

<b>Committee(s)</b>	<b>Dated:</b>
Education Board	15 October 2015
<b>Subject:</b> Governance of City academies	<b>Public</b>
<b>Report of:</b> Director of Community and Children's Services	<b>For Decision</b>

### Summary

This report outlines a proposal to form a Multi-Academy Trust (MAT) in order to support the City of London Corporation Education Strategy. A MAT is a company limited by guarantee with charitable education purposes. As an 'exempt' charity, a MAT is not registered with the Charity Commission but it nevertheless must comply with charity law and its company directors are charity trustees, with the associated fiduciary duties to take unfettered decisions in the best interests of the charity (i.e. the MAT) and its beneficiaries. The MAT (and its directors/trustees) is contractually accountable in law (under the funding agreement between the MAT and the Secretary of State) to the Secretary of State for Education for the educational standards of the academies that are run by the MAT. In addition, however, the Department for Education (DfE) will expect a sponsor to answer for the education standards in the academies that it sponsors. The City of London Corporation (the City Corporation) will therefore be held accountable for the performance of its sponsored/co-sponsored academies through the control it has over the composition of the membership and the Board of trustees of the MAT.

The City Corporation will be expected to use its role, as far as it can, to ensure that clear governance and accountability structures are established by the MAT. A useful schedule of evaluation criteria has been published by DfE, through the office of the School Commissioner, in a document outlining a framework of processes Academy Trust trustees should use to protect the quality of provision in Academy Trusts (Appendix 1). These criteria are therefore directly relevant for the City Corporation to use when evaluating the performance of 'its' MAT and the academies run by the MAT. This responsibility is currently delegated to the Education Board.

It is proposed that the Education Board may best discharge its responsibilities by: establishing a clear and shared vision for all of its schools, through the City of London Corporation Education Strategy; and establishing a framework for the proper oversight of a MAT to ensure the leadership and governance of each MAT academy supports the sponsor's vision for, and commitment to, its academies as defined in the agreed Education Strategy.

It is inevitable that a judicious expansion of the City Corporation's academies will be required. This is because there is a strategic need to provide for further school places in London and existing providers of good schools are expected to help. In addition there is also an expectation that 'outstanding' schools will be

supporting other schools in their geographical location. By scaling up and re-defining of the existing MAT (City of London Academies [Southwark]) it will be able to provide the central support, accountability and leadership necessary to ensure that the City Corporation discharges its responsibilities as sole academy sponsor effectively and further ensures that the quality of education offered across its schools and academies is strengthened.

A proposed schedule of delegation (Appendix 2) would ensure that governing body autonomy is retained by the MAT academies, as far as possible, and balanced with the requirements for the MAT's accountability, probity, and standards as well as both national and local policy compliance, while embedding sufficient oversight by the sponsor.

It is important to note that expanding the number of City Corporation sponsored academies would have strategic implications, such as the need for: a MAT Chief Executive Officer to lead (with the MAT Board of trustees) the MAT; additional central support services; increased demand for engagement with the City Corporation's broader educational offer; a need for additional governors; and additional funding allocations.

It is proposed that the executive function of the MAT would be funded through top slicing. Typically this would be of the order of 2%, but the exact amount and any potential phasing of payments would be decided upon by the trustees once the revised MAT Articles and arrangements are formally adopted. This funding would support the strategic leadership of the MAT. This would include: reporting to the Education Board; liaising with the Education Funding Agency; supporting school improvement, performance, accountability, procurement, audit, human resources, communication, and legal services; the initial assessment of expansion proposals, MAT policy development, and the maintenance of the MATs relationships with external stakeholders.

### **Recommendation(s)**

Members are asked to endorse the proposal to:

- i. establish a clear and shared vision for all of the City Corporation's schools, including the MAT sole sponsored academies. The existing Education Strategy took a first step in this direction and the proposed MAT structure and arrangements would support this vision;
- ii. establish a MAT that - reports to the Education Board, provides the leadership and governance of MAT academies, ensures that the statutory duties of the MAT and its academies are fulfilled, and appoints governors to the local governing bodies of the academies in the MAT; and
- iii. support the development of a MAT to provide coherence, stability, and the impetus for continuous improvement in sole sponsored City academies.

## **Main Report**

### **Background**

1. As an academy sponsor the City Corporation will be held publicly (if not legally) accountable to DfE for the performance of its sponsored/co-sponsored academies. In turn it will be held responsible for ensuring clear governance and accountability structures are established within the MAT. This responsibility is clearly outlined by DfE, through the office of the School Commissioner, in a document that sets out a framework of processes trustees (and, by association, academy sponsors) should use to protect the quality of provision in Academy Trusts (Appendix 1).
2. The City Corporation is accountable in its role as an academy sponsor through the Court of Common Council, which delegates this responsibility to the Education Board.
3. A MAT is a single legal entity, being a company limited by guarantee and an exempt charity that receives funding directly from the government to run a number of academy schools.

