and assurance is required;
- For the reasons outlined earlier in this report, substantial legal support and advice has been sought in relation to the transition planning of the Merger Transactions; and
- Preparation of sale contracts and ancillary legal documents and completion of the Merger Transactions as detailed in section 4.

Cripps Pemberton Greenish have provided advice on certain documentation required to formalise the operational interdependencies between the College and Hadlow Rural Community School, whose campus is part of the Hadlow Campus.

Brown Rudnick LLP provided advice in relation to certain overage and security documentation required to conclude the Merger Transactions in the situation where the ESFA were a party and WBD acted on behalf of the ESFA. Gowling acted in relation to the granting of the Court Lane lease to NKC.

EA Consulting costs

A number of educational consultants have been engaged to assist the JEAs and the SLT with educational strategy and planning.

Insurance and Estates Maintenance - Aon Risk Solutions

Aon was engaged by the JEAs to conduct health and safety reviews across the College campuses. This was necessary to ensure that the College maintained appropriate insurance for ongoing operations.

Aon, through Steel Rivers Consultants ("SRC"), also provided a range of interconnecting services regarding estates management and ongoing health and safety compliance. This included the project management of the Hadlow Campus remedial work programme.

The remedial work programme costs are recorded in our receipts and payments account under "EA Estates Maintenance", separate to the College's normal repairs and maintenance expenditure and health and safety costs. This programme required the services of a number of trade contractors, for which SRC provided support to the JEAs during the tendering and contract fulfilment processes.

On completion of the Canterbury Transaction, the group estates manager for the College and WKAC automatically transferred under TUPE to EKCG. The health and safety officer had also left in the preceding months. As a result of these vacancies, SRC also provided day to day management of the College's estate and was the College's competent person for the purposes of health and safety legislation.

Farm Management costs - Strutt & Parker

Following the departure of the estates manager (who was directly responsible for the operations of the farm) and H&S officer, the JEAs engaged Strutt and Parker as consultants to provide specialist professional management of the College's farm, in the interim period before the Hadlow Transaction completed. Given the particular regulatory

and safety features required for the farm's operation, the JEAs in consultation with the Interim Principal considered it necessary to appoint a specialist professional to not only manage the operations of the farm, but to also ensure that it was compliant with all regulatory, animal welfare and health and safety minimum requirements.

These costs are recorded in our receipts and payments account under "EA Estates Maintenance".

Property Agents - Lambert Smith Hampton and RL Surveys Limited

Lambert Smith Hampton carried out a conditions survey of the College estate for the benefit of the JEAs with particular regard to the Merger Transaction with NKC.

RL Surveys Limited provided building survey drawings to assist with future options regarding learner accommodation at the Hadlow Campus.

Chattels Agents - Lambert Smith Hampton

Lambert Smith Hampton were engaged by the JEAs to value the motor vehicles that were excluded from the Merger Transaction with NKC and to arrange for the sale of those vehicles that were believed to hold equity for the benefit of the College.

Headland PR Consultancy LLP

Headland PR Consultancy LLP is a PR and communications agency that was engaged by the JEAs to provide support during the Education Administration in relation to the media interest attracted by the College and this being the first Education Administration appointment to be made.

10 Joint Education Administrators' remuneration

We attach at Appendix 3 a schedule that shows the time costs incurred by the JEAs and their staff to 21 November 2020, together with our commentary on the costs incurred. In summary, time costs of £2,391,059 have been incurred, which represents 12,653 hours spent at an average rate of £189 per hour.

As advised in the Proposals, in accordance with Rule 6.10 (2) of TEAR 2018, the JEAs' remuneration should be fixed by reference to the time properly spent by the JEAs and their staff in attending to matters arising in the Education Administration.

The JEAs' remuneration must be fixed by the Court on receipt of an application made by the JEAs. The JEAs made such an application to Court and, at a hearing held on 16 April 2020, the Court handed down an order approving the JEAs' remuneration incurred to 10 April 2020 totalling £1,453,899. The DfE had provided its approval of the time costs in support of the application.

Following a detailed review of the JEAs time costs an error was identified in the classification of 49.40 hours of time costs that had been incorrectly categorised and charged as partner time. The overstatement, amounting to £4,890.60, has been notified to the DfE and will be drawn to the attention of the Court. The time costs summary at Appendix 3 reflects this adjustment.

Creditors will be given fourteen days' notice of further applications to Court and may make representations if they so wish. Any creditor representations will be reported to the Court as part of the application process.

For your guidance, we also attach at Appendix 4 a document that outlines the current policy of BDO LLP in respect of fees (as noted previously our charge out rates have been agreed with the DfE) and disbursements.

11 Joint Education Administrators' disbursements

The JEAs have agreed with the DfE that BDO LLP staff related disbursements will not be directly recharged by the JEAs as this cost is agreed to be included within the agreed hourly charge out rates.

Other disbursements for third party costs, including storage, printing creditor circulars and statutory advertising, require Court approval. Third party disbursements totalling £9,356 have been accrued to 21 November 2020 and the JEAs will seek approval from the DfE and the Court for these to be drawn when next making a court application.

12 Other matters

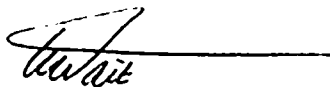
The JEAs are bound by the Insolvency Code of Ethics when carrying out all professional work relating to this appointment. A copy of the code is at <http://www.icaew.com/en/members/regulations-standards-and-guidance/ethics/code-of-ethics-d>.

The Insolvency Service has established a central gateway for considering complaints in respect of Insolvency Practitioners. In the event that you make a complaint to the JEAs but are not satisfied with the response then you should visit <https://www.gov.uk/complain-about-insolvency-practitioner> where you will find further information on how you may pursue the complaint.

The affairs, business and property of the College are being managed by the Joint Education Administrators who act as agents to the College and contract without personal liability.

If you require any further information, please contact David Forster at BRCMTLondonandSouthEast@bdo.co.uk.

Yours faithfully
For and on behalf of
The Corporation of Hadlow College



Matthew Tait
Joint Education Administrator

WMH Tait and DNW Dartnail are authorised by the Institute of Chartered Accountants in England and Wales in the UK.

FG Newton is authorised by the Insolvency Practitioners Association in the UK.

