

Committee(s) Education Board – For information Policy and Resources – For decision Court of Common Council	Date(s): 05 March 2020 19 March 2020 23 April 2020
Subject: City of London Academies Trust – Expansion by the transfer of the two Co-Sponsored Academy Trusts	Public
Report of: Andrew Carter, Director of Community & Children’s Services	For Decision
Report author: Gerald Mehrtens, Director of Academy Development	

Summary

This report seeks approval for the transfer of The City Academy, Hackney (TCAH) and the City of London Academy Islington (COLAI) (co-sponsored by the City of London Corporation (CoLC)), to the City of London Academies Trust (CoLAT) (the CoLC being sole sponsor).

On 16 January 2020 Members of the Education Board supported the recommendation that the Town Clerk, in consultation with the Chairman and Deputy Chairman, provide the CoLC’s written consent as required under the CoLAT Sponsorship Agreement to the expansion of CoLAT by the transfer of TCAH and COLAI to CoLAT, subject to the Town Clerk being satisfied of the outcome of the Due Diligence in each case.

At the time of writing this report, it is anticipated the CoLAT Board will also have given its approval for TCAH and the COLAI to transfer to CoLAT on 11 March 2020.

These proposals have the support of the two co-sponsors of TCAH and COLAI (KPMG and the City, University of London, respectively), the Regional Schools Commissioner (RSC), and local authorities for the areas in which the secondary schools are located, Hackney and Islington.

In order to secure the arrangements being in place by September 2020, the start of the new academic year, given the endorsement of the above key stakeholders, initial discussions/negotiations are already underway with the RSC and the Department for Education (DfE).

To further inform the CoLC’s decisions, Due Diligence Reports are provided at **Appendices 1 and 2 (non-public)**; and the key academic results of all CoLC sponsored secondary academies are provided **Appendix 3**.

Recommendation(s)

It is recommended that with the endorsement of the Education Board, that Policy and Resources Committee resolve to recommend to the Court of Common Council that:

- The City of London Corporation approve the transfer of The City Academy, Hackney and the City of London Academy Islington to the City of London Academies Trust.

- Funding of up to £20,000 be allocated for legal and professional services to protect the City Corporation's interests.
- Authority be delegated to the Town Clerk, in consultation with the Chairman and Deputy Chairman of both Policy and Resources Committee and the Education Board, to take any decisions or steps required to give effect to this decision.

Main Report

Background

1. The City of London Corporation (CoLC) first became an academy sponsor with the opening of City of London Academy, Southwark in 2003 (sole sponsored), followed by the City of London Academy Islington (COLAI) opening in 2008 (co-sponsored by City, University of London (City University)) and The City Academy, Hackney (TCAH) opening in 2009 (co-sponsored by KPMG). Each of these academies were established as companies limited by guarantee and are exempt charities.
2. Following the decision by CoLC to apply for and sponsor further Free Schools, the Court of Common Council resolved in January 2016 to support changes to the governance of the City of London Academies, Southwark (as it then was, having taken on another school since it was first incorporated) such that that academy trust company would become the legal vehicle for all subsequent CoLC sponsored academies. The company was renamed "The City of London Academies Trust". The CoLC now sponsors ten academies with only TCAH and COLAI operating outside of CoLAT.
3. On 2 December 2019 the Governing Body of COLAI resolved: "to support the proposal for the Academy to join the City of London Academies Trust (CoLAT) and for the Academy's Joint Sponsors to enter into formal discussions to that end". This proposal also has the support of City University as co-sponsor of the COLAI. On 22 January 2020 the governing body of TCAH resolved: "That it supports in principle the proposal for the Academy to join the City of London Academies Trust and for the Academy's joint sponsors to enter into formal discussions to that end." This proposal has the support of KPMG as co-sponsor for TCAH.

Current Position

4. Both the London Borough of Hackney in the case of TCAH, and the London Borough of Islington in the case of COLAI, are supportive of these proposals. In addition, the Regional Schools Commissioner (RSC), whose consent is required, has, on the advice of the Headteachers Forum at their meeting on 29 January 2020, also approved these academies joining CoLAT.
5. On 16 January 2020 the Education Board resolved that the Town Clerk be authorised, in consultation with the Chairman and Deputy Chairman of that Committee, to provide the CoLC's written consent (as required under the CoLC's Sponsorship Agreement with CoLAT) to the expansion of CoLAT by the transfer of TCAH and COLAI, subject to the Town Clerk being satisfied of the outcome of the Due Diligence exercise in each case. The Due Diligence Reports are attached as **Appendices 1 and 2**. In addition, on 11 March 2020 it is expected that the CoLAT Board will also give its approval to the transfer of TCAH and the COLAI to CoLAT.

