
Subject: The Mayor's Academies
Report No: Public Item 2.5
Meeting date: 16 September 2009
Report to: LDA Board
Report of: Sarah Ebanja Deputy Chief Executive and Group
Director Jobs Skills and Youth
Key Theme: Sustained Employment

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Confidentiality Status: This document will not be treated as confidential.

1. Purpose

- 1.1. This report concerns the governance arrangements that are required to enable the LDA to pursue its responsibilities with regard to the Mayor's Academies programme and in so doing fulfil the requirements of the Mayoral Direction.
- 1.2. The governance arrangements relate to the creation of an over-arching Trust, that is an incorporated body and a charity, which will act as the vehicle to identify and to enable the LDA to take a formal sponsorship role in up to 10 academies.

2. Recommendations

The Board is asked to:

- 2.1. **Note** the contents of the report and in particular the necessity for the LDA to establish an over-arching Trust, ("the Sponsoring Trust"), that is an incorporated body and a charity so that it is able to fulfil the requirements of the Mayoral Direction.
- 2.2. **Agree**, as the creators of the Sponsoring Trust, the key clauses in its Memorandum and Articles of Association ("the Articles"), as set out in Appendix 1, in relation to:
 - i) The Name;
 - ii) The Objects;
 - iii) The Members; and
 - iv) The category of Trustee; the quantum for each category; and who nominates
- 2.3. Subject to paragraph 2.2 above, **Agree** to delegate to the Chief Executive the approval of the Articles and the incorporation and registration of the Sponsoring Trust;

2.4. **Agree** that the LDA be a corporate Member of the Sponsoring Trust and, if they so wish, to nominate the LDA's Nominated Trustee(s).

3. Summary

3.1. The purpose of this paper is to inform the Board about, and to seek their approval to, the proposed governance structure for the Sponsoring Trust that, on behalf of the Mayor and LDA, will be responsible for progressing the Mayor's Academies programme.

3.2. The establishment of a Sponsoring Trust, provides a vehicle for the LDA to deliver the Mayor's Academies Programme in accordance with the Mayoral Direction dated 21st July 2009.

3.3. This body will be accountable to the LDA for the overall performance of the Mayor's Academies programme and the performance of LDA investment made in each specific academy through the Sponsoring Trust. In fulfilling its role it will in essence:

- i) act as the guardian of the values, ethos and principles for the whole Mayor's Academies programme;
- ii) identify potential Academy opportunities and potential co-sponsors partners who are core education providers;
- iii) as and when the partnership secures an individual academy to agree and put in place with the co-sponsor the appropriate Academy Trust arrangements that will be responsible for the academy:
- iv) facilitate an increase in the engagement and involvement of employers, their associations, related skills councils etc in the Mayor's Academies programme:
- v) facilitate and make available to each academy access to key research, knowledge, information and opportunities - including facilitate connectivity between each of the Mayor's Academies - for their individual and collective gain;

3.4. The Sponsoring Trust will invest in the specific Academy Trust, as appropriate, by securing investment of up to £8,000,000 to be made available by the LDA

3.5. The recommendations for approval, as set out in section 2 above of this report, concern proposals for the name of the Sponsorship Trust, its objects, Members, number of Trustees and the names of LDA Board members, or other representatives to act as Trustees.

4. Background

4.1. In autumn 2008, the Mayor announced his intention to support the development of up to 10 Academies in London and asked the LDA to develop proposals to take this forward.

- 4.2. At its meeting on the 9th October 2008, the Board considered a report on proposals for the LDA's investment in London's Young People. This report set the context and background to the LDA's role and involvement in interventions that target support at London's young people, and outlined the proposed plans to shape the LDA's future investments in young Londoners aged 9 to 24 years. This was further referred to at the Investment Committee meeting in November 2008.

In essence, the context for the LDA's role in London's young people is its responsibility to improve London's economic performance by, inter alia, increasing young Londoners positive participation in the economy through increasing their abilities to access, secure and sustain employment and enterprise opportunities.

- 4.3. Academies are part of the LDA's wider Youth Programme and will play a significant part in improving outcomes for young people. The involvement of the LDA as a major sponsor or significant influencer in the government's high profile Academies programme will be the first time that such a role has been undertaken by a Regional Development Agency ("RDA"). The LDA, as London's RDA and also being accountable to the Mayor, provides a unique opportunity to connect the potential of the Government's Academies programme with London's economic growth and performance and the Mayor's wider agenda of ensuring that London is a world class city in all its guises. This is through working in close collaboration with the Mayor's other functional bodies and key stakeholders, in particular, London Skills & Employment Board (LSEB)..
- 4.4. Following discussions with the Department for Children, Schools and Families ("DCSF") and interested local authorities, and with the support of experts seconded in to help develop this programme, a business case seeking LDA investment for the Mayor's Academies was taken to the LDA Board in May 2009 for approval. The LDA Board did not approve the business case at its meeting and requested further information and direction from the Mayor.
- 4.5. The Academies Mayoral Direction (MD 379) was issued on 21 July 2009 and requires the LDA, in partnership with core educational providers, to take all necessary steps to deliver the Mayor's Academies Programme. This is to include the establishment of a charitable Trust that will act as the vehicle for its sponsorship of academies; and for the LDA to contribute up to £8,000,000 to fund the Mayor's Academies and seek further funding from a range of partners and sources that are committed to delivering the objectives of the Mayor's Academies Programme.
- This report enables us to progress the requirements of the Direction.
- 4.6. A report for information was taken to the 27th August Investment Committee which noted the terms of the Mayoral Direction and had as