Enclosures:

- Appendix 1: Receipts and Payments Account
- Appendix 2: Summary of the JEAs' formal proposals
- Appendix 3: SIP 9 time cost report for 22 May 2019 to 21 November 2020
- Appendix 4: BDO LLP Policy in respect of fees and disbursements
- Appendix 5: Schedule of the JEAs' post appointment accrued costs
- Appendix 6: Proof of debt form

Joint Education Administrators' receipts and payments account

Appendix 1

**Hadlow College
(In Administration)
Joint Administrators' Trading Account**

Statement of Affairs £	From 22/05/2020 To 21/11/2020 £	From 22/05/2019 To 21/11/2020 £
POST APPOINTMENT SALES		
ESFA Trading Receipts	2,787,452.72	10,809,535.99
Non-ESFA Education Income	75,839.58	2,320,235.49
Higher Education Income	544,423.77	1,889,719.83
Other Income	336,962.15	940,985.82
Finance PDQ Income	126,008.97	819,472.60
COVID-19 Grant Funds	NIL	25,000.00
Broadview and Sapling Sales	123,641.94	719,608.44
ESFA - Loan / Grant Funding	1,375,000.00	10,165,000.00
Schools Income	2,734.86	191,839.34
GLA Funding	37,545.44	259,830.00
Advanced Learner Loan Funding	15,713.71	199,573.75
KCC re Princess Christian Farm	NIL	168,806.00
High Needs Income	157,870.61	459,857.30
	5,583,193.75	28,969,464.56
COST OF SALES		
Payroll Costs	1,366,901.90	8,110,149.92
Employee Pensions	482,699.15	2,393,193.81
Staff Related Costs	14,990.34	86,643.86
Farms & Equine	184,970.37	560,857.26
COS - Plants (Broadview)	36,539.44	169,790.73
COS - Non-Plants (Broadview)	9,882.39	35,363.15
COS - Farm Shop	110,047.55	378,249.47
Equipment	8,241.00	26,946.12
IT	51,783.03	204,159.18
Transport and Travel	5,152.00	69,651.19
Leases/HP Agreements	61,606.80	387,240.25
Sapling Expenses	3,452.03	10,450.02
PAYE & NI	474,509.71	2,586,403.42
	(2,810,775.71)	(15,019,098.38)
TRADING EXPENSES		
Repairs and Maintenance	101,670.53	342,118.45
Light & Heat	147,188.41	550,172.96
Water	47,210.56	119,313.88
Rent and Rates	88,239.36	455,901.23
Cleaning	57,511.71	201,659.62
Other Expenses	228,887.51	1,101,564.12
Education Related Costs	256,163.29	1,032,249.26
Printing and Stationery	20,721.36	66,092.48
Phones	19,944.44	55,604.77
Postage	3,936.19	21,269.39
Marketing	14,423.71	59,556.17
Catering Costs	40,069.11	290,689.91
Consultant fees	120,303.86	463,322.95
Continuity Creditors	3,285.72	132,458.03
Bank Charges & Interest	NIL	9,632.30
Student Bursaries	NIL	110,290.73
Refunds due to Covid-19	158,917.79	221,632.64
Third Party Payroll Costs	1,845.86	12,624.33
	(1,310,319.41)	(5,246,153.22)
TRADING SURPLUS/(DEFICIT)	1,462,098.63	8,704,212.96

Hadlow College
(In Administration)
Joint Administrators' Summary of Receipts & Payments

Statement of Affairs £		From 22/05/2020 To 21/11/2020 £	From 22/05/2019 To 21/11/2020 £
5,575,000.00	FIXED CHARGE ASSETS		
	Hadlow Main Campus East	NIL	NIL
		NIL	NIL
(5,663,000.00)	FIXED CHARGE CREDITORS		
	Barclays Bank PLC	NIL	4,500,000.00
		NIL	(4,500,000.00)
728,000.00	HP ASSETS		
(917,000.00)	Motor Vehicles	22,000.00	22,000.00
	HP Settlements	(9,463.00)	(9,463.00)
		12,537.00	12,537.00
12,296,000.00	ASSET REALISATIONS		
	Assets under Construction	NIL	NIL
1,077,000.00	Betteshanger Country Park Limited	NIL	621,981.00
1,319,000.00	Cash at Bank	1,200.00	1,098,030.63
	Debtors	NIL	NIL
	Insurance Refund	5,012.86	10,355.11
	Interest Gross	55.40	2,806.77
12,660,000.00	Land & Buildings	NIL	NIL
561,000.00	Plant & Equipment	NIL	NIL
	Saplings Licence	1.00	1.00
	Saplings Sale Proceeds	1.00	1.00
651,000.00	Stock	NIL	NIL
	Trading Surplus/(Deficit)	1,462,098.63	8,794,212.96
		1,468,368.89	10,437,388.47
	COST OF REALISATIONS		
	Administrators' Fees	NIL	1,453,899.00
	Agents' Fees	1,650.00	1,650.00
	Bank Charges	2,316.16	2,316.16
	Betteshanger Country Park Ltd	NIL	72,729.04
	Betteshanger Sustainable Park Ltd	(3,738.00)	61,502.91
	Debt Collection Fees	757.52	757.52
	EA Consulting Costs	NIL	25,516.40
	EA Estates Maintenance	1,153,239.51	1,353,087.23
	ERA Solutions Ltd	1,000.00	1,000.00
	Forensics Disbursements	NIL	124.30
	Forensics Fees	NIL	45,000.00
	Insurance	79,562.60	321,327.22
	Legal Disbs	3,917.13	13,738.35
	Legal Fees	244,566.37	711,587.09
	PR Costs	NIL	7,073.75
	Pre-appointment Professional fees	NIL	11,210.40
	Property Agents' Disbs	67.10	1,264.48
	Property Agents' Fees	59,071.66	133,360.37
	Saplings Sale Costs	10,000.00	10,000.00
	Specialist Property Agents' Fees	NIL	88,659.60
	Stationery & Postage	3,462.34	7,154.54
	Statutory Advertising	3,538.39	3,635.59
	VAT Paid	871,727.37	871,727.37
		(2,431,138.15)	(5,198,321.32)
(474,000.00)	PREFERENTIAL CREDITORS		
	Arrears & Pay	NIL	NIL
		NIL	NIL

**Hadlow College
(In Administration)
Joint Administrators' Summary of Receipts & Payments**

Statement of Affairs £		From 22/05/2020 To 21/11/2020 £	From 22/05/2019 To 21/11/2020 £
	UNSECURED CREDITORS		
(1,067,000.00)	Accruals	NIL	NIL
(178,000.00)	Arrears of contributions	NIL	NIL
(142,000.00)	Deferred Income	NIL	NIL
(124,000.00)	Deposits	NIL	NIL
(13,757,000.00)	Funding Bodies	NIL	NIL
(101,000.00)	Hadlow PIF Ltd	NIL	NIL
(24,000.00)	Kent Mining Heritage Fund	NIL	NIL
(9,094,000.00)	LGPS defined benefit scheme deficit	NIL	NIL
(576,000.00)	Salix	NIL	NIL
(1,067,000.00)	Trade & Expense Creditors	NIL	NIL
(336,000.00)	University of Greenwich	NIL	NIL
(454,000.00)	Unsecured N.I.C.	NIL	NIL
(1,597,000.00)	Unsecured V.A.T.	NIL	NIL
(258,000.00)	Weleyan Bank	NIL	NIL
(3,867,000.00)	West Kent & Ashford College	NIL	NIL
		<hr/>	<hr/>
		NIL	NIL
(4,829,000.00)		(950,232.26)	751,604.15
	REPRESENTED BY		
	EA Current Account		472,489.49
	Input VAT		24,358.10
	Output VAT		(4,430.00)
	Pre-Appointment Bank Account		103,709.79
	Vat Control Account		155,476.77
			<hr/>
			751,604.15

*During the course of the Education Administration we have changed the recording of receipts and payments from being presented gross of VAT to now being presented net of VAT in the individual accounts.

Commentary on the receipts and payments account

As noted in the main body of this report, we are currently undertaking an apportionment exercise of income and expenses with NKC. Therefore the receipts and payments account above currently includes certain income and expenses which will in the future be apportioned to NKC and likewise NKC may have paid certain income and expenses on behalf of the College which are not yet accounted for in the above.