### **Current Position**

4. The City Corporation currently sponsors/co-sponsors three secondary academies, one primary academy, and has been approved to progress to the 'Pre-opening Phase' for two new primary academies.
5. The current governance structure for the City Corporation's academies (available as Appendix 3) has evolved as the City Corporation has taken on additional schools. The current structure lacks coherence and effective lines of governance, accountability and control.

### **Proposal**

6. It is proposed that the Education Board may best discharge its responsibilities by:
  - a) establishing a clear and shared vision for its schools and MAT academies;  
and
  - b) scaling up the existing MAT (City of London Academies [Southwark]), so that the revised MAT can properly lead and govern each sole sponsored academy, and ensure that there is a proper a framework for oversight by the City Corporation through the Education Board. The Education Board would monitor progress against the following responsibilities which would be fulfilled by the MAT:
    - i. Providing the challenge, accountability, and support functions, reporting back the Education Board.

- ii. Ensuring that all MAT academies are outstanding, or on a time limited path to outstanding.
- iii. Holding the Master Funding Agreement, and a related Supplemental Funding Agreement for each academy, with the Secretary of State so that it can secure and allocate funding to the MAT academies, ensuring that all operate to the highest standards of probity and value for money.
- iv. Providing additional central support services.
- v. To support partnership working with the other City Corporation schools.
- vi. Provide advice on the recruitment and on-going training of governors for MAT academies.
- vii. Initiating, co-ordinating and managing relationships between academies in the MAT, and facilitating partnership opportunities with the other City Corporation schools.
- viii. Undertaking due diligence should the City Corporation decide to expand its sponsorship of academies.

#### City of London Corporation Multi-Academy Trust Vision

7. The City Corporation MAT is committed to:

- i. Promoting the City of London Corporation Education Strategy, which will provide all the young people that the City Corporation serves with 'world class' learning experiences, utilising its unique business, cultural, and historical resources.
- ii. Ensuring that all learners achieve outstanding educational outcomes, with MAT academies graded as outstanding within 3 years of joining the MAT.
- iii. Addressing educational under performance through partnerships between MAT academies and through outward facing partnerships with other boroughs, schools, and community stakeholders.

#### The City Corporation academies Core Principles – 'The Foundations of Excellence'

8. The City Corporation's academies are founded on the common principles of educational excellence that characterise world leading educational organisations. MAT academies would uphold these principles, namely:

1.	<i>High expectation leadership</i>	Dynamic and skilled leadership from school leaders and governors founded in the core belief that all children can succeed.
2.	<i>Exemplary behaviour</i>	Behaviour for learning based on a set of defined core values that promote respect, tolerance, probity, curiosity, resilience, creativity, and independence.
3.	<i>Outstanding creative teaching</i>	Highly skilled teaching that inspires, engages, supports, and challenges learners whatever their starting point.

