

Meeting of the Board of Governors

4.00 pm on Tuesday, 13 June 2017
in 1B27 - Technopark, SE1 6LN

Due diligence reports information pack

The following due diligence reports on Lambeth College are included for background information. They cover:

- Financial – by PwC
- VAT and other taxes – by PwC
- Pensions – by PwC
- Legal including HR and property – by VWV

The PwC reports were reviewed in detail by the Major Projects and Investment Committee at its meeting of 4 May 2017.

This page is intentionally left blank

Project Larch

FIN 2 – Financial Due Diligence

24 March 2017

DRAFT

Strictly private and confidential

Table of contents

Page 156

Introduction	3
Executive Summary	8
Supporting Analysis	12
• Section 1: Historical results review	13
• Section 2: Current financial position	17
• Section 2: Forecast financial position	20
• Section 4: Key accounting policies	25
• Section 5: Key financial liabilities and risks	26
• Section 6: Estates	29
• Section 7: Human resources	30
Appendices	
• Appendix 1: Information requested but not received	32
• Appendix 2: Terms of reference	34

Introduction

Page 157

Our scope and process (1 of 4)

Our scope



Page 158

Our observations and findings are based on the best and the latest information provided to us by Lambeth College ('Larch'), ensuring we limit our findings to at most twenty pages as requested. Our work has focused on the historical results for the two years ended 31 July 2015 and 31 July 2016, the forecast outturn for the current year and projected results for the three years ending 31 July 2018, 31 July 2019 and 31 July 2020. Larch did not produce a forecast for the year ending 31 July 2021 therefore we have not been able to review this. As agreed, our work on Larch's taxation and pension positions are detailed in separate reports to this report. It has not been possible to review Larch's estate plan as we are aware that this has changed during the course of our review after discussions with London South Bank University ('LSBU'). Our work does not cover Larch's IT systems, teaching and learning plans, commercial and operational matters, contractual arrangements. Our fieldwork was completed on 15 March 2017. We received January 2017 management accounts during the drafting of this report on 10 March 2017. Our report has been updated to include the information from the January 2017 management accounts, but we have not been able to fully review this.

Access to management



There have been significant changes to the senior management team at Larch and there is no permanent full time senior management team in place. We had access to Lynn Forrester-Walker (Interim Vice Principal Strategic Planning) and Richard Allanach (Interim Director of Finance), who both work part time and have significant workloads. We are not sighted on the future plans for the management team post a merger with LSBU. We are not aware of any professional advisors being brought into Larch to support the due diligence process, other than FE Associates. Whilst we had access to the senior finance management team, our understanding of historical trends, in particular the year ended 31 July 2015, has been impacted by the interim team having only recently joined Larch. We did not have access to Monica Box (Principal and Chief Executive).

Our scope and process (2 of 4)

Access to information



We have sought to agree with the senior finance management team the primary sources of data for consideration in our analysis. However, the senior finance management team that we have had access to has not been able to provide granular knowledge of the data and forecasts provided to us. This is because of a combination of the information we requested not existing to the level of detail we would expect but also because the senior finance management team do not have the historic knowledge of Larch. The key documents that we have reviewed include: the audited financial statements, the management accounts and the Financial Recovery Plan v2 8.1. However, limitations of these documents include: management accounts not being provided for every month of the periods covered and there are multiple versions of the Financial Recovery Plan will a lack of clarity on the reasons for this. To date, we have not had access to the external auditors of Larch, Buzzacott LLP. However, at the time of writing this report, we are setting up a call with the external auditors. We have reviewed the 2015/16 internal audit annual report. However, we were not able to speak to the previous internal auditors, ACCA, as they have resigned from their position since issuing the report.

This report therefore presents our findings based on the data and information provided in documentation and through discussions. Where possible we have reconciled this with Larch but our analysis may differ from other or later sources of information. Our work has been limited by the availability of information and explanations from Larch. Information requested and not received has been detailed in Appendix 1, including forecast assumptions to 2019/20, and reconciliations between the financial statements, Financial Recovery Plan and management accounts. This is because it does not exist.

Our scope and process (3 of 4)

Clarity of information



The information provided, together with our access to senior finance management, has proved to be limited. Where there were discrepancies in the information provided to us, we have sought to address these by consulting and reviewing the data with Larch. However, we have encountered issues with both the quality and quantity of information provided, and where we have asked questions of management we have not always received clear answers in response.

Examples of this include:

- We received different versions of the Financial Recovery Plan dated 13 and 15 July 2016 respectively, yet there was no log maintained for the changes made between versions despite significant changes occurring between the two, for example a £2.4m adjustment to total income. In addition, we noted that the version dated 13 July 2016 had been recently edited to include information as at January 2017.
- Audited financial statements for the year ended 31 July 2016 are significantly misstated for the comparatives included in the Consolidated Statement of Cash Flows, as the decrease in cash and cash equivalents for the year does not reconcile to the movement in cash and cash equivalents from the beginning to the end of the period. The difference is £2.2m.
- The senior finance management team at Larch has provided conflicting information on the February 2017 FTE headcount included in *Section 7: Human Resources*.
- The assumptions that underpin the projected results for the three years ending 31 July 2018, 31 July 2019 and 31 July 2020 are not fully developed, and as such we have not been able to assess the reasonableness of those forecasts. There is significant uncertainty over Larch's estates strategy, despite its materiality to the financial forecasts. There is limited granular understanding of the drivers for forecast income and costs.

Our scope and process (4 of 4)

Important scope comments

Further important details regarding the scope and process of our work are included in the terms of reference in Appendix 2. Larch is the target of the work. When the term Group is used, it refers to Larch as well as its trading subsidiary and two dormant companies. We have shown below how the elements of the LSBU terms of reference scope FIN 2 are mapped to the sections in this report.

Terms of reference: FIN 2

Historic financial position from the last two years audited accounts

Current financial position –balance sheet, I&E, and cash-flow forecasts

Review of key forecasts (including student numbers, market growth and income assumptions)

Key accounting practices

Material legal and tax positions, issues and recommendations

Key financial liabilities

Material financial commitments and capital programmes

Any financial concerns relating to HR/people

Evaluation of key risks and risk management processes

This report

Section 1: Historical results review

Section 2: Current financial position

Section 3: Forecast financial position

Section 4: Key accounting policies

Section 5: Key financial liabilities and risks

Section 5: Key financial liabilities and risks

Section 6: Estates

Section 7: Human resources

Section 5: Key financial liabilities and risks

Executive summary

Page 162

At a glance – our views (1 of 3)

Larch has been in formal intervention with the Skills Funding Agency ('SFA') since 28 June 2013 due to its poor financial health. In 2015/16, Larch recorded a deficit of £7.1m and cash flow restrictions have necessitated receipt of Exceptional Financial Support ('EFS') of £5.2m, and additional Barclays loans of £2.8m, in order to safeguard learner provision. Larch has a valuable estate that has not been revalued since 1994, and is looking at a significant redevelopment of its site in Vauxhall. This is a complex commercial deal and has not yet been concluded. There is currently no full permanent senior management team and a reliance on part-time interim staff. SFA Transaction Unit ('TU') funding for the merger transaction is by no means guaranteed.

While scoping this review, we agreed we would consider several “red line” issues which were of key interest to LSBU. Our views on these are summarised here along with further key points we have identified during our work.

1. Larch is in breach of its loan covenants with Barclays Bank PLC

Larch has £18.25m in loans outstanding from Barclays Bank PLC ('Barclays') as at January 2017, which is material to its Balance Sheet. These loans include covenants which were breached in 2014/15, having not been identified and communicated to Barclays until October 2015. These covenants were renegotiated for 2015/16 and yet were breached again. In both financial years, waivers were obtained from Barclays. However, there remains a risk that continued breaches may prompt the bank to recall the loans on demand. If this was to happen, Larch would not be able to repay such loans. Therefore, it would likely require either additional financial support or be placed into some form of the Special Administration Regime. The cash flow forecast for 2016/17 includes an assumption of £22.5m cash proceeds being received from the sale of the Vauxhall site for residential and hotel development. If this does not happen before July 2017, there is a risk that the repayment of loan capital due to Barclays of £2.0m cannot be paid.

2. Larch's loans with Barclays may be separately payable on demand due to the merger with LSBU

There is a significant-impact risk that Barclays may treat the proposed changes to control over Larch, in either a federation model of educational institutions ('the TEN model') and/or changes to the legal structure in the wholly owned subsidiary model, as triggers to recall or renegotiate its loans to Larch. There is a secondary risk that Barclays uses the proposed merger with Larch as an opportunity to renegotiate its separate loans to LSBU of £22.5m. We are aware that LSBU and Larch are at an early stage of discussions with Barclays regarding these matters. Therefore, it has not been possible to determine the probability of either of these risks crystallising at time of writing this report. We recommend that discussions with Barclays and the SFA Transaction Unit ('TU') on these points are progressed as soon as possible.

3. Larch has experienced significant cash flow restrictions, and required SFA EFS of £5.2m in 2016/17 in order to protect learner provision

Larch has undergone significant cash flow and financial health problems over recent years and has been in formal intervention with the SFA since 28 June 2013. In 2016/17, Larch received £5.2m of

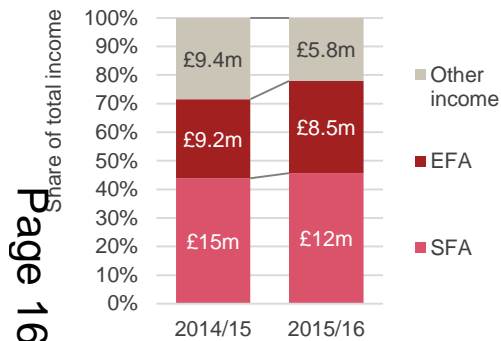
support from the SFA. A transaction may trigger repayment of this, and the repayment plan for this will need to be agreed with the SFA and TU.

This support is provided where a further education college declares that it is encountering financial or cash flow difficulties that put this provision at risk. In its January 2017 management accounts, Larch has forecast a further requirement of up to £8.3m in 2017/18. The Financial Recovery Plan ('FRP') forecast for the year includes a significantly lower £2.6m EFS requirement as part of a forecast net cash outflow of £0.3m for the year. The reasons for the deterioration in the 2017/18 forecast are not fully explained in the management accounts provided, but there is significant 2016/17 underperformance of 38% against SFA and Education Funding Agency ('EFA') funding allocations. The independent auditor's reports for 2013/14, 2014/15 and 2015/16 from Buzzacott LLP expressed material uncertainty over the going concern status of Larch.

4. Larch's underlying operational performance remains weak, and it is increasingly reliant on shrinking funding sources which do not support its underlying cost base

Larch is increasingly reliant on reducing levels of SFA and EFA grant funding as other income sources such as European Social Fund and tuition fee income decline.

At a glance – our views (2 of 3)



Page 164

The 2016/17 budget includes a deficit for the year of £2.2m. In the January 2017 management accounts the forecast deficit for the year has been increased to £3.8m (£1.6m unfavourable variance compared to budget). In addition, the accuracy of forecasting costs towards the end of the financial year has been historically poor, indicating this could worsen further.

5. There is uncertainty around material cash transactions related to the Brixton Centre, Vauxhall Centre and loan funding receipts/payments

£17.9m in cash proceeds were received from the sale of Larch's Brixton centre to the Department for Education in 2013/14. These cash proceeds have since been used to fund operational expenditure, masking underlying cash flow

shortages in the subsequent years. In addition, there is uncertainty around how the c.£4m of fit out costs of the new building will be funded as this cash was not retained for this purpose. LEP funding of £22.5m secured for the proposed Vauxhall exchange development has also begun to be used to pay for professional fees. If the proposed development were not to proceed LEP funding may need to be returned and Larch may be unable to repay this without further cash inflows.

Larch has forecast a small net cash inflow of £270k for 2016/17. However, due to delays in the sale of part of the Vauxhall site of expected £20m sales proceeds for residential development, it is likely that the net cash inflow will not be achieved in 2016/17.

There are a number of material cash transactions which currently have both uncertain likelihood and timing. Given the cash flow challenges that Larch is experiencing, sensitivity analysis on forecast cash headroom is important. In *Section 2: Forecast Financial Position*, we have shown the impact of six possible sensitivities on the closing cash position for 2016/17 and 2017/18. If these six were to occur, Larch would have a negative cash position by the end of April 2017 and no overdraft to fund this.

6. The proposed Vauxhall exchange development is material to the merger transaction and has been reviewed separately by LSBU

We are aware that the Development Agreement has not been signed as at February 2017. This is due to ongoing negotiations between Barclays and the developer, Carillion Plc ("Carillion"), over the latter's proposed limitations of liability. We understand planning meetings have been delayed to April 2017. Nevertheless, Larch's senior finance management team remains appears to remain confident that the planned opening date of September 2019 is still achievable. Separately, we are aware that a strategic review of the Vauxhall development was carried out by LSBU, along with a legal review of the development agreement by LSBU's legal advisors ("VwV"). We have not seen the outcome of this review at the time of writing this report. As such, we have not completed a review of the Vauxhall exchange development for the purposes of this report. Instead, the outputs of these separate reviews will be considered in the Full Business Case.

We understand that as of 16 March 2017 the development with Carillion has been put on hold by Larch, and a development agreed with LSBU is now supported by the College Board.

The materiality of the development to Larch's current and forecast position and to the merger transaction itself is significant. The SFA TU will require an up to date valuation of the site, detailed information on the commercial deal and will carefully consider whether funding is required given its high inherent value.

At a glance – our views (3 of 3)

7. Our work on Larch's pensions liabilities and arrangements is covered in a separate report

We have undertaken work to compare Larch's and LSBU's pensions liabilities and arrangements. This work is detailed in a separate report as per the terms of reference and therefore pensions related issues and risks are not covered here.

8. Larch has several interim key positions following recent changes in senior management

An Ofsted inspection in November 2016 rated Larch's effectiveness of leadership and management as "requires improvement". In addition, the internal auditors during 2015/16 judged the risk management and governance framework at Larch to be inadequate, and noted the high number of monitored risks that occurred in 2015/16. An interim Principal and Vice Principal Strategic Planning are in place. However, it is not clear on the leaderships and workforce plans, following a merger with LSBU. The SFA TU will assess the quality of the management teams at Larch, and at LSBU, and want assurance on the plans to ensure there is effective operational and strategic leadership within the merged organisation.

9. Larch's forecast to 2019/20 is undeveloped and not supported by clear underlying assumptions ...

The assumptions that underpin the projected results for the three years ending 31 July 2018, 31 July 2019 and 31 July 2020 are not clearly detailed, and as such we have not been able to assess the assumptions that underpin those forecasts. Based upon discussions with management, it appears that the forecast position has been established "top-down", rather than through a robust "bottom-up" process. For example, the pay assumptions are not linked to a clear workforce plan.

10. ... as demonstrated by Larch only recently beginning to draft its plans to 2019/20

Larch's current strategic financial plan is for 2012 to 2017, and it has only recently begun to develop its strategic plan for the next five years. We have not seen an annual rolling plan. The planning cycle has a number of sequenced events including development of the curriculum, quality of provision, learning and teaching, estates and financial plans. As these plans are not yet finalised, there is limited granular understanding of the drivers for Larch's forecast income and costs to 2019/20. Significant work is still required to enable comprehensive and robust curriculum, estates and financial plans to be submitted to the TU.

11. The Transaction Unit timetable is challenging and its requirements extensive

The intended application to the SFA's TU in May 2017 will require significant further work to be undertaken by Larch. Given the current status of the work to develop Larch's curriculum, estates and financial plans this will be very challenging. Examples of other key information the TU will require include an up-to-date, professional external valuation of its estate (last valued in 1994), robust analysis of gross margin per course, an assessment of income to debt ratios and a clear leadership plan. Repayment of the EFS support Larch has received is also likely so plans to support this will be required.

From our experience, the proposed timelines for the transaction are very challenging. We would expect the timeline from TU application submission through to formal merger go-live to take at least six to nine months. In addition this is a particularly complex transaction. LSBU and Larch should consider whether the proposed timescales are achievable.

TU funding for the merger transaction is by no means guaranteed and could well be a repayable loan rather than a grant. LSBU should ensure that it considers the scenario of 'no TU funding' before committing to an arrangement with Larch which is cannot exit.

Supporting analysis

Page 166

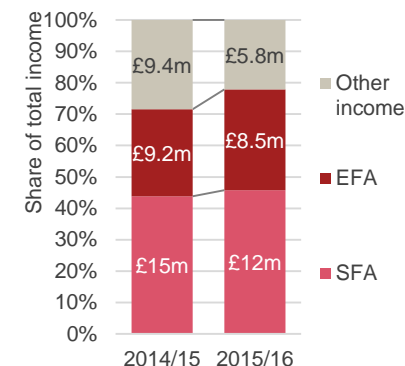
Section 1: Historical results review

Consolidated statement of comprehensive income

	15/16 £m	14/15 £m	Variance £m	Variance %
	Group	Group	Group	Group
INCOME				
Funding body grants	21.0	24.1	(3.1)	(13%)
Tuition fees & education contracts	4.4	5.2	(0.8)	(15%)
European Social Fund	0.0	2.2	(2.2)	(100%)
Other income	0.9	1.5	(0.6)	(41%)
Endowments & investments	0.0	0.1	(0.1)	(93%)
Donations and endowments	0.2	0.2	-	0%
Total income	26.4	33.2	(6.8)	(20%)
EXPENDITURE				
Staff costs	19.5	21.7	(2.2)	(10%)
Fundamental restructuring costs	0.6	1.2	(0.6)	(50%)
Other operating expenses	9.2	9.6	(0.5)	(5%)
Depreciation	2.3	2.0	0.3	12%
Interest and other finance costs	1.9	1.8	0.1	8%
Total expenditure	33.5	36.4	(2.8)	(8%)
Deficit before other gains	7.1	3.2	3.9	123%
Surplus on disposal of assets	0.0	0.0	0.0	100%
Deficit for the year	7.1	3.2	3.9	123%
Actuarial loss in respect of pensions schemes	7.5	3.2	4.3	137%
Total comprehensive loss for the year	14.6	6.3	8.2	130%

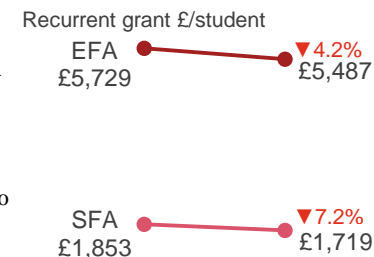
Increasing reliance on reducing sources of income

Larch is increasingly reliant on SFA funding, shown within Funding Body Grants. Between 2014/15 and 2015/16 SFA funding received fell by 17% to £12.1m (2014/15: £14.5m), but as a share of Larch total income increased from 44% to 46%. Combined with decreases in the EFA funding received, this makes total income more sensitive to changes in the national education budget, and increases the risk of volatility in EBITDA and total surplus / deficit if the cost base is slower to adjust.



Average grant income per student has fallen by 4.4%

The 13% reduction in funding body grants is driven by a 4.4% reduction in price and 9.4% reduction in student volume. Specifically, the number of SFA and EFA funded students has fallen by 9.4% to 8,575 (2014/15: 9,461). On a per-student basis, average grant income has fallen by an average of 4.4%, and a larger 7.2% for SFA-funded. European Social Funds previously received for hard-to-reach groups has also ceased at the end of a funding cycle, and <£100k is expected in 2016/17 compared to £2.2m in 2014/15.



Staff costs have fallen but contractor costs have risen

A reduction in the number of students being taught, coupled with a restructuring to reduce fixed costs in anticipation of a merger, led to a fall of £2.2m in payroll staff costs (10%). However, there was an increase of £685k (22.5%) in contracted-out staffing costs, including £195k spent on contractors performing the functions of Key Management Personnel (2014/15: £nil), a group that has itself increased from 6 permanent staff to 5 permanent and 3 interim. The reason for the loss in respect of pensions schemes is covered on the next page with regards to the movement in pensions liabilities.

Source: Larch 2015/16 financial statements. DD request 1

Project Larch - DRAFT

PwC - Strictly private and confidential

24 March 2017

13

Consolidated balance sheet

	15/16 £m	14/15 £m	Variance £m	Variance %
	Group	Group	Group	Group
Fixed assets				
Tangible fixed assets	57.3	55.1	2.2	4%
Total fixed assets	57.3	55.1	2.2	4%
Current assets				
Stocks	0.0	0.0	0.0	0%
Trade and other receivables	1.1	3.1	(2.0)	(65%)
Investments	0.0	2.0	(2.0)	(100%)
Cash and cash equivalents	0.0	1.2	(1.2)	(99%)
Total current assets	1.1	6.3	(5.2)	(83%)
Less: Current liabilities	(8.5)	(7.7)	(0.8)	10%
Net current (liabilities)	(7.4)	(1.4)	(6.0)	424%
Total assets less current liabilities	49.9	53.7	(3.8)	(7%)
Less: Non-current liabilities	(27.2)	(25.0)	(2.3)	9%
Provisions				
Defined benefit obligations	(26.8)	(18.6)	(8.2)	44%
Other provisions	(2.9)	(2.5)	(0.4)	15%
Total net (liabilities) / assets	(7.0)	7.6	(14.6)	(192%)
Unrestricted reserves				
Income and expenditure account	(14.8)	(0.7)	(14.1)	2079%
Revaluation reserve	7.7	8.3	(0.5)	(6%)
Restricted reserve	0.0	0.0	(0.0)	(38%)
Total unrestricted reserves	(7.0)	7.6	(14.6)	(192%)

Liquidity issues

Larch has net current liabilities of £7.4m as at 31 July 2016 (2015: £1.4m), and overall liabilities of £7.0m (2015: net assets of £7.6m).

Within the increase of 10% in current liabilities, there are significant increases of 379% in bank loans and overdrafts due within one year (2016: £2m) and 256% in trade payables (2016: £3.6m). The impact of these increases is not apparent on the face of the statements due to an 88% reduction in the value of accruals and deferred income (2016: £0.6m).

The total bank loans and overdrafts liability is £18.1m as at 31 July 2016, an increase of 18.4% (2015: £15.3m). Larch no longer has an overdraft facility as this was closed during 2016/17. This increase and reducing income have led to a sharp increase in interest payments as a share of income (excluding releases of capital grants), which is 4.2% in 2015/16 (2014/15: 3.0%).

Fixed asset valuation

Larch has significant tangible fixed assets at two sites, but these have not been revalued since 1994. A large portion of the balance sheet carrying value is due to improvement works, including £15.9m transferred from assets under construction to freehold properties in 2015/16. The carrying value of the fixed assets does not reflect current market value or provide a true picture of the asset base. More detail is included in *Section 7: Estates*.

Movement in pensions liabilities

The defined benefit pensions obligation has increased by 44%, due primarily to the impact of the UK voting to leave the European Union in June 2016. Yields on gilts have been depressed by increased purchases of lower-risk assets typically held by pensions schemes, and the fall in the base rate has reduced the rate at which future liabilities are discounted to the present value recognised at the balance sheet date. While the fair value of plan assets has increased by 5.5% to £32.5m in 2015/16, the present value of plan liabilities has increased by 20.2% to £48.7m. This difference is the reason for the increase in liability and the £7.5m actuarial loss recognised in the income statement.

Exceptional Financial Support

The £8.5m current liabilities includes £1m in Exceptional Financial Support ('EFS') received from BIS in July 2016 and repaid in August 2016.

A further £5.2m in EFS is scheduled for receipt over the course of 2016/17, as well as a request for £1.3m to help fund restructuring costs. These appear as liabilities in the management accounts for the period. The SFA only commits to disbursement of tranches of funding as the need approaches, rather than for the full year ahead. The reliance on uncertain cash funding has been noted in the going concern disclosures from management and in the auditor's opinion.

Source: Larch 2015/16 financial statements. DD request 1

Consolidated statement of cash flows

	15/16 £m	14/15 £m	Variance £m	Variance %
	Group	Group	Group	Group
Cash inflow from operating activities				
Deficit for the year	(7.1)	(3.2)	(3.9)	123%
Adjustment for non-cash items				
Depreciation	2.3	2.0	0.3	12%
(Increase)/decrease in stocks	-	0.0	(0.0)	(100%)
(Increase)/decrease in debtors	2.0	(2.4)	4.4	(183%)
Increase/(decrease) in current liabilities	0.8	3.3	(2.5)	(75%)
Increase/(decrease) in non-current liabilities	2.3	-	2.3	100%
Increase/(decrease) in provisions	0.4	1.2	(0.8)	(69%)
Pensions costs less contributions payable	0.1	0.2	(0.1)	(66%)
Adjustment for investing or financing activities				
Investment income	(0.0)	(0.1)	0.1	(93%)
Interest payable	1.1	1.0	0.1	8%
Loss on sale of fixed assets	(0.0)	-	(0.0)	100%
Net cash flow from operating activities	1.8	2.1	(0.3)	(14%)
Cash flows from investing activities				
Proceeds from sale of fixed assets	0.0	-	0.0	100%
LEP funding received for Vauxhall Project	1.3	-	1.3	100%
Investment income	0.0	0.1	(0.1)	(93%)
Withdrawal of deposits	(2.0)	-	(2.0)	100%
Payments made to acquire fixed assets	(4.5)	(12.9)	8.4	(65%)
	(5.2)	(12.9)	7.7	(60%)
Cash flows from financing activities				
Interest paid	(1.1)	(1.0)	(0.1)	8%
New long term unsecured loans	2.0	2.7	(0.7)	(26%)
Repayments of amounts borrowed	(0.7)	(2.7)	2.0	(72%)
	0.2	(1.0)	1.2	(117%)
Decrease in cash and cash equivalents in the year	(3.2)	(11.8)	8.6	(73%)
Cash and cash equivalents at beginning of the year	3.2	17.2	(13.9)	(81%)
Cash and cash equivalents at end of the year	0.0	3.2	(3.2)	(100%)

Cash flow issues

Larch has experienced significant cash flow restrictions in recent years. In 2013/14 the Brixton site was sold to DfE for £17.9m. Without this exceptional cash inflow the 2014/15 opening cash balance of £17.2m would not have been available, and Larch would not have been able to fund the £13.9m net cash outflow during the 2014/15 year (of which £12.9m was spent on fixed asset construction at the Clapham site).

Due to the lack of cash available in 2015/16, an additional £500k overdraft was arranged with Barclays in December 2015, to be repaid by 31 July 2016. This did not resolve the underlying cash flow restrictions, and in July 2016 £1m in Exceptional Financial Support was received from BIS, disbursed through the SFA, and a further £5.2m requested in 2016/17.

The 2015/16 closing cash balance was £7k, enough to fund only 0.09 days of operating expenditure per the calculations in the financial forecasts provided to the SFA.

Quality of financial statements

The 2014/15 cash flow statement as presented in the signed 2015/16 financial statements does not present the full cash movement from opening balance of £17.2m to the closing balance of £3.2m (a reduction of £13.9m). Instead, a reduction of £11.8m is presented and £2.2m is unexplained. Larch management suggested amendments to exclude the £2.7m new loan cash inflow in financing activities, an add back of £510k FRS 102 restatement of interest costs on pension plans that was not a cash item. These amendments have not been audited or otherwise verified, and leave a further £44k net cash outflow unexplained.

Additionally, £19k is presented as a loss on sale of fixed assets in 2015/16. This also appears as a surplus on sale in the income statement, in the operating cost Note 9, but no disposal appears in the fixed assets movement Note 12. The 2015/16 audit report to management also includes an unadjusted misstatement that would increase advertising expenditure, reduce the prepayment current asset, and increase the deficit by £191k. This reduces confidence in the quality of financial reporting.

Finally, there are minor presentation errors that indicate a lack of management care and attention. The statements are prepared in accordance with FRS 102, but make repeated references to previous standards and notes reference the wrong areas of the statements.

Source: Larch 2015/16 financial statements. DD request 1

Analysis of forecast accuracy: 2015/16 income and expenditure

Positive = favourable variance
(Negative) = unfavourable variance

Table 1

	(A)	(B)	(C)	(C-A)		(C-B)	
	Original Budget £000s	June 2016 forecast projection £000s	Year-end actual outturn £000s	Variance from budget £000s	%	June forecast error £000s	%
2015/16 Income							
SFA / EFA Recurrent grant	21,220	20,824	20,647	(573)	(3%)	(177)	(1%)
Education contracts	1,440	1,391	1,443	3	0%	52	4%
Tuition fees & charges	3,090	3,197	3,058	(32)	(1%)	(138)	(4%)
Grant income	1,550	-	-	(1,550)	(100%)	-	-%
Other income generating activities	100	33	50	(50)	(50%)	17	51%
Other income generating activities	592	342	874	283	48%	532	156%
Interest receivable	30	4	4	(26)	(87%)	(0)	(1%)
Profit on disposal of assets	-	2	19	19	0%	17	1000%
Release of capital grants	326	327	327	1	0%	0	0%
Total	28,347	26,119	26,422	(1,926)	(7%)	302	1%
Total per 2015/16 group financial statements			26,404				
Unreconciled income (in analysis, not financial statements)			18				

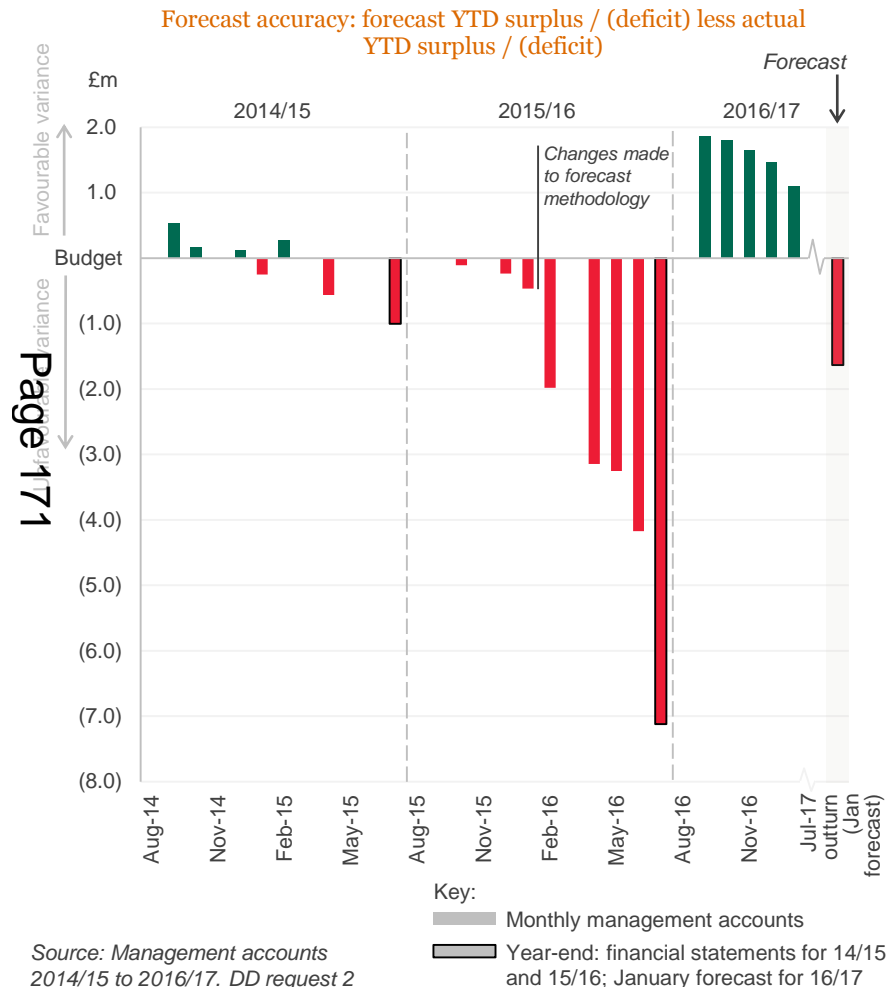
Table 2

	(A)	(B)	(C)	(C-A)		(C-B)	
	Original Budget £000s	June 2016 forecast projection £000s	Year-end actual outturn £000s	Variance from budget £000s	%	June forecast error £000s	%
2015/16 Expenditure							
Staffing	(17,533)	(18,763)	(19,105)	(1,572)	(9%)	(342)	-
Restructuring	(500)	(526)	(609)	(109)	(22%)	(83)	(16%)
Operating Expenses	(7,361)	(8,815)	(9,456)	(2,095)	(28%)	(641)	(7%)
Pension and Service Costs	(610)	(884)	(1,089)	(479)	(78%)	(205)	(23%)
Depreciation	(2,340)	(2,288)	(2,298)	42	2%	(10)	(0%)
Exceptional items (e.g. 2014/15 costs, merger & refinancing)	-	(821)	(878)	(878)	-	(56)	(7%)
Total	(28,344)	(32,097)	(33,434)	(5,091)	(18%)	(1,337)	(4%)
Total per 2015/16 group financial statements			(33,523)				
Unreconciled expenditure (in financial statements, not in analysis)			89				

Source: Annex D to paper G for 15 December 2016 Corporation Meeting. DD request 3

Section 2: Current financial position

Management accounts



Source: Management accounts 2014/15 to 2016/17. DD request 2

Forecast accuracy

Significant issues with past forecasting and quality of management accounts were uncovered by management in April 2016, during production of the February 2016 management accounts. This is the point at which the actuals begin to have significant unfavourable variance from budget.

One issue was the phasing of large amounts of income to the latter part of the year, which does not fit the usual seasonality of a further education college. 2016/17 forecast phasing has instead been based on annual budgets divided by 12. This makes comparisons of the favourable variance with budget in the first six months of the year difficult to compare directly with previous years.

The 2016/17 budget includes a deficit for the year of £2.2m. In the January 2017 management accounts the forecast deficit for the year has been increased to £3.8m (£1.6m unfavourable variance).

Costs not accounted for

The 2016/17 forecasts do not take account of the additional costs that may be incurred as a result of preparing for a merger. These are likely to be significant, and will need to be costed. The monthly management accounts cash flow statements do not include any forecast Vauxhall costs. After discussion with the senior finance management team, it was explained that this was due to a lack of certainty over timing.

Going concern status

Due to concerns about Larch's liquidity and the availability of resources to meet obligations as they fall due, material uncertainty over going concern is expressed in management's operating and financial review and the independent auditor's reports for the years ended July 2014 and July 2015. These state that going concern is not the most appropriate basis of preparation. Despite this, the going concern basis is used in both years due to an inability to estimate the value of adjustments needed to measure assets at their realisable value. More detail is included in *Section 4: Accounting Policies*.

Larch is reliant on SFA EFS that is not committed for the full year ahead, and has breached its Barclays banking covenants in both years (waivers later obtained).

The 2015/16 independent auditor's report also recognises a need for additional, as yet unsecured, exceptional support if there is no merger with another institution on 1 August 2017. The January 2017 management accounts include cash flow forecasts to July 2018 and two scenarios:

1. Do nothing: EFS of £5.2m in 2016/17, further £8.3m in 2017/18, or
2. With internal restructuring: EFS of £5.2m in 2016/17, £1.1m grant for restructuring, EFS of £6.8m in 2017/18.

Working capital position



Sources: Lambeth SFA fin plan updated 13/07. DD request 40
Aged debtors and creditors provided on 14/02/2017. DD requests 19 and 21

Trade debtors and creditors

Aging of debtors and creditors as at 14 February 2017 shows that Larch has liabilities outside of 60 day credit terms, though the January 2017 management accounts (prepared March 2017) state that all creditors were paid within 60 day terms in February. This is the latest creditor payment information available.

The negative creditor in September 2016 (5 months aged) is due to the effect of a £28k reversal of amounts owed to a cleaning supplier in July 2016

Larch has £65k of debts aged 13 months, and £79k aged 14 months. Within these two balances over one year, the majority is owed by local authorities: City of Westminster Council (£54k), London Borough of Lambeth (£35k) and London Borough of Croydon (£27k)

Forecasts of trade debtors and creditors present further cash flow problems

Despite severe cash flow issues in 2015/16, with year-end cash days in hand of only 0.09, the Financial Recovery Plan forecasts appear to present conditions that would worsen availability of cash. Trade debtor days – time to recover amounts owed to Larch – increase through to 2019/20, while creditor days – time taken to pay amounts owed to suppliers – also increase. These forecasts are for a stand-alone entity, and do not include the effect of increased ability to manage cash as part of a merged entity. The reduction in creditors from 2016/17 to 2017/18 is due to an improving cash position enabled by cash inflows to fund the Vauxhall development

<i>Trade debtor and creditor days per SFA forecast</i>	15/16	16/17	17/18	18/19	19/20
Trade debtors days: excl. funding body grants	36	89	88	87	86
Trade creditors days: non-pay expenditure	113	79	75	75	75

Sources: SFA FRP v2.8.1 & appendix 1 updated 13/07. DD request 43
Aged debtors and creditors provided on 14/02/2017. DD requests 19 and 21

The creditors figures to the left are taken from the Word version of the Plan. This is after discussion with the senior finance management team as we note that there are significant differences between this and the Excel appendix.

The trade debtors days figures are not included in the Word version, so this has been taken from the Excel appendix provided.

Commentary on financial management and forecasting

Forecasting is historically inaccurate

We have noted significant issues with forecast accuracy in the 2015/16 management accounts, up to and including one month before the year end. This is detailed in Tables 1 and 2 on the next page.

The first of these is a summary of June 2016 management accounts completed for the December 2016 Corporation meeting. Due to the deterioration of the financial performance of Larch during the year, this forecast includes projected income for the year of £26.1m, 7% lower than the budgeted £28.3m; and projected expenditure for the year of £32m, 18% higher than the budgeted £28.3m. This underperformance against budget indicates poor control over income and costs during the year.

We have also identified issues with management's ability to forecast accurately during the financial year, with large differences between the June projection of performance for the year to 31 July, and the actual results (columns B and C). While this includes a favourable variance of 1% (£0.3m) in income, there is a 4% unfavourable variance of £1.3m in expenditure for the month. This means 26% of the year's unfavourable variance against expenditure budget occurred between the June forecast and July (£1.3m of £5m), casting doubt over the robustness of forecasting for 2016/17 onwards.

Included in this unfavourable variance is £878k of 'exceptional items' not included in the budget. This is made up of at least £262k of 2014/15 costs not accounted for in the prior year, of which £141k are redundancy costs, along with other professional fees, HMRC VAT costs and a £395k 'purging of debits in balance sheet'.

Performance against targets

Larch is monitoring a large number of targets and KPIs as a result of the various financial obligations, and requests from governing bodies to provide more such information in its management accounts.

We have agreed with management that the primary financial targets are those in the Financial Recovery Plan updates that are produced for the SFA in order to continue receipt of EFS. The figures on the right are taken from the Word version of the Plan, but we note that there are significant differences between this and the Excel appendix.

While forecasts for this set of metrics are provided, it is unclear what the targets are for each year in order to judge performance against them.

Targets per FRP v2 8.1

	2015/16	2016/17	2017/18	2018/19	2019/20
Adjusted current ratio	0.14	0.19	-0.13	0.07	0.17
Borrowing as a % of income	71.59%	81.57%	78.48%	74.94%	69.96%
EBITDA as a % of income	(6.92%)	6.78%	8.05%	8.58%	10.23%
Financial Health	Inadequate	Inadequate	Inadequate	Inadequate	Inadequate
Cash generated from operations to income	0.05	0.1	0.46	0.37	0.1
Cash days in hand	(2.19)	231.421	94.51	14.1	3.52
Creditor days	112.72	78.96	75.35	75.35	75.35
Staff costs as a % of income (excl. franchised provision income)	74.22%	70.95%	70.49%	70.18%	68.99%
Dependency on EFA and SFA income	81.60%	81.42%	82.03%	82.13%	82.33%

Going concern status

There is material uncertainty over Larch's liquidity and the availability of resources to meet obligations as they fall due. Larch is reliant on SFA Exceptional Financial Support that is granted in milestones rather than committed for the full year ahead, and has breached its banking covenants with Barclays in both years reviewed (waivers later obtained). The independent auditor's report for the 2015/16 financial statements also recognises a need for additional, as yet unsecured, exceptional support if there is no merger with another institution on 1 August 2017.

As a result, Larch is not considered a going concern, and material uncertainty over this has been expressed in the financial statements and independent auditor's reports by Buzacott LLP in 2014/15 and 2015/16.

Section 3: Forecast financial position to 2019/20

Forecast consolidated statements of comprehensive income

	15/16	16/17	17/18	18/19	19/20
	£m	£m	£m	£m	£m
INCOME					
Funding body grants	23.7	20.4	19.4	19.6	20.2
Tuition fees and education contracts	3.5	2.6	2.6	2.6	2.6
Other income	0.9	0.6	0.7	0.7	1.2
Endowment and investment income	0.2	-	-	-	-
Total income	28.3	23.6	22.6	22.9	24.0
EXPENDITURE					
Staff costs	20.1	17.8	14.0	14.2	14.3
Other operating expenses	11.0	6.6	6.1	5.5	5.1
Total expenditure	31.2	24.4	20.1	19.7	19.4
EBITDA*	(2.9)	(0.9)	2.4	3.2	4.6
OTHER COSTS					
Depreciation and amortisation	2.3	1.6	1.6	1.6	1.6
Interest and other finance costs	1.9	2.1	2.0	2.0	2.0
Total other costs	(4.2)	(3.8)	(3.6)	(3.6)	(3.6)
Earnings	(7.1)	(4.6)	(1.2)	(0.4)	1.0
OTHER GAINS AND LOSSES					
Gain/(loss) on disposal of fixed assets	-	17.6	-	1.9	-
Total other gains and losses	-	17.6	-	1.9	-
Total surplus/(deficit) for the year*	(7.1)	13.0	(1.2)	1.5	1.0
Transfer (to)/from revaluation reserve	0.5	-	-	-	-
Actuarial gain/loss on LGPS	(7.5)	-	-	-	-
Total Comprehensive Income for the year	(14.1)	13.0	(1.2)	1.5	1.0

* Margins included on page 24

Source: SFA FRP v2.8.1, appendix 1 updated 13/07. DD request 43
December 2016 risk register. DD request 53

Forecast period

Larch has not produced a forecast to 2020/21, so forecasts to 2019/20 have been considered. The forecast period is based upon what was produced in July 2016 by Larch.

Difference between SFA forecasts and financial statements

There are differences between the 2015/16 financial statements and 2015/16 per the forecasts prepared for the SFA as part of the Financial Recovery Plan. For example, the former includes total income of £26.4m, whereas the latter includes income of £28.3m. We expect the financial statements to be correct. A reconciliation between the two figures was not provided, but the difference is partly due to treatment of funding body grants passed directly to students. In the financial statements these are excluded from income and expenditure and disclosed in Note 27, amounts disbursed as an agent. In the SFA FRP, both income and costs are included within revenue and expenditure.

Forecast error

As identified in Sections 1 and 2: Historical and Current Financial Position, there is a trend of significant forecast inaccuracies in management accounts produced by Larch. While past errors have been recognised and accepted by management, and more rigorous methodology and controls are now considered to be in place, there is not yet a demonstrable trend of high-quality and accurate forecasts.

Income is forecast to decline

Funding body grants per the SFA forecast are set to decline by £3.3m in 2016/17 from the previous year, and £1m again in 2017/18. In 2016/17, Larch failed to recruit enough 16-18 students to maintain its EFA funding in 2017/18, and it was forecast to fall by £2m. However, the EFA are considering rolling forward the funding allocation to help Larch through the potential pilot for FE/HE merger with LSBU, and as a result the forecast does not include the £2m reduction. However, this outcome depends upon the decisions of the EFA and means there is a potential £2m risk to the 2017/18 income forecasts.

The assumptions that underpin income and expenditure movements over the three years to 2019/20 are not clearly detailed, and management has not been able to provide sufficient clarity for us to analyse these.

Forecast consolidated balance sheets

	15/16	16/17	17/18	18/19	19/20
	£m	£m	£m	£m	£m
NON-CURRENT ASSETS					
Land & buildings	56.3	61.2	80.3	93.9	92.5
Equipment	1.0	1.1	1.2	1.3	1.4
Total non-current assets	57.3	62.3	81.5	95.2	93.8
CURRENT ASSETS					
Trade receivables	0.4	0.8	0.8	0.8	0.8
Other receivables	0.7	0.6	0.6	0.6	0.6
Restricted cash and short-term investments		18.4	6.8	2.0	
Cash and cash equivalents	0.0	0.3			1.7
Total current assets	1.1	20.0	8.2	3.4	3.1
CURRENT LIABILITIES					
Other loans	2.0	1.8	0.7	0.7	0.7
Trade creditors	3.6	2.7	1.2	1.2	1.2
Tax and pension contributions	0.5	0.5	0.6	0.6	0.6
Fixed asset creditors	-	2.6	3.0	2.0	-
Other	2.1	3.1	-	-	-
Capital grants	0.3	-	-	-	-
Total current liabilities	(8.5)	(10.8)	(5.5)	(4.5)	(2.5)
Net current assets/(liabilities)	(7.4)	9.3	2.7	(1.1)	0.6
Total assets less current liabilities	49.9	71.6	84.2	94.1	94.4
NON-CURRENT LIABILITIES					
Loans (BIS Exceptional Financial Support)	-	6.5	9.1	10.1	10.1
Other loans	16.1	14.4	14.7	14.0	13.3
Capital grants	11.1	14.6	24.6	31.7	31.0
Total non-current liabilities	(27.2)	(35.4)	(48.3)	(55.8)	(54.4)
PROVISIONS					
Defined benefit obligations	(29.1)	(29.6)	(30.5)	(31.4)	(32.3)
Other provisions	(0.5)	(0.5)	(0.5)	(0.5)	(0.5)
Total provisions	(29.6)	(30.2)	(31.1)	(31.9)	(32.8)
Total net assets / (liabilities)	(7.0)	6.0	4.8	6.3	7.2
RESERVES					
Revaluation reserve	7.7	7.7	7.7	7.7	7.7
Restricted reserves	0.0	0.0	0.0	0.0	0.0
I&E reserve	(14.8)	(1.8)	(3.0)	(1.5)	(0.5)
Total reserves	(7.0)	6.0	4.8	6.3	7.2

Land and buildings

The forecast increase in land and buildings of 67% over the 2015/16 – 2018/19 period is due to the scheduled redevelopment the Vauxhall centre. More detail on this, including a breakdown of the line into the various sites, is included in *Section 6: Estates*.

Barclays has fixed, first charges over Larch assets as a result of loans to Larch. Through agreement with Barclays, cash realised from sale of part of the Vauxhall site for residential and hotel development will be restricted to use on redevelopment of the Vauxhall skills centre and cannot be used to manage day-to-day cash flow restrictions.

Exceptional Financial Support

EFS is provided on the condition that the funds will be repaid at the earliest opportunity, with the terms and repayment period decided on a case by case basis.

This forecast includes £6.5m in BIS loans in 2016/17, included as a non-current liability. This is made up of £5.2m in Exceptional Financial Support for the year plus £1.3m in additional funding for restructuring. The latter has been revised in the January 2017 management accounts to a request for £1.1m grant for restructuring, followed by £6.8m EFS in 2016/17; or, if no restructuring funding, £8.3m EFS in 2016/17.

Net assets / liabilities

The forecast assumes that Larch will move from a position of net liabilities of £7m in 2015/16 to net assets of £6m in 2016/17. Meanwhile, cash is forecast to increase by £18.4m due to sale of part of the Vauxhall site. The February 2017 capital projects update indicates that progress is being made with a potential residential buyer, but there is significant uncertainty over this occurring before July 2017. Without such a sale, Larch would be unable to move to a net asset position in 2016/17.

Consolidated statement of cash flows

	15/16	16/17	17/18	18/19	19/20
	£m	£m	£m	£m	£m
Cash flows from operating activities					
Surplus/(deficit) for the year	(7.1)	13.0	(1.2)	1.5	1.0
Depreciation	2.3	1.6	1.6	1.6	1.6
(Increase)/decrease in stocks	-	0.0	-	-	-
Pension adjustments	0.7	1.0	1.0	1.0	1.0
Lump sum pension settlement payments	-	(0.4)	-	-	-
(Increase)/decrease in debtors	2.0	(0.3)	-	-	-
Increase/(decrease) in creditors due within one year	1.7	(0.2)	(4.6)	-	-
Increase/(decrease) in creditors due after one year	1.0	3.5	9.9	7.2	(0.8)
Increase/(decrease) in provisions	0.4	(0.1)	(0.1)	(0.1)	(0.1)
Adjustment for investing or financing activities					
Investment income	(0.2)	-	-	-	-
Interest payable and other finance costs	1.1	1.1	1.0	1.0	1.0
(Gain)/loss on disposal of fixed assets	-	(17.6)	-	(1.9)	-
Net cash flow from operating activities	1.9	1.6	7.7	10.3	3.7
Cash flows from investing activities					
Proceeds from sale of fixed assets	-	22.5	-	1.9	-
Investment income	0.2	-	-	-	-
Movement of deposits	-	(18.4)	11.6	4.8	2.0
Payments made to acquire fixed assets	(7.0)	(8.9)	(20.4)	(16.3)	(2.3)
Net cash flow from investing activities	(6.8)	(4.7)	(8.9)	(9.6)	(0.3)
Cash flows from financing activities					
Interest paid	(1.1)	(1.1)	(1.0)	(1.0)	(1.0)
New loans (BIS and Other)	3.2	6.5	2.6	1.0	-
Repayment of amounts borrowed	(0.4)	(2.0)	(0.7)	(0.7)	(0.7)
Net cash flow from financing activities	1.7	3.4	0.9	(0.7)	(1.7)
Increase/(decrease) in cash and cash equivalents	(3.2)	0.3	(0.3)	-	1.7
Analysis of cash and cash equivalents					
Cash and cash equivalents at beginning of the year	3.2	0.0	0.3	-	-
Cash and cash equivalents at end of the year	0.0	0.3	-	-	1.7

Depreciation adjustments do not match forecasts

Depreciation charge for the year is forecast to fall by 30% in 2016/17 with the disposal of part of the Vauxhall site and movement of the buildings into the category of assets under construction.

These forecasts do not include an increase in depreciation for the Vauxhall site, despite the balance sheet forecast assuming a 67% increase in fixed asset carrying value between 2015/16 and 2018/19.

Increase in creditors

In 2017/18, there is a forecast decrease in short term creditors of £4.6m, funded from the cash received through sale of part of the Vauxhall site.

Over the 2016/17 – 2019/20 period there is a significant increase in long-term creditors of £19.8m. The total effect over the period is an increase in creditors of £15m. This is due to a 112% increase in capital grants over the period on the balance sheet, as a result of deferred income released over the period of asset construction. Bank loans are forecast to decline, and BIS EFS is not expected to rise by the same magnitude.

However, these will need to be reassessed once there is certainty over the Vauxhall development and Larch's loans.

Cash forecasts are reliant on exceptional cash receipts

These forecasts assume new loans of £6.5m in 2016/17: £5.2m of Exceptional Financial Support and £1.3m in funding to enable restructuring. As stated on the previous page, The January 2017 management accounts have drastically increased the 2016/17 exceptional cash requirement to £6.8m – £8.3m, depending on whether restructuring funds are received in 2015/16.

Proceeds from the sale of Vauxhall site are assumed at £22.5m in 2016/17, and this appears highly unlikely to happen within the year. The development agreement remains unfinished at March 2017, and the core proposition for the development is still uncertain. In 2014/15, Larch spent £13.9m of the £17.9m received the year before in the sale of the Brixton site, and without the £22.5m Vauxhall sale in 2015/16 it is unlikely to be able to meet its obligations, including £3.4m of loan repayments over three years.

Cash flow sensitivities

Cash flow forecasts are not consistent with repayment of balance sheet liabilities

Larch cash flow forecasts are not consistent with the balance sheet and income and expenditure forecasts. For example, the Financial Recovery Plan includes £1.8m in Barclays loan repayments due within 12 months of 31 July 2017. The value of repayments forecast for 2017/18 is £0.7m. It is not clear whether the additional £1.1m in repayments will be made, or whether the forecasts are incorrect. Additionally, we have been provided with the loan balance at 31 January 2017, which includes £2.6m payable within 12 months. The January 2017 management accounts include only £0.7m in repayments over this period. To demonstrate the potential impact of this and six other possible sensitivities, we have made adjustments to the cash flow forecast in the January 2017 management accounts. These likely scenarios are all worsen Larch's cash position. These are detailed in the table below.

Further sensitivities that are important to consider

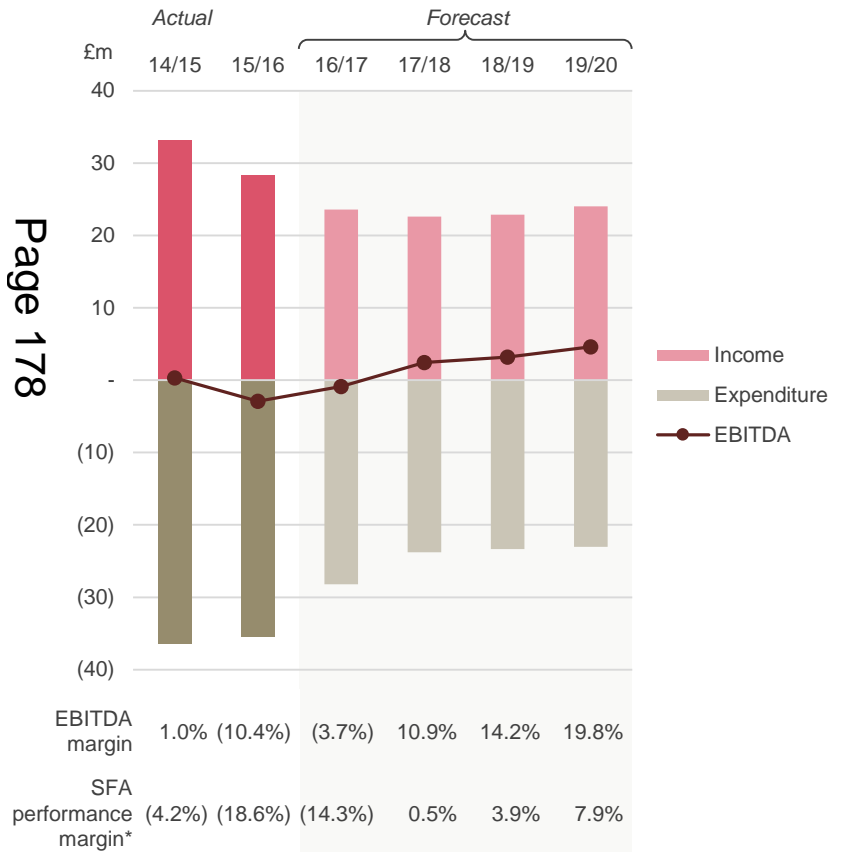
In addition to the six relatively likely sensitivities we have modelled, the following scenarios are also important to consider as part of the full business case. However, they were not included in this report due to significant uncertainties created by decisions still to be made by Larch management and LSBU, as well as the quality of information provided. They include:

- Costs associated with proceeding with a merger;
- Costs incurred as a result of revisions to the Vauxhall redevelopment plan as agreed with LSBU. This includes fees and costs owed to Carillion, LEP funding, and potential rephasing or reductions in income due to delays in making assets available for use; and
- EFS funding having to be paid back to the SFA.

<i>Cash flow forecast: changes to six key assumptions</i>	2016/17 Q1	2016/17 Q2	2016/17 Q3	2016/17 Q4	2017/18 Q1	2017/18 Q2	2017/18 Q3	2017/18 Q4	2016/17	2017/18
Opening cash balance per Larch forecast	(80)	(610)	(2,840)	(3,328)	(5,000)	(6,543)	(9,083)	(11,106)	(80)	(5,000)
EFS received in previous quarters per Larch forecast	-	1,200	3,100	3,500	5,200	6,900	9,300	12,000	-	5,200
Cash flows from 6 adjustments in previous quarters	-	-	-	(792)	(4,169)	(7,618)	(11,240)	(14,996)	-	(4,169)
Restated opening balance for quarter	(80)	590	260	(620)	(3,969)	(7,261)	(11,023)	(14,102)	(80)	(3,969)
Cash movements per Larch forecast	(530)	(2,230)	(488)	(1,672)	(1,543)	(2,540)	(2,024)	(495)	(4,920)	(6,602)
EFS receipt per Larch forecast	1,200	1,900	400	1,700	1,700	2,400	2,700	-	5,200	6,800
Adjustments made:										
1. 50% of savings from restructuring are not realised	-	-	-	-	(213)	(213)	(213)	(213)	-	(852)
2. Costs exceed forecast by 10%	-	-	(237)	(922)	(891)	(681)	(645)	(645)	(1,158)	(2,862)
3. Increase in LPFA contribution as share of payroll (16.5% to 22.3%, applied to 31% of payroll costs)	-	-	-	-	(63)	(63)	(63)	(63)	-	(251)
4. Delays to Brixton reopening incurs 3 months of temporary accommodation costs	-	-	-	-	(27)	(13)	-	-	-	(40)
5. No EFS funding received after implementation of TEN model	-	-	-	(1,900)	(1,700)	(2,400)	(2,700)	-	(1,900)	(6,800)
6. Barclays loan repayments increased to match the value listed as current liabilities	-	-	(555)	(555)	(555)	(252)	(135)	(135)	(1,111)	(1,077)
Closing cash balance after adjustments	590	260	(620)	(3,969)	(7,261)	(11,023)	(14,102)	(15,653)	(3,969)	(15,653)

Commentary on forecast financial statements

Forecast income, expenditure and EBITDA



Page 178

* (EBITDA – release of capital grant – FRS 102 adjustments) / (Total income – release of capital grants)

Source: SFA FRP v2.8.1, appendix 1 updated 13/07. DD request 43

Project Larch - DRAFT

PwC - Strictly private and confidential

Larch forecasts are historically inaccurate

Historical and current forecasting has been shown to be inaccurate, as discussed in *Section 2: Current financial position*, casting doubt over the rigor of future forecasts.

At the time of preparation of the 2015/16 financial statements, the budget for 2016/17 forecast a loss of £2.1m, in the January 2017 management accounts this forecast deficit has been increased to £3.8m.

Third party monitoring of finances

Barclays require regular finance updates due to Larch's financial position and breaches of loan covenants. The LPFA pension provider has also requested to monitor finances with more regularity due to concerns about Larch's ability to fund contributions. This increased scrutiny from creditors demonstrates wider concern about Larch's finances, and may indicate increasing risk of tightened credit terms and a need to repay debts.

The most recent Ofsted report, based on a November 2016 inspection, grades Larch leadership and management as "requires improvement". This is static from the most recent grades in December 2014 and March 2013, and an improvement on the 'inadequate' leadership and management finding from February 2012.

Forecasting methodology may produce desired rather than accurate results

We have not been able to assess the reasonableness of assumptions underpinning the forecasts due to a lack of clarity over the process that produces and updates these documents.

For at least some areas, such as staffing outlined in *Section 7: Human Resources*, there is a top-down budgeting approach: a particular result is desired and budgets are set in order to achieve this aim. While this may be an effective method in an organisation with strong financial control over income and costs, this is unlikely to be effective for Larch given the poor track record for controlling and forecasting costs.

Building bottom-up budgets requires planning operational activity, resources required to deliver this, before arriving at the income and costs associated with it.

This will be required for the application to the TU first stage required to build a more rigorous forecast that can be provided to the TU as part of an assessment for restructuring funding is being begun in the middle of March 2017, and other plans will follow before the end result of a financial plan.

24 March 2017

24

Section 4: Key accounting policies

We have reviewed accounting policies in the key areas set out below.

Going concern

The independent auditor's reports, prepared by Buzzacott LLP, for the years ended 31 July 2014 and 31 July 2015 include emphasis of matter paragraphs regarding material uncertainty over the use of going concern basis. The reasons for this are discussed in *Section 2: Current Financial Position*.

In both financial years, it is stated that the most appropriate basis of preparation is on a basis other than going concern. This would value all assets at their realisable value, and treat all liabilities as current. Due to an inability to estimate the value of these adjustments, the going concern basis has been used.

The appropriateness of the basis of preparation should be considered in reading this report.

Basis of accounting

The financial statements for Larch are prepared in accordance with the historical cost convention modified by the revaluation of certain fixed assets and in accordance with applicable United Kingdom Accounting Standards.

Basis of preparation

The financial statements for Larch are prepared in accordance with the 2015 Statement of Recommended Practice – Accounting for Further and Higher Education, with the Accounts Direction 2015 to 2016, and in accordance with applicable Accounting Standards.

Recognition of income

Recurrent grants – grants from funding bodies are recognised based upon the funding allocations attributable to the financial year. An adjustment is done at year-end once the conclusion of the year-end reconciliation process occurs of final grant income.

Non-recurrent grants – any grants from funding or other bodies received in respect of the acquisition of fixed assets are treated as deferred capital grants and amortised in line with depreciation over the life of the assets.

Agency arrangements

Larch acts as an agent in the collection and payment of discretionary support funds, which are excluded from its financial statements.

Fixed assets

Capitalisation threshold – any items under £1k are not capitalised and instead are treated as revenue expenditure.

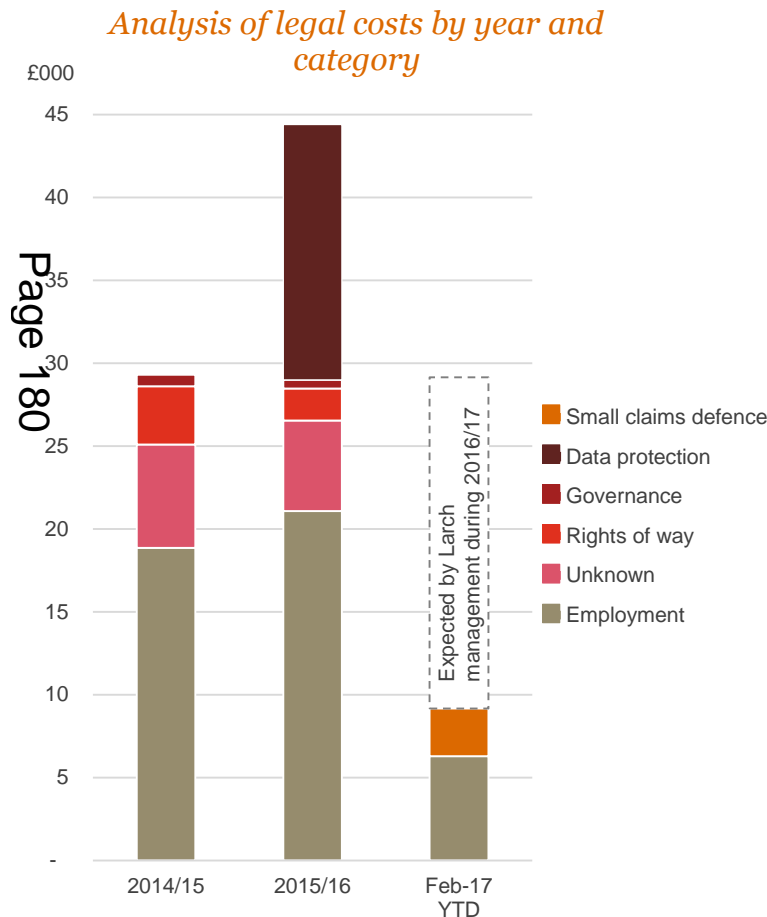
Depreciation method – it is done on a straight-line basis over an asset's remaining useful economic life, specifically:

- Motor vehicles – 5 years
- General equipment – 5 years
- Computer equipment – 5 years
- Freehold buildings – 10 to 50 years
- Land and assets under construction – not depreciated

Land and buildings valuation – when Larch retained its land and buildings in 1994, it recognised them at their valuation at that time. Larch has opted not to revalue them since then.

Section 5: Key financial liabilities and risks

Legal liabilities and key risks



Sources: Larch legal charges. DD request 25 & 26
 ICCA Internal Audit Annual Report 2015/16. DD request 48

Underlying legal charges are relatively steady

Legal charges increased by 52% to £44k in 2015/16 (2014/15: £29k) due to increased spending on advice after a breach of data protection law in Autumn 2015. The external auditors, Buzzacott LLP, have reviewed correspondence with the Information Commissioner's Office and are comfortable that the ICO is satisfied with Larch's response and no fines are pending.

The February 2017 year to date listing of legal charges doesn't include any accrued costs, and management believe that the full year charges will be in line with the previous two years, excluding the exceptional advice regarding the data breach. In the 2016/17 year to February, £3k was spent on small claims defence, related to non-payment of creditors. Larch management confirmed that this is not due purely to cash flow restrictions, but is a fee disputed with the ICCA, the previous internal auditors.

Larch have disclosed two legal cases ongoing as at February 2017, related to students alleging abusive behaviour from staff: one ongoing with hearing on 17 February 2017, and one possible case awaiting confirmation of proper process from claimant. Additionally, one unsuccessful bidder in the Vauxhall hotelier procurement process has made Freedom of Information requests related to the bid, and there is considered a "small possibility" of legal dispute with ICCA. Lastly, this does not include any potential claims from Carillion in light of changes to the Vauxhall development.

The internal auditors resigned after the SFA made Larch aware of a whistle-blower had reported a possible conflict of interest between ICCA and a provider of outsourced teaching services, FMBS. The SFA required Larch to update the Financial Recovery Plan with additional actions to review procurement and sub-contracting processes and relationships.

Internal audit found significant operational risks

Prior to their resignation, ICCA judged the risk management and governance framework to be inadequate, and noted the high number of monitored risks that occurred in 2015/16.

ICCA: "In our opinion and based solely upon our work completed during 2015/16, Larch does not have adequate and effective governance, risk management, and systems of internal control to manage the achievement of its objectives and securing economy, efficiency and effectiveness"

Internal audit assurance opinions issued



Priority of recommendations made



Barclays loans and overdrafts

Larch has material loans outstanding with Barclays

Larch have three loans with a combined value of £18.3m outstanding with Barclays bank as at 31 January 2017, with £2.6m due within one year.

Barclays have informed Larch that they will not make a final decision on future loan terms, or whether a change of control or merger will result in crystallisation and immediate repayment, until they have reviewed the plans that are scheduled for submission to the TU. This presents significant uncertainty over the liquidity of Larch, given their reliance on the loans.

Loan	Principal	Due within one year	Interest rate
Two mortgage type loans	14,667,429	458,940	7%; 7.25% from 1 Aug 17; 7.5% from 1 Aug 18; 7.9% from 1 Aug 19 Loans to 2035, underpinned by fixed interest rate of 5.25%
Revolving credit facility	1,700,000	300,000	LIBOR plus 1.25% Facility ends Nov 2018
Money Market loans	1,882,814	1,882,814	Eight loans with interest rates between 2.84% and 3.07%; weighted average of 3.03%
Total at 31 Jan 2017	18,250,242	2,641,754	
Added since 31 Jan 2017:			
Money Market loans	131,744		

Source: Total Barclays loans at Jan 2017. DD request 20

The FRP forecasts include repayment of loan capital to Barclays, but it has not been possible to agree this to a schedule of required repayments. For many years, the forecast repayment is lower than the loan capital listed as a current liability in the previous year (e.g. 2016/17 loan capital current liability: £1.8m; 2017/18 loan repayment: £720k, which is also much lower than expected given the value of the revolving credit facility due in Nov 2018).

Loan covenants have been breached in 2013/14, 2014/15 and 2015/16, and will be breached in 2016/17

Due to cash flow restrictions and an operating deficit caused by higher than forecast restructuring costs, Larch breached its loan covenants in 2014/15, as it did in 2013/14. This was not communicated to Barclays until October 2015, and both external and internal auditors have recommended improved monitoring of covenant position and forecasts.

In 2015/16 new covenants were agreed and breached again. The covenant monitoring documents provided are dated 22 July 2016, and do not match the 2015/16 signed financial statements. It is unclear how often this is updated to monitor and forecast movement in covenants during 2016/17 and beyond, but it has been confirmed by management that they do not expect to comply with covenants in 2016/17.

Covenant	2014/15	New covenants	2015/16	2016/17 forecast
Available cash flow > interest payable	Available cash flow: £538k Interest payable: £1,022k	TBC, unclear in Larch monitoring documents	Available cash flow: (£4,588k) Debt service costs: £1,832k Ratio: (250%)	Available cash flow: £3,626k Debt service costs: £3,086k Ratio: 117%
Borrowings to adjusted operating surplus < 12 : 1	23 : 1	TBC, unclear in Larch monitoring documents	Net borrowings: £18,108k Adjusted operating surplus: (£3,736k) Gearing: (485%)	Net borrowings: £15,936k Adjusted operating surplus: £2,190k Gearing: 728%

Source: Buzzacott post audit management report July 2016. DD request 14

Exceptional Financial Support

Larch is reliant on Exceptional Financial Support

The continued operation of Larch is due to the provision of Exceptional Financial Support from BIS and the SFA. After Larch was unable to meet its obligations with funding sought from Barclays, £1m in EFS was received in July 2016 and repaid in August 2016. In 2016/17 £5.2m is scheduled to be received receipt, equivalent to 21% of the forecast total income for the year, in addition to a £1.1m request to fund restructuring costs. The January 2017 management accounts forecast a need for £6.8m EFS in 2017/18 if the restructuring funding is granted, and £8.3m if it is not.

Exceptional Financial Support is repayable, and liabilities transfer to new providers

The Financial Recovery Plan v2.8.1 (31 January 2017) states that the forecast plan assumes no repayment of any EFS during the 2015/16 – 2019/20 period covered: “It is assumed that there is no repayment of any EFS in the period of the plan and no interest charges are incurred on the total EFS amount in the period”. The guidance issued by BIS on EFS, updated October 2015, is clear that all EFS is repayable at the earliest opportunity: “It is a condition of providing Exceptional Financial Support (EFS) that all monies, including Loans, will be repaid at the earliest opportunity. As such, the terms of any loan and repayment period will be decided on a case by case basis.”