Our current estimate of the net adjustment that is to be applied to the above receipts and payments as at 21 November 2020 is a net receipt due to the College from NKC of c£40k.

Once the apportionment exercise has been completed and agreed with NKC, we will apply an adjustment in our receipts and payments account.

It should also be noted that following the Hadlow Transaction on 15 August 2020, the College retained very little in the way of income generating interests and, as such, the receipts during the Reporting Period are significantly less than that received in other equivalent periods during the Education Administration.

Operational Receipts

ESFA Trading Receipts (Education and Skills Funding Agency)

The ESFA continued to provide standard educational funding to the College, throughout the Education Administration. These receipts were used by the College to support the ongoing provision of education services. Following completion of the Hadlow Transaction, the College has only received minimal funding linked to student achievement where courses/student results for the 2019/20 academic year have been delayed into the current academic year due to the Covid-19 pandemic.

Funding totalling £10.8m has been received from the ESFA, of which £2.8m was received in the Reporting Period. Some of this income relates to the 2020/21 academic provision and will therefore be payable to NKC following the apportionment exercise.

Non ESFA education income

A total of £2.3m has been received, including £76k in the Reporting Period.

This included monies received directly from students where funding was not met by the ESFA, education related receipts from third parties other than the ESFA, payments received from entities associated with the College where costs have been recharged for services provided by the College and receipts from other commercial revenue streams.

Higher Education funding

The College provided education to a number of students under a franchise arrangement with the University of Greenwich (“UoG”).

Higher Education related income totalling £1.9m has been received, of which £544k was received in the Reporting Period. This primarily related to funding from the UoG and direct receipts from the Student Loans Company.

Other income

Other income of c£941k has been received, of which £337k related to the Reporting Period. This mainly comprised commercial income (not otherwise recorded in PDQ income) and rental income.

Finance PDQ income

Finance receipts of £819k have been received, including £126k in the Reporting Period, in relation to transactions made using the College's various bank card payment terminals.

These monies related to the following:

- Payments received directly from students for course admissions;
- Other student income;
- Court Lane apprenticeship, business and commercial income;
- Commercial income from the Farm Shop;
- Payment of historic debts; and
- Princess Christian farm takings.

These funds were received in aggregate amounts and have not been re-categorised.

Broadview and Saplings sales

The College had a number of commercial revenue streams which had continued to trade following the appointment of the JEAs. These included Broadview and Saplings, a garden centre/Florist and children's nursery/pre-school respectively.

Revenue generated during the Education Administration amounted to £720k, including £124k in the Reporting Period.

ESFA - Funding Grant

As reported in the Proposals, the Secretary of State for Education, via the ESFA, agreed to provide the JEAs with a conditional grant in order to meet the costs of managing the Education Administration.

Income and expenditure fluctuated over the course of the academic year. A large proportion of the funding from regulatory bodies was provided during the first term of the academic year. As such, the JEAs had not made a request under the Grant at the time of my first progress report.

Over the following 6 months, the JEAs have made requests to the Secretary of State for Education for funding under the Grant to meet the normal ongoing costs of operating the College and meeting the costs of the Education Administration.

During that 6 month period, the JEAs also requested and received funding of £4.5m from the ESFA for the purpose of paying that same amount to the Bank thereby facilitating completion of the Canterbury Transaction.

During the course of the Reporting Period a further £1.4m of funding has been received under the Grant. No repayments of this Grant have been made. Whilst the receipts and payments account shows that, as at 21 November 2020, the College held cash at bank of £576k (across the EA Current Account and Pre-appointment Bank Account), it is anticipated that the JEAs will be required to make further funding requests under the Grant in order to meet the residual operational costs and future costs of the Education Administration.

Operational Payments

Payments related to expenditure from the operations of the College and, where the JEAs considered critical, payment of specific historical creditor balances to ensure continuity of service and achievement of the statutory objective.

These are generally lower in the Reporting Period as a result of completing our education provision operations with the finalisation of the Hadlow Transaction and the sale of Saplings and closure of the Farm Shop. However, although the Education Administrators are no longer operating the College's campuses, and costs incurred are rapidly decreasing, certain expenses continue to be paid to support:

- A smooth transition to NKC (though these will be recoverable under the apportionment exercise);
- The unwinding of supplier orders, including delayed and unpaid invoices, placed during the Education Administration.
- Continued access to certain IT systems needed to support the JEAs ongoing work and learner reporting requirements in relation the Education Administration;
- Continued consultancy support to ensure an orderly transition to NKC and finalisation of the financial administration and reporting requirements of operating the College; and
- The storage and archiving of the College books and records.

Staffing Costs

The most significant expenditure in the Education Administration has been staffing costs, including payroll costs of £8.1m (£1.4m in the Reporting Period), PAYE and National Insurance Contributions totalling £2.6m (£475k in the Reporting Period), pension contributions of £2.4m (£483k in the Reporting Period) and £87k of other staff related costs (£15k in the Reporting Period).

Staffing costs have reduced in the Reporting Period as a result of the transfer of staff to NKC and New Saplings, following completion of the Merger Transactions and sale to New Saplings, and 7 redundancies.

Farm and Equine

These costs related to the College's farms and animals and comprise feed, medicine, veterinary services, general animal welfare costs and farm maintenance. These totalled £561k of which £185k was paid in the Reporting period. Despite the completion of the

Hadlow Transaction early in the Reporting Period these costs remained at proportional levels compared to previous reporting periods due to the cost of transitional arrangements to support NKC's acquisition (costs to be recovered under apportionment) and the unwinding of previously placed orders.

Stock purchases for commercial activities

The cost of sales (COS) for the garden centre, tea room and Farm Shop totalled £583k, of which £157k has been paid in the Reporting Period. These did not reduce significantly due to seasonal garden centre stock purchases, Farm Shop purchases to support trading following the Government implemented national lockdown and the unwind of late received invoices in respect of previously placed orders.

IT costs

IT costs including software and hardware totalled c£204k, of which c£52k related to the Reporting Period.

Leases/HP Agreement

Third party costs to retain the use of various assets required in the continued operation of the College totalled £387k of which £62k related to the Reporting Period. These costs reduced in the Reporting Period as all leases not required following the Hadlow Transaction were terminated. However, to support the smooth transition to NKC, certain leases have continued to be paid by the College pending a novation of the agreement to NKC, such costs be included in the apportionment exercise with NKC.

Rent, utilities and facilities management

Property related costs totalled £1.7m, including £462k in the Reporting Period, and are recorded within Rent and Rates, Light and Heat, Water, Phones, Repairs and Maintenance and Cleaning. These costs have reduced as a result of completion of the Hadlow Transaction.

Other Expenses

These included payments relating to the Animal Management Unit, licences and subscriptions, learner experience, student refunds, security and health and safety related payments. These total £1.1m, including £229k in the Reporting Period.

Education Related Costs

These costs related specifically to ongoing provision of education to the learners and include exam fees, subscriptions and third party education provider costs. The costs totalled £1.0m of which £256k was paid in the Reporting Period.

Consultants

The College has retained consultants in a number of capacities; as temporary staff primarily required to support the College finance function and as consultant members of the EAAG, which provides guidance and challenge to the JEAs and the SLT on matters regarding the academic and operational functions of the College. A cost of £463k has been incurred, of which £120k relates to the Reporting Period.