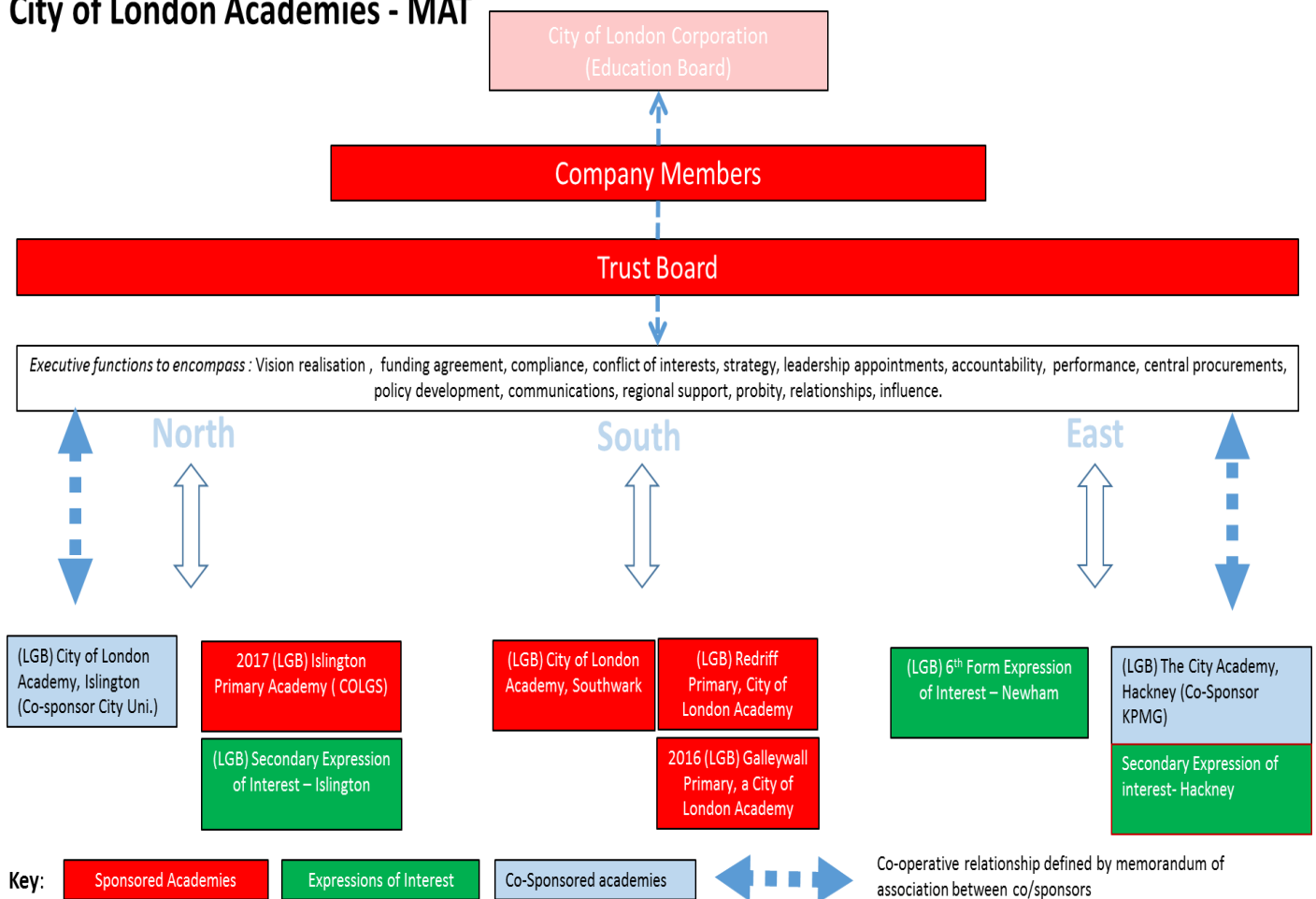
4.	<i>Assessment that informs intervention</i>	Target setting and assessments systems that set challenging targets, and provides data that supports intervention if that progress is not being made.
5.	<i>A challenging curriculum</i>	A formal curriculum that matches the high expectations of progress providing a range of high status qualifications for each learner. A rich informal curriculum that supports the wider development of each learner through personal, sporting, creative, and employer related experiences.

### Structure and Governance

9. A MAT is a single trust which is responsible for a number of academies. The governance function is carried out by the trustees, with a smaller group of company members who have the power under company law to amend the trust's articles of association and to remove trustees and under the articles of association to appoint trustees. The trustees are responsible for the same three core governance functions performed by the governing body in a maintained school (setting the direction, holding the Headteacher/Principal/Executive Principal – and in a MAT, the CEO – to account, and ensuring financial probity). As charity trustees, they must also ensure they comply with charity law requirements.
10. Academy trusts are charitable companies and the trustees are company directors and must, therefore, comply with company law requirements. The most effective governance models recognise that the company members can use their powers to hold the trustees to account. Some separation between those serving as trustees and those serving as members is, therefore, desirable for achieving robust accountability. But there can also be a degree of overlap. The directors/trustees have the power to delegate the day to day governance of each academy to a sub-committee of the Board usually known as “a local governing body [LGB]”. The trustees have ultimate responsibility for all that the MAT does but it is usual for trustees in a MAT to delegate governance functions to varying degrees, according to the Trustees’ policy, to the local level.
11. The structure and governance proposal has been formulated after receiving expert legal advice, is consistent with DfE expectations, and is formulated in the pursuance of the Education Strategy’s objectives.
12. The existing MAT (City of London Academies [Southwark]) would ‘scale up’ to become the MAT for all of the City Corporation’s sole sponsored academies.
13. It is proposed that the City Corporation would have the right to appoint company members, who would be Common Councilmen. The company members would be appointed by the City Corporation as sponsor following an appropriate appointment process. It is proposed that the articles of association would permit those members to admit other members, which would be consistent with the DfE’s model articles. It is also proposed that the MAT board would be appointed by the City Corporation as sponsor.