If a college is identified as being unsustainable and unable to repay, then the guidance is explicit that action will be taken to protect public funds and safeguard learner provision: “This will involve the college being placed into administered status ... and consideration of limited and conditional grant support being provided while cost effective solutions are explored through an Area Review.”

While there is not yet an insolvency regime in place for further education colleges, the government has consulted on a Special Administrative Regime (‘SAR’) to be brought in during 2018. If a merger does not go ahead, and the legislation is enacted, there is a risk that Larch is moved into this administration regime given its ongoing financial performance issues, cash flow problems, and being in breach of loan covenants from a bank with fixed charges over valuable property assets.

If a merger does go ahead, the EFS principles state that “providers taking on existing providers or provision and some or all of the related assets will take on an appropriate share of the associated costs and liabilities”. This would be an unquantified potential liability for LSBU, which would need to be discussed and agreed with the SFA directly.

Larch have unfunded capital commitments that they plan to fund with EFS

Larch sold its Brixton centre to the Department for Education in 2013/14, who agreed to redevelop the site and lease a new building to Larch. Transfer of control over the property is due in June 2017, with Larch paying to fit out this building in time for September 2017 reopening. Larch have not retained any of the £17.9m cash received from the land sale in order to fund this fit out, which has a value of £3.8m in the 2016/17 SFA forecast, and management have stated that they plan to use EFS cash to do so.

This plan is not thought to have been agreed with the SFA. EFS principles state that all expenditure “needs to be fully justified and proportionate. Large scale write-offs or capital expenditures should not be made where numbers of learners benefitting are small, for example, costly new builds for small, financially at-risk institutions”. The Interim Principal and CEO, Monica Box, also signs to agree the EFS conditions before each disbursement of funds. As at 20 October 2016 this includes a statement that “The College shall use the Funding only for the purposes of discharging liabilities existing at today’s date and any other liabilities arising in the ordinary course of business”.

There is a risk that the SFA do not approve of this use of their funding, damaging the relationship with Larch’s key creditor or triggering repayment requests.

TU metrics

In order to help fund the costs associated with responding to Area Review recommendations, the government has made over £700m available in a Restructuring Facility. From this fund, the TU is granting support, typically loans, to enable mergers between institutions.. The assessment will consider some key metrics as part of the financial plan submitted in any LSBU and Larch application:

- Up to date estate valuations, especially considering that much of it has not been valued since 1994
- Margin per course
- Income to debt ratios
- Demonstration of strong leadership and financial management
- Repayment plans for Exceptional Financial Support

A number of these documents were not readily available during this review, and will need to be produced for the TU.

Sources: FRP v2.8.1. DD request 43

Signed conditions of Exceptional Financial Support. DD request 48

BIS FE College Financial Intervention and Exceptional Financial Support, October 2015

Section 6: Estates

Estate footprint

The Larch estate is made up of three sites. An approximate breakdown of the individual carrying amounts has been provided by Larch management. These sum to £0.9m less than the July 2016 balance sheet value for the same properties (£56.2m, balance sheet £57m). The fair value is likely to be much higher due to lack of revaluation since 1994, but valuations were not provided.

Clapham Hub – 45 Clapham Common South Side, London SW4 9BL

Carrying amount: £47.2m

This is the administrative and teaching hub for Larch. In 2015/16 a redevelopment was completed and the value of fixed assets increased by £15.9m.

Brixton Centre - 56 Brixton Hill, London SW2 1QS

Rented, carrying amount: £nil

This freehold was sold to the DfE in 2013/14 for £17.9m. The EFA are developing the site at present, and will lease Larch a new building at peppercorn rent for 125 years. The lease is scheduled to be signed once the building is complete.

EFA's contractors are scheduled to hand over the building for fit out on 14 June 2017, in order to open for use in September 2017. Contractors report being 2 weeks behind schedule at 26 January 2017, making the reopening in September 2017 unlikely. If delays are caused by EFA's contractors Larch will not be liable for additional rental costs for temporary accommodation. If the delay is caused by Larch or its contractors additional unquantified costs may be incurred.

Vauxhall Centre - Belmore Street, Wandsworth Road, London SW8 2JY

Carrying amounts: Land & buildings: £6m; Assets under construction: £3m

This site was vacated in June 2016 in preparation for a proposed major redevelopment. Part of the site will be long-term leased for residential housing and a hotel. In conjunction with £22.5m in LEP funding, this will fund a new skills centre for Larch estimated to cost £46m. The 31 July 2016 balance sheet recognises £3.1m in assets under construction for this project, with capital commitments of £934k at year end. Eligible costs of £4.9m have been incurred to December 2016, with £2.4m LEP grant received.

This project is subject to significant uncertainty including, but not limited to: securing planning permission, retaining the developer Carillion, land value changes, cost variances from forecast, unavailability of bridging finance, and the ongoing LSBU review of the proposal. There are legal reviews ongoing over the LEP agreement and incomplete Development Agreement. Due to the significant uncertainty, the scheme has not been considered in detail in this work.

Forecast high-level Vauxhall expenditure

	£m
Income from long-term lease of land for residential development (forecast)	20.0
Income from long-term lease of land for hotel development (forecast)	3.5
Income from LEP grant (secured)	22.5
Expenditure on skills centre (forecast)	(46.0)
Forecast net income / (expenditure) on Vauxhall	-

Larch estate locations and share of student population from local boroughs

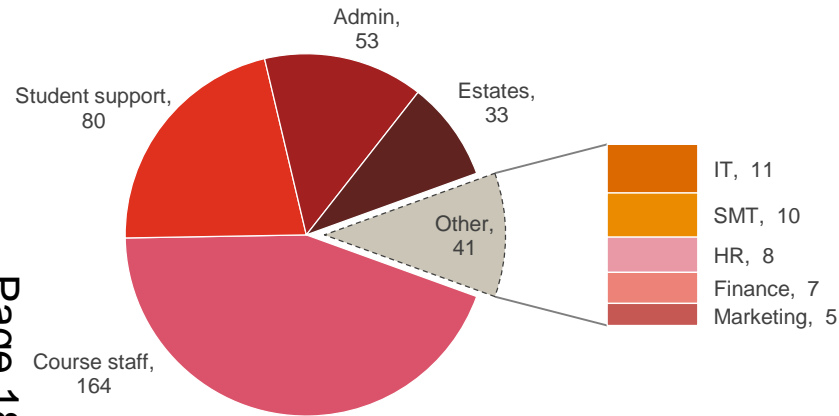


Sources: Capital Projects Update 9 February 2017. DD request 17
2014/15 non-apprentice student postcodes from: SFA
funding allocation 2016/17. DD request 5

24 March 2017

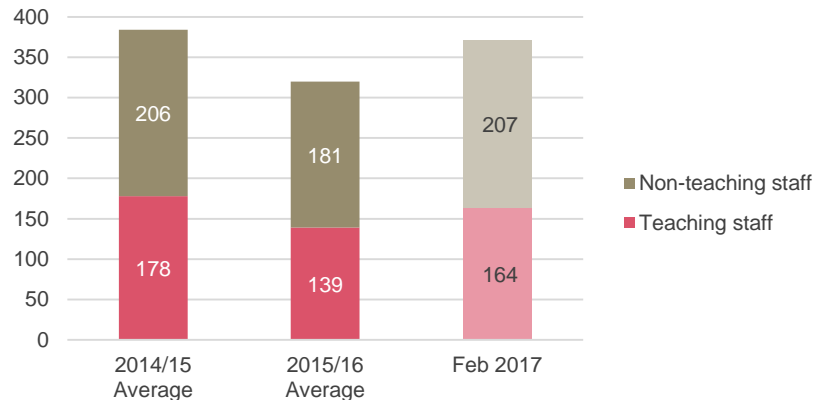
Section 7: Human resources

FTE by department



Page 184

FTE over time



Sources: SFA FRP v2.8.1, appendix 1 updated 13/07. DD request 43; Larch 2015/16 financial statements. DD request 1; Staff numbers per unit. DD request 30; Restructuring consultation 21 Feb 2017

FTE numbers

The total number of FTE in Larch fell by 16% to 320 in 2015/16 (2014/15: 384). The majority of this reduction occurred within the teaching staff (39 of 64).

The 2015/16 strategy included plans for a merger with South Thames College at 31 July 2016, and contracted-out staffing costs increased £685k to £3,727k (22.5%) in 2015/16 due to increased use of agency and temporary staff in anticipation of a reduced post-merger headcount.

This merger did not go ahead, and the beginning of the 2016/17 year began with an effort to recruit permanent staff and reduce the higher cost of temporary staff. By February 2017, the FTE count has risen 11% to 371.

Three interim staff were introduced to the Key Management Personnel team in 2015/16 (2014/15: nil), a further £195k was spent on contractors and companies discharging these functions, and the services of the Principal were terminated in August 2016. This significant change in the team responsible for the planning and strategic direction of Larch presents a risk of decisions made with reduced institutional knowledge and a lack of long-term commitment to the financial position of Larch. The application to the TU is labour intensive and will present challenges for senior management while running an organisation under pressure.

Restructuring

Restructuring costs of £1,206k were incurred in 2014/15 and a further £609k were recorded in 2015/16, including establishing a £352k provision for the closure of courses in the School of Engineering in Vauxhall campus.

A further £1,282k of restructuring costs are forecast in 2016/17, with a consultation issued on 21 February 2017 with the stated aim of saving £2.2m in staff costs to reduce Larch staff costs as a share of total income.

Pensions and employment taxes

Other areas of the scope have been addressed separately. Key findings are included in the executive summary of this report, and detail can be found in:

- FIN 3 – 6 : Pensions Report
- FIN 7 – 9 : Employment Taxes Report

24 March 2017

Staff costs and forecasts

Staff costs	14/15*	15/16	16/17	17/18	18/19	19/20	CAGR		
	£m	£m	£m	£m	£m	£m	15-16	16-17	17-20
Admin. staff	-	7.7	7.9	5.4	5.5	5.6	-	2%	(11%)
Teaching staff	-	7.0	6.8	6.8	6.8	6.8	-	(3%)	0%
Contracted tuition	3.0	3.5	0.4	0.4	0.4	0.4	15%	(90%)	0%
Support staff	-	0.6	-	0.0	0.0	0.0	-	(100%)	0%
Other staff costs	-	0.7	1.4	1.5	1.5	1.5	-	112%	3%
Total (excl. restruct.)	21.7	19.5	16.5	14.0	14.2	14.3	(10%)	(15%)	(5%)
Restructuring costs	1.2	0.6	1.3	0.0	0.0	0.0	(50%)	111%	(100%)
Total staff costs	22.9	20.1	17.8	14.0	14.2	14.3	(12%)	(12%)	(7%)

KPIs	14/15*	15/16	16/17	17/18	18/19	19/20	CAGR		
Staff numbers**	384	320	371	-	-	-	(17%)	16%	0%
Income (£m)	33.2	26.4	23.6	22.6	22.9	24.0	(20%)	(11%)	1%
Staff costs*** /staff (£000)	57	61	44	-	-	-	8%	(27%)	(5%)
Staff costs*** /income %	65%	74%	70%	62%	62%	60%	13%	(5%)	(5%)

* Full breakdown of staff costs not available for 2014/15

** Staff number forecasts not provided. 2016/17 assumed as the Feb 2017 FTE provided

*** Excluding restructuring costs

Staff costs in 2016 to 2020

In 2015/16, the largest components of staff costs were administration staff (38%), teaching staff (35%), and contracted tuition (17%). Larch is forecasting a reduction of administration costs by 11% Compound Annual Growth Rate ('CAGR') from 2017 to 2020, while also reducing support staff costs to £nil.

Teaching staff costs are also forecast to reduce by £0.2m (3%) to 2017, and then remain flat to 2020. It is assumed that no pay rises are made in this period.

Contracted tuition services are forecast to significantly decrease from £3.5m in 2016 to £0.4m per annum from 2017 to 2020, in line with the revised strategy after the merger with South Thames College was postponed.

The staff costs per FTE is assumed to fall by 27% as contracted tuition is removed, assuming an average FTE count for the year equal to the February 2017 count provided.

Given that the forecasts are for a stand alone entity and do not assume reduced support and administrative staff after a merger, these forecasts are very ambitious. The assumptions that underlie the cost savings are not clear, and the senior finance management team were not able to add significant clarity. Instead, it was explained that this part of the forecast budget was created using a 'top-down' approach in which the values are selected in order to produce a forecast that achieves certain target metrics (such as staff costs as a share of total income). A 'bottom-up' approach of forecasting resource requirements and then costing these would be more appropriate, and will be produced during the TU application process.

Source: Larch 2015/16 financial statements. DD request 1. DD request 43

Appendix 1 – Information requested but not received

Page 186

Information requested but not received

Information requested but not received:

- Management accounts for full two years and to date (5-6 per year were provided of the 10 produced in each of 2014/15 and 2015/16)
- Historical bridge analysis for 2014/15 and 2015/16
- Detailed SFA forecast assumptions (the FRP does not include justification for the vast majority of assumptions, especially where income / cost lines are expected to remain steady for 3-4 years)
- Reconciliation between management accounts and financial statements
- Reconciliation between financial statements and financial recovery plan
- Change log / version control documentation for development of financial recovery plans
- Comprehensive sets of student numbers (other than EFA and SFA funded)
- Documentation of budget setting and approval processes
- Estate and other fixed asset balance sheet valuations
- Up-to-date independent valuations of estates
- Up-to-date bank covenant monitoring calculations (the most recent provided were dated 22 July 2016)
- Staff numbers by directorate
- Definitions of KPIs and targets in place (there are multiple different sets presented in documents such as financial statements, management accounts, updates to principal and FRP)
- Details of financial information systems in place and timetables for data production and consolidation
- Explanation of EFS repayment made (£1m in August 2016) that does not appear in the 2016/17 monthly cash flow document provided
- Full explanation of errors in 2014/15 statement of cash flows in the 2015/16 signed accounts

The list details the information requested but not received during the course of due diligence by 15 March 2017. This is the date considered as the end of the due diligence fieldwork. This is because it does not exist and as such we have not continued to request it. We have one query outstanding at the time of writing this report, being:

- The auditor's report to management states that bank covenants have been renegotiated in 2015/16 after the 2014/15 breach, but management do not agree and the working papers include calculations of the ratios but not the covenant threshold itself.

Appendix 2 – Terms of reference

London South Bank University (LSBU)

Terms of reference – Project Larch

To: Richard Flatman (Chief Financial Officer)
From: Katy Elstrup (Engagement Leader)
Date: 24/02/2017

This review is being undertaken under the 2016/17 internal audit framework as per the agreement dated 15 May 2015.

Background and purpose

LSBU is exploring a range of partnerships and other arrangements to strengthen its engagement with the community, and to increase access to Higher Education for all who have the potential to succeed. Whilst LSBU maintains a national and international reach it is also focused on the local and regional communities it serves, working collaboratively to see how best to provide pre-degree and extramural opportunities to its students.

The status of Lambeth College (the College) denotes its past, present and future responsibility in serving the public good through the provision of careers-focused, educational courses and experiences designed to meet a diverse range of learning needs. Lambeth College has a strong reputation in vocational education, but it needs to explore how best to ensure financial sustainability in an extremely challenging funding regime for Further Education.

LSBU and Lambeth College share a common commitment to broadening access to learning opportunities, progressing from secondary education into further education, higher education and postgraduate study, within a network of like-minded institutions.

The objective of this engagement is the provision of financial due diligence (including tax and pensions) and business case development on Project Larch – the proposed integration of Lambeth College into the LSBU family.

Services

You have instructed us to provide the services set out in the following stages. We have summarised the six scope areas, and set out our proposed approach for each stage in more detail below.

- Early identification of any material issues or 'red lines' which could have significant constraining effect on the Programme;
- Ownership and delivery of the financial case for change and Due Diligence including review of the Larch's P&L, Balance Sheet, Cash-flow Forecast and benefits/synergy generation. This should include:
 - Exploration of loan covenants/break clauses and penalties
 - Review and comment on the impact of the proposed legal/group structure on consolidation
 - Additionally, if required as part of the Programme, we may provide support with bids to restructuring fund in work to be covered by a separate Terms of Reference
- Review and comment on the achievability and sustainability of cost saving and income growth assumptions in the outline business case
- Ownership of pension analysis, risk assessment and recommendations;
- Employment taxes report; and
- VAT and other taxes report.

Stage	Service	Approach
FIN 1 – Full business case	<p>Full business case for Project Larch from a group perspective. Financial, Commercial and Economic Business Case including:</p> <ul style="list-style-type: none"> • Scope • Benefits • Risks • Dependencies <p>Work as required with the project sponsor on funding requirements/bids.</p> <p>The financial full business case for Project Larch will be a deliverable jointly for LSBU and the College – this will need to be agreed as part of the contracting process.</p> <p>We understand you have already completed an Outline Business Case based on the Treasury Green Book Five Case Model and would like the Full Business Case (FBC) to follow the same format.</p>	<ul style="list-style-type: none"> • Initial mobilisation phase to agree ways of working, information deliverable requirements, key stakeholders and communication methods. • Discussions with key individuals at both LSBU and the College to understand the current status of the decision making process, the work that has been undertaken to date and the strategic, operational and financial rationale for the transactions. • Agreement of the format, content and level of detail required for the FBC and any external requirements of regulators/other stakeholders. • Desktop review of key available financial information. • Development of the outline financial business case –including high level options, key assumptions, costs and benefits. • Discussion and challenge of draft financial case with key stakeholders. • Weekly meetings with the LSBU project sponsor to discuss progress and key areas of focus. <p>This detailed approach focusses on the financial, economic and commercial aspects of the final business case. We understand LSBU and the College will lead on the development of the strategic, operational, commercial, workforce planning and other aspects of the integrated business case.</p>
FIN 2 – Due diligence on the College	<p>To scope and commence financial due diligence as part of the overall due diligence work undertaken by LSBU.</p> <p>Review and report on key financial and risk matters of Lambeth College, including:</p> <ul style="list-style-type: none"> • Historic financial position from the last two years audited accounts • Current financial position –balance sheet, I&E and cash-flow forecasts • Review of key forecasts (including student numbers, market growth and income assumptions) • Current consolidated financial position of the organisations including a five year projection to the extent to which these have been produced by LSBU and the College. This will include comments on the reasonableness of key assumptions. • Key accounting practices 	<ul style="list-style-type: none"> • Agree a detailed information deliverables list with both LSBU and the College prior to commencement of our work. • Agree ways of working –including location of our team, how questions will be fed back, how information will be transferred and stored and format/content of the written report. • Desktop review / interviews with the College Director of Finance / key finance staff and review of documentation to establish: <ul style="list-style-type: none"> ○ Underlying position for income and expenditure, reserves and working capital ○ Review and test management assumptions around financial forecasts (funding and costs) ○ Sensitise and test robustness of assumptions against industry practice and experience

Stage	Service	Approach
	<ul style="list-style-type: none"> • Material legal and tax positions, issues and recommendations • Key financial liabilities • Material financial commitments and capital programmes • Any financial concerns relating to HR/people • Evaluation of key risks and risk management processes <p>The financial due diligence report will be a written deliverable for LSBU only.</p> <p>We will not be providing a formal working capital opinion on the forecasts or cash position, but will review the forecasts provided and demonstrate the analysis carried out as part of our due diligence report</p>	<ul style="list-style-type: none"> ○ Undertake brief market analysis to establish robustness of financial needs • Review of non-financial information including risk registers, policies and procedures, Board and Committee papers, internal audit reports etc. Interviews with Board members and other senior staff at the College as required. • Frequent dialogue to discuss issues and progress.
FIN 3 – Pensions	<p>This includes:</p> <ul style="list-style-type: none"> • Review of latest actuarial assessments of funding contributions to the Local Government Pension Scheme (LGPS) fund(s) and differences in existing approach to setting assumptions, recovering deficits and allowing for covenant risk. • Consideration of options around running multiple LGPS participations post-restructuring potentially in different Funds or consolidating liabilities into one section of one LGPS Fund to identify any pension risks, liabilities and deal structure implications. • Consideration of impact of affected LGPS Funds requiring new covenant assessment information or security for the new entity and revising its approach to funding. • Potential impact on cessation/closure calculations. 	<ul style="list-style-type: none"> • Agree a detailed information deliverables list with both LSBU and the College prior to commencement of our work. • Agree ways of working –including location of our team, how questions will be fed back, how information will be transferred and stored and format/content of the written report. • Desktop review / interviews with the College’s Director of Finance / key finance staff and review of documentation. • Review of non-financial information including risk registers, policies and procedures, Board and Committee papers, internal audit reports etc. Interviews with Board members and other senior staff at the College as required. • Frequent dialogue to discuss issues and progress.
FIN 4 – Pensions	<p>Teachers’ Pension Scheme (TPS) is on a cash basis so the focus is on the LGPS which requires full defined benefit pensions accounting disclosures. The impact on the acquiring entity or new entity accounts of participation in the LGPS should be understood with due diligence procedures including:</p> <ul style="list-style-type: none"> • Review of respective actuarial assumptions used for accounting by existing entities and scope to rationalise assumptions in future. The relevant accounting and reporting standards will need to be understood in order to make this assessment. 	

Stage	Service	Approach
	<ul style="list-style-type: none"> • Consideration of impact on Income and Expenditure and on Balance Sheet and any special event items (e.g. curtailments). 	
FIN 5 – Pensions	<p>The impact of merger on two separate auto enrolment processes should be understood. Due diligence procedures may include:</p> <ul style="list-style-type: none"> • A high-level review of the scope to align monitoring and communication processes and the use of any low cost pension provision for temporary or flexible workers (e.g. National Employment Savings Trust or “NEST”, a defined contribution occupational pension scheme, backed by Government). • Assessment of the re-enrolment date for the enlarged organisation. • Estimate of potential new costs on re-enrolment of enrolling all existing employees who have opted out into their relevant pension scheme. 	<ul style="list-style-type: none"> • Agree a detailed information deliverables list with both LSBU and the College prior to commencement of our work. • Agree ways of working –including location of our team, how questions will be fed back, how information will be transferred and stored and format/content of the written report. • Desktop review / interviews with the College Director of Finance / key finance staff and review of documentation. • Review of non-financial information including risk registers, policies and procedures, Board and Committee papers, internal audit reports etc. Interviews with Board members and other senior staff at the College as required. • Frequent dialogue to discuss issues and progress.
FIN 6 – Pensions	<p>Early retirement and unfunded promise cost exposure triggers of expensive redundancy and early retirement pensions requiring immediate contributions should be understood. Any other unfunded promises should also be examined with due diligence procedures including:</p> <ul style="list-style-type: none"> • Assessment of early retirement exposure by looking at age and service profile of employees. • Review of any unfunded pension promises provided to employees or former employees (in addition to the main TPS or LGPS benefits). 	
FIN 7 – Employment taxes	<p>Compliance with increasing reporting obligations in their role as employers means that for many colleges this has become more onerous and they need to have clear policies, processes and systems in place. Due diligence procedures may look to:</p> <ul style="list-style-type: none"> • Consider how general employment tax compliance issues relating to payroll, expenses and benefits in kind are dealt with in order to ensure that appropriate controls are in place. 	<ul style="list-style-type: none"> • Agree a detailed information deliverables list with both LSBU and the College prior to commencement of our work. • Agree ways of working –including location of our team, how questions will be fed back, how information will be transferred and stored and format/content of the written report. • Desktop review / interviews with The College Director of Finance / key finance staff and review of documentation.
FIN 8 – Employment taxes	<p>The advent of Real Time Information (RTI) means that there is far more interaction with HMRC on a regular basis. Due diligence procedures may include:</p> <ul style="list-style-type: none"> • Look at the payments process, RTI procedures and any gross payments made to employees/workers. 	<ul style="list-style-type: none"> • Review of non-financial information including risk registers, policies and procedures, Board and Committee papers, internal audit reports etc. Interviews with Board members and other senior staff at the College as required. • Frequent dialogue to discuss issues and progress.

Stage	Service	Approach
FIN 9 – Employment taxes	<p>Form P11D dispensations have been withdrawn with eFINt from 6 April 2016 and have instead been replaced with legislative exemptions. This places the responsibility for ensuring that expenses reimbursed to employees can be made tax free. Due diligence procedures may include:</p> <ul style="list-style-type: none"> • Review the expenses policy and expenses claims procedures to identify those expenses that fall within the exemption and those where it may be necessary to make payments subject to tax to avoid any compliance failure. • Carry out a “look back” over P11D and PSA reporting, historic dispensation coverage and salary sacrifice arrangements to ensure that there are no previous failures. <p>During previous College mergers various matters have given rise to potential issues that have required in-depth investigation. Examples of these include:</p> <ul style="list-style-type: none"> • The provision of living accommodation to employees. • Employees at multi-site organisations with more than one permanent workplace. • Compensation for the buying-out of certain employee benefits such as pensions entitlements. • Termination payments. • Employment status with regard to the engagement of workers on self-employed terms, particularly teaching/lecturing staff. • The private use of the organisation’s vehicles (e.g. vans, minibuses, cars etc.) particularly pool vehicles. • Travelling and other expenses claimed by any home-based staff. 	<ul style="list-style-type: none"> • Agree a detailed information deliverables list with both LSBU and the College prior to commencement of our work. • Agree ways of working –including location of our team, how questions will be fed back, how information will be transferred and stored and format/content of the written report. • Desktop review / interviews with the College Director of Finance / key finance staff and review of documentation. • Review of non-financial information including risk registers, policies and procedures, Board and Committee papers, internal audit reports etc. Interviews with Board members and other senior staff at the College as required. • Frequent dialogue to discuss issues and progress.
FIN 10 – VAT and other taxes	<p>This includes:</p> <ul style="list-style-type: none"> • Education providers will have complex compliance issues flowing from exemption and non-business activities. Colleges will have negotiated agreements with HMRC that determine their VAT recovery position. They will also have difficult VAT questions regarding ancillary and non-core supplies. This needs to be reviewed. • Certain colleges may be involved with ongoing litigation which could be disrupted by reorganisations. The risks of this need to be reviewed and assessed. 	<ul style="list-style-type: none"> • Agree a detailed information deliverables list with both LSBU and the College prior to commencement of our work. • Agree ways of working –including location of our team, how questions will be fed back, how information will be transferred and stored and format/content of the written report. • Desktop review / interviews with the College Director of Finance / key finance staff and review of documentation. • Review of non-financial information including risk registers, policies and procedures, Board and Committee papers, internal audit reports etc. Interviews with Board members and other senior staff at the College as required.

Stage	Service	Approach
	<ul style="list-style-type: none"> The charitable status of many colleges allows certain reliefs from VAT which needs to be reviewed. Many colleges have an increasingly international dimension including on-line provision and procurement of overseas supplies which can create specific VAT compliance issues. This should be considered. Education providers may have been required to file corporation tax returns or be structured such that they have corporation tax obligations (e.g. joint venture or other arrangements with training providers). This should be reviewed. Non-primary purpose of trading would result in corporation tax obligations; whether this applies should be investigated. Consider whether all parties subject to the restructuring have good compliance histories. Consider whether there are any parties carrying any disclosed or undisclosed liabilities. Consider whether there are any unresolved disputes with HMRC over any taxes. 	<ul style="list-style-type: none"> Frequent dialogue to discuss issues and progress.
FIN 11 – VAT and other taxes	<p>This includes:</p> <ul style="list-style-type: none"> There are significant and increasing number of training providers operating in FE. Not all providers are exempt from VAT and collaborative arrangements with non-exempt providers could have a significant impact on financial models. These could alter the status of the provider, significantly changing the VAT profile and leading to unanticipated tax liabilities. This needs to be investigated. Consideration should also be given to whether there are any special agreements between any party and HMRC that may be put at risk by the proposed restructuring. 	<ul style="list-style-type: none"> Agree a detailed information deliverables list with both LSBU and the College prior to commencement of our work. Agree ways of working –including location of our team, how questions will be fed back, how information will be transferred and stored and format/content of the written report. Desktop review / interviews with the College Director of Finance / key finance staff and review of documentation. Review of non-financial information including risk registers, policies and procedures, Board and Committee papers, internal audit reports etc. Interviews with Board members and other senior staff at the College as required.
FIN 12 – VAT and other taxes	<p>This includes:</p> <ul style="list-style-type: none"> Estates represent the major investment for colleges and in particular the most significant VAT cost. Many providers will have sought to minimise this cost through legislative relief and/or tax planning. Consideration needs to be given to how restructuring will impact on the arrangements currently in place. Estates may have been structured using subsidiary companies or partnerships which can create complexity in tax arrangements. This needs to be investigated. 	<ul style="list-style-type: none"> Frequent dialogue to discuss issues and progress.

Stage	Service	Approach
	•	
FIN 13 – VAT Treatment of certain assets	<p>This may be dependent on the use to which they are put which may result in unanticipated liabilities post-restructuring. As a result:</p> <ul style="list-style-type: none"> Any change of use of any asset post-restructuring will need to be understood. <p>Where there is a change in focus post-restructuring (e.g. move towards working with employers to deliver apprenticeships rather than broader FE provision to students), this may result in a cost impact due to losing entitlement to certain reliefs or clawbacks of previously claimed VAT relief. This needs to be investigated.</p>	<ul style="list-style-type: none"> Agree a detailed information deliverables list with both LSBU and the College prior to commencement of our work. Agree ways of working –including location of our team, how questions will be fed back, how information will be transferred and stored and format/content of the written report. Desktop review / interviews with the College Director of Finance / key finance staff and review of documentation. Review of non-financial information including risk registers, policies and procedures, Board and Committee papers, internal audit reports etc. Interviews with Board members and other senior staff at the College as required. Frequent dialogue to discuss issues and progress.
FIN 14 – VAT and other taxes	<p>This includes:</p> <ul style="list-style-type: none"> Exploring the possibility of shared back office functions is increasingly popular amongst colleges but can lead to significant VAT costs. Whilst certain arrangements are capable of relief from VAT there are strict operating conditions and not all providers are entitled to the exemption. This will need to be understood. Where services are being outsourced, consideration needs to be given to what arrangements are put in place to mitigate costs of additional VAT that such an activity would have under normal circumstances. This will also need to be considered where a federated structure is being considered. Where a proposed collaboration is with another training provider there are a number of VAT issues that will need to be considered including the eligible body status. Many training providers that are not charities will not be eligible and will not be able to deliver exempt education services (i.e. VAT being applied on fees). All Further Education organisations are exempt charities and will obtain certain VAT reliefs which may not be available to other training providers. 	

Limitations of scope

The scope of our work is limited to those areas outlined above.

Our work will be performed in the context of the information provided to us. Where circumstances change the deliverables may no longer be applicable. In these situations, we accept no responsibility in respect of the advice given.

Fee

The cost for the project will be £142,500 (option two in our proposal document), made up of the workstream elements below. This includes a reduction of £10,000 from the option one proposed. If Project Larch was to be suspended, we would only bill the work completed to date:

	£000
Due diligence on Lambeth College	
• Financial due diligence (Ref FIN 2)	50
Business plan development	
• Full Business Case (Ref FIN 1)	50
Pensions	
• Pensions due diligence (Ref FIN 3 to 6)	16
Tax	
• Tax due diligence (Ref FIN 7 to 14)	26.5
Total fee	142.5

For the reduced fee option of £142,500 we have agreed with you that you will provide support from your team to work in parallel with our team during the development of the FBC, over and above the normal interaction we would expect when performing this kind of work. It is important that this resource has the necessary finance and commercial skills to substitute our own experienced manager level team member on the project. We will discuss with you at our weekly meetings whether there are any issues with this arrangement which are causing any delays or quality issues to our work

The following assumptions apply:

- Our fee estimate is based on the proposed scope and our in the “Scope” section.
- Set out below are a number of assumptions made in arriving at the fee:
 - Information required to undertake our work is available at the start of our fieldwork and is robust. Additional information requests are addressed in a timely manner;
 - We are able to complete our fieldwork within the timetable set out in the “Timetable” section;
 - We gain the required level of access to the management of Lambeth College and required information from LSBU;
 - There are no particularly significant or difficult issues that arise from our work. If such issues do come to light, we will advise you as soon as is practical;
 - We receive the level and quality of support from your team that we have agreed; and
 - Our fee estimate excludes VAT.

In summary, in the event that any of the above assumptions prove to be unrealistic, we will discuss the circumstances and fee implications with you prior to undertaking any additional work.

This is full PwC support on due diligence with project resource provided by LSBU to support the business case work. We would expect the project resource to be able to:

- Engage with senior stakeholders;
- Analyse and critically appraise information;
- Work to tight deadlines; and
- Draft wording suitable for the business case.

Team

Name	Title	Contact details
Katy Elstrup	Engagement Leader	katy.elstrup@pwc.com
Chris Glazier	Financial Due Diligence Partner	chris.j.glazier@pwc.com
Justin Martin	Relationship Partner	justin.f.martin@pwc.com
Tom Phillips	Senior Manager	tom.phillips@pwc.com
Charles Martin	Senior Manager	charles.martin@pwc.com
Mark Packham	Pensions Director	mark.packham@pwc.com
Justine Davies	Pensions Manager	justine.l.davies@pwc.com
Iain Sanderson	Corporation Tax Senior Manager	iain.sanderson@pwc.com
Carolyn Norfolk	VAT Senior Manager	carolyn.a.norfolk@pwc.com
Paula Letorey	Employment Taxes Director	paula.z.letorey@pwc.com

Key contacts

Name	Institution	Title
David Phoenix	LSBU	Vice Chancellor – Programme Senior Responsible Owner (SRO)
Richard Flatman	LSBU	Chief Financial Officer
Matthew Dunn	LSBU	Programme Manager
James Stevenson	LSBU	University Secretary and Clerk to the Board of Governors
Ralph Sanders	LSBU	Director Of Planning, Information & Reporting
Natalie Ferrer	LSBU	Financial Controller
Ryo Ashida	LSBU	Business Support Manager
Richard Duke	LSBU	Head of Business Intelligence
Monica Box	Lambeth College	Interim Principal
Lynn Forrester-Walker	Lambeth College	Interim VP Strategic Planning
Richard Allanach	Lambeth College	Interim Financial Director

Timetable

Reference	First draft due	Final due date
FIN 1 – Full business case	29 March 2017	14 April 2017
FIN 2 – Due diligence report on the College	15 March 2017	29 March 2017
FIN 3 – Impact on funding and cash report	15 March 2017	29 March 2017
FIN 4 – Impact on accounting report	15 March 2017	29 March 2017
FIN 5 – Impact on auto enrolment report	15 March 2017	29 March 2017
FIN 6 – Early retirement and unfunded promise cost report	15 March 2017	29 March 2017
FIN 7 – Employment tax compliance	15 March 2017	29 March 2017
FIN 8 – Real Time Information (RTI)	15 March 2017	29 March 2017
FIN 9 – Dispensations and forms P11D report	15 March 2017	29 March 2017
FIN 10 – Compliance report	15 March 2017	29 March 2017
FIN 11 – Tax status of providers report	15 March 2017	29 March 2017
FIN 12 – Estates report	15 March 2017	29 March 2017
FIN 13 – VAT treatment of certain assets report	15 March 2017	29 March 2017
FIN 14 – Cost sharing report	15 March 2017	29 March 2017

Agreed timescales are subject to the following assumptions:

- all relevant documentation, including source data, reports and procedures, will be made available to us promptly on request; and
- staff and management will make reasonable time available for interviews and will respond promptly to follow-up questions or requests for documentation.

Accessing our systems

You agree that our partners and employees may access our network via your internet connection using our computers. We each accept the risks and neither of us will have any liability whatsoever to the other in this regard.

In the course of the services, we may provide access to your staff to some of our systems. You acknowledge that your people may be able to access our systems from any web-enabled device. You agree that you are solely responsible for:

- Providing details of those of your staff you believe should have access to our systems and ensuring those people are aware of and agree to be bound by the conditions for access;
- Notifying us by email to the designated PwC contact when such personnel leave or otherwise need their access terminated, and for periodically reviewing the access rights of your people to ensure that it remains appropriate; and
- Checking that your people don't post highly confidential information onto our systems without encrypting it.

Agreed on behalf of LSBU



RICHARD FLATMAN

CHIEF FINANCIAL OFFICER

3/3/17



In the event that, pursuant to a request which London South Bank University has received under the Freedom of Information Act 2000 or the Environmental Information Regulations 2004 (as the same may be amended or re-enacted from time to time) or any subordinate legislation made thereunder (collectively, the "Legislation"), London South Bank University is required to disclose any information contained in this document, it will notify PwC promptly and will consult with PwC prior to disclosing such document. London South Bank University agrees to pay due regard to any representations which PwC may make in connection with such disclosure and to apply any relevant exemptions which may exist under the Legislation to such [report]. If, following consultation with PwC, London South Bank University discloses any this document or any part thereof, it shall ensure that any disclaimer which PwC has included or may subsequently wish to include in the information is reproduced in full in any copies disclosed.

This document has been prepared only for London South Bank University solely for the purpose and on the terms agreed with London South Bank University in our agreement dated 15 May 2015. We accept no liability (including for negligence) to anyone else in connection with this document, and it may not be provided to anyone else.

© 2017 PricewaterhouseCoopers LLP. All rights reserved. In this document, "PwC" refers to PricewaterhouseCoopers LLP (a limited liability partnership in the United Kingdom), which is a member firm of PricewaterhouseCoopers International Limited, each member firm of which is a separate legal entity.

This document has been prepared only for London South Bank University and solely for the purpose and on the terms agreed with London South Bank University in our agreement dated 24 February 2017. This is a draft prepared for discussion purposes only and should not be relied upon; the contents are subject to amendment or withdrawal and our final conclusions and findings will be set out in our final deliverable. We accept no liability (including for negligence) to anyone else in connection with this document, and it may not be provided to anyone else without our prior consent.

© 2017 PricewaterhouseCoopers LLP. All rights reserved. In this document, "PwC" refers to PricewaterhouseCoopers LLP which is a member firm of PricewaterhouseCoopers International Limited, each member firm of which is a separate legal entity.

This page is intentionally left blank

Project Larch

VAT and other taxes due diligence

Strictly private and confidential
24 March 2017

VAT

VAT Compliance status

VAT Group Registration No.	194 3525 90
VAT Group Members	Lambeth College SW4 Catering Limited
VAT compliance	VAT is managed in-house, with ad hoc assistance provided by Davies Meyers
VAT return periods	Quarterly
VAT return filed on time	Yes – except for the VAT return quarter ended 31 July 2016 which was filed on 14 September 2016.
Payments up to date	Yes
Current or pending tax dispute	Yes an error disclosure was made for the period 08/14 to 01/16 for over claimed input VAT relating to the catering operations. Also the reverse charge was not correctly accounted for in the period 10/15.
Partially exempt	Yes
Intrastat returns and EC sales lists	Not applicable
Tax authority visits in last 4 years	No
Ongoing litigation	We understand that there is no ongoing litigation or claims stood behind any active litigation

VAT control environment

The VAT returns for the College are completed by the Head of Finance.

Davies Meyers advise the College on any adhoc queries they may have. Davies Meyers do not review the VAT returns. The level of engagement between the College and Davies Meyers seems to be low.

The College has not entered into any VAT planning arrangements but has obtained a zero rating certificate for Block A of the Clapham Centre for use in the education of 16-18 year old students. Discussed in more detail on next slide.

VAT compliance

Submission of VAT returns

All VAT returns have been submitted on a timely basis over the last 4 years, except for the VAT return for the quarter ended 31 July 2016 which was filed 7 days late, and was filed on 14 September 2016. We understand that the College have not received a default surcharge notice which is the normal consequence of making a late submission.

Error disclosures

An error for £29,185 payable to HMRC was disclosed. This related to two issues. The first being the over claim of input VAT of £28,298.49 relating to the catering operations. We understand this was due to an administrative oversight following the change in the VAT registration status from a single VAT registration to a group VAT registration. The second related to the reverse charge mechanism not being accounted for, resulting in £888 being paid to HMRC. We understand that interest was charged on these disclosures but no penalties were levied and that no conditions were agreed to with HMRC to reduce any penalties i.e. penalty suspension conditions.

VAT

Summary of review

Although the level of information and the time available to review the information was limited we have concerns as to the VAT compliance of the College. We have concerns as to the basis of recovery of VAT plus the accounting for VAT on sales. We also have concerns that the College may be over claiming VAT relief on fuel and power. These issues are covered below.

Partial exemption position

The College has an agreed Partial Exemption Special Method (“PESM”) which consists of two sectors; College Further Education Activities and Capital Projects Sector. Broadly speaking input tax incurred in making taxable supplies is recoverable. The VAT incurred in making exempt supplies and non-business activities is not recoverable and VAT incurred in making a mixture of taxable, exempt and non business activities will need to be apportioned in line with the PESM.

The mechanism the College uses to identify and recover VAT is not consistent with the PESM.

From a review of the VAT return workings we understand that a flat percentage of 6.33% has been applied to establish the level of recoverable VAT relating to non-attributable input VAT for certain activities. For a number of VAT returns this percentage has also been applied to a proportion of the VAT incurred as for the College’s café, restaurant, canteen and hairdressing activities. This recovery rate appears to be based on a calculation of the percentage of taxable sales of catering income. We were unable to review the basis of the calculation or confirm at what point this calculation was first undertaken.

This approach is not consistent with the agreed PESM or basic partial exemption rules. It is our view that if the calculations were reviewed by HMRC they would require the College to rework the partial exemption calculations in line with the agreed PESM.

We also noted that in certain VAT returns (quarters ending 31 July 2016 and 31 October 2016) no VAT was recovered by the College.

For other VAT returns the College appears to have recovered 100% of the VAT incurred relating to the catering activities (quarter ending 31 October 2015 recovered £5,519.03). We were unable to ascertain why this treatment has been adopted.

Zero rating on construction of Block A

The College obtained HMRC’s agreement to issuing a zero rating certificate for the construction of Block A of the Clapham Centre on the basis this area was solely for use in the education of 16-18 year old students. We were not able to verify the calculations used to claim the zero-rating but use of Block A should be monitored to assess if the area is continued to be used solely for education 16-18 year old students. If within 10 years of the practical completion (circa October 2015) Block A is used for less than 95% for educating 16-18 years old students a change of use charge will be triggered. A charge arises when the use of the premises (or part of it) is no longer solely for a non-relevant purpose, where there is a disposal of the entire interest in the premises (or part of it), or where the premises (or part of it).

We understand that to date the use of Block A has not been monitored but have been advised that it’s use for grant funded 16-18 year old education remains unchanged. We understand that the College has recently installed swipe card access to the relevant part of Block A and this will be used to monitor the use of the building going forwards.

Following the acquisition of the College, careful monitoring of this premises will be required.

VAT

International activity

The College was not able to confirm whether it procures goods or services from overseas suppliers, but the finance team indicated that any such supplies were likely to be minimal.

Given that a voluntary disclosure for under declared VAT due under the reverse charge mechanism was previously submitted and the template VAT return working papers contain a line item for the reverse charge, this suggests that international supplies are received by the College and that an attempt has been made to appropriately identify and account for these supplies.

The finance team were unable to confirm whether further such supplies have been received since the date of the voluntary disclosure and this area will require monitoring post acquisition.

Nature of supplies

Education

Roughly two thirds of the College's activity is with adults and one third with 16-18 year olds. A rough rule of thumb is education and training delivered to adults is a business activity (as fees are ordinarily charged). Education for 16-18 year olds is deemed to be non-business. The College runs higher education programmes in collaboration with London Metropolitan University and Canterbury Christ Church University. The provision of this education is funded by a mixture of payment of fees and central and local government funding.

The majority of the College's activity will either be exempt from VAT or constitute a non business activity and be outside the scope of VAT. The exemption also applies to the supply of any goods or services which are "closely related" to the supply of education for example, in broad terms; accommodation, catering and transport. Examples which would not be closely associated are supplies from campus shops and sales from vending machines. We have not yet been able to ascertain how the sales from the ReCo shop and from vending machines are treated for VAT purposes.

The College's provision of vocational training will also be exempt from VAT.

However to the extent that this is supplied by persons other than the College i.e. where there are sub contracting agreements in place, of which we understand these are present to the value of circa £3.5m, the exemption will only apply to the full value of the sub-contracted services if the training relates to one of the government's approved training schemes and the services are ultimately funded by the Young People's Learning Agency or the Skills Funding Agency, the National Council for Education and Training for Wales, a Local Enterprise Company or the European Social Fund. Where this is not the case, part of the sub-contractor's charge (if a commercial organisation) will be subject to standard rate VAT where part of the training is not funded as above. We have not yet been able to ascertain how this works in practice.

Nursery

At present the College has two nurseries, of which the age range is 2-4 years. Students using the internal childcare services pay £4 per child for each day. This seems to be correctly treated as exempt from VAT. Please note that from looking at some of the VAT return workings, the level of income for a quarter seems very large circa £204k.

Restaurant and catering

We understand that the provision of restaurant and catering services was transferred to Chartwells in October 2016. We understand that Chartwells acts as the College's agent although we have not been provided with the agreement nor do we know if the arrangements are VAT efficient. In principle, as the College provides exempt education to its students, then the supply of catering made by the College to students is also exempt. Supplies of catering to non-students is standard rated or zero-rated (supplies of cold take away food). We understand a survey was undertaken at least 2 years ago to ascertain the level of income which relates to exempt supplies of catering to students and standard rates supplies of catering to non-students, which resulted in 6.33% being used for the standard rated aspect.

VAT

We were unable to verify the results or the sample period as part of this review.

The survey results have not been updated or monitored to ensure that they continue to reflect actual use. It is our view that HMRC would consider the period between the survey and today's date to be too great to remain an accurate reflection of use. This is therefore an inherent risk that the College may not be declaring the correct amount of VAT on these sales.

The level of 6.33% of standard rated sales is also applied to the Healthy Gourmet Café sales. We understand the Healthy Gourmet Café caters for members of the public rather than students and we believe that a significant proportion of these sales should be subject to 20% VAT. Based on the VAT return workings for the last 4 VAT returns there were sales for the Healthy Gourmet café of £42,025.72 which if the sales are standard rated would generate a VAT liability of £7,004. The total value of VAT declared was only £455.10.

Hiring of premises

The College receives income for the hire of its premises for the following: summer schools, use by a Church and for Yoga class/club. The VAT treatment of this income will depend on whether it is deemed to be a supply of land such as the supply of an empty hall or room (exempt from VAT unless the option to tax has been exercised) or whether it is deemed to be a supply of facilities such that equipment needs to be used during the let i.e. projectors, computers etc. (standard rated). As mentioned earlier, the 6.33% apportionment is also being applied to this income stream which is not correct. It should either be exempt from VAT in totality or 20% should be accounted for, if it deemed to be taxable. Our expectation is that a hire of premises would be exempt.

Hairdressing

The College operates a hairdressing and beauty salon which is open to the public and is advertised on their website with a price list for treatments.

Income from this operation is subject to 20% VAT. We understand the salon is fully operational and active. From a review of the VAT return workings, there does not seem to be any income relating to the salon being reported on the VAT return for the period ending 31 October 2016. Whilst a proportion of this VAT return period does cover the summer vacation, we would expect some output VAT to be generated in September and October. This could mean that output VAT is not being correctly declared on this income stream.

Other income streams

There were other minor sources of income where VAT was not accounted for. We are concerned that these income streams should have been treated as subject to VAT. The income streams concerned are Photocopy Cards income and Student Photocards. There is also sundry income which is treated as not being subject to VAT.

Fuel and power

From review of the invoices received by the College from SSE, it seems that the College benefits from a reduced rate of VAT (5%) with respect to the full value fuel and power supplies they receive. FE College's are generally able to benefit from a reduced rate where the supply of fuel and power is used for qualifying, non-business use. If the qualifying use exceeds 60% all of the fuel and power is subject to 5% VAT and no Climate Change Levy (CCL) is incurred. We are concerned that the College may not be able to claim the full value of the VAT relief on the basis that according to the College's accounts 16-18 year old students (the main source of non-business activities) only represent 1/3 of the student population. If the College has claimed VAT relief it is not entitled to it is liable to pay the standard rate VAT it should have incurred to the fuel and power supplier plus liable to a penalty equal to 100% of the additional VAT.

VAT

Land and property

Brixton

The College occupies temporary accommodation at the former College site, which is currently on a rent free basis. This site was sold to the DfE back in 2013/14 for redevelopment. Once the new site is complete the College will rent from the DfE on a peppercorn rent.

Vauxhall

The development consists of granting long leases in respect of two pieces of land to a developer. The developer will then develop the land for residential purposes and a commercial hotel (to be used for training purposes also). The disposals will occur on receipt of an acceptable planning permission. The disposals coupled with £22m of LEP funding will be used for the construction of a new Skills Centre.

We understand that costs incurred to date relate to the vacation of the premises. No further details were provided in relation to these projects.

Employment Taxes

Background

Lambeth College (LC) and SW4 Catering Ltd (SW4) have two separate PAYE references. LC has c.430 employees and SW4 has c.40 employees. SW4 employees catering, cleaning and security staff that work on the campuses.

All employees of LC and SW4 (the Group) are paid via the payroll and all payments are subject to PAYE and NIC deductions.

The Group's payrolls are managed by the Head of Payroll (Bridget Omakobia) and run once per month in accordance with the payroll deadline. Payroll is managed in house using MidlandHR payroll software.

BACS details are submitted to the Finance team each month for the payment of salaries. Details of the payment due to HMRC is submitted to the Finance team for payment on or before the 21st of each month.

The Group have submitted all statutory payroll and Social Security returns and remittances on a timely basis for the last two years.

There have not been any PAYE reviews for the Group in the last two years, nor any disclosures made to HMRC.

National Minimum Wage/National Living Wage (NMW/NLW)

Management confirmed that a regular review is undertaken to ensure compliance with NMW/NLW. Management confirmed that, where applicable, employees are provided with uniforms. There is no requirement for employees to purchase particular items of clothing for work and the Group do not make any deductions from salary.

Benefits reporting

The only reported taxable benefit provided by the Group is medical insurance to one senior employee.

LC have a PAYE Settlement Agreement (PSA) in place covering the medical insurance. The PSA is completed and submitted and completed by the Head of Payroll. Management confirmed that the cost of the medical insurance in the 2015/16 tax year was c.£1,300. Management confirmed that SW4 do not have a PSA in place.

Staff have access to the onsite gym, however management confirmed that members of the public do not have access and therefore it is not considered a taxable benefit.

LC have a staff recognition scheme in place. Under the scheme employees receive vouchers for the on campus restaurant. The provision of the vouchers may be considered a taxable benefit. The value of the benefit is the cost to the employer. Management confirmed that the cost is c.£50 per year, therefore we consider any underpayment of tax and NIC to be immaterial.

In addition, childcare vouchers are provided to 8 employees through salary sacrifice. LC has received clearance from HMRC. Management confirmed that SW4 do not have any salary sacrifice schemes in place.

LC have three vehicles which are managed by the Head of Estates and kept at LC's Clapham centre overnight. They are available for certain staff to utilise as part of their role. The vehicles are pool vehicles and therefore there is not taxable benefit to report.

Employment Taxes

Management confirmed that there is no staff entertaining, no employees are provided with living accommodation and no other taxable benefits are provided; therefore the Group do not complete P11Ds.

Expenses reporting

LC do not have a comprehensive expenses policy in place. LC reimburse employees for expenses incurred for business purposes. The main items that are reimbursed are travel and subsistence and teaching materials. Management confirmed that the average total value of expense claims per month is c.£100.

Staff must complete an expense voucher, attach receipts/invoices and submit it to the budget holder for authorisation before it is sent to the Finance team for payment. If the budget holder is making the claim, then another budget holder needs to authorise the claim. No reimbursement will be made without an accompanying receipt/invoice. The claims are checked by the Finance team for accuracy and completeness and reimbursement is made via payroll. The Finance team code all expenses to the relevant general ledger codes.

Management confirmed that they have sufficient controls in place to certify only business expenses are reimbursed tax free following the abolition of the dispensation and introduction of the new statutory exemption in April 2016.

The college currently has three different campuses and employees will sometimes travel between the different campuses for work. Management confirmed that travel expenses are not reimbursed.

Management also confirmed that no expenses are reimbursed to employees of SW4.

Employment status

The HR department are responsible for managing the engagement of self-employed individuals. All self-employed individuals are paid gross without the deduction of PAYE and NIC.

LC engage 58 agency staff, 49 through Personal Service Companies (PSCs) and 11 self-employed. The number of individuals engaged has been consistent for the last two years.

Management confirmed that prior to engaging with a PSC the Finance team carry out checks to ensure it is a bona fide company to company arrangement.

Management also confirmed that the LC have a process in place when engaging self-employed individuals. Prior to the engagement the individual must complete an employment status checklist. The checklist gathers details which enables the HR department to carry out an assessment using HMRC's Employment Status Indicator (ESI) tool to determine whether the worker is self-employed. Management confirmed that all self-employed individuals came out of the ESI tool as self-employed. Management also confirmed that they keep copies of the ESI results on file. If LC are unable to determine the status using the ESI tool they contact HMRC's employment support team in order to determine if the individual is self-employed.

Management confirmed that SW4 do not engage with any self-employed individuals.

LC are currently undergoing an exercise to determine how the new "off-payroll working in the public sector" rules will impact them from April 2017, however we have not covered this as part of our review.

Employment Taxes

Termination Payments

LC have a redundancy procedure in place which provides a framework for managing redundancies and terminations of employment.

LC made termination payments to c.80 employees during the period April 2015 to January 2017. Payments in Lieu of Notice (PILONs) totalling c.£738k were made during the period April 2015 to March 2016 and redundancy payments totalling c.£624k were made during the period April 2015 to January 2017.

Non-contractual PILONs and redundancy payments are not subject to tax up to £30k. Payments in excess of £30k have correctly been subject to tax. In addition, where employees received both PILON and redundancy payments, and the total was over £30k, LC have correctly subjected the excess to tax.

Management provided PwC with contracts of employment, compromise agreements and final payslips for two employees. One payslip included a PILON the second included both a PILON and a payment for accrued annual leave entitlement. The accrued annual leave was correctly subject to tax and NIC; the PILONs were paid tax and NIC free. The employment contracts did not contain PILON clauses, management confirmed that there is no PILON clause in the employee handbook and we also understand that PILONs are paid on a case by case basis, therefore the payments have been processed correctly. The termination documents of other individuals have not been reviewed.

Management confirmed that SW4 did not make any termination payments to employees in the last two years.

Construction Industry Scheme (“CIS”)

Management confirmed that the Group do not fall under the Construction Industry Scheme.

International Mobility

Management confirmed that the Group do not have any internationally mobile employees.

Corporation Tax

The financial statements for the year ended 31 July 2016 report that :

“The College is considered to pass the test set out in Paragraph 1 Schedule 6 Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly the College is potentially exempt from taxation in respect of income or capital gains received within categories covered by Chapter 3 Part 1 1 Corporation Tax 2010 or Section 256 of the Taxation of Chargeable Gains Acts 1992, to the extent that such income or gains are applied exclusively to charitable purposes”.

Page 212
Also states that:

“The members do not believe the College was liable for any corporation tax arising out of its activities during either the current or prior year”

Lynn Forrester-Walker (LFW) at Lambeth College has confirmed that:

- The College had no non-primary purpose activities for the three years ended 31 July 2016
- The College has not been requested to complete tax returns
- The College’s active subsidiary, SW4 Catering Limited commenced activity on 1 August 2014 and has made losses since then with no corporation tax liabilities arising
- The College’s other two subsidiaries are dormant and therefore no tax returns have been required to date
- There is no open correspondence with HMRC

No documentation has been provided to support this position and PwC have not carried out any review. However, on the basis of the above confirmations neither the College or its trading subsidiary are likely to have any historic tax liability.

LFW has also confirmed that she does not currently anticipate any changes in the nature of the activities of the College such that a corporation tax liability would arise in future years.

If SW4 Catering Limited makes taxable profits in future years, a corporation tax liability may arise. The company had negative distributable reserves as at 31 July 2016 and therefore no physical gift aid payments to the College would currently be possible to reduce/eliminate any taxable profits arising. However, action may be taken in advance to ensure sufficient distributable reserves are available if necessary.

Vauxhall development

The planned Vauxhall development consists of:

- Granting long leases in respect of two pieces of land to a developer. The developer will then develop the land themselves for residential purposes and a commercial hotel (to be used for training purposes also). The ‘disposals’ will occur on receipt of an acceptable planning permission. There are no overage clauses in the draft agreement.
- In addition, a Skills Centre for the College would be built using the proceeds from the above ‘disposals’.

LFW has stated that she does not believe this would lead to any non-primary purpose activities for the College. We have the following comments:

- The transactions in land rules introduced in Finance Act 2016 seek to potentially tax ‘disposals’ of land as trading income rather than a capital gain under certain circumstances. If this were the case, any profits on disposal of the two pieces of Vauxhall land by the College may not be exempt from tax.

Corporation Tax

These rules are complex, but LFW has confirmed:

- the land to be disposed of is held in fixed assets,
- has been held since incorporation of the College,
- was not originally acquired with the intention of realising a gain/profit from disposing of the land in future as it was an integral part of the College site for educational use,
- the only activity that will be undertaken by the College is the obtaining of planning permission prior to sale (as it will be worth more/will facilitate the sale), and
- there is no overage agreement with the developer.

On this basis, it is unlikely the disposals would be taxed as trading income and the College would have a tax exempt gain provided the gain is applied for charitable purposes.

However, there is still a risk that should HMRC look into this matter, they may arrive at a different conclusion.

LFW has also confirmed there are also some costs incurred in relation to the training agreement with the hotelier, but this is separate from the land transactions considerations and would likely be considered (non-taxable) primary purpose activity for the College.

Possible VAT liabilities

We have estimated a possible liability to HMRC of underpaid VAT on sales and over claim of VAT reliefs on fuel and power.

The estimate of underpaid output VAT on sales over a 4 year period is **£29,848** which relates to an estimate of sales by the Healthy Gourmet Cafe, various income streams such as photocopy cards and students cards and sundry income on which no VAT was accounted for but we have assumed should be subject to VAT. We have also adjusted for VAT on hire of premises assuming the supplies should be exempt rather than subject to a marginal rate of VAT on 6.33% of the income.

If the ratio of students up to 18 years and adult students is a good proxy for consumption of fuel and power for non-business activities then we have determined the College should have claimed reduce rate VAT of 5% on 1/3 of fuel and power rather than 5% on the full value of the fuel and power. We have estimated that over a 4 year period there has been an over claim of VAT relief of £79,400 which could also result in a penalty of £79,400, a combined liability of **£158,800**.

We have not been able to estimate the value of errors relating to VAT recovery as there were too many variables we do not have information concerning such as the value of VAT to be subject to an apportionment calculation, the ratio of taxable income to total income and the nature of errors on previous VAT returns (which appear to be a mixture of over recovery and under recovery of input VAT).

VAT issues to consider post transaction

Once the acquisition of the College and its group is completed there are a number of VAT issues we would recommend that you address.

- VAT structure. We would expect that the University and the College will be involved in intra-group transactions. To avoid unnecessary VAT costs arising on these transactions we would recommend that a VAT group is formed of the University and the College. Supplies between VAT group members are disregarded for VAT purposes

- A VAT group registration that includes the College and the University will almost certainly require the University to review its Partial Exemption Special Method and updating it to take account of the College's activities.

Page 215

Consider the implications if the University plans to use assets for functions and activities that differ from the Colleges. For example, Block A was constructed with no VAT incurred but if the University uses this area for business purposes there would be a VAT cost in terms of a change in use charge.

- We recommend that a more thorough review of the College's VAT accounting practices is undertaken to determine more accurately the value of any compliance errors and where appropriate submit a voluntary disclosure.
- Review the new corporate groups VAT and wider tax governance to ensure the appropriate controls and processes are in place to manage the VAT and tax compliance.

This document has been prepared only for London South Bank University and solely for the purpose and on the terms agreed with London South Bank University in our agreement dated 24 February 2017. We accept no liability (including for negligence) to anyone else in connection with this document, and it may not be provided to anyone else without our prior consent.

© 2017 PricewaterhouseCoopers LLP. All rights reserved. In this document, "PwC" refers to PricewaterhouseCoopers LLP which is a member firm of PricewaterhouseCoopers International Limited, each member firm of which is a separate legal entity.

Project Larch

FIN 3, 4, 5, 6 – Pensions Due Diligence

Strictly private and confidential
31 March 2017

Pensions Overview of Schemes –the College is just over 20% of the size of the University in staff headcount and payroll terms and largely participates in similar pension schemes to the University in relation to teaching and support staff.

PwC view – the College has a similar proportion of its support staff in a pension scheme but a lower proportion of its teaching staff based on our interpretation of a December 2016 employee snapshot. But the College is required to conduct two re-enrolment exercises in 2017 (see section FIN5 later). Declining College payroll since 15/16 levels would, in isolation, imply lower annual pensions contributions for 16/17.

Lambeth College ('the College')

Scheme membership	No. employees	%	Basic pay £m p.a.	Average pay £k
Salaried: LGPS	142	31%	4.0	27.9
TPS	133	29%	4.6	34.7
USS	-	0%	-	-
NEST	17	4%	0.3	15.0
No scheme / opted out	102	22%	2.4	23.9
Hourly Paid: TPS	-	0%	-	-
LGPS	1	0%	-	-
No scheme / opted out	63	14%	-	-
TOTAL	458 ¹	100%	11.3 ³	28.6 ³

LSBU ('the University')

Scheme membership	No. employees	%	Basic pay £m p.a.	Average pay £k
Salaried: LGPS	586	30%	18.7	31.9
TPS	537	28%	22.2	41.3
USS	54	3%	3.0	56.3
Friends Life	14	1%	0.6	42.0
No scheme / opted out	219	11%	5.3	24.0
Hourly Paid: TPS	409	21%	-	-
LGPS	-	0%	-	-
USS	4	0%	-	-
No scheme / opted out	119	6%	-	-
TOTAL	1,942 ²	100%	49.7 ³	35.3 ³

Notes:

1. This headcount excludes 25 employees for whom no salary/wage information was provided
2. This headcount excludes 533 employees for whom no salary/wage information was provided
3. This figure relates to salaried employees only
4. Data includes subsidiary employees but the exact headcount cannot be confirmed

Brief overview of pension schemes

The College participates in one funded pension scheme, LPFA (a Local Government Pension Scheme (LGPS) Fund) and one unfunded pension scheme, Teachers Pension Scheme (TPS). Both these schemes are also used by the University. A trading subsidiary of the College participates in a low cost defined contribution (DC) multi employer pension scheme (NEST) but the College itself has no DC arrangements.

Review of employee data by scheme type

We were provided with employee listings by both the College and the University indicating scheme membership and with an effective date of December 2016 (see summary table). Our high level observations are:

- average salaries of College staff are lower than University staff
- the proportions of staff participating in the LGPS are fairly similar
- very few hourly paid staff are members of a pension scheme except for teaching staff in the University (see later section FIN5 for comment)
- 2016 College spend on hourly paid staff was notified as only £0.25m.

Employer contribution exposures for the College

College payrolls have declined since 15/16 levels. In 15/16 the College paid £0.9m to the TPS but the current annual rate suggested by a payroll of £4.6m shown is £0.75m. In 15/16 the College paid c. £1.25m (ref. FRS102 accounting report) to LGPS including one-off payment of £0.1m for redundancy pensions. The current annual rate suggested by a payroll of £4.0m and the recent interim LPFA agreement commencing 1 April is c. £1.0m. See section FIN3 for more information on contribution exposures. We also note unfunded benefits payable each year in addition in section FIN6.

Pensions FIN3 Funding and Cash – the College is an employer in the LPFA which assesses each of its employers’ financial strength as part of its 2016 triennial funding valuation processes and contribution negotiations. These concluded recently for contributions for the 3 years from 1 April 2017.

PwC view – the LGPS actuary has determined that the College’s contributions should increase significantly compared to the previous valuation. The Fund has granted an interim affordable contribution schedule but requires regular financial updates. It is in the interest of the College to provide these rather than risk the interim agreement ceasing.

LGPS funding results for 2016 valuation

The table below summarises the actuarial results used as a basis for separate contribution negotiations between Fund and the two entities.

2016 [2013] Funding	University	College		
	B	B	C1	C2
<i>Risk group assignment</i>				
Assets (£m)	105.3	30.7	30.7	30.7
Liabilities (£m)	(130.3)	(33.8)	(36.8)	(42.8)
Ongoing(Deficit)	(25.0)	(3.1)	(6.1)	(12.1)
Funding level	81%	91%	83%	72%
Ongoing contribution				
Future service %	12.7% [15.2%]	13.5% [16.5%]	16.3%	22.3%
Past service %	10.3%	11.5%	12.4%	24.4%
Past service £	£2.0m [£1.5m]	£0.5m [£0.34m]	£0.5m	£1.0m
Ongoing assumptions				
Discount rate	5.4%	5.4%	4.8%	4.0%
Cessation debt				
	£125m	£29m	£29m	£29m

LPFA use of risk groups for employers

The LPFA and its actuary uses risk groups to produce actuarial results for all its Fund employers. In summary there are 4 groups for continuing employers: A,B, C1 and C2 in order of increasing risk. A is only available to entities substantially guaranteed by tax raising bodies. The University is in group B on the basis of being financially stable. The College is in group C2 due to offering relatively less financial stability. Offering suitable property as security to the Fund can be influential on the risk group assigned.

Ongoing contributions are calculated using a lower i.e. stronger discount rate to value the liabilities for the higher risk groups. This approach leads to larger funding deficits and higher future service contribution rates for higher risk groups as can be seen by three quoted results for the College in the table.

University agreement with LPFA

The first column in the table to the left shows the University’s 2016 funding valuation result. The University has accepted this result which represents a slight decrease in the future service rate compared to the last valuation (15.2% falls to 12.7%) and an increase in annual past service or “deficit recovery” contributions (£1.5m increases to £2.1m).

College interim agreement with LPFA

The remaining columns in the table to the left show that the College would have seen a similar change to the University in its required contributions (i.e. a future service rate reduction and a limited increase in the past service amount of £0.16m) had it been assigned group B as in 2013 and a higher funding level than the University (i.e. 91% compared to 81%). But under the actual assignment C2, the actuarial results suggested a future service rate increase of 6% and a tripling of past service contributions to £1.0m. The Fund wrote to the College in February 2017 requesting the new future

Pensions FIN3 Funding and Cash (CONTINUED)– the way in which the College would participate in the LPFA could change post merger depending in part on whether the College continues as a legal entity.

PwC view – we recommend ongoing contact with the LPFA in the run up to merger to avoid a theoretical risk of a cessation debt being triggered and to gain an understanding of potential revised LGPS participation structures and their impact on required contributions.

College interim agreement with LPFA

(continued)

service rate of 22.3% be paid in full but effectively waiving most of the past service contribution so that only £0.14m p.a. would be paid for this (or £1.1m paid overall akin to £1.0m due had rating B applied). This agreement was subject to two conditions:

Page 220
regular updates to the Fund on the merger proposal
regular updates to the Fund on the College's "current financial position"

The College Director of Finance was asked to confirm what frequency of updates has been agreed with the Fund but has only stated that all requests are met.

Potential impact of merger on Funding and Cash (LGPS)

The nature of the participation in LPFA post merger would depend on whether both entities continued as LGPS employers by virtue of each being an identifiable legal entity employing its own staff.

If separate LGPS participations continued, it might be appropriate for the University to guarantee the College's participation in order to improve the Funds' assessment of the risk posed by the College i.e. effectively achieve a better risk rating, remove the need for regular financial updates to the Fund and minimise required cash contributions.

Alternatively under a full merger, a position of full pension liability consolidation would be likely into a single participation within the LPFA. It would be necessary to seek Fund agreement that the College liabilities would be directly "subsumed" into the University section,

firstly without the initial step of a cessation debt assessment being triggered under a College dissolution and secondly without necessitating a change to the risk group B currently assigned to the University (and therefore with no change to assumptions used).

Ongoing contact and merger related negotiations with LPFA

We recommend ongoing contact with LPFA by the College (and possibly the University) bearing in mind they could withdraw from its present interim agreement and may in theory be able to call a cessation valuation to obtain immediate funding i.e. deficit recovery in the run up to merger or subsequently. This could be for an amount up to the cessation debt (using a very prudent discount rate based on gilt yields). This was assessed as £29m for the College section of the Fund at March 2016. Using approximate techniques to roll forward the debt amount following changes in market conditions and investment indices we estimate that it would have worsened slightly to £33m at March 2017. However such an action would likely cause College insolvency and is not obviously in the Fund's best interests.

We also recommend specific negotiations with the LPFA commence pre merger to agree a satisfactory participation structure and funding agreement that avoids onerous contribution requirements for both the College and the University. The LPFA should also be consulted if the University were to consider further restructuring such as moving non-teaching staff to a trading subsidiary as part of an efficiency programme.

Potential impact of merger on Funding and Cash (TPS)

Both entities or a combined entity post merger are only required to pay the TPS employer rate of 16.4%. This is not due to change until 2019 after a quadrennial valuation is completed. There are no liability or debt triggers associated with the TPS on employer restructurings (except relating to redundancy pensions). In FY16 the College paid contributions of £0.9m.

Pensions FIN4 Accounting – the College is required to follow defined benefit pensions accounting in relation to its LGPS participation and for certain unfunded pension promises. The last reported FRS102 deficit was **£27m** at July 2016.