This has not reduced as significantly as anticipated as a result of the financial finalisation of the College operation and to enable a smooth transition to NKC, as outlined above.

Catering Costs

Third party catering costs of £291k, including £40k in the Reporting Period, related to the operation of the staff and student canteen facilities. These services were finalised at the end of the 2019/20 academic year.

Continuity Creditors

Payments totalling £132k have been made to certain creditors deemed critical to preserve the continued operation of the College and support the achievement of the Statutory Objective. This includes a payment in the Reporting Period to FMP Payroll Services of £3k to ensure continued access to payroll information and services during the transition phase.

Refunds due to Covid-19

Acting in accordance with Government guidance, a number of difficult decisions had to be taken by the SLT and the JEAs. This included closure of all student accommodation at the Hadlow Campus and the cancellation of planned trips, activities, and some courses at the College.

Where deposits and fees had been paid in advance, the College refunded this money. Payments totalling £222k have been made, of which £159k were made in the Reporting Period.

Net VAT position

The treatment of VAT incurred and recoverable by the College, both historically and during the Education Administration, has now been agreed with HM Revenue and Customs (HMRC). The JEAs are therefore expecting a refund of £155k to be received from HMRC for the period of the Education Administration up to 30 October 2020.

The net input and output VAT incurred by the College for the period from 1 November 2020 to 21 November 2020 is recorded in the receipts and payment account in full, however this will not be fully recoverable and adjustments will be made when the next VAT return is submitted.



Summary of the Joint Education Administrators' formal proposals

Appendix 2

The Corporation of Hadlow College - In Education Administration

Schedule of accrued post appointment expenses

Formal Proposals - the JEAs propose that:

- A. They continue to manage the business, affairs and property of the College to achieve the objective of the Education Administration by either:
- a. Rescuing the further education body as a going concern,
 - b. Transferring some or all of its undertaking to another body,
 - c. Keeping it going until existing students have completed their studies, or
 - d. Making arrangements for existing students to complete their studies at another institution.

As detailed previously, due to the significant levels of liabilities that the College has, it is unlikely the College could be rescued as a going concern.

- B. The JEAs will continue to investigate and, if appropriate, pursue any claims that the JEAs believe that the College may have under all legislation relevant to the management and affairs of the College. In addition, the JEAs shall do all such other things and generally exercise all their powers as Joint Education Administrators as they in their discretion consider desirable in order to achieve the objective of the Education Administration or to protect and preserve the assets of the College or to maximise their realisations or for any other purpose incidental to these proposals.
- C. If the JEAs consider that funds will become available in respect to the unsecured claims of creditors, the JEAs may at their discretion establish in principle the claims of unsecured creditors for adjudication in the Education Administration or a subsequent liquidation and may apply to Court for the costs of doing so to be met as a cost of the Education Administration.
- D. If the JEAs consider that sufficient funds will become available to enable a distribution to be made to the unsecured creditors, the JEAs may at their discretion make an application to Court for permission to make a distribution to unsecured creditors under Paragraph 65(3) Sch. B1 IA86.
- E. Once the objective of the Education Administration is achieved, the JEAs will either request of the Secretary of State for Education to petition, or seek the consent of the Secretary of State for Education for the JEAs to petition, the Court for the following orders:
- a. that the Education Administration be brought to an end and the JEAs be discharged from office on such terms as the Court shall determine; and
 - b. either that The Corporation of Hadlow College be dissolved or, that it be placed into compulsory liquidation and, if the Court thinks fit, the former JEAs be appointed as Joint Liquidators.
- F. The JEAs shall be discharged from liability pursuant to Paragraph 98(1) Sch. B1 IA86 in respect of any action of theirs as Education Administrators at a time determined by the Court.



SIP 9 time cost report for the Reporting Period

Appendix 3



THE CORPORATION OF HADLOW COLLEGE - IN EDUCATION ADMINISTRATION

Detailed Time Charged and Rates Applicable for the Period from 22 May 2019 (date of Education Administration) to 22 November 2019

Description	Partner		Director		Senior Manager		Manager		Senior Associate		Grand Total		Average rate
	Hrs	Total £	Hrs	Total £	Hrs	Total £	Hrs	Total £	Hrs	Total £	Hrs	Total £	
B. Steps on Appointment													
01. Review Appointment Validity	-	-	-	-	-	-	-	-	-	-	-	-	
02. Statutory Documentation	3.00	960.00	13.65	3,016.65	13.70	2,575.60	0.20	32.20	10.05	937.05	40.60	7,521.50	185.26
04. Meet Directors/Debtors etc.	-	-	0.20	44.20	-	-	-	-	-	-	0.20	44.20	221.00
05. Initial Reviews	-	-	2.00	442.00	-	-	-	-	-	-	2.00	442.00	221.00
06. Third Party Discussions	8.50	2,720.00	16.65	3,679.65	4.00	752.00	-	-	-	-	29.15	7,151.65	245.34
07. Attendance at Premises	-	-	-	-	3.95	742.60	-	-	-	-	3.95	742.60	188.00
08. Detail Documentation Review	3.75	1,200.00	-	-	-	-	-	-	-	-	3.75	1,200.00	320.00
09. Preparation of Proposals	-	-	19.25	4,254.25	0.80	150.40	-	-	1.20	152.40	21.25	4,557.05	214.45
12. Setting up Internal Files	-	-	-	-	3.80	714.40	-	-	3.00	381.00	6.80	1,095.40	161.09
99. Other Matters	-	-	-	-	-	-	-	-	0.80	101.60	0.80	101.60	127.00
B.Sub Total - Steps on Appointment	15.25	4,880.00	51.75	11,436.75	26.25	4,935.00	0.20	32.20	15.05	1,572.05	108.50	22,856.00	210.65
C Planning and Strategy													
01. Historic Performance Review	-	-	1.50	331.50	-	-	-	-	-	-	1.50	331.50	221.00
02. Review Financial Position	-	-	8.95	1,977.95	-	-	0.20	32.20	0.90	114.30	10.05	2,124.45	211.39
03. Review Bus. Process/Systems	-	-	0.50	110.50	0.25	47.00	1.70	273.70	3.10	393.70	5.55	824.90	148.61
04. Assessment of Management	1.50	480.00	0.75	165.75	1.70	319.60	-	-	0.85	107.95	4.80	1,073.30	223.60
05. Review Options Available	-	-	1.50	331.50	-	-	4.90	788.90	1.75	222.25	8.15	1,342.65	164.74
06. Meet Appointor/Committees	0.50	160.00	1.85	408.85	-	-	-	-	-	-	2.35	568.85	242.06
07. Strategy Planning	270.90	86,688.00	309.55	68,410.55	90.50	17,014.00	31.50	5,071.50	72.20	9,169.40	774.65	186,353.45	240.56
08. Reporting	-	-	1.00	221.00	-	-	7.25	1,167.25	4.00	508.00	12.25	1,896.25	154.80
09. Press/PR matters	1.50	480.00	-	-	-	-	-	-	-	-	1.50	480.00	320.00
10. General meetings	1.50	480.00	-	-	-	-	-	-	-	-	1.50	480.00	320.00
11. General discussions	5.25	1,680.00	-	-	-	-	-	-	-	-	5.25	1,680.00	320.00
99. Other Matters	-	-	3.20	707.20	1.00	188.00	0.70	112.70	5.40	685.80	10.30	1,693.70	164.44
C. Sub Total - Planning and Strategy	281.15	89,968.00	328.80	72,654.80	93.45	17,568.60	46.25	7,446.25	88.20	11,201.40	837.85	198,849.05	237.33
D. General Administration													
01. Insurance Matters	-	-	11.25	2,486.25	180.70	33,971.60	97.40	15,681.40	4.10	520.70	293.45	52,659.95	179.45
02. VAT	-	-	12.85	2,839.85	35.20	6,805.60	35.15	5,659.15	16.15	2,051.05	100.35	17,355.65	172.95
03. Taxation	-	-	60.00	13,260.00	-	-	-	-	5.75	730.25	65.75	13,990.25	212.78
04. Instruct/Liaise Solicitors	-	-	72.95	16,121.95	1.70	319.60	3.00	483.00	11.90	1,511.30	89.55	18,435.85	205.87
05. Investigations	31.00	9,920.00	67.40	14,895.40	19.30	3,628.40	-	-	420.05	52,447.55	537.75	80,891.35	150.41
06. Conduct Reports	37.75	12,080.00	18.20	4,022.20	0.85	159.80	1.00	131.00	-	-	37.80	16,393.00	283.62
07. Receipts/Payments Accounts	22.25	7,120.00	75.20	16,619.20	41.95	7,886.60	27.70	4,459.70	566.95	41,756.00	734.05	77,841.50	106.04