6. Both KPMG and City University have given clear indications that they will continue to support the relevant academies should they join CoLAT. KPMG have written confirming their intention to continue supporting TCAH at an equivalent level to that presently provided should the school join CoLAT. Equally, City University has confirmed its intention to continue with its unchanged support should COLAI join CoLAT. This would be dependent on there being agreement between TCAH, COLAI and CoLAT as to any changes to CoLAT's governance, and/or the make-up of the new governing bodies for TCAH and COLAI, to provide for appropriate continued participation by KPMG and City University in the running of those schools. (Academy governing bodies are sub-committees of the CoLAT Board of Trustees/Directors.)
7. Having regard to the anticipated timetable for the transfers of TCAH and COLAI (by September 2020, the beginning of the academic year), and the endorsement of the proposals by key stakeholders as noted above, discussions/negotiations with the RSC and the Department for Education (DfE) have commenced. The process for transfer of both academy trust undertakings will next involve - new Supplementary Funding Agreements for each academy school under the CoLAT Master Funding Agreement (which may also require amendment); the novation of leases; and necessary staff consultations for Transfer of Undertakings (Protection of Employment) (TUPE), etc. The TCAH and COLAI companies will also need to be dissolved at the appropriate time.
8. Given the clear intention of our co-sponsors of TCAH and COLAI that they will continue to provide an equivalent level of assistance to that which they currently provide, and the broader benefits to the schools from the support and expertise of being part of CoLAT, from the CoLC's perspective as academy sponsor in each case there is a strong argument to support the proposed consolidation of the undertakings within CoLAT. There will be clear advantages in the delivery of education and in operating through one legal entity, achieved through economies of scale, consolidation of expertise and support (governance, teaching and administrative), and mitigation of risk. Furthermore, insofar as the CoLC is concerned, in delivering on our educational vision the new arrangements will enable more targeted and cohesive support to the academy trust itself and its schools (whether governance, financial, administrative or in-kind support).

Proposals

9. This report seeks approval of the CoLC as sponsor of CoLAT, and co-sponsor of TCAH and COLAI, for the transfer of the co-sponsored academies to CoLAT.
10. By giving our approval, the three academy trusts can continue the discussions/negotiations with the RSC and the DfE for a Supplementary Funding Agreement for TCAH and for the COLAI, progress changes to property/lease arrangements, and undertake the necessary staff consultations for Transfer of Undertakings (Protection of Employment) (TUPE), with an aim that arrangements will be in place by September 2020, the beginning of the next academic year.

Corporate & Strategic Implications

11. This proposal delivers on the following strategic objectives of the CoLC:

- a. to contribute to the outcomes within the CoLC's Corporate Plan to 'Promote effective progression through fulfilling education and employment', and 'to contribute to a flourishing society' as its aim;
- b. the CoLC Education Strategy for pupils in the City family of schools to have access to transformative education, enabling to achieve their potential, flourish and thrive.
- c. the Department of Community and Children's Services Business Plan's priority objective 'Potential', which states: "People of all ages can achieve their ambitions through education, training and lifelong learning", with the outcome to be achieved by "Delivering an outstanding education offer through the City of London family of schools".

Implications

12. All free schools are funded directly by the Education and Skills Funding Agency and there will be no financial liability to the CoLC from the proposed transfers as the schools would become part of CoLAT, a separate legal entity to the CoLC. However, consistent with its role in supporting the delivery of the Education Strategy, the Education Board may choose to make discretionary grants from its central risk budget to benefit any of the academy trusts and schools, and the proposed changes may impact upon how those funds are allocated.
13. The transfer of the TCAH and CoLAI undertakings (which will include assets and liabilities) is likely to involve:
 - TCAH, COLAI, CoLAT and the Secretary of State for Education entering into a deed of novation and variation in respect of existing funding agreements or entering into new Supplemental Funding Agreements for TCAH and COLAI;
 - A TUPE transfer of staff to CoLAT;
 - Transfer agreements between the parties in respect of assets and liabilities;
 - CoLAT and other relevant parties entering into land agreements so that the schools can continue to operate from their current sites
14. The existing TCAH and CoLAI companies will then be dissolved. Existing company members and Directors'/Trustees'/Governors' roles within those companies will then cease. The extent to which those individuals will continue to have a role within CoLAT will need to be considered, and will be a matter for agreement. As noted above, the extent to which the previous co-sponsors, KPMG and City University, will have an involvement in the governance of the schools they previously co-sponsored or otherwise in the governance of CoLAT will also need to be agreed with the co-sponsors in advance of any transfer. Changes may be required to CoLAT's governance, or otherwise formally agreed separately between the parties.
15. Due to the specialist nature of the arrangements external professional advice is likely to be required. Consistent with the previous approach adopted in reviewing academy trust governance, it is likely to be prudent for the CoLC as sponsor of CoLAT, and co-sponsor of TCAH and COLAI, to lead in obtaining such advice and for us to share it with other parties in a collaborative way. To the extent that any conflict or potential conflict arises, parties could then take separate advice. The CoLC will wish to ensure that the CoLC's interests and educational vision are protected, and specifically that its influence as sole sponsor of CoLAT is not eroded

in putting in place arrangements for the on-going support of KPMG to TCAH and City University to COLAI.

Conclusion

16. TCAH and COLAI are the only two of ten academies sponsored by the CoLC which are not within CoLAT. By joining CoLAT the benefits provided by the existing co-sponsors could be retained for each school, while also gaining the economies of scale, support and expertise CoLAT offers. From the CoLC's perspective, as sponsor, these academies will be better managed and supported by operating within CoLAT. It is recommended that the CoLC give its formal approval to the proposal to enable the three academy trust companies to progress the discussions/negotiations for the transfers, with the aim that arrangements will be in place by September 2020, the beginning of the next academic year.

Appendices

- Appendix 1 – COLAI Due Diligence Report (non-public)
- Appendix 2 – TCAH Due Diligence Report (non-public)
- Appendix 3 – CoLC sponsored secondary academies - academic results 2019

Gerald Mehrtens

Director of Academy Development,
Department of Community and Children's Services
T: 020 7332 xxxx
E: gerald.mehrtens@cityoflondon.gov.uk