Pensions accounting data

The table below summarises the latest published pension accounting data for the College and the University (relating to LGPS and unfunded pension promises but not the main TPS participation). This excludes the University's new requirement to include a provision for its USS membership (an amount of £1.0m in FY16). But the College has no USS exposure.

FY16	University	College	Ratio
Income & Expen.	£m	£m	%
Service Cost	5.3	1.1	21%
PSC or Curtailment	0.5*	0.1**	20%
Net Interest	3.3	0.7	21%
I&E charge	9.0	1.9	21%
* 8 retirees ** 2 retirees			
Balance Sheet	£m	£m	
Assets	112.0	32.5	29%
Liabilities (funded)	(221.7)	(58.6)	26%
Liabilities (unfunded)***	(11.9)	(0.7)	6%
(Deficit)	(121.5)	(26.8)	22%

*** See later section Pensions FIN6 for a comment on these liabilities. College has a further provision of £2.4m not included above for Enhanced TPS benefits. See FIN6.

PwC view – the pensions accounting impact of a merger or acquisition would be broadly proportional to the University's existing defined benefit accounting costs and provisions ignoring any redundancies. The accounting volatility for both entities is currently very similar because they are in the same LPGA Fund with identical investment risk, market condition sensitivities and similar demographic profiles driving the liabilities.

Accounting assumptions

The College already adopts exactly the same FRS102 assumptions as the College does to produce its pensions accounting disclosures for its LPFA participation. This is because LGPS Fund actuaries generally recommend the same FRS102 assumptions to all LGPS employers in a given Fund with a similar mean term to payment of its benefit outgo i.e. of a similar "maturity". Both entities have the same average age of its main scheme member groups and hence the same mean term known as "duration". Hence there is no need to rationalise assumptions.

Consolidation impact

Given uniform assumptions the initial accounting impact of merger (ignoring any special events: see below) would be simply to consolidate both Statements of Income and Expenditure and Statement of the net position on the Balance sheet by straight addition. Most of the pensions accounting figures of the College are a fairly uniform percentage of those of the University. The I&E charge and accounting deficit would both increase by c.20%-22% post consolidation.

Updated accounting deficit estimate

Using approximate techniques to roll forward the College's accounting position at July 2016 following changes in market conditions and investment indices we estimate that the deficit would have worsened slightly to £29m at March 2017. However the University balance sheet accounting progression would be expected to be similar.

Special events

If the merger were linked to certain special events affecting LGPS participation such as a staff redundancy programme this could trigger special accounting entries for the LGPS (see later section for more detail on nature of pension trigger). In FY16 both entities showed curtailment costs arising from unreduced early retirement awards which may be redundancy related.

Pensions FIN5 Auto enrolment – the College has contracts of employment for all its employees (including casual workers). It applies contractual enrolment for its permanent staff and statutory auto enrolment for employees in its subsidiary.

***PwC view** – we have had some difficulty in accessing full information on processes and documentation used for temporary and casual employees. Communication with these employees appears to suggest “contractual enrolment” i.e. enrolment at a first pay period with no minimum earnings test. But in practice a test in line with statutory auto enrolment thresholds is applied which might lead to employee confusion.*

Engagement	Scheme	Enrolment Approach (University)	Enrolment approach (College)
Permanent	TPS/LGPS	Contractual	Contractual
Temporary	TPS/LGPS	Contractual, (postponement if less than 3 months)	Statutory? (without postponement)
Casual worker	TPS/LGPS	Contractual	Statutory?
Subsidiary	NEST (LC), Friends Life (LSBU)	Statutory	Statutory

This would take into account future recruitment within relevant employee groups and any downside of ongoing pension provision disparity.

Employees on Temporary contracts and Casual contracts

The College has advised that all these employees have a contract of employment and that “contractual enrolment” applies. We have inspected contract wording and raised a number of questions about processes applied in practice and it appears that this term is mis-leading. Employees only appear to be enrolled when they meet statutory enrolment earnings thresholds (£833 pm for 16/17 tax year). This earnings test will exclude lower paid support staff unless they voluntarily opt in. We also asked about whether a three month postponement is applied to support staff on temporary contracts of less than 3 months because this is commonly applied by employers with LGPS eligible staff operating contractual enrolment (to fit in with the LGPS rules restricting enrolment to contracts of at least 3 months). The College confirmed that, unlike the University, it does not apply postponement for contracts of less than 3 months.

Scheme overview

Both the University and the College’s core pension provision uses the TPS and the LPFA, a LGPS Fund. For both a separate lower cost scheme is provided for employees of subsidiaries. For the College, NEST is used for SW4 Ltd, with the University providing a Friends Life scheme for LSBU Enterprises.

Where a casual employee works for a continuous period of less than 3 months and they are either an entitled worker or eligible job-holder, they will have the right to opt-in to the LGPS scheme. At each new period of employment, a casual employee will require communication of their right to opt-in. In the communications we have been provided with, we are unable to identify such notifications to employees which may be in breach of employer duties.

The employer contribution rates for the main schemes are set at actuarial valuations: see FIN3. The NEST scheme used by the College applies contributions at AE minimum levels. The Friends Life scheme is provided under a Salary Sacrifice arrangement which may be seen as an enhanced package to that provided under NEST due to the National Insurance savings provided to employees. The University employer contribution is either 6% or 9% of pay depending on the level of the employee contribution.

Following the acquisition, the assessment and communications process should be reviewed to ensure that records and processes have been sufficiently maintained to meet all obligations. We also recommend that the employment contract wording used by the College be reviewed since it appears to include ambiguous and undefined terms.

Following any acquisition of the College and its subsidiary, a full review of the schemes and enrolment approaches within the enlarged Group might be considered.

Pensions FIN5 Auto enrolment (CONTINUED) – The College has recently passed a re-enrolment date in January 2017 and will have a further transitional delay exercise in October 2017. Timing of further enrolment duties will depend on new legal structures.

PwC view – College costs could increase if scheme membership increases after an enrolment exercise. We have estimated a potential additional cost of £0.45m p.a. in respect of c.80 staff not in a scheme at the end of 2016. The College enrolled 18 staff in January but has not confirmed whether some of these subsequently opted out and the additional net cost arising.

Assessment Processes

The College has applied “Defined Benefit Transitional Delay” so that it has deferred the need to assess its employees who were in post but not in a scheme at its original staging date of November 2013. The College was able to provide copies of correspondence issued to enact this. This will result in an assessment and re-enrolment of these staff (around 55 employees) in line with legislation in **October 2017**.

For permanent employees subject to contractual enrolment recruitment packs and example employee contracts provided detail the College’s obligation to enrol new staff immediately in the relevant scheme. There should be limited risk of failing to assess or enrol this staff category. Higher risk arises within the casual employees where the enrolment approach appears to be statutory auto enrolment (see previous), as we understand the assessment process is partly manual inspect of payroll reports rather than utilising electronic assessment software. However the volume of manually assessed casual employees each month is small.

Another process confirmation provided was in relation to teaching staff who are asked if they have full time employment elsewhere which may make them ineligible for the TPS.

Automatic Enrolment for an enlarged organisation

The original staging date of the University was July 2013 and the staging date for the College was November 2013. These dates impact on subsequent re-enrolment dates. For example the College chose to re-enrol at **January 2017** (i.e. within a 3 years + or – 3 month window): see further comments on its impact towards the end of this page. But both entities have the same Transitional Delay date of October 2017.

Following any acquisition of the College, the timing of ongoing Automatic Enrolment duties are determined by how the legal structure of the two entities continues. Where the legal set up of the College following acquisition remains unchanged, and it retains its existing employment contracts, then the existing

re-enrolment date cycle will also remain unchanged

In the resulting scenario that the College contracts of employment are transferred to the University, the automatic enrolment dates of the University will take precedence and continue on that basis. In this scenario it will also be for the University to understand how any responsibilities they have under the Transfer of Undertakings (Protection of Employment) Regulations (TUPE) interact with its Automatic Enrolment duties.

We understand that the legal structure of the enlarged organisation has yet to be determined. If a new legal entity is created as a result of the acquisition, the automatic enrolment duties will be determined as for a new employer with a new staging date being determined by the set up of a new PAYE and the first date a payment is made under the PAYE reference. The University will need to consider the impact on Automatic Enrolment further once a decision has been reached.

Estimated potential additional costs on 2017 re-enrolment or later

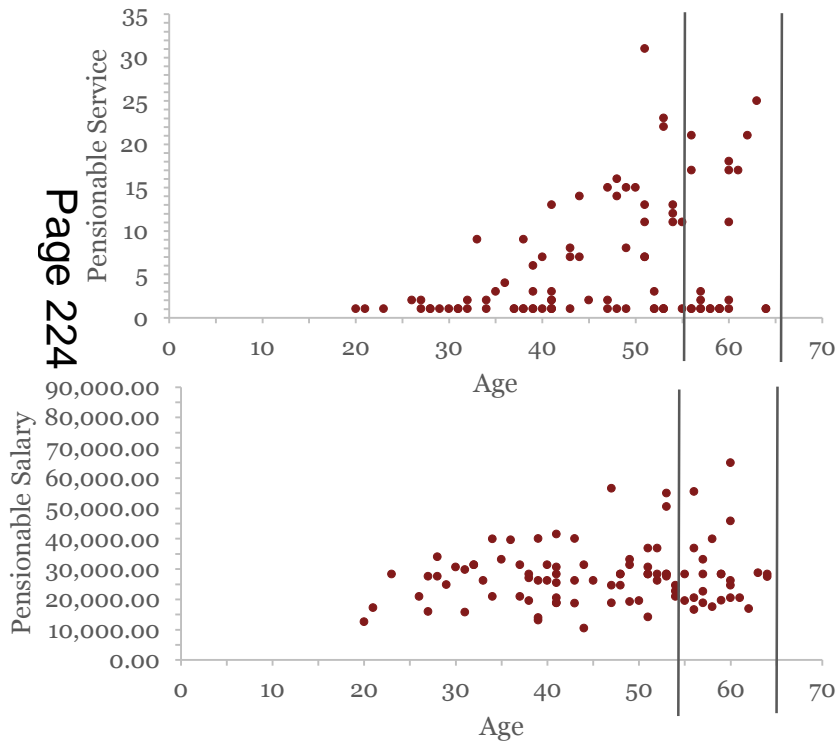
Of the 171 members not within a scheme for the College (see initial table in “pensions overview”), we estimate that only c.80 have earnings exceeding the auto enrolment earnings threshold (currently £10k p.a.). Ignoring any change of employer scenario arising from merger activity, we estimate that c. 55 are due to be enrolled in October 2017 (under “transitional delay”) and c.25 were due to have been enrolled in January 2017 (under “re-enrolment”) . Assuming those eligible then remained in rather than opting out, the potential additional cost impact for the College is **£0.45m p.a.** (split below). Subject to legal advice, a change of employer under merger activity in 2017 or later could also trigger either contractual enrolment duties (with no earnings test) or statutory auto enrolment for non-members at that time with either resulting in increased membership and employer costs, and the former having the potential to generate slightly higher costs.

Scheme	Number of EE’s	Cost £
TPS	40	£0.21m
LGPS	41	£0.24m

Pensions FIN6 Early retirement exposure Under existing regulations employees in the LGPS are entitled to an immediate unreduced early retirement pension if they are made redundant at age 55 or over.

PwC view – the current redundancy pension entitlements can be very expensive. Costs of £50,000 or more are typical although higher earners and those on longer service can involve sums of £200,000 or more. The University should be aware of the current rules and planned legislative changes which may limit these amounts.

College LGPS members: service and salary by age 31/12/2016



- the difference between the age at award date and normal retirement age (the younger the member the higher the cost)
- the amount of accrued pension (proportional to service and pens. salary)

Early retirement strain: FY16 costs and accounting treatment

In FY16 the College had two enhanced early retirements at an average accounting charge of £50,000 per person or 7 times the average annual pension payable per employee of £7,500. The University had eight such retirements with fairly similar averages. The actual cost may have been higher due to funding assumption differences. Although the LPFA Fund actuary anticipated these costs being shown as curtailments they were actually accounted for as Past Service Costs in the Income & Expenditure.

Early retirement strain exposure: worse case estimate

The charts opposite show length of service vs age of c.94 permanent employees within the LGPS with at least 1 year of pensionable service and highlighting those in age group 55 to 65 using vertical lines. The second chart illustrates pensionable salaries vs age. We estimate there are around 25 staff in this age group with total accrued pension of approximately £80,000 (and an average accrued pension of £3,200 p.a. numerically equivalent to say 8 years service on a salary of £25,000 and a 60ths accrual rate). Under an extreme or “worse case” scenario of all these employees being made redundant in the very short term, the actuarial strain on an accounting basis could be c.£480,000. Only one employee is estimated to have a potential redundancy cost greater than £100,000 and their cost is a substantial proportion of the total cost estimate.

Early retirement awards: existing regulations

Employees in the LGPS and TPS may be granted early retirement on an enhanced basis with the employer paying the actuarial strain arising. This type of award is rare but on **redundancy** an **LGPS** employee aged 55 or over with at least 2 years’ pensionable service must be awarded an immediate unreduced pension. The employer strain cost arising depends on:

Redundancy exit awards: forthcoming regulations

A couple of well publicised pieces of legislation affecting public sector or public service scheme “exit payments” are expected to be enacted in 2017.

Pensions FIN6 Unfunded benefit exposures The College pays c. £200,000 p.a. for historic unfunded pension awards linked to its LPFA and TPS participation and has an accounting liability of c.£3.0m for these pensions.

PwC view – the historic unfunded benefit exposure for the College is proportionately similar to its LGPS funded liability exposure at around 20%. Part of the exposure is calculated by the College using an Association of Colleges spreadsheet tool used extensively by FE Colleges and Universities rather than using an independent actuary.

Redundancy exit awards: forthcoming regulations (continued)

Firstly HMT are expected to bring in regulations to introduce a “CAP” of £95,000 covering all benefits awarded to an employee leaving public service employment including the value of a pensions enhancement. However the HE/FE sector will not be covered by these regulations. Secondly DCLG, as the Government department responsible for the LGPS, is required to submit proposed changes to reduce employer funded early access to LGPS pensions e.g. by amending the age (currently 55) above which early pension on redundancy is due. These changes are targeted to commence late 2017 and could affect future redundancy costs of support staff of HE/FE entities in the LGPS but it will depend on how employer definitions are finally applied.

Unfunded benefit promises

Historically LGPS members and TPS members have been awarded enhanced or redundancy pension benefits paid by employers on an unfunded basis. This means that these benefits are paid by the employer on a PAYG basis whilst in payment rather than their actuarial cost being funded by contributions in advance. These types of benefits can no longer be awarded and paid for in this manner.

The bottom line of the table opposite shows that the College exposure is similar compared to the University (since the ratio of funded LGPS benefits is also c. 20% as seen under FIN3).

As expected the College has confirmed that all unfunded benefits are in payment i.e. there are no additional unfunded promises in relation to non-pensioners.

Summary of unfunded pension data and accounting liabilities

FY16	University	College	Ratio
LGPS/Other			
No. pensioners	310	22	7%
Annual pension	£736,000	£38,000	5%
FRS102 liability	£11.9m	£0.7m	6%
“Enhanced TPS”			
No. pensioners	86	87	101%
Annual pension	£228,000	£156,000	68%
FRS102 liability	£1.9m	£2.4m	126%
TOTAL liability	£13.8m	£3.1m	22%

Calculation of the unfunded liabilities of the College is done in two parts. The data in the top part of the table is held by the LPFA actuary and valued as part of the FRS102 report for LGFA participation. The data in the bottom part of the table, thought but not fully confirmed to have a historic TPS linkage, is maintained by the College and valued using a spreadsheet template produced by the Association of Colleges (which PwC has audited as suitable for purpose in relation to a number of audit clients in the education sector). This uses a slightly different assumption for the discount rate compared to the FRS102 note but this is fully disclosed in the College accounts.

We have noted that the University has an accounting liability of £1.9m at July 2016 for TPS unfunded benefits as calculated by a LPFA actuary i.e. Barnett Waddingham report on Enhanced Teachers Pensions dated 30 August 2016. But we do not think this has been included in the Provision for Pension Liabilities on the University balance sheet . The provision in the final 15/16 accounts comprises solely £121.5m for LPFA including non TPS unfunded liabilities and £1.0m for USS or £122.5m in total: see earlier page under FIN3).

This document has been prepared only for London South Bank University and solely for the purpose and on the terms agreed with London South Bank University in our agreement dated 24 February 2017. We accept no liability (including for negligence) to anyone else in connection with this document, and it may not be provided to anyone else without our prior consent.

© 2017 PricewaterhouseCoopers LLP. All rights reserved. In this document, "PwC" refers to PricewaterhouseCoopers LLP which is a member firm of PricewaterhouseCoopers International Limited, each member firm of which is a separate legal entity.

Due diligence report

Lambeth College

London South Bank University

17 May 2017

Contents

Part One: Introduction & Background	3
1 Executive Summary.....	3
2 Scope of the Review and Limitation of Liability.....	10
Part Two: Report.....	11
1 The Corporation.....	11
2 Assets	17
3 The Business	19
4 Consents and consultation	33
5 Insurance.....	33
6 Litigation	34
7 Compliance	38
8 Data and information.....	44
9 Employees.....	46
10 Immigration	57
11 Property	59
12 General.....	67
Part Three: Basis of Review.....	68

Schedule

Schedule 1	Due Diligence Enquiries - General	71
Schedule 2	Due Diligence Enquiries - Employment and Property.....	82
Schedule 3	Supplemental enquiries	91
Schedule 4	Property supplemental enquiries	94
Schedule 5	Further supplemental enquiries	96
Schedule 6	Further questions sent by email on 10 May 2017 and 11 May 2017	103

Appendices

Appendix 1	Clapham Title Plan
Appendix 2	1998 Plan
Appendix 3	2009 Plan
Appendix 4	Tree Preservation Order
Appendix 5	Vauxhall Title Plan
Appendix 6a	Site Location Plan
Appendix 6b	Site Location Plan
Appendix 6c	Site Location Plan
Appendix 7	2004 Plan
Appendix 8	2009 Plan
Appendix 9	Private Road Plan
Appendix 10	Brixton Title Plan
Appendix 11	1960 Plan
Appendix 12	Register of Assets
Appendix 13	Insurance Policy
Appendix 14	Safeguarding Trends
Appendix 15	Safeguarding Learner Disclosures
Appendix 17	Internal Audit Report

Part One: Introduction & Background

1 Executive Summary

- 1.1 This report summarises the results of enquiries and investigations made to date by Veale Wasbrough Vizards LLP on behalf of London South Bank University ("**LSBU**") into the assets and liabilities of the statutory further education corporation Lambeth College (the "**Corporation**") and the further education college operated by the Corporation (the "**Business**").
- 1.2 It is proposed that the Corporation will become part of the LSBU "group of companies" via a change of control agreement pursuant to which:
 - 1.2.1 LSBU will gain the right to appoint a majority of the members of the Corporation's governing body via the adoption of a revised instrument and articles of government; and
 - 1.2.2 the Corporation and LSBU will enter into a Collaboration Agreement.
- 1.3 The proposed change of control is stage 1 of the project. It is envisaged that stage 2 of the project will involve the transfer of the Corporation's assets and liabilities to a new company to be established by LSBU as its wholly-owned subsidiary. The comments in this report relate to stage 1 of the process only, except where we specifically state otherwise.
- 1.4 We have limited our review to the "key issues" or major risks relating to the proposed change of control (i.e. those that may impact on the decision of LSBU's board of governors whether or not to proceed).

- 1.5 The key issues arising from the due diligence are set out in the table below. A more detailed review can be found in Part Two of the report. The terms of our review are set out in Part Three.
- 1.6 Schedules 1 to 6 contain a copy of the due diligence questionnaires we sent to the Corporation and the additional/supplemental enquiries we subsequently sent to clarify the answers and seek further information.

Page 229

Key Issues	Level of Risk
General	
The quality of the information provided by the Corporation is poor and in a number of cases is incomplete or inconsistent. We are only able to report to LSBU on the basis of the information and documents supplied to us. As such, there may be risks that we have not been able to identify that may impact on LSBU's decision as to whether or not to proceed with the transaction.	
While the reasons for the poor quality of information may be understandable to a certain extent (namely that the current senior staff have been in post for a short time and historically there has been a lack of record keeping). The lack of record keeping and the inconsistency of the information provided with publicly available information is itself an indication of poor governance and management.	
Governance	
The mechanism by which the governors elected by students and staff will stand down has not yet been	

determined and an agreement should be reached on this as soon as possible to ensure that the new governance arrangements can be adopted.	
It is likely that the Corporation has failed in its responsibility to report serious incidents and any future serious incidents should be reported in the correct way.	
All governance documentation including manuals and codes of conduct will need updating in light of the amendments to the governance structure.	
Currently an SFA observer attends meeting of the Board. There is no indication that this will stop after completion.	
It is clear that the financial position of the Corporation is poor and that Governors have taken advice in relation to its solvency. It appears that the Governors have only been able to conclude that they can continue to trade on the basis of emergency support funding from the SFA and the lack of any clear guidance or route by which an FE Corporation can become insolvent. We recommend that the new governors continue to take advice on this as the change of control will not in itself result in further funding.	
A report from 16 September 2016 identified a number of serious governance failings which have led to the financial decline of the Corporation. This report was commended by the FE Commissioner who also indicated that there were governance failings and that the Corporation was no longer financially sustainable.	

It appears that the FE Commissioner continues to visit and assess the Corporation on a regular basis.	
It is unclear how much of the Corporation's £260,000 income from commercial activities in 2016/17 was from non-primary purpose trading. If the Corporation's non-primary purpose trading has a turnover in excess of £50,000 per annum then it may be liable to corporation tax and be in breach of charity law.	
The Corporation has a wholly owned subsidiary, SW4 Limited. The financial position of this company is poor. It currently has no directors (which should be rectified immediately on completion) ¹ and its relationship with the Corporation more generally should be reviewed.	
We have requested information in relation to the Corporation's relationship with the students union. Despite requests no information has been provided and we are unable to report on any risks arising.	
Assets and the Business	
Website	
The Corporation launched a new website at the end of April and the new provider is Qlue. The Corporation is unable to locate a copy of the contract. This indicates poor record keeping and management and means that we are	

¹ Since the date of this report two directors have been appointed to the board: Monica Box and Albert Koduah

unable to assess any risks arising from the contract.	
<p>Capital grants</p> <p>The Corporation has received capital grants for buildings and assets from the SFA. While we are not advising on this matter to avoid duplication with PwC, the Corporation should be aware that, depending on the terms of the grants made, the grants may be repayable in certain circumstances.</p>	
<p>Local Enterprise Partnership ("LEP") funding</p> <p>The Corporation has received £2.6m of LEP funding for the Vauxhall development. There is a risk that the LEP requires repayment of this funding and also the possibility that compliance with the LEP's requirements may restrict LSBU and the Corporation's plans for the Vauxhall site.</p>	
<p>Brixton campus fit out</p> <p>The Corporation has recently agreed to let the contract for the internal fit out of the Brixton Campus to a contractor (Gilbert-Ash), with work to commence in June 2017. Under the draft Letter of Intent Gilbert-Ash is entitled to the reasonable and necessary costs of any authorised preliminary works up to a maximum sum of £50,000. While we consider that the Letter of Intent presents only a minor risk to the Corporation at this time, to avoid inadvertently entering into an uncertain contractual relationship, the Corporation should ensure that, before expiry of the Letter of Intent, the Main Contract (or if necessary a new letter of intent) is entered into. The Main Contract as presently</p>	

drafted does not create any material or unusual risks.	
<p>Contracts</p> <p>A contract with the City and Guilds of London Institute includes a provision whereby on a change of control or change of governance City and Guilds is entitled to propose a revised monthly subscription model and if the parties are unable to agree it then City and Guilds is entitled to terminate the contract.</p> <p>An agreement with Finance and Management Business School Ltd ("FMBS") will automatically extend for 12 months unless notice is given 30 days in advance of 31 July 2017 and. As a result the Corporation would need to give notice of termination very soon after completion if it does not wish to extend this contract. An allegation has been made that this contract provides no value to the Corporation. We recommend that LSBU discusses this with the Corporation.</p> <p>Prior consent is likely to be required from the following parties for assignment on stage 2 of the project:</p> <ul style="list-style-type: none"> • Compass Computer Consultants Ltd • City and Guilds of London Institute • Siemens Financial Services Ltd • FMBS 	
<p>Procurement</p> <p>The Corporation appears to have an insufficient procurement policies and procedures to ensure</p>	

compliance with the Public Contracts Regulations 2015, Concession Contracts Regulations 2016 and wider European procurement laws.	
Litigation	
<p>Claims</p> <p>The Corporation has provided details of 4 claims where litigation is contemplated or ongoing and it considers that all of them fall below the £10,000 risk threshold. We have not considered the merit of these claims at present but the risk of actual litigation by Axcel Group Ltd and ICCA appears to be low and potentially time barred. The two student claims both appear to be fully insured and are at an advanced stage. Both are reputationally sensitive as they concern allegations of mistreatment by staff members of vulnerable individuals and the Shaw claim appears to pose some ongoing risk if only bearing in mind the Corporation's inability to be able to confirm the current status of this claim.</p>	
<p>Complaint regarding internal auditors</p> <p>The Corporation has received a complaint in respect of the previous internal auditors (ICCA) and the relationship of one of its directors to another supplier to the Corporation, FMBS. The complaint has been raised under the Corporation's Public Interest Disclosure Policy and relates to a conflict of interest (given the connection of ICCA and FMBS), as well as allegations that the FMBS contract is of no value to the Corporation and a poor use of public funds.</p>	

<p>An investigation was undertaken by the Chair of the Audit Committee, but indications are that the complaining employee(s) are not satisfied with the outcome and may complain to the National Audit Office and the staff Governor has indicated (as shown in minutes of Governors' meetings) that this is likely to have an impact on the reputation of the Corporation. Despite requests for information, the Corporation has not informed us whether such a complaint has been made or whether the issue has now been settled.</p>	
<p>Potential Construction Dispute with Carillion</p> <p>Carillion has indicated legally valid claims in respect of the discontinuance of the Vauxhall Development. We have not been instructed to consider the merits of these claims on the facts as we understand that another firm has provided legal advice in this regard. However, if liability is established, it is likely to be for not less than the value of Carillion's work to date.</p>	
Compliance	
<p>Anti-bribery and corruption</p> <p>We have seen no evidence of any bribes being given or received (and the Corporation has confirmed it has no knowledge of those). However, the Corporation appears to have insufficient anti-bribery and corruption policies and procedures in place should it need to seek to defend a prosecution of the additional offence of failing to prevent bribery. While in reality the risk is probably low, this</p>	

<p>could leave the Corporation liable to an unlimited fine if there was a successful prosecution. This should be rectified on completion.</p>	
<p>Health and Safety</p> <p>The documents disclosed indicate serious failures to comply with Health and Safety and Food Safety Laws. As a result the Corporation could face enforcement action (including criminal prosecution and substantial fines), significant remedial/repair costs and reputational damage.</p>	
<p>Lambeth College Nursery</p> <p>"Lambeth College Governing Body" is the registered provider of Lambeth College Nursery which is operated on the Corporation premises. Ofsted's website also lists the "Lambeth College Governing Body" as the registered provider of Brixton Centre - Lambeth College Nursery. The Corporation has provided no information about the latter. It may be that this nursery is no longer in operation. If this is the case, the Corporation should notify Ofsted of this so that it is removed from the register.</p>	
<p>Safeguarding</p> <p>The Corporation has provided brief details about two safeguarding incidents this year involving an 18 year old autistic student, one being that she was raped by a male learner in the toilets at college and the other that a staff member had physically assaulted her. The police are currently investigating the former and the latter is being investigated by the Corporation's HR department. We</p>	

<p>have requested further information about these incidents, including the action taken by the Corporation in respect of each but this has not been provided. Any risk to the Corporation (for example, reputational risk, risk of findings of non-compliance on inspection or risk of complaints or claims against the Corporation) will be increased if there has been any failure in following the Corporation's policies and procedures and/or a breach of its duty of care.</p> <p>The Corporation has also provided some information about an incident in September 2016 that involved two youths (not college students) who were seen outside the Clapham Centre of the college on a moped with a gun. The Corporation identified this incident as being a risk to the reputation of the Corporation. The Corporation confirmed that it worked closely with the police who allocated significant resources to respond to the incident and proactively worked to reduce the likelihood of recurrence. Incidents of this nature are a risk to the reputation of the Corporation and continued cooperation with the police and relevant authorities will be required to safeguard students.</p>	
<p>Data and information</p>	
<p>The documents disclosed indicate serious, widespread and continuing failures in relation to 'business as usual' activities to comply with the Data Protection Act 1998 ("DPA") and the laws relating to privacy and breach of confidence. As a result the Corporation could face enforcement action (including criminal prosecution and substantial fines), significant remedial/repair costs and</p>	

<p>reputational damage and civil claims for damages.</p> <p>In addition the Corporation disclosed two specific known DPA breaches: one in August 2015 and one ongoing breach. Civil claims for damages may be brought in relation to the 2015 breach until 2021. We have insufficient information to assess the risk (or level) of fines, regulatory action, reputational damage or claims for civil damages in relation to the ongoing breach.</p>	
Employment	
<p>The documents disclosed show that staff are employed on terms and conditions that are not unusual for the FE sector and there are policies and procedures covering the types of issues we would expect. However, there has been a high turnover of staff over the last 2 years and more ongoing grievances, disciplinarys and disputes than we would expect. The Corporation has not provided us with full details of all claims, internal disputes or where the consultation process launched in February 2017 has got to and therefore we do not have sufficient information to assess the level of risk in terms of existing and possible future claims.</p>	
Immigration	
<p>Preventing illegal working</p> <p>Information provided on checks conducted by the Corporation on its existing employees' right to work in the UK is inconclusive; there are a significant number of</p>	

<p>employees for whom appropriate checks would appear not to have been conducted</p>	
<p>Tier 2 and Tier 4 sponsor licence</p> <p>The Corporation was unaware that it held licences for sponsoring students under Tier 4 and employees under Tier 2 and the staff responsible for managing those licences are reported to have left; breaches of the Tier 4 sponsor guidance by the Corporation could have implications for LSBU's own licence</p>	
Property	
<p>The Corporation has been unable to provide any title documents for the Clapham Site and the Vauxhall Site. This lack of documentation means that it is likely that there are covenants and obligations that we remain unaware of but for which the Corporation will remain responsible. Without a comprehensive disclosure there is no way of knowing the true extent of these obligations or the implications on the use, development or sale of the Properties. This is a commercial risk in the absence of a comprehensive deduction of title information.</p>	
<p>The Clapham Site and the Vauxhall Site have charges in favour of Barclays Bank PLC. Clarity is needed as to whether these are to be redeemed in advance of the change of control to be replaced by new charges or if they will continue to subsist</p>	

There are electricity transformer chambers located within the Clapham Site. Practically these could potentially inhibit future redevelopment of the Clapham Site, depending on the nature of such redevelopment	
There is a Tree Preservation Order affecting trees on the Clapham Site. Practically the location of the trees could inhibit future redevelopment of the Clapham Site	
There is a private road crossing the Vauxhall Site which would need to be considered if future redevelopment of the Vauxhall Site is planned in that part of the Vauxhall Site. This could have an important impact on the financial value and saleability of the Vauxhall Site. This is not insurmountable but in our experience would be a key factor to be taken into account were the Vauxhall Site to be subject to significant redevelopment. In practice it is likely that this accessway would need to be retained and maintained in a future development scheme	
There are unknown restrictive covenants affecting land within the Vauxhall Site. Title Indemnity Insurance should be considered especially if there are future plan to redevelop, charge or sell the Vauxhall Site. The cost of that is driven by a number of factors including risk, value and the type of development.	
There is an electricity substation and an electricity transformer chamber which practically could potentially affect redevelopment of the Vauxhall Site.	

A long lease of part of the Brixton Site is currently being negotiated however there is a long lease of the whole Brixton Site to Trinity Academy London Limited. The Corporation has been unable to provide a copy of the draft lease or comment on the current position with the draft lease.	
There are two restrictions on the title to the Brixton Site which require certificates from the Corporation prior to any disposition which confirm that certain provisions within two separate transfers dated 24 April 2014 have been complied with. Please see paragraphs 11.28 and 11.29 below for further information. The Corporation has not provided copies of these two transfers. It is important to note that these documents will need to be located so that the relevant certificates can be provided in order to allow completion of the long lease.	
From an operational perspective, and as reported in section 7.24 of our report on health and safety, the Corporation has identified a number of health and safety breaches across the properties. Breach of health and safety law is a criminal offence and carries with it serious consequences.	
The Corporation has been unable to provide any information in relation to planning permissions, implementation of works or the discharge of planning conditions for the properties. Therefore, there could be ongoing planning conditions that we are unaware of or the Properties could be being used contrary to existing planning permissions. It is unclear whether the	

Corporation may be subject to Local Planning Authority enforcement action in the future.



1.7 As LSBU is already aware, there is a risk that LSBU could potentially be required to include the Corporation within consolidated group accounts. While this is clearly an additional risk associated with stage 1 of the project, it is not one on which we are advising as part of this report. You have specifically asked us not to provide advice on the issue as you are seeking advice from your auditors. We understand that LSBU may ask us to comment on the advice from the auditors when it is received.

1.8 We have also provided separate advice on LSBU's ability to terminate the stage 1 arrangements. This is not covered further in this report, but should be considered as part of the overall risks associated with the project.

2 Scope of the Review and Limitation of Liability

2.1 This report sets out the results of our review of the due diligence documentation provided to us by the Corporation ("the **Documents**").

2.2 The report has been prepared for LSBU in connection with the proposed change of control and for no other purpose. It is a "key issues" review intended to draw attention to those legal issues which we consider to be material only in the context of the proposed change of control as evidenced from the Documents. It is not therefore intended to provide a comprehensive review of all potentially relevant legal issues relating to the Corporation.

2.3 In the case of our review of assets we have only reviewed information in relation to assets with a value in excess of £50,000 only. We have also only looked at contracts with a value in excess of £50,000 and litigation where liability could exceed £10,000.

2.4 PricewaterhouseCoopers ("**PwC**") are instructed to undertake a financial and tax due diligence exercise on the Corporation, which includes reporting to LSBU on all aspects of the following:

2.4.1 the financial position of the Corporation or its financial arrangements and accounting practices;

2.4.2 the Corporation's borrowing arrangements, compliance with the agreements that are in place and the impact (if any) of the transaction on those banking arrangements;

2.4.3 key financial liabilities and material financial commitments;

2.4.4 evaluation of key risks and risk management processes;

2.4.5 any aspects of the Corporation's funding from the SFA, EFA or HEFCE (as applicable) and the contracts with those funding bodies (including the financial memorandum) and the Corporation's compliance with them;

2.4.6 the valuation of any pension deficits, the possibility of and advantages and disadvantages of consolidating pension arrangements across the group and the implications of closing any of the pension funds as well as the impact of the transaction on any auto enrolment dates; and

2.4.7 all aspects of tax (including VAT, SDLT and employee taxes)

2.5 As PwC are reporting to LSBU separately on these issues they do not form part of this report.

- 2.6 Our report does not cover any educational aspects (including, but not limited to students numbers, the local education market and travel to learn plans, all aspects of the curriculum, the quality improvement plan, individualised learner record, self-assessment report and qualification success rates) as you have confirmed that LSBU is itself undertaking due diligence on these aspects.
- 2.7 The contents of this report are private and confidential. It is for the exclusive use of LSBU and should not be relied upon or made available to any other party without our prior written consent.
- 2.8 Further details of the terms of our review are set out in Part Three.

Part Two: Report

1 The Corporation

- 1.1 The Corporation is named Lambeth College and has no other trading name. The main place of business is Clapham Common South Side, London SW4 9BL, but the Corporation also has sites at Vauxhall and Brixton. The Corporation is an exempt charity and was incorporated in 1992 under the Further and Higher Education Act 1992.

Instrument and articles of government

- 1.2 The Corporation has stated that the instrument and articles of government were amended in November 2016 and it is "not known" whether there were any revisions prior to this. In response to our question regarding 1) whether any amendments requiring consent from the Secretary of State had consent and 2) whether any amendments since 2012 were made in accordance with the provision of the articles requiring consultation the Corporation has answered "none known". When we met with the Corporation's representatives they suggested that this is due to a lack of record keeping historically and the new team being recently in post.

- 1.3 Whilst the information provided is not conclusive, it appears that the Corporation amended the instrument and articles in November 2016 and no consultation was carried out. The amendments were minor (limited to changing the terms of office of Governors) and it is arguable that no one was affected by them apart from the governors. While we have not seen any documents explaining the procedure that was followed, even if the amendments were not made correctly this would represent a very minor risk.
- 1.4 We are unable to assess whether there were any previous changes for which Secretary of State consent was required and whether such consent was obtained. While there is a risk that this was not done, in our view this is not a significant risk, particularly as new instrument and articles of government will be adopted on completion.
- 1.5 We have not reviewed the instrument and articles of government currently in place on the basis that these will be replaced on completion and we have advised on the revised version.

Governors, benefits and serious incidents

- 1.6 The Corporation has provided a list of current Governors (known as members of the Corporation). According to the list provided there are thirteen Governors including one teaching staff Governor, one student Governor and the Principal. During discussions regarding the new governance structure the Corporation has stated that there are fourteen governors including two staff representatives. This is not significant as the existing Governors will resign on completion but it suggests that the Corporation's may not be keeping all of its records and registers up to date. We are aware that a mechanism to secure the resignation of the student and staff governors on completion is yet to be agreed and this should be a priority for both the Corporation and LSBU to ensure that this takes place.

- 1.7 In response to a request for the registers held by the Corporation, the Corporation has provided register of members' interests forms for the majority of the Governors and the Manual of Governance. We would have expected to see a register of interests in line with the requirement in the instrument and articles, rather than just forms for each person. We note that register of interests forms are missing for the following three Governors: Marcus Walsh, Teum Teklehaimanot and Ruth Begusa. We do not consider this to be a significant risk as the majority of the Governors will be retiring on completion. LSBU should ensure that the Governors who are re-appointed and the new LSBU Governors and Vice-Chancellor declare any interests following their appointment. LSBU will wish to ensure that a register is established and maintained following completion as the new instrument and articles provide that it is to be provided to LSBU.
- 1.8 The Corporation has confirmed that there is no separate conflicts of interest policy for Governors. The Corporation has referred us to the Manual of Governance which contains a brief section on the register of Governors' interests. The management of conflicts of interest will obviously be key following completion. As LSBU will be aware it is proposed that the new instrument and articles contain detailed provisions on conflicts of interest. We also recommend that a conflicts of interest policy is put in place.
- 1.9 The Corporation has confirmed that it is not aware of any Governor or connected person having received a benefit in the past 12 months.
- 1.10 The Corporation has stated that "S Block" at the front of the Clapham Site was built 8 years ago by Osbornes (who continue to do small amounts of remedial work), which is a building company owned by a former Governor of the Corporation who resigned in July 2016. We requested a copy of the contract with Osbornes and evidence as to whether the benefit was authorised but the Corporation was unable to locate these. As a result it is possible that there was an

unauthorised benefit to a former Governor of the Corporation. LSBU should ensure that there are proper procedures in place for the future to ensure that any benefits to Governors are properly authorised.

- 1.11 The Corporation has confirmed that there have been no serious incidents during the last 12 months. We do not have any information regarding any incidents occurring before the last 12 months or any confirmation as to whether any such incidents were properly reported so we are unable to report that all incidents were reported. We would highlight, however, that the financial position of the Corporation and its significant decline could be considered as a serious incident. This is being reviewed separately by PWC and we have not commented further on this aspect in this report.
- 1.12 We are also informed that a data breach incident occurred in August 2015. We have asked whether this was reported as a serious incident. In response the Corporation has referred us to the documents provided which do not include a report to BIS. Therefore it appears likely that the Corporation did not report the incident to BIS as a serious incident.
- 1.13 In addition a number of the safeguarding incidents that have occurred at the Corporation could also be considered serious incidents.
- 1.14 It is likely that the Corporation has failed in its responsibility to report serious incidents as it is required to do and LSBU should look to ensure that reports are made in the future.
- 1.15 The Corporation has confirmed that it has no restricted funds and no permanent endowment trusts.

Governance documents

- 1.16 The Corporation has provided a copy of its Manual of Governance. We do not propose to report on the Manual of Governance as the Corporation's governance arrangements will change on completion and it is anticipated that new governance documents will be put in place.
- 1.17 The Corporation has also provided a copy of its Code of Conduct which is based on an Eversheds' model code. Having undertaken a very high level review our view is that it is likely to require whole scale revision in light of the governance changes that will come into effect on completion and so we do not propose to report on it. We recommend that LSBU works with the Corporation to put in place a new Code of Conduct following completion.
- 1.18 The Corporation has provided us with some other relevant governance documents. This reveals that there are currently five committees of the Board as follows:
- 1.18.1 Audit committee (which LSBU is aware is required under the JACOP code of practice);
- 1.18.2 A Finance Committee (which we have been informed by the Corporation was a requirement of the SFA to have in place, and the new instrument and articles of government to be adopted on completion require for this committee to continue);
- 1.18.3 Remuneration Committee;
- 1.18.4 Quality and Improvement Committee; and
- 1.18.5 Search and Governance Committee. Arguably, this committee will not be required from completion as LSBU will be responsible for appointing or nominating governors.
- 1.19 We recommend that the terms of reference for each of the committees that will continue after completion are reviewed to ensure that they remain fit for purpose and remain consistent with the new instrument and articles of government.
- 1.20 Changes to the instrument and articles of government and the change in the accountable officer will mean that all governance related documentation will need to be reviewed for accuracy. In addition, if there are changes to the committees in place, this will also need to be recognised.
- 1.21 Governor minutes indicate that the Corporation has adopted the AOC Code of Governance and is committed in its approach to Core Values of College Governance (page 4) and the 10 principal responsibilities of good governance (page 5). It is also agreed to use the code as a basis of self-assessment.
- 1.22 We have not seen any documentation relating to an SFA observer on the board of the Corporation, but it is clear that an observer attends. It appears from the minutes that we have seen that this commenced in September 2016.
- 1.23 Minutes of various governor meetings indicate that Governors have specifically considered the solvency of the Corporation and whether the Corporation can continue to trade. This appears to be considered at all current meetings and it appears that legal advice has been taken (although copies of this advice have not been provided). The Governors have concluded that it is able to continue to trade on the basis of emergency support funding from the SFA (and there being no specific insolvency mechanism yet in place for Further Education Corporations). We recommend that Governors continue to keep this under close review, with assistance from accountants where required. Advice on solvency issues specifically falls outside of the scope of this report, but we can provide further advice on request.

Clearly the future funding of the Corporation will be key for LSBU in determining whether or not it proceeds with the transaction.

Governance failings

- 1.24 We have also been provided with a report dated 16 September 2016 related to an investigation into the serious decline in the Corporation's financial position. This report was undertaken by Mary Heslop. We do not propose to report on the financial aspects of this, which we understand will have been reviewed and reported on by PWC, but LSBU should be aware that the report also highlights certain governance failings and recommendations were made. These recommendations include (in relation to governance):
- 1.24.1 Governors properly interrogating the basis and assumptions for any proposed budgets before approval;
 - 1.24.2 The Chair of the Corporation developing strategies for scrutinising the accounting officer;
 - 1.24.3 The establishment of a finance committee (which LSBU will note is in place and will continue) with delegated powers in order to carry out full scrutiny of budgets, management accounts and cash flow forecasts before these are presented to the full governing body;
 - 1.24.4 The Audit Committee reviewing internal audit plans in-year to assure the Corporation that all areas of risk relating to the financial position of the Corporation are adequately covered;
 - 1.24.5 The Audit Committee ensuring that there are adequate and timely managements responses to internal audit report recommendations;
 - 1.24.6 The Clerk to the Corporation ensuring that there are clear boundaries between the work of the Finance Committee and Audit Committee and there are no conflicts in the membership arrangements;
 - 1.24.7 The Search and Governance Committee ensuring that there is appropriate expertise on the Audit Committee and Finance Committee; and
 - 1.24.8 There are adequate induction and training arrangements for new Governors.
- 1.25 We expect that LSBU will impose much stricter financial controls and arrangements for scrutiny of financial arrangements, but these recommendations ought to be borne in mind.
- 1.26 A report by the FE Commission which we have also been provided with and which commended the report referred to above indicates that the FE Commissioner also identified a lack of governors with skills in the following areas:
- 1.26.1 Finance;
 - 1.26.2 HR;
 - 1.26.3 Capital development.
- 1.27 The FE Commissioner also identified that the governance arrangements in place (identified as "Carver light") led to insufficient scrutiny of finance and resources and recommended the establishment of a Finance and Resources Committee (later referred to in the report as a Finance Committee).

- 1.28 This report also concludes that the Corporation is no longer financially sustainable and must urgently seek a merger partner in order to be able to continue beyond August 2017.
- 1.29 It is clear that the FE Commissioner and SFA are keen to ensure that robust governance arrangements are in place at the Corporation.
- 1.30 A report prepared by the FE Commissioner dated February 2017 following a "stock take" visit again acknowledges the failures around governance and leadership leading to the financial position of the Corporation. It also recognised the proposed relationship with LSBU. It also points to the progress that has been made, including the appointment of new governors, the establishment of a Finance Committee (although its membership requires further expertise) and the appointment of RSM as internal auditors in place of ICCA.
- 1.31 The report also makes recommendations in relation to finance (which we assume are being reported on by PWC) and our comments on teaching and learning are dealt with in section 7.6 below.
- 1.32 The report recommended a further "stock take" in May 2017 and we are aware that the FE Commissioner's advisor made a recent visit to the college during the week of 1 May 2017. The Corporation has told us that the visit was part of the Commissioner's regular monitoring of progress against the report produced following the intervention visit in September 2016. While the Corporation did not receive any formal feedback after the visit it expects to receive a report at some point confirming progress made.

Trading and authorised signatories

- 1.33 In response to our question regarding non-primary purpose trading the Corporation has estimated that its income from commercial activities in 2016/17 was £260,000. It has not stated how much of this activity is non-primary purpose trading. If the Corporation's non-

primary purpose trading has a turnover in excess of £50,000 per annum then it may exceed the small scale exemption and be liable to corporation tax as well as being in breach of charity law. We recommend that LSBU reviews this position on completion. Another concern is that the Corporation is unable to state how much of its turnover relates to non-primary purpose trading indicating that this has not properly been assessed in the past.

- 1.34 The Corporation has confirmed that the main authorised signatories are Monica Box (Principal) and Mary McCormack (Chair). We would expect this to be the case. The Corporation has provided no details of the terms of their authority or confirmation of whether there are other "non-main" signatories. We are therefore unable to advise as to whether these are appropriate.

Related companies

- 1.35 The Corporation has stated that SW4 Catering Limited ("**SW4**") is the only active company in which the Corporation holds more than 20% of the shares. We are informed that GO 2 Work Limited and Skill Exchange Recruitment Limited are dormant and a search of Companies House reveals that these two companies were dissolved on 22 March 2016 and 31 May 2016 respectively. We have not, therefore, looked any further at these companies.
- 1.36 We understand that SW4 undertakes catering services, but have been provided with no further information in relation to its activities. The information we have received and a Companies House search reveals that:
- 1.36.1 SW4 was incorporated on 10 July 2004 with company number 9125790;
- 1.36.2 The Corporation is the sole shareholder and holds one £1 ordinary share;

- 1.36.3 The register of Companies indicates that the company has no directors as Mary Hoyne, Shaun Orrell and Mark Silverman (who were all appointed on incorporation) have resigned²; and
- 1.36.4 There is no company secretary.
- 1.37 The position in relation to there being no directors has been raised at various Governors' and Search Committee meetings and clearly needs to be rectified. The Corporation has the power to appoint directors and we recommend this right is exercised as soon as possible after completion. It also appears to have been a recommendation from the SFA. We recommend that at least one of the directors of SW4 is independent of the Corporation in accordance with Charity Commission guidance and to ensure that conflicts of interest can be managed.
- 1.38 We have very briefly reviewed the articles of association for SW4 and we recommend that these are reviewed in more detail to ensure that they are fit for purpose and give the Corporation the control it needs as sole shareholder.
- 1.39 The latest accounts for SW4 indicate that, although it is intended to transfer any profits in a tax efficient way under the gift aid scheme, it has not made a profit in the last two years.
- 1.40 Minutes of an Audit Committee meeting held on 6 March 2017 indicate that:
- 1.40.1 SW4 has more than thirty employees;
- 1.40.2 SW4 has a turnover in excess of £0.7 million;
- 1.40.3 SW4 made a loss in 2015/6 of £23k (and has a cumulative loss of approximately £87k), which is effectively financed by the Corporation.
- 1.41 there are areas of non-compliance in relation to the formation of the company, the preparation of the 2016/17 financial year and reporting on the 2015/16 trading year as well as the company directors. No further information is given on these areas of non-compliance, which we suggest that are investigated and rectified.
- 1.42 The minutes also indicate that it is recommended that the Corporation "assess its investment" in SW4. We recommend that steps are taken to ensure that SW4 is profitable or its activities are terminated.
- 1.43 We have been provided with no details as to the relationship between the Corporation and SW4, such as how SW4 occupies any part of the Corporation's site or makes use of its resources. In order to comply with charity and tax law, we recommend that this is reviewed on completion and adequate arrangements are put in place (assuming that SW4 will continue in operation).
- 1.44 The Corporation has confirmed to us that:
- 1.44.1 there are no other charities or organisations involved in the Corporation or Business or connected to the Corporation;
- 1.44.2 no organisation has rights to nominate Governors to the Board of the Corporation; and
- 1.44.3 there are no other groups of individuals who have any interests or rights in the Corporation and conversely there are no other organisations in which the Corporation has any interest or right.

² Since the date of this report, two directors have been appointed: Monica Box and Albert Koduah.

1.45 We have specifically requested information in relation to the Corporation's relationship with the students union. Despite requests, no information has been provided and we are unable to report on any risks arising.

2 Assets

2.1 The Corporation has provided a register of assets, which is attached at Appendix 12. We recommend that LSBU reviews the list to ensure that all assets LSBU would expect to operate the business from completion are included. We also recommend that if possible LSBU visits the premises to ensure the list remains accurate and that (subject to our comments in paragraph 2.9) all assets are fit for purpose.

2.2 The Corporation has confirmed that the with the exception of land and buildings it does not have any assets valued at over £50,000 and there is no IT equipment with a value of over £50,000.

2.3 In the asset register some of the assets are referred to as "grant funded". We asked by whom these grants were provided. The Corporation responded that they were struggling to match grants to assets and provided a spreadsheet from the SFA confirming the Capital Grants received for buildings and assets. A copy of this information is attached at Appendix 17, but we have not reviewed this any further to avoid duplication with PWC who are reviewing funding sources. However, the Corporation should be aware that, depending on the terms of the grants made, they may be repayable in certain circumstances.

LEP funding and Vauxhall development

2.4 In the minutes of governors' meetings there are references to Local Enterprise Partnership ("LEP") funding for the Vauxhall project, including a reference to an approved sum of £21 million. There was

no reference to this in the responses we received from the Corporation, despite us having asked twice about any grant funding received. We asked the Corporation to confirm whether any funding has been received from the LEP and, if so, whether it is repayable.

2.5 The Corporation told us that to date it has claimed and received £2.6m of LEP funding for the Vauxhall development. The Corporation noted that it and LSBU have had useful meetings with senior LEP and GLA colleagues to discuss the suspension and proposed new development and have indicated to the LEP that any development would seek to achieve and exceed the outputs associated with the current LEP funding and thus have argued that the funding received should be retained and the remainder of the funding made available for draw down once the revised project has been more fully scoped.³

2.6 The Corporation stated that the LEP have indicated that they are content with this proposed approach and at this point they would not seek a repayment of funding, as the monies paid out could still result in a viable development meeting their output requirements.⁴ However, we understand that the LEP has confirmed that the monies would need to be spent by March 2020 on a completed skills centre development and this may result in the Vauxhall development needing to be a phased development.

2.7 LSBU should be aware that there is a risk that the LEP requires repayment of the £2.6 million of funding that has been received to date. We recommend that LSBU works closely with the Corporation and the LEP to ensure that the new proposed development meets the LEP requirements and will not cause the LEP to demand repayment.

³ Since the date of this report, further correspondence has been received from the Greater London Authority indicating that a new application for funding will need to be made. As such, the funding for the Vauxhall development cannot be guaranteed.

⁴ Since the date of this report the position in relation to this funding has changed and we have recommended that LSBU seek clarity from the GLA as to whether any funding will be clawed back.

- 2.8 We also asked the Corporation to confirm whether any sums are owed to any other party in respect of the cancellation of the Vauxhall development (in light of the cancellation letters we have seen which the Corporation sent to several parties involved in the redevelopment project). The Corporation confirmed that no such sums are owed. Please see below, however, in relation to the dispute with Carillion.
- 2.9 The Corporation has confirmed that the main asset which is not fit for purpose is the Vauxhall site and buildings, which were vacated in Summer 2016. We know that LSBU is aware of the Vauxhall redevelopment. The Corporation has confirmed that all other assets are fit for purpose.
- 2.10 The Corporation has confirmed that it owns three motor vehicles.
- 2.11 The Corporation has confirmed that IT equipment is leased from Econocom and provided copies of the lease agreements. We report on these in the table below. The Corporation has confirmed that no other person has any ownership or interest in the Business or its assets and / or details of the arrangements in place in respect of any shared assets.
- 2.12 The Corporation has confirmed that the Computer System is not shared and it has provided a copy of a support agreement with Compass Computer Consultants Ltd. We report on this in the table below.
- 2.13 The Corporation has stated that it gave notice to its existing website provider the Hideout in March. A new website was launched at the end of April and the new provider is Qlue. We requested a copy of the contract but the Corporation responded that they are unable to locate it and are holding payment to the supplier until they provide a copy a copy of the contract. Again this indicates poor record keeping

and management and means that we are unable to assess any risks arising from the contract.

Brixton Campus fit out

- 2.14 In response to our enquiry regarding major items of capital equipment, the Corporation has confirmed that it has recently agreed to let the contract for the internal fit out of the Brixton Campus, with work to commence in June 2017.
- 2.15 We have been provided with a draft Letter of Intent between the Corporation and the Contractor (Gilbert-Ash) for the undertaking of preliminary works relating to the Brixton Fit Out (the **Letter**). We have also been provided with a draft building contract between the parties (the **Main Contract**) for all of the Fit Out works. We have not been provided with the appendices to the Letter or the Main Contract.

Letter

- 2.16 Under the terms of the draft Letter, Gilbert-Ash is entitled to be paid the reasonable and necessary costs of any authorised preliminary works (such payment to be determined by reference to the Main Contract), up to a maximum sum of £50,000 (inc. VAT) or any larger sum approved in advance by the Corporation (the **Maximum Sum**).
- 2.17 The Letter automatically expires on 14 June 2017 or, if earlier, the value of the works carried out reaching the Maximum Sum. The Corporation may also terminate the Letter by immediate written notice. The Corporation's liability under the Letter is limited to the Maximum Sum and will not include consequential losses suffered by Gilbert-Ash. The Corporation's potential liabilities under the Letter are therefore minimal.
- 2.18 Given that the Corporation's liability under the Letter is limited in terms of time, the value of the works undertaken and the nature of

the works undertaken and that there is an expectation that the Main Contract will be entered into and supersede the Letter, we consider that the Letter presents only a minor risk to the Corporation at this time.

- 2.19 However, to avoid inadvertently entering into an uncertain contractual relationship upon expiry of the Letter, the Corporation should ensure that, before the expiry of the Letter, the Main Contract (or if necessary a new letter of intent) is entered into.

Main Contract

- 2.20 The Main Contract is based on an industry standard form (the "JCT Design and Build Contract 2016"), with some bespoke amendments. The draft document provides for a contract sum of £1,541,445.41 (excluding VAT), a works start date of 14 June 2017 and a works completion date of 14 August 2017. The Main Contract contains the usual protections for an employer under a building contract, and bespoke provisions which are drafted in the Corporation's favour.

- 2.21 Of note within the amendments is a new clause entitling the Corporation to terminate the Main Contract on 30 days' notice without the need to give reasons. If used, the Corporation is liable to pay Gilbert-Ash for work properly carried out to date, plus reasonable demobilisation costs and the cost of any materials irrevocably ordered by Gilbert-Ash.

- 2.22 The Main Contract as presently drafted does not create any material or unusual risks for the Corporation.

3 The Business

- 3.1 The Corporation has provided copies of the contracts set out in the table below. We requested (in summary) details of all contractual arrangements in place with third parties which have a value in excess

of £50,000 (either as initial consideration or an annual payment that exceeds that amount), are material to the operation of the further education college or fall outside of the ordinary course of operating a further education college.

- 3.2 In the table below we provide a brief summary of the key provisions of relevance to the proposed change of control as shown in the contracts provided to us in response to the above, namely;

- 3.2.1 whether there will be an impact on the contract as a result of a change in control of the Corporation which will occur in stage 1 of the project;
- 3.2.2 whether and how the contract can be terminated (if the Corporation wishes to do so in the future);
- 3.2.3 whether the contract can be assigned for the purposes of stage 2 of the project; and
- 3.2.4 any terms which we consider to be a major risk to the Corporation.

Contract for	Contract with	Date of expiry and termination provisions	Assignment provisions (relevant for stage 2 purposes)	Any change of control provision	Unusual provisions and/or major risks
Lease of IT equipment (Technology Refresh option Agreement)	Econocom Ltd	Initial Period ends 1 October 2019 See comments on the "Technology Finance Agreement" below.	See comments on the "Technology Finance Agreement" below.	See comments on the "Technology Finance Agreement" below.	The agreement transfers the risk of insurance to the Corporation. the Corporation must make sure the equipment is properly insured against all risks.
Technology Finance Agreement - this document contains the terms and conditions applicable to the above contract However, we note that the above contract refers to clauses 20.4, 20.5, 20.6 and 21.2 of the Conditions of Leasing and this document does not	Econocom Ltd	There are no termination provisions other than where there is an "Event of Default" Econocom may demand accelerated rent and/or terminate with payment of a Termination Sum. The "Termination Sum" (please see column to right for further details). The "Events of Default" are listed in clause 13 of the contract and cover non-payment by the Corporation, breach of the	The terms and conditions governing the lease (see below) do not mention assignment. This means that on stage 2, the Corporation will have an implied right to assign the benefit of the lease (i.e. the lease of the equipment) to South Bank Colleges.	The terms and conditions do not mention change of control. There is a provision at article 13(ix) which says that the change of ownership of the Corporation amounts to an "Event of Default". However, we do not consider a change of ownership will happen to the Corporation at either stage 1 or stage 2 as the Corporation is a statutory corporation with no "owner". Therefore, we do not believe	The rental payments have been calculated on the basis of the assumptions set out in article 6.4. These relate to the annual writing down allowance available to the owner of the equipment, the owner's right to offset its losses in respect of interest or allowances against profits under the Corporation Tax Act 2010, changes to generally accepted accounting practices or the law and practice in the UK relating to taxation, and the

<p>contain those clauses. It is therefore unclear whether these are the correct terms and conditions. If the Corporation has provided the wrong terms and conditions then we will have been unable to properly assess the risks of the contract and it is possible that there could be other risks we have been unable to identify.</p>		<p>contract by the Corporation, misrepresentation by the Corporation, the Corporation taking any step or action which prejudices Econocom's rights to the equipment, the Corporation breaching the terms of any other lease or financial instrument, the Corporation being at risk of insolvency or any change in ownership of the Corporation.</p> <p>The Corporation will also be deemed to have committed an "Event of Default" if any of the listed events happens to any guarantor or holding company of the Corporation.</p> <p>The Corporation has no right to terminate.</p>		<p>this clause will apply.</p>	<p>accounting practices for dealing with the disposal value of the equipment. If any of these assumptions are not satisfied, the rental payments payable by the Corporation can be adjusted.</p> <p>It appears some risk for damage, destruction or loss of the equipment sits with the Corporation (cls. 10,11). the Corporation should make sure the equipment is properly insured against all risks.</p> <p>Econocom has wide rights to terminate the leasing contracts financed under these terms and/or demand payment of the "Termination Sum" if any of the "Events of Default" listed in cl. 13 occur.</p> <p>Please see paragraph 8 below regarding the Corporation's data and information practices.</p>
<p>Equipment purchase</p>	<p>Econocom Ltd (as purchaser, the Corporation as</p>	<p>The contract is for the sale of specific assets by the Corporation to Econocom.</p>	<p>No assignment without the consent of Econocom Ltd (clause</p>	<p>The contract is for the sale of specific assets by the Corporation to Econocom.</p>	<p>None</p>

Agreement - IT	Vendor)	Therefore, it does not have start or end dates.	8.5) It will not be necessary to assign this contract on stage 2 of the project so consent will not be required.	Therefore, it does not have change of control provisions.	
Contract for the provision of software, associated services and ongoing maintenance and support	Compass Computer Consultants Ltd	<p>The agreement is dated 27th February 2015. It appears to run on a rolling 12 month basis with no minimum term.</p> <p>The Corporation may terminate on three months' written notice to take effect at the end of the current maintenance and support period (cl 17.1).</p> <p>The maintenance and support services period started on the date the software was installed and ran for an initial 12 months. The maintenance and support services then refresh for additional 12 month periods on a rolling basis.</p> <p>It is unclear from the</p>	<p>The software licence is stated to be non-assignable and non-transferrable (cl 2.1).</p> <p>Neither party may assign without the prior written consent of the other party which is not to be unreasonably withheld (cl 14.1).</p> <p>Therefore prior consent will be required for assignment on stage 2 of the project.</p>	No change of control provision.	<p>The agreement does not cover data protection risks. If Compass will have access to any personal data (e.g. data relating to the Corporation's students or staff), then the agreement almost certainly puts the Corporation in breach of the Data Protection Act 1998 and the General Data Protection Regulation ("GDPR") (the GDPR is due to come into force in May 2018). We recommend the data protection risks are identified and remedied as soon as possible.</p> <p>The agreement is unsigned so it is unclear whether it is binding on Compass and the Corporation.</p> <p>Please see paragraph 8 below regarding the Corporation's</p>

		<p>contract when Compass started providing the maintenance and support services so we cannot determine when the contract can be terminated.</p> <p>To end the contract, the Corporation would need to speak to Compass to identify the date when the contract can be ended. The Corporation would then need to give Compass 3 months' written notice to terminate on that date.</p> <p>There are standard clauses allowing either party to terminate for material breach or insolvency risks (cl 17.2, 17.3).</p>			data and information practices.
Strategic partnership agreement for provision of services (e.g. registration and certification fees, qualification approval fees, CPD and quality improvement	City and Guilds of London Institute (as service provider)	The Initial Term is 60 months from 1 September 2014, following which it may be renewed by written agreement between the parties for a Renewal Term. The parties shall discuss any renewal at least 3 months before expiry of the Initial Term, i.e. by 1 June 2017	The Corporation may assign the contract to an Associated Company (cl. 18.8), which is defined as a subsidiary, holding company or an ultimate holding company of a party or a subsidiary of any of these (defined by reference to s.1159 of	On a change of control or change of governance (or if the Corporation merges with another organisation) City and Guilds is entitled to propose a revised monthly subscription model and if the parties are unable to agree it within a reasonable period of time then City and Guilds is	The monthly subscription fee was fixed for one year. This was £29,995 (schedule 1). Each May the parties agree the subscription fee for the following academic year (cl. 6.7). We have not seen any documents showing what the current monthly fee is.

<p>training, operational and financial efficiency visits)</p>		<p>otherwise it will expire (cl. 12.1 - 12.3).</p> <p>Either party may terminate at the end of academic year provided at least 3 months' notice is given (cl. 12.4).</p>	<p>the Companies Act). It is not clear that South Bank Colleges would meet this definition (as LSBU does not appear to meet the definition of holding company of the Corporation with s.1159). There are no other assignment provisions.</p> <p>Therefore prior consent is likely to be required for assignment on stage 2 of the project.</p>	<p>entitled to terminate (cl. 12.7).</p> <p>LSBU should be aware that this represents a risk. It is possible that City and Guilds may propose a higher monthly subscription fee and in the event that the parties cannot agree then City and Guilds could terminate and the Corporation would need to find an alternative provider.</p> <p>The current fees are said to be based on previous volumes and operating models of the Corporation and current and forecast learner numbers.</p>	<p>City and Guilds has the right to subcontract to other providers.</p> <p>The agreement is subject to the Corporation remaining an approved "City and Guilds centre" and it does not explain what one of those is.</p> <p>The Corporation warrants and undertakes that it has obtained all necessary consents to transfer personal data to City and Guilds and its sub-contractors (cl. 10.3).</p> <p>The Corporation is the data controller and so is liable for the actions of the processor in relation to the Data Protection Act 1998. (cl. 10.4).</p> <p>There is a clause which purports to allow the innocent party to apply for an injunction in relation to any breach of the agreement (cl. 7.4).</p> <p>There is unlimited liability for any breach of Confidentiality (cl. 7), Data Protection (cl.10),</p>
---	--	--	--	--	---

					<p>or Compliance with Relevant Requirements (cl. 13). Any other liability arising from the agreement is capped at the total annual fee.</p> <p>Please see paragraph 8 below regarding the Corporation's data and information practices.</p>
<p>Operating Solution Agreement for photocopiers</p>	<p>Siemens Financial Services Ltd (supplier is Autodigital Networks Limited)</p>	<p>60 month contract from the "Acceptance Date" (i.e. the date the Corporation confirms acceptance of the equipment) (cl 2).</p> <p>Siemens can end the contract early if the Corporation commits an "event of default" (cl 10(a)) which includes non-payment by the Corporation, the Corporation breaching the agreement or any other agreement with Siemens, misrepresentation by the Corporation, the Corporation attempting to sell the equipment, the Corporation committing a material breach of any</p>	<p>If there is a transfer of possession/control of the equipment or liabilities without Siemens' prior written consent, it is an "event of default" and Siemens is entitled to accelerated rental payments and/or to terminate the agreement (cl 10(a)(ix), 10(b)).</p> <p>Siemens has the right to assign freely (cl 21(e)).</p> <p>Therefore prior consent will be required for assignment on stage 2 of the project.</p>	<p>While there is no change of control provision, as previously stated if there is a transfer of possession/control of the equipment or liabilities without Siemens' prior written consent, it is an "event of default" and Siemens is entitled to accelerated rental payments and/or to terminate the agreement (cl 10(a)(ix), 10(b)). While this provision is not intended to cover a change in the management of the Corporation we consider there is a small risk that it could cover a change of control.</p> <p>In our view this is a minor risk and we would not</p>	<p>Risk in the equipment sits with the Corporation. Therefore, the Corporation should make sure the equipment is fully insured (cl 9)25.</p> <p>There is no option for the Corporation to purchase the equipment at the end of the contract. Instead the equipment must be returned to Siemens (cl 13).</p>

		<p>other financial agreement with the Siemens group, the Corporation being at risk of insolvency, or the Corporation transferring possession or control of the equipment to any other person without Siemens' consent.</p> <p>If an "event of default" occurs, Siemens is entitled to accelerated rental payments and/or to terminate the agreement (cl 10(b)).</p> <p>Siemens' right to accelerated payments entitles Siemens to demand payment of any rental payments the Corporation owes to Siemens, the rest of the rentals payable over the rental term (less a 3% yearly compounded discount for each rental), and any costs incurred by Siemens in recovering the equipment, storing the equipment, repairing the equipment, insuring the equipment, disposing of the equipment</p>		<p>recommend approaching Siemens.</p>	
--	--	---	--	---------------------------------------	--

		<p>and enforcing Siemens' rights under the contract.</p> <p>The Corporation has no right to terminate.</p>			
<p>Accountancy Academy agreement (accountancy training and intellectual property licence) relating to the AAT Levels 1 to 4 course)</p>	<p>The Finance and Management Business School Ltd (FMBS)</p>	<p>The initial period expires 31 on July 2017, but automatically extends for 12 months every 31 July unless notice is given 30 days in advance.</p> <p>As a result the Corporation would need to give notice of termination shortly after completion if it does not wish to extend this contract. We recommend that LSBU discuss this with the Corporation. Please see our comments in the right hand column regarding the allegation made regarding</p>	<p>The Corporation may not assign without the prior written consent of FMBS (while in the case of assignment to an entity in the same group as the Corporation this is not to be unreasonably withheld or delayed, South Bank Colleges would not be within the same group).</p> <p>Therefore prior consent is likely to be required for assignment on stage 2 of the project.</p>	<p>No change of control provision.</p>	<p>The Agreement states that it is intended that FMBS shall make use of certain employees of the College (the "Secondees").</p> <p>There is an indemnity at clause 5.5 for the Corporation to indemnify FMBS for all losses arising in connection with the Secondees from the College.</p> <p>The contract provides that certain staff will be seconded from the Corporation to FMBS but will not transfer under TUPE. The Corporation has indemnified FMBS against</p>

		this contract.			<p>all possible claims from these staff, whether or not TUPE in fact applies.</p> <p>Please note that these indemnities are carved out of the limitation of liability clause (13.2) and so are not included in the liability cap.</p> <p>All the Intellectual Property Rights in or arising out of or in connection with the Services will be owned by FMBS. This poses a risk as this may conflict with the Corporation's IP policy.</p> <p>There is a non-solicitation clause (clause 12) that neither party should directly or indirectly solicit the other's employees during the term of the agreement and for 12 months after termination. If either breaches this clause then they will pay one year's salary or the annual fee of that employee to the other party, plus recruitment fees to replace that employee.</p> <p>Liability of both parties is capped at 100% of the</p>
--	--	----------------	--	--	---

					<p>charges paid or payable within the 12 month period prior to the act or omission that gives rise to the liability.</p> <p>The services under the agreement clearly involve data sharing, but there are no data sharing provisions. This means there is a risk of breach of data protection law.</p> <p>Please see paragraph 8 below regarding the Corporation's data and information practices.</p> <p>A whistleblower has made an allegation under the Public Interest Disclosure Policy that the Corporation is receiving no value from the FMBS contract. The Corporation's audit committee did not consider this aspect of the allegation as it did not fall within the relevant policy. Please see the litigation section of this report. We recommend that LSBU reviews this contract and discusses with the</p>
--	--	--	--	--	--

					Corporation whether the contract represents good value or whether it should be terminated. Please see our comments regarding when the Corporation would need to give notice if it intends to terminate.
--	--	--	--	--	---

- 3.3 The Corporation has confirmed that there are no long-standing or unusual agreements or other material contracts not covered by any of the preceding enquires and that there are no joint venture, joint development, partnership or similar agreements.
- 3.4 The Corporation has confirmed that there are no ongoing major projects (i.e. those accounting for more than 5% of the Corporation's turnover) though it has confirmed that the Vauxhall Development will fall into this category.
- 3.5 The Corporation has confirmed that it has no dealings with bodies outside the UK. It has also confirmed that there are no agreements under which a fee, commission or royalty is paid. It also states that there are no options to acquire any assets connected with the Business.
- 3.6 In response to the enquiry regarding any grants received (excluding SFA and EFA grants), the Corporation has provided documents relating to SFA and EFA grants only. As discussed above, we are not reporting on SFA and EFA funding as it falls outside the scope of our review and we understand that PwC is advising on this aspect. Please see section 2 above in relation to the evidence of other grants that we found.
- 3.7 We understand the Corporation sub-contracts delivery of apprenticeships to third party providers. We have assumed that the process of selecting, engaging and managing the sub-contractors has been carried out by the Corporation in accordance with all applicable rules and regulations, including the Public Contracts Regulations 2015 and the rules of the Education and Skills Funding Agency. We also assume the Corporation does not sub-contract any provision funded by Advanced Learner Loans as this is prohibited under SFA rules.
- 3.8 The Corporation has provided copies of its sub-contracts with third party providers for the delivery of apprenticeships. These are in a

standard form drafted by the Corporation and our comments are as follows:

- 3.8.1 The contracts contain clauses on data protection (cl 15) which meet the requirements of the Data Protection Act 1998. However, the clauses are silent on the General Data Protection Regulation ("**GDPR**") (the GDPR comes into force in May 2018). If these contracts will be used as templates beyond May 2018, we recommend they are reviewed and updated for GDPR compliance as soon as possible;
- 3.8.2 The contracts do not contain safeguarding clauses. If the apprentices are under 18 years' old, we would expect to see detailed safeguarding provisions in the contracts. If the apprentices are under 18 years' old, we recommend the contracts are reviewed and updated for safeguarding compliance as soon as possible;
- 3.8.3 The contracts contain some fairly broad brush indemnities to protect the Corporation against liability under the Transfer of Undertakings (Protection of Employment Regulations) 2006 ("**TUPE**") should any staff of the sub-contractor claim their employment has transferred to the Corporation (cl 17.4). However, these clauses may not be sufficiently robust to protect the Corporation from TUPE risks. If the sub-contractors have staff who spend all or most of their time delivering programmes to the Corporation's students, then we recommend these clauses are reviewed and updated as soon as possible to protect the Corporation from TUPE risks. Please also see paragraph 9.4 below;
- 3.8.4 The SFA funding rules give apprentices the right to take learning breaks. The contracts between the Corporation and the sub-contractors do not mention learning breaks so it is

unclear how a learning break requested by an apprentice would be handled and managed;

- 3.8.5 The contracts contain restrictions which prevent both the Corporation and the sub-contractor assigning the contract without the prior written consent of the other party (cl 28.2). This will be relevant for stage two of the project.
- 3.8.6 A very high level review of each of the sub-contracts has shown that while these are generally in standard form, they are not all identical as some contracts omit the termination clause and/or include a "timely completion clause". These differences are fairly minor and do not create additional risk.