THE CORPORATION OF HADLOW COLLEGE - IN EDUCATION ADMINISTRATION

Detailed Time Charged and Rates Applicable for the Period from 22 May 2019 (date of Education Administration) to 22 November 2019

Description	Partner		Director		Senior Manager		Manager		Senior Associate		Grand Total		Average rate
	Hrs	Total £	Hrs	Total £	Hrs	Total £	Hrs	Total £	Hrs	Total £	Hrs	Total £	
D. General Administration continued													
08. Remuneration Issues	0.30	96.00	47.10	10,409.10	57.45	10,800.60	-	-	2.05	260.35	106.90	21,566.05	201.74
09. Statutory Matters	0.10	32.00	49.10	10,851.10	7.40	1,391.20	1.65	216.15	4.55	554.65	62.80	13,045.10	207.72
10. Contractual Matters	-	-	-	-	-	-	4.00	544.00	2.50	317.50	6.50	961.50	147.92
11. Court Hearings	-	-	-	-	1.20	225.60	-	-	-	-	1.20	225.60	188.00
12. Press/PR Matters	3.00	960.00	129.15	28,542.15	9.85	1,851.80	-	-	-	-	142.00	31,353.95	220.80
13. General Meetings	24.50	7,840.00	96.45	21,315.45	11.85	2,227.80	20.25	3,260.25	54.95	6,978.65	208.00	41,622.15	200.11
14. General Discussions	4.25	1,360.00	78.25	17,293.25	28.60	5,376.80	42.45	6,834.45	18.05	2,292.35	171.60	33,156.85	193.22
15. Gen. Admin/Correspondence	11.45	3,664.00	160.20	35,404.20	38.75	7,285.00	64.90	10,328.90	712.93	84,115.13	988.22	140,797.23	142.47
16. Maintain Internal Files	-	-	-	-	1.85	347.80	-	-	11.20	1,422.40	13.05	1,770.20	135.65
D. Sub Total - General Administration	134.60	43,072.00	878.10	194,060.10	437.65	82,278.20	297.50	47,698.00	1,831.13	194,957.88	3,576.98	562,066.18	157.05
E. Assets Realisation / Dealing													
01. Establishing Control	5.25	1,680.00	23.10	5,105.10	-	-	-	-	-	-	28.35	6,785.10	239.33
02. Evaluation/Reconciliation	-	-	1.30	287.30	4.75	893.00	0.60	96.60	19.20	2,438.40	25.85	3,715.30	143.73
03. Asset Tracing	1.75	560.00	-	-	0.10	18.80	0.20	32.20	3.50	444.50	5.55	1,055.50	190.18
04. Asset Instruction/Liasing	5.50	1,760.00	20.35	4,497.35	4.05	761.40	0.80	128.80	0.50	63.50	31.20	7,211.05	231.12
05. Sales Info. Preparation	133.25	42,640.00	633.55	140,014.55	417.30	78,452.40	191.90	30,895.90	227.00	28,829.00	1,603.00	320,831.85	200.14
06. Property Related Matters	6.75	2,160.00	139.05	30,730.05	11.80	2,218.40	15.60	2,511.60	1.70	215.90	174.90	37,835.95	216.33
07. Debt Collection	-	-	9.60	2,121.60	1.85	347.80	0.70	112.70	-	-	12.15	2,582.10	212.52
08. Dealing with Chattel Assets	-	-	6.90	1,524.90	0.80	150.40	0.40	64.40	-	-	8.10	1,739.70	214.78
09. Dealing with Other Assets	0.50	160.00	95.20	21,039.20	4.45	836.60	14.60	2,350.60	40.45	5,137.15	155.20	29,523.55	190.23
10. HP/Leasing Matters	-	-	0.20	44.20	-	-	7.75	1,247.75	37.10	4,711.70	45.05	6,003.65	133.27
12. Retention of Title	-	-	-	-	1.40	263.20	-	-	8.10	1,028.70	9.50	1,294.90	135.99
14. Sales of Business/Assets	97.95	31,344.00	1,018.05	224,989.05	121.55	22,851.40	24.95	3,952.55	99.20	12,598.40	1,361.30	295,735.40	217.24
99. Other Matters	2.00	640.00	9.25	2,044.25	23.05	4,333.40	0.60	96.60	1.25	158.75	36.15	7,273.00	201.19
E. Sub Total - Assets Realisation / Dealing	252.95	80,944.00	1,956.55	432,397.55	591.10	111,126.80	257.70	41,489.70	438.00	55,626.00	3,496.30	721,584.05	206.39



THE CORPORATION OF HADLOW COLLEGE - IN EDUCATION ADMINISTRATION

Detailed Time Charged and Rates Applicable for the Period from 22 May 2019 (date of Education Administration) to 22 November 2019

