

<b>Committee(s)</b>	<b>Dated:</b>
Education Board	12 January 2017
<b>Subject:</b> City of London Academies Trust Endowment	<b>Public</b>
<b>Report of:</b> Director of Community and Children's Services	<b>For Decision</b>
<b>Report author:</b> Mark Emmerson Education Strategy and Skills Director	

### Summary

This report seeks to make the case for a £250K endowment to be allocated to the City of London Academies Trust by the City of London to provide a sensible and realistic reserve for its activities over the first 5 years of operation.

### Recommendation(s)

Members are asked to:

Endorse the request as described for consideration by the Chamberlain.

### Main Report

#### Background

1. The re-constitution of the City of London Academies Trust (CoLAT) in January 2016 involved setting an expectation that from September 2017 each school in the CoLAT would have 2% of their direct funding from the government top sliced to support the central CoLAT function.

#### Current Position

2. In the initial period of the Trust operation 2016/17 the central team function has been supported by the education budget to ensure that leadership and central services can be provided in advance of the 2% top slice in September 2017.
3. As the trust assumes a self-financing capability it will build reserves over the coming years that will provide an annual contingency fund that could be drawn upon if there was an unforeseen educational or financial event.

4. In the initial years of the Trust while the reserves are growing this contingency will be relatively small, increasing the impact of risks associated with destabilising events.
5. It is proposed that the City of London Corporation consider providing an endowment to CoLAT which would be held as a reserve against these risks.

### **Options**

6. The reserve could be in the form of an actual allocation held with or for the Trust or more simply as a draw down agreement which could be invoked at some time in the case of any potential crisis.

### **Proposals**

7. It is proposed that a reserve of the order of £250K would be needed to mitigate key risks in the years before the Trust is able to realise an annual carry-over and create its own operational reserve.
8. A reserve of this order would provide CoLAT with a degree of resilience and agility to address urgent concerns promptly.
9. It is envisaged that this reserve would only be used in exceptional circumstances where inaction in response to an immediate risk would lead to a financial, educational, or safeguarding crisis.
10. Examples of the risks that the reserve would be held to mitigate:
  - The need to remove/replace a Headteacher/Principal for any reason.
  - The need to provide immediate intervention and/or support in response to immediate performance concerns.
  - The need to respond to urgent OFSTED recommendations.
  - Providing support and/or professional advice for an academy facing an unforeseen legal, safeguarding or prevent crisis.
  - Providing immediate support in the event of a critical incident affecting students or the Academy building.
  - An unforeseen financial crisis in an Academy meaning that the 2% top slice could not be collected.

### **Corporate & Strategic Implications**

11. Securing a sum or drawn down facility would in effect be an allocation set against any potential corporate risk to the City that could be envisaged by the operation of the Trust.

## **Conclusion**

12. This paper proposes that a sum of money is used to provide insurance against potential unforeseen risks. If agreed the method of securing and drawing down those funds will need to be established in negotiation with the Chamberlain.

## **Appendices**

Appendix 1. CoLAT 5 year Projected Budget and Contingency

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## Appendix 1

Indicative Revenue Streams at 2% of funding agreement allocation								
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