Procurement

- 3.8.7 The Corporation has confirmed that it has complied with its procurement obligations, that it has not been subject to any formal or informal procurement challenges or complaints during the last three years and that the Corporation has not re-started any procurement processes or paid any wasted bid costs during the last three years.
- 3.8.8 As part of our review (and as set out in more detail in section 6), we note that the Corporation abandoned the procurement process to appoint a developer for the Corporation's Vauxhall site. We understand that this procurement was abandoned at a very late stage (after 14 months of preferred bidder negotiations) which raises concerns from a procurement perspective.
- 3.8.9 We understand that the Corporation is considering its options for this development project. We would recommend that LSBU works closely with the Corporation to mitigate

procurement risks in the structure and conduct of any re-procurement exercise.

- 3.8.10 The Corporation has provided details of a potential dispute in relation to the appointment of a Hotelier on the Vauxhall development site. We have set out in section 6, below, our comments as to whether there is a potential procurement dispute, based on the information the Corporation has provided.
- 3.8.11 The Corporation appears to have an insufficient procurement policies and procedures to ensure compliance with the Public Contracts Regulations 2015, Concession Contracts Regulations 2016 and wider European procurement laws.
- 3.8.12 The potential remedies available for breaches of the procurement rules includes damages claims, automatic suspension of a procurement procedure in process and ineffectiveness (contract cancellation) up to six months after contract signature. More widely complaints may be made to the Mystery Shopper who can investigate poor procurement practice and make recommendations to address any issues. Other risks include inconsistent approach to procurement within the Corporation.
- 3.8.13 The Corporation provided tender documentation in relation to the Brixton Hill campus refurbishment. We understand that this project has an estimated value of £1.865 million, which for procurement purposes would be treated as a 'below threshold' procurement for works.
- 3.8.14 The evaluation report dated 10 March 2017 states that one bidder was rejected as its offer was significantly higher than the others received. Based on the tender documentation we

were provided this mechanism did not appear to have been disclosed.

- 3.8.15 Whilst there is a possible damages claim for a loss of transparency, the risk of a complaint or challenge is assessed as low. Bidders were informed that they were unsuccessful by letters dated 17 March 2017. A complaint must be brought within 30 days of the date of knowledge of grounds for a complaint. A court can extend this period to 3 months for 'good' reasons. The Corporation has confirmed that it has not received any complaints or procurement challenges and so (if this is true) it would be possible to mount strong arguments that any claim would be brought out of time.

4 Consents and consultation

- 4.1 The Corporation has confirmed that no external consents are required for stage 1 of the project. The Corporation told us that dissolution of the Corporation during stage 2 will require Secretary of State approval and approval of the Corporation's bank. We have advised LSBU previously regarding the statutory consultation and notification process that will be required for stage 2 (we note that the requirement is to notify and consult the Secretary of State rather than seek his or her consent). For stage 2 LSBU will need to work with the Corporation to ensure that the bank's consent is obtained. We understand that PwC are advising you in respect of this aspect of the project.
- 4.2 We requested details of the Corporation's plans for consultation on matters relating to the change of control and consequential changes to the instrument and articles of government. The Corporation stated that it believed for stage 1 there was no requirement for public consultation. As LSBU is already aware, there is a requirement for consultation for stage 1, both as a result of a provision in the current

instrument and articles of government and also owing to the Corporation's status as a public body. This issue has already been addressed and we understand that the public consultation is underway.

- 4.3 LSBU should note that while the new the instrument and articles of government to be put in place on completion does not include a consultation requirement, the Corporation will remain subject to the requirement to consult on any future changes as result of its public body status. This will be relevant for stage 2.
- 4.4 The Corporation has confirmed that for the stage 2 dissolution process it will follow the public consultation process set out in statute. LSBU will need to work closely with the Corporation to ensure that the statutory procedure is followed properly.
- 4.5 The Corporation has stated that it has carried out no previous consultation exercises and no structure and prospects appraisals. The Corporation confirmed that it undertook an Expressions of Interest process which ran alongside the Area Review process. The Corporation has provided a copy of a document entitled "An opportunity to express interest in a strategic alliance and merger with Lambeth College Document", which was prepared for LSBU in April 2016. We have not reviewed this document as LSBU will have seen it previously.

5 Insurance⁵

- 5.1 The Corporation has confirmed that:
- 5.1.1 It has a current insurance policy in place with Zurich Municipal until 31 July 2017 and that all premiums are paid up to date.

⁵ Since the date of this report, Lambeth has also disclosed a Directors and Officers insurance policy with Royal and Sun Alliance. We have not reviewed this policy.

- 5.1.2 No claims have been submitted or are pending since the end of the last financial year.
 - 5.1.3 No insurance cover has been refused or withdrawn in the last three years.
 - 5.1.4 It has retained a proper record of all of the Corporation's employers' and public liability insurance policies (including details of the insurer and policy number) and that this information can be provided on request.
- 5.2 The Zurich Municipal 'Select' policy provides cover for :-
- 5.2.1 Material damage;
 - 5.2.2 Business interruption;
 - 5.2.3 Works in progress;
 - 5.2.4 Money;
 - 5.2.5 Computer;
 - 5.2.6 Public liability;
 - 5.2.7 Hirers liability;
 - 5.2.8 Employers liability;
 - 5.2.9 Motor.
- 5.3 A copy is appended to this report at Appendix 13.

6 Litigation

- 6.1 The Corporation has confirmed that apart from the Carillion dispute (please see paragraphs 6.20 to 6.25.5) there is no other current or

threatened disputes, litigation or prosecutions involving the Corporation and / or the Business (including student or parent disputes) where the potential liability of the Corporation may exceed £10,000.

- 6.2 The Corporation has provided details of what it says are all other matters where litigation is either contemplated or ongoing comprising :
- 6.2.1 2 longstanding student disputes, Ajozi and Shaw, which concern allegations of staff mistreatment of the claimants, both of whom are vulnerable.
 - 6.2.2 A potential dispute with Axcel Group Ltd in relation to the appointment of a Hotelier on the Vauxhall Development.
 - 6.2.3 A dispute with a former internal auditor ICCA who has threatened judicial review proceedings to quash an internal report into the Corporation's financial deficit.
- 6.3 The student claims are being managed respectively by panel solicitors, BLM and Clyde and Co on behalf of the Corporation's Insurer's Zurich. We have seen a letter from BLM to the Corporation dated 22 February 2017, confirming that the Ajozi claim has been struck out and his appeal against that sanction was dismissed on 17 February 2017. BLM consider the matter to be closed.
- 6.4 The Corporation has been unable to confirm the current status of the Shaw dispute but we understand that a court order was made on 12 December 2016, staying the claim and requiring the claimant to confirm that she has given notice of the claim to the Equality and Human Rights Commissioner by 4pm on 20 January or her claim would be struck out.

- 6.5 Correspondence has been exchanged in response to FOI requests from Axcel Group Ltd and a complaint to the Information Commissioner's Office has been threatened.
- 6.6 Litigation has not been specifically threatened but we have reviewed the correspondence supplied which suggests there is a potential dispute between Axcel Group Limited, Carillion (the Corporation's preferred bidder) and the Corporation.
- 6.7 On the basis of the information we have been provided, it appears that the appointment of the Hotelier ought to have been procured as a sub-contract by Carillion. However the Corporation has engaged in correspondence with Axcel directly and indicated that the appointment of the Hotelier was a decision to be taken by the Corporation. If the Corporation was indeed appointing the Hotelier directly, there could be grounds for bringing a challenge under the Public Contracts Regulations 2015 and/or the Concession Contracts Regulations 2016.
- 6.8 As noted in paragraph 3.8.8 above, the Vauxhall Development and appointment of Carillion has been abandoned, which is confirmed in correspondence dated 20 March 2017. We do not know if Axcel Group Limited is aware of this information at the time of writing this report and the possibility of further threatened or actual litigation or complaints cannot be ruled out particularly in relation to wasted bid costs.
- 6.9 On the basis of the information we have been provided, it appears that ICCA, represented by Browne Jacobson, challenged the validity of the Corporation's internal report (dated 16 September 2016) into its funding deficit. In a letter dated 28 November 2016, ICCA threatened to seek judicial review to quash the report. The Corporation has been represented in this matter by Eversheds and we have seen their detailed rebuttal letter of the 6 December 2016.

The Corporation has since been advised by Evershed's that as more than 3 months have elapsed since the date of the report, ICCA are now out of time to bring judicial review proceedings.

Complaint regarding internal auditors

- 6.10 Draft minutes of a full Governors' meeting held on 9 February 2017 indicate that an allegation has been made regarding the former internal auditors and, in particular, a conflict with regard to a sub-contractor. It also relates to a concern about the level of expenditure with this sub-contractor (which is not identified).
- 6.11 We requested further information on this issue and have been provided with a copy of an undated letter from the Chair of the Audit Committee to the complainant employee who has brought the complaint under the Corporation's Public Interest Disclosure Policy.
- 6.12 The letter sets out more details in relation to the complaint, which appears to be that there is a conflict of interest in respect of the work that FMBS and ICCA have undertaken with the Corporation on the basis that a director of "Lambeth College Internal Audit" (which we take to mean a director of ICCA later identified in the letter as Scott Winter) is also a director of FMBS. There is also a suggestion that the contact with FMBS provides no value to the Corporation.
- 6.13 It appears that the complaint of a conflict of interest was first investigated by the Chair of the Audit Committee in September 2016. The conclusion of that investigation was that:
- 6.13.1 It was unclear how ICCA became the internal auditors when they were not on the original tender invite list and key individuals involved in the decision making process behind that are no longer at the Corporation in order to provide an explanation.

- 6.13.2 Scott Winter has a clear interest in both ICCA and FMBS.
- 6.13.3 In the annual report summarising the activity of ICCA to the Audit Committee there is a section on conflicts of interest in which no conflicts were declared by ICCA and, in particular, no mention of the accountancy curriculum or training provided by FMBS is listed in the additional services provided.
- 6.13.4 The areas reviewed by ICCA in their role as internal auditors did not include a review of FMBS and, therefore, ICCA did not make any opinion on the contract between the Corporation and FMBS.
- 6.14 Although the Chairman of the Audit Committee noted that there was a possible conflict of interest, a conflict did not arise in this case because the work of ICCA did not cover the involvement of FMBS.
- 6.15 The Chairman of the Audit Committee concluded that, on the basis that ICCA are no longer the internal auditors for the Corporation and the claim of a conflict of interest has been reported to Governors and the Interim Clerk, there is no further action to take (albeit the Chairman noted that if ICCA were the current auditors there may well have been).
- 6.16 The Chairman of the Audit Committee concluded that the issue about poor value being received from the FMBS contract was not within the remit of the PIPD policy,
- 6.17 It is clear that the relevant complaining employee was concerned about his treatment as an employee. The Chairman of the Audit Committee suggested that this be pursued by other routes and suggested using the Corporation's grievance procedure.
- 6.18 Very little detail is given in relation to the issue, but the Governor representing support staff appears to indicate at the meeting on 9

February 2017 that the whistleblowers are following up with the National Audit Office and believes this to be high risk to the Corporation. We specifically requested further information from the Corporation around any report to the National Audit Office, but no further information has been provided.

- 6.19 Any staff who have made whistleblowing allegations should not be subjected to any detriment or dismissal for doing so (whether or not the complaint is substantiated). It looks like the complaint has been dealt with internally and the employees are entitled to take the matter externally if not satisfied with the internal outcome. It appears that the employees have been referred to the grievance procedure and been advised to use this route if they consider they have been treated unfairly. We have not seen any information regarding whether any such grievance has been pursued.

Potential construction dispute with Carillion

- 6.20 From around January 2016 to March 2017, the Corporation worked with Carillion (Maple Oak) Limited ("**Carillion**") to design and build a skills centre at the Corporation's Vauxhall site (the "**Vauxhall Development**").
- 6.21 A draft Development Agreement between the Corporation and Carillion remained the subject of negotiations and was not finished or signed by the parties. Carillion has carried out work including design input for a detailed planning application for the Vauxhall Development, purportedly in accordance with the draft Development Agreement.
- 6.22 In early March 2017, and confirmed by letter dated 20 March 2017, the Corporation notified Carillion that it would not proceed with the Vauxhall Development. The Corporation has also written to the local

planning authority to withdraw its planning application for the Vauxhall Development.

- 6.23 Carillion would like to proceed with the Vauxhall Development. Its letter to the Corporation dated 15 March 2017 indicates two causes of action which Carillion may pursue if the Corporation does not continue with Carillion for the Development Agreement.
- 6.24 Carillion estimates that its costs to date and its costs of the Vauxhall Development being discontinued total at least £6.3 million. If Carillion's claim is successful, the Corporation may also be liable to pay interest and the reasonable and proportionate legal fees incurred by Carillion in pursuing its claim, as well as any legal fees which the Corporation expends in defending the claim.

6.25 **Breach of Contract**

- 6.25.1 Carillion asserts that the key terms of the Development Agreement had been agreed and that the Corporation's conduct in sanctioning significant design work and input from Carillion was indicative of agreement between the parties.
- 6.25.2 If Carillion can demonstrate that all of the key terms were agreed (and were not subject to completion of the Development Agreement), a valid contract will exist between the Corporation and Carillion, on the agreed terms of the Development Agreement.
- 6.25.3 If there is a valid contract in place, the Corporation's unequivocal statement that it does not intend to proceed with the Vauxhall Development, together with its withdrawal of the planning application, is very likely to constitute a repudiatory breach of the Development Agreement by the Corporation.

- 6.25.4 If Carillion accepts this breach, or is prevented by the Corporation from performing any further obligations under the Development Agreement (for example, if the Corporation prevents access to the site), then the Corporation will be liable to pay compensation to Carillion.
- 6.25.5 The level of compensation due from the Corporation will be an amount equal to the profit which Carillion would have made had it carried out all of its obligations under the Development Agreement, less any sums already paid by the Corporation to Carillion. Carillion is also obliged to mitigate its losses (for example, by accepting alternative work) and any compensation should be reduced to the extent the Carillion has, or should have, mitigated its losses.

6.26 **Quantum Meruit**

- 6.26.1 If Carillion cannot demonstrate that there was a valid contract between it and the Corporation, it may nevertheless bring a claim for the value of the work done.
- 6.26.2 In order to succeed with a claim on this basis, Carillion would need to show (a) that it carried out work which was to the Corporation's benefit, (b) that there was no expectation that the work was gratuitous, (c) that the Corporation had encouraged the work or had had opportunity to reject the work but failed to do so, and (d) it would be unjust for the Corporation to retain that benefit without paying for it.
- 6.26.3 The level of compensation due from the Corporation will be the reasonable amount that the Corporation would have to have paid on the open market to procure the work undertaken by Carillion to date. A court is likely to be guided

in this, where it is helpful to do so, by the payment terms in the draft Development Agreement.

- 6.26.4 The Corporation may defeat this claim if it can show that Carillion knowingly proceeded with the work at its own risk.

6.27 Estoppel

- 6.27.1 Although an estoppel is not a claim in its own right, it could be relevant in these circumstances as it can prevent a party from raising facts or arguments upon which it would otherwise be entitled to rely.
- 6.27.2 Carillion asserts that it would be unjust for the Corporation to reverse its decision to proceed with the Development Agreement, after the Corporation had over the course of a year created a legitimate expectation that it would proceed.
- 6.27.3 To establish an estoppel, Carillion will need to show (a) that the Corporation made a clear and unequivocal communication to Carillion that the development would proceed, (b) Carillion reasonably relied upon that communication, and (c) Carillion acted to its detriment in so doing.
- 6.27.4 Where an estoppel is made out, it may prevent the Corporation from denying that the Development Agreement was agreed, or that Carillion proceeded with the work at its own risk. This would make it significantly more difficult for the Corporation to defend claims brought on either of the bases above.

6.28 Settlement

- 6.28.1 In its letter of 15 March 2017, Carillion indicates willingness to reach a "commercial solution" and in its response dated 23 March 2017 the Corporation confirmed that it would be prepared to consider a payment to conclude the matter quickly.

- 6.28.2 It may therefore be possible for the Corporation to avoid litigation in this instance by reaching appropriate settlement terms with Carillion, which reflect the input provided by Carillion to date, the advice received on the merits of the claim and the costs, risk and time involved in a protracted dispute. This should, of course, be encouraged by LSBU in order to mitigate this risk to them.

7 Compliance

- 7.1 The Corporation is inspected by Ofsted and was last inspected in November 2016. The overall effectiveness judgement following that inspection was "requires improvement". The key findings were as follows:
- 7.1.1 Leaders and managers have not yet secured sufficient improvement in outcomes for learners and for teaching, learning and assessment.
- 7.1.2 Teachers do not always have sufficiently high expectations of their learners in lessons, and do not teach lessons to enable learners to make the best possible progress.
- 7.1.3 Teachers' promotion of independent learning for learners is underdeveloped; teachers do not make good enough use of the college's virtual learning environment.
- 7.1.4 While learners' achievements are no longer inadequate, they require further improvement overall.

- 7.1.5 The development of many learners' English and mathematics skills and knowledge is insufficient, and their achievements are too low, including high grade achievement for GCSE.
- 7.1.6 The achievement of apprentices within agreed timescales is low.
- 7.1.7 Learners' attendance is improving, but it is not yet consistently good enough, especially in lessons for English and mathematics.
- 7.1.8 Not enough learners on study programmes attend external work experience.
- 7.2 The Corporation has provided various Quality Improvement Plan documentation and has stated that these documents address all recommendations made by Ofsted following the November 2016 inspection.
- 7.3 The Corporation has confirmed that it currently complies with Ofsted's Common Inspection Framework. Having received the judgement "requires improvement", the Corporation can be expected to receive another full inspection within 12 to 24 months of the previous inspection and be subject to support and challenge visits in the meantime.
- 7.4 The Corporation has provided a Notice of Concern - Financial Health dated 28 June 2013 from the Skills Funding Agency setting out a number of actions intended to improve the Corporation's financial provision. The FE Commissioner subsequently carried out an assessment during 21 to 26 September 2016 and we have been provided with the Summary Report.
- 7.5 As stated above, the FE Commissioner's findings concerned the governance arrangements and financial stability of the Corporation.
- An additional finding was that as a careers college, the Corporation needs to redouble its efforts to ensure that functional skills, apprenticeships and GCSE Maths and English are seen by all staff and students as key to their success.
- 7.6 The Corporation has provided the FE Commissioner Stock Take Report dated February 2017. The Report acknowledges the progress made in the quality of teaching and learning but echoed Ofsted's findings that further improvements are necessary and sets out a number of actions. The Report states that the recommendations have been taken on board and the curriculum management team is being restructured to provide a more effective line management structure to drive through the changes.
- 7.7 The Corporation has confirmed that there is no other relevant correspondence although the monitoring of the progress to achieve the recommendations is included at the monthly case conferences with the Skills Funding Agency (now the Education and Skills Funding Agency). We have not been provided with details of these case conferences.
- 7.8 The Corporation has confirmed that following its first QAA inspection in March 2017, it has not yet received a draft report. It has provided a Quality and Improvement Committee paper dated 27 March 2017, which provides an overview of the inspection.
- 7.9 The Corporation expects the following to be the required actions when it receives the report in due course:
- 7.9.1 To articulate and address the distinctive needs of the HE programmes identified from student feedback when enhancing the student learning experience and facilitate greater involvement of the HE student body as partners in the development and enhancement of the HE provision .

- 7.9.2 Ensure that the Corporation continues to implement a rigorous on-going process for senior management and Governor oversight of HE provision.
- 7.9.3 Ensure procedures are in line with the requirements of partner institutions, including in particular HE support policies for students seeking ALS .
- 7.9.4 Provide clear and consistent information to prospective students on how the recruitment, selection and admissions process will be conducted and ensure that pre-contract obligations are met fully.

7.10 Pending receipt of the QAA report, the Corporation has provided only partial confirmation that it complies with the UK Quality Code for Higher Education.

Lambeth College Nursery

- 7.11 "Lambeth College Governing Body" is the registered provider of Lambeth College Nursery which is operated on the College premises providing childcare for children aged 2 to 8 years (URN: 144680). The nursery is registered with Ofsted as providing childcare on non-domestic premises.
- 7.12 The Corporation has stated that "Lambeth College Governing Body" is the registered provider of only one early years provision. This is inconsistent with Ofsted's website which suggests that "Lambeth College Governing Body" is also the registered proprietor of Brixton Centre - Lambeth College Nursery <https://reports.ofsted.gov.uk/inspection-reports/find-inspection-report/provider/CARE/144088>. It may be that the Brixton Centre nursery is no longer in operation. If this is the case, the Corporation should notify Ofsted of this so that the separate Brixton Centre Nursery is removed from the register.

- 7.13 In our view the registrations are in the incorrect name and should refer to the Corporation rather than its governing body. The governing body is not a legal entity in its own right.
 - 7.14 Early years provisions must meet the requirements of the Statutory Framework for the Early Years Foundation Stage. Both nurseries registered as being operated by the "Lambeth College Governing Body" were judged by Ofsted to meet the regulatory requirements when they were last inspected, both in 2015. A new Statutory Framework for the Early Years Foundation Stage has recently come into force and we recommend that compliance with this is reviewed following completion.
 - 7.15 In addition, the Statutory Framework for the Early Years Foundation Stage requires registered providers to notify Ofsted of a number of changes. One such change is a change to the 'nominated individual' (the member of the governing body appointed to be responsible for all matters relating to the registration and who will act on behalf of the organisation in its dealings with Ofsted). Where it is reasonably practicable to do so, this notification must be made in advance of the change but if this is not possible, it must be made within 14 days of the change. We will be happy to assist with this notification if required.
 - 7.16 When the proprietor of the college changes as part of stage 2 of the project, an application will need to be made for a new Ofsted registration if the nursery (or nurseries) will continue to operate.
- #### **Safeguarding**
- 7.17 The Corporation has provided the safeguarding updates provided to the Governing Body in 2015, 2016 and 2017.

- 7.18 The Corporation has also provided documents entitled 'Safeguarding Trends and Lambeth College' and 'Lambeth College Safeguarding Learner Disclosures 2014-17' which provide details about safeguarding issues and incidents and which are both appended to this report as Appendices 14 and 15. The latter document confirms that there have been 28 safeguarding incidents involving allegations against staff or other learners over the past three academic years.
- 7.19 The Corporation has confirmed that the statutory reporting procedures have been followed where appropriate in all cases.
- 7.20 We would like to draw the following incidents to LSBU's attention which are listed in the 'Lambeth College Safeguarding Learner Disclosures 2014-17' document as taking place in the current academic year:
- 7.20.1 Allegation from staff member that an 18 year old female autistic learner had been stalking him on social media. The Corporation states that there was parent involvement in dealing with this and also support from Lambeth educational psychologist.
- 7.20.2 Allegation from the same 18 year old female autistic learner that she had been raped by another male learner in the toilets at college. The Corporation states that the police are currently investigating this allegation.
- 7.20.3 A further allegation from an 18 year old female autistic learner that a staff member had physically assaulted her. The Corporation states that the allegation is currently under investigation by the HR department.
- 7.21 Governing Body meeting minutes of 29 September refer to an incident that is considered to be a risk of reputational damage to the Corporation. We requested further information about this and the

Corporation has confirmed that the incident involved two youths (not college students) who were seen outside the Clapham Centre of the college on a moped with a gun. The police were called, one student was suspended and was ultimately removed permanently from college. We are unsure of the basis for this given that we are told it did not involve college students. The Corporation confirmed that it worked closely with the police who allocated significant resources to respond to the incident and proactively worked to reduce the likelihood of recurrence. The Corporation has also stated that it has increased the number of security guards patrolling the Clapham Centre.

- 7.22 The Corporation has stated that it continues to work positively with the police. The Corporation has stated that it has a new knife arch which is deployed intermittently, it has had the police and sniffer dogs on the premises, and it now has a member of the police's safer neighbourhood team based at the Clapham Centre. Incidents of this nature are a risk to the reputation of the Corporation and continued cooperation with the police and relevant authorities will be required to safeguard students.
- 7.23 We have requested full details of these incidents including the action that has been taken by the Corporation in response to these incidents but this information has not been provided. Any risk to the Corporation (for example, reputational risk, risk of findings of non-compliance on inspection or risk of complaints or claims against the Corporation) will be increased if there has been any failure in following the Corporation's policies and procedures and/or a breach of its duty of care.

Health and safety and Food Safety

- 7.24 The Corporation has provided limited documentation in respect of compliance with Health and Safety and Food Safety legislation.

However, the documentation provided indicates that there are major areas of non-compliance with Health and Safety and Food Safety legislation.

- 7.25 We have appended a copy of the Internal Audit Report completed by Kiernan Doyle on 19 November 2016 (the Report) at Appendix 16, which details the full extent of the identified areas of major non-compliance, including in relation to asbestos, water hygiene, emergency lighting, electrical testing and fixed wire installations, the kitchen and catering facilities, and a general lack of training and understanding of health and safety from director level down.
- 7.26 Whilst some steps have been taken to address some of the issues identified in the Report, there still remain significant areas of non-compliance.
- 7.27 The evidence provided to date, indicates that there is a significant amount of asbestos and asbestos containing materials ("**ACMs**") at the Corporation, in particular at the Vauxhall site, but the Report also identifies problems at the Clapham site. The cost of removal and/or encapsulation of asbestos and ACM from the sites could be significant and must be undertaken by specialist contractors If the asbestos/ACM remains in situ and is in poor condition and/or if the asbestos management systems are not rectified there is a significant risk that the Corporation could be in breach of relevant asbestos legislation.
- 7.28 Similarly, the water systems present a medium to high risk from legionella. Whilst the Corporation has confirmed that some remedial action has been taken, LSBU will want to ensure that the Corporation addresses water safety and compliance with COSHH.
- 7.29 As to Food Safety, although the evidence disclosed by the Corporation suggests that some improvements have been made since

the new caterer took over, the catering facilities remain substandard, such that, there may be significant costs associated with upgrading the relevant equipment and facilities. The Report also indicates that Local Authority Environmental Health Officer was/is due to visit the college and this could result in enforcement action against the Corporation if the facilities and or arrangements do not meet the relevant Food Safety Laws.

- 7.30 Whilst, our searches indicate that there has been no past enforcement action by the HSE or the Local Fire Authority against the Corporation, it is clear that compliance with Health and Safety and Food Safety Laws is a significant area of concern.
- 7.31 And, whilst the Corporation claims to have complied in all material respects with Health and Safety and Food Safety Laws, the documents disclosed contradict this, and indicate that there are serious issues relating to Health and Safety and Food Safety Law.
- 7.32 The Corporation could be subject to enforcement action as result of its non-compliance with Health and Safety and Food Safety Law, including criminal prosecution which could result in significant fines (which cannot be insured against) together with legal costs and reputational damage.
- 7.33 Further, in failing to comply with relevant Health and Safety and Food Safety Law, the Corporation may well have breached the terms of its insurance, which could result in insurers refusing indemnity respect of any existing or future claims.
- 7.34 Further whilst the Corporation would technically remain responsible for any regulatory enforcement action at stage 1, there could be significant practical and reputational risks for LSBU should enforcement action be commenced after the change of control.

7.35 And whilst at stage 2, the new wholly owned subsidiary would not be subject to regulatory enforcement action for the Corporation's past breaches, it would be responsible for compliance with Health and Safety and Food Safety Laws, including in relation to the state of repair of the premises and the practices and procedure, immediately upon completion. Depending on the terms of the transfer to South Bank Colleges, South Bank Colleges may become liable in respect of civil claims which relate to the period before its ownership.

7.36 There is case law confirming that a parent company can be held responsible for the actions or omissions of a subsidiary in relation to health and safety. In determining any such liability, consideration will be given as to whether what the parent company does amounts to taking on a direct duty to the subsidiary's employees. There are steps that can be taken to protect the parent company from liability and we recommend that the organisation of health and safety between LSBU and the Corporation is reviewed prior to completion of stage 2.

7.37 In order to mitigate the risk of enforcement action at all stages, LSBU should ensure that Health and Safety and Food Safety compliance is prioritised by the Corporation.

Anti-bribery and corruption

7.38 There are three principle offences under the Bribery Act 2010 (the "BA"): bribing, being bribed and failing to prevent bribery.

7.39 The Corporation has stated that there have been no relevant offences under the BA to date.

7.40 However, the Corporation's responses indicate that it does not fully understand its obligations under the BA. If it were to be discovered that any bribes had been made or received (irrespective of the Corporation's knowledge), based on the responses to our enquiries the Corporation currently appears to have insufficient procedures

(policies, training and oversight) to demonstrate "adequate procedures" are in place to prevent bribery. Corporate entities are liable on conviction to an unlimited fine in respect of this offence.

7.41 Being able to establish that "adequate procedures" are in place to prevent bribery amounts to a defence of the offence of failing to prevent bribery, under s.7 of the BA. There are no firm requirements as to what this would require as it depends upon the size and nature of the particular entity. This would normally involve, for instance:

7.41.1 policies and procedures being in place;

7.41.2 staff and agents being trained in anti-bribery and corruption and how to comply with the Corporation's policies and procedures; and

7.41.3 compliance with the policies being actively monitored within the organisation.

7.42 Compliance with the BA involves a pragmatic approach. For instance, if a business was involved in a significant amount of international work, we would expect to see more detailed policies and procedures. The Corporation has indicated that it has no overseas students.

7.43 The Corporation has provided a £20 "*Receiving Gifts or Hospitality Policy*". No entries have been made on the register for gifts or hospitality worth over £20 in the last three years. This may indicate that this policy is not actively monitored nor complied with. The Corporation has confirmed that it is not aware of any undeclared gifts or hospitality.

7.44 The Corporation has stated that other than this policy, it does not have any anti-bribery policy.

- 7.45 The Corporation has stated that "*neither staff nor governors have had any training relating to the prevention of bribery and corruption in compliance with the BA, as this has never identified as a training need across the College*". We have also seen no evidence of auditing of compliance.
- 7.46 We would normally expect general anti-bribery and corruption policies to be in place and confirmation that all relevant staff were trained or at least made to read such a policy on its introduction and that this is part of the induction process for new employees, together with some evidence of auditing the process.
- 7.47 It also appears unusual that there have been no gifts worth over £20 recorded as having been received. We have queried this with the Corporation and been told "*no senior manager has been in college for longer than 12 months. I can say that to my knowledge in the past 12 months that I have worked with the college no one has declared any gifts or hospitality and I am not aware of any undeclared items*". We remain of the view that it would be unusual (but not impossible) for no gifts/hospitality over £20 to have been received (e.g. meals). Our main concern is that this may suggest a wider lack of policing in this area.
- 7.48 We have seen no evidence of any actual bribery taking place. We are however entirely reliant upon the information provided and on the provider of that information.
- 7.49 In reality, the risk of prosecution for an offence is probably not high, but the potential sanction is significant. However:
- 7.49.1 existing individuals within the Corporation may be personally liable if any bribery has taken place;
- 7.49.2 incoming individuals are unlikely to be held responsible for any historic failings, but will want to protect their position by

ensuring that procedures are put in place and processes tightened up;

- 7.49.3 little can be done to improve the historic position if any offences have already taken place (whether or not known by the Corporation) in respect of any liability of the Corporation for failing to prevent bribery;

- 7.50 LSBU should ensure that the Corporation implements policies and procedures in relation to anti-bribery and corruption as soon as possible.

8 Data and information

- 8.1 The documents disclosed indicate serious, widespread and continuing failures of 'business as usual' activities to comply with the Data Protection Act 1998 (DPA) and the laws relating to privacy and breach of confidence. As a result the Corporation could face enforcement action (including criminal prosecution and substantial fines), significant remedial/repair costs and reputational damage and civil claims for damages.
- 8.2 The Corporation has confirmed that it has not and does not carry out penetration testing of its IT systems. This represents a major cybersecurity risk. It may also mean that the Corporation is unaware whether or not the IT system has already been infected by malicious applications that are currently silent but take effect in the future.
- 8.3 If there is any plan to link the Corporation's IT system to that of LSBU, it may be prudent to seek external advice on the risks that might be imported into LSBU as a result.
- 8.4 The system for granting and terminating access permissions as well as the control over which users have access to what kinds of personal

data do not appear to comply with the requirements of the DPA (7th Principle) in relation to keeping information secure.

8.5 The Corporation identified two known DPA breaches:

8.5.1 in August 2015 there was a leak of personal and sensitive personal data relating to c.11,000 individuals whose right to bring claims for civil damages will not expire until August 2021. We currently advise calculating damages for relatively minor data leaks with no identifiable consequences for the individual at £2,500 plus £2,500 legal costs. Any contingency provision should make allowance for the diminishing likelihood of claims occurring; and

8.5.2 one ongoing breach where the Corporation has failed to answer a data subject access request and has been reported to the ICO. The Corporation has not been able to explain anything about the circumstances of this failure so we have insufficient information to assess the risk (or level) of fines, regulatory action, reputational damage or claims for civil damages.

8.6 After the major data protection breach that took place in 2015 certain measures and resources were recommended in the report into that breach. These do not appear to have been effective in improving the knowledge and awareness of the Corporation's staff of their legal obligations in relation to the processing of personal data. This seems to indicate a current management failing although we do not have sufficient information to assess where in the management structure primary responsibility for that failing lies.

8.7 In particular, we would have expected to have confirmation that staff have in fact completed appropriate data protection training after that incident rather than an assertion that they are obliged to do so.

8.8 Of significant concern was the response that data sharing agreements existed but could not be found since these agreements should govern the day to day operations of the Corporation in relation to providing personal data to other education institutions, funders and third party course providers.

8.9 The Corporation will remain the data controller and responsible for its own compliance with data protection law and for payment of any fines or damages that result from its non-compliance. Nonetheless, any reputational damage from existing and future breaches may have an impact on LSBU if it is known to be responsible for the appointment of the majority of governors and provision of senior management. Appropriate policies and procedures should be put in place as soon as possible to minimise any risks in the future.

8.10 Note that there will be new compliance requirements (and higher fines - up to 4% of worldwide turnover or £20 million) when the General Data Protection Regulation ("**GDPR**") comes into effect on May 25th 2018. The Corporation was unable to identify the measures that it asserted that it was putting in place to prepare for compliance with the new law. That should be reviewed without delay.

8.11 The Corporation has received Freedom of Information requests from Axcel Group Limited (Axcel) in relation to the procurement process for the development of the Vauxhall site. Please see section 6 above for further details. Axcel has also threatened to make a complaint to the ICO. The ICO has the power to investigate, order the Corporation to produce information and ultimately to fine it for any non-compliance. We have not seen all the correspondence and so cannot assess the risk of action or fines by the ICO.

9 Employees

The staff

- 9.1 The Corporation has confirmed that as of 9 May 2017, there was a headcount of 452 staff (319.91 FTE) but that this will increase to 463 staff due to 11 new starters during May. We do not have any details in relation to the 11 new starters.
- 9.2 The Corporation has confirmed that these staff are employed across the Corporation's sites as follows:
- 9.2.1 Brixton: 39
 - 9.2.2 Clapham: 381
 - 9.2.3 Both sites: 31
 - 9.2.4 Offsite: 1
- 9.3 The following are included on the staff list provided by the Corporation:
- 9.3.1 7 Senior Management;
 - 9.3.2 21 Curriculum Management;
 - 9.3.3 12 Support Management;
 - 9.3.4 197 Support;
 - 9.3.5 50 Zero Hours Support;
 - 9.3.6 137 Teaching; and
 - 9.3.7 28 Zero Hours Teaching.

- 9.4 As mentioned in paragraphs 3.7 above, we understand the Corporation sub-contracts delivery of apprenticeships to third party providers. If the sub-contractors have staff who spend all or most of their time delivering programmes to the Corporation's students, then there is a risk that these staff could claim that their employment has transferred to the Corporation and would therefore be caught by TUPE and transfer to LSBU. If this is the case, the contracts with the sub-contractors should be reviewed and updated as soon as possible to protect the Corporation from TUPE risks. We do not have sufficient information to assess the level of risk.
- 9.5 Compliance with the Working Time Regulations may be an issue for some members of staff as follows:
- 9.5.1 Six security officers/security supervisors work for more than 48 hours per week. Their employment contract includes a general waiver of the requirement to work a maximum of 48 hours per week.
 - 9.5.2 It is unclear if the holiday entitlement is plus or inclusive of bank holidays. If it is inclusive of bank holidays, some full time employees are listed as having a holiday entitlement which is less than their statutory entitlement.
 - 9.5.3 We have no details as to whether any staff employed on zero hours contracts in practice regularly work more than 48 hours per week.
- 9.6 There may be National Minimum Wage compliance issues as some staff work long hours and receive a low wage. We have not carried out specific calculations, but this may be something LSBU wishes us to consider further following completion of stage 1.

Terms of employment

9.7 Employment contracts

9.7.1 A template casual support staff contract has been disclosed. The contract includes most of the appropriate terms and conditions of employment required by section 1 Employment Rights Act 1996 (there is no reference to collective agreements and although this is a technical breach of section 1 it is unlikely to be a material risk). The contract includes the following terms:

- (a) No obligation to offer or accept work;
- (b) 6 month probationary period;
- (c) Terminable at any time without notice;
- (d) Statutory sick pay and holiday;
- (e) Auto-enrolment to contributory pension scheme.

9.7.2 A template visiting teacher ("**VT**") contract has been disclosed. The contract includes the appropriate terms and conditions of employment required by section 1 Employment Rights Act 1996. The contract includes the following terms:

- (a) Fixed term period and will terminate automatically at that date without the need for notice
- (b) VT can terminate prior to the expiry date on giving the Corporation 2 weeks' written notice
- (c) The Corporation can terminate at any time on giving:
 - (i) 1 week's notice; or

(ii) Statutory minimum, whichever is the greater.

9.7.3 A template "Old contract" includes the appropriate terms and conditions of employment required by section 1 Employment Rights Act 1996. All relevant terms and conditions are included in appendices to the contract and are detailed in 9.8

9.7.4 A template "New contract" has been disclosed. The contract includes the appropriate terms and conditions of employment required by section 1 Employment Rights Act 1996. All relevant terms and conditions are included in appendices to the contract and are detailed in 9.8 below. The schedule of employees provided to us lists those on old and new contracts. There was strike action about the introduction of new contracts in 2014 but we have not been informed of any ongoing issues.

9.7.5 A template Vice Principal contract of employment has been disclosed. The contract includes the appropriate terms and conditions of employment required by section 1 Employment Rights Act 1996. The contract includes the following terms:

- (a) 9 month probationary period;
- (b) PILON clause;
- (c) 6 months' notice;
- (d) Teachers' Pension Scheme; and
- (e) Post-termination restrictions.

9.7.6 A template secondment agreement with Lambeth Council has been disclosed. The contract includes the following terms:

- (a) Lambeth Council to invoice the Corporation for repayment of the employee's basic salary, national insurance contributions, superannuation and VAT at 20%; and
- (b) 1 month's notice if the secondment is envisaged to finish earlier than expected.

9.7.7 Details of the relevant contractual provisions for SW4 Catering Ltd Staff have been provided as set out below. A copy of the contract has been requested but not provided.

- (a) Sick pay: nil pay for the first 3 days, statutory sick pay thereafter;
- (b) Pension: 1% employee/1% employer contributions;
- (c) Holiday entitlement: 20 days (excluding bank holidays); and
- (d) Probation period: 9 months for management, 6 months for support staff.
- (e) Notice period:
 - (i) From employee: 1 month;
 - (ii) From employer: 1 day (less than 4 weeks' service), 1 week (less than 2 years), 1 week for each year worked after 2 years up to a maximum of 12 weeks.

9.8 **Appendices**

9.8.1 For support staff, lecturers, VTs and management on the "new contracts", the Corporation has provided a number of appendices to the employment contracts as follows:

- (a) Absence reporting procedure;
- (b) Annual leave entitlements:

Management terms and conditions/spine		35 days
Programme co-ordinators		40 days
Lecturers		42 days
Support staff	Up to 5 years' service	26 days
	Over 5 years' service	31 days
	Over 10 years' service	34 days
Assessors/verifier Co-ordinators	Up to 5 years'	30 days

	service	
	Over 5 years' service	31 days
	Over 10 years' service	34 days

(c) Code of Conduct;

(d) Data protection;

(e) Notice periods:

(i) Management:

From Employee to Corporation	
Service 4 weeks up to end of probationary period	1 month
After probationary period	3 months
From Corporation to Employee	

Service 4 weeks up to end of probationary period	1 month
Service after end of probationary period to 12 years	The greater of 2 months or 1 week for each complete year
More than 12 years	12 weeks

(ii) Lecturers:

From Employee to Corporation	
Service 4 weeks up to end of probationary period	1 month
After probationary period	2 months
From Corporation to Employee	
Service 4 weeks up to end of probationary period	1 month

Service after end of probationary period to 12 years	The greater of 2 months or 1 week for each complete year
More than 12 years	12 weeks

(iii) Support staff:

From Employee to Corporation	1 month
From Corporation to Employee	
Service 4 weeks up to end of probationary period	1 month
Service after end of probationary period to 12 years	The greater of 1 month or 1 week for each complete year
More than 12 years	12 weeks

(f) Pay scales: support, teaching and management;

(g) Probation review:

- (i) Management: 9 months
- (ii) Lecturers: 9 months
- (iii) Support staff: 6 months
- (h) Sick pay:
 - (i) During 1st year of service: 1 month's full pay
(and after four months' service : 2 months' half pay)
 - (j) During 2nd year of service: 2 months' full pay and 2 months' half pay
 - (k) During 3rd year of service and beyond: 4 months' full pay and 2 months' half pay.

Policies and procedures

9.9 The following policies, procedures and guidance have been disclosed:

- 9.9.1 Anti-bullying and harassment policy (expressly stated to be non-contractual)
- 9.9.2 Disciplinary procedure (expressly stated to be non-contractual)
- 9.9.3 Dress code policy
- 9.9.4 Essential health and safety information for staff
- 9.9.5 Flexible working policy and procedure
- 9.9.6 Grievance procedure (expressly stated to be non-contractual)

- 9.9.7 Handling public difficulties policy
 - 9.9.8 Induction policy and procedure
 - 9.9.9 Leave policy and procedure
 - 9.9.10 Managing employee performance policy and procedure
 - 9.9.11 Maternity policy and procedure - enhanced pay see 9.15 below
 - 9.9.12 Paternity policy and procedure
 - 9.9.13 Pay policy
 - 9.9.14 Policy statement on the Disclosure and Barring Service
 - 9.9.15 Policy statement on the recruitment of ex-offenders
 - 9.9.16 Probationary review policy
 - 9.9.17 Public interest disclosure policy
 - 9.9.18 Recruitment policy (expressly stated to be non-contractual)
 - 9.9.19 Redundancy procedure (expressly stated to be non-contractual and no right to enhanced redundancy pay)
 - 9.9.20 Right of accompaniment guidance notes
 - 9.9.21 Safeguarding policy
 - 9.9.22 Safeguarding procedure
 - 9.9.23 Secondment policy and procedure
 - 9.9.24 Shared parental leave policy and procedure
 - 9.9.25 Sickness absence policy and procedure
 - 9.9.26 Staff induction pack
 - 9.9.27 Stress at work policy (expressly stated to be non-contractual)
 - 9.9.28 Substance misuse policy (expressly stated to be non-contractual)
 - 9.10 The above policies should be reviewed for suitability on completion. Whilst some are identified as being non-contractual others are silent on the point which could result in resistance from the unions if the Corporation wants to change them.
 - 9.11 A document entitled guiding principles on the consultation process initiated 21 February 2017 has also been disclosed. See 9.38 below.
- Benefits**
- 9.12 There are no bonus schemes.
 - 9.13 Some employees will be able to count previous employment with another employer as part of their continuous employment with the Corporation for the purposes of redundancy payments in accordance with the Redundancy Payments (Continuity of Employment in Local Government, etc.) (Modification) Order 1999.
 - 9.14 The Corporation operates two pension schemes. LGPS for support staff and Teachers' Pension Scheme for teaching staff.
 - 9.15 The Corporation provides enhanced maternity pay as follows:
 - 9.15.1 Enhanced maternity pay: Six weeks at 90% full pay, next ten weeks at full pay, following 24 weeks at half pay plus statutory maternity pay ("**SMP**"), if any payment of SMP

remains, providing the payments combined do not exceed an employee's full pay.

9.15.2 An employee who does not return to work for three months will be required to repay the 24 weeks' half pay only, but not any SMP.

9.16 13 members of staff receive a season ticket loan.

9.17 9 employees receive childcare vouchers.

9.18 Paul Cox, Vice Principal of Curriculum, receives private health care.

9.19 The following benefits are set out in the staff induction pack and are likely to be contractual:

9.19.1 Generous annual leave;

9.19.2 Interest-free loans to purchase season travel ticket and undertake courses;

9.19.3 Bike loan scheme;

9.19.4 Free access to employee helpline for staff and family members;

9.19.5 Occupational Health Support;

9.19.6 Access to Work Support;

9.19.7 Flexible work and leave schemes in operation;

9.19.8 Excellent pension contributions for all staff by the Corporation;

9.19.9 Contribution towards eye tests and eyewear;

9.19.10 Child Care Vouchers;

9.19.11 40% off on Picturehouse Cinema Tickets;

9.19.12 Staff review and development scheme;

9.19.13 Staff recognition scheme;

9.19.14 Certificated CPD courses - Data Protection, Equality and Diversity, Safeguarding;

9.19.15 Long service awards - £250 in vouchers for 25 years' service;

9.19.16 CPD to support long-term professional career objectives;

9.19.17 Sponsored courses in English and Mathematics leading to certification up to Level 2;

9.19.18 Mentoring scheme for staff for career development;

9.19.19 On-site nursery in Clapham and Brixton with limited staff places;

9.19.20 Access to the sports hall in Clapham;

9.19.21 Student-led restaurant, the Restaurant SW4 at Clapham and the Healthy Gourmet Café at Brixton; and

9.19.22 SW4 Spa and Hair salon in Clapham.

Changes

9.20 157 employees have left the Corporation within the last 2 years:

9.20.1 6 casual workers;

9.20.2 3 died in service;

9.20.3 3 dismissed for attendance issues;

9.20.4 1 dismissed for misconduct;

9.20.5 1 dismissed during probation;

9.20.6 33 reached the end of their contract;

9.20.7 4 by mutual agreement;

9.20.8 5 compulsory redundancy;

9.20.9 2 voluntary redundancy;

9.20.10 3 retirement;

9.20.11 9 due to TUPE transfers; and

9.20.12 85 resigned.

9.21 34 employees are due to leave the Corporation by reason of voluntary redundancy in due course, but we have received no information in relation to the process and therefore cannot advise on any risks arising.

Absent employees

9.22 15 employees are currently on long term sick.

9.23 1 employee is currently on maternity leave: Simone Webb

Disputes and claims

9.24 The Corporation dismissed 5 employees within the last 2 years.

9.25 There are 4 ongoing disputes. Details have been provided as follows:

9.25.1 Thomas Aikman ("**TA**") - dispute over expenses that he incurred attending the staff conference in July 2014:

(a) TA submitted an email before action dated 8 September 2014;

(b) TA issued court proceedings;

(c) The Corporation filed its defence and directions questionnaire on 21 October 2014;

(d) The Corporation's defence was that the Corporation did not reimburse staff for travel that took place within the same travel zone as its office. Although the contract of employment states that, the Corporation would reimburse staff for expenses incurred during the proper performance of their duties;

(e) A general order of judgment was issued against the Corporation on 10 April 2015 for failing to comply with a court order issued on 11 February 2015 and that the Corporation was debarred from defending the claim as it had failed to file evidence upon which the Corporation sought to rely upon;

(f) The Corporation wrote to the Court on 10 April 2015 setting out the reasons why the Corporation disputed the order of judgment. We have not been provided with details of if and how this issue was resolved.

9.25.2 Marcus Walsh ("**MW**") - non-payment of salaries

(a) MW was employed as a Lecturer in Plumbing;

- (b) MW claims to be entitled to payment for 44 additional hours worked from 10/9/12 to 18/1/13. The Corporation's defence is that no days, times or courses have been provided to evidence these additional hours;
- (c) MW claims unlawful deductions from salary for the week 22/10/12 to 26/10/12. The Corporation's defence is that no teaching was timetabled for this week;
- (d) The documentation indicates that a County Court claim may have been issued but it is unclear from the information provided what stage this claim has reached.

9.25.3 Lorraine Akere ("**LA**") - non-payment of Visiting Teacher ("**VT**") hours:

- (a) Lorraine A was engaged by the Corporation as a Trainer / Assessor on a VT contract in 14 April 2014. This contract along with others was then terminated in August 2015 due to a diminished requirement for her services;
- (b) LA raised a complaint in October 2015 about being treated differently by colleagues and possibly having her employment terminated early for making a complaint about a Learner issue. Whilst the grievance was being heard, LA did not have her contract terminated. The grievance was heard on 11 December 2015 and the outcome was that the grievance was not upheld. An appeal was then raised

and an appeal meeting scheduled for 13 January 2016 with the appeal outcome given to not uphold;

- (c) LA went to ACAS with a claim of £5,200 claiming non-payment of VT hours and lost opportunity costs for having had her contract terminated when others had not;
- (d) LA had some outstanding hours to be paid because work was still outstanding;
- (e) £1,200 paid as final settlement to close the matter for payment of outstanding hours.

9.25.4 Lyndon Bullock ("**LB**") - overpayment of salaries:

- (a) Lyndon was employed as a Lecturer in ESOL employed on a fixed term contract from 23 June 2014. On 1st September 2014, LB's fixed term contract was not renewed and his contract was ended on 31 July 2014. As a result of this, it transpired that that LB was overpaid for the month of August;
- (b) Letters were sent to LB dated 20 January 2015, 17 February 2015 and 15 April 2015 informing him of the overpayment and that the Corporation were seeking to recoup the outstanding amount;
- (c) A further letter was sent to LB dated 30 April 2015 advising that no response had been received to previous correspondence that court action would be pursued;

- (d) The Corporation filed a claim form on 29 April 2015 in the County Court;
- (e) Notice of issue was received from the Court on 6 May 2015;
- (f) We have not have been provided with details of the current status of this claim.

9.25.5 A Ajozi ("AA") - appeal hearing

- (a) We have not been provided with details of the background to this issue;
- (b) An appeal hearing took place on 17 February 2017 in relation to an attempt by AA to reinstate his claim against the Corporation which had been dismissed;
- (c) The appeal was dismissed so the claim remains struck out;
- (d) Costs were awarded in favour of the Corporation (to be summarily assessed).

9.26 There are 13 ongoing individual grievances and one ongoing collective grievance. We have not been provided with details of these and cannot advise on any risks arising.

9.27 There are 9 ongoing disciplinaries. We have not been provided with details of these and cannot advise on any risks arising.

9.28 A number of the procedures with no "closed date", i.e. which do not appear to have reached a conclusion, also do not appear to be ongoing. It is therefore unclear whether there are still ongoing unresolved issues.

9.29 There is 1 employee being dealt with under the long term absence management procedure. We have not been provided with further details and cannot advise on any risks arising.

9.30 There has been 1 county court claim in the last 2 years. It is unclear if this is ongoing as we have not been provided with further details.

TUPE transfers

9.31 51 staff have transferred under TUPE in the last 5 years. 32 are still employed and they are all SW4 Catering Ltd Staff.

9.32 We are informed that the Corporation complied with its obligations to inform and consult under TUPE.

Senior post holders

9.33 The Corporation has 3 senior post holders:

9.33.1 Paul Cox, Vice Principal of Curriculum;

9.33.2 Monica Box, Interim Principal. Monica Box is an agency worker; and

9.33.3 Mary Heslop, Interim Clerk to the Corporation. Mary Heslop is an agency worker.

9.34 The Corporation has 6 other senior management posts:

9.34.1 Monica Marongiu, Director of English and Maths;

9.34.2 Michael Pichamuthu, Director of Human Resources;

9.34.3 Thomas Dillon, Director of Curriculum (Quality);

9.34.4 Michael Burgess, Director of MIS & Exams;

- 9.34.5 Philip Cunniffe, Director of Learner Journey; and
- 9.34.6 Gillian Harris, Director of Curriculum (Teaching, Learning & Assessment).

Collective issues

- 9.35 The Corporation has disclosed a Facilities Agreement - Local Recognition and Procedural Agreement 2009 under which it recognises UCU, UNISON and AMiE.
- 9.36 The Corporation has disclosed the following list of union representatives:
 - 9.36.1 Mandy Brown – Lecturer in ESOL, UCU;
 - 9.36.2 Jim Delaney – LLDD Coordinator, UNISON;
 - 9.36.3 Julia Roberts – Lecturer in Maths, UCU;
 - 9.36.4 David Tandy – Lecturer in Supported Learning, UCU;
 - 9.36.5 Niall McGrath – Technician in Creative Arts and Media; and UNISON
 - 9.36.6 Dasos Loizou – Lecturer in ESOL, UCU.
- 9.37 It appears there has been a dispute in January 2017 in relation to a new Lesson Observation Policy, with a number of staff boycotting the new policy. The Corporation deducted salary for any day when a lesson observation was boycotted. We have not been provided with details of any ongoing issues so do not know whether this issue has been resolved and as a result we are unable to advise on any risks that may arise.

- 9.38 A consultation process was commenced in February 2017 on restructuring the Corporation. A Consultation Document written by Monica Box, Interim Principal, set out where it was envisaged that savings could be made with the aim of saving circa. £2.2 million. It was anticipated that collective consultation would commence on 21 February 2017 with the proposed new structure taking effect on 1 August 2017. We have not been provided with details of where this process has got to and whether it is still proceeding. Accordingly, we are unable to advise on any risks arising.

Workers, consultants and agency workers

- 9.39 The Corporation receives services from 145 individuals as follows:
 - 9.39.1 63 Agency Staff;
 - 9.39.2 72 Contractors; and
 - 9.39.3 10 Self-employed individuals.
- 9.40 The Corporation has not provided all of the requested details, for example, age, date of birth, sex, benefits, hours of work, holiday entitlement, notice period of termination, bonus or incentive arrangements, tax status, whether engaged via a service company, whether they have provided a tax indemnity, whether they are subject to the Commercial Agents (Council Directive) Regulations 1993. We are informed that some of this information is awaiting the return of the Corporation's Payroll Manager from leave. We are therefore unable to comment on whether and if so what risks this gives rise to.
- 9.41 The Corporation has not provided all of the relevant contractual documentation and has confirmed that it does not have any other documents. We therefore cannot comment on the risks such contracts might pose.

9.42 It is not clear whether the non-employees listed above will continue to provide their services to the Corporation post completion or whether new arrangements will need to be entered into.

10 Immigration

10.1 The Corporation was asked for any policy or policies that relate to the "right to work" checks conducted on prospective and existing staff. The Recruitment Policy provided by the Corporation acknowledges (at section 7) that the Corporation is required to check entitlement to work and that all prospective employees are required to produce original documents as proof of their status. The "list of acceptable documents" referred to in that Policy which is made available by Human Resources is the most recent guidance published by the Home Office

10.2 The Corporation have provided a staff list in the form of a spreadsheet, which includes information about citizenship, immigration status, visa/residence permit expiry dates, dates on which "right to work" checks were conducted and the documents seen. This staff list has been reviewed in order to assess the risk that the Corporation may be employing any illegal workers, which would leave the Corporation liable for a civil penalty of up to £20,000 for each illegal worker under section 15 of the Immigration, Asylum and Nationality Act 2006 ("**IANA 2006**"). Because there will not be a transfer of the Corporation's employees in accordance with the TUPE regulations, there will not be an opportunity to obtain a statutory excuse under IANA 2006, which allows receiving entities to conduct their own right to work checks post-TUPE. This means that if any of the Corporation's existing employees do not have permission to work in the UK, or to do the job which they have been employed to do, the Corporation could be liable for a civil penalty of up to £20,000 per illegal worker. In addition to the financial risk to the Corporation, there would also be a risk of reputational damage to LSBU depending

on how closely associated the institutions are at the time any such penalty is made public.

10.3 In assessing the staff list for the purposes of conducting this assessment, those employees who started their employment before 27 January 1997 have been excluded as before that date there was no statutory requirement for employers to check the immigration status of their employees and potential employees. 420 members of staff commenced employment with the Corporation after that date. Of those who remain, 316 commenced after 29 February 2008, the date on which section 15 IANA 2006 came into force. Prior to that date the only sanctions for employing illegal workers were criminal, which were very rarely enforced, especially compared to the section 15 IANA 2006 civil penalty regime. On that basis, this analysis concentrates on those existing employees for whom there may be liability for a civil penalty, although it is important to note that criminal sanctions could be brought in the event that any of the 103 employees who commenced employment between 27 January 1997 and 28 February 2008.

10.4 Of the 318 employees who commenced employment on or after 29 February 2008, 8 have no information about nationality, immigration status or record of documents checked is recorded against their names, 5 of whom are indicated to be "not on payroll". 283 employees have their nationality recorded as British or from another European Economic Area ("**EEA**") country, although 10 of those appear not to have had their right to work in the UK checked (5 of those are indicated to be "not on payroll"). The spreadsheet indicates that, of the 283 British or other EEA national employees whose employment commenced after 29 February 2008, 199 had their documents checked before employment commenced, although for 17 those, it is unclear whether the checks were conducted on the correct combination of documents prescribed by UKVI (e.g. the spreadsheet

refers to a birth certificate, whereas UKVI require employers to see a birth certificate and a National Insurance number document).

- 10.5 Of the 35 employees who the spreadsheet indicates are non-EEA nationals or for whom no nationality information has been entered, 21 appear to have had documents checked before employment commenced, although in 1 of those cases the document which was checked has not been recorded and in a further 14 the only indication as to the documents which were checked is entered as "passport", so it is not possible to tell if that passport or another document confirmed that the individual had or has the right to work in the UK. 1 employee is recorded as having leave under the Tier 4 category, in which case restrictions will be imposed upon the number of hours that individual may work every week, being either 0, 10 or 20 hours a week. That individual's documents appear to have been checked around 18 months after employment commenced and is also shown to be contracted to 31.5 hours per week, potentially in breach of the conditions attached to their stay and leaving the Corporation liable to a civil penalty for employing someone in breach of the conditions attached to their leave.
- 10.6 Two employees are shown to have an immigration status of "pending" which suggests that they currently have applications for further leave or appeals outstanding. While work may be permitted to continue during such periods, the employer is required to conduct follow up checks with UKVI's Employer Checking Service every 6 months as proof of this. The Corporation's compliance with this requirement cannot be ascertained from the information provided.
- 10.7 In order to obtain a statutory excuse against a civil penalty for employing an illegal worker, checks must be conducted on prescribed documents before employment commences. The records and information provided indicate that the Corporation may have a statutory excuse in only 188 cases out of 316 whose employment

commenced after 29 February 2008. A further 66 are likely to be low risk, in spite of there being no statutory excuse available, because they are indicated to be British or EEA nationals who have produced a passport or national identity card, leaving 64 employees whose status is uncertain. The highest risk category is likely to be the 24 employees for whom there is no record of the documents which have been checked, plus the individuals with "pending" immigration status and the Tier 4 student who might be working in breach of restrictions.

- 10.8 The Corporation is registered with UK Visas and Immigration ("**UKVI**") as a licensed sponsor with permission to sponsor students under the Tier 4 (General) Student and Tier 2 (General) Migrant categories. The Corporation was asked to provide details of the Tier 2 and Tier 4 licences which it holds (sections 21.4 to 21.6 of the questionnaire). The Corporation was also asked to provide copies of all records kept in order to comply with its sponsorship duties under the Tier 2 and Tier 4 licences, along with any policies it has in place which govern compliance with these duties. The Corporation's initial response was that it did not have any such licences, but when it was pointed out that UKVI's published registers of Tier 2 and Tier 4 licensed sponsors (which are updated daily) contained entries for the Corporation confirming that they had a licence under both categories, the Corporation responded as follows:

"This was news to the current senior staff in Lambeth College. We have done some digging and believe both licenses were set up by staff who left the college over 12 months ago and the appropriate handover was not undertaken. We are doing so work to try and understand the position but are unlikely to come back to you quickly - I would suggest you raise this as a concern in your report for LSBU to follow up."

- 10.9 As a sponsor under Tiers 2 and 4, UKVI would expect the Corporation to have in place processes for retaining prescribed records of the staff

and students it sponsors and for reporting to UKVI in the event certain trigger events occur. UKVI would take very seriously a failure by a sponsor to understand who is responsible for maintaining the licence and to be able to demonstrate how the various record keeping, reporting and monitoring duties imposed upon sponsors are being satisfied. The Tier 4 licence would be used for sponsoring visa applications by foreign-national students. We note that the Corporation has indicated that they do not currently have any international students, but if there is a plan for the Corporation to start trying to attract international students again, a Tier 4 licence will be crucial. In the event that the UKVI take action against the Corporation to revoke its Tier 4 licence, UKVI's Tier 4 sponsor guidance provides the following:

"Where a sponsor's licence is revoked, the institution will be banned from the Tier 4 Register of Sponsors. If it is owned by a parent company or companies, that company or those companies will also be banned from the Tier 4 Register of Sponsors. The presumption is that this ban will last for two years, unless there are exceptional circumstances. UKVI will inform the sponsor if a shorter ban is applied."

- 10.10 So revocation of the Corporation's Tier 4 licence could also have implications for LSBU's Tier 4 licence.
- 10.11 In the event the Corporation's Tier 2 sponsor licence is revoked then any employees sponsored under that licence will also have their leave to remain in the UK curtailed. It appears from the staff list provided that there are not currently any Tier 2 sponsored employees, although some employees have not had their immigration status recorded, so this is not certain.
- 10.12 The Corporation has indicated that it has received no correspondence from UKVI relating to visits, inspections or compliance action that has

either been threatened or initiated, although it is likely that correspondence relating to such action would have been sent to one of the former members of staff who set up and were responsible for the licences.

11 Property

Clapham Site

Title

- 11.1 The Corporation owns the Freehold title to the Clapham property (Title number TGL150604) ("**Clapham Site**"). Please see the plan attached at Appendix 1 which shows the extent of the land edged red ("**the Clapham Title Plan**").
- 11.2 The Corporation has been unable to provide a full set of deeds for the Clapham Site. Therefore, our report relies upon the documents that we have obtained from the Land Registry. This lack of documentation means that it is likely that there are covenants and obligations that we remain unaware of but for which the Corporation will remain responsible. There is no way of knowing the true extent of these obligations or the implications on the use, development or sale of the Clapham Site. This is a risk for LSBU in the absence of a comprehensive deduction of title information.
- 11.3 The land tinted yellow on the Clapham Title Plan has the benefit of a right of way with or without vehicles over the passageway tinted brown on the Clapham Title Plan. Therefore, this passageway can be used to access the Clapham Site.
- 11.4 The land tinted pink on the Clapham Title Plan has the benefit of the rights granted in a Deed dated 16 May 1968. However, it is not possible to establish what these rights are as the Land Registry does not hold a copy of the Deed and the Corporation have not provided a

copy of the Deed. As these are rights granted in favour of the Corporation there is no risk of adverse implications.

11.5 The Clapham Site has the benefit or the rights granted, but is subject to, the rights reserved by a Transfer dated 10 August 1998 made between the London Borough of Lambeth ("**the Council**") and the Corporation. This Vesting Agreement is a standard document recording the rights benefitting and being reserved against land when colleges became independent from Local Education Authorities on 01 April 1993 pursuant to the Further and Higher Education Act 1992.

11.5.1 The Corporation has the benefit of all rights and easements used as at 01 April 1993 with adjacent land owned by the Council ("**Adjacent Land**") shown edged blue on the plan attached at Appendix 2 ("**the 1998 Plan**"). Ordinarily you would expect these rights granted and reserved to be explicitly disclosed but it was common to have this sort of general sweeping up provision included.

11.5.2 The Corporation has the rights to use gates marked 2, 3 and 4 on the 1998 Plan in cases of emergency only together with a right of way in case of emergency only from gate 2 into Elms Road. These rights should be noted as they govern the emergency access to the Clapham Site through the gates.

11.5.3 The Corporation has the right of entry on to the Adjacent Land to maintain the boundary fence marked with "T" marks on the 1998 Plan which is within the ownership of the Corporation.

11.5.4 The Clapham Site is subject to a right of entry by the owners of the Adjacent Land to repair boundary fences within their ownership as marked with "T" marks on the 1998 Plan.

11.5.5 The Corporation is obliged to maintain the boundary fences indicated with "T" marks as within their ownership together with gate 1 and the lock for this gate (see the 1998 Plan). Whilst this is a fairly short run of fencing there will be a cost incurred in the upkeep of this boundary which the Corporation will be responsible for.

11.5.6 The owners of the Adjacent Land are obliged to maintain the boundary fences indicated by "T" marks to be within their ownership together with gates 2, 3 and 4 and the lock for this gate (see the 1998 Plan).

11.6 The land has the benefit of, but is subject to, the rights granted by a Deed of Easement dated 17 August 2009 made between (1) OCS Group Limited and (2) Lambeth College ("**2009 Easement**"). This relates to a drain laid under the land tinted brown on the Clapham Title Plan. The location of the drain is shown on the plan attached at Appendix 3 and from the Clapham Site Plan appears to lie on the north eastern boundary. This should be noted for any redevelopment of this part of the Clapham Site. The owners of 44 Clapham Common South Side (which is situated to the south east of the Clapham Site) are able to enter onto the Clapham Site to inspect the state and condition of the drain. In addition, there are conventional provisions which oblige the Corporation not to use the Clapham Site in a manner that that would cause a nuisance to the adjacent owners and nor must it overload the drain or discharge corrosive or harmful substances into the drain.