Description	Partner		Director		Senior Manager		Manager		Senior Associate		Grand Total		Average rate
	Hrs	Total £	Hrs	Total £	Hrs	Total £	Hrs	Total £	Hrs	Total £	Hrs	Total £	
F. Trading Related Matters													
01. Establish Business Control	-	-	-	-	-	-	13.70	2,205.70	7.00	889.00	20.70	3,094.70	149.50
02. Trading/other Projections	-	-	7.80	1,723.80	4.25	799.00	0.10	16.10	8.40	1,066.80	20.55	3,605.70	175.46
03. Cashflow Forecasts	-	-	192.40	42,520.40	57.15	10,744.20	-	-	50.30	6,388.10	299.85	59,652.70	198.94
04. Hiring down the Business	-	-	0.35	77.35	0.75	141.00	-	-	-	-	1.10	218.35	198.50
05. Attendance at Premises	-	-	2.70	595.70	6.00	1,128.00	-	-	8.40	1,066.80	17.10	2,791.50	163.25
06. Monitor/Supervise Trading	44.00	14,080.00	445.65	98,488.65	157.30	29,572.40	523.10	84,219.10	468.60	59,512.20	1,638.65	285,872.35	174.46
07. Business Management	7.00	2,240.00	218.75	48,343.75	4.35	817.80	0.95	136.85	-	-	230.95	51,538.40	223.16
08. Trading Accounts	88.05	28,176.00	31.85	7,038.85	9.55	1,795.40	17.55	2,825.55	37.50	4,762.50	184.50	44,598.30	241.73
09. Business Closure	-	-	45.50	10,095.50	31.95	6,006.60	-	-	-	-	77.45	16,062.10	207.39
99. Other Matters	1.50	480.00	11.00	2,431.00	16.55	3,111.40	6.80	1,094.80	142.75	18,129.25	178.60	25,246.45	141.36
F. Sub Total - Trading Related Matters	140.55	44,976.00	956.00	211,275.00	287.85	54,115.80	562.10	50,498.10	722.95	91,814.65	2,669.45	492,680.55	184.56
G. Employee Matters													
01. Dealing with Trade Unions	-	-	1.15	294.15	39.90	7,501.20	11.15	1,795.15	0.40	28.40	52.60	9,578.90	182.11
02. Dealing with Employees	57.00	18,240.00	75.80	16,751.80	323.45	60,808.60	49.25	7,929.25	1.45	184.15	506.95	103,913.80	204.98
03. EPA Matters	-	-	1.25	276.25	2.00	376.00	-	-	-	-	3.25	652.25	200.69
04. Pension Issues	0.50	160.00	142.63	31,520.13	21.15	3,976.20	37.25	5,997.25	7.75	984.25	209.28	42,637.83	203.74
99. Other Matters	-	-	4.45	983.45	8.10	1,521.80	1.10	177.10	37.35	4,743.45	51.00	7,426.80	145.62
G. Sub Total - Employee Matters	57.50	18,400.00	225.28	49,785.78	394.60	74,184.80	98.75	15,898.75	46.95	5,940.25	823.08	164,209.58	199.51
H. Creditor Claims													
02. Secured Creditor	2.75	880.00	10.05	2,221.05	0.30	56.40	-	-	-	-	13.10	3,157.45	241.09
03. Preferential Creditors	-	-	-	-	-	-	-	-	1.75	120.75	1.75	120.75	69.00
04. Non-preferential Creditors	-	-	23.60	5,215.60	8.85	1,653.80	7.50	1,203.00	108.65	12,154.75	148.60	20,237.15	136.19
06. Other Creditors	-	-	0.90	198.90	-	-	0.20	32.20	-	-	1.10	231.10	210.09
99. Other Matters	-	-	-	-	-	-	0.95	152.95	12.75	1,619.25	13.70	1,772.20	129.36
H. Sub Total - Creditor Claims	2.75	880.00	34.55	7,635.55	9.15	1,720.20	8.65	1,388.15	123.15	13,894.75	178.25	25,518.65	143.16



THE CORPORATION OF HADLOW COLLEGE - IN EDUCATION ADMINISTRATION
Detailed Time Charged and Rates Applicable for the Period from 22 May 2019 (date of Education Administration) to 22 November 2019

Description	Partner		Director		Senior Manager		Manager		Senior Associate		Grand Total		Average rate
	Hrs	Total £	Hrs	Total £	Hrs	Total £	Hrs	Total £	Hrs	Total £	Hrs	Total £	
I. Reporting													
01. Statutory Reporting	32.25	40,320.00	35.30	7,801.30	2.80	526.40	2.70	413.70	42.15	4,447.55	115.20	23,508.95	204.07
02. Reporting to Appointor	72.00	23,040.00	227.65	50,316.65	48.60	9,136.80	4.75	764.75	106.40	13,385.60	458.40	96,638.00	210.82
04. Reporting to Creditors	15.50	4,960.00	152.40	33,660.40	72.55	13,639.40	-	-	2.70	329.40	243.15	52,609.20	216.37
05. Reporting to Court	-	-	26.45	5,845.45	4.00	752.00	3.30	531.30	18.75	2,308.75	52.50	9,437.50	179.76
06. Reporting to other bodies	34.50	11,040.00	23.55	5,204.35	3.35	629.80	5.25	845.25	18.50	2,349.50	85.15	20,069.40	233.69
99. Other Matters	-	-	-	-	1.70	319.60	2.70	434.70	1.75	222.25	6.15	976.55	158.79
I. Sub Total - Reporting	154.25	49,360.00	465.35	102,842.35	133.00	25,004.00	18.70	2,989.70	189.25	23,043.25	560.55	263,239.30	211.59
J. Distribution & Closure													
01. Closing Planning	-	-	-	-	0.30	56.40	-	-	-	-	0.30	56.40	188.00
J. Sub Total	-	-	-	-	0.30	56.40	-	-	-	-	0.30	56.40	188.00
	1,035.00	332,480.00	4,896.38	1,082,098.88	1,973.35	370,662.80	1,289.85	207,440.85	3,454.68	398,050.23	12,653.25	2,391,059.75	188.97
Net Total											£2,391,059.75		

The table above is a summary of the JEAs' time costs incurred from the date of their appointment, 22 May 2019, to 21 November 2020.

In the following pages we provide a summary of the work that we have completed to date.

A Pre Appointment

Work undertaken prior to the JEAs' appointment was disclosed in section 12 of the Proposals.

B Steps upon Appointment

Steps undertaken following the appointment related to the following:

- Reviewing appointment and statutory documents;
- Preparing the JEAs' statement of proposals
- Embedding new financial and managerial controls within pre-existing College procedures and providing consent for the Interim Principal and Interim CFO to continue certain operational powers;
- Holding immediate employee meetings across the College's campuses;
- Implementing our communication strategy with a wide range of key stakeholders;
- Communicating with students and parents/guardians; and,
- Ensuring that it was widely understood that the College would continue to operate as normal.

Due to the complex nature of the Education Administration, this work was primarily led and implemented by directors, senior managers and managers, with appropriate work delegated to staff below manager level.

C Planning and Strategy

Time costs incurred under this heading relate to the following:

- Establishing funding requirements and ensuring stability of operations;
- Liaising with the wider senior management team and devising strategies to deal with the subsidiary company;
- Establishing the EAAG and EAWG to provide educational guidance in the absence of a governing board;
- Liaising with the DfE and the FEC regarding the Merger Transactions;
- Considering the ongoing asset realisation strategy and statutory requirements such as GDPR data management to evaluate exit routes from Education Administration; and
- Holding team meetings to ensure information, planning and strategy was communicated across the team and to enable the continued development of the overarching strategy and plan (during the early stages of the Education Administration process).

This area of work was led by one of the JEAs in conjunction with directors and senior managers, with some support below manager level where appropriate. This was a critical area of our work and fundamental to achieving the Statutory Objective of the Education Administration as we were operating against a backdrop of new legislation and a complex sales process that required the knowledge, experience and skill of our wider senior team as we navigated often unprecedented issues and situations.