14. MAT Trustees would hold the executive officers to account for the performance of the MAT, but they in turn would be accountable to the members of the trust, who would generally have a 'hands-off' role.
15. The MAT would be responsible for all of the City Corporation's sole sponsored academies, including those that are currently part of the existing MAT. The City of London will maintain its oversight of the MAT through its rights of appointment of company members and the majority of Directors/Trustees. In addition, the City Corporation may nominate governors for appointment by the trustees to the local governing bodies. The make-up of the local governing bodies will be a matter for the MAT Board (having regard to any government requirements e.g. inclusion of parent governors) which is yet to be determined.
16. Executive functions of the MAT would be led by the Chief Executive Officer, who would be accountable to the MAT trustees.
17. The initial structure of the MAT would resemble the diagram below (schools in green are merely expressions of interest at this stage, while the schools in blue are the co-sponsored academies and the dotted blue arrows therefore represent the partnership relationships that exist and do not denote a formal governance arrangement).

## City of London Academies - MAT



## Delegation of Authority

18. Trustees can decide to delegate all governance functions (usually within appropriate financial limits) to academies in the chain that are performing well and only a few to those academies that need greater support. A proposed schedule detailing the function and authority at each level is attached as Appendix 2. This provides substantial school governing body autonomy, with lines of accountability to the MAT to ensure adherence to the overall educational vision, mechanisms to deliver excellent student outcomes, and financial probity. These delegations can always be withdrawn in appropriate circumstances and it is proposed that such provision is included in the MAT governing documents.
19. It is vital that a MAT strikes the correct balance to ensure academies are able to exercise autonomy in their day-to-day operations, in the interests of their local communities, whilst ensuring there is proper accountability and support of the overall education strategy.

## Regional Clusters

20. As the City Corporation has established academies in three London boroughs, namely: Islington, Southwark, and Hackney, setting up regional clusters would enable the City Corporation to focus on strengthening its commitment as a sponsor of existing academies, establish effective local governance structures, share resources within the geographical area creating a sustainable chain of City Corporation academies, and develop local partnership opportunities within the surrounding community. As they are both co-sponsored, the City Academy, Hackney and City of London Academy, Islington are standalone academies. The existing memoranda of understanding between the co-sponsors will be revised and maintained to continue to provide clarity as to the co-sponsors relationships and expectations.
21. All of the City Corporation's schools, including the three independent schools, come together once a term at the City Headteachers' Forum. Strong regional relationships have already been developed and it is intended that this grouping may take on a more formal role as a Heads Advisory Board.

## Funding and Resources

23. The executive function of the MAT would be funded through top slicing. Typically this would be of the order of 2%, but the exact amount and any potential phasing of payments following the establishment of the revised MAT would be decided upon by the MAT trustees/directors.

## Time Frame

22. It is proposed that these changes are made as soon as possible as they will provide effective lines of governance, accountability and control for the academies concerned. It is particularly important that this coherence is achieved prior to the opening phase of the new free schools. As the existing MAT is already in place, the proposed changes would be procedurally reasonably

straightforward to transition to a body which would encompass all the City's sole sponsored academies. If the proposal is approved, and is subsequently adopted, then the legal advice is that a start date for the re-convened MAT board could be as early as January 2016. While it is possible that a permanent Chief Executive could be in place by April 2016 and it is recommended that an interim appointment be made from the transition date.

## **Corporate & Strategic Implications**

23. As Members consider the revised governance structure for City Corporation's sole sponsored academies it is important to note that their adoption will also effectively support the expansion of City Corporation's sole sponsored academies offer which would have strategic implications, such as the need for: an MAT Chief Executive Officer to lead (with the MAT Board of trustees) the MAT; additional central support services; increased demand for engagement with the City Corporation's broader educational offer; a need for additional governors; and additional funding allocations.

## **Conclusion**

24. City Corporation is accountable for the performance of its sponsored/co-sponsored academies and the revised MAT arrangements will ensure clear governance and accountability structures are in place. It is recommended that Members endorse the proposal to establish a clear and shared vision for all of its schools, in this case, for its sole sponsored academies, by establishing one MAT that: reports to the Education Board; effectively delivers accountable leadership and governance of MAT academies; ensures that the statutory duties of the MAT and its academies are fulfilled. This will support the development of a MAT to provide coherence, stability, and the impetus for continuous improvement in sole sponsored City academies. The MAT will report to the Education Board which will retain oversight of the City Corporation's academies offer.

## **Appendices**

- Appendix 1 – Academy Trusts: internal evaluation criteria
- Appendix 2 – Schedule of delegation
- Appendix 3 – Current Governance Structure for City Corporation academies

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