

Report – Policy and Resources Committee and Finance Committee

Capital Funding – Bid for Reprioritisation: Expansion of the City of London Girl's School

To be presented on Thursday, 18th July 2019

To the Right Honourable The Lord Mayor, Aldermen and Commons of the City of London in Common Council assembled.

SUMMARY

1. In April, Members of your Policy & Resources Committee and Resource Allocation Sub-Committee agreed that a loan should be approved for the proposed expansion of the City of London School for Girls, if it proceeds.
2. Following that decision, your Finance Committee was required to approve a revision to the Corporation's budget of up to £15.3m to facilitate the loan. In-year budget adjustments of this nature are required to be considered by the Finance Committee.
3. It is worth noting that this scheme is still subject to full planning approval and draw down of the loan will only happen if the project is approved in its various stages.
4. The business case for these expansion works rests on the creation and full take up of additional pupil places to facilitate pay back of the loan within 11 years - and thereafter embed a more resilient financial position.
5. The arguments for deferring a funding decision remain valid as the financial capacity of City's Cash is at issue. However, the school has built its latest business plan assuming the funding would be forthcoming and, during the intervening period since the loan request was first submitted, has been progressing the design at risk to maintain pace. Should the scheme be deferred for a year or halted potential abortive costs of up to £600k would need to be justified to parents. Should Members agree funding for a loan it would need to be met from City's Cash reserves, supplemented by external loans as appropriate.

RECOMMENDATION

Members are asked to approve an allocation up to £15.3m from the general reserves of City's Cash to provide loan funding for the Girls' School expansion project.

All of which we submit to the judgement of this Honourable Court.

DATED this 21st day of May 2019.

SIGNED on behalf of the Committees.

Jeremy Paul Mayhew
Chairman, Finance Committee

Catherine McGuinness, Deputy
Chair, Policy and Resources Committee