D General Administration

General administration covers a wide range of categorised which are summarised as follows:

- Reviewing and regularising affairs regarding insurance;
- VAT and taxation;

- Undertaking investigations regarding the conduct of the former governors and senior post holders and reporting thereon;
- Investigations into the affairs and transactions of the College;
- Recovery and storage of the College's books and records;
- Recovery and storage of electronic records;
- Day to day management of the College's assets;
- Cashiering functions related to the receipts and payments made by the College whilst it continues to operate;
- Complying with statutory and regulatory matters;
- Managing formal contractual matters regarding the College;
- Dealing with court hearings regarding the insolvency (excluding third party litigation);
- Completing insolvency remuneration requirements;
- Dealing with ongoing press enquiries and PR matters;
- Managing general administrative matters/basic enquiries/meetings, etc.; and
- Dealing with insurance related matters.

The majority of this work required a range of insolvency knowledge and experience, balanced with good accounting and administrative skills and was delegated largely to managers and senior administrators with suitable levels of experience, supervised by the JEAs, directors and senior managers.

E Asset Realisation/Management

Time costs incurred in respect of Asset Realisations/Management relate to the following matters:

- Liaising with the DfE;
- Liaising with the FEC;
- Liaising with Interested Parties with regards to the proposed sale process; including the negotiation of heads of terms, due diligence, transition planning and communications of transfers to employees, students and stakeholders;
- Completing sales of campuses to acquiring colleges and finalising the transition of students and staff;
- Managing the apportionment of income and expenses in respect of the Merger Transactions and the sale of Saplings;
- Engaging educational and property specialists to identify non-core realisable assets and to provide guidance on existing property sales;
- Identifying and controlling recorded assets and property;
- Undertaking/managing debt collection and where appropriate engaging and monitoring specialist agents;
- Dealing with equipment, stock and intangible assets including intellectual property and engaging specialist agents and solicitors in respect of this matter;
- Realising assets including motor vehicles;
- Marketing and sale of Saplings pre-school and nursery and transfer of all staff;
- Marketing the Farm Shop and Florist and managing their orderly wind down;
- Managing third party, HP and leased assets; and
- Managing and investigating Retention of Title claims including site inspections and meetings.

This area of work required a greater level of commercial experience and insolvency knowledge, than the general administration category of work, together with decision making skills. As such, this was led at director and senior manager level supported by managers and senior administrators with suitable competencies.

F Trading Related Matters

Time costs incurred in respect of trading related matters can be summarised as follows:

- Embedding and developing further controls into the College's pre-existing procedures;
- Overlaying specific Education Administration assumptions in the College's cash flow forecast;

- Providing a team of 12 insolvency and education specialists on site in the lead up to appointment and in the weeks immediately thereafter;
- Meeting and communicating with suppliers and guaranteeing continuity of critical services to the College;
- Supervising trading and liaising with senior management on operations;
- With the assistance of agents and senior management, managing the farming operations;
- Attending daily meetings with the senior leadership team following the outbreak in the UK of the Covid-19 pandemic. The purpose of these meetings included the discussion of the significantly reduced opening of the College campuses, the implementation of the remote learning systems and planning the phased wider reopening of the College campuses;
- Preparing trading accounts and general financial management of the College and its commercial operations and subsidiaries;
- Making funding requests to the Secretary of State for Education in accordance with the terms of the Grant;
- Providing weekly financial updates to the DfE and responding to their enquiries regarding the same; and
- Managing environmental & HSE matters including consultation with specialists, site inspections and meetings.

The success of keeping the College operating as normal was key to providing stability and achieving the objective of the Education Administration. Consequently, this required the most significant number of hours across all grades of seniority. This work was mainly led at director level, with day to day matters performed at manager level and below.

G Employee Matters

Time costs incurred in dealing with employee related matters can be summarised as follows:

- Managing c.440 employees;
- Attending periodic meetings at the College's various campuses;
- Providing an open forum for employees to raise questions about the Education Administration process and the FEC options review;
- Regular updates/correspondence with the Trade Union representatives both on general operations, Covid-19 planning and the sales processes;
- Dealing with a number of ongoing employee matters and issues with the assistance/support of the College's HR team;
- Understanding the employees' pension position;
- Supporting acquiring colleges with TUPE consultation and the transfer of staff based at the Hadlow and ancillary Campuses, Canterbury and Mottingham Campuses;
- Facilitating the transfer of Saplings staff to New Saplings and making redundant the Farm Shop staff; and
- Ensuring migration of employee information to acquiring colleges and New Saplings and completing the employee transfers.

Given the specialist nature of this work, it has been mainly led by directors and senior managers.

H Creditor Claims

Time costs incurred in this matter relate to receiving and recording creditor claims and identifying any Retention of Title creditors, so that these could be dealt with promptly.

Due to the complexities of this assignment, this work has been primarily completed by the assistant managers and support staff with additional support provided by senior managers and/or directors where appropriate.

I Reporting

We have incurred time costs in respect of the above for dealing with the following matters:

- Preparing the JEAs' statement of proposals;
- Periodic progress reports to creditors regarding the progress of the Education Administration, including preparation of Receipts & Payments Accounts, an analysis of time costs accrued and a review of actual costs and accrued costs as compared to this fees and expenses estimate;
- Providing the DfE with a weekly update on the financial position of the College and the forecast future cash flows for the duration of the Education Administration; and
- Regular reporting to the DfE detailing key matters, an update on JEAs' accrued time costs and other expenses.

A director was responsible for leading the reporting and delegating the production of the accounts, fee analysis and comparison, with estimates, to suitably experienced junior staff. Much of the basic accounting and analysis was conducted by various junior staff.

These activities do not contribute to achieving the objective of the Education Administration or the financial outcome for creditors. They are however statutory duties imposed by the relevant legislation.

J Distribution and Closure

We have incurred time costs in respect of the above for brief planning/consideration of the likely outcome of the Education Administration.



BDO LLP Policy in respect of fees and disbursements

Appendix 4



The Corporation of Hadlow College - In Education Administration

Schedule of BDO LLP's agreed charge out rates

In accordance with best practice, we provide below the details of the policies of BDO LLP in respect of fees for work in relation to the above insolvency.

The charge out rates per hour of staff within our firm who may be involved in working on the insolvency, have been agreed with the DfE as follows:

Grade	£ per hour
Partner	320
Director	221
Senior Manager	188
Manager	161
Senior Associate	127 or lower

This in no way implies that staff at all such grades will work on the case. The rates charged by BDO LLP for this engagement will be fixed for the entirety of the Education Administration.

Time spent on casework is recorded directly to the relevant case using a computerised time recording system and the nature of the work undertaken is recorded at that time. Units of time can be as small as 3 minutes. BDO LLP records work in respect of insolvency work under the following categories:-

Pre Appointment
Steps upon Appointment
Planning and Strategy
General Administration
Asset Realisation/Management
Trading Related Matters
Employee Matters
Creditor Claims
Reporting
Distribution and Closure
Other Issues

Under each of the above categories the work is recorded in greater detail in sub categories. Please note that the 11 categories provide greater detail than the six categories recommended by the Recognised Professional Bodies who are responsible for licensing and monitoring Insolvency Practitioners.

Where an officeholder's remuneration is approved on a time cost basis the time invoiced to the case will be subject to VAT at the prevailing rate.