an appendix a revised Gateway B business case for the Mayor's Academies Programme. The project narrative from that Investment Committee report is attached as Appendix 2 which highlights the ethos and principles for the Mayor's Academies.

5. Governance

- 5.1. The DCSF requires an academy to be incorporated as a charitable company limited by guarantee ("Academy Trust"). Standard Articles for an Academy Trust are provided by the DCSF and any variation in the Standard Articles requires the approval of the Secretary of State for Children, Schools and Families ("Secretary of State").
- 5.2. The Standard Articles make provision for preventing local authority influenced company status for the purpose of Part V of the Local Government and Housing Act 1989 ("the 1989 Act"). Section 67 of the 1989 Act (as amended by Section 393 of the Greater London Authority Act 1999) provides that the LDA, as a functional body of the Greater London Authority, is treated as a local authority when it has an interest in a company.
- 5.3. In order to avoid an Academy Trust falling foul of this restriction and to enable us to progress our involvement in Academies, it is necessary that the LDA establish an over-arching body, the Sponsoring Trust, which will act as a vehicle for the LDA's support to Academies.
- 5.4. Once an academy project is identified and approval gained from the Secretary of State to progress, it will by the virtue of the legislation, be necessary to establish a specific Academy Trust with the sponsors (ie, LDA and core education provider) and the Secretary of State. This Trust will also act as the governing body for the academy with additional representation from the Local Authority, parents, staff and student council, and others as the Academy Trust deem appropriate for their specific school.
- 5.5. It is this specific Academy Trust that will be responsible for the policies, strategies and day to day running of the new Academy and be accountable and responsible for the overall performance improvement.
- 5.6. The ambitions of the Mayor's Academies programme is to have up to 10 academies. To achieve this could require up to 10 Academy Trusts to be established by the Sponsoring Trust along with the core education provider ie co-sponsor of each academy. In the event that the Sponsoring Trust co-sponsors with the same core education provider on two academies or more then it may be appropriate for the two parties to establish one Academy Trust that serves each of the schools. Such an approach is applied by existing multi-sponsors of

academies and the DCSF has been informed that this approach will be considered for the Mayor's Academies programme.

- 5.7. The above approach will enable the Sponsoring Trust and the academies co-sponsor to respond to the particular circumstances and to take account of the net benefits of providing shared services, managing a number of separate legal entities and the complexities of public procurement regulations..
- 5.8. This report recommends seeking Board approval to the key clauses for the Articles of the Sponsoring Trust are set out in Appendix 1. They comprise:
- i) The Name
 - ii) The Objects;
 - iii) The Members; and
 - iv) The Trustees.

Name of the Sponsoring Trust.

- 5.9. A number of names have been considered for the Sponsoring Trust including the Mayor's Education Trust and the Mayor's Skills Trust. The "Mayor's Academies Trust" is proposed. .

Objects of the Sponsoring Trust

- 5.10. The objects of the Sponsoring Trust have to be acceptable to the Charity Commissioners. The "advancement of education for the public benefit" is an acceptable charitable purpose. This has been contextualised to reflect the LDA's purpose and powers in relation to developing skills.
- 5.11. It is therefore recommended that the objects of the Sponsoring Trust are *"to advance for the public benefit, the education of children, young people and adults resident in Greater London, in particular, but not exclusively, with regard to vocational education and the development of skills for employability. "*

Members & Trustees of the Sponsoring Trust

- 5.12. Although it would be possible to draft Articles where the Trustees are the Members this would not reflect the corporate involvement of the LDA Board. As a corporate member, the LDA would have a position of influence over the direction of the Sponsoring Trust and would act as the guardian of its core purpose and values.
- 5.13. It is proposed that the Sponsoring Trust has a minimum of three members / trustees and that the Mayor acts as Patron. (Noting that this is similar to the arrangements agreed for the Mayor's Fund for London).

5.14. In order to ensure that there is an appropriate mix of skills and challenge on the Board of the Sponsoring Trust, Appendix 1 sets out proposals for three categories of