11.7 There is a Deed of Covenant dated 17 August 2009 that refers to a Transfer dated 19 September 1966. The land was transferred with the benefit of a right of way over the land tinted brown on the Clapham Title Plan which is adjacent to the Clapham Site. However, it was stated in 1966 that no school children were to use this right of

way. It is also worth noting that the Corporation has to contribute 75% of any costs of maintenance of this accessway.

- 11.8 The Clapham Site is charged to Barclays Bank Plc. While financial issues are not the subject of this report, we would expect the Corporation to discuss with the Bank the impact of Project Larch on its lending and security and what might happen in the event of any change of control, as is envisaged here. The terms of the facility will advise whether the loan is to be redeemed or not. Either way, LSBU need to know the consequences for it.
- 11.9 There is a restriction on the title that states that there can be no disposition of the Clapham Site without a certificate from the proprietor of adjoining land under title number SGL138138 (currently Parkside Capital Limited) that the provisions of clause 3.2 of the 2009 Easement have been complied with. This relates to a Deed of Covenant being entered into should the Corporation wish to sell the Clapham Site. The Deed of Covenant will protect the covenants in the 2009 Easement. A certificate will therefore need to be obtained which is likely to mean that a small legal fee is incurred if a disposition takes place.
- 11.10 There are three separate leases of electricity transformer chambers. Two of these chambers are marked on the Clapham Title Plan edged and numbered "2" and "3" in blue. The third lease does not have a plan and is not marked on the Clapham Title Plan. The locations of the chambers and supporting routes of cabling are important in the event of redevelopment. The chamber marked number 2 is on the boundary of the Clapham Site whilst the chamber marked number 3 is more central within the Clapham Site. It may be that the location of the chambers may become an issue if the Clapham Site is to be redeveloped in the future. It is worth noting that all three leases contain provisions whereby the Corporation can offer an alternative site for each of the chambers which would allow for redevelopment

of the site. However, the Corporation would have to pay the relocation costs which may be significant.

- 11.11 There is a lease of a car parking area (consisting of approximately 6-8 parking spaces) edged and numbered "1" in blue on the Clapham Title Plan. This lease is for a term of 120 years from 08 July 2003 and the tenant is United Learning Trust. The lease is excluded from the security of tenure provisions of the Landlord and Tenant Act 1954. This means that it will come to an end on the expiry of the term. The rent payable to the Corporation is a nominal £100 per annum payable yearly in advance on the 08 July each year. This lease means that this area of the site cannot be redeveloped or occupied by the Corporation unless an explicit agreement is made with the Tenant.

Local Search

- 11.12 The Clapham Site is affected by a tunnel safeguarding line and is a waste management or transfer site. We raised an enquiry with the London Borough of Lambeth but they have been unable to provide any further information in relation to the impact on the Clapham Site.
- 11.13 There is a Tree Preservation Order which protects a large number of trees within the Clapham Site. Please see a copy of the Order at Appendix 4. As the trees cannot be removed without securing an explicit consent/amendment to the Order their location may curtail any future development of the site.
- 11.14 There are numerous planning applications revealed by the local search result which include:
- 11.14.1 2016 - erection of refectory;
 - 11.14.2 2013 - erection of new entrance;
 - 11.14.3 2013 - erection of new teaching block and sports hall;

- 11.14.4 2012 - erection of new entrance and canopy;
- 11.14.5 2011 - extension for sports facilities;
- 11.14.6 2008 - 2 storey side extension;
- 11.14.7 2007 - demolition and erection of building fronting Clapham Common South Side; and
- 11.14.8 2006 - demolition of lodge house, erection of 3 storey office block and gatehouse building.

The Corporation have been unable to provide any further details about the planning permission which authorises the current use, implementation of the planning permissions listed above or whether all related planning conditions have been satisfied. The Corporation stated in replies to enquiries that they "cannot find the necessary evidence" in relation to planning. Therefore, there is a risk that there are ongoing planning conditions that are still to be satisfied and the local planning authority may be able to take enforcement action in this regard. Please inform us if LSBU wishes us to obtain copies of the voluminous planning documentation from the local authority. Please note they would charge a fee per planning permission.

Environmental Search

- 11.15 The Environmental Search result shows that the Clapham Site has "Passed". This means that it is unlikely that environmental considerations would have an effect on the value of the Clapham Site and that the land is not considered to be "contaminated land" within the meaning of Part IIA of the Environmental Protection Act 1990. The search result shows a potentially contaminative land use on adjacent land at 44 Clapham Common South Side which is used by Cannon Hygiene Cleaning Services. The search result states that

there is a very low to moderate risk of a ground stability hazard which relates to the soil composition.

Vauxhall Site

Title

- 11.16 The Corporation owns the Freehold title to the Vauxhall property (Title number TGL149378) ("**Vauxhall Site**"). Please see the plan attached at Appendix 5 which shows the extent of the land edged red ("**the Vauxhall Title Plan**").
- 11.17 The Corporation has been unable to provide a full set of deeds for the Vauxhall Site. Therefore, our report relies upon the documents that we have obtained from the Land Registry. This lack of documentation means that it is likely that there are covenants and obligations that we remain unaware of but for which the Corporation will remain responsible. There is no way of knowing the true extent of these obligations or the implications on the use, development or sale of the Vauxhall Site. This is a risk for LSBU in the absence of comprehensive deduction of title information.
- 11.18 There is a Deed dated 30 March 1998 made between the Corporation and South Bank University (then owners of adjacent land). This Deed was varied in 2007. The Deed relates to reciprocal rights of way, rights of passage of services and rights of entry to maintain these. The Deed allows enjoyment of all rights and easements as used in 1998.
 - 11.18.1 The Deed grants to the Corporation a right on foot over the area at first floor level marked cross hatched black on the plan attached at Appendix 6a, a vehicular right over the land hatched green and hatched blue on the plan attached at Appendix 6 b.

11.18.2 The Deed reserves the adjoining landowner a right of way over the land hatched green on the plan attached at Appendix 6 c. The Corporation has to maintain this right of way.

The rights pass to successors in title and a Deed of Covenant should be entered into by any new owners to protect the covenants. The adjacent land has been sold in 2011 but there is no Deed of Covenant registered on the title. No such Deed of Covenant has been provided by the Corporation. In practice it would be helpful for the Corporation to clarify whether the right of access noted at 11.18.2 above is still required given the change of use of the adjoining building to residential use.

11.19 The Vauxhall Site is charged to Barclays Bank Plc. Please see the comments made at paragraph 11.8 above.

11.20 There is a Conveyance dated 12 October 1928 that contains a covenant not to use the land tinted pink on the Vauxhall Title Plan for sale of alcohol. Therefore, it is important that any use or redevelopment of the site takes this covenant into consideration.

11.21 There are unknown restrictive covenants affecting the pink land and yellow land on the Vauxhall Title Plan. The Corporation has confirmed that there are no title indemnity policies in existence and therefore it is recommended that separate title indemnity insurance is considered in this regard. This is an important issue if the Vauxhall Site is to be redeveloped, charged or sold. The cost of securing that cover is driven by a number of factors including risk, value and type of redevelopment.

11.22 There is a lease dated 14 December 2004 which relates to an Electricity substation. The substation is located on the land tinted pink on the plan attached at Appendix 7 ("**the 2004 Plan**"). The

Vauxhall Site is therefore subject to the conventional rights to take in and expel air, the right of support and protection, the right to lay and maintain cables under the cable route shown in green and the right of entry on to the brown land in order to access the cable routes and chamber. Please see the 2004 Plan. There is a provision in the lease whereby the Corporation can offer an alternative site for the chambers to allow development of the site. However, the Corporation would have to pay the relocation costs.

11.23 There is a lease dated 14 January 2009 relating to an electricity transformer chamber. The chamber is located on the land tinted pink on the plan attached at Appendix 8 ("**the 2009 Plan**"). The chamber is located outside the boundary of the Vauxhall Site but the property is subject to the rights to lay and maintain cables under the cable route shown in green and the right of entry on to the brown land in order to access the cable routes and transformer chamber. Please see the 2009 Plan. Therefore, redevelopment that affects the cable routes and access way is not permitted. It would be possible to negotiate relocation of such cables and access but that would have to be with the electricity undertaker's explicit agreement.

Local Search

11.24 There is a unnamed private road which passes through the middle of the Vauxhall Site. Please see the plan attached at Appendix 9 which shows the route of the road. Whilst the road is not publicly adopted highway a prescriptive right of way may have been acquired if it has been used for a continuous period of 20 years. Such a right would seriously affect the redevelopment of the Vauxhall Site.

11.25 There are numerous planning applications revealed by the local search result which include:

11.25.1 2013 - Alterations to a 2 storey outbuilding;

11.25.2 2013 - alterations to a single storey outbuilding; and

11.25.3 2004 - partial demolition, alterations and extension in association with the use of the building for commercial, community and residential use.

The Corporation has been unable to provide any further details about the planning permission which authorises the current use, implementation of the planning permissions listed above or whether all related planning conditions have been satisfied. The Corporation stated in replies to enquiries that they "cannot find the necessary evidence" in relation to planning. Therefore, there is a risk that there are ongoing planning conditions that are still to be satisfied and the local planning authority may be able to take enforcement action in this regard. Please inform us if LSBU wishes us to obtain copies of the voluminous planning documentation from the local authority. Please note they would charge a fee per planning permission.

Environmental Search

11.26 The Environmental Search result shows that the Vauxhall Site has "Passed". This means that it is unlikely that environmental considerations would have an effect on the value of the Vauxhall Site and that the land is not considered to be "contaminated land" within the meaning of Part IIA of the Environmental Protection Act 1990. The search result shows that the Vauxhall Site is within an area benefitting from flood protection but that it would be at risk from an extreme flooding event if there were no defences. There are a number of potentially contaminative historic land uses on adjacent land. The search result states that there is a very low to moderate risk of a ground stability hazard which relates to the soil composition.

Brixton Site

Title

11.27 The Corporation does not own the Freehold to the Brixton property. The registered Freehold proprietor is the Secretary of State for Communities and Local Government (Title number TGL148516) ("**Brixton Site**"). Please see the plan attached at Appendix 10 which shows the extent of the land edged red ("**Brixton Title Plan**"). There is a Leasehold Title covering the whole of the Brixton Site registered under Title number TGL407200 of which Trinity Academy London Limited is the registered proprietor. The Corporation has confirmed that it is currently occupying temporary accommodation at the Brixton Site and is negotiating a long lease. It is currently unclear how the Trinity lease will relate to the long lease. The Corporation has been unable to provide a copy of the draft lease or comment on the current position with the draft lease. Therefore, this is a risk for LSBU as no information is available about how it is proposed that the Brixton Site will be occupied.

11.28 There is a restriction on the title stating that no disposition without a certificate from the Corporation that provisions of paragraph 2 of the Schedule to the transfer dated 24 April 2014 made between (1) Lambeth College and (2) Secretary of State for Communities and Local Government have been complied with or do not apply. However, it is not possible to establish what these provisions are as the Land Registry does not hold a copy of the Transfer and the Corporation has not provided a copy. This is a major commercial point. A Certificate will be required prior to completion of the long lease. Therefore, prior to any disposition it is important that a copy of the transfer dated 24 April 2014 be located so that a certificate can be provided.

11.29 There is a restriction on the title stating that no disposition without a certificate from the Corporation that provisions of paragraph 11.1 of Schedule 1, paragraph 6.1 of Schedule 2 and paragraph 13.1 of Schedule 3 of an agreement for development and lease dated 24 April 2014 and made between (1) Secretary of State for Communities and Local Government (2) Trinity Academy London Limited and (3)

Lambeth College have been complied with. However, it is not possible to establish what these provisions are as the Land Registry does not hold a copy of the Transfer and the Corporation has not provided a copy. This is a major commercial point. A Certificate will be required prior to completion of the long lease. Therefore, prior to any disposition it is important that a copy of the transfer dated 24 April 2014 be located so that a certificate can be provided.

- 11.30 There is a lease dated 08 November 1960 relating to an electricity substation which is shown coloured pink on the plan attached at Appendix 11 ("**the 1960 Plan**") together with the a right to lay and maintain cabling shown by a blue line on the 1960 Plan. This may affect the redevelopment of that part of the Brixton Site. There is a provision in the lease whereby the Corporation can offer an alternative site for the chambers to allow development of the site. However, the Corporation would have to pay the relocation costs.
- 11.31 There is a s106 agreement dated 27 October 2011 made between (1) the Borough of Lambeth and (2) the Corporation referred to on the title. The Corporation is referred to as "the Developer" in the s106 Agreement in relation to the redevelopment of the Brixton Site. There are the following contributions payable by the Corporation prior to implementation of the redevelopment works:
- 11.31.1 Bus Stop Cage Contribution - £2,000;
- 11.31.2 Parks and Open Spaces Contribution - £34,000;
- 11.31.3 Travel Plan Monitoring Contribution - £1,000; and
- 11.31.4 Monitoring Fee - £925.00.
- 11.32 It has not been possible to ascertain if implementation of the works has taken place because if they have been commenced then the sums will technically still bind. If so, whether these contributions have or

have not already been paid. We have been trying to ascertain the correlation of this planning permission with that of the later 2015 permission and any likely planning contributions that bind the land and any landowner.

Local search

- 11.33 There are numerous planning applications revealed by the local search result which include:
- 11.33.1 2017 - use of temporary modular buildings for the period to 31 December 2017;
- 11.33.2 2015 - erection of educational campus for Lambeth College, Trinity Academy and Southbank Engineering University Technical College; and
- 11.33.3 2011 - redevelopment of the site including a college building , energy centre, enclosed games court, relocation of exiting grade II listed fountain, landscaping and parking.
- 11.34 The Corporation have been unable to provide any further details about the planning permission which authorises the current use, implementation of the planning permissions listed above or whether all related planning conditions have been satisfied. The Corporation stated in replies to enquiries that they "cannot find the necessary evidence" in relation to planning. Therefore, there is a risk that there are ongoing planning conditions that are still to be satisfied and the local planning authority may be able to take enforcement action in this regard. Please inform us if LSBU wishes us to obtain copies of the voluminous planning documentation from the local authority. Please note they would charge a fee per planning permission.

Environmental Search

- 11.35 The Environmental Search result shows that the Clapham Site has "Passed". This means that it is unlikely that environmental considerations would have an effect on the value of the Brixton Site and that the land is not considered to be "contaminated land" within the meaning of Part IIA of the Environmental Protection Act 1990. The search result identifies the electricity substation on the Brixton Site as a potentially contaminative land use. The search result states that there is a very low to moderate risk of a ground stability hazard which relates to the soil composition.

Replies to Enquiries and Additional Enquiries relating to the Properties

- 11.36 LSBU have instructed us not to request replies to the full set of Commercial Property Standard Enquiries from the Corporation. Instead LSBU have asked us to focus on key agreed enquiries.
- 11.37 The Corporation have confirmed that:
- 11.37.1 the Clapham Site is the main college site;
- 11.37.2 the Vauxhall Site is currently vacant and the Corporation has stated that it may be redeveloped and a tender process may commence with the support and advice of LSBU; and
- 11.37.3 the Brixton Site is currently being redeveloped.
- 11.38 The Corporation have provided a health and safety report dated 9 November 2016 which demonstrates that there are numerous health and safety breaches and non-compliances across the properties. Please see section 7.24 of the report in relation to health and safety. These carry criminal sanctions and need to be addressed as a matter of urgency given their legal and practical ramifications. For example, this includes a lack of up to date asbestos reports and management plans, issues with water hygiene including legionella, substandard emergency lighting, a lack of fixed wire electrical testing, and environmental health concerns in the canteen at the Brixton Site.
- 11.39 The Corporation has provided Fire Risk Assessments for the Clapham Site and the Brixton Site which are the two operational sites. These reports show that the fire equipment and fire escapes are satisfactory.
- 11.40 The Corporation has confirmed that there are no defect title insurance policies in place and that it is unaware of any issues which may affect the proposed use or development or sale of the Properties.
- 11.41 The Corporation has confirmed that there are no third party occupiers at the Clapham Site or the Vauxhall Site.
- 11.42 The Corporation has confirmed that the Properties have both received mandatory relief in respect of rating valuation and the payment of business rates (typically charged at 20% of the full rate) and written confirmation has been received.
- 11.43 The Corporation confirms that no formal notices have been received nor are there any disputes in relation to any of the Properties.
- 11.44 The Corporation has provided correspondence showing that the Clapham Site and the Vauxhall Site are zero rated for VAT purposes.
- 11.45 There is reference in the disclosure documentation about a capital project at the Clapham Site in 2014/2015. However, no further information has been provided and therefore we cannot comment further in relation to any risk or further financial outlay posed to LSBU in this regard without further clarification being provided by the Corporation.

12 **General**

- 12.1 We asked the Corporation to confirm whether there is any other information or documents relevant to be disclosed or any other facts or circumstances that may affect the decision of LSBU to proceed with the transaction. The Corporation confirmed that there are none.

Part Three: Basis of Review

- 1 Our review and this report are made subject to the following qualifications:
- 1.1 we have undertaken the review on the basis of your instructions only and from LSBU's perspective as a prospective party to the proposed change of control (stage 1 of the project) and not stage 2 of the project;
- 1.2 the scope of this review is to undertake only "key issues" due diligence. We have considered "key issues" to be those issues that are material in the context of the proposed change of control. Please note that, as discussed with LSBU, in our due diligence questionnaire we used a value of £50,000 to denote a major risk other than in respect of current or threatened disputes or complaints, where we have included a potential liability threshold of £10,000 at LSBU's request.
- 1.3 this report is not intended to act as a recommendation as to whether or not LSBU should proceed with the change of control (stage 1) or stage 2 of the project;
- 1.4 our review and this report are based solely on the information provided to us and the due diligence Documents provided by the Corporation;
- 1.5 the documents that we have reviewed consist of only the Documents provided to us and may not therefore comprise all documents that ought to have been supplied to us for the purpose of our review and may not contain all of the documents relevant to your decision on whether or not to proceed with the transaction;
- 1.6 we have not made any assessment of the possible commercial or financial consequences of any particular Document;
- 1.7 as agreed with LSBU, we understand that LSBU itself is undertaking due diligence in relation to all educational aspects, including student numbers, the local education market and travel to learn plans, all aspects of the curriculum, the quality improvement plan (QIP), individualised learner record (ILR), self-assessment report (SAR) and qualification success rates (QSR) and as a result our report does not address these issues;
- 1.8 as agreed with LSBU, we also understand that the contractual and construction arrangements relating to the Vauxhall site have been reported on by another firm. As such, our report does not address those arrangements, but, as instructed, we have provided an overview of the legal basis of the associated potential claim by Carillion;
- 1.9 as agreed with LSBU, we have not investigated or reported on any of the following aspects as PwC are undertaking due diligence on these:
- 1.9.1 the financial position of the Corporation or its financial arrangements and accounting practices;
- 1.9.2 the Corporation's borrowing arrangements, compliance with the agreements that are in place and the impact (if any) of the transaction on those banking arrangements;
- 1.9.3 key financial liabilities and material financial commitments;
- 1.9.4 evaluation of key risks and risk management processes;
- 1.9.5 any aspects of the Corporation's funding from the SFA, EFA or HEFCE (as applicable) and the contracts with those funding bodies (including the financial memorandum) and the Corporation's compliance with them;

- 1.9.6 the valuation of any pension deficits, the possibility of and advantages and disadvantages of consolidating pension arrangements across the LSBU group and the implications of closing any of the pension funds as well as the impact of the transaction on any auto enrolment dates (and all other pension aspects); and
- 1.9.7 all aspects of tax (including corporation tax, VAT, SDLT and employee taxes).
- 1.10 as agreed with LSBU, we have not requested a full set of replies to Commercial Property Standard Enquiries from the Corporation and instead we have focussed on those areas as identified as being a priority with LSBU;
- 1.11 we have not carried out a physical inspection of any real properties or other assets in connection with the Corporation and we have not given any opinion or advice on the valuation, state or condition of the same;
- 1.12 the terms of any Documents we have reviewed may have been amended subsequent to their execution or implementation, orally by the parties, by conduct or by a course of dealing without our being aware of this;
- 1.13 where this report covers information from Documents containing confidentiality or undertakings with third parties, breach of those undertakings may entitle third parties to terminate the relevant agreement and/or claim damages for breach;
- 1.14 this report cannot in any way serve as a substitute for other enquiries and procedures that LSBU would or should otherwise undertake for the purposes of deciding whether or not to proceed.
- 2 In conducting the review and preparing this report we have assumed that:
- 2.1 copies of the Documents supplied to us are true and complete copies of the originals, and the originals are authentic and complete;
- 2.2 all signatures appearing on the Documents are authentic;
- 2.3 where copy documents do not appear to be signed, we have assumed (unless we have been told otherwise) that there are in existence signed and completed versions of those agreements;
- 2.4 the parties to the Documents had the requisite power to enter into those agreements and perform their obligations under the Documents;
- 2.5 the Documents have been executed correctly and are legally enforceable in accordance with the laws of the relevant jurisdiction;
- 2.6 each Document is in full force and effect and, except where expressly brought to our attention, has not been terminated or amended and no party to the Documents has breached or threatened to breach any of the terms of the Documents;
- 2.7 the Corporation and its advisers and officers have provided information which was accurate and complete and not misleading when supplied and continues to be so;
- 2.8 no documents exist where requested generally but not specifically and no response was received;
- 2.9 the information contained in any searches made by us at Companies House and the Land Registry are complete, accurate and not misleading; and

- 2.10 to the extent that any information has been provided to us in verbal form such information is correct, accurate and not misleading.
- 3 We do not accept a duty of care in relation to any person other than LSBU in respect of this report.
- 4 We shall not be liable for any matter arising out of, or in connection with, this report to the extent that recovery is made in respect of that same matter from any other person.
- 5 This report may contain personal data. In respect of such data you agree to comply with the Data Protection Act 1998 and in particular to keep such data confidential and secure.
- 6 Our liability in relation to this review is limited to £10m.
- 7 Our liability is strictly limited to the amount that which would have been recovered by LSBU if the breach or breaches give rise to a liability to LSBU.
- 8 No claim may be made against us arising out of, or in connection with, this report after the date that is 12 months from the date of this report.

Schedule 1 Due Diligence Enquiries - General

1 Introduction

- 1.1 Please provide the following information and documents requested in respect of Lambeth College.
- 1.2 When replying, please use the same numerical references as those used in this document. Where a full understanding cannot be obtained from a document alone, please also provide an explanation.
- 1.3 The following definitions are used for the purpose of this document:
 - 1.3.1 the "**Corporation**" means the statutory further education corporation known as Lambeth College and any subsidiary company or charity operating the Business.
 - 1.3.2 the "**Business**" means the business of the further education college operated by the Corporation.
- 1.4 This request for information is not exhaustive and supplemental requests for information may be made.

2 The Corporation

Please provide:

- 2.1 Confirmation of the following information in respect of the Corporation:
 - 2.1.1 the full corporation name;

- 2.1.2 any trading name;
- 2.1.3 the address of the Corporation's main place of business;
- 2.1.4 confirmation that the Corporation is exempt from registration with the Charity Commission; and
- 2.1.5 the date of incorporation.
- 2.2 Copies of the instrument and articles of government of the Corporation, together with copies of all amendments made to the instrument and articles of government since incorporation.
- 2.3 Confirmation that:
 - 2.3.1 any amendments to the instrument and articles of government from the date of incorporation preceding the Further Education Corporations (Former Further Education Colleges) (Modification of Instruments and Articles of Government) Order 2012 (the "**2012 Order**") which required approval from the Secretary of State were made with the consent of the Secretary of State; and
 - 2.3.2 any amendments made to the instrument and articles of government since the date of the 2012 Order were made in accordance with article 25 of the Corporation's articles of government.

Please provide copies of any relevant consents.

- 2.4 Copies of the registers which the Corporation is required to maintain (including the Register of Members, the Register of Members' Interests, and the Register of all rules of procedures made or authorised by the Corporation).

- 2.5 Details of any company in which the Corporation holds more than 20% of the shares (including where such shares are held by a nominee or the Corporation otherwise holds the beneficial interest), including GO2Work Limited, Skill Exchange Limited and SW4 Catering Limited, to include:
- 2.5.1 A copy of memorandum and articles of association of such company;
- 2.5.2 Details of the Corporation's shareholding;
- 2.5.3 Copies of any shareholder's agreement in place
- 2.5.4 Details of any shares owned by any other third party;
- 2.5.5 A list of the directors (and their involvement with the Corporation, if any);
- 2.5.6 Copies of any contractual or other arrangements in place between the Corporation and such a company; and
- 2.5.7 Details of its involvement in the Business.
- 2.6 Details of any other charity or organisation that is involved in the Corporation or Business or is otherwise connected to the Corporation.
- 2.7 The names of all individuals appointed as Governors of the Corporation (who are also known as "Members" of the Corporation) identifying
- 2.7.1 their date of appointment; and
- 2.7.2 any honorary positions such as Chairman or Treasurer

- 2.8 Details of any organisation that has rights to nominate Governors to the Board of the Corporation, together with details of the Governors appointed by that body.
- 2.9 Details of any other groups of individuals (known as associate members or by any other name) who have any interests or rights in the Corporation.
- 2.10 Details of any other organisations in which the Corporation has any interest or right.
- 2.11 Copies of the minutes and any written resolutions of the Governing Body or Committees of the Governing Body for the last 3 years.
- 2.12 Details of any non-primary purposes trading activities undertaken by the Corporation, including the level of turnover of such activities in the last 3 years.
- 2.13 Confirmation that no Governor or connected person has received a benefit from the Corporation (including any contract between the Corporation and a Governor) and details of whether any such benefit was authorised in the instrument and articles of government of the Corporation or by the consent of the Charity Commission.

For the purposes of this enquiry:

"benefit" shall mean any payment of money or the provision or other application of any other direct or indirect benefit in money or money's worth.

"connected person" shall mean any of the following:

- (a) any spouse or civil partner of a Governor;

- (b) any parent, child, brother, sister, grandparent or grandchild of a Governor who is financially dependent on such Governor or on whom the Governor is financially dependent;
 - (c) the spouse or civil partner of any person in (b);
 - (d) any other person in a relationship with a Governor which may reasonably be regarded as equivalent to that of a spouse or civil partner; or
 - (e) any company, LLP or partnership of which a Governor is a paid director, member, partner or employee or a holder of more than 1% of the share capital or capital;
- 2.14 A copy of the Corporation's conflicts of interest policy and register of interests.
- 2.15 Confirmation that the Corporation has reported all serious incidents to the principal regulator in accordance with the Charity Commission's Guidance on reporting serious incidents.
- 2.16 Details of all restricted funds, together with confirmation of the terms on which they are held (or confirmation that there are none).
- 2.17 Confirmation of any permanent endowment trusts on which the Corporation holds property or funds (or confirmation that there are none).
- 2.18 A list of the names of the Corporation's authorised signatories and the terms of their authority.

3 Assets

Please provide:

- 3.1 A list of assets with a value of over £50,000 held by the Corporation.
- 3.2 Details of any assets with a value of over £50,000 which are not:
 - 3.2.1 adequate and fit for the purposes of the Business;
 - 3.2.2 in good repair and condition;
 - 3.2.3 in satisfactory working order;
 - 3.2.4 properly serviced and regularly maintained;
 - 3.2.5 used exclusively for the Business.
- 3.3 Confirmation that all assets currently used in the operation of the Business are owned by the Corporation and / or details of any that are owned by third parties.
- 3.4 Confirmation that no other person has any ownership or interest in the Business or its assets and / or details of the arrangements in place in respect of any shared assets.
- 3.5 Please provide particulars of any websites owned, operated or used by the Corporation and copies of all agreements and arrangements relating to the development, ownership, use, exploitation and content of those websites and information relating to domain names.
- 3.6 Details of any major items of capital equipment purchased by the Corporation in the last two years or contracted for or otherwise proposed to be purchased.
- 3.7 Copies of all agreements relating to the supply, financing, maintenance and support of the computer system and a

description of the extent to which the computer system is shared with any other person.

4 The Business

Please provide:

- 4.1 Copies (or details where copies are not available) of any agreement, contract, transaction, obligation, commitment, understanding, liability or arrangement (written or oral) of the Corporation which:
 - 4.1.1 has a value of over £50,000 (by reference to either the amount of initial consideration paid or the amount of any annual payment);
 - 4.1.2 is material to the operation of the Business; or
 - 4.1.3 is entered into otherwise than in the ordinary and usual course of business; or
 - 4.1.4 is of an unusual or abnormal nature, or not fully on an arm's length basis; or
 - 4.1.5 is for a fixed term of more than three months, or incapable of performance in accordance with its terms within three months after the date on which it was entered into or undertaken; or
 - 4.1.6 is incapable of termination in accordance with its terms by the Corporation on 60 days' notice or less; or
 - 4.1.7 is likely to result in a loss to the Corporation on completion of performance; or

- 4.1.8 cannot readily be fulfilled or performed by the Corporation on time without undue or unusual expenditure of money or effort.
- 4.2 Copies of all long-standing and unusual agreements and other material contracts not covered by any of the preceding paragraphs.
- 4.3 Copies of any joint venture, joint development, partnership or similar agreements.
- 4.4 Please provide a copy of the Corporation's procurement policy and any related policy or procedure documents.
- 4.5 Please describe any procurement activity currently in progress and / or undertaken by the Corporation during the last year and in particular provide details of any procurements with an estimated contract value in excess of £160,000 (excluding VAT).
- 4.6 Please confirm:
 - 4.6.1 that the Corporation has complied with all of its procurement obligations;
 - 4.6.2 whether the Corporation has been subject to any procurement challenges or complaints (whether formal or informal) during the last three years; and
 - 4.6.3 whether the Corporation has re-started any procurement processes or paid any wasted bid costs during the last three years.
- 4.7 Details of any major projects (i.e. those accounting for more than 5% of the Corporation's turnover).

- 4.8 Details of dealings with bodies outside the United Kingdom.
- 4.9 Copies of any agreement in respect of which a fee, commission or royalty is paid.
- 4.10 Details of material agreements proposed to be entered into by the Corporation before the anticipated completion date other than in provision of education.
- 4.11 Copies of any options to acquire assets connected with the Business.
- 4.12 A copy of the current strategic plan for the Corporation and details of its mission and vision.
- 4.13 Details of any adverse reports (including any on-line) about the Corporation or the Business.
- 4.14 Details of business continuity plans and disaster recovery arrangements.
- 4.15 Copies of all key agreements, contracts, arrangements or relationships in respect of apprentices, including details of employers, numbers of apprentices, value to the Corporation and third party or sub-contracted arrangements.
- 4.16 A copy of the Corporation's Community Engagement Policy.
- 4.17 Details of any associations to which the Corporation or any of its employees or Governors belong. What is the annual cost of this membership?
- 4.18 Particulars of any grants received by the Charity from any authority or otherwise (including copy documentation) (excluding funding contracts with the SFA and EFA).

5 Consents and consultation

- 5.1 Is it considered that any consent is required for the Corporation to enter into the proposed change of control arrangements? If so, please supply full details and what steps have been taken to obtain such consents.
- 5.2 Details of plans for consultation on matters relating to the change of control and consequential changes to the instrument and articles of government.
- 5.3 Details of any previous consultation exercises that the Corporation has carried out, including copies of consultation documents.
- 5.4 Copies of any structure and prospects appraisals that the Corporation has carried out.

6 Insurance

Please provide:

- 6.1 Details of insurance policies currently in force and confirmation that all premiums have been paid.
- 6.2 A list of all insurance claims submitted or pending since the end of the last financial year.
- 6.3 Details of any refusal or withdrawal of insurance cover in the last three years.
- 6.4 Please confirm that the Corporation has retained a proper record of all of the Corporation's employers' and public liability insurance policies (including details of the insurer

and policy number) and that this information can be provided on request.

7 Litigation

Please provide:

- 7.1 Details of all current or threatened disputes, litigation or prosecutions involving the Corporation and / or the Business (including student or parent disputes) where the potential liability of the Corporation may exceed £10,000.
- 7.2 Details of any material complaint where the potential liability of the Corporation may exceed £10,000 (including student or parental complaints), argument, dispute, claim or other facts or circumstances likely to result in litigation involving the Corporation and / or the Business.
- 7.3 Details of any investigation, enquiry, finding or decision of any competent court/ tribunal or regulatory authority or body involving the Corporation and / or the Business.
- 7.4 Details of any enforcement proceedings of any competent court/tribunal or regulatory authority or body involving the Corporation and / or the Business.

8 Compliance

- 8.1 The following definitions are used for the purposes of this section:
 - 8.1.1 "**Health and Safety Law**" means all applicable laws, statutes, regulations, secondary legislation, bye-laws, common law, directives, treaties and other measures, judgments and decisions of any court or tribunal, codes of practice and

guidance notes which are legally binding and in force in England as at the date of this agreement in so far as they relate to or apply to the health and safety or fire safety of any person, including but not restricted to the Health and Safety at Work etc. Act 1974 and all regulations made pursuant to that Act and the Regulatory Reform (Fire Safety) Order 2005.

- 8.1.2 "**Food Law**" means all applicable laws, statutes, regulations, secondary legislation, bye-laws, common law, directives, treaties and other measures, judgments and decisions of any court or tribunal, codes of practice and guidance notes which are legally binding and in force in England as at the date of this agreement in so far as they relate to or apply to food safety and food hygiene relating to any relevant catering or food operations, including but not restricted to the Food Safety Act 1990, Food Hygiene (England) Regulations 2006 and Regulation (EC) 852/2004.

Please provide:

- 8.2 Confirmation that the Corporation is properly registered with all applicable registration authorities and provide copies of certificates of registration.
- 8.3 Copies of the last two Office for Standards in Education (**Ofsted**) inspection reports and Quality Assurance Agency (**QAA**) reports.
- 8.4 Confirmation that all recommendations made by Ofsted in all Ofsted reports and recommendations made by the QAA in all QAA reports have been carried out and implemented, together with evidence confirming that this is the case. If any recommendations have not been implemented, please identify them and indicate what steps have been taken

- towards implementation and the timescales for full implementation.
- 8.5 Confirmation that in all other respects the Corporation complies with the Common Inspection Framework and the UK Quality Code for Higher Education.
- 8.6 Details of any licences, permissions, authorisations, registrations and consents that may be necessary or desirable in order to carry on the Business distinguishing between any such licences, authorisations, registrations or consents which are and those which are not held by the Corporation.
- 8.7 Details of any such licences, permissions, authorisations, registrations or consents which are subject to (or likely to be subject to) termination, revocation or non-renewal on a change of control of the Corporation.
- 8.8 Details of any matter or circumstance that constitutes, or may constitute, a contravention or breach by the Corporation (or any of its officers, agents or employees) of the provisions of any such licences, permissions, authorisations, registrations or consents.
- 8.9 Details of any inspections made and any alleged violations concerning the above licences, permissions, authorisations, registrations and consents and any correspondence with any governmental or regulatory authority relating thereto.
- 8.10 Copies of all correspondence with the Skills Funding Agency (SFA), Education Funding Agency (EFA), Higher Education Council for England (HEFCE) and Ofsted as well as any other bodies with which the Corporation is required to have a licence, authorisation, registration or consent or otherwise requires funding in the last three years.
- 8.11 Copies of all reports and returns made by the Corporation to all regulatory organisations in the last three years together with all material documents relating to the Corporation's compliance with statutory and regulatory requirements for carrying on its business in any jurisdiction.
- 8.12 Copies of all reports prepared by the Corporation for internal use or otherwise in the last three years pursuant to the requirements of any regulatory organisation, or in relation to any request or view published or expressed by any such organisation.
- 8.13 Copies of all policies and procedures (or other documents such as, but not limited to, meeting minutes) relating to the Corporation's approach to safeguarding children and vulnerable adults, including details of how this is reviewed and approved by governors;
- 8.14 Details of all material safeguarding issues occurring in the last three years, including:
- 8.14.1 any expressions of concern from the Local Authority or police;
- 8.14.2 any position of trust meetings; and
- 8.14.3 referrals or requests for information from The Independent Inquiry into Child Sex Abuse.
- 8.15 Confirmation as to whether there have been any trends in the number or nature of safeguarding incidents in the last three years.

- 8.16 Copies of all reports or audits undertaken in respect of the Corporation's safeguarding practices.
- 8.17 Details of any intervention undertaken under any statutory provision or by any regulatory body (including the FE Commissioner) in the last three years, together with any intervention that is current or expected to occur in the future. Please also provide details of all recommendations made as a result of such intervention and confirmation that all recommendations have been complied with. If any recommendations have not been complied with, please provide details of what steps have been undertaken, are required to be undertaken and the timetable for implementing them.
- 8.18 Confirmation that the Corporation has no residential students and does not provide or arrange accommodation for students.
- 8.19 Details of any application made in respect of the Teaching Excellence Framework.
- 8.20 If the Business has catering facilities, confirmation that the Corporation and / or its contractors are appropriately registered with the Local Authority, together with copies of any inspections, investigations or visits by the Local Authority.
- 8.21 Confirmation that the Corporation has complied in all material respects with Health and Safety and Food Safety Laws.
- 8.22 Copies of the Corporation's most recent:
 - 8.22.1 health and safety statement or policy document;
 - 8.22.2 safety audit;
 - 8.22.3 fire safety policy and risk assessment;
 - 8.22.4 asbestos survey or report;
 - 8.22.5 legionella or water survey or risk assessment;
 - 8.22.6 electrical survey or report.
- 8.23 Details of any visit or report by the Health and Safety Executive, Local Authority or Fire Authority and any complaints made, investigation, or enforcement action in relation to any health and safety or fire safety matter.
- 8.24 Any environmental audits or other such reports and investigations undertaken by or on behalf of the Corporation together with documents relating to all and any investigations made by any public authority into any matter of an environmental nature.
- 8.25 All consents, licences and details of registrations relating to environmental matters including but not limited to waste disposal licences, trade effluent consents and water discharge consents of the Corporation.
- 8.26 Details of any notices or complaints relating to environmental matters served or made by any competent authority, member of the public or any landlord.
- 8.27 Details of any known or suspected environmental problems from past acts of the Corporation or third party and its assets e.g.
 - 8.27.1 spillage / leakage;

- 8.27.2 potential water pollution;
- 8.27.3 health hazards to employees / public;
- 8.27.4 substances being buried underground.
- 8.28 Please confirm that the Corporation has complied in all respects with the Bribery Act 2010 and that it has in place adequate procedures to prevent bribery.
- 8.29 Please provide details of, and copies of, all documents relating to anti-bribery and corruption policies and procedures that have been implemented by the Corporation to ensure compliance with the Bribery Act 2010.
- 8.30 Please provide evidence of implementation of the Corporation's anti-bribery and corruption policies and procedures (eg details of staff training, risk assessments, due diligence procedures in relation to agents and a copy of any register of gifts kept by the Corporation).
- 8.31 Please confirm whether the Corporation has been subject to any concerns, suspicions, investigations, complaints, notifications, or allegations of:
 - 8.31.1 breaches of the Bribery Act 2010; and
 - 8.31.2 acts, prior to the Bribery Act 2010 coming into force, which would amount to a breach of the Bribery Act 2010 if such act took place now

and if so, in both cases, provide details of the same.

9 Data and information

- 9.1 In this section:
 - 9.1.1 "**Data Protection Law**" means the Data Protection Act 1998, the Privacy and Electronic Communications (EC Directive) Regulations, any subordinate legislation, and any other laws concerning data protection, personal data or privacy.
 - 9.1.2 "**Freedom of Information Law**" means the Freedom of Information Act 2000, the Environmental Information Regulations 2004 and any subordinate legislation.

Compliance generally

- 9.2 Please describe your governance arrangements, eg, is there a Data Protection Officer? Who is responsible for ensuring compliance with Data Protection Law and Freedom of Information Law within each team or department?
- 9.3 What steps have been taken around compliance with the GDPR (General Data Protection Regulation) ahead of it applying from May 2018?
- 9.4 Please describe:
 - 9.4.1 any previous or ongoing non-compliance with Data Protection Law or Freedom of Information Law on the part of the Corporation;
 - 9.4.2 any matter which has been referred to the ICO by the Corporation or any other person or which the ICO has otherwise been involved with in any capacity in connection with the Corporation; and

- 9.4.3 any claim, or intimated claim, (including any tribunal claim) concerning the Corporation's obligations under Freedom of Information Law or Data Protection Law.

Information security

- 9.5 Please describe the technical measures that are in place to protect personal data (eg, use of encryption). Has the Corporation obtained certification to any particular information security standard?
- 9.6 Please describe the organisational measures in place to protect personal data (eg, training, written policies and procedures).

Computer System

- 9.7 Details of the computer hardware, databases, software, and networks owned or used by the Corporation ("**Computer System**").
- 9.8 Details of any software used by the Corporation that is hosted for the Corporation by a third party application service provider or cloud service provider, whether as a software-as-a-service, a platform-as-a-service or as an infrastructure-as-a-service arrangement.
- 9.9 Details of any disaster recovery arrangements, facilities management, outsourcing, cloud computing and ongoing support arrangements, including details of service levels and charges, and copies of any related documents.
- 9.10 Details of any recurring technical problems with the Computer System.

- 9.11 Details of any cyber security threats and attacks and data security breaches in relation to the computer system ("**Cyber Events**"). Details of any policies, procedures and systems in place to mitigate such risks.

- 9.12 Is all data used by the Corporation held on the Computer System (other than paper records)?

- 9.13 Details of the extent to which the Computer System has been developed in accordance with privacy-by-design principles and details of features that support these principles.

Policies and procedures

- 9.14 Please provide a copy of all policies, procedures and other written documents such as privacy notices (together, "**Relevant Documents**") used by the Corporation and which concern Data Protection Law or Freedom of Information Law.
- 9.15 Please confirm whether or not the Corporation carries out any processing or handling of personal data not described in the Relevant Documents.

Data sharing

- 9.16 What measures are put in place around sharing data internally within the Corporation (eg, use of access permissions on information management systems).
- 9.17 What measures are put in place around sharing information externally:

- 9.17.1 With other data controllers, eg, other colleges, local authorities etc.
- 9.17.2 With contractors who handle personal data on behalf of the Corporation (ie, data processors).
- 9.18 Please provide a copy of any data sharing / data processing agreements.

Transparency

- 9.19 What steps are taken to discharge the transparency requirements under data protection law (eg, by the use of privacy notices).

Marketing

- 9.20 Please describe the steps taken to be compliant with Data Protection Law (eg, around consent) in connection with marketing and fundraising.

Individual's rights

- 9.21 What steps are taken to help ensure that individuals are able to exercise their DPA rights (eg, right to make a subject access request). For example, are staff trained on how to spot an SAR when it is made?

10 General

- 10.1 Any other information or documents relevant to be disclosed or any other facts or circumstances that may affect the decision of LSBU to proceed with the transaction.

Schedule 2 Due Diligence Enquiries - Employment and Property

1 Introduction

- 1.1 Please provide the following information and documents requested in respect of Lambeth College.
- 1.2 When replying, please use the same numerical references as those used in this document. Where a full understanding cannot be obtained from a document alone, please also provide an explanation.
- 1.3 The following definitions are used for the purpose of this document:
 - 1.3.1 The "**Change in Control**" means the proposal that Lambeth College should join the London South Bank University group.
 - 1.3.2 The "**Corporation**" means the statutory further education corporation known as Lambeth College and any subsidiary company or charity operating the Business.
 - 1.3.3 The "**Business**" means the business of the further education college operated by the Corporation.
 - 1.3.4 "the "**Properties**" means all the properties owned and/or occupied by the Corporation in respect of the Business.
- 1.4 This request for information is not exhaustive and supplemental requests for information may be made.

2 Employees

Please provide:

- 2.1 Details of total staff numbers both by head count and full time equivalents
- 2.2 The numbers of staff employed wholly or mainly at each of the College's sites.
- 2.3 An up-to-date list of persons currently employed by the Corporation wholly or mainly in the Business (hereafter the "**Employees**") showing:
 - 2.3.1 Name;
 - 2.3.2 Date of commencement of employment and commencement of continuous service;
 - 2.3.3 Job title and grade;
 - 2.3.4 Age, date of birth and sex;
 - 2.3.5 Normal working hours;
 - 2.3.6 Whether full time, part time, variable hours, casual contracts, bank contracts or term time only;
 - 2.3.7 Current salary;
 - 2.3.8 Benefits;
 - 2.3.9 Notice period (and where this is not certain: custom and practice in giving notices);
 - 2.3.10 Holiday entitlement;
 - 2.3.11 Immigration status;
 - 2.3.12 Dates that any "Right to Work" checks have been conducted;

- 2.3.13 Details of documents seen and copied when conducting "Right to Work" checks.
- 2.4 An up-to-date list of persons employed or engaged by or in the Business but who are not Employees of the Corporation (including but not limited to peripatetic staff, contracted caterers or cleaners) showing:
 - 2.4.1 Job description;
 - 2.4.2 Name of employer;
 - 2.4.3 Age, date of birth and sex;
 - 2.4.4 Length of continuous employment or time engaged by or in the Business;
 - 2.4.5 Current salary;
 - 2.4.6 Benefits;
 - 2.4.7 Hours of work;
 - 2.4.8 Holiday entitlement; and
 - 2.4.9 Notice period of termination of employment/engagement or expiry of fixed term.
- 2.5 Details of any offers of employment or engagement made by the Corporation or the Business, which are still outstanding or which have been accepted but the employment or engagement has not yet commenced.
- 2.6 Details of any person employed or engaged wholly or mainly by the Business who will not remain in the Business following the Change in Control.

- 2.7 Details of any contractual terms that may be affected by the Change in Control.
- 2.8 Details of any person employed or engaged by the Business who is not currently working in the Business or who is seconded to a third party.
- 2.9 Details of the numbers of persons who were employed or engaged by or in the Business who have left the Business in the last two years and a breakdown of the reasons for leaving.

3 Terms of employment

Please provide:

- 3.1 Copies of all standard contracts of employment or all individuals employed or engaged by or in the Business and any other documents recording the terms of all other agreements and arrangements (including all particulars of employment required under section 1 of the Employment Rights Act 1996) which affect any individual's contract, whether as an employee or otherwise.
- 3.2 Details of any person employed or engaged by or in the Business but not employed or engaged on a standard contract, together with all particulars of employment required under section 1 of the Employment Rights Act 1996 and copies of their contracts.
- 3.3 Details of any person employed or engaged by or in the Business who works more than 48 hours a week, together with copies of any agreements to opt out of regulation 4(1) of the Working Time Regulations 1998.

- 3.4 A copy of any staff or employee handbook and any other policies, procedures or other materials (including, but not limited to, disciplinary and grievance procedures) and a summary of any unwritten policies or procedures, whether or not contractual, which apply to any person employed or engaged by or in the Business.

4 **Benefits**

Please provide:

- 4.1 Details of any benefits provided by the Corporation to any person employed or engaged by or in the Business
- 4.2 Details of (and copies of any relevant documents relating to) any existing or proposed bonus, profit-related pay, commission or any other scheme or arrangement under which any person employed or engaged by or in the Business is or would be entitled to participate.
- 4.3 Details of (and copies of any relevant documents relating to) any existing or proposed scheme (whether contractual or not) to provide payments or benefits on redundancy (or other termination) to any person employed or engaged by or in the Business.
- 4.4 Details of any redeployment policy, salary protection scheme or similar.
- 4.5 Details of any loans made to, or guarantees provided by, the Business for the benefit of any person employed or engaged by or in the Business.

- 4.6 Details of any right to an early retirement pension on redundancy or dismissal affecting any person employed or engaged by or in the Business.

5 **Changes**

Please provide:

- 5.1 Details of any offers, promises or agreements to any future variation of any contract of any person employed or engaged by or in the Business.
- 5.2 Details of any current negotiations for an increase in the remuneration or benefits of any person employed or engaged by or in the Business or any such negotiations that are likely to take place in the next twelve months.
- 5.3 Details of any person employed or engaged by or in the Business who has received or has given notice, or is likely to give notice, to terminate his/her contract, whether in connection with the Change of Control or otherwise, including details of the reasons for such notice.
- 5.4 Details of any planned or proposed dismissal of any person employed or engaged by or in the Business.

6 **Absent employees**

Please provide:

- 6.1 Details of any person employed or engaged by or in the Business who has been absent due to sickness for a period of 21 days or more in any six month period within the last two years (whether or not consecutive).

- 6.2 Details of any person employed or engaged by or in the Business who is receiving or is due to receive payment under any sickness, disability or permanent health insurance scheme and any pending or threatened claims for such payment.
- 6.3 Details of any person currently or previously employed or engaged by or in the Business who is on long-term sick, maternity or other leave or who has a right to return to work or a right to be reinstated or re-engaged or to any other compensation.

7 Disputes and claims

Please provide:

- 7.1 Details of any dispute, claim or legal proceedings (whether arising under contract, common law, statute, in equity or otherwise) brought against the Corporation by any person currently or previously employed or engaged by or in the Business or any trade unions, staff association or other organisation formed for a similar purpose in the last two years or that the Corporation has reasonable grounds to believe may be brought against the Corporation, together with details of any payments or costs incurred (or likely to be incurred).
- 7.2 Details of any amounts outstanding or promised to any person employed or engaged by or in the Business and any liability incurred by the Business which remains undischarged, whether for breach of contract, redundancy payments (statutory or otherwise, including protective awards), compensation under any employment legislation or

regulations, unfair dismissal, equal pay, discrimination or otherwise.

- 7.3 Details of any disciplinary or capability procedures taken against any person employed by or in the Business or any grievance procedures taken by any such person (in each case, whether formally or not) in the last two years.
- 7.4 Details of any inquiries or investigations existing, pending or threatened into the Business or affecting any person employed or engaged by or in the Business by the Equality and Human Rights Commission or any other similar authority or any facts that the Corporation is aware of that might give rise to the same.

8 TUPE transfers

Please provide:

- 8.1 Details of any relevant transfer (for the purposes of the Transfer of Undertakings (Protection of Employment) Regulations 2006) in the last five years, to which the Business or Corporation (or any predecessor or owner of part or all of the Business) has been a party, that affected any person currently or previously employed or engaged by or in the Business, including details of:
 - 8.1.1 any variation of any such person's terms of employment varied for any reason as a result of or connected with such transfer;
 - 8.1.2 any dismissal connected to such a transfer;

- 8.1.3 any failure to comply with obligations to inform or consult in connection with such a transfer or any redundancy affecting any such person; and
- 8.1.4 any right to an early retirement pension on redundancy or dismissal existing prior to such a transfer or affecting any such person.

9 Senior post holders

Please provide:

- 9.1 The names and positions of each senior post holder;
- 9.2 The date of commencement of employment/engagement and the date of commencement of continuous employment of each senior post holder;
- 9.3 The age, date of birth and sex of each senior post holder;
- 9.4 Details of the current salary and benefits of each senior post holder;
- 9.5 Details of any restrictive covenants applicable to senior post holders;
- 9.6 Copies of the contracts of employment or engagement of all senior post holders;
- 9.7 Details of the Clerk to the Corporation and the terms of his/her employment/engagement (including a copy of the contract of employment/engagement).

10 Collective issues

Please provide

- 10.1 Details of the Corporation or the Business' compliance with any obligations to inform and consult with trade unions, staff associations or other worker representatives in relation to the Change of Control.
- 10.2 Details of any trade union, staff association, information and consultation body and other worker representatives relating to any person employed or engaged by or in the Business.
- 10.3 Copies of all regulations or agreements and details of any unwritten understanding or arrangement (whether binding or not) with any trade union, staff association, information and consultation body or other worker representatives relating to any person employed or engaged by or in the Business (including any collective agreements and recognition agreements).
- 10.4 Copies of any notes or minutes of negotiations, meetings or collective bargaining with any trade union, staff association, or other worker representatives relating to any person employed or engaged by or in the Business in the last two years.
- 10.5 Details of the current state of any negotiations with any trade union, staff association or other worker representatives which might affect the contractual terms, working arrangements or severance payments of any person employed or engaged by or in the Business.
- 10.6 Details of current and historic labour relations within the Business including any current, past or threatened strikes or industrial disputes or other disturbances in the past two years.

11 Workers, consultants and agency workers

11.1 An up-to-date list of any worker, consultant or contractor who provides services to the Business, showing the following details:

11.1.1 description of role;

11.1.2 present pay;

11.1.3 length of time they have been providing services to the Business;

11.1.4 bonus or incentive arrangements and all other benefits;

11.1.5 notice period for termination of contract or expiry of fixed term;

11.1.6 tax status;

11.1.7 whether engaged via a service company;

11.1.8 whether they have provided a tax indemnity; and

11.1.9 whether they are subject to the Commercial Agents (Council Directive) Regulations 1993.

11.2 Details of all agency workers working in the Business, including numbers, roles, length of time in the Business and the terms on which they are engaged.

12 Immigration

12.1 A copy of any policy which relates to the checks which the Corporation conducts on new staff and those current

members of staff with limited leave to remain in the UK in relation to their "Right to Work" in the UK;

12.2 Copies of all records kept in order to comply with the Corporation's sponsorship duties in accordance with the Home Office licence, along with any policies the Corporation has in place which govern compliance with these duties;

12.3 Copies of any correspondence from UK Visas & Immigration (UKVI) relating to visits, inspections or compliance action which has either been threatened or initiated;

12.4 Tier 2 Sponsor Licence

12.4.1 Please provide a printout of the Sponsor Summary page from the Corporation's Tier 2 Sponsor Management System;

12.4.2 Please confirm the details of all addresses ("sites") which UKVI have been advised the Tier 2 licence is to cover;

12.4.3 Details of any existing Employees sponsored by the Corporation under its Tier 2 (General) Sponsor Licence, along with any former Employees whose employment:

(a) Full name;

(b) Nationality;

(c) Date of Birth;

(d) Job title;

(e) Date employment commenced;

(f) Work location;

- (g) Certificate of Sponsorship (CoS) details (please provide a printout of all CoS assigned);
- (h) Details of all visas/residence permits granted (please provide copies);
- (i) Details of any changes to the person's role or salary (other than bonuses or pay rises due to annual increments) since commencing sponsored employment and details of when these changes were reported to UKVI through the Sponsor Management System;

12.4.4 Details of any former Employees sponsored by the Corporation under its Tier 2 (General) Sponsor Licence whose employment ended within the past 12 months:

- (a) Full name;
- (b) Nationality;
- (c) Date of Birth;
- (d) Job title;
- (e) Date employment commenced;
- (f) Certificate of Sponsorship (CoS) details (please provide a printout of all CoS assigned);
- (g) Details of all visas/residence permits granted (please provide copies);
- (h) Details of any changes to the person's role or salary (other than bonuses or pay rises due to annual increments) during the course of their sponsored

employment and details of when these changes were reported to UKVI through the Sponsor Management System;

12.4.5 Details of any former Employees sponsored by the Corporation under its Tier 2 (General) Sponsor Licence whose employment ended more than 12 months ago:

- (a) Full name;
- (b) Nationality;
- (c) Date of Birth;
- (d) Job title;

12.4.6 Details of any prospective Employees who are due to be sponsored by the Corporation under its Tier 2 (General) Sponsor Licence:

- (a) Full name;
- (b) Nationality;
- (c) Date of birth;
- (d) Job title;
- (e) Anticipated commencement date;

12.4.7 Please confirm whether the details for all "Key Personnel" named on the Sponsor Management System (the Authorising Officer, Key Contact and all Level 1 and Level 2 users) are up-to-date and correct;

12.5 Tier 4 Sponsor Licence

- 12.5.1 If the Corporation's Tier 4 sponsor licence is held separately from its Tier 2 Licence, please provide a printout of the Sponsor Summary page from the Corporation's Tier 4 Sponsor Management System;
- 12.5.2 Please confirm whether the details for all "Key Personnel" named on the Tier 4 Sponsor Management System (the Authorising Officer, Key Contact and all Level 1 and Level 2 users) are up-to-date and correct;
- 12.5.3 Please confirm the details of all addresses ("sites") which UKVI have been advised the Tier 4 licence is to cover;
- 12.5.4 Please provide details of the Corporation's Confirmation of Acceptance for Studies (CAS) allocations for the previous three years;
- 12.5.5 Please provide details of the number of CAS assigned to Tier 4 (General) students by the Corporation in each of the previous three years;
- 12.5.6 Please provide details of the numbers of refusals of Tier 4 (General) student visa and leave to remain applications based on CAS assigned by the Corporation in each of the previous three years;
- 12.5.7 Please provide the enrolment rates of Tier 4 (General) students who have been assigned CAS by the Corporation in each of the previous three years;
- 12.5.8 Please provide the course completion rates of Tier 4 (General) students who have been assigned CAS by the Corporation in each of the previous three years;

12.5.9 Please provide a list of all current Tier 4 sponsored students, detailing:

- (a) Name;
- (b) Nationality;
- (c) Course;
- (d) Course start date;
- (e) Intended period of study/course completion date;

12.5.10 Details of the steps the Corporation takes to ensure that every student studying with the Corporation has permission to study in the UK throughout the whole period of their study.

13 Consents

- 13.1 Is it considered that any consent is required for the Corporation to enter into the proposed transfer of the Business (such as a bank or third party if a Property is charged)? If so, please supply full details and what steps have been taken to obtain such consents.

14 Property

- 14.1 Please provide a full list of all Properties together with plans of the Properties.
- 14.2 Please provide full replies to CPSE1 v3.3 and where applicable full replies to CPSE 2, CPSE 3 and CPSE 4 (in each case the current versions of such enquiries) in relation to all Properties.

14.3 Please deduce title to all Properties providing all documents referred to as part of the title and where registered, please provide up to date official copies of the registered titles and title plans and office copies of all documents noted as filed on the registered titles showing (among other things):

14.3.1 the rights benefiting the Properties;

14.3.2 third party rights to which the Property is subject, including restrictions and covenants, affect value or which conflict with current use;

14.3.3 current use; and

14.3.4 a short description and details of all leases, tenancies or licences held or granted by the Corporation, including any relevant service charge and rent deposit accounts.

14.4 Please provide details of any negotiations or discussions in relation to the Properties if a Property is being considered for sale or leasing or mortgaging to a third party or is being considered for redevelopment.

14.5 Please provide details of any recent valuations of the Properties.

15 **General**

Any other information or documents relevant to be disclosed or any other facts or circumstances that may affect the decision of to proceed with the transaction.

Schedule 3 Supplemental enquiries

- 1 Introduction
- 1.1 This legal due diligence questionnaire is supplementary to a due diligence questionnaire sent on 31 March 2017 and an employment and property due diligence questionnaire sent on 4 April 2017.
- 1.2 The purpose of this questionnaire is to request further information in respect of certain enquiries either because the information provided appeared to be unclear or incomplete or because it has led to further questions.
- 1.3 Please provide the following information and documents requested in respect of Lambeth College.
- 1.4 As before, when replying, please use the same numerical references as those used in this document. Where a full understanding cannot be obtained from a document alone, please also provide an explanation.
- 1.5 As before, the following definitions are used for the purpose of this document:
- 1.5.1 the "Corporation" means the statutory further education corporation known as Lambeth College and any subsidiary company or charity operating the Business.
- 1.5.2 the "Business" means the business of the further education college operated by the Corporation.
- 1.6 This request for information is not exhaustive and further supplemental requests for information may be made.
- 2 The Corporation

- 2.1 In respect of enquiry 2.5, please also provide the requested documents in respect of the dormant companies GO2Work Limited and Skill Exchange Limited.
- 2.2 In respect of enquiry 2.13, please provide the contract with Osbornes and evidence as to whether the benefit was authorised by the instrument and articles or by the Charity Commission (for example board minutes and / or correspondence with the Charity Commission).
- 2.3 In respect of enquiry 2.15, please confirm whether the data breach incident which took place in August 2015 (referenced in the Corporation's responses) was reported to the principal regulator as a serious incident.
- 3 Assets
- 3.1 In respect of enquiry 3.3, please provide a copy of the TRO General Conditions of Leasing which are referred to within the Technology Refresh Option Agreement.
- 3.2 In response to enquiry 3.5, please provide a copy of the contract with Qlue.
- 3.3 In response to enquiry 3.6,
- 3.3.1 please provide a copy of all documentation issued to bidders as part of the Single Selective Tendering procurement for the Brixton Hill Road works project (including the invitation to tender, specification and evaluation criteria). In addition please provide a copy of all correspondence with bidders, including clarification questions and responses, amended procurement documents and letters to bidders informing them of the outcome of the procurement process; and

- 3.3.2 the draft Letter of Intent refers to a Main Contract which will supersede the Letter of Intent. Please provide a copy of the Main Contract or current draft.
- 4 The Business
- 4.1 In respect of enquiry 4.1, it is unusual for an institution to have so few material contracts. Please confirm that the contracts provided are a comprehensive list of those meeting the criteria listed in enquiry 4.1.
- 4.2 In respect of enquiry 4.4, you have provided a copy of the Corporation's financial regulations; please confirm whether there is a supplementary policy or standing orders dealing with procurement.
- 4.3 In respect of enquiry 4.10, please confirm the time frame within which the Corporation intends to commence the procurement process in respect of the Vauxhall development.
- 4.4 In respect of enquiry 4.18, please confirm that no grants are received by the Corporation from any authority or otherwise (for example the EU, Big Lottery etc), except for funding contracts with the SFA and EFA (if this is the case).
- 5 Compliance
- 5.1 In respect of enquiry 8.1, please confirm that the Corporation is only required to be registered with Ofsted and that accordingly there are no certificates.
- 5.2 In respect of enquiry 8.2, please confirm that Lambeth College Nursery meets the requirements of the current Statutory Framework for the Early Years Foundation Stage.
- 5.3 In respect of enquiry 8.4, please confirm whether any safeguarding referral made during the past three years involve allegations against a member of staff or another student and if so provide details. Please provide full details of any allegations or complaints of historic abuse of improper use of corporal punishment (including physical, sexual or psychological acts) made against the Corporation, the Business or any staff or students (past or present) in relation to the operation of the Business.
- 5.4 In respect of enquiry 8.9, please provide copies of the notices of concern identified together with all related correspondence.
- 5.5 In respect of enquiry 8.10, please provide copies of relevant correspondence.
- 5.6 In respect of enquiry 8.11, please provide the information requested.
- 5.7 In respect of enquiry 8.12, please provide the information requested (we have not yet received any documents in respect of enquiry 2.11).
- 5.8 In respect of enquiry 8.16, please provide copies of any correspondence with external agencies in relation to this report and please confirm the outcome of the "stocktake" assessment in January 2017 (including any documents evidencing this).
- 6 Data and information
- 6.1 In respect of enquiry 9.1, please provide a copy of the training course materials.
- 6.2 In respect of enquiry 9.3.1, please provide information on what categories of data were leaked, how many it was leaked to, a copy of all correspondence to and from the ICO (redacted as appropriate to protect any identifiable data subjects), a full explanation of why it happened and what was done to prevent a reoccurrence and any aggravating factors (e.g., was the data published on social media etc).

- 6.3 In respect of enquiries 9.3.2 and 9.3.3, please confirm what "item 4" refers to in the response.
- 6.4 In respect of enquiries 9.4 and 9.15, please provide more detail on information security. For example, is personal data encrypted both during transit and whilst stored?

Schedule 4 Property supplemental enquiries

- 1 Introduction
- 1.1 This legal due diligence questionnaire is supplementary to the employment and property due diligence questionnaire sent on 4 April 2017.
- 1.2 The purpose of this questionnaire is to replace the enquiries raised at question 14 of the employment and property due diligence questionnaire sent on 4 April 2017. Questions 2.1 to 2.8 below repeat and replace those sent as question 14 on 4 April 2017.
- 1.3 Please provide the following information and documents requested in respect of Lambeth College.
- 1.4 As before, when replying, please use the same numerical references as those used in this document. Where a full understanding cannot be obtained from a document alone, please also provide an explanation.
- 1.5 As before, the following definitions are used for the purpose of this document:
- 1.5.1 the "Corporation" means the statutory further education corporation known as Lambeth College and any subsidiary company or charity operating the Business.
- 1.5.2 the "Business" means the business of the further education college operated by the Corporation.
- 1.5.3 "the "Properties" means all the properties owned and/or occupied by the Corporation in respect of the Business.
- 1.6 This request for information is not exhaustive and further supplemental requests for information may be made.
- 2 Property
- 2.1 Please provide a full list of all Properties together with plans of the Properties.
- 2.2 Please deduce title to all Properties providing all documents referred to as part of the title and where registered, please provide up to date official copies of the registered titles and title plans and office copies of all documents noted as filed on the registered titles showing (among other things):
- 2.3 the rights benefiting the Properties;
- 2.4 third party rights to which the Property is subject, including restrictions and covenants, affect value or which conflict with current use;
- 2.5 current use; and
- 2.6 a short description and details of all leases, tenancies or licences held or granted by the Corporation, including any relevant service charge and rent deposit accounts.
- 2.7 Please provide details of any negotiations or discussions in relation to the Properties if a Property is being considered for sale or leasing or mortgaging to a third party or is being considered for redevelopment.
- 2.8 Please provide details of any recent valuations of the Properties.
- 2.9 Please provide any insurance policies in relation to any defect in title for the Properties. If there are any, please confirm that the policy conditions have been complied with.
- 2.10 Please provide details of any claims made under the insurance policies referred to at question 2.9 above.

- 2.11 Please provide any information on whether the Corporation is aware of any legal title issues which may affect or inhibit the proposed use or development or sale of the Properties.
- 2.12 Please provide a copy of the Fire Risk Assessments for the Properties.
- 2.13 Please confirm where we can inspect any records of findings following the Fire Risk Assessments.
- 2.14 Please provide copies of any planning permissions (including established uses, certificates of lawful use, tree preservation orders, listed building consents and conservation area consents) and confirm that any planning conditions have been complied with.
- 2.15 Please confirm if the Corporation has received notification of any breaches of planning at any of the Properties.
- 2.16 Please provide copies of any Building Regulations consents and completion certificates relating to the Properties.
- 2.17 Please confirm if the Corporation has received notification of any breaches of Buildings Regulations.
- 2.18 Please confirm if there are any third party occupiers at the Properties (including any wardens or any third party telecommunication equipment located at the Properties).
- 2.19 Please provide an insurance claims history for the Properties and details of any outstanding claims.
- 2.20 Please provide an up to date Rating Valuation Assessment for the Properties. Does the Corporation have any outstanding appeal in relation to the 2010 Rating Valuation?
- 2.21 Please confirm if you have received any formal notices from any government or local authority body (including local authority, the Mayoral authority, highway authority, public authority or utilities provider, Health and Safety Executive, Environment Agency). If so, please provide copies of the same and please confirm that they have been complied with or give an up to date assessment of their progress.
- 2.22 Please confirm if there are any actual, or if the Corporation is aware of any potential or ongoing disputes, claims, actions, demands or complaints in relation to the Property.
- 2.23 Please confirm if the Corporation has elected to waive the VAT exemption and, if so, provide a copy of the relevant option to tax. 1

Schedule 5 Further supplemental enquiries

Introduction

- 1.1 This legal due diligence questionnaire is supplemental to a due diligence questionnaire sent on 31 March 2017, an employment and property due diligence questionnaire sent on 4 April 2017, a supplemental questionnaire of 12 April 2017 and a supplemental property questionnaire of 13 April 2017.
- 1.2 The purpose of this questionnaire is to request further information in respect of certain enquiries either because the information provided appeared to be unclear or incomplete or because it has led to further questions.
- 1.3 Please provide the following information and documents requested in respect of Lambeth College.
- 1.4 As before, when replying, please use the same numerical references as those used in this document. Where a full understanding cannot be obtained from a document alone, please also provide an explanation.
- 1.5 As before, the following definitions are used for the purpose of this document:
- 1.5.1 the "Corporation" means the statutory further education corporation known as Lambeth College and any subsidiary company or charity operating the Business.
- 1.5.2 the "Business" means the business of the further education college operated by the Corporation.
- 1.6 This request for information is not exhaustive and further supplemental requests for information may be made.

- 1.7 Please note that where we refer to a response this follows the numbering used in the response document which you sent to us on 26 April 2017.
- 2 Assets
- 2.1 In enquiry 3.1 we asked for a list of assets with a value of over £50,000. You have provided an asset register, but the answer to our question is not clear from the asset register. Please provide a list of assets with a value of over £50,000. If this is not possible, please confirm whether, with the exception of land and buildings, IT equipment and motor vehicles, the Corporation holds any assets with a value of over £50,000.
- 2.2 Please provide a list of motor vehicles owned by the College.
- 2.3 Please provide a list of IT equipment with a value of over £50,000.
- 2.4 In the asset register some of the assets are referred to as "grant funded". Please confirm by whom these grants were provided.
- 2.5 In response to enquiry 3.2, you have described the "main" asset which is not fit for purpose. Please confirm whether there are any other assets which fall within the criteria in enquiry 3.2.
- 3 The Business
- 3.1 In the minutes you have provided there are references to LEP funding for the Vauxhall project, including a reference to an approved sum of £21 million. Please confirm whether any funding has been received from the LEP and, if so, whether it is repayable.
- 3.2 In respect of the Vauxhall development, please confirm whether any sums are owed to the following parties, including how much any

other party has claimed it is entitled to receive from the Corporation and whether such sums are outstanding or have been settled:

- 3.2.1 Lambert Smith Hampton;
- 3.2.2 Emma Wardell and/or Brownhilltop (please also confirm the nature of the work carried out by Emma Wardell/Brownhilltop);
- 3.2.3 Gardiner & Theobald LLP;
- 3.2.4 Lambeth Council; and
- 3.2.5 any other party involved in the Vauxhall project (except for Carillion).

4 Litigation

4.1 In respect of response 7.1, please provide details of and key correspondence in relation to the Axcel Group dispute and the ICCA potential Judicial Review.

5 Compliance

- 5.1 In respect of response 8.2, please confirm the number of early years provisions for which Lambeth College Governing Body is the registered proprietor.
- 5.2 In respect of response 8.3, please confirm whether the QAA report has been received and if so, provide a copy.
- 5.3 In respect of response 8.4, please confirm that the statutory reporting procedures were followed in relation to all safeguarding incidents where appropriate.

5.4 In respect of response 8.19, please provide details and copies of any documentation in relation to local authority visits in respect of the catering facilities for the last three years.

Health and Safety

5.5 In respect of response 8.21, the Report of Kevin Doyle dated 19/11/2016 outlines significant areas of major non-compliance with health and safety legislation and identifies action points to remedy these issues. However, we note that the majority of the documentation disclosed pre-dates this report or is undated.

5.6 Please confirm what action has been taken since this date to action/remedy the areas of non-compliance as set out within the document, including in respect of:

- 5.6.1 Asbestos;
- 5.6.2 Water Hygiene;
- 5.6.3 Emergency lighting;
- 5.6.4 Fixed wire testing;
- 5.6.5 Kitchen; and
- 5.6.6 H&S training and compliance awareness for directors and/or senior staff.

5.7 In respect of response 8.21.4, please confirm the date of the Asbestos Register.

Anti-bribery

- 5.8 Please confirm whether the college has any international students and whether it uses any agents based abroad for the recruitment of international students.
- 5.9 In respect of responses 8.27 to 8.31, please confirm whether the college provides any training to new staff and/or ongoing training to staff on the prevention of bribery, including training on the college's anti-bribery and corruption policies and procedures to ensure compliance with the Bribery Act 2010.
- 5.10 In respect of responses 8.27 to 8.31, please confirm whether it is plausible that no employees have received any gifts and/or hospitality over the value of £20 in the last three years.

6 Data and information

Compliance generally

- 6.1 In respect of response 9.2, please state which affected areas are the subject of the DP officer's programme for compliance before May 2018.
- 6.2 In respect of the incident describe in 9.3.1 of your responses, please explain:
- 6.2.1 the cause of the breach;
- 6.2.2 the measures in place to ensure that a similar breach cannot happen again;
- 6.2.3 the nature of the information leaked and the extent of its dissemination following the breach;
- 6.2.4 how many people's data was leaked.

- 6.3 Please provide a copy of all correspondence with the ICO in relation to the breach.
- 6.4 In respect of response 9.3.2, please:
- 6.4.1 explain the relationship between the requestor and the Corporation;
- 6.4.2 explain the reason for the delay in responding to the subject access request; and
- 6.4.3 provide copies of all correspondence with the ICO.

Information Security

- 6.5 In respect of response 9.4, please specify the classes of person entitled to a "valid college login".
- 6.6 Do different classes of people (e.g. students, teachers, administrators, HR, examiners) have their access limited to parts of the "secure databases" or do they have general access?
- 6.7 What are the processes for "closing off access" for:
- (a) staff;
- (b) students.
- 6.8 What levels of security are required for login (e.g. passwords, token authentication etc.?).
- 6.9 In respect of response 9.5, please confirm that there are no other organisational measures (e.g. procedures for processing and sharing personal data) in place.

Computer System

- 6.10 In respect of response 9.10, please confirm whether or not penetration testing is carried out on the system and if so, at what intervals.

Data Sharing

- 6.11 In respect of response 9.16, please confirm that personal data relating to the students is not shared with any person other than funding agencies and the local council.
- 6.12 In respect of response 9.17, please confirm whether:
- (a) data sharing and processing agreements exist but cannot be located; or
 - (b) no data sharing or processing agreements exist.

Transparency

- 6.13 In respect of response 9.18, please confirm that the only steps taken to discharge the transparency requirements of data protection law are the provision of the learning agreement to each learner on enrolment.

Marketing

- 6.14 In respect of response 9.19, is the consent to marketing communication obtained by means of pre-ticked boxes?
- 6.15 In respect of response 9.19, please confirm that the college does not send marketing or fund-raising communications, whether by email, text, telephone, post or otherwise to any person other those covered by the phrase "prospect and application data from the web to admissions and/or customer service..."

General

- 6.16 Please confirm that no outsourced service provision uses servers outside the EEA.
- 6.17 Please confirm that the college does not use any cloud services.
- 6.18 In response to enquiry 5.2 of our supplemental enquiries, you have provided a document entitled "Report and Recommendations - FINAL". Please provide the password for this document.
- 7 Employment
- 7.1 In respect of response 11.3, please confirm the total staff numbers. The report at 11.3 lists 464 individuals, whereas the reply to enquiries states 457.
- 7.2 In respect of response 11.2, please confirm the information requested in 11.2. For the avoidance of doubt, this should include confirmation as to whether all staff are employed across all sites or a breakdown of which staff are employed wholly or mainly at each of the College's sites.
- 7.3 In respect of response 11.3, some full time employees are listed as having a holiday entitlement which is less than their statutory entitlement. Please provide further details.
- 7.4 Please provide the information requested in 11.4.3 and 11.4.6 - 11.4.9.
- 7.5 In respect of response 11.5, please provide details of the six offers of employment or engagement made by the Corporation.
- 7.6 The minutes we have reviewed refer to an annual HR report. Please provide a copy of the latest report.
- 8 Terms of Employment

- 8.1 In respect of the responses provided at 12, please provide the "old contract" of employment.
- 8.2 In respect of the responses provided at 12, please provide any relevant documentation or agreements for the workers, consultants and agency workers.
- 8.3 In respect of the responses provided at 12, please confirm that there are no Working Time Regulation issues in relation to the security officers/security supervisors. In particular, please provide copies of any agreements to opt-out of regulation 4(1) of the Working Time Regulations 1998 as requested in 12.3.

Disputes and Claims

- 8.4 In respect of response 16.1, please provide details of the four on-going disputes.
- 8.5 In respect of response 16.3, please clarify how many disciplinary procedures are currently ongoing.
- 8.6 In respect of the responses provided at 16, please provide details of the county court claim.
- 9 TUPE Transfers
- 9.1 In respect of the responses provided at 17, please provide the information requested in 17.1.1 - 17.1.4.
- 10 Collective Issues
- 10.1 In respect of the responses provided at 19, please provide details of the consultation process commenced in February 2017.
- 11 Workers, consultants and agency workers

- 11.1 In respect of the responses provided at 20, please provide the information requested in 20.1.4 - 20.1.9.
- 12 Immigration
- 12.1 Please provide the current "list of acceptable documents" Human Resources uses when completing "right to work" checks.
- 12.2 Please confirm the following additional information for all members of staff:
- 12.2.1 Citizenship(s) held
- 12.2.2 Immigration status in the UK, being one of the following:
- 12.2.2.1 British citizen;
- 12.2.2.2 EEA or Swiss national;
- 12.2.2.3 Right of Abode;
- 12.2.2.4 Indefinite Leave to Remain / Permanent Residence; or
- 12.2.2.5 Limited Leave to Remain.
- 12.2.3 For those in category 12.2.2.5 above:
- 2.2.3.1 their current immigration category (e.g. Tier 4 (General); partner);
- recourse to public funds; 10 hours work during term time); and
- 12.2.3.3 the expiry date of their leave.
- 12.2.4 "Right to work" checks:

- 12.2.4.1 the date(s) on which those checks were conducted on each member of staff; and
- 12.2.4.2 description of the document(s) which were seen and copied.
- 12.3 Please provide the information and documents requested in the due diligence questionnaire which relate to the Corporation's Tier 2 and Tier 4 sponsor licences
- 13 Property
- 13.1 In respect of response 23.1, we have received the result of our Local Searches. Please mark on a plan of the Vauxhall site the location of Brooklands Passage which is a pedestrianised right of way. There is also an un-named private road within the site please mark this on the plan too.
- 13.2 In respect of response 23.1, you state that a long lease is "under negotiation" for the Brixton Property. Please confirm the current position in relation to the draft long lease and please provide a copy of the draft lease.
- 13.3 In respect of response 23.3, we have considered the Schedule of Deeds that you provided for the Clapham Property:
- 13.3.1 Please confirm that the Oversail Licence dated 04/09/2007 made between (1) OCS Group Limited and (2) Lambeth College is no longer required;
- 13.3.2 Please clarify the subject matter of the Agreement dated 26/01/2007 made between (1) Lambeth College and (2) Borough of Lambeth;
- 13.3.3 Please clarify the content of the letter dated 27/10/2006 and also the email dated 11/10/2006 from Eversheds to Lambeth College;
- 13.3.4 Please clarify the content of the Deed of Release dated 05/10/2006 and the Agreement dated 12/09/2006 both involving The Bank of Ireland which appears to involve the release of the bank's security as per the email dated 11/09/2016;
- 13.3.5 Please clarify what property the Lease dated 10/08/1998 made between (1) Borough of Lambeth and (2) Lambeth College relates to;
- 13.3.6 Please clarify the content of the Order dated 26/03/1998 and the originating application dated 18/03/1998 both involving the Borough of Lambeth; and
- 13.3.7 Please clarify the content of the Deed of Grant dated 16/05/1968 made between (1) Thomas Hayward, Jack Coleman and Alice Doreen Coleman and (2) Greater London Council.
- 13.4 In respect of response 23.3 in relation to the Vauxhall property, please provide a copy schedule of deeds from Irwin Mitchell so that we can consider whether further title enquiries need to be raised.
- 13.5 In respect of response 23.8, please forward copies of the Fire Risk Assessments for the Properties
- 13.6 In respect of response 23.10, in order to better understand the planning position for each of the Properties:
- 13.6.1 Please provide confirmation of the planning permission which authorises the current use of each Property;

13.6.2 Please provide evidence that all planning conditions have been complied with across all relevant planning permissions that have been implemented;

13.6.3 Clapham Property - there are a number of building regulation completion certificates where plans have been approved conditionally - please provide evidence of the final sign off on all planning conditions;

13.6.4 Vauxhall Property- we note that planning application 16/05435/FUL has been withdrawn, please confirm what, if any other applications are being considered for submission;

13.6.5 Brixton Property - please confirm what further planning conditions relating to planning permission 15/04340/FUL have been complied with; and

13.6.6 Brixton Property - we note that a grade II listed sculpture was to be relocated within the site - please confirm that this has been dealt with pursuant to the planning permission.

13.7 In respect of response 23.16:

13.7.1 Clapham Property - please provide the confirmation of the mandatory relief in relation to the Rating Valuation as referred to in your previous replies;

13.7.2 Vauxhall Property - please provide the confirmation of the mandatory relief in relation to the Rating Valuation as referred to in your previous replies; and

13.7.3 Brixton Property - from your previous replies we note the rating position in relation to Blocks B and C. Please provide the confirmation of the mandatory relief in relation to the Rating Valuation. Please confirm the rating position in

relation to the rest of the Brixton site - are Blocks B and C the only buildings that the Corporation will be using?

13.8 In respect of response 23.19:

3.8.1 Please confirm if you have elected to waive the VAT exemption for the Vauxhall Property; and

13.8.2 Please confirm the VAT position for the Brixton Property.

Schedule 6 Further questions sent by email on 10 May 2017 and 11 May 2017

1 Safeguarding

- 1.1 Document 4.3 (Lambeth College Safeguarding Learner Disclosures 2014-2017) - Please provide full details of the following incidents:
- 1.1.1 Allegation from staff member that an 18 year old female autistic learner had been stalking him on social media.
- 1.1.2 Allegation from the same 18 year old female autistic learner that she had been raped by another male learner in the toilets at college.
- 1.1.3 A further allegation from 18 year old female autistic learner that a staff member had physically assaulted her.
- including the action taken by the Corporation in response to the incidents.
- 1.2 Minutes of a Governors' meeting held on 29 September 2016 indicate that an incident occurred at the Clapham Centre of the College on 28 September which appears to have involved the police and which may impact on the reputation of Lambeth. Please confirm whether this relates to one of the matters referred to above or a separate incident. If it is a separate incident, please provide full details.

2 Litigation

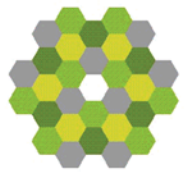
- 2.1 Please confirm whether there have been any developments concerning the Corporation's dispute with ICCA and/or Axcel (we are awaiting key correspondence regarding these).
- 2.2 Please confirm what the outcome of the Ajozi appeal on 17 February 2017 hearing was.
- 2.3 Please confirm what the current status of the proceedings is in the Shaw claim.
- 2.4 Draft minutes of a full Governors' meeting held on 9 February 2017 indicate that an allegation has been made regarding the former internal auditors and, in particular, a conflict with regard to a sub-contractor. It also relates to a concern about the level of expenditure with this sub-contractor (which is not identified). Very little detail is given in relation to the issue, but the Governor representing support staff appears to indicate that the whistleblowers are following up with the National Audit Office and believes this to be high risk to the College. Please explain what this allegation relates to and whether there have been any developments in relation to the apparent complaint to the National Audit Office.

3 Student Union

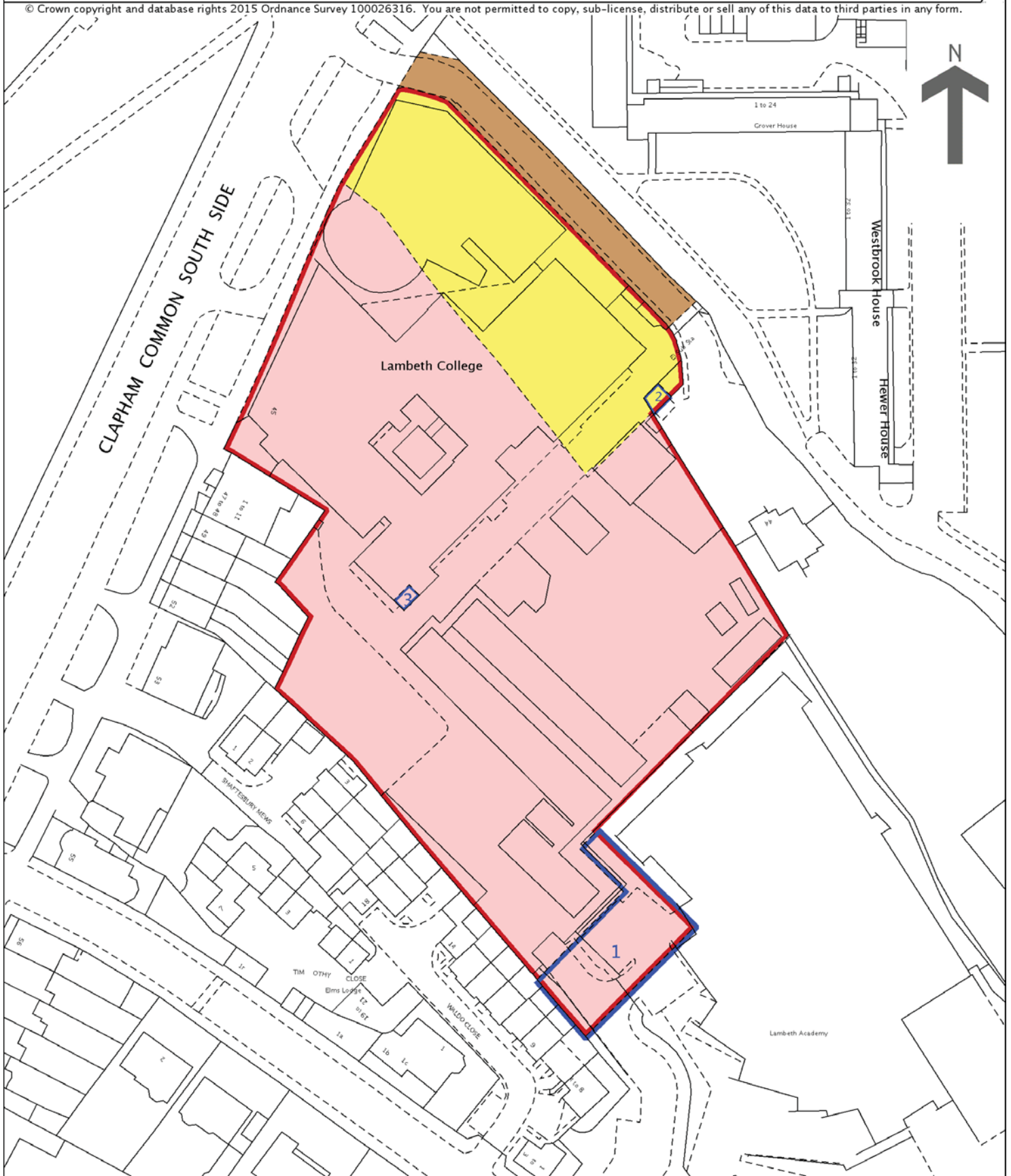
- 3.1 Please confirm the legal relationship between the Corporation and the student union and provide details of any contractual relationship between the two.

Further question sent by email on 11 May 2017

- 1 Thank you for the information you provided yesterday. In your response to the Further Supplemental DDQ, at question 12.2 you have indicated that the Corporation does not have a Tier 2 or Tier 4 sponsor licence. The Home Office publishes **registers of Tier 2 and Tier 4 licensed sponsors** which are updated daily. These registers were checked before the initial DDQ was compiled and again today and we have found that Lambeth College is included on both registers; the Corporation is therefore currently licensed by the Home Office under both Tier 2 and Tier 4.
- 2 We would therefore ask that you make further enquiries within the Corporation to establish who is responsible for these licences and has access to the Home Office's Sponsor Management System. We would be grateful if as much of the information about the licences which was requested in sections 21.4 to 21.6 of the initial DDQ be provided to us before Tuesday morning.



© Crown copyright and database rights 2015 Ordnance Survey 100026316. You are not permitted to copy, sub-license, distribute or sell any of this data to third parties in any form.





LAND REGISTRY		TITLE NUMBER	
SGL 35568		SGL 35568	
COUNTY	SHEET	NATIONAL GRID	SECTION
GREATER LONDON		TQ 2974	A H AND

© Crown copyright 1970.

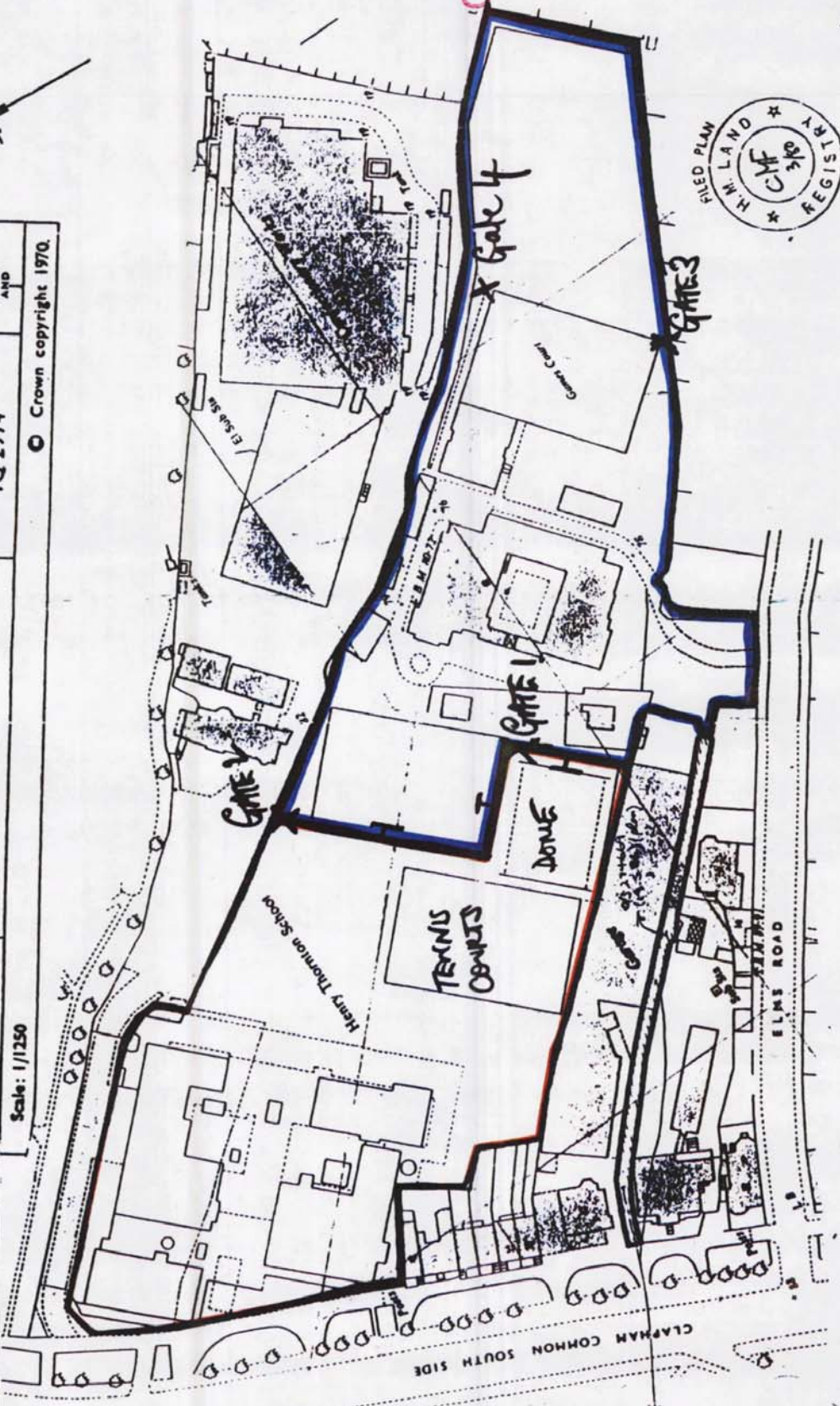
ISSUED BY THE TELFORD DISTRICT LAND REGISTRY
 ON 23 MAR 1993

KEY

NOTE:-THIS IS AN OFFICE COPY OF THE FILED PLAN AND MAY BE SUBJECT TO MINOR DISTORTIONS IN SCALE.

CROWN COPYRIGHT. ALL RIGHTS RESERVED

Scale: 1/1250



OFFICE COPY



Handwritten signature or initials.



PLAN TO TRANSFER OF PART

015266066

LONDON BOROUGH OF LAMBETH

TOWN AND COUNTRY PLANNING ACT 1990

THE LAMBETH (NO.238) TREE PRESERVATION ORDER 1993

SITE OF HENRY THORNTON SCHOOL,
CLAPHAM COMMON SOUTH SIDE, SW4

FIRST SCHEDULE

TREES SPECIFIED INDIVIDUALLY

(Encircled in black on the map)

<u>No. on Map</u>	<u>Description</u>	<u>Situation</u>
T1	Sycamore	Rear of Games Courts
T2	Weeping Ash	" " "
T3	Sycamore	" " "
T4	Cherry	Entry off Elms Road
T5	Cherry	" " "
T6	Pear	Rear of Games Courts
T7	Copper Beech	Rear of Main Building
T8	London Plane	" " "
T9	Sycamore	" " "
T10	Sycamore	" " "
T11	Cedar	" " "
T12	Fig	" " "
T13	Horse Chestnut	Entry of Clapham Common South Side
T14	Holm Oak	Front Courtyard

TREES SPECIFIED BY REFERENCES TO AN AREA

(Within a dotted black line on the Map)

<u>No. on Map</u>	<u>Description</u>	<u>Situation</u>
NONE		

GROUPS OF TREES

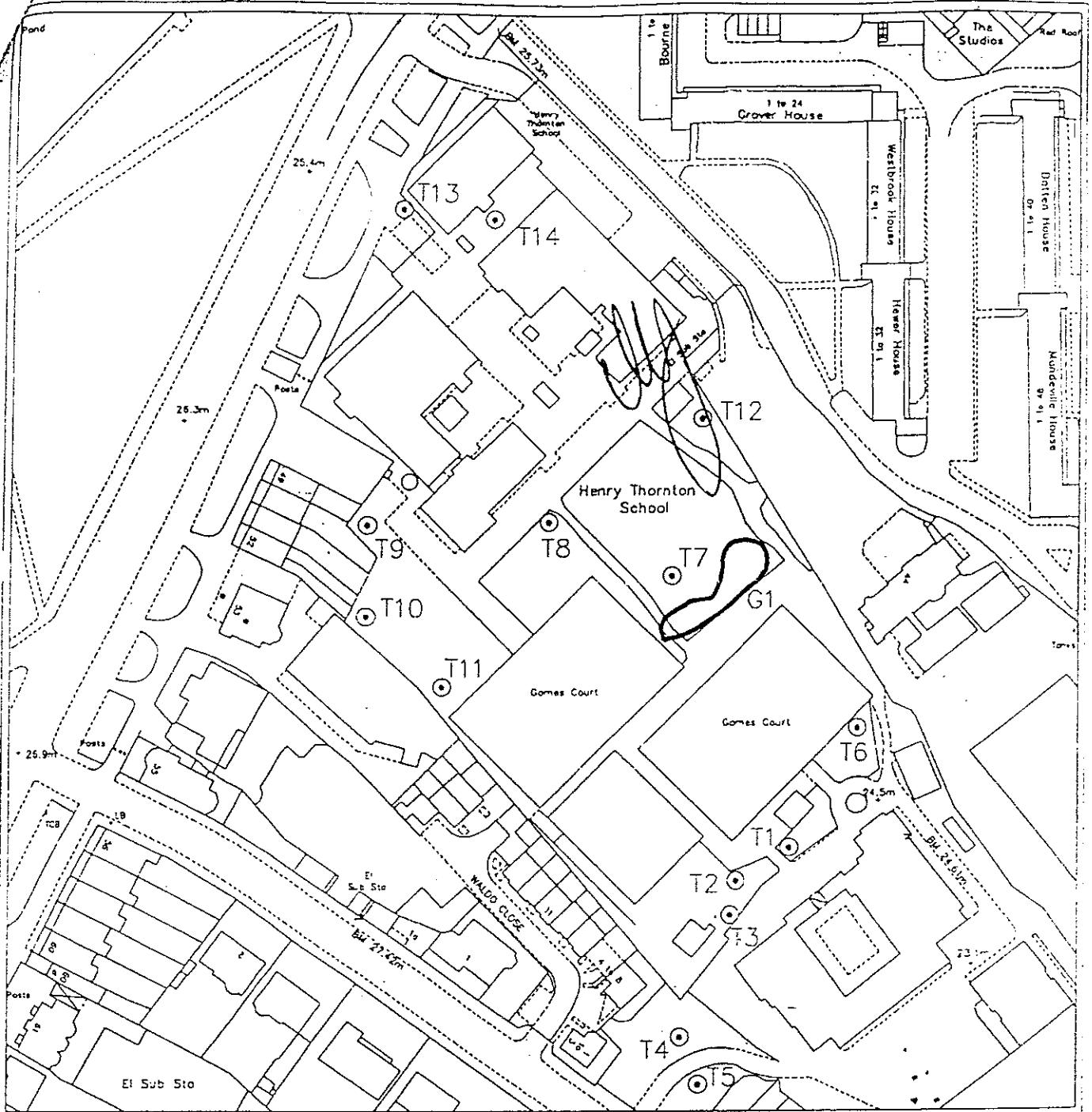
(Within a broken black line on the Map)

<u>No. on Map</u>	<u>Description</u>	<u>Situation</u>
G1	19 Holm Oak 1 Whitebeam	Rear of Main Building

WOODLANDS

(Within a continuous black line on the Map)

<u>No. on Map</u>	<u>Description</u>	<u>Situation</u>
NONE		



date order served date order confirmed

Schedule:

- | | | |
|-----------------|--------------------|-------------|
| T1 Sycamore | T8 London Plane | G1 |
| T2 Weeping Ash | T9 Sycamore | 19 Holm Oak |
| T3 Sycamore | T10 Sycamore | 1 Whitebeam |
| T4 Cherry | T11 Cedar | |
| T5 Cherry | T12 Fig | |
| T6 Pear | T13 Horse Chestnut | |
| T7 Copper Beech | T14 Holm Oak | |

LAMBETH
ENVIRONMENTAL
SERVICES

job title
 LONDON BOROUGH OF LAMBETH
 TREE PRESERVATION ORDER No. 238
 HENRY THORNTON SCHOOL SW4

job number
 DES/DC/033

scale
 1:1500

date
 27/04/93

TPO 238

LONDON BOROUGH OF LAMBETH

TOWN AND COUNTRY PLANNING ACT 1990

THE LAMBETH (No.238) TREE PRESERVATION ORDER 1993

SITE OF HENRY THORNTON SCHOOL,
CLAPHAM COMMON SOUTH SIDE, SW4

THE COUNCIL OF THE LONDON BOROUGH OF LAMBETH (in this order called "the authority"), in pursuance of the powers conferred in that behalf by Sections 198 to 201 of the Town and Country Planning Act, 1990, and subject to the provisions of the Forestry Act 1967, hereby makes the following order:-

1. In this order:-

"the Act" means the Town and Country Planning Act 1990; 'owner' means the owner in fee simple, either in possession or who has granted a lease (including a sub-lessee) or tenant in possession, the unexpired portion of whose lease or tenancy is three years or more: and a mortgage in possession; and

'the Secretary of State' means the Secretary of State for the Environment.

- 2. Subject to the provisions of this Order and to the exemptions specified in the Second Schedule hereto, no person shall, except with the consent of the authority and in accordance with the conditions, if any, imposed on such consent, cut down, top, lop, uproot, wilfully damage or wilfully destroy or cause or permit the cutting down, topping, lopping, uprooting, wilful damage or wilful destruction of any tree specified in the First Schedule hereto or comprised in a group of trees or in a woodland therein specified, the position of which trees, groups of trees and woodlands is defined in the manner indicated in the said First Schedule on the map annexed hereto which map shall, for the purpose of such definition as aforesaid, prevail where any ambiguity arises between it and the specification in the said First Schedule.

NOTE: If it is desired to fell any of the trees included in this Order, whether included as trees, groups of trees or woodlands, and the trees are trees for the felling of which a licence is required under the Forestry Act 1967, application should be made not to the authority for consent under this Order but to the Conservator of Forests for a licence under the Act (Section 15(5)).

- 3. An application for consent made to the authority under Article 2 of this Order shall be in writing stating the reasons for making the application, and shall by reference if necessary to a plan specify the trees to which the application relates, and the operations for the carrying out of which consent is required.

- 4.1 Where an application for consent is made to the authority under this Order, the authority may grant such consent either unconditionally or subject to such conditions (including conditions requiring the replacement of any tree by one or more trees on the site or in the immediate vicinity thereof, as the authority may think fit, or may refuse consent:

Provided that where the application relates to any woodland specified in the First Schedule to this Order the authority shall grant consent so far as accords with the principles of good forestry, except where, in the opinion of the authority, it is necessary in the interests of amenity to maintain the special character of the woodland or the woodland character of the area, and shall not impose conditions on such consent requiring replacement of replanting.

4.2 The authority shall keep a register of all applications for consent under this Order containing information as to the nature of the application, the decision of the authority thereon, any compensation awarded in consequence of such decision and any directions as to replanting of woodlands; and every such register shall be available for inspection by the public at all reasonable hours.

5. Where the authority refuse consent under this order or grant such consent subject to conditions they may when refusing or granting consent certify in respect of any trees for which they are so refusing or granting consent that they are satisfied:-

- (a) that the refusal or condition is in the interests of good forestry; or
- (b) in the case of trees, other than trees comprised in a group of trees or in a woodland, that the trees have an outstanding or special amenity value; or
- (c) in the case of trees which are comprised in a group of trees or in a woodland, that the group of trees or the woodland, as the case may be, has an outstanding or special amenity value;

but a certificate shall not be given in the case of trees falling within (c) above if the application in respect of them has been referred by the Forestry Commissioners under section 15(1) (b) or 15(2) (a) of the Forestry Act 1967.

6.1 Where consent is granted under this Order to fell any part of a woodland other than consent for silvicultural thinning then unless:-

- (a) such consent is granted for the purpose of enabling development to be carried out in accordance with a permission to develop land under the Act; or
- (b) the authority or the Secretary of state on appeal dispense with replanting.

the authority shall give to the owner of the land on which that part of the woodland is situated a direction in writing specifying the manner in which and the time within which he shall replant such land and where such a direction is given and the part is felled the owner shall, subject to the provision of this order and section 204 of the Act, replant the said land in accordance with the direction.

6.2 Any direction given under paragraph (1) of this Article may include requirements as to:-

- (a) species;
- (b) number of trees per acre (hectare);

- (c) the erection and maintenance of fencing necessary for protection of the replanting;
 - (d) the preparation of ground, draining, removal of brushwood, lop and top; and
 - (e) protective measures against fire.
7. On imposing any condition requiring the replacement of any tree under Article 4 of the Order, or on giving a direction under Article 6 of this Order with respect to the replanting of woodlands, the authority shall, if such condition or direction relates to land in respect of which byelaws made by the National River Authority, a water undertaker, sewage undertaker or internal drainage board ('water body') since the 1st September 1989, or by any other body (whose functions are now exercised by a water body) who at any time prior to 1st September 1989 exercised the functions in respect of which the byelaw was made, restrict or regulate the planting of trees, notify the applicant or the owner of the land, as the case may be, of the existence of such byelaws and that any such condition or direction has effect to the requirements of the water body under those byelaws and the condition or direction shall have effect accordingly.
8. The provisions set out in the Third Schedule to this Order, being provisions of the Act adapted and modified for the purposes of this Order, shall apply in relation thereto.
9. Subject to the provisions of this Order, any person who has suffered loss or damage in consequence of any refusal (including revocation or modification) of consent under this Order or of any grant of any such consent subject to conditions, shall, if he makes a claim on the authority within the time and in the manner prescribed by this Order, be entitled to recover from the authority compensation in respect of such loss or damage:

Provided that no compensation shall be payable in respect of loss or damage suffered by reason of such refusal or grant of consent in the case of any trees the subject of a certificate in accordance with Article 5 of this Order.

10. In assessing compensation payable under the last preceding Article account shall be taken of:-
- (a) any compensation or contribution which has been paid whether to the claimant or any other person, in respect of the same trees under the terms of this or any other Tree Preservation Order unless the Act or under the terms of any Interim Preservation Order made under section 8 of the Town and Country Planning (Interim Development) Act 1943, or any compensation which has been paid or which could have been claimed under any provision relating to the preservation of trees or protection of woodlands contained in an operative scheme under the Town and Country Planning Act 1932; and
 - (b) any injurious affection to any land of the owner which would result from the felling of the trees the subject of the claim.
- 11.1 A claim from compensation under this Order shall be in writing and shall be made by serving it on the authority, such service to be effected by delivering the claim at the offices of the authority addressed to the Chief Executive thereof, or by sending it by pre-paid post so addressed.

The time within which any such claim shall be made as aforesaid shall be a period of twelve months from the decision of the authority, or where an appeal has been made to the Secretary of State against the decision of the authority, from the date of the decision of the Secretary of State on the appeal.

2. Any question of disputed compensation shall be determined in accordance with the provisions of section 118 of the Act.
- 3.1 The provisions of section 201 of the Act shall apply to this Order and the Order shall take effect on the day of 199 . Sealing Date
- 3.2 This Order shall apply to any tree specified in the First Schedule hereto, which is to be planted as mentioned therein, as from the time when that tree is planted.

NOTE: Any person contravening the provisions of this Order by cutting down, uprooting or wilfully destroying a tree, or by wilfully damaging, topping or lopping a tree in such a manner as to be likely to destroy it is guilty of an offence and liable on summary conviction to a fine not exceeding £2,000 or twice the sum which appears to the court to be the value of the tree, whichever is the greater, or on indictment to fine to be determined by the court. The penalty for any other contravention of this Order is a fine not exceeding £1,000 on summary conviction and, in the case of a continuing offence when the contravention is continued after conviction, a person is liable on summary conviction to an additional fine not exceeding £5 for every day on which the contravention is so continued.

If a tree other than one to which an Order implies as part of a woodland is removed, uprooted or destroyed in contravention of an Order or is removed, uprooted or destroyed or dies at a time when its cutting down or uprooting is authorised only by Section 198(6) of the Act relating to trees which are dying or dead or have become dangerous, it is the duty of the owner of the land, unless on his application the authority dispense with the requirement, to plant another tree of approximate size and species at the same place as soon as he reasonably can. Except in an emergency, not less than 5 days previous notice of the removal, etc., should be given to the authority to enable the latter to decide whether or not to dispense with the requirement.

SCHEDULE

is order shall not apply so as to require the consent of the authority to:-

1. The cutting down of any tree on land which is subject to a forestry dedication covenant where:-
 - (a) any positive covenant on the part of the owner of the land contained in the same deed as the forestry dedication covenant and at the time of the cutting down binding on the then owner of the land are fulfilled;
 - (b) the cutting down is in accordance with a plan of operations approved by the Forestry Commission under such deed.
2. The cutting down of any tree which is in accordance with a plan of operations approved by the Forestry Commission under the approved woodlands scheme or other grant scheme under Section 4 of the Forestry Act 1967 or Section 1 of the Forestry Act 1979 except a scheme which applies to a forestry dedication covenant.

The cutting down, uprooting, topping or lopping of a tree:-

- (a) in pursuance of the power conferred on a telecommunications code system operator (as defined in the Town and Country Planning General Development Order 1988) or the Post Office ("an operator") by virtue of any enactment, or as the request of an operator where the land on which the tree situated is operational land as defined in relation to that operator in any enactment, regulations or order and either works on such land cannot otherwise be carried out or the cutting down, topping or lopping is for the purpose of security safety in the operation of the operator.
- (b) by or at the request of:-
 - (i) a statutory undertaker (including a public gas supplier within the meaning of Section 7 of the Gas Act 1986) where the land as defined by the Act and either works on such land cannot otherwise be carried out or the cutting down, topping or lopping is for the purpose of security safety in the operation of the undertaking;
 - (ii) an operating company within the meaning of Section 74 (10) of the Electricity Act 1989, where such tree obstructs the construction by the company of any electric line within the meaning of that Act or interferes or would interfere with the maintenance or working of any such line;
 - (iii) a water body as defined in Article 7 of this order, where the tree interferes or would interfere with the exercise of any of the functions of such body in relation to the maintenance, improvement or construction of watercourses or of drainage works or otherwise in pursuance of its statutory powers;
 - (iv) the Secretary of State for Defence, the Secretary of State for Trade or the Board of Trade, the Civil Aviation Authority or the British Airports Authority where in the opinion of such Secretary of State or Authority the tree obstructs the approach of aircraft to, or their departure from, any aerodrome or hinders the safe and efficient use of aviation or defence technical installations;

where immediately required for the purpose of carrying out development authorised by the planning permission granted on an application made under the Act, or deemed to have been so granted for any of the purposes of the Act;

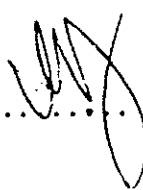
- (d) which is a fruit tree cultivated for fruit production growing or standing on land comprised in an orchard or garden.

THIRD SCHEDULE

Provisions of the following sections of the Act as adapted and modified shall to apply to this Order:-

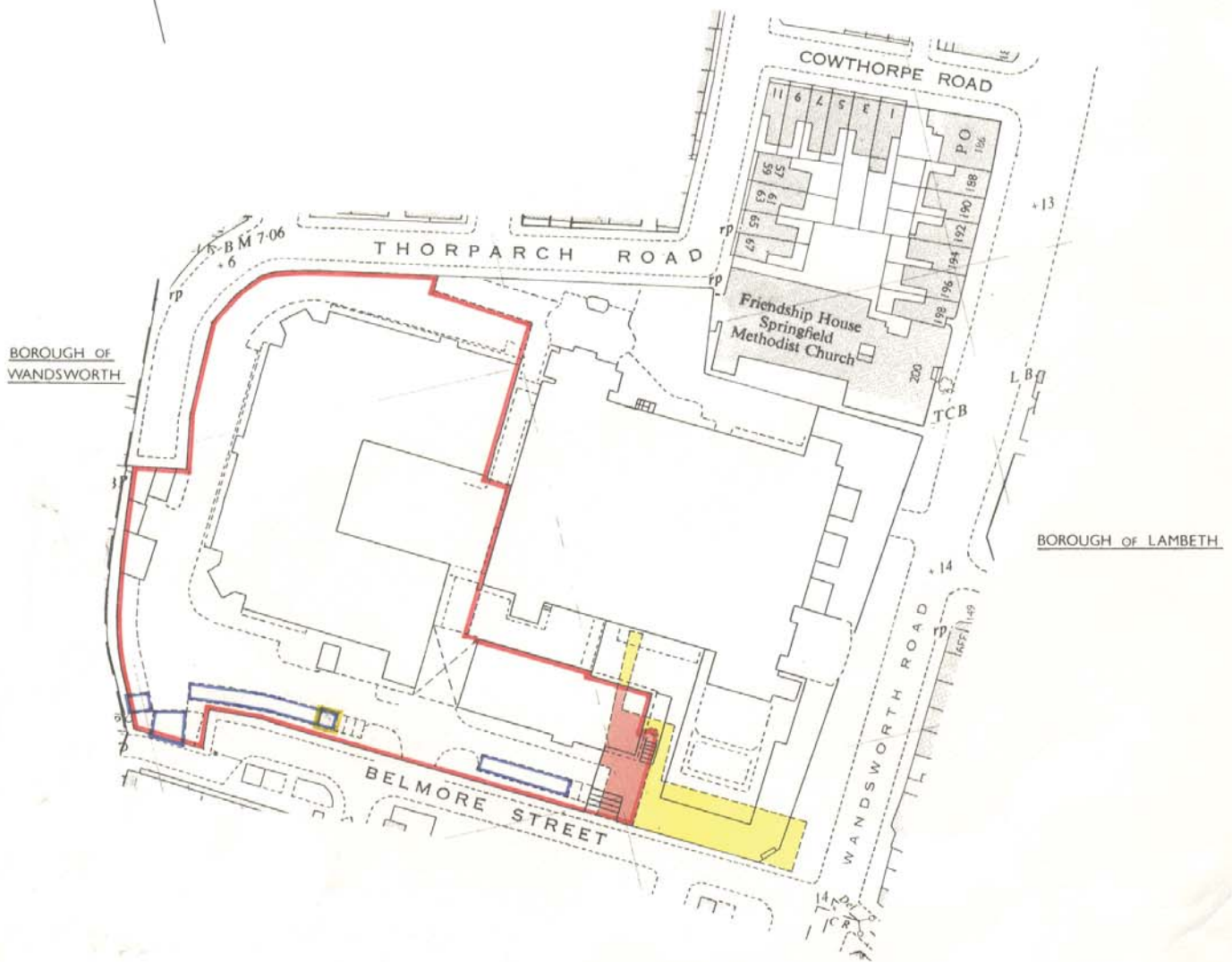
"75(1) Without prejudice to the provisions of this order including any direction given under it as to replanting, any consent under the order shall (except in so far as the consent otherwise provides) enure for the benefit of the land and of all persons for the time being interested in it."

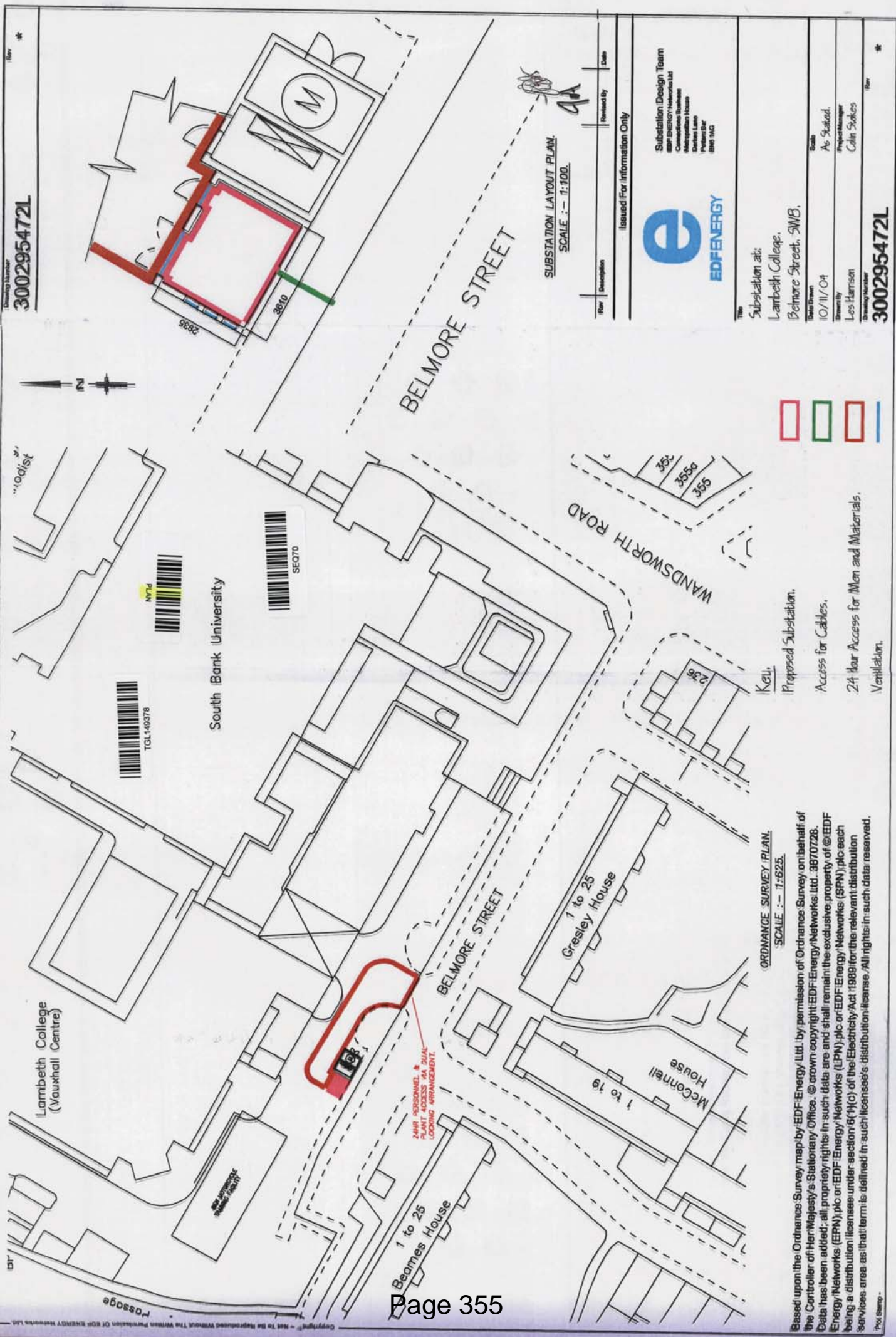
THE COMMON SEAL OF THE MAYOR AND BURGESS OF THE LONDON BOROUGH OF LAMBETH hereunto affixed this day of 199 Sealing Date in the presence of:



..... Authorised Officer
DATED Sealing Date 199

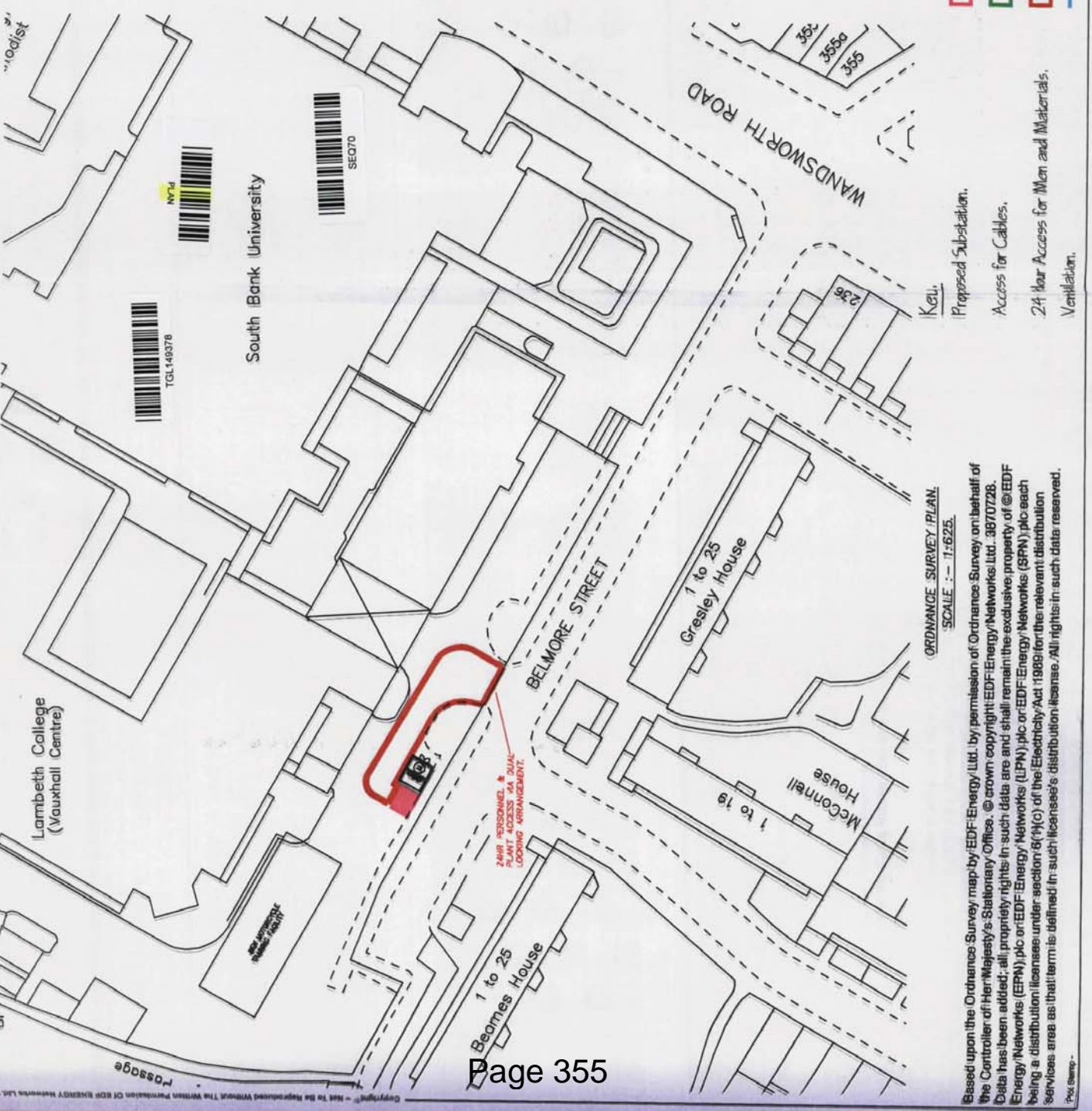
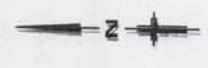
H.M. LAND REGISTRY		TITLE NUMBER	
		TGL 149378	
ORDNANCE SURVEY PLAN REFERENCE	COUNTY	SHEET	NATIONAL GRID
	GREATER LONDON		TQ 2976 @
Scale: 1/1250		© Crown copyright 1974	
Old Reference LN XI 32 C			





300295472L

SUBSTATION LAYOUT PLAN
 SCALE : - 1:100.



ORDNANCE SURVEY PLAN.
 SCALE : - 1:625.

Based upon the Ordnance Survey map by: EDF Energy (Ltd), by permission of Ordnance Survey on behalf of the Controller of Her Majesty's Stationary Office. © Crown copyright: EDF Energy/Networks Ltd. 38707298. Data has been added; all property rights in such data are and shall remain the exclusive property of © EDF Energy/Networks (EPN) plc or EDF Energy Networks (LPN) plc or EDF Energy Networks (SPN) plc each being a distribution licensee under section 6(1)(c) of the Electricity Act 1989 for the relevant distribution Services area as that term is defined in such licensee's distribution licence. All rights in such data reserved.

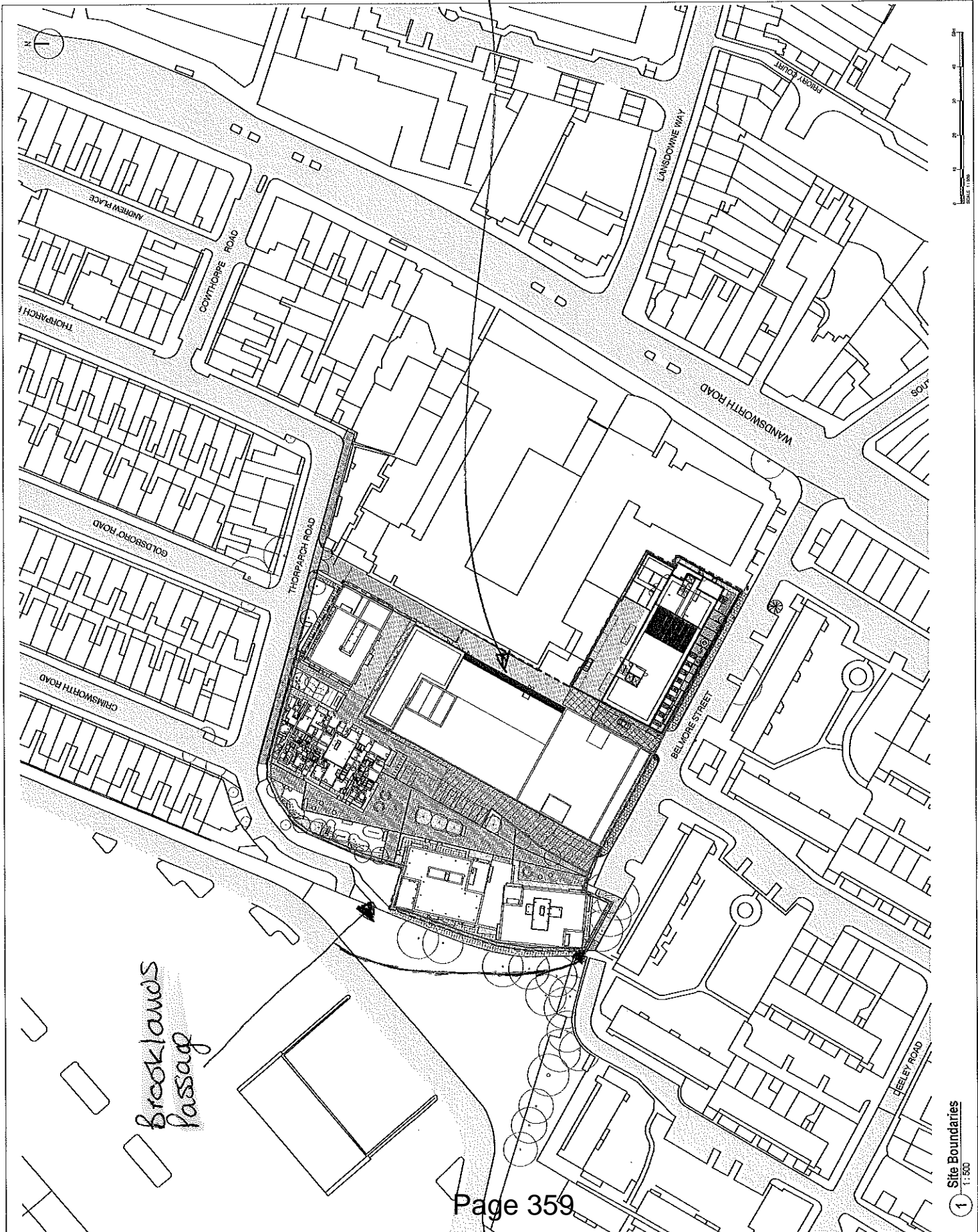
Notes

All dimensions are to be rounded up to the next whole number to ensure that the site boundaries are to be rounded up to the next whole number. Copyright reserved.

- Whole Site
- Residential Site
- Hotel Site
- Right of Way for College
- Right of Way for Hotel

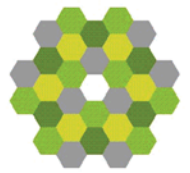
Private Road

Brooklands Passage

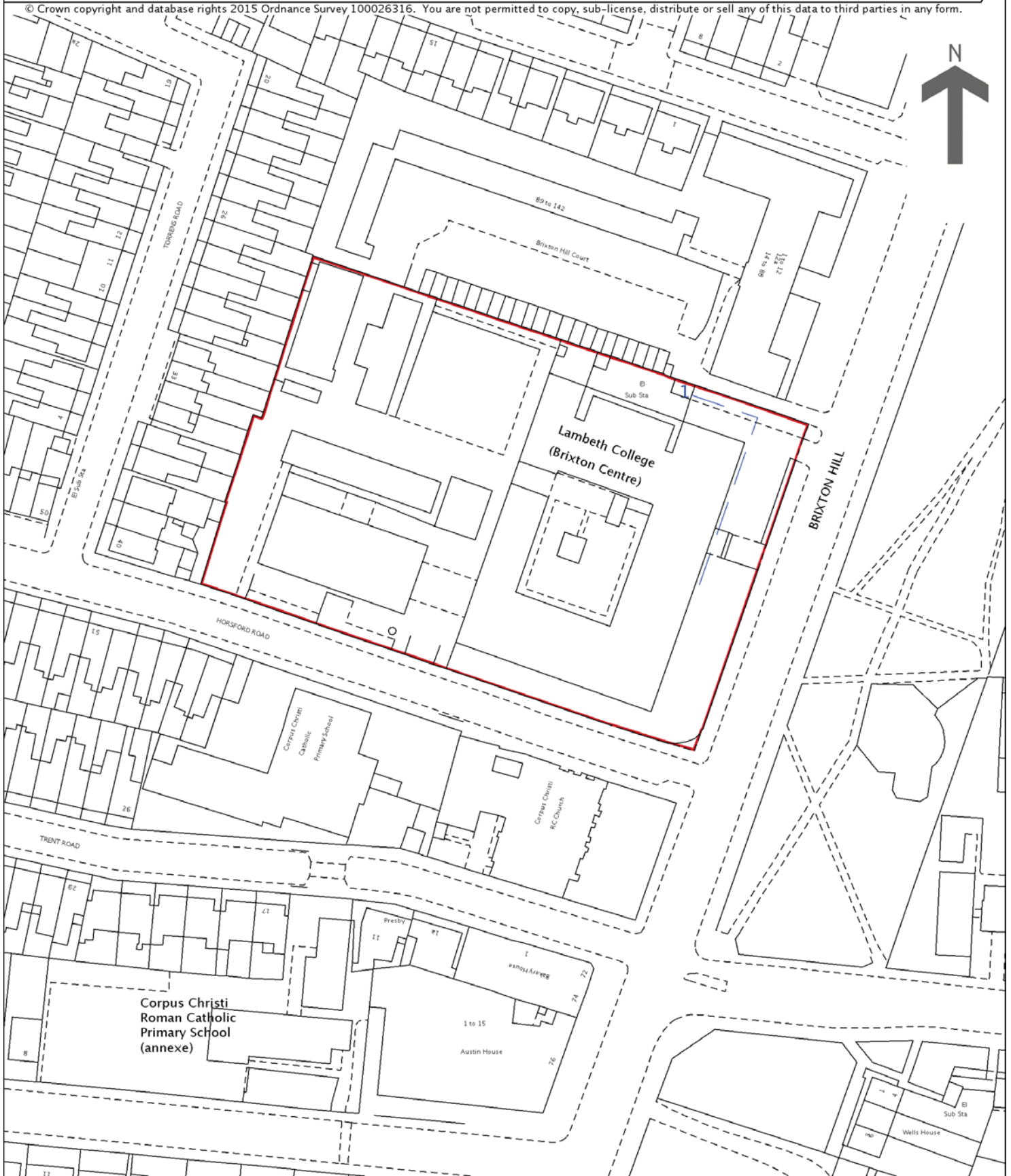


A 101107 Site Boundary/Map/AC
 Project: Nine Elms Skill Centre
 Client: carillon
 The Metropolitan Site Boundaries
 Date: 15/03/10
 Scale: A1
 Drawn: MLI
 Checked: RA

 Project No: 1055M-SK-005
 Rev: A



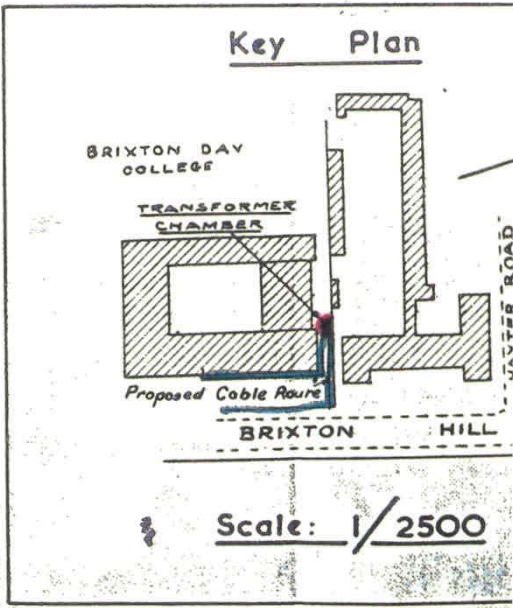
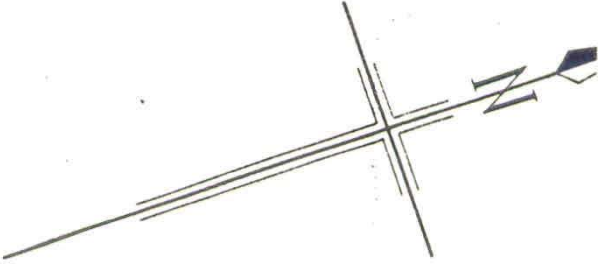
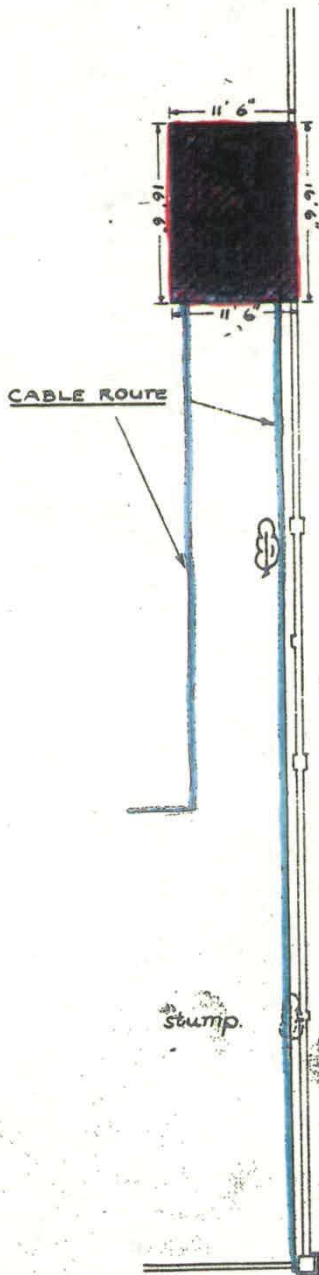
© Crown copyright and database rights 2015 Ordnance Survey 100026316. You are not permitted to copy, sub-licence, distribute or sell any of this data to third parties in any form.



Transformer Chamber

London Electricity Board.

CERTIFIED TO BE A TRUE COPY
OF THE ORIGINAL
D. M. [Signature]
SIGNED ON BEHALF OF THE
LONDON ELECTRICITY plc



BRIXTON HILL

BASED UPON THE ORDINANCE SURVEY
WITH THE SANCTION OF THE CONTROLLER
H.M. STATIONERY OFFICE
REPRODUCED BY THE VALUER G.R.C.

Scale: 16 feet to 1 inch.



Assets by Category with 2016/17 Depreciation

Inherited Land & Buildings	25 years (VX); 40 years (Clapham)
Property Additions	50 years
Major Work	25 years
Minor Works	15 / 25 years depending on scale

Row Labels	Opening Cost	Additions	Closing Cost	Opening Cumul		Closing Cumul Depr	2016/17 NBV	NBV at 2016
				Depr	2016/17 Depr			
Brixton								
Capital Grant Assets	(1)		(1)	(1)	(0)	(1)	0	0
College Funded Assets	51,728	89,196	140,924	0	0	0	140,924	51,728
Inherited Assets								
Land & Buildings	0		0	0	0	0	0	0
Inherited Assets Total	0		0	0	0	0	0	0
Brixton Total	51,728	89,196	140,924	(1)	(0)	(1)	140,924	51,728
Clapham								
Capital Grant Assets	13,810,452		13,810,452	3,663,492	313,872	3,977,364	9,833,088	10,146,960
College Funded Assets	38,171,542	598,232	38,769,774	6,091,592	1,064,244	7,155,836	31,613,939	32,079,951
Inherited Assets								
Land & Buildings	9,339,465		9,339,465	3,783,414	150,187	3,933,600	5,405,865	5,556,051
Inherited Assets Total	9,339,465		9,339,465	3,783,414	150,187	3,933,600	5,405,865	5,556,051
Clapham Total	61,321,459	598,232	61,919,691	13,538,497	1,528,303	15,066,800	46,852,892	47,782,962
Vauxhall								
Capital Grant Assets	432,914		432,914	194,653	0	194,653	238,261	238,261
College Funded Assets	9,776,040	786,083	10,562,124	3,089,614	0	3,089,614	7,472,510	6,686,427
Inherited Assets								
Land & Buildings	10,471,522		10,471,522	8,285,899	0	8,285,899	2,185,623	2,185,623
Inherited Assets Total	10,471,522		10,471,522	8,285,899	0	8,285,899	2,185,623	2,185,623
Vauxhall Total	20,680,476	786,083	21,466,560	11,570,166	0	11,570,166	9,896,394	9,110,310
(blank)								
Capital Grant Assets	1		1	1	(0)	1	0	(0)
College Funded Assets	2,015,858		2,015,858	1,635,394	178,567	1,813,961	201,898	380,464
(blank) Total	2,015,859		2,015,859	1,635,395	178,567	1,813,961	201,898	380,464
Grand Total	84,069,522	1,473,512	85,543,034	26,744,057	1,706,869	28,450,926	57,092,107	57,325,465

Assets by Category with 2016/17 Depreciation

Inherited Land & Buildings 25 years (VX); 40 years (Clapham)

Description (All)

Row Labels	Opening Cost	Additions	Closing Cost	Opening Cumul Depr	2016/17 Depr	Closing Cumul Depr	2016/17 NBV
Clapham							
Capital Grant Assets							
Equipment	0.00		0.00	0.00	0.00	0.00	0.00
Land & Buildings	13,810,451.91		13,810,451.91	3,663,491.61	313,872.28	3,977,363.89	9,833,088.02
Capital Grant Assets Total	13,810,451.91		13,810,451.91	3,663,491.61	313,872.28	3,977,363.89	9,833,088.02
College Funded Assets							
Equipment	936,655.33	452,669.89	1,389,325.22	303,440.61	252,278.75	555,719.36	833,605.87
Land & Buildings	36,945,401.60	143,229.17	37,088,630.77	5,747,624.85	805,708.80	6,553,333.65	30,535,297.12
VI Form Inelligible Costs	289,485.39		289,485.39	40,526.25	5,789.71	46,315.95	243,169.44
College Funded Assets Total	38,171,542.32	595,899.06	38,767,441.38	6,091,591.70	1,063,777.26	7,155,368.96	31,612,072.42
Inherited Assets							
Land & Buildings	9,339,465.00		9,339,465.00	3,783,413.63	150,186.63	3,933,600.25	5,405,864.75
Inherited Assets Total	9,339,465.00		9,339,465.00	3,783,413.63	150,186.63	3,933,600.25	5,405,864.75
Clapham Total	61,321,459.23	595,899.06	61,917,358.29	13,538,496.94	1,527,836.16	15,066,333.10	46,851,025.19
(blank)							
Capital Grant Assets							
08/09 Additions	0.09		0.09	0.09	(0.00)	0.09	0.00
Equipment	0.46		0.46	0.47	(0.01)	0.46	0.00
Capital Grant Assets Total	0.55		0.55	0.56	(0.01)	0.55	0.00
College Funded Assets							
Equipment	2,004,201.48		2,004,201.48	1,631,897.81	177,400.90	1,809,298.71	194,902.77
Land & Buildings	11,657.00		11,657.00	3,496.40	1,165.70	4,662.10	6,994.90
College Funded Assets Total	2,015,858.48		2,015,858.48	1,635,394.21	178,566.60	1,813,960.81	201,897.67
(blank) Total	2,015,859.03		2,015,859.03	1,635,394.77	178,566.59	1,813,961.36	201,897.67
Grand Total	63,337,318.26	595,899.06	63,933,217.32	15,173,891.71	1,706,402.75	16,880,294.46	47,052,922.86

Page 367

Row Labels	Opening Cost	Additions	Closing Cost	Opening Cumul Depr	2016/17 Depr	Closing Cumul Depr	2016/17 NBV
			Months		8.00		
5041	999	Depreciation GA Clapham College Bldgs		209,248.19			
5030	999	Depreciation P&E Clapham College		168,185.83			
5010	999	Depreciation Clapham College		537,139.20			
5030	999	Depreciation P&E Clapham College		3,859.81			
5030	999	Depreciation P&E Clapham College		118,267.26			
5030	999	Depreciation P&E Clapham College		777.13			
5030	999	Depreciation P&E Clapham College		100,124.42			
9620		GA Buildings Depn Clapham TY				209,248.19	
9580		P&E Depn Clapham TY				168,185.83	
9530		Buildings Depn Cost Clapham TY				537,139.20	
9580		P&E Depn Clapham TY				3,859.81	
9580		P&E Depn Clapham TY				118,267.26	
9580		P&E Depn Clapham TY				777.13	
9530		Buildings Depn Cost Clapham TY				100,124.42	
				1,137,601.84		1,137,601.84	
			check	1,137,601.83			
			1 month	142,200.23			
			Budget	141,667.00			
9950		Capital grant release		209,248.19			
1610	999	Capital grant release				209,248.19	
		Totals		1,346,850.03		1,346,850.03	

**Assets by Category with 2016/17
Depreciation**

Inherited Land & Buildings	25 years (VX); 40 years (Clapham)
Property Additions	50 years
Major Work	25 years
Minor Works	15 / 25 years depending on scale

Row Labels	Opening Cost	Additions	Closing Cost	Opening Cumul Depr	2015/16 Depr	Closing Cumul Depr	2015/16 NBV C/Fwd	NBV at 2015
Brixton								
Capital Grant Assets								
Land & Buildings								
Brixton Entrance DDA	(0.50)		(0.50)	(0.50)	(0.01)	(0.51)	0.01	0.00
Business CoVE -Brixton	0.00		0.00	0.00	0.00	0.00	0.00	0.00
Conversion of Brixton C Block - Perf Arts	0.00		0.00	0.00	0.00	0.00	0.00	0.00
SFA Grant -Phase 3	0.00		0.00	0.00	0.00	0.00	0.00	0.00
Land & Buildings Total	(0.50)		(0.50)	(0.50)	(0.01)	(0.51)	0.01	0.00
Capital Grant Assets Total	(0.50)		(0.50)	(0.50)	(0.01)	(0.51)	0.01	0.00
Brixton Total	(0.50)		(0.50)	(0.50)	(0.01)	(0.51)	0.01	0.00
Clapham								
Capital Grant Assets								
Equipment								
Clapham Phase 1 (ERG)	0.00		0.00	0.00	0.00	0.00	0.00	0.00
Equipment Total	0.00		0.00	0.00	0.00	0.00	0.00	0.00
Land & Buildings								
Clapham Phase 1 (ERG)	1,707,206.00		1,707,206.00	102,432.24	34,144.12	136,576.36	1,570,629.64	1,604,773.76
Clapham Phase 1 (PDG)	110,000.00		110,000.00	2,200.00	2,200.00	4,400.00	105,600.00	107,800.00
Clapham Phase 2 (CCIF)	838,033.00		838,033.00	0.00	16,760.66	16,760.66	821,272.34	838,033.00
Clapham Phase 2 (PDF)	127,500.00		127,500.00	0.00	2,550.00	2,550.00	124,950.00	127,500.00
Clapham VI Form -07/08	1,983,095.00		1,983,095.00	237,970.50	39,661.90	277,632.40	1,705,462.60	1,745,124.50
Clapham VI Form -08/09	573,603.91		573,603.91	68,832.39	11,472.08	80,304.47	493,299.44	504,771.52
Server room	288,059.00		288,059.00	103,701.80	11,522.36	115,224.16	172,834.84	184,357.20
SFA Grant -Phase 1 & 2	100,000.00		100,000.00	16,000.00	4,000.00	20,000.00	80,000.00	84,000.00
Summer Work - 98	1,815,750.00		1,815,750.00	1,234,711.00	72,630.00	1,307,341.00	508,409.00	581,039.00
Summer Work - 99	542,500.00		542,500.00	347,200.00	21,700.00	368,900.00	173,600.00	195,300.00
Tertiary Building - FEFC	2,272,117.00		2,272,117.00	1,236,571.41	45,442.34	1,282,013.75	990,103.26	1,035,545.60
Clapham Phase 2 14/16	3,452,588.00		3,452,588.00	0.00	51,788.82	51,788.82	3,400,799.18	3,452,588.00
Land & Buildings Total	13,810,451.91		13,810,451.91	3,349,619.34	313,872.28	3,663,491.61	10,146,960.30	10,460,832.57
Capital Grant Assets Total	13,810,451.91		13,810,451.91	3,349,619.34	313,872.28	3,663,491.61	10,146,960.30	10,460,832.57
Clapham Total	13,810,451.91		13,810,451.91	3,349,619.34	313,872.28	3,663,491.61	10,146,960.30	10,460,832.57
Vauxhall								
Capital Grant Assets								
Equipment								
Vauxhall Motor Vehicles	0.00		0.00	0.00	0.00	0.00	0.00	0.00
Equipment Total	0.00		0.00	0.00	0.00	0.00	0.00	0.00
Land & Buildings								
Construction CoVE	106,635.00		106,635.00	106,635.00	0.00	106,635.00	0.00	0.00
Enterprise CoVE	66,667.00		66,667.00	21,332.76	2,666.68	23,999.44	42,667.56	45,334.24
Motor Vehicles	0.00		0.00	0.00	0.00	0.00	0.00	0.00
SFA Grant -Phase 1 & 2	136,000.00		136,000.00	16,859.00	5,440.00	22,299.00	113,701.00	119,141.00
SFA Grant -Phase 3	90,000.00		90,000.00	7,200.00	3,600.00	10,800.00	79,200.00	82,800.00
Vauxhall Printshop - Urban Prog	33,612.00		33,612.00	29,575.24	1,344.48	30,919.72	2,692.28	4,036.76
Land & Buildings Total	432,914.00		432,914.00	181,602.00	13,051.16	194,653.16	238,260.84	251,312.00
Capital Grant Assets Total	432,914.00		432,914.00	181,602.00	13,051.16	194,653.16	238,260.84	251,312.00
Vauxhall Total	432,914.00		432,914.00	181,602.00	13,051.16	194,653.16	238,260.84	251,312.00
Grand Total	14,243,365.41		14,243,365.41	3,531,220.84	326,923.43	3,858,144.26	10,385,221.15	10,712,144.57

									£
Description	GL CODE	Group	Section	Sub Section	Type	AcquisitionDate	Cost	Years	New Years
Brixton		Inherited Assets	Land & Buildings	Brixton	L&B		5,250,000		
Vauxhall		Inherited Assets	Land & Buildings	Vauxhall	L&B		10,774,000	25	25
Vauxhall - Residula Value		Inherited Assets	Land & Buildings	Vauxhall	L&B		1,446,000	25	
Clapham		Inherited Assets	Land & Buildings	Clapham	L&B		9,408,000	40	40
Clapham - Residual Value		Inherited Assets	Land & Buildings	Clapham	L&B		3,332,000	40	
Vauxhall Printshop - Urban Prog		Capital Grant Assets	Land & Buildings	Vauxhall	Minor Works		33,612	25	25
Construction CoVE		Capital Grant Assets	Land & Buildings	Vauxhall	Major Work			25	25
Enterprise CoVE		Capital Grant Assets	Land & Buildings	Vauxhall	Major Work			25	25
SFA Grant -Phase 1 & 2		Capital Grant Assets	Land & Buildings	Vauxhall	Major Work			25	25
SFA Grant -Phase 3		Capital Grant Assets	Land & Buildings	Vauxhall	Major Work			25	25
Motor Vehicles		Capital Grant Assets	Land & Buildings	Vauxhall	Major Work			25	25
Business CoVE -Brixton		Capital Grant Assets	Land & Buildings	Brixton	Major Work			50	50
Brixton Entrance DDA		Capital Grant Assets	Land & Buildings	Brixton	Major Work			50	50
SFA Grant -Phase 3		Capital Grant Assets	Land & Buildings	Brixton	Major Work			50	50
Tertiary Building - FEFC		Capital Grant Assets	Land & Buildings	Clapham	Addition		3,260,625	50	50
Summer Work - 98		Capital Grant Assets	Land & Buildings	Clapham	Major Work		1,815,750	25	25
Summer Work - 99		Capital Grant Assets	Land & Buildings	Clapham	Major Work		542,500	25	25
SFA Grant -Phase 1 & 2		Capital Grant Assets	Land & Buildings	Clapham	Major Work			25	25
Clapham Phase 1 (PDG)		Capital Grant Assets	Land & Buildings	Clapham	Addition			50	50
Clapham Phase 1 (ERG)		Capital Grant Assets	Land & Buildings	Clapham	Addition			50	50
Clapham Phase 2 (PDF)		Capital Grant Assets	Land & Buildings	Clapham	Addition			50	50
Clapham Phase 2 (CCIF)		Capital Grant Assets	Land & Buildings	Clapham	Addition			50	50
Server room		Capital Grant Assets	Land & Buildings	Clapham	Major Work			25	25
Conversion of Brixton C Block - Perf Arts		Capital Grant Assets	Land & Buildings	Brixton	Minor Works			10	10
Clapham VI Form -07/08		Capital Grant Assets	Land & Buildings	Clapham	Addition			50	50
Clapham VI Form -08/09		Capital Grant Assets	Land & Buildings	Clapham	Addition			50	50
06/07 additions		Capital Grant Assets	Equipment		Major Work			50	50
08/09 addition (Southwark)		Capital Grant Assets	Equipment		Major Work			50	50
Clapham Phase 1 (ERG)		Capital Grant Assets	Equipment	Clapham	Addition			50	50
Vauxhall Motor Vehicles		Capital Grant Assets	Equipment	Vauxhall	Major Work			25	25
08/09 additions		Capital Grant Assets	08/09 Additions		Major Work			50	50
Vauxhall Canteen		College Funded Assets	Land & Buildings	Vauxhall	Major Work		207,356	25	25
NVQ Building Improvements at Vauxhall		College Funded Assets	Land & Buildings	Vauxhall	Minor Works		68,866	25	25
1996 Summer Works		College Funded Assets	Land & Buildings	Vauxhall	Major Work		408,991	25	25
1998 Summer Works (97/8)		College Funded Assets	Land & Buildings	Vauxhall	Major Work		1,014,985	25	25
1998 Summer Works (98/99)		College Funded Assets	Land & Buildings	Vauxhall	Addition		2,338,028	50	50
2002/3 Vauxhall Motorcycle		College Funded Assets	Land & Buildings	Vauxhall	Major Work			25	25
2002/3 Summer Works (Vaux access control)		College Funded Assets	Land & Buildings	Vauxhall	Equipment		176,028	10	10
2002 Summer Works (02/03)- Minor		College Funded Assets	Land & Buildings	Vauxhall	Minor Works		29,473	25	25
Roof Edge Protection (all sites)		College Funded Assets	Land & Buildings	Vauxhall	Minor Works			15	15
Vauxhall access control		College Funded Assets	Land & Buildings	Vauxhall	Equipment			10	10
Vauxhall motorcycle building		College Funded Assets	Land & Buildings	Vauxhall	Addition			50	50
Signage (all sites)		College Funded Assets	Land & Buildings	Vauxhall	Equipment		34,294	10	10
Vauxhall Services Separation (439)		College Funded Assets	Land & Buildings	Vauxhall	Major Work		71,029	25	25
Vauxhall Services Separation (439)		College Funded Assets	Land & Buildings	Vauxhall	Major Work		919,442	25	25
Minor Works -Plumbing Workshoip		College Funded Assets	Land & Buildings	Vauxhall	Minor Works			25	25
Minor works(425) -Electrical Wkshop		College Funded Assets	Land & Buildings	Vauxhall	Major Work		254,993	25	25

£

Description	GL CODE	Group	Section	Sub Section	Type	AcquisitionDate	Cost	Years	New Years
Minor Works (425)		College Funded Assets	Land & Buildings	Vauxhall	Minor Works			25	25
Study Centre -Remodelling		College Funded Assets	Land & Buildings	Vauxhall	Minor Works			25	25
P&D,Glazing & Masonry Workshop		College Funded Assets	Land & Buildings	Vauxhall	Minor Works			25	25
Plumbing -A030		College Funded Assets	Land & Buildings	Vauxhall	Minor Works			25	25
Gates		College Funded Assets	Land & Buildings	Vauxhall	Minor Works			15	15
Media & Print Services Room		College Funded Assets	Land & Buildings	Vauxhall	Minor Works			25	25
CCTV		College Funded Assets	Land & Buildings	Vauxhall	Equipment			10	10
CCTV Training Room		College Funded Assets	Land & Buildings	Vauxhall	Equipment			10	10
Vauxhall CCTV room		College Funded Assets	Land & Buildings	Vauxhall	Equipment			10	10
Vauxhall carpark resurface		College Funded Assets	Land & Buildings	Vauxhall	Minor Works			15	15
P&D / C&J workshops		College Funded Assets	Land & Buildings	Vauxhall	Minor Works			25	25
Radio / Hair & Beauty		College Funded Assets	Land & Buildings	Vauxhall	Minor Works			25	25
Plastering/P&D		College Funded Assets	Land & Buildings	Vauxhall	Minor Works			25	25
Vauxhall A240 and A241		College Funded Assets	Land & Buildings	Vauxhall	Minor Works			25	25
Vauxhall A217 and A217A		College Funded Assets	Land & Buildings	Vauxhall	Minor Works			25	25
Vauxhall containers		College Funded Assets	Land & Buildings	Vauxhall	Minor Works			15	15
Plumbing		College Funded Assets	Land & Buildings	Vauxhall	Minor Works			25	25
Basement student area		College Funded Assets	Land & Buildings	Vauxhall	Major Work			25	25
Vauxhall smoking shelter		College Funded Assets	Land & Buildings	Vauxhall	Minor Works			15	15
Vauxhall water fountains		College Funded Assets	Land & Buildings	Vauxhall	Equipment			10	10
Vauxhall power supplies for whiteboards		College Funded Assets	Land & Buildings	Vauxhall	Equipment			10	10
Vauxhall IT cabling		College Funded Assets	Land & Buildings	Vauxhall	IT			5	5
Vauxhall ground floor conference room		College Funded Assets	Land & Buildings	Vauxhall	Minor Works			25	25
Vauxhall secondary glazing		College Funded Assets	Land & Buildings	Vauxhall	Minor Works			25	25
08/09 minor Works (425**)		College Funded Assets	Land & Buildings	Vauxhall	Major Work			25	25
08/09 minor Works (425**)		College Funded Assets	Land & Buildings	Vauxhall	Minor Works			25	25
08/09 minor Works (444**)		College Funded Assets	Land & Buildings	Vauxhall	Major Work			25	25
09/10 minor Works (425**)		College Funded Assets	Land & Buildings	Vauxhall	Minor Works			25	25
09/10 minor Works (440**)		College Funded Assets	Land & Buildings	Vauxhall	Minor Works			25	25
10/11 minor Works (425**)		College Funded Assets	Land & Buildings	Vauxhall	Minor Works			25	25
10/11 minor Works (425**)		College Funded Assets	Land & Buildings	Vauxhall	Minor Works			25	25
11/12 minor Works (425**)		College Funded Assets	Land & Buildings	Vauxhall	Minor Works			25	25
11/12 minor Works (425**) -CCTV & Planters		College Funded Assets	Land & Buildings	Vauxhall	Equipment			10	10
11/12 minor Works (425**)		College Funded Assets	Land & Buildings	Vauxhall	Minor Works			25	25
12/13 minor works		College Funded Assets	Land & Buildings	Vauxhall	Minor Works			25	25
12/13 Motor Vehicles		College Funded Assets	Land & Buildings	Vauxhall	Addition			50	50
13/14 Motor Vehicles		College Funded Assets	Land & Buildings	Vauxhall	Addition			50	50
13/14 minor works (425)		College Funded Assets	Land & Buildings	Vauxhall	Minor Works			25	25
1995 Summer Works		College Funded Assets	Land & Buildings	Brixton	Summer Works		457,414	25	25
1996 Summer Works - major		College Funded Assets	Land & Buildings	Brixton	Summer Works		165,212	25	25
1996 Summer Works		College Funded Assets	Land & Buildings	Brixton	Summer Works		408,991	25	25
1997 Summer Works (96/7)		College Funded Assets	Land & Buildings	Brixton	Summer Works		118,932	25	25
1997 Summer Works (97/8)		College Funded Assets	Land & Buildings	Brixton	Summer Works		305,606	25	25
1998 Summer Works (97/8)		College Funded Assets	Land & Buildings	Brixton	Summer Works		1,014,985	25	25
1998 Summer Works (98/99)		College Funded Assets	Land & Buildings	Brixton	Summer Works		2,338,028	25	25
1999 Summer Works (98/99)		College Funded Assets	Land & Buildings	Brixton	Summer Works		111,982	25	25
1999 Summer Works (99/00)		College Funded Assets	Land & Buildings	Brixton	Summer Works		571,158	25	25

									£
Description	GL CODE	Group	Section	Sub Section	Type	AcquisitionDate	Cost	Years	New Years
2002 Summer Works (02/03)- Minor		College Funded Assets	Land & Buildings	Brixton	Summer Works		176,028	25	25
2002/3 Summer Works		College Funded Assets	Land & Buildings	Brixton	Summer Works		110,805	25	25
Clapham paving and external works		College Funded Assets	Land & Buildings	Brixton	Major Work			50	50
Roof Edge Protection (all sites)		College Funded Assets	Land & Buildings	Brixton	Major Work		29,473	50	50
Signage (all site)		College Funded Assets	Land & Buildings	Brixton	Refurb		34,294	10	10
Conversion of A112 to staff room		College Funded Assets	Land & Buildings	Brixton	Refurb			10	10
Reception/entrance		College Funded Assets	Land & Buildings	Brixton	Major Work			50	50
Boiler		College Funded Assets	Land & Buildings	Brixton	Equipment			10	10
Brixton smoking shelter		College Funded Assets	Land & Buildings	Brixton	Refurb			10	10
Brixton power supplies for whiteboards		College Funded Assets	Land & Buildings	Brixton	Refurb			10	10
Brixton IT cabling		College Funded Assets	Land & Buildings	Brixton	Refurb			10	10
Brixton Performing Arts		College Funded Assets	Land & Buildings	Brixton	Refurb			10	10
Brixton entrance		College Funded Assets	Land & Buildings	Brixton	Refurb			10	10
Brixton paving		College Funded Assets	Land & Buildings	Brixton	Refurb			10	10
Brixton roof		College Funded Assets	Land & Buildings	Brixton	Refurb			10	10
Brixton corridor		College Funded Assets	Land & Buildings	Brixton	Refurb			10	10
08/09 minor Works (444**)		College Funded Assets	Land & Buildings	Brixton	Refurb			10	10
09/10 minor Works (440**)		College Funded Assets	Land & Buildings	Brixton	Refurb			10	10
10/11 minor Works (425**)		College Funded Assets	Land & Buildings	Brixton	Refurb			10	10
10/11 minor Works (425**)		College Funded Assets	Land & Buildings	Brixton	Refurb			10	10
11/12 minor Works (425**)		College Funded Assets	Land & Buildings	Brixton	Refurb			10	10
12/13 minor Works (425**)		College Funded Assets	Land & Buildings	Brixton	Refurb			10	10
13/14 minor works (425)		College Funded Assets	Land & Buildings	Brixton	Refurb			10	10
94/95 Buildings Additions		College Funded Assets	Land & Buildings	Clapham	Addition		885,552	50	50
1996 Summer Works		College Funded Assets	Land & Buildings	Clapham	Major Work		408,991	25	25
1998 Summer Works (97/8)		College Funded Assets	Land & Buildings	Clapham	Addition		1,014,985	50	50
1998 Summer Works (98/99)		College Funded Assets	Land & Buildings	Clapham	Addition		2,338,028	50	50
2002 Summer Works (01/02) - Main works		College Funded Assets	Land & Buildings	Clapham	Addition		563,284	50	50
2002 Summer Works (02/03)- Main		College Funded Assets	Land & Buildings	Clapham	Addition			50	50
2002/3 Summer Works (Clapham/HT fencing)		College Funded Assets	Land & Buildings	Clapham	Minor Works			15	15
2002/3 Summer Works		College Funded Assets	Land & Buildings	Clapham	Major Work		110,805	25	25
2002 Summer Works (02/03)- Minor		College Funded Assets	Land & Buildings	Clapham	Major Work		176,028	25	25
Roof Edge Protection (all sites)		College Funded Assets	Land & Buildings	Clapham	Minor Works		29,473	15	15
Signage (all site)		College Funded Assets	Equipment	Clapham	Equipment		34,294	10	10
Clapham/HT fencing/security		College Funded Assets	Land & Buildings	Clapham	Minor Works			15	15
Minor Works (425)		College Funded Assets	Land & Buildings	Clapham	Major Work		254,993	25	25
Water Tank		College Funded Assets	Land & Buildings	Clapham	Minor Works			25	25
Principalship Relocation & Corridor		College Funded Assets	Land & Buildings	Clapham	Major Work			25	25
Secondary Glazing		College Funded Assets	Land & Buildings	Clapham	Minor Works			25	25
Substation		College Funded Assets	Land & Buildings	Clapham	Addition			50	50
Gym Soundproofing		College Funded Assets	Land & Buildings	Clapham	Minor Works			25	25
Clapham Access Control		College Funded Assets	Equipment	Clapham	IT			10	10
Clapham path		College Funded Assets	Land & Buildings	Clapham	Minor Works			15	15
Clapham smoking shelter		College Funded Assets	Land & Buildings	Clapham	Minor Works			15	15
Clapham power supplies for whiteboards		College Funded Assets	Equipment	Clapham	IT			10	10
Clapham heating system		College Funded Assets	Land & Buildings	Clapham	Minor Works			25	25
Clapham sub-station		College Funded Assets	Land & Buildings	Clapham	Addition			50	50

£

Description	GL CODE	Group	Section	Sub Section	Type	AcquisitionDate	Cost	Years	New Years
Clapham secondary glazing		College Funded Assets	Land & Buildings	Clapham	Minor Works			25	25
Clapham B121 staffroom		College Funded Assets	Land & Buildings	Clapham	Minor Works			25	25
Clapham LLDD shop		College Funded Assets	Land & Buildings	Clapham	Minor Works			25	25
Clapham careers office		College Funded Assets	Land & Buildings	Clapham	Minor Works			25	25
Clapham science labs		College Funded Assets	Land & Buildings	Clapham	Minor Works			25	25
Clapham Principal's kitchenette		College Funded Assets	Land & Buildings	Clapham	Minor Works			25	25
Clapham IT cabling		College Funded Assets	Equipment	Clapham	IT			5	5
08/09 minor Works (425**)		College Funded Assets	Land & Buildings	Clapham	Minor Works			25	25
08/09 minor Works (425**)		College Funded Assets	Land & Buildings	Clapham	Minor Works			25	25
08/09 minor Works (444**)		College Funded Assets	Land & Buildings	Clapham	Major Work			25	25
09/10 minor Works (425**)		College Funded Assets	Land & Buildings	Clapham	Minor Works			25	25
09/10 minor Works (444**)		College Funded Assets	Land & Buildings	Clapham	Major Work			25	25
10/11 minor Works (425**)		College Funded Assets	Land & Buildings	Clapham	Minor Works			25	25
10/11 minor Works (425**)		College Funded Assets	Land & Buildings	Clapham	Minor Works			25	25
11/12 minor Works (425**)		College Funded Assets	Land & Buildings	Clapham	Minor Works			25	25
11/12 minor Works (425**) -CCTV		College Funded Assets	Equipment	Clapham	Equipment			10	10
12/13 minor Works (425**)		College Funded Assets	Land & Buildings	Clapham	Minor Works			25	25
12/13 Clapham Phase 1		College Funded Assets	Land & Buildings	Clapham	Addition			50	50
12/13 minor Works		College Funded Assets	Land & Buildings	Clapham	Minor Works			25	25
13/14 minor works (425)		College Funded Assets	Land & Buildings	Clapham	Minor Works			25	25
13/14 Clapham Phase 1		College Funded Assets	Land & Buildings	Clapham	Addition			50	50
Clapham VI Form-04/05 WIP till Aug 09		College Funded Assets	Land & Buildings	Clapham	Addition			50	50
Clapham VI Form-05/06 WIP till Aug 09		College Funded Assets	Land & Buildings	Clapham	Addition			50	50
Clapham VI Form -06/07 -main contract WIP till Aug 09		College Funded Assets	Land & Buildings	Clapham	Addition			50	50
Clapham VI Form -06/07 -substation WIP til Aug 09		College Funded Assets	Land & Buildings	Clapham	Addition			50	50
Brixton Performing Art relocation		College Funded Assets	Land & Buildings	Brixton	Major Work			25	25
Clapham VI Form-07/08 WIP till Aug 09		College Funded Assets	Land & Buildings	Clapham	Addition			50	50
Clapham VI Form-08/09 WIP till Aug 09		College Funded Assets	Land & Buildings	Clapham	Addition			50	50
09/10 minor Works (440**)		College Funded Assets	Land & Buildings		Minor Works			10	10
VI Form (Ineligible) -08/09 WIP till Aug 09		College Funded Assets	VI Form Ineligible Cost	Clapham	Addition			50	50
VI Form (Ineligible) -09/10		College Funded Assets	VI Form Ineligible Cost	Clapham	Addition			50	50
Brixton CCTV		College Funded Assets	Equipment	Brixton	Equipment			10	10
Brixton metal detectors		College Funded Assets	Equipment	Brixton	Equipment			10	10
Clapham CCTV		College Funded Assets	Equipment	Clapham	Equipment			10	10
Clapham metal detectors		College Funded Assets	Equipment	Clapham	Equipment			10	10
Clapham panic alarms		College Funded Assets	Equipment	Clapham	Equipment			10	10
Vauxhall panic alarms		College Funded Assets	Equipment	Vauxhall	Minor Works			10	10
Vauxhall CCTV		College Funded Assets	Equipment	Vauxhall	Equipment			10	10
Vauxhall metal detectors		College Funded Assets	Equipment	Vauxhall	Equipment			10	10
Clapham sump pumps		College Funded Assets	Equipment	Clapham	Equipment			10	10
Clapham reception desk		College Funded Assets	Equipment	Clapham	Equipment			4	4
07/08 Equipment		College Funded Assets	Equipment		Equipment			4	4
08/09 Computer Equipment		College Funded Assets	Equipment		IT			5	5
08/09 Computer Equipment		College Funded Assets	Equipment		IT			5	5
09/10 Equipment		College Funded Assets	Equipment		Equipment			5	5
09/10 Equipment		College Funded Assets	Equipment		Equipment			5	5
09/10 Equipment (building works)		College Funded Assets	Equipment		Equipment			5	5

£

Description	GL CODE	Group	Section	Sub Section	Type	AcquisitionDate	Cost	Years	New Years
09/10 Computer Equipment		College Funded Assets	Equipment		IT			5	5
09/10 Computer Equipment		College Funded Assets	Equipment		IT			5	5
10/11Equipment		College Funded Assets	Equipment		Equipment			5	5
10/11 Computer Equipment		College Funded Assets	Equipment		IT			5	5
11/12 Equipment		College Funded Assets	Equipment		Equipment			5	5
11/12 Equipment		College Funded Assets	Equipment		Equipment			5	5
11/12 Computer Equipment		College Funded Assets	Equipment		IT			5	5
11/12 Computer Equipment		College Funded Assets	Equipment		IT			5	5
12/13 Equipment		College Funded Assets	Equipment		Equipment			5	5
12/13 Computer Equipment		College Funded Assets	Equipment		IT			5	5
13/14 Computer Equipment		College Funded Assets	Equipment		IT			5	5
13/14 Equipment		College Funded Assets	Equipment		Equipment			5	5
13/14 HR Implementation		College Funded Assets	Equipment		IT			5	5
VI Form Eligible		College Funded Assets	Land & Buildings	Clapham	Addition			50	50
VI Form Ineligible		College Funded Assets	Land & Buildings	Clapham	Addition			50	50

Assets by Category with 2015/16 Depreciation

Inherited Land & Buildings	25 years (VX); 40 years (Clapham)
Property Additions	50 years
Major Work	25 years
Minor Works	15 / 25 years depending on scale

Row Labels	Opening Cost	Additions	Closing Cost	Opening Cumul Depr	2015/16 Depr	Closing Cumul Depr	2015/16 NBV C/Fwd	NBV at 2015
Brixton								
Capital Grant Assets								
Land & Buildings								
Brixton Entrance DDA	(0.50)		(0.50)	(0.50)	(0.01)	(0.51)	0.01	0.00
Business CoVE -Brixton	0.00		0.00	0.00	0.00	0.00	0.00	0.00
Conversion of Brixton C Block - Perf Arts	0.00		0.00	0.00	0.00	0.00	0.00	0.00
SFA Grant -Phase 3	0.00		0.00	0.00	0.00	0.00	0.00	0.00
Land & Buildings Total	(0.50)		(0.50)	(0.50)	(0.01)	(0.51)	0.01	0.00
Capital Grant Assets Total	(0.50)		(0.50)	(0.50)	(0.01)	(0.51)	0.01	0.00
College Funded Assets								
Equipment								
Brixton CCTV	0.00		0.00	0.00	0.00	0.00	0.00	0.00
Brixton metal detectors	0.00		0.00	0.00	0.00	0.00	0.00	0.00
Equipment Total	0.00		0.00	0.00	0.00	0.00	0.00	0.00
Land & Buildings								
08/09 minor Works (444**)	0.00		0.00	0.00	0.00	0.00	0.00	0.00
09/10 minor Works (440**)	0.00		0.00	0.00	0.00	0.00	0.00	0.00
10/11 minor Works (425**)	0.00		0.00	0.00	0.00	0.00	0.00	0.00
11/12 minor Works (425**)	0.00		0.00	0.00	0.00	0.00	0.00	0.00
12/13 minor Works (425**)	0.00		0.00	0.00	0.00	0.00	0.00	0.00
13/14 minor works (425)	0.00		0.00	0.00	0.00	0.00	0.00	0.00
1995 Summer Works	0.00		0.00	0.00	0.00	0.00	0.00	0.00
1996 Summer Works	0.00		0.00	0.00	0.00	0.00	0.00	0.00
1996 Summer Works - major	0.00		0.00	0.00	0.00	0.00	0.00	0.00
1997 Summer Works (96/7)	0.00		0.00	0.00	0.00	0.00	0.00	0.00
1997 Summer Works (97/8)	0.00		0.00	0.00	0.00	0.00	0.00	0.00
1998 Summer Works (97/8)	0.00		0.00	0.00	0.00	0.00	0.00	0.00
1998 Summer Works (98/99)	0.00		0.00	0.00	0.00	0.00	0.00	0.00
1999 Summer Works (98/99)	0.00		0.00	0.00	0.00	0.00	0.00	0.00
1999 Summer Works (99/00)	0.00		0.00	0.00	0.00	0.00	0.00	0.00
2002 Summer Works (02/03)- Minor	0.00		0.00	0.00	0.00	0.00	0.00	0.00
2002/3 Summer Works	0.00		0.00	0.00	0.00	0.00	0.00	0.00
Boiler	0.00		0.00	0.00	0.00	0.00	0.00	0.00
Brixton corridor	0.00		0.00	0.00	0.00	0.00	0.00	0.00
Brixton entrance	0.00		0.00	0.00	0.00	0.00	0.00	0.00
Brixton IT cabling	0.00		0.00	0.00	0.00	0.00	0.00	0.00
Brixton paving	0.00		0.00	0.00	0.00	0.00	0.00	0.00
Brixton Performing Art relocation	0.00		0.00	0.00	0.00	0.00	0.00	0.00
Brixton Performing Arts	0.00		0.00	0.00	0.00	0.00	0.00	0.00
Brixton power supplies for whiteboards	0.00		0.00	0.00	0.00	0.00	0.00	0.00
Brixton roof	0.00		0.00	0.00	0.00	0.00	0.00	0.00
Brixton smoking shelter	0.00		0.00	0.00	0.00	0.00	0.00	0.00
Clapham paving and external works	0.00		0.00	0.00	0.00	0.00	0.00	0.00
Conversion of A112 to staff room	0.00		0.00	0.00	0.00	0.00	0.00	0.00
Reception/entrance	0.00		0.00	0.00	0.00	0.00	0.00	0.00
Roof Edge Protection (all sites)	0.00		0.00	0.00	0.00	0.00	0.00	0.00
Signage (all site)	0.00		0.00	0.00	0.00	0.00	0.00	0.00
Brixton New Build	0.00	51,728.10	51,728.10	0.00	0.00	0.00	51,728.10	0.00
Land & Buildings Total	0.00	51,728.10	51,728.10	0.00	0.00	0.00	51,728.10	0.00
College Funded Assets Total	0.00	51,728.10	51,728.10	0.00	0.00	0.00	51,728.10	0.00
Inherited Assets								
Land & Buildings								
Brixton	0.00		0.00	0.00	0.00	0.00	0.00	0.00
Land & Buildings Total	0.00		0.00	0.00	0.00	0.00	0.00	0.00
Inherited Assets Total	0.00		0.00	0.00	0.00	0.00	0.00	0.00
Brixton Total	(0.50)	51,728.10	51,727.60	(0.50)	(0.01)	(0.51)	51,728.11	0.00
Clapham								
Capital Grant Assets								
Equipment								
Clapham Phase 1 (ERG)	0.00		0.00	0.00	0.00	0.00	0.00	0.00
Equipment Total	0.00		0.00	0.00	0.00	0.00	0.00	0.00
Land & Buildings								
Clapham Phase 1 (ERG)	1,707,206.00		1,707,206.00	102,432.24	34,144.12	136,576.36	1,570,629.64	1,604,773.76
Clapham Phase 1 (PDG)	110,000.00		110,000.00	2,200.00	2,200.00	4,400.00	105,600.00	107,800.00
Clapham Phase 2 (CCIF)	838,033.00		838,033.00	0.00	16,760.66	16,760.66	821,272.34	838,033.00
Clapham Phase 2 (PDF)	127,500.00		127,500.00	0.00	2,550.00	2,550.00	124,950.00	127,500.00
Clapham VI Form -07/08	1,983,095.00		1,983,095.00	237,970.50	39,661.90	277,632.40	1,705,462.60	1,745,124.50
Clapham VI Form -08/09	573,603.91		573,603.91	68,832.39	11,472.08	80,304.47	493,299.44	504,771.52
Server room	288,059.00		288,059.00	103,701.80	11,522.36	115,224.16	172,834.84	184,357.20
SFA Grant -Phase 1 & 2	100,000.00		100,000.00	16,000.00	4,000.00	20,000.00	80,000.00	84,000.00
Summer Work - 98	1,815,750.00		1,815,750.00	1,234,711.00	72,630.00	1,307,341.00	508,409.00	581,039.00
Summer Work - 99	542,500.00		542,500.00	347,200.00	21,700.00	368,900.00	173,600.00	195,300.00
Tertiary Building - FEFC	2,272,117.00		2,272,117.00	1,236,571.41	45,442.34	1,282,013.75	990,103.26	1,035,545.60
Clapham Phase 2 14/16	3,452,588.00		3,452,588.00	0.00	51,788.82	51,788.82	3,400,799.18	3,452,588.00
Land & Buildings Total	13,810,451.91		13,810,451.91	3,349,619.34	313,872.28	3,663,491.61	10,146,960.30	10,460,832.57
Capital Grant Assets Total	13,810,451.91		13,810,451.91	3,349,619.34	313,872.28	3,663,491.61	10,146,960.30	10,460,832.57
College Funded Assets								
Equipment								

Row Labels	Opening Cost	Additions	Closing Cost	Opening Cumul Depr	2015/16 Depr	Closing Cumul Depr	2015/16 NBV C/Fwd	NBV at 2015
11/12 minor Works (425**) -CCTV	9,612.00		9,612.00	1,970.26	961.20	2,931.46	6,680.54	7,641.74
Clapham Access Control	76,257.70		76,257.70	43,208.37	7,625.77	50,834.14	25,423.56	33,049.33
Clapham CCTV	63,344.25		63,344.25	50,674.98	6,334.43	57,009.40	6,334.85	12,669.28
Clapham IT cabling	3,890.43		3,890.43	1,984.03	778.09	2,762.12	1,128.31	1,906.40
Clapham metal detectors	5,628.25		5,628.25	4,501.78	562.83	5,064.60	563.65	1,126.48
Clapham panic alarms	16,602.75		16,602.75	11,621.65	1,660.28	13,281.93	3,320.83	4,981.10
Clapham power supplies for whiteboards	2,580.96		2,580.96	1,384.16	258.10	1,642.26	938.70	1,196.80
Clapham reception desk	14,918.98		14,918.98	14,918.98	0.00	14,918.98	0.00	0.00
Clapham sump pumps	0.25		0.25	0.25	0.03	0.28	(0.03)	0.00
Signage (all site)	11,431.33		11,431.33	11,431.33	0.00	11,431.33	0.00	0.00
IT Equipment	0.00	203,611.82	203,611.82	0.00	40,722.36	40,722.36	162,889.46	0.00
Equipment	0.00	316,455.35	316,455.35	0.00	63,291.07	63,291.07	253,164.28	0.00
Furniture Phase2	0.00	56,131.01	56,131.01	0.00	9,355.17	9,355.17	46,775.84	0.00
Equipment - Additions (from BS)	0.00	24,081.96	24,081.96	0.00	4,816.39	4,816.39	19,265.57	0.00
Computer Equipment & Software - Additions (from BS)	0.00	75,506.31	75,506.31	0.00	15,101.26	15,101.26	60,405.05	0.00
Symmetry Project		25,326.00	25,326.00		5,065.20	5,065.20	20,260.80	0.00
Telecomms and Wifi Project		31,275.98	31,275.98		5,212.66	5,212.66	26,063.32	0.00
Equipment Total	204,266.90	732,388.43	936,655.33	141,695.78	161,744.82	303,440.61	633,214.73	62,571.12
Land & Buildings								
08/09 minor Works (425**)	280,483.20		280,483.20	79,101.22	11,219.33	90,320.55	190,162.65	201,381.98
08/09 minor Works (444**)	325,480.91		325,480.91	78,115.18	13,019.24	91,134.42	234,346.49	247,365.73
09/10 minor Works (425**)	110,032.00		110,032.00	26,407.40	4,401.28	30,808.68	79,223.32	83,624.60
09/10 minor Works (444**)	476,202.00		476,202.00	114,288.40	19,048.08	133,336.48	342,865.52	361,913.60
10/11 minor Works (425**)	126,616.00		126,616.00	24,061.00	5,064.64	29,125.64	97,490.36	102,555.00
11/12 minor Works (425**)	81,202.75		81,202.75	10,556.25	3,248.11	13,804.36	67,398.39	70,646.50
12/13 Clapham Phase 1	2,369,060.09		2,369,060.09	142,143.40	47,381.20	189,524.61	2,179,535.48	2,226,916.69
12/13 minor Works	194,390.00		194,390.00	15,550.60	7,775.60	23,326.20	171,063.80	178,839.40
12/13 minor Works (425**)	101,527.31		101,527.31	8,122.09	4,061.09	12,183.18	89,344.13	93,405.22
13/14 Clapham Phase 1	1,082,939.00		1,082,939.00	43,317.56	21,658.78	64,976.34	1,017,962.66	1,039,621.44
13/14 minor works (425)	29,990.40		29,990.40	1,199.62	1,199.62	2,399.23	27,591.17	28,790.78
1996 Summer Works	19,331.30		19,331.30	18,744.02	587.28	19,331.30	0.00	587.28
1998 Summer Works (97/8)	121,454.37		121,454.37	80,159.59	2,429.09	82,588.68	38,865.69	41,294.78
1998 Summer Works (98/99)	279,771.31		279,771.31	184,648.82	5,595.43	190,244.24	89,527.07	95,122.49
2002 Summer Works (01/02) - Main works	563,283.87		563,283.87	180,250.16	11,265.68	191,515.84	371,768.03	383,033.71
2002 Summer Works (02/03)- Main	3,684,579.56		3,684,579.56	1,130,055.35	73,691.59	1,203,746.95	2,480,832.61	2,554,524.21
2002 Summer Works (02/03)- Minor	40,081.57		40,081.57	20,842.16	1,603.26	22,445.42	17,636.16	19,239.42
2002/3 Summer Works	18,537.68		18,537.68	5,701.78	741.51	6,443.29	12,094.39	12,835.89
2002/3 Summer Works (Clapham/HT fencing)	33,945.75		33,945.75	29,419.60	2,263.05	31,682.65	2,263.10	4,526.15
94/95 Buildings Additions	616,310.00		616,310.00	339,711.65	12,326.20	352,037.85	264,272.15	276,598.35
Clapham B121 staffroom	67,985.50		67,985.50	23,701.83	2,719.42	26,421.25	41,564.26	44,283.68
Clapham careers office	42,817.00		42,817.00	14,926.87	1,712.68	16,639.55	26,177.45	27,890.13
Clapham heating system	16,508.75		16,508.75	5,755.19	660.35	6,415.54	10,093.21	10,753.56
Clapham LLDD shop	26,966.25		26,966.25	9,400.78	1,078.65	10,479.43	16,486.82	17,565.47
Clapham path	4,540.20		4,540.20	3,170.57	302.68	3,473.25	1,066.95	1,369.63
Clapham Principal's kitchenette	4,218.25		4,218.25	1,475.66	168.73	1,644.39	2,573.86	2,742.59
Clapham science labs	54,003.00		54,003.00	16,200.78	2,160.12	18,360.90	35,642.10	37,802.22
Clapham secondary glazing	4,629.50		4,629.50	1,613.83	185.18	1,799.01	2,830.50	3,015.68
Clapham smoking shelter	8,225.07		8,225.07	4,136.82	548.34	4,685.16	3,539.91	4,088.25
Clapham sub-station	11,811.66		11,811.66	3,881.45	236.23	4,117.69	7,693.97	7,930.21
Clapham VI Form -06/07 -main contract WIP till Aug 09	1,867,176.00		1,867,176.00	224,060.60	37,343.52	261,404.12	1,605,771.88	1,643,115.40
Clapham VI Form -06/07 -substation WIP till Aug 09	212,266.00		212,266.00	25,471.60	4,245.32	29,716.92	182,549.08	186,794.40
Clapham VI Form-04/05 WIP till Aug 09	261,808.00		261,808.00	31,416.80	5,236.16	36,652.96	225,155.04	230,391.20
Clapham VI Form-05/06 WIP till Aug 09	774,472.00		774,472.00	92,936.20	15,489.44	108,425.64	666,046.36	681,535.80
Clapham VI Form-07/08 WIP till Aug 09	5,949,276.00		5,949,276.00	713,912.60	118,985.52	832,898.12	5,116,377.88	5,235,363.40
Clapham VI Form-08/09 WIP till Aug 09	6,194,852.14		6,194,852.14	743,382.21	123,897.04	867,279.26	5,327,572.88	5,451,469.93
Clapham/HT fencing/security	45,954.00		45,954.00	34,206.94	3,063.60	37,270.54	8,683.46	11,747.06
Gym Soundproofing	116,579.99		116,579.99	39,637.00	4,663.20	44,300.20	72,279.79	76,942.99
Minor Works (425)	145,575.50		145,575.50	77,805.16	5,823.02	83,628.18	61,947.33	67,770.35
Principalship Relocation & Corridor	302,086.99		302,086.99	102,709.10	12,083.48	114,792.58	187,294.41	199,377.89
Roof Edge Protection (all sites)	0.33		0.33	0.33	0.02	0.36	(0.02)	0.00
Secondary Glazing	34,124.35		34,124.35	13,470.73	1,364.97	14,835.70	19,288.65	20,653.62
Substation	212,265.98		212,265.98	30,778.25	4,245.32	35,023.57	177,242.41	181,487.73
VI Form Eligible	188,310.00		188,310.00	188,310.00	0.00	188,310.00	0.00	0.00
VI Form Ineligible	5,103.00		5,103.00	5,103.00	0.00	5,103.00	0.00	0.00
Water Tank	10,340.00		10,340.00	4,391.64	413.60	4,805.24	5,534.76	5,948.36
Clapham Phase 2 14/15	4,471,700.10		4,471,700.10	0.00	67,075.50	67,075.50	4,404,624.60	4,471,700.10
Clapham Phase 1 14/15	15,875.00		15,875.00	0.00	317.50	317.50	15,557.50	15,875.00
Boiler and Roof 14/15	1,749,163.81		1,749,163.81	0.00	69,966.55	69,966.55	1,679,197.26	1,749,163.81
Minor works 14/15	127,015.10		127,015.10	0.00	12,701.51	12,701.51	114,313.59	127,015.10
CCF Additional Eligible Costs	40,134.00		40,134.00	0.00	802.68	802.68	39,331.32	40,134.00
PROJECT MANAGER 42001	68,812.00		68,812.00	0.00	1,376.24	1,376.24	67,435.76	68,812.00
FA accruals re Graham Constr Cert 8+ 9 + retention : Phase2	2,417,166.00		2,417,166.00	0.00	0.00	0.00	0.00	2,417,166.00

Row Labels	Opening Cost	Additions	Closing Cost	Opening Cumul Depr	2015/16 Depr	Closing Cumul Depr	2015/16 NBV C/Fwd	NBV at 2015
Reversal of accrual for Graham Construction	0.00	(2,417,166.00)	(2,417,166.00)	0.00	0.00	0.00	0.00	0.00
Clapham Phase 2	0.00	3,355,587.06	3,355,587.06	0.00	55,926.45	55,926.45	3,299,660.61	0.00
Land & Buildings Total	36,006,980.54	938,421.06	36,945,401.60	4,944,251.77	803,373.08	5,747,624.85	31,197,776.75	31,062,728.77
VI Form Ineligible Costs								
VI Form (Ineligible) -08/09 WIP till Aug 09	208,791.39		208,791.39	25,054.14	4,175.83	29,229.97	179,561.42	183,737.25
VI Form (Ineligible) -09/10	80,694.00		80,694.00	9,682.40	1,613.88	11,296.28	69,397.72	71,011.60
VI Form Ineligible Costs Total	289,485.39		289,485.39	34,736.54	5,789.71	40,526.25	248,959.14	254,748.85
College Funded Assets Total	36,500,732.83	1,670,809.49	38,171,542.32	5,120,684.09	970,907.61	6,091,591.70	32,079,950.62	31,380,048.74
Inherited Assets								
Land & Buildings								
Clapham	6,007,465.00		6,007,465.00	3,633,227.00	150,186.63	3,783,413.63	2,224,051.38	2,374,238.00
Clapham - Residual Value	3,332,000.00		3,332,000.00	0.00	0.00	0.00	3,332,000.00	3,332,000.00
Land & Buildings Total	9,339,465.00		9,339,465.00	3,633,227.00	150,186.63	3,783,413.63	5,556,051.38	5,706,238.00
Inherited Assets Total	9,339,465.00		9,339,465.00	3,633,227.00	150,186.63	3,783,413.63	5,556,051.38	5,706,238.00
Clapham Total	59,650,649.74	1,670,809.49	61,321,459.23	12,103,530.43	1,434,966.51	13,538,496.94	47,782,962.29	47,547,119.31
Vauxhall								
Capital Grant Assets								
Equipment								
Vauxhall Motor Vehicles	0.00		0.00	0.00	0.00	0.00	0.00	0.00
Equipment Total	0.00		0.00	0.00	0.00	0.00	0.00	0.00
Land & Buildings								
Construction CoVE	106,635.00		106,635.00	106,635.00	0.00	106,635.00	0.00	0.00
Enterprise CoVE	66,667.00		66,667.00	21,332.76	2,666.68	23,999.44	42,667.56	45,334.24
Motor Vehicles	0.00		0.00	0.00	0.00	0.00	0.00	0.00
SFA Grant -Phase 1 & 2	136,000.00		136,000.00	16,859.00	5,440.00	22,299.00	113,701.00	119,141.00
SFA Grant -Phase 3	90,000.00		90,000.00	7,200.00	3,600.00	10,800.00	79,200.00	82,800.00
Vauxhall Printshop - Urban Prog	33,612.00		33,612.00	29,575.24	1,344.48	30,919.72	2,692.28	4,036.76
Land & Buildings Total	432,914.00		432,914.00	181,602.00	13,051.16	194,653.16	238,260.84	251,312.00
Capital Grant Assets Total	432,914.00		432,914.00	181,602.00	13,051.16	194,653.16	238,260.84	251,312.00
College Funded Assets								
Equipment								
Vauxhall CCTV	135,136.75		135,136.75	135,136.08	0.67	135,136.75	0.00	0.67
Vauxhall metal detectors	5,628.25		5,628.25	5,627.43	0.82	5,628.25	0.00	0.82
Vauxhall panic alarms	9,364.75		9,364.75	6,554.85	936.48	7,491.33	1,873.43	2,809.90
Equipment Total	150,129.75		150,129.75	147,318.35	937.97	148,256.33	1,873.43	2,811.40
Land & Buildings								
08/09 minor Works (425**)	182,540.41		182,540.41	53,913.69	7,301.62	61,215.31	121,325.10	128,626.72
08/09 minor Works (444**)	244,695.00		244,695.00	58,726.00	9,787.80	68,513.80	176,181.20	185,969.00
09/10 minor Works (425**)	39,520.00		39,520.00	9,484.00	1,580.80	11,064.80	28,455.20	30,036.00
09/10 minor Works (440**)	318,819.00		318,819.00	76,515.80	12,752.76	89,268.56	229,550.44	242,303.20
10/11 minor Works (425**)	72,557.00		72,557.00	13,433.64	2,902.28	16,335.92	56,221.08	59,123.36
11/12 minor Works (425**)	243,155.77		243,155.77	32,998.94	9,726.23	42,725.17	200,430.60	210,156.83
11/12 minor Works (425**) -CCTV & Planters	32,340.00		32,340.00	7,438.20	3,234.00	10,672.20	21,667.80	24,901.80
12/13 minor works	183,249.62		183,249.62	14,658.98	7,329.98	21,988.97	161,260.65	168,590.64
12/13 Motor Vehicles	528,336.33		528,336.33	31,699.45	10,566.73	42,266.18	486,070.15	496,636.88
13/14 minor works (425)	21,247.38		21,247.38	849.90	849.90	1,699.79	19,547.59	20,397.48
13/14 Motor Vehicles	222,374.00		222,374.00	8,894.96	4,447.48	13,342.44	209,031.56	213,479.04
1996 Summer Works	77,325.20		77,325.20	74,977.08	2,348.12	77,325.20	0.00	2,348.12
1998 Summer Works (97/8)	248,260.17		248,260.17	168,816.09	9,930.41	178,746.50	69,513.67	79,444.08
1998 Summer Works (98/99)	571,869.70		571,869.70	377,353.98	11,437.39	388,791.37	183,078.33	194,515.73
2002 Summer Works (02/03)- Minor	100,230.34		100,230.34	64,147.20	4,009.21	68,156.42	32,073.92	36,083.14
2002/3 Summer Works (Vaux access control)	0.00		0.00	0.00	0.00	0.00	0.00	0.00
2002/3 Vauxhall Motorcycle	111,370.98		111,370.98	57,912.07	4,454.84	62,366.91	49,004.07	53,458.91
Basement student area	205,663.78		205,663.78	74,787.55	8,226.55	83,014.10	122,649.68	130,876.23
CCTV	52,875.00		52,875.00	35,954.50	5,287.50	41,242.00	11,633.00	16,920.50
CCTV Training Room	24,675.00		24,675.00	10,387.77	2,467.50	12,855.27	11,819.73	14,287.23
Gates	4,277.24		4,277.24	3,279.07	285.15	3,564.22	713.02	998.17
Media & Print Services Room	31,689.75		31,689.75	15,951.21	1,267.59	17,218.80	14,470.95	15,738.54
Minor Works (425)	109,417.50		109,417.50	61,761.77	4,376.70	66,138.47	43,279.03	47,655.73
Minor Works -Plumbing Workshop	70,379.39		70,379.39	60,600.53	2,815.18	63,415.70	6,963.69	9,778.86
Minor works(425) -Electrical Wkshop	102,001.29		102,001.29	41,905.47	4,080.05	45,985.52	56,015.77	60,095.82
NVQ Building Improvements at Vauxhall	68,866.00		68,866.00	60,173.68	2,754.64	62,928.32	5,937.68	8,692.32
P&D / C&J workshops	152,199.19		152,199.19	53,061.19	6,087.97	59,149.16	93,050.03	99,138.00
P&D,Glazing & Masonry Workshop	92,526.10		92,526.10	39,609.94	3,701.04	43,310.98	49,215.12	52,916.16
Plastering/P&D	191,983.58		191,983.58	66,932.15	7,679.34	74,611.49	117,372.09	125,051.43
Plumbing	31,924.29		31,924.29	11,129.05	1,276.97	12,406.02	19,518.27	20,795.24
Plumbing -A030	27,500.88		27,500.88	14,523.07	1,100.04	15,623.11	11,877.77	12,977.81
Radio / Hair & Beauty	124,755.09		124,755.09	43,493.92	4,990.20	48,484.12	76,270.97	81,261.17
Roof Edge Protection (all sites)	9,824.33		9,824.33	9,824.33	0.00	9,824.33	0.00	0.00
Signage (all sites)	11,431.33		11,431.33	10,859.63	571.70	11,431.33	0.00	571.70
Study Centre -Remodelling	164,878.35		164,878.35	70,583.52	6,595.13	77,178.65	87,699.70	94,294.83
Vauxhall IT cabling	4,676.50		4,676.50	2,378.28	935.30	3,313.58	1,362.93	2,298.23
Vauxhall A217 and A217A	27,608.98		27,608.98	9,625.18	1,104.36	10,729.54	16,879.44	17,983.80
Vauxhall A240 and A241	27,495.00		27,495.00	9,584.93	1,099.80	10,684.73	16,810.27	17,910.07
Vauxhall access control	120,991.00		120,991.00	120,991.00	0.00	120,991.00	0.00	0.00
Vauxhall Canteen	207,356.00		207,356.00	178,281.88	8,294.24	186,576.12	20,779.88	29,074.12
Vauxhall carpark resurface	60,722.17		60,722.17	25,591.18	4,048.14	29,639.33	31,082.84	35,130.99
Vauxhall CCTV room	9,106.25		9,106.25	3,720.54	910.63	4,631.16	4,475.09	5,385.71
Vauxhall containers	9,002.85		9,002.85	3,378.56	600.19	3,978.75	5,024.10	5,624.29
Vauxhall ground floor conference room	63,417.25		63,417.25	22,108.91	2,536.69	24,645.60	38,771.65	41,308.34
Vauxhall motorcycle building	267,249.00		267,249.00	155,003.48	5,344.98	160,348.46	106,900.54	112,245.52

Row Labels	Opening Cost	Additions	Closing Cost	Opening Cumul Depr	2015/16 Depr	Closing Cumul Depr	2015/16 NBV C/Fwd	NBV at 2015
Vauxhall power supplies for whiteboards	2,903.58		2,903.58	1,186.15	290.36	1,476.51	1,427.07	1,717.43
Vauxhall secondary glazing	37,211.08		37,211.08	11,130.48	1,488.44	12,618.92	24,592.16	26,080.60
Vauxhall Services Separation (439)	990,471.39		990,471.39	425,152.21	39,618.86	464,771.06	525,700.33	565,319.18
Vauxhall smoking shelter	1,577.99		1,577.99	592.02	105.20	697.22	880.77	985.97
Vauxhall water fountains	6,674.00		6,674.00	2,726.82	667.40	3,394.22	3,279.78	3,947.18
Vauxhall 14/15	309,451.80		309,451.80	0.00	0.00	0.00	309,451.80	309,451.80
Vauxhall Development	0.00	2,301,379.92	2,301,379.92	0.00	0.00	0.00	2,301,379.92	0.00
Vauxhall Development Phase3		71,030.71	71,030.71	0.00	0.00	0.00	71,030.71	0.00
Land & Buildings Total	6,820,673.83	2,372,410.63	9,193,084.46	2,708,089.94	233,267.39	2,941,357.33	6,251,727.14	4,112,583.89
Vauxhall Decant								
Vauxhall Decant	0.00	432,825.95	432,825.95	0.00	0.00	0.00	432,825.95	0.00
Vauxhall Decant Total	0.00	432,825.95	432,825.95	0.00	0.00	0.00	432,825.95	0.00
College Funded Assets Total	6,970,803.58	2,805,236.58	9,776,040.16	2,855,408.29	234,205.36	3,089,613.65	6,686,426.51	4,115,395.29
Inherited Assets								
Land & Buildings								
Vauxhall	9,025,522.00		9,025,522.00	7,924,878.04	361,020.88	8,285,898.92	739,623.08	1,100,643.96
Vauxhall - Residula Value	1,446,000.00		1,446,000.00	0.00	0.00	0.00	1,446,000.00	1,446,000.00
Land & Buildings Total	10,471,522.00		10,471,522.00	7,924,878.04	361,020.88	8,285,898.92	2,185,623.08	2,546,643.96
Inherited Assets Total	10,471,522.00		10,471,522.00	7,924,878.04	361,020.88	8,285,898.92	2,185,623.08	2,546,643.96
Vauxhall Total	17,875,239.58	2,805,236.58	20,680,476.16	10,961,888.33	608,277.40	11,570,165.73	9,110,310.43	6,913,351.25
(blank)								
Capital Grant Assets								
08/09 Additions								
08/09 additions	0.09		0.09	0.09	0.00	0.09	(0.00)	0.00
08/09 Additions Total	0.09		0.09	0.09	0.00	0.09	(0.00)	0.00
Equipment								
06/07 additions	0.46		0.46	0.46	0.01	0.47	(0.01)	0.00
08/09 addition (Southwark)	0.00		0.00	0.00	0.00	0.00	0.00	0.00
Equipment Total	0.46		0.46	0.46	0.01	0.47	(0.01)	0.00
Capital Grant Assets Total	0.55		0.55	0.55	0.01	0.56	(0.01)	0.00
College Funded Assets								
Equipment								
07/08 Equipment	0.00		0.00	0.00	0.00	0.00	0.00	0.00
08/09 Computer Equipment	(0.64)		(0.64)	(0.64)	(0.13)	(0.77)	0.13	0.00
09/10 Computer Equipment	152,273.00		152,273.00	152,273.00	0.00	152,273.00	0.00	0.00
09/10 Computer Equipment	1,146.00		1,146.00	1,146.00	0.00	1,146.00	0.00	0.00
09/10 Equipment	18,074.00		18,074.00	18,073.80	0.20	18,074.00	0.00	0.20
09/10 Equipment (building works)	89,522.00		89,522.00	89,522.00	0.00	89,522.00	0.00	0.00
10/11 Computer Equipment	393,672.00		393,672.00	393,671.60	0.40	393,672.00	0.00	0.40
10/11 Equipment	80,260.00		80,260.00	80,260.00	0.00	80,260.00	0.00	0.00
11/12 Computer Equipment	366,946.67		366,946.67	293,557.00	73,389.33	366,946.34	0.33	73,389.67
11/12 Computer Equipment	285,293.34		285,293.34	171,175.34	57,058.67	228,234.00	57,059.34	114,118.00
11/12 Equipment	15,309.38		15,309.38	12,246.63	3,061.88	15,308.50	0.88	3,062.75
11/12 Equipment	38,082.97		38,082.97	22,849.19	7,616.59	30,465.78	7,617.19	15,233.78
12/13 Computer Equipment	93,280.00		93,280.00	55,968.00	18,656.00	74,624.00	18,656.00	37,312.00
12/13 Equipment	7,048.00		7,048.00	4,228.20	1,409.60	5,637.80	1,410.20	2,819.80
13/14 Computer Equipment	123,754.00		123,754.00	24,750.80	24,750.80	49,501.60	74,252.40	99,003.20
13/14 Equipment	32,817.00		32,817.00	6,563.40	6,563.40	13,126.80	19,690.20	26,253.60
13/14 HR Implementation	55,805.00		55,805.00	11,161.00	11,161.00	22,322.00	33,483.00	44,644.00
14/15 Equipment	203,006.76		203,006.76	40,601.00	40,601.35	81,202.35	121,804.41	162,405.76
ADD IT EQUIP CURRICULUM	47,912.00		47,912.00	0.00	9,582.40	9,582.40	38,329.60	47,912.00
Equipment Total	2,004,201.48		2,004,201.48	1,378,046.31	253,851.50	1,631,897.81	372,303.67	626,155.17
Land & Buildings								
09/10 minor Works (440**)	11,657.00		11,657.00	2,330.70	1,165.70	3,496.40	8,160.60	9,326.30
Land & Buildings Total	11,657.00		11,657.00	2,330.70	1,165.70	3,496.40	8,160.60	9,326.30
College Funded Assets Total	2,015,858.48		2,015,858.48	1,380,377.01	255,017.20	1,635,394.21	380,464.27	635,481.47
(blank) Total	2,015,859.03		2,015,859.03	1,380,377.56	255,017.21	1,635,394.77	380,464.26	635,481.47
Grand Total	79,541,747.86	4,527,774.17	84,069,522.03	24,445,795.82	2,298,261.11	26,744,056.94	57,325,465.09	55,095,952.04

£

Description	GL CODE	Group	Section	Sub Section	Type	AcquisitionDate	Cost	Years	New Years
Brixton		Inherited Assets	Land & Buildings	Brixton	L&B		5,250,000		
Vauxhall		Inherited Assets	Land & Buildings	Vauxhall	L&B		10,774,000	25	25
Vauxhall - Residual Value		Inherited Assets	Land & Buildings	Vauxhall	L&B		1,446,000	25	
Clapham		Inherited Assets	Land & Buildings	Clapham	L&B		9,408,000	40	40
Clapham - Residual Value		Inherited Assets	Land & Buildings	Clapham	L&B		3,332,000	40	
Vauxhall Printshop - Urban Prog		Capital Grant Assets	Land & Buildings	Vauxhall	Minor Works		33,612	25	25
Construction CoVE		Capital Grant Assets	Land & Buildings	Vauxhall	Major Work			25	25
Enterprise CoVE		Capital Grant Assets	Land & Buildings	Vauxhall	Major Work			25	25
SFA Grant -Phase 1 & 2		Capital Grant Assets	Land & Buildings	Vauxhall	Major Work			25	25
SFA Grant -Phase 3		Capital Grant Assets	Land & Buildings	Vauxhall	Major Work			25	25
Motor Vehicles		Capital Grant Assets	Land & Buildings	Vauxhall	Major Work			25	25
Business CoVE -Brixton		Capital Grant Assets	Land & Buildings	Brixton	Major Work			50	50
Brixton Entrance DDA		Capital Grant Assets	Land & Buildings	Brixton	Major Work			50	50
SFA Grant -Phase 3		Capital Grant Assets	Land & Buildings	Brixton	Major Work			50	50
Tertiary Building - FEFC		Capital Grant Assets	Land & Buildings	Clapham	Addition		3,260,625	50	50
Summer Work - 98		Capital Grant Assets	Land & Buildings	Clapham	Major Work		1,815,750	25	25
Summer Work - 99		Capital Grant Assets	Land & Buildings	Clapham	Major Work		542,500	25	25
SFA Grant -Phase 1 & 2		Capital Grant Assets	Land & Buildings	Clapham	Major Work			25	25
Clapham Phase 1 (PDG)		Capital Grant Assets	Land & Buildings	Clapham	Addition			50	50
Clapham Phase 1 (ERG)		Capital Grant Assets	Land & Buildings	Clapham	Addition			50	50
Clapham Phase 2 (PDF)		Capital Grant Assets	Land & Buildings	Clapham	Addition			50	50
Clapham Phase 2 (CCIF)		Capital Grant Assets	Land & Buildings	Clapham	Addition			50	50
Server room		Capital Grant Assets	Land & Buildings	Clapham	Major Work			25	25
Conversion of Brixton C Block - Perf Arts		Capital Grant Assets	Land & Buildings	Brixton	Minor Works			10	10
Clapham VI Form -07/08		Capital Grant Assets	Land & Buildings	Clapham	Addition			50	50
Clapham VI Form -08/09		Capital Grant Assets	Land & Buildings	Clapham	Addition			50	50
06/07 additions		Capital Grant Assets	Equipment		Major Work			50	50
08/09 addition (Southwark)		Capital Grant Assets	Equipment		Major Work			50	50
Clapham Phase 1 (ERG)		Capital Grant Assets	Equipment	Clapham	Addition			50	50
Vauxhall Motor Vehicles		Capital Grant Assets	Equipment	Vauxhall	Major Work			25	25
08/09 additions		Capital Grant Assets	08/09 Additions		Major Work			50	50
Vauxhall Canteen		College Funded Assets	Land & Buildings	Vauxhall	Major Work		207,356	25	25
NVQ Building Improvements at Vauxhall		College Funded Assets	Land & Buildings	Vauxhall	Minor Works		68,866	25	25
1996 Summer Works		College Funded Assets	Land & Buildings	Vauxhall	Major Work		408,991	25	25
1998 Summer Works (97/8)		College Funded Assets	Land & Buildings	Vauxhall	Major Work		1,014,985	25	25
1998 Summer Works (98/99)		College Funded Assets	Land & Buildings	Vauxhall	Addition		2,338,028	50	50
2002/3 Vauxhall Motorcycle		College Funded Assets	Land & Buildings	Vauxhall	Major Work			25	25
2002/3 Summer Works (Vaux access control)		College Funded Assets	Land & Buildings	Vauxhall	Equipment		176,028	10	10
2002 Summer Works (02/03)- Minor		College Funded Assets	Land & Buildings	Vauxhall	Minor Works		29,473	25	25
Roof Edge Protection (all sites)		College Funded Assets	Land & Buildings	Vauxhall	Minor Works			15	15
Vauxhall access control		College Funded Assets	Land & Buildings	Vauxhall	Equipment			10	10
Vauxhall motorcycle building		College Funded Assets	Land & Buildings	Vauxhall	Addition			50	50
Signage (all sites)		College Funded Assets	Land & Buildings	Vauxhall	Equipment		34,294	10	10
Vauxhall Services Separation (439)		College Funded Assets	Land & Buildings	Vauxhall	Major Work		71,029	25	25
Vauxhall Services Separation (439)		College Funded Assets	Land & Buildings	Vauxhall	Major Work		919,442	25	25
Minor Works -Plumbing Workshoip		College Funded Assets	Land & Buildings	Vauxhall	Minor Works			25	25
Minor works(425) -Electrical Wkshop		College Funded Assets	Land & Buildings	Vauxhall	Major Work		254,993	25	25
Minor Works (425)		College Funded Assets	Land & Buildings	Vauxhall	Minor Works			25	25
Study Centre -Remodelling		College Funded Assets	Land & Buildings	Vauxhall	Minor Works			25	25
P&D,Glazing & Masonry Workshop		College Funded Assets	Land & Buildings	Vauxhall	Minor Works			25	25
Plumbing -A030		College Funded Assets	Land & Buildings	Vauxhall	Minor Works			25	25
Gates		College Funded Assets	Land & Buildings	Vauxhall	Minor Works			15	15
Media & Print Services Room		College Funded Assets	Land & Buildings	Vauxhall	Minor Works			25	25
CCTV		College Funded Assets	Land & Buildings	Vauxhall	Equipment			10	10

£

Description	GL CODE	Group	Section	Sub Section	Type	AcquisitionDate	Cost	Years	New Years
CCTV Training Room		College Funded Assets	Land & Buildings	Vauxhall	Equipment			10	10
Vauxhall CCTV room		College Funded Assets	Land & Buildings	Vauxhall	Equipment			10	10
Vauxhall carpark resurface		College Funded Assets	Land & Buildings	Vauxhall	Minor Works			15	15
P&D / C&J workshops		College Funded Assets	Land & Buildings	Vauxhall	Minor Works			25	25
Radio / Hair & Beauty		College Funded Assets	Land & Buildings	Vauxhall	Minor Works			25	25
Plastering/P&D		College Funded Assets	Land & Buildings	Vauxhall	Minor Works			25	25
Vauxhall A240 and A241		College Funded Assets	Land & Buildings	Vauxhall	Minor Works			25	25
Vauxhall A217 and A217A		College Funded Assets	Land & Buildings	Vauxhall	Minor Works			25	25
Vauxhall containers		College Funded Assets	Land & Buildings	Vauxhall	Minor Works			15	15
Plumbing		College Funded Assets	Land & Buildings	Vauxhall	Minor Works			25	25
Basement student area		College Funded Assets	Land & Buildings	Vauxhall	Major Work			25	25
Vauxhall smoking shelter		College Funded Assets	Land & Buildings	Vauxhall	Minor Works			15	15
Vauxhall water fountains		College Funded Assets	Land & Buildings	Vauxhall	Equipment			10	10
Vauxhall power supplies for whiteboards		College Funded Assets	Land & Buildings	Vauxhall	Equipment			10	10
Vauxhall IT cabling		College Funded Assets	Land & Buildings	Vauxhall	IT			5	5
Vauxhall ground floor conference room		College Funded Assets	Land & Buildings	Vauxhall	Minor Works			25	25
Vauxhall secondary glazing		College Funded Assets	Land & Buildings	Vauxhall	Minor Works			25	25
08/09 minor Works (425**)		College Funded Assets	Land & Buildings	Vauxhall	Major Work			25	25
08/09 minor Works (425**)		College Funded Assets	Land & Buildings	Vauxhall	Minor Works			25	25
08/09 minor Works (444**)		College Funded Assets	Land & Buildings	Vauxhall	Major Work			25	25
09/10 minor Works (425**)		College Funded Assets	Land & Buildings	Vauxhall	Minor Works			25	25
09/10 minor Works (440**)		College Funded Assets	Land & Buildings	Vauxhall	Minor Works			25	25
10/11 minor Works (425**)		College Funded Assets	Land & Buildings	Vauxhall	Minor Works			25	25
10/11 minor Works (425**)		College Funded Assets	Land & Buildings	Vauxhall	Minor Works			25	25
11/12 minor Works (425**)		College Funded Assets	Land & Buildings	Vauxhall	Minor Works			25	25
11/12 minor Works (425**) -CCTV & Planters		College Funded Assets	Land & Buildings	Vauxhall	Equipment			10	10
11/12 minor Works (425**)		College Funded Assets	Land & Buildings	Vauxhall	Minor Works			25	25
12/13 minor works		College Funded Assets	Land & Buildings	Vauxhall	Minor Works			25	25
12/13 Motor Vehicles		College Funded Assets	Land & Buildings	Vauxhall	Addition			50	50
13/14 Motor Vehicles		College Funded Assets	Land & Buildings	Vauxhall	Addition			50	50
13/14 minor works (425)		College Funded Assets	Land & Buildings	Vauxhall	Minor Works			25	25
1995 Summer Works		College Funded Assets	Land & Buildings	Brixton	Summer Works		457,414	25	25
1996 Summer Works - major		College Funded Assets	Land & Buildings	Brixton	Summer Works		165,212	25	25
1996 Summer Works		College Funded Assets	Land & Buildings	Brixton	Summer Works		408,991	25	25
1997 Summer Works (96/7)		College Funded Assets	Land & Buildings	Brixton	Summer Works		118,932	25	25
1997 Summer Works (97/8)		College Funded Assets	Land & Buildings	Brixton	Summer Works		305,606	25	25
1998 Summer Works (97/8)		College Funded Assets	Land & Buildings	Brixton	Summer Works		1,014,985	25	25
1998 Summer Works (98/99)		College Funded Assets	Land & Buildings	Brixton	Summer Works		2,338,028	25	25
1999 Summer Works (98/99)		College Funded Assets	Land & Buildings	Brixton	Summer Works		111,982	25	25
1999 Summer Works (99/00)		College Funded Assets	Land & Buildings	Brixton	Summer Works		571,158	25	25
2002 Summer Works (02/03)- Minor		College Funded Assets	Land & Buildings	Brixton	Summer Works		176,028	25	25
2002/3 Summer Works		College Funded Assets	Land & Buildings	Brixton	Summer Works		110,805	25	25
Clapham paving and external works		College Funded Assets	Land & Buildings	Brixton	Major Work			50	50
Roof Edge Protection (all sites)		College Funded Assets	Land & Buildings	Brixton	Major Work		29,473	50	50
Signage (all site)		College Funded Assets	Land & Buildings	Brixton	Refurb		34,294	10	10
Conversion of A112 to staff room		College Funded Assets	Land & Buildings	Brixton	Refurb			10	10
Reception/entrance		College Funded Assets	Land & Buildings	Brixton	Major Work			50	50
Boiler		College Funded Assets	Land & Buildings	Brixton	Equipment			10	10
Brixton smoking shelter		College Funded Assets	Land & Buildings	Brixton	Refurb			10	10
Brixton power supplies for whiteboards		College Funded Assets	Land & Buildings	Brixton	Refurb			10	10
Brixton IT cabling		College Funded Assets	Land & Buildings	Brixton	Refurb			10	10
Brixton Performing Arts		College Funded Assets	Land & Buildings	Brixton	Refurb			10	10
Brixton entrance		College Funded Assets	Land & Buildings	Brixton	Refurb			10	10
Brixton paving		College Funded Assets	Land & Buildings	Brixton	Refurb			10	10

£

Description	GL CODE	Group	Section	Sub Section	Type	AcquisitionDate	Cost	Years	New Years
Brixton roof		College Funded Assets	Land & Buildings	Brixton	Refurb			10	10
Brixton corridor		College Funded Assets	Land & Buildings	Brixton	Refurb			10	10
08/09 minor Works (444**)		College Funded Assets	Land & Buildings	Brixton	Refurb			10	10
09/10 minor Works (440**)		College Funded Assets	Land & Buildings	Brixton	Refurb			10	10
10/11 minor Works (425**)		College Funded Assets	Land & Buildings	Brixton	Refurb			10	10
10/11 minor Works (425**)		College Funded Assets	Land & Buildings	Brixton	Refurb			10	10
11/12 minor Works (425**)		College Funded Assets	Land & Buildings	Brixton	Refurb			10	10
12/13 minor Works (425**)		College Funded Assets	Land & Buildings	Brixton	Refurb			10	10
13/14 minor works (425)		College Funded Assets	Land & Buildings	Brixton	Refurb			10	10
94/95 Buildings Additions		College Funded Assets	Land & Buildings	Clapham	Addition		885,552	50	50
1996 Summer Works		College Funded Assets	Land & Buildings	Clapham	Major Work		408,991	25	25
1998 Summer Works (97/8)		College Funded Assets	Land & Buildings	Clapham	Addition		1,014,985	50	50
1998 Summer Works (98/99)		College Funded Assets	Land & Buildings	Clapham	Addition		2,338,028	50	50
2002 Summer Works (01/02) - Main works		College Funded Assets	Land & Buildings	Clapham	Addition		563,284	50	50
2002 Summer Works (02/03)- Main		College Funded Assets	Land & Buildings	Clapham	Addition			50	50
2002/3 Summer Works (Clapham/HT fencing)		College Funded Assets	Land & Buildings	Clapham	Minor Works			15	15
2002/3 Summer Works		College Funded Assets	Land & Buildings	Clapham	Major Work		110,805	25	25
2002 Summer Works (02/03)- Minor		College Funded Assets	Land & Buildings	Clapham	Major Work		176,028	25	25
Roof Edge Protection (all sites)		College Funded Assets	Land & Buildings	Clapham	Minor Works		29,473	15	15
Signage (all site)		College Funded Assets	Equipment	Clapham	Equipment		34,294	10	10
Clapham/HT fencing/security		College Funded Assets	Land & Buildings	Clapham	Minor Works			15	15
Minor Works (425)		College Funded Assets	Land & Buildings	Clapham	Major Work		254,993	25	25
Water Tank		College Funded Assets	Land & Buildings	Clapham	Minor Works			25	25
Principalship Relocation & Corridor		College Funded Assets	Land & Buildings	Clapham	Major Work			25	25
Secondary Glazing		College Funded Assets	Land & Buildings	Clapham	Minor Works			25	25
Substation		College Funded Assets	Land & Buildings	Clapham	Addition			50	50
Gym Soundproofing		College Funded Assets	Land & Buildings	Clapham	Minor Works			25	25
Clapham Access Control		College Funded Assets	Equipment	Clapham	IT			10	10
Clapham path		College Funded Assets	Land & Buildings	Clapham	Minor Works			15	15
Clapham smoking shelter		College Funded Assets	Land & Buildings	Clapham	Minor Works			15	15
Clapham power supplies for whiteboards		College Funded Assets	Equipment	Clapham	IT			10	10
Clapham heating system		College Funded Assets	Land & Buildings	Clapham	Minor Works			25	25
Clapham sub-station		College Funded Assets	Land & Buildings	Clapham	Addition			50	50
Clapham secondary glazing		College Funded Assets	Land & Buildings	Clapham	Minor Works			25	25
Clapham B121 staffroom		College Funded Assets	Land & Buildings	Clapham	Minor Works			25	25
Clapham LLDD shop		College Funded Assets	Land & Buildings	Clapham	Minor Works			25	25
Clapham careers office		College Funded Assets	Land & Buildings	Clapham	Minor Works			25	25
Clapham science labs		College Funded Assets	Land & Buildings	Clapham	Minor Works			25	25
Clapham Principal's kitchenette		College Funded Assets	Land & Buildings	Clapham	Minor Works			25	25
Clapham IT cabling		College Funded Assets	Equipment	Clapham	IT			5	5
08/09 minor Works (425**)		College Funded Assets	Land & Buildings	Clapham	Minor Works			25	25
08/09 minor Works (425**)		College Funded Assets	Land & Buildings	Clapham	Minor Works			25	25
08/09 minor Works (444**)		College Funded Assets	Land & Buildings	Clapham	Major Work			25	25
09/10 minor Works (425**)		College Funded Assets	Land & Buildings	Clapham	Minor Works			25	25
09/10 minor Works (444**)		College Funded Assets	Land & Buildings	Clapham	Major Work			25	25
10/11 minor Works (425**)		College Funded Assets	Land & Buildings	Clapham	Minor Works			25	25
10/11 minor Works (425**)		College Funded Assets	Land & Buildings	Clapham	Minor Works			25	25
11/12 minor Works (425**)		College Funded Assets	Land & Buildings	Clapham	Minor Works			25	25
11/12 minor Works (425**) -CCTV		College Funded Assets	Equipment	Clapham	Equipment			10	10
12/13 minor Works (425**)		College Funded Assets	Land & Buildings	Clapham	Minor Works			25	25
12/13 Clapham Phase 1		College Funded Assets	Land & Buildings	Clapham	Addition			50	50
12/13 minor Works		College Funded Assets	Land & Buildings	Clapham	Minor Works			25	25
13/14 minor works (425)		College Funded Assets	Land & Buildings	Clapham	Minor Works			25	25
13/14 Clapham Phase 1		College Funded Assets	Land & Buildings	Clapham	Addition			50	50

£

Description	GL CODE	Group	Section	Sub Section	Type	AcquisitionDate	Cost	Years	New Years
Clapham VI Form-04/05		WIP till Aug 09	College Funded Assets	Land & Buildings	Clapham	Addition		50	50
Clapham VI Form-05/06		WIP till Aug 09	College Funded Assets	Land & Buildings	Clapham	Addition		50	50
Clapham VI Form -06/07 -main contract		WIP till Aug 09	College Funded Assets	Land & Buildings	Clapham	Addition		50	50
Clapham VI Form -06/07 -substation		WIP til Aug 09	College Funded Assets	Land & Buildings	Clapham	Addition		50	50
Brixton Performing Art relocation			College Funded Assets	Land & Buildings	Brixton	Major Work		25	25
Clapham VI Form-07/08		WIP till Aug 09	College Funded Assets	Land & Buildings	Clapham	Addition		50	50
Clapham VI Form-08/09		WIP till Aug 09	College Funded Assets	Land & Buildings	Clapham	Addition		50	50
09/10 minor Works (440**)			College Funded Assets	Land & Buildings		Minor Works		10	10
VI Form (Ineligible) -08/09		WIP till Aug 09	College Funded Assets	VI Form Ineligible Costs	Clapham	Addition		50	50
VI Form (Ineligible) -09/10			College Funded Assets	VI Form Ineligible Costs	Clapham	Addition		50	50
Brixton CCTV			College Funded Assets	Equipment	Brixton	Equipment		10	10
Brixton metal detectors			College Funded Assets	Equipment	Brixton	Equipment		10	10
Clapham CCTV			College Funded Assets	Equipment	Clapham	Equipment		10	10
Clapham metal detectors			College Funded Assets	Equipment	Clapham	Equipment		10	10
Clapham panic alarms			College Funded Assets	Equipment	Clapham	Equipment		10	10
Vauxhall panic alarms			College Funded Assets	Equipment	Vauxhall	Minor Works		10	10
Vauxhall CCTV			College Funded Assets	Equipment	Vauxhall	Equipment		10	10
Vauxhall metal detectors			College Funded Assets	Equipment	Vauxhall	Equipment		10	10
Clapham sump pumps			College Funded Assets	Equipment	Clapham	Equipment		10	10
Clapham reception desk			College Funded Assets	Equipment	Clapham	Equipment		4	4
07/08 Equipment			College Funded Assets	Equipment		Equipment		4	4
08/09 Computer Equipment			College Funded Assets	Equipment		IT		5	5
08/09 Computer Equipment			College Funded Assets	Equipment		IT		5	5
09/08 Equipment			College Funded Assets	Equipment		Equipment		5	5
09/08 Equipment			College Funded Assets	Equipment		Equipment		5	5
09/10 Equipment (building works)			College Funded Assets	Equipment		Equipment		5	5
09/10 Computer Equipment			College Funded Assets	Equipment		IT		5	5
09/10 Computer Equipment			College Funded Assets	Equipment		IT		5	5
10/11Equipment			College Funded Assets	Equipment		Equipment		5	5
10/11 Computer Equipment			College Funded Assets	Equipment		IT		5	5
11/12 Equipment			College Funded Assets	Equipment		Equipment		5	5
11/12 Equipment			College Funded Assets	Equipment		Equipment		5	5
11/12 Computer Equipment			College Funded Assets	Equipment		IT		5	5
11/12 Computer Equipment			College Funded Assets	Equipment		IT		5	5
12/13 Equipment			College Funded Assets	Equipment		Equipment		5	5
12/13 Computer Equipment			College Funded Assets	Equipment		IT		5	5
13/14 Computer Equipment			College Funded Assets	Equipment		IT		5	5
13/14 Equipment			College Funded Assets	Equipment		Equipment		5	5
13/14 HR Implementation			College Funded Assets	Equipment		IT		5	5
VI Form Eligible			College Funded Assets	Land & Buildings	Clapham	Addition		50	50
VI Form Ineligible			College Funded Assets	Land & Buildings	Clapham	Addition		50	50

What	Nominal Code	Dr	Cr	Comment	
Inherited Land at Cost Clapham	9000	3,332,000.00			
Inherited Land at Cost Vauxhall	9005	1,446,000.00			
Inherited Buildings Cost Clapham BF	9010	6,007,465.00		New Code	
Inherited Buildings Cost Vauxhall BF	9012	9,025,522.00		New Code	
Buildings at Cost Clapham BF	9020	37,234,886.99			
Buildings at Cost Brixton BF	9021	51,728.10			
Buildings at Cost Vauxhall BF	9022	9,204,741.46			
Vauxhall Decant WIP	9033	432,825.95			
F&F Cost Clapham BF	9040	204,266.90			
F&F Cost Brixton BF	9041				
F&F Cost Vauxhall BF	9042	150,129.75			
GA F&F Cost Clapham BF	9060				
GA F&F Cost Brixton BF	9061				
GA F&F Cost Vauxhall BF	9062				
P&E Cost Clapham BF	9070				
P&E Cost Brixton BF	9071				
P&E Cost Vauxhall BF	9072				
Computers Cost Clapham BF	9090	732,388.43			
Computers Cost Brixton BF	9091				
Computers Cost Vauxhall BF	9092	2,004,201.48			
GA Buildings Cost Clapham BF	9110	13,810,451.91			
GA Buildings Cost Brixton BF	9111				
GA Buildings Cost Vauxhall BF	9112	432,914.00			
Cars Cost BF	9198				
Buildings Depn Clapham BF	9520		5,788,151.10		
Buildings Depn Brixton BF	9521				
Buildings Depn Vauxhall BF	9522		2,944,853.73		
F&F Depn Clapham BF	9540		159,876.49		
F&F Depn Brixton BF	9541				
F&F Depn Vauxhall BF	9542		148,256.33		
GA F&F Depn Clapham BF	9560				
GA F&F Depn Brixton BF	9561				
GA F&F Depn Vauxhall BF	9562				
P&E Depn Clapham BF	9570				
P&E Depn Brixton BF	9571				
P&E Depn Vauxhall BF	9572				
Computers Depn Clapham BF	9590		143,564.12		
Computers Depn Brixton BF	9591				
Computers Depn Vauxhall BF	9592		1,631,897.81		
GA Buildings Depn Clapham BF	9610		3,663,491.61		
GA Buildings Depn Brixton BF	9611				
GA Buildings Depn Vauxhall BF	9612		194,623.16		
Cars Depn BF	9698				
Inherited Buildings Depn Clapham BF	9500		3,783,413.63	New Code	
Inherited Buildings Depn Vauxhall BF	9510		8,290,251.56	New Code add £6K to adj to Stats	
Total		84,069,521.97	26,748,379.54		
				Would need new code for Inherited Buildings Depn TY	
NBV		57,321,142.43			
Should be		57,321,142.43		Casterbridge version v03d	
Difference		0.00			
	Cost	Depn	NBV	Per FAR	Difference
Clapham	61,321,459.23	13,538,496.95	47,782,962.28	47,782,962.29	-0.01
Brixton	51,728.10	0	51,728.10	51,728.10	0.00
Vauxhall	22,696,334.64	13,209,882.59	9,486,452.05	9,490,734.69	-4,282.64
	84,069,521.97	26,748,379.54	57,321,142.43	57,325,425.08	-4,282.65
Per FAR	84,069,522.03	26,744,056.94	57,325,465.09		
Difference	-0.06	4,322.60	-4,322.66		

Select

policy schedule for

Lambeth College

policy number: NHE-01CB44-0013

period of
insurance

from: 1st August 2016
to: 31st July 2017

This schedule replaces any previous schedule and details which parts of this policy are operative. The policy, the policy schedule, any certificate of insurance and any schedule for a part of this policy should be read together. Each part is a separate contract. The general definitions, conditions and exclusions apply to all parts.

Select


policy schedule

insured: Lambeth College
policy number: NHE-01CB44-0013
period of insurance
from: 1st August 2016
to: 31st July 2017

Premium Summary:

material damage	£21,860.46
business interruption	£5,196.63
works in progress - 'all risks'	£2,853.31
money	£366.94
computer	£5,107.45
public liability	£9,125.73
hirer's liability	£292.00
employers' liability	£13,499.99
motor	£3,182.71
Total	£61,485.22

Zurich Municipal is a trading name of Zurich Insurance plc A public limited company incorporated in Ireland Registration No. 13460. Registered Office: Zurich House, Ballsbridge Park, Dublin 4, Ireland. UK branch registered in England and Wales Registration No. BR7985. UK Branch Head Office: The Zurich Centre, 3000 Parkway, Whiteley, Fareham, Hampshire PO15 7JZ. Authorised by the Central Bank of Ireland and subject to limited regulation by the Financial Conduct Authority. Details about the extent of our regulation by the Financial Conduct Authority are available from us on request.

policy reference: MFEADA01
schedule no: 16 1 of 6
issue date: 08 February 2017
examined: 

Select

policy schedule

insured: Lambeth College
policy number: NHE-01CB44-0013
period of insurance
from: 1st August 2016
to: 31st July 2017

**operative
endorsements:**

1. In the event that the **insured** or its agent to insure fails to disclose or misrepresents a material fact prior to inception of this insurance and the **insurer** would be entitled to avoid this insurance, this clause shall apply except where any non-disclosure or misrepresentation by the **insured** or its agent to insure is proven by the **insurer** to be:
 - (1) fraudulent; or
 - (2) of such other nature that, if the material fact had been disclosed or had not been misrepresented, the **insurer** would not have underwritten this insurance.
2. The burden shall be on the **insurer** to prove all matters set out in this clause. For the purposes of this clause the acts, omissions or knowledge of one **insured** shall not be imputed to any other **insured**.
3. If the **insurer** would have underwritten this insurance on different terms (as to premium and/or otherwise) had the material fact been disclosed or not misrepresented, the **insurer** shall not be entitled to avoid this insurance but:
 - (1) in the event the **insurer** would have underwritten this insurance on different terms only as to the premium, the **insured** shall be liable for such additional premium as would have been charged had the material fact been disclosed or not been misrepresented;
 - (2) in the event that the **insurer** would have underwritten this insurance on different terms in any respect other than in relation to the premium, the **insurer** shall, in addition to any premium adjustment pursuant to sub-clause 3(1), be entitled to impose

Zurich Municipal is a trading name of Zurich Insurance plc A public limited company incorporated in Ireland Registration No. 13460. Registered Office: Zurich House, Ballsbridge Park, Dublin 4, Ireland. UK branch registered in England and Wales Registration No. BR7985. UK Branch Head Office: The Zurich Centre, 3000 Parkway, Whiteley, Fareham, Hampshire PO15 7JZ. Authorised by the Central Bank of Ireland and subject to limited regulation by the Financial Conduct Authority. Details about the extent of our regulation by the Financial Conduct Authority are available from us on request.

policy reference: MFEADA01
schedule no: 16 3 of 6
issue date: 08 February 2017
examined:

Select

policy schedule

insured: Lambeth College
policy number: NHE-01CB44-0013
period of insurance
from: 1st August 2016
to: 31st July 2017

2. In respect of Parts F, G and H it is hereby understood and agreed that General condition 2. **Cancellation** of this policy is amended by adding the following paragraphs to the end thereof:

Notwithstanding the foregoing, in the event that a financial strength rating is issued below BBB+ by Standard & Poor's Ratings Services, (Standard & Poor's Rating Services hereinafter referred to as the "Rating Agency(ies)") for the **insurer** (hereinafter "Credit Rating Downgrade"), this policy may be cancelled by the named **insured** by mailing written prior notice to the **insurer** or by surrender of this policy to the **insurer** or its authorized agent.

If this policy is cancelled by the named **insured** within 30 days after such Credit Rating Downgrade, as measured from the date of the announcement by the Rating Agency, such announcement to include a press release or posting on the Rating Agency web site, of such Credit Rating Downgrade, the **insurer** shall retain the pro rata proportion of the premium herein, the minimum earned premium (if any) or the actual earned premium calculated at the date of such cancellation (if the policy is subject to audit or reporting provisions), whichever is greater.

In the event there are any notified, reserved or paid circumstances or claims, the entire premium shall be deemed fully earned unless the named **insured** withdraws such circumstance or claims and reimburses the **insurer** for any payments made under the policy. Any return or premium shall also be subject to a written full release of liability from the named **insured**.

Zurich Municipal is a trading name of Zurich Insurance plc A public limited company incorporated in Ireland Registration No. 13460. Registered Office: Zurich House, Ballsbridge Park, Dublin 4, Ireland. UK branch registered in England and Wales Registration No. BR7985. UK Branch Head Office: The Zurich Centre, 3000 Parkway, Whiteley, Fareham, Hampshire PO15 7JZ. Authorised by the Central Bank of Ireland and subject to limited regulation by the Financial Conduct Authority. Details about the extent of our regulation by the Financial Conduct Authority are available from us on request.

policy reference: MFEADA01
schedule no: 16 5 of 6
issue date: 08 February 2017
examined:

Select

part A: material damage

This schedule replaces any previous schedule. The schedule and policy are to be read together.

insured: Lambeth College
policy number: NHE-01CB44-0013
period of insurance
from: 1st August 2016
to: 31st July 2017
long term agreement
expiry: 31st July 2017

property insured: Item 1 - buildings

total sum insured: £90,746,966
declared value: (£72,597,573)
day one basis: (Non-Adjustable)
sum insured limit –
declaration condition number 4: 107.00 %
excess: 'All Risks' including Theft and Subsidence £5,000
Endorsements 1-8 are defined in the Policy
operative
endorsements: 4, 6, 7, 9, 10, 11, 12, 13, 14, 15, 16 and 17

Zurich Municipal is a trading name of Zurich Insurance plc A public limited company incorporated in Ireland Registration No. 13460. Registered Office: Zurich House, Ballsbridge Park, Dublin 4, Ireland. UK branch registered in England and Wales Registration No. BR7985. UK Branch Head Office: The Zurich Centre, 3000 Parkway, Whiteley, Fareham, Hampshire PO15 7JZ Authorised by the Central Bank of Ireland and subject to limited regulation by the Financial Conduct Authority. Details about the extent of our regulation by the Financial Conduct Authority are available from us on request.

policy reference: MFEADA01
schedule no: 16 1 of 3
issue date: 08 February 2017
examined:

Select

part A: material damage

This schedule replaces any previous schedule. The schedule and policy are to be read together.

insured: Lambeth College
policy number: NHE-01CB44-0013
period of insurance

from: 1st August 2016
to: 31st July 2017

**long term
agreement**

expiry: 31st July 2017

property insured: Item 3 - Vauxhall Centre - Fees and debris
removal only

total sum insured: £1,000,000

excess: 'All Risks' £5,000

Endorsements 1-8 are defined in the Policy

**operative
endorsements:** 4, 6, 7, 9, 10, 11, 12, 13, 14, 15, 16 and 17

Zurich Municipal is a trading name of Zurich Insurance plc A public limited company incorporated in Ireland Registration No. 13460. Registered Office: Zurich House, Ballsbridge Park, Dublin 4, Ireland. UK branch registered in England and Wales Registration No. BR7985. UK Branch Head Office: The Zurich Centre, 3000 Parkway, Whiteley, Fareham, Hampshire PO15 7JZ Authorised by the Central Bank of Ireland and subject to limited regulation by the Financial Conduct Authority. Details about the extent of our regulation by the Financial Conduct Authority are available from us on request.

policy reference: MFEADA01
schedule no: 16 3 of 3
issue date: 08 February 2017
examined:

Select

part B: business interruption

This schedule replaces any previous schedule. The schedule and policy are to be read together.


insured: Lambeth College
policy number: NHE-01CB44-0013
period of insurance
 from: 1st August 2016
 to: 31st July 2017
long term agreement
 expiry: 31st July 2017

item number	description	sums insured:	Maximum Indemnity Period (months):
1	Loss of Gross Revenue	£3,000,000	60
2	Additional Expenditure	£5,000,000	60
3	Rent Receivable	£35,000	60

Endorsements 1-8 are defined in the Policy

operative endorsements: 6, 7, 10, 20 and 21

Zurich Municipal is a trading name of Zurich Insurance plc A public limited company incorporated in Ireland Registration No. 13460. Registered Office: Zurich House, Ballsbridge Park, Dublin 4, Ireland. UK branch registered in England and Wales Registration No. BR7985. UK Branch Head Office: The Zurich Centre, 3000 Parkway, Whiteley, Fareham, Hampshire PO15 7JZ Authorised by the Central Bank of Ireland and subject to limited regulation by the Financial Conduct Authority. Details about the extent of our regulation by the Financial Conduct Authority are available from us on request.

policy reference: MFEADA01
 schedule no: 16 1 of 1
 issue date: 08 February 2017
 examined: 

Select

part C: works in progress - 'all risks'

This schedule replaces any previous schedule. The schedule and policy are to be read together.

insured: Lambeth College
policy number: NHE-01CB44-0013
period of insurance
 from: 1st August 2016
 to: 31st July 2017
long term agreement
 expiry: 31st July 2017

property insured: works in progress

Works in Progress

Section 2(a) The Works

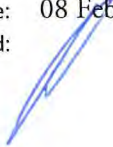
sum insured
 £2,000,000

excesses:
 'All Risks' including Theft and Subsidence £5,000

limit any one contract: £1,000,000
 Endorsements 1-8 are defined in the Policy

operative
 endorsements: 7, 10 and 11

Zurich Municipal is a trading name of Zurich Insurance plc A public limited company incorporated in Ireland Registration No. 13460. Registered Office: Zurich House, Ballsbridge Park, Dublin 4, Ireland. UK branch registered in England and Wales Registration No. BR7985. UK Branch Head Office: The Zurich Centre, 3000 Parkway, Whiteley, Fareham, Hampshire PO15 7JZ. Authorised by the Central Bank of Ireland and subject to limited regulation by the Financial Conduct Authority. Details about the extent of our regulation by the Financial Conduct Authority are available from us on request.

policy reference: MFEADA01
 schedule no: 16 1 of 1
 issue date: 08 February 2017
 examined: 

Select

property endorsements - Parts A B and C

This schedule replaces any previous schedule. The schedule and policy are to be read together.

insured: Lambeth College
policy number: NHE-01CB44-0013
period of insurance
from: 1st August 2016
to: 31st July 2017
long term agreement
expiry: 31st July 2017

operative endorsements:

- 9 In the event of Damage to **property** insured under both Part A and Part E arising from the same cause any **excess** will apply separately under each Part but the total of the combined **excesses** will not exceed the highest individual **excess** of any one Part.
- 10 General Provision 1. Limit of Indemnity is held to be £50,000,000.
- 11 Exclusion 8 is amended to read as follows and is held to apply to parts A, C and E:
The **insurer** will not be liable for the amount of the **excess** stated in the schedule in respect of the total of all losses arising from any one occurrence as ascertained after the application of all other terms and conditions of the relevant parts including **average**.

For losses attributed separately to, caused by or resulting from storm, flood or escape of water from any tanks, apparatus or pipes an occurrence means any separate period of 72 consecutive hours during the currency of these parts.
- 12 Section 4 - Special Conditions of Part A is held not to apply.
- 13 The Limit specified under 2.3 - Capital Additions and Alterations is increased to £25,000,000 at any one site.

Zurich Municipal is a trading name of Zurich Insurance plc A public limited company incorporated in Ireland Registration No. 13460.
Registered Office: Zurich House, Ballsbridge Park, Dublin 4, Ireland. UK branch registered in England and Wales Registration No. BR7985. UK Branch Head Office: The Zurich Centre, 3000 Parkway, Whiteley, Fareham, Hampshire PO15 7JZ
Authorised by the Central Bank of Ireland and subject to limited regulation by the Financial Conduct Authority. Details about the extent of our regulation by the Financial Conduct Authority are available from us on request.

policy reference: MFEADA01
schedule no: 16 1 of 3
issue date: 08 February 2017
examined:

Select

property endorsements - Parts A B and C


This schedule replaces any previous schedule. The schedule and policy are to be read together.

insured: Lambeth College
policy number: NHE-01CB44-0013
period of insurance
from: 1st August 2016
to: 31st July 2017
long term agreement
expiry: 31st July 2017

c) personal effects and tools of any **governor, employee** or visitor other than motor vehicles for an amount not exceeding £1,000 in respect of any one person provided always that they are not otherwise insured and subject to an excess of £50 each and every loss.

- 20 In respect of Part B Items 1 and 2, notwithstanding the sums insured detailed in the schedule a flexible loss limit of £8,000,000 will be jointly applicable.
- 21 Section 3.1 Action of Competent Authorities is held to apply in respect of a danger or disturbance (including but not limited to bomb threat hoax or actual) within or within three miles radius of the **premises** where access to the **premises** is prevented and not as otherwise stated, subject to all other terms and conditions of this extension as outlined in the policy wording.

Zurich Municipal is a trading name of Zurich Insurance plc A public limited company incorporated in Ireland Registration No. 13460. Registered Office: Zurich House, Ballsbridge Park, Dublin 4, Ireland. UK branch registered in England and Wales Registration No. BR7985. UK Branch Head Office: The Zurich Centre, 3000 Parkway, Whiteley, Fareham, Hampshire PO15 7JZ Authorised by the Central Bank of Ireland and subject to limited regulation by the Financial Conduct Authority. Details about the extent of our regulation by the Financial Conduct Authority are available from us on request.

policy reference: MFEADA01
schedule no: 16 3 of 3
issue date: 08 February 2017
examined: 

Select

part D: money

This schedule replaces any previous schedule. The schedule and policy are to be read together.

insured: Lambeth College
policy number: NHE-01CB44-0013
period of insurance
from: 1st August 2016
to: 31st July 2017
long term agreement
expiry: 31st July 2017

excess: nil

Item	Description	Limit any one loss
1	Loss of Non-Negotiable Money in the situations specified in items 2(a), 2(b), 2(c)(i), 2(c)(ii), 2(c)(iii).	£250,000
2	(a) Loss of other money in transit in the custody of employees , or in transit by registered post, or in Bank Night Safe.	£2,500
	(b) Loss of other money in transit in the custody or control of a security company or similar organisation.	£30,000
	(c) (i) Loss of other money in the premises , in the custody of or under the actual supervision of employees .	£7,500
	(ii) Loss of other money in the premises , in locked safes or strongrooms.	£10,000
	(iii) Loss of other money in the premises , in locked receptacles (other than safes or strongrooms).	£500
	(d) Loss of other money in the private residence of any employee .	£500
3	(a) Crossed cheques bearing the facsimile signature of an authorised officer of the insured being issued or put into circulation without the authority of the insured , any one cheque.	£10,000
	(b) Crossed cheques bearing the facsimile signature of an	£250,000

Zurich Municipal is a trading name of Zurich Insurance plc A public limited company incorporated in Ireland Registration No. 13460. Registered Office: Zurich House, Ballsbridge Park, Dublin 4, Ireland. UK branch registered in England and Wales Registration No. BR7985. UK Branch Head Office: The Zurich Centre, 3000 Parkway, Whiteley, Fareham, Hampshire PO15 7JZ Authorised by the Central Bank of Ireland and subject to limited regulation by the Financial Conduct Authority. Details about the extent of our regulation by the Financial Conduct Authority are available from us on request.

policy reference: MFEADA01
schedule no: 16 1 of 3
issue date: 08 February 2017
examined:

Select

part D: money

This schedule replaces any previous schedule. The schedule and policy are to be read together.

insured: Lambeth College
policy number: NHE-01CB44-0013
period of insurance
from: 1st August 2016
to: 31st July 2017
long term agreement
expiry: 31st July 2017

(c) (ii) in excess of £500 from equipment operated by bank note, coin or token.

Zurich Municipal is a trading name of Zurich Insurance plc A public limited company incorporated in Ireland Registration No. 13460. Registered Office: Zurich House, Ballsbridge Park, Dublin 4, Ireland. UK branch registered in England and Wales Registration No. BR7985. UK Branch Head Office: The Zurich Centre, 3000 Parkway, Whiteley, Fareham, Hampshire PO15 7JZ Authorised by the Central Bank of Ireland and subject to limited regulation by the Financial Conduct Authority. Details about the extent of our regulation by the Financial Conduct Authority are available from us on request.

policy reference: MFEADA01
schedule no: 16 3 of 3
issue date: 08 February 2017
examined:

Select

part E: computer

This schedule replaces any previous schedule. The schedule and policy are to be read together.

insured: Lambeth College
policy number: NHE-01CB44-0013
period of insurance
from: 1st August 2016
to: 31st July 2017
long term agreement
expiry: 31st July 2017

	property insured:	sum insured:	perils insured:	Maximum Indemnity Period (months):
Section 2 - Material Damage:	Other Computer Equipment whilst in the territorial limits	£2,750,000	A,B,C	
Section 3 - Data and Information:		£27,000	A,B,D,E,F,G,H	
Section 4 - Additional Expenditure:		£1,115,000	A,B,D,E,F,G,H	12

operative endorsements:

- 1 General Provision 1. Limit of Indemnity is held to be £100,000,000.
- 2 In the event of Damage to **property** insured under both Part A and Part E arising from the same cause any **excess** will apply separately under each Part but the total of the combined excesses will not exceed the highest individual excess of any one Part.
- 3 **Extended/Full Theft Cover**

Exception (f) under Section 2 – Material Damage is hereby amended to read as follows:

Zurich Municipal is a trading name of Zurich Insurance plc A public limited company incorporated in Ireland Registration No. 13460. Registered Office: Zurich House, Ballsbridge Park, Dublin 4, Ireland. UK branch registered in England and Wales Registration No. BR7985. UK Branch Head Office: The Zurich Centre, 3000 Parkway, Whiteley, Fareham, Hampshire PO15 7JZ Authorised by the Central Bank of Ireland and subject to limited regulation by the Financial Conduct Authority. Details about the extent of our regulation by the Financial Conduct Authority are available from us on request.

policy reference: MFEADA01
schedule no: 16 1 of 3
issue date: 08 February 2017
examined:

Select

part E: computer

This schedule replaces any previous schedule. The schedule and policy are to be read together.


insured: Lambeth College
policy number: NHE-01CB44-0013
period of insurance
from: 1st August 2016
to: 31st July 2017
long term agreement
expiry: 31st July 2017

The **insurer** will not be liable for the amount of the **excess** in respect of the total of all losses arising from any one occurrence as ascertained after the application of all other terms and conditions of the relevant parts including **average**.

For losses attributed separately to, caused by or resulting from storm, flood or escape of water from any tanks, apparatus or pipes an occurrence means any separate period of 72 consecutive hours during the currency of these parts.

- 5 The Limit specified under 2.5 - Incompatibility of Computer Media is increased to £50,000 any one occurrence.
- 6 The Limit specified under 2.8 - Recharging of Gas Cylinders is increased to £50,000 any one occurrence.

Zurich Municipal is a trading name of Zurich Insurance plc A public limited company incorporated in Ireland Registration No. 13460. Registered Office: Zurich House, Ballsbridge Park, Dublin 4, Ireland. UK branch registered in England and Wales Registration No. BR7985. UK Branch Head Office: The Zurich Centre, 3000 Parkway, Whiteley, Fareham, Hampshire PO15 7JZ. Authorised by the Central Bank of Ireland and subject to limited regulation by the Financial Conduct Authority. Details about the extent of our regulation by the Financial Conduct Authority are available from us on request.

policy reference: MFEADA01
schedule no: 16 3 of 3
issue date: 08 February 2017
examined: 

Select

part F: public liability

This schedule replaces any previous schedule. The schedule and policy are to be read together.

insured: Lambeth College
policy number: NHE-01CB44-0013
period of insurance
from: 1st August 2016
to: 31st July 2017
long term agreement
expiry: 31st July 2017

limit of indemnity: £30,000,000

operative endorsements:
1

Amendments to Section 1 – Geographical Limits

- Geographical Limits (c) of Section 1 - Special Definitions is amended to read:
(c) in respect of Products and clinical research worldwide other than USA, Canada and any territory within their jurisdiction.

Amendments to Section 3 – Special Exclusions

- Exclusion 9 – Professional Liability, Errors and Omissions is replaced by the following:

9. Professional Liability, Errors and Omissions and Clinical Trials

Injury, damage or Financial Loss resulting from errors or omissions in advice, design or specification provided by the insured or anything used or supplied in such connection provided that this exclusion will not apply to clinical research for which the following authorisation is not required:

Zurich Municipal is a trading name of Zurich Insurance plc A public limited company incorporated in Ireland Registration No. 13460. Registered Office: Zurich House, Ballsbridge Park, Dublin 4, Ireland. UK branch registered in England and Wales Registration No. BR7985. UK Branch Head Office: The Zurich Centre, 3000 Parkway, Whiteley, Fareham, Hampshire PO15 7JZ Authorised by the Central Bank of Ireland and subject to limited regulation by the Financial Conduct Authority. Details about the extent of our regulation by the Financial Conduct Authority are available from us on request.

policy reference: MFEADA01
schedule no: 16 1 of 6
issue date: 08 February 2017
examined:

Select

part F: public liability

This schedule replaces any previous schedule. The schedule and policy are to be read together.

insured: Lambeth College
policy number: NHE-01CB44-0013
period of insurance
from: 1st August 2016
to: 31st July 2017
long term agreement
expiry: 31st July 2017

- a) a clinical trials authorisation from the Medicines and Healthcare Products Regulatory Agency under the medicines for Human Use (Clinical Trials) regulations 2004
- b) a clinical investigation requiring approval under the Medical Devices Regulations 2002

Provided that always that this exclusion will not apply where such a claim arises from the provision of the following services:-

- i) Eye and Heart Valve Bank
- ii) Student Health Services and Occupational Health Service

Medical Malpractice endorment

The following is added to Section 3 – Special Exclusions:

15. Medical Malpractice
any claim resulting from any consultant, dentist, medical doctor, nurse, physician, surgeon, or other provider of health care services in respect of medical diagnosis, treatment or prescription but only where such claim is the subject of indemnity from another source.

- 3 The EXCESS referred to above will apply in respect of any one claim or series of claims arising from any one cause.

Zurich Municipal is a trading name of Zurich Insurance plc A public limited company incorporated in Ireland Registration No. 13460. Registered Office: Zurich House, Ballsbridge Park, Dublin 4, Ireland. UK branch registered in England and Wales Registration No. BR7985. UK Branch Head Office: The Zurich Centre, 3000 Parkway, Whiteley, Fareham, Hampshire PO15 7JZ Authorised by the Central Bank of Ireland and subject to limited regulation by the Financial Conduct Authority. Details about the extent of our regulation by the Financial Conduct Authority are available from us on request.

policy reference: MFEADA01
schedule no: 16 3 of 6
issue date: 08 February 2017
examined:

Select

part F: public liability

This schedule replaces any previous schedule. The schedule and policy are to be read together.

insured: Lambeth College
policy number: NHE-01CB44-0013
period of insurance
from: 1st August 2016
to: 31st July 2017
long term agreement
expiry: 31st July 2017

6 2.13 Personal Liability is amended to read as follows:

At the **insured's** request this part will apply to the personal liability of any:

- a) **governor**, Employee or student or any member of the family of such **governor**, Employee or student in connection with the **business**
- b) any member of sports and social clubs operating in the **business** while engaged in club activities.
- c) students undertaking work experience abroad (whether under an ERASMUS or other authorised University arrangement or postgraduates undertaking research abroad. The Limit of Indemnity is reduced to £5,000,000 for losses incurred outside of the European Economic Area.

Provided always that:

- i) this will not apply to liability more specifically **insured** under any other insurance; and
- ii) any person indemnified will as though they were the **insured** fulfil and be subject to the terms and conditions of this part; and
- iii) the **insurer** will not be liable:
 - 1) unless the **insurer** has the sole conduct and control of all claims

Zurich Municipal is a trading name of Zurich Insurance plc A public limited company incorporated in Ireland Registration No. 13460. Registered Office: Zurich House, Ballsbridge Park, Dublin 4, Ireland. UK branch registered in England and Wales Registration No. BR7985. UK Branch Head Office: The Zurich Centre, 3000 Parkway, Whiteley, Fareham, Hampshire PO15 7JZ Authorised by the Central Bank of Ireland and subject to limited regulation by the Financial Conduct Authority. Details about the extent of our regulation by the Financial Conduct Authority are available from us on request.

policy reference: MFEADA01
schedule no: 16 5 of 6
issue date: 08 February 2017
examined:

Select

part G: hirer's liability

This schedule replaces any previous schedule. The schedule and policy are to be read together.

insured: Lambeth College
policy number: NHE-01CB44-0013
period of insurance
from: 1st August 2016
to: 31st July 2017
long term agreement
expiry: 31st July 2017

limit of indemnity: £5,000,000

excess: £250

operative endorsements: None.

Zurich Municipal is a trading name of Zurich Insurance plc A public limited company incorporated in Ireland Registration No. 13460. Registered Office: Zurich House, Ballsbridge Park, Dublin 4, Ireland. UK branch registered in England and Wales Registration No. BR7985. UK Branch Head Office: The Zurich Centre, 3000 Parkway, Whiteley, Fareham, Hampshire PO15 7JZ Authorised by the Central Bank of Ireland and subject to limited regulation by the Financial Conduct Authority. Details about the extent of our regulation by the Financial Conduct Authority are available from us on request.

policy reference: MFEADA01
schedule no: 16 1 of 1
issue date: 08 February 2017
examined:

Select

part H: employers' liability

This schedule replaces any previous schedule. The schedule and policy are to be read together.

insured: Lambeth College
policy number: NHE-01CB44-0013
period of insurance

from: 1st August 2016
to: 31st July 2017

long term agreement
expiry: 31st July 2017

limit of indemnity: £30,000,000

operative endorsements:
1

The Limit of Indemnity referred to in Section 4 - Special Provision 2 is increased to ££25,000,000.

Zurich Municipal is a trading name of Zurich Insurance plc A public limited company incorporated in Ireland Registration No. 13460. Registered Office: Zurich House, Ballsbridge Park, Dublin 4, Ireland. UK branch registered in England and Wales Registration No. BR7985. UK Branch Head Office: The Zurich Centre, 3000 Parkway, Whiteley, Fareham, Hampshire PO15 7JZ Authorised by the Central Bank of Ireland and subject to limited regulation by the Financial Conduct Authority. Details about the extent of our regulation by the Financial Conduct Authority are available from us on request.

policy reference: MFEADA01
schedule no: 16 1 of 1
issue date: 08 February 2017
examined:

Select

part L: motor

This schedule replaces any previous schedule. The schedule and policy are to be read together.

insured: Lambeth College
policy number: NHE-01CB44-0013
period of insurance
from: 1st August 2016
to: 31st July 2017
long term agreement
expiry: 31st July 2017

Motor Vehicles (52)

Section 21 : Cover A : Comprehensive

Section 22 : excess

each Vehicle : £100 K NIL LMN
limit each event : £400 K NIL LMN

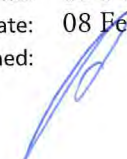
cause of damage applicable:
L. Fire
M. Theft
N. Windscreens
K. Accidental Damage

Section 2: Third Party Property Damage Limit
£5,000,000 Applicable to any Commercial Vehicle
£50,000,000 Applicable to any Motor Car

operative endorsements:
1

The Limit specified under Provision 1 to Sections 10 and 11 - Medical Expenses is increased to £750 in respect of each person injured.

Zurich Municipal is a trading name of Zurich Insurance plc A public limited company incorporated in Ireland Registration No. 13460. Registered Office: Zurich House, Ballsbridge Park, Dublin 4, Ireland. UK branch registered in England and Wales Registration No. BR7985. UK Branch Head Office: The Zurich Centre, 3000 Parkway, Whiteley, Fareham, Hampshire PO15 7JZ Authorised by the Central Bank of Ireland and subject to limited regulation by the Financial Conduct Authority. Details about the extent of our regulation by the Financial Conduct Authority are available from us on request.

policy reference: MFEADA01
schedule no: 16 1 of 2
issue date: 08 February 2017
examined: 

Due Diligence Response

Safeguarding Trends at Lambeth College

1. Concerns from Police relating to youth crime and gang related issues.

Safeguarding is a key priority and the College has very robust systems in place to promote a whole college ethos to keeping learners safe. High quality safeguarding support from Designated Safeguarding Officers assigned to each centre ensured excellent response to disclosures and learner concerns.

Through the Career Ready Standards, the college has a zero tolerance to bullying and antisocial behaviour. Learner Development Coaches (LDCs) deliver a broad range of safeguarding topics in over in tutorials ranging from Prevent radicalisation, mental health and healthy living awareness, sexual health, anti-bullying and cyber-bullying, gun and knife crime and faith awareness and beliefs.

Excellent partnership and collaborative team working relationships established with local and community partners including the Local Safer Neighbourhood Police, Trident, St Giles Trust, Prevent Regional Co-ordinator, multi-agencies including social services, virtual schools with information sharing protocols in place to provide excellent and timely support for vulnerable at risk learners.

The college has worked closely with the Police over the past three years on concerns about youth crime and gang issues and as a result has forged a strong relationship with Safer Neighbourhood Police which has enabled the college to successfully secure a full time Safer Schools Officer who has been based at the college since December 2016.

This Police partnership underpins existing work with at risk groups to reduce the risk of becoming involved in criminal activities and to work with the college on the Prevent agenda and potential radicalisation of learners.

2. Increase in Mental Health Disclosures

For the past three years mental health has been the largest single disclosure type. There has been an increase in single mental health disclosures from 12 in 2014/15 to 33 in 2015/16 and to date in 2016/17 there have been 34.

Response to Mental Health

Mental Health 1st Aid Training is planned for delivery to support teams in June 2017 by SLAM (South London and Maudsley). Previously, this was delivered to staff in 2013/14 and again in 2014/15.

An in-house Counselling service was trialled in 2014 and this model is to be repeated in Term 3 this academic year. This will be delivered by learners from the L3 Counselling Courses as part of the work experience aspect of their course.

In addition, mental health awareness has been included in the tutorial programme and was part of a wider programme of activities on healthy living. In response to the increase in mental health disclosures we have delivered the following actions to support learners:

Activity/Training/Event	When
Ten Top Tips for Mental Health was published in the Learner Newsletter	March 2016 April 2017
Mental Health Awareness staff training delivered by our partner organisation The Well Centre to eleven LDCs and tutors from Young People's Engagement	May 2016
Mental Health First Aid Training planned for June 2017	June 2017 (planned)
Mental Health Awareness tutorial delivered by LDCs during Mental Health Awareness Week 2015/16 and as part of Healthy Living 2016/17	May 2016 January 2017
Mental Health Awareness session delivered to 60 Course Reps to feedback to their groups	May 2016
Mind, Body and Soul Fair held in Clapham attended by over 600 learners. Partners who attended: Lambeth Living Well Hub, SLAM and the NHS Brook, The STAR network, The Metro Charity and National Citizenship Service	June 2016 May 2017 (planned)
The Harts theatre company delivered a condensed workshop on their mental health awareness performance programme to L1 Hair and Beauty and L2 Performing Arts learners which explored Mental wellbeing in a creative yet informative way.	15 th June 2016

3. Homelessness and housing

The second largest referral for the past two years has been for housing and homelessness. There have been 18 single referrals, second highest category in 2015/16 and an increase of 7 on 2015/16 when there were 11 single disclosures. To date in 2016/17 there have been 16 single disclosures for homelessness.

Response to Housing/Homelessness

We work with the local authorities and a range of organisations such as Shelter, St Mungo's, Nightstop, Alone in London, Crisis, DePaul Trust, New Horizon and other services offering support with this issue.

4. Position of Trust Meetings

There have been no recorded Position of Trust meetings in the last 3 years.

5. Referrals or requests from the Independent Inquiry into Child Sex Abuse.

There have been no recorded requests from the Independent Inquiry into Child Sex Abuse.

6. Safeguarding – Prevent

In line with government strategy and Prevent Duty Guidance 2015 a high quality comprehensive Prevent Self-Assessment Action Plan has been developed. This has been reviewed by the Prevent FE Regional Co-ordinator and approved and implemented by the College Safeguarding Strategy Group and covers all aspects of the Prevent Duty:

To strengthen this plan, the risk assessment takes into consideration the risks for communities in the local areas in which the college is based. Our College is located in Lambeth which is one of the most densely populated and diverse areas of London. It has a complex social and ethnic mix, a relatively young age profile, and a high proportion of people moving in and out of the borough. The cultural, ethnic and religious diversity of Lambeth is a source of strength and pride. As a college we recognise that grievances and tensions within the community can sometimes be exploited by terrorist groups as a means of recruiting supporters, face to face or via social media and the internet.

Lambeth has been designated by the Home Office as a priority area for local action under the Prevent strand of the national counter terrorism strategy and the CRLP (Counter-terrorism Local Profile). This designation is based on police and security service assessments of the potential for local people to adopt extremist ideologies and to be drawn into supporting or facilitating terrorism, as has happened in the past.

We recognise that there is an on-going threat from terrorism that may impact on our college. The threat from international terrorism to the UK as a whole is currently assessed as 'severe', meaning that a future terrorist attack is considered highly

likely. A particular concern is the active recruitment of young people by terrorist groups and their supporters.

Through the Self-Assessment Action Plan and our policies, we aim to mitigate the potential risk to learners, staff and the college and meet the requirements of the Prevent legal duty helping to safeguard learners and protect the community.

Learners have received very good training on how to keep themselves safe from the dangers of radicalisation and to prepare them for living in modern Britain.

“Learners feel safe at the college and their understanding of health and safety procedures, safeguarding and the concepts of the ‘Prevent’ duty is good. Staff and learners put into practice the British values of tolerance and working together harmoniously particularly well in ESOL lessons.”

(Ofsted Report, Nov 2016)

Lambeth College Safeguarding Learner Disclosures 2014-2017

Summary of safeguarding referrals made during the past three years involve allegations against a member of staff or another student and outcome

Year	Allegation against Learner	Allegation against Staff Member	Allegation	Outcome
14/15	Y		Allegation made by a nursery that adult male learner had behaved inappropriately whilst on work experience placement	Allegation reported to Local Authority and investigated. Learner was withdrawn from course.
	Y		Allegation that an adult male learner with learning difficulties was being inappropriate and possibly physically abusive to another learner	Meeting with parents/guardians. Social services and Brook Sexual Health intervention.
	Y		Allegation by 18 old male learner that during an altercation another learner had used homophobic language towards him and had physically assaulted him	Police involvement, disciplinary action and support from Learner Services with mediation.
		Y	Allegation that PR had made inappropriate comments and made a female Learner feel uncomfortable in class.	Matter investigated with informal performance management as an outcome.
		Y	Learner stated that she and MC had started a sexual relationship whilst he was her teacher.	Matter investigated. Issued with a 1st written warning.
		Y	Allegations that MN had made inappropriate / racist comments and made a several Learner feel uncomfortable in class.	Matter investigated. Resigned during investigation.
		Y	Supported Learning Lecturer who had been in a relationship with a 18 y.o. Learner back in 2000 who was also in Supported Learning.	Matter investigated. Resigned during investigation.
		Y	Allegation that he had smacked his son which was being investigated by social services.	Matter investigated. Resigned during investigation.
15/16	Y		16 year old female learner threatened to stab another learner with a cooks knife she was using for her catering course	Police and social services involvement, learner was excluded from course.
	Y		Allegation from 17 year old female learner that two other learners, a 17 year old male and an adult female, had made threats to her with a knife	Police and parent involvement. Both learners who made the threats were excluded.
	Y		Allegation from staff member that a female learner had physically assaulted him	Police involvement but no charges pressed. Due to learner's challenging personal circumstances she was supported to complete her course.
	Y		18 year old male learner was witnessed being threatened with a knife by another male learner	Police involvement and learner excluded from course.
	Y		16 year old male learner threatened another 16 year old male learner with a screwdriver from motorcycle workshop	Parental and school involvement, learner was excluded.
	Y		Allegation from adult female learner of having inappropriate relationship with male staff member	Investigated by HR, allegation was unfounded.
	Y	Y	Allegations from four female learners, all under 18, that an adult male learner in their class had been sexually harrasing them Allegation that RE had allowed a Learner onto off limits areas of the college and cavorted on the premises at the time.	Allgation was investigated, learner was excluded. Matter investigated and issued with a verbal warning for 6 months.

		Y	Learner alleged that TA had asked for sex in exchange for passing her in her exams.	Matter investigated with no case to answer to. Case closed.
		Y	Alleged that AR had made inappropriate comments and displayed racist behaviour.	Matter investigated with no case to answer to. Case closed.
		Y	Allegation that MD had made inappropriate gestures / comments re female genitalia in class.	Matter investigated and issued with a final written warning.
16/17 Page 412	Y		Allegation from staff member that an 18 year old female autistic learner had been stalking him on social media	Parent involvement and also support from Lambeth educational psychologist.
	Y		Allegation from the same 18 year old female autistic learner that she had been raped by another male learner in the toilets at college	Police are currently investigating this allegation.
	Y		A further allegation from 18 year old female autistic learner that a staff member had physically assaulted her	Allegation currently under investigation by HR.
	Y		Allgation from 18 year old male learner that another male learner had followed him making serious threats of violence and alluded that he was carrying a weapon	Police involvement and learner excluded from course.
	Y		Allegation from 17 year old female learner that a staff member had physically assaulted her	Investigated by safeguarding team. Allegation was unfounded after CCTV footage of incident was viewed,
	Y		Allegation from 18 year old female learner that she was physically assaulted by two other female learners	Investigated by safeguarding team. One learner was excluded, the other was given a final warning. Case under investigation. But likely no case to answer to.
	Y		Threatening behaviour and an allegation of attempted choking / strangling.	
		Y	Allegation of choking a student with a lanyard.	Matter investigated with no case to answer to. Case closed.
		Y	Failed to remove an ex learner's ID badge which allowed for re-entry onto the premises.	Matter investigated and issued with a verbal warning for 6 months.

Health and Safety report outlining the major non-compliances– Lambeth College.

Kiernan Doyle - 09/11/2016

Introduction

This is a brief report to raise some of the non-compliant failures we are facing at Lambeth College, specifically based around the Clapham site, which is leaving the college at risk. The report isn't detailed but more an overview of the headline items and I will try to articulate in layman's terms the problems that the college are up against. These concerns need to be raised and dealt with quickly as I have found each piece of work or problem that arises, there is an historical attachment to each which generally involves more time working out how and why we have got to the position we are in, sadly, it is a culmination of years of neglect.

Our temporary accommodation of blocks B and C at Brixton, it can be argued, as far as is reasonably practicable, that full investment isn't necessary as we will be leaving there for new premises in July 2017. Of course, student and staff safety is a top priority and any issues that have been raised at Brixton can in general go back to Bowmer and Kirkland, the principal contractor who refurbished the temporary buildings and these are being dealt with, albeit some electrical issues are still outstanding but not considered high risk. The Vauxhall site, as we are all aware is now cleared and fully decommissioned removing a lot of the inherent issues that would need to be dealt with.

I will outline the compliance failures in the report, with a brief summary of each of what we need to do to get on top of the problems and gain control, the legislation that we are not complying with will follow at the conclusion of the report and the ramifications.

Major Non – Compliances.

Asbestos – Our current asbestos register/survey is dated January 2002, that will be 15 years old this January 2017. The legislation states that the register must be kept up to date, this translates to, whenever there is a change to the existing fabric of the building the register must be updated to reflect this. The asbestos identified within the survey would then need to be risk assessed (RA) to inform us of whether we keep the asbestos in situ in a safe and maintained manner or if it could possibly be disturbed, which would result in removal.

There is sparse information from the register that is still valid to the Clapham site, there is a very brief RA that I have found with four areas highlighted from the report in 2002. These were last inspected, on record of September this year by one of the maintenance guys who has since left and our current FM Coordinator. I have to then question if the guys that were undertaking the inspection were trained and competent in what they were checking?

Action – A new asbestos survey of the Clapham site is undertaken as soon as possible, followed by a full RA for all possible and confirmed asbestos, removal if needed acted upon immediately. This can then be followed up by a preventative maintenance program (PPM) to monitor what is deemed acceptable to stay in situ and training provided for the staff carrying out the checks.

Water Hygiene – The water issues we have faced have been a major problem, as time has gone on and we dig deeper to get to the root of the problems, unfortunately we find the lack of maintenance and any form of control and capture of changes to pipe work and water tanks has made the issue a difficult one to resolve. The service provider who was on site back in March of this year was leaving the college at great risk as the temperature control is non-existent, record keeping dire and legionella has been rife throughout the building. This was made worse by the lack of sampling of the water to identify the problems and the fact that the service provider wasn't being paid to cover the whole of the site!

We also have problems with the closed water system, although not a statutory item it is a cost saving exercise, this needs to be maintained to ensure the lifecycle of the pipework and heating plant, pumps, inverters, radiators etc. I can see no evidence of this ever being maintained, it should have been dosed with chemical yearly to kill off the bacteria that eats the pipework and inner workings of the heating plant. If this regime is not kept up the pipework will pit, leading to numerous leaks and the pumps will last half of their expected lifecycle and we will end up with massive costs to replace.

Action - We now have a water provider who is taking control of this situation and they are being paid to flush all the rarely used outlets, full temperature monitoring and sampling program, when temperatures are out of range there will be an action plan in place and investigative work to find root causes. I now meet with them weekly and will gain control of this situation fairly soon and be audit ready in time but as mentioned there will be costs for the removal of the many dead legs and faulty TMV's which I know have not been checked correctly for many years.

Emergency lighting – We are sorely lacking the correct coverage we should have under the British Standard 5526 and the emergency signage regulations BS5499, when these regulations change we should make the changes they recommend to comply, this hasn't happened for many years. The lights we do have are not currently being checked under a PPM program, these should be tested to ensure the batteries within the lights are not dead. We do not currently know where all the lights are on a plan to check them either and the lights we do have are not compliant anyway, namely C and B blocks. If you notice, a lot of the key switches have been taped over, the tape is very old, this has been going on for some years. In addition the emergency signage is discoloured to brown, again has been ignored for many years.

Action – Plans are being drawn up now with costs to replace the lighting throughout the college which will also include emergency lights within the unit. I am told there are grants available for this work and if we can get the green light for this work to start not only will we save on energy bills, the purchase of ballasts and lamps, as the cost of maintaining these very old light fittings is huge, we will also have plans for the emergency lighting and will save a lot of remedial work to upgrade the existing emergency lighting and above all will keep us compliant.

Fixed wire testing – Although not a statutory requirement in its own right the legislation that we are not complying with will be the Health and Safety at Work Act etc 1974 (HASAWA) section 7, Duty of Care. The fixed wire test is a five year check (20% per year) of all the electrical distribution boards and their corresponding circuits. This is to ensure that we do not have electrical fires and ensure general electrical safety. In essence, we need to check every circuit in our buildings for safety and after five years we would have completed a 100% check of the whole system. What has been happening here over the years is different contractors carrying out electrical tests but the information of the testing has not been documented correctly leading to confusion of who has tested what circuits. This has led to the same circuits being tested as there is no data for all the circuits to ensure all has been checked, we have as built drawings but are in the main irrelevant as there has been so many changes to the system over the years. The recommendations, code 1 and 2 that result for the checks are compulsory to achieve certification and have not been completed. The Vauxhall site is a prime example, the recommendations were not carried out, therefore we had no certification meaning we were not insured and if there was to be an unfortunate loss of life, injury there would have been legal proceedings and possible custodial sentences handed down under the HASAWA etc 1974 section 7, Duty of Care.

Action – A 100% check of the electrical system of blocks B and C as soon as possible, identify the faults, which unfortunately there will be many and carry out the remedial work, fitting RCBO circuit protection to keep us in line with the latest legislation. This will prevent electrical fires and also give us an up to date record of the whole electrical system and we can then document this and maintain it moving forward with some degree of certainty. A number of the old circuitry is no longer in use but has not been labelled as (NOT LIVE) This all needs to be decommissioned and removed, the whole system is very unsafe.

Canteen kitchen – As Chartwells are now our catering providers, the failures in the canteen have come to the fore, these failures will need to be actioned soon to provide evidence to the Environmental Health Organisation (EHO) that we are heading towards compliance, if not, we will be forced to close and issued an enforcement notice. Yet again, years of neglect, the fire suppressant system has been disconnected for reasons I do not know and nobody else can tell me why, which adds to the confusion. The duct work hasn't been cleaned for years resulting in fire risk through the building as the duct work travels through C block and vents from the roof. There has never been a maintenance contract of any form for the canteen appliances, this also applies to the training kitchen and SW4 kitchen, no gas safety checks, no cleaning of the filters in the air handling and extract systems, nothing...

Action – There is now a full maintenance contract in place for the M&E requirement of the whole of the Clapham site, as the new A block build was not being maintained either, this now includes SW4 and the canteen, which will pick up the filter cleans and I am collecting costs for maintenance of the kitchen equipment which will pick up the gas safety checks and identify any remedial actions. I have a H&S report from Chartwells that I am gathering costs on to pick up the remedial actions in readiness for the EHO visit, the largest cost I can foresee is being the ceiling grid and tiles which will need replacing, most certainly in the food prep areas. Other smaller items are being picked up

through our small maintenance team of two guys. The fire suppressant system has been serviced and has passed but I need to gather costs to connect the system that has been disconnected.

Legislation failures

Health and Safety at Work act 1974

Management of Health and Safety at Work Regulations 1992

The Control of Asbestos at Work Regulation 1987

The Construction (Design and Management) Regulations 1994

The Environmental Protection Act 1974 (Special Waste) Regulations 1996

HSG274 and Approved code of practice L8

British Standard 5526, 7671 and 5499

The Food Standards Act 1999 and relevant approved codes of practice.

Just a sample of some of the legislation we are currently not complying with, if there was to be an unfortunate incident and legal action taken some of the above penalties can be as serious as imprisonment.

Conclusion

In my relatively short time here I have been dismayed at some of the situations that I am finding and the years of neglect that have unfortunately left us in the current situation we are facing, it is dire. It has been difficult to make the changes necessary as the routine of day to day is so reactive leading to the putting out of reactive fires only to find another and the root causes not being dealt with. From what I can gather the maintenance team has been reduced significantly over the years which would impact the upkeep of the statutory requirements but I do also question the quality of the work that was completed when the team was at strength.

I am in the process of collating all of the H&S/Compliance documentation into one place, currently there is various certification in various parts of the building. Once collated, we can then look at the compliance checks that have been done, find the missing items, get them serviced and document. A full asset list is starting to be compiled although this is a live document as assets are being found in different locations but at least we are getting some sort of order and idea of what we have in these buildings, a good starting point.

The failures I have documented are the big failures that need action in a relatively short space of time, there is a whole raft of what are termed minor non-compliances that needs to be addressed but I wanted to keep this document as brief as possible but outline the serious concerns I am trying to deal with and the subsequent ramifications of these failures. It can all be achieved but it will require some significant spend to get us compliant and a lot of hard work to get to where we could be deemed safe.

The team is small and with the mountain we have to climb I would suggest some assistance is sought on a temporary basis to give us the required impetus to achieve the goals.

There is a real lack of H&S training, from Director level down, which compounds the issue further, I would recommend an IOSH course which can help raise awareness and a NEBOSH course for Directors that are involved with estates in any form. This will help lead to a culture change and the knowledge to question and understand in some capacity the issues that the college are facing in a compliance sense and put procedures in place to prevent further failures building to the levels we face currently.

Capital programme reference	Grant Ref	College name at the time of approval	College type	Region	Project number	Total Project Cost	Total Grant	Renewal Grant Associated with ERG Project Fees	Renewal Grant Separate to ERG	ERG3 Grant (inc RG3 element associated to ERG3 project) - as per grant letters	Description	Date Approved	Revised approved
LSC Legacy	NA	Lambeth College	GFEC	GL	939/14	£ 20,631,562	£ 5,157,890	NA	NA	NA	Construction of a new 6th form centre (6,421m2) at the college's Clapham campus.	18-Jan-07	
SFA - CWG1	NA	Lambeth College	TC	GL	not applicable	537,006	£ 179,002	NA	NA	NA	Improve condition of estate (incl weatherproofing), H&S and facilities for students with disabilities Clapham - Nursery floor repair and re-vinyl (Health & Safety). Roof fabric refurbishment and repair. Vauxhall - Corridor and reception floors repair and re-vinyl (Health & Safety). Replace fire alarm system – existing system at risk of falling. All sites - IT cabling to extend ICT into classrooms. Brixton - Refurbishment of toilets. Clapham - LLDD shop refurbishment to create realistic working environment for students with learning disabilities. Access control stairwell in Sixth Form to improve student safety. Refurbishment of space to create dental technology demonstration room to meet employer needs. Remodelling classrooms to allow more efficient space utilisation. Additional power to classrooms in Sixth Form to extend ICT usage. Remodel atrium café in Sixth Form. Vauxhall - Refurbish classroom to improve learning environment. Create environmental technology training hub. Refurbishment of toilets. Contribute to local economic and social regeneration. Brixton - Refurbishment to improve quality of training rooms for work with partners and employers including creating a new CCTV training centre. Clapham - Create new advice and guidance centre for students referred to College by Job Centre Plus. Reduce estate running costs and carbon emissions. Brixton - Radiator repair/upgrade to improve energy efficiency and environmental control. Clapham - Replace heaters in modular buildings with more energy efficient models which give greater environmental control to users. Installation of semi-automated door to reduce energy loss in foyer. Create new lobby in Sixth Form to reduce energy/heat loss.	Mar-11	
SFA - RG2	Combined RG & ERG	Lambeth College	GFEC	GL	RG2-094/GL/2011	£ 270,000	£ 100,000	£ 10,000	£ 90,000	NA	Improvement in the condition of the college's estate.	Nov-11	
SFA - RG3	Combined	Lambeth College	TC	GL	RG3-062/GL/2012	£ 276,000	£ 120,000	£ 84,000	£ 36,000	NA	Plumbing workshop upgrade and expansion, upgrade of plastering, upgrade of student space, upgrade of student assessment centre, replace stair nosings, electrical rewiring, installation of energy efficient boiler pumps, installation of dividing doors, external window repairs	Aug-12	
SFA - ERG3	ERG3 Net of RG3	Lambeth College	TC	GL	ERG3-089/GL/2012	£ 4,977,658	£ 1,791,206	NA	NA	£1,791,206	the proposed project creates new vocational facilities for the service and leisure sectors within the entrance and front of house areas at our Clapham campus. The new areas will ensure that the current service sector space at the Vauxhall campus is mothballed	Feb-13	
SFA - PDF	Round 1	Lambeth College	TC	GL	PDF1-080/GL/2013	£ 246,000	£ 110,000	NA	NA	NA	The college wishes to undertake the next phase of its property strategy following the approval of the ERG3 scheme for the development of a new vocational training facilities at the front of the Clapham Common campus. The project feasibility will include all relevant surveys for the new build and refurbishment works, plus with professional fees and town planning advice to reach the stage of completing an Expression of Interest by 1st March 2013 and the development of a RIBA stage C scheme if the college is successful ready for an April 2013 submission. The work is associated with the project and fees involved.	Feb-13	
SFA - PDF	Round 3	Lambeth College	TC	2	PDF3-004/GL/2013	£ 255,000	£ 127,500	NA	NA	NA	PDF2 & 3 approvals were awarded on the basis this fund would be netted off any CCIF detailed project grant approvals.	Sep-13	
SFA - CCF	Tier 1	Lambeth College			CCF-P1/T1/039/LS&W/2	£ 1,825,000	£ 540,000	NA	NA	NA	Clapham Campus Infrastructure Renewal	Feb-14	
SFA - CCIF	CCIF4 Resub	Lambeth College	TC	LS&W	CCIF-DA-R4Result/004/C	£ 12,000,000	£ 3,452,588	NA	NA	NA	Phase 2 Clapham Common New Build	Dec-13	
SFA - CWG2	NA	LAMBETH COLLEGE	TC	GL		£ 400,000	£ 197,937	NA	NA	NA	The College's media provision is currently located in the Vauxhall Campus in accommodation that is tired and fails to meet the industry standard expectations of our learners or employers. We intend to spend £300k on remodelling existing accommodation on the Clapham Campus to provide up to date and industry standard facilities including a new TV studio, new radio studios, observation rooms, a new dark room and digital processing laboratory. These works will commence in July 2015 and will be made available to learners for the 2015/16 academic year. The costs include physical works, furniture, project management and design fees and VAT. These works will be undertaken primarily in spaces that are already classified as new, therefore there is no net change in the m2 classified as condition 1-4 as a result of these works. Learning activity that is currently located in the spaces in which work is planned will either be relocated to the new-build Clapham Phase 2 building or be decanted within the existing accommodation block. As part of the Colleges long term accommodation plan we will also be replacing all key access locked doors with electronic access door systems throughout the Clapham campus. This will reduce our operating costs, improve security and safeguarding, and improve flexibility of spaces - allowing learners to be timetabled easily and flexibly into the most appropriate and up to date learning spaces throughout the Clapham campus. The total cost of this work, including fees and project management is estimated at £100,000 inclusive of VAT.	Mar-15	

LSC + SFA £ 41,418,226 £ 11,776,123
SFA only 20,786,664 6,618,233

This page is intentionally left blank