The JEAs' remuneration must be fixed by the Court upon application by the JEAs. Creditors must be provided at least 14 days' notice of any such application. The application will provide a breakdown of the remuneration drawn and will enable the recipients to see the average rates of such costs. Please note that whilst the JEAs' time costs are not subject to creditor approval, we will provide this information in our periodic reports.

Other Costs

In accordance with our agreement with the DfE, no BDO LLP staff related disbursements (including travel, accommodation and subsistence) are being directly recharged by BDO LLP to the DfE or the insolvent estate.

Where BDO LLP has met a specific cost in respect of the insolvent estate and payment has been made to a third party, this disbursement will be recharged to the insolvent estate. Such expenses may



include items such as advertising, couriers, land registry searches, payment of a supplier to the College or professional advisor to the JEAs, etc. In each case the recharge will be reimbursement of the specific expense incurred. However, for the avoidance of doubt, this would not include the specifically excluded items referred to above.

Where applicable, all disbursements will be subject to VAT at the prevailing rate.

BDO LLP



Schedule of the Joint Education Administrators' post appointment accrued costs

Appendix 5

The Corporation of Hadlow College - In Education Administration

Schedule of accrued pre and post appointment expenses (net of VAT)

Advisor	Incurred in the period to 21 November 2020	Paid in the period to 21 November 2020	Outstanding as at 21 November 2020
Pre-appointment			
Womble Bond Dickinson LLP	£5,611 plus VAT	£5,611 plus VAT	Nil
Real Estate Advisory Services	£3,731 plus VAT	£3,731 plus VAT	Nil
AON Risk Solutions (Health and Safety)	£900 plus VAT	Nil	£900 plus VAT
Total pre-appointment expenses	£10,242 plus VAT	£9,342 plus VAT	£900 plus VAT
Post appointment			
Brachers LLP	£100,816 plus VAT	£100,816 plus VAT	Nil
Brown Rudnick LLP	£28,513 plus VAT	£9,319 plus VAT	£19,194 plus VAT
Womble Bond Dickinson LLP	£613,459 plus VAT	£589,427 plus VAT	£24,032 plus VAT
Gowling WLG (UK) LLP	£7,500 plus VAT	Nil	£7,500 plus VAT
Cripps Pemberton Greenish LLP	£10,330 plus VAT	£8,330 plus VAT	£2,000 plus VAT
RSM UK	£1,200 plus VAT	£1,200 plus VAT	Nil
Credebt Limited	£758 plus VAT	£758 plus VAT	Nil
ERA Solutions Limited	£1,000 plus VAT	£1,000 plus VAT	Nil
AON Risk Solutions (Insurance/Bond)	£401,764	£321,327	£80,437
AON Risk Solutions (Health and Safety)	£441,305 plus VAT	£441,305 plus VAT	Nil
Strutt & Parker	£127,763 plus VAT	£127,763 plus VAT	Nil
Savills UK	£34,919 plus VAT	£34,919 plus VAT	Nil
Peter Marsh Consulting Limited	£30,675 plus VAT	£30,675 plus VAT	Nil

Lambert Smith Hampton	£43,107 plus VAT	£40,059 plus VAT	£3,048 plus VAT
Real Estate Advisory Service	£35,043 plus VAT	£35,043 plus VAT	Nil
Fusion Project Management Limited	£2,470 plus VAT	£2,470 plus VAT	Nil
EB7	£31,380 plus VAT	£31,380 plus Vat	Nil
RL Surveys Limited	£1,260 plus VAT	£1,260 plus VAT	Nil
BDO LLP - Forensic	£45,125 plus VAT	£45,125 plus VAT	Nil
Headland PR Consultancy LLP	£11,515 plus VAT	£7,994 plus VAT	£3,521 plus VAT
TJE Consulting	£1,511	£1,511	Nil
Barbara Jones	£8,259	£8,259	Nil
Further Education Partnership	£6,518 plus VAT	£6,518 plus VAT	Nil
ADF Accounts	£8,407	£8,407	Nil
Access Group	£7,362 plus VAT	£7,362 plus VAT	Nil
A Eastwood	£53,556 plus VAT	£53,556 plus VAT	Nil
Allied Specialists Limited	£25,679 plus VAT	£25,679 plus VAT	Nil
Arch Tec UK Limited	£291 plus VAT	£291 plus VAT	Nil
Asbestos First Limited	£4,797 plus VAT	£4,797 plus VAT	Nil
ATC Fire Safety Limited	£10,450 plus VAT	£10,450 plus VAT	Nil
Aztech Tree Services	£41,955 plus VAT	£41,955 plus VAT	Nil
Bamford Tree Management	£440 plus VAT	£440 plus VAT	Nil
BBC Fire Protection Limited	£3,125 plus VAT	£3,125 plus VAT	Nil
BGI Electrical Limited	£4,297 plus VAT	£4,297 plus VAT	Nil

Cambridgeshire Automatic Doors Limited	£6,138 plus VAT	£6,138 plus VAT	Nil
Chippings Tree Surgery	£1,740 plus VAT	£1,740 plus VAT	Nil
Crossley Consult Limited	£900 plus VAT	£900 plus VAT	Nil
DMA Group	£115,974 plus VAT	£115,974 plus VAT	Nil
Envirocure Limited	£6,908 plus VAT	£6,908 plus VAT	Nil
Independent Heating Company Limited	£11,169 plus VAT	£11,169 plus VAT	Nil
Lantei Limited	£154,746 plus VAT	£154,746 plus VAT	Nil
Metroline Fire and Security Limited	£102,380 plus VAT	£102,380 plus VAT	Nil
Panbridge Construction Limited	£10,083 plus VAT	£10,083 plus VAT	Nil
Rite Industrial Doors Limited	£136,050 plus VAT	£136,050 plus VAT	Nil
SS&A Limited	£43,464 plus VAT	£43,464 plus VAT	Nil
Thomas Welch & Sons	£2,286 plus VAT	£2,286 plus VAT	Nil
Total post appointment expenses	£2,738,387 plus VAT*	£2,598,655 plus VAT*	£139,732 plus VAT*

* Where VAT applicable

Note:

Several of these consultants have also provided services to the College in an operational capacity. These operational costs, whilst paid by the College, are not included in the above table as the costs would necessarily be incurred by the College regardless of the Education Administration.

Proof of debt/claim form

The Corporation of Hadlow College - In Education Administration

Debt as at the date of the appointment of the Joint Education Administrators: 22 May 2019

1 Name of creditor (If a company please also give company registration number and where registered).	
2 Address of creditor including email address for correspondence.	
3 Total amount of claim, including any Value Added Tax at the above date.	
4 If amount in 3 above includes outstanding un-capitalised interest please state amount.	£
5 Particulars of how and when debt incurred. (If you need more space append a continuation sheet to this form).	
6 Particulars of any security held, the value of the security, and the date it was given.	
7 Particulars of any reservation of title claimed in respect of goods supplied to which the claim relates.	
8 Provide details of any documents by reference to which the debt can be substantiated. (Note: There is no need to attach them now but the Joint Education Administrators may call for any document or evidence to substantiate the claim at his discretion as may the chair or convener of any meeting).	
9 Signature of creditor or person authorised to act on his behalf _____	Dated _____
Name in BLOCK LETTERS _____	
Position with or in relation to creditor _____	
Address of person signing (if different from 2 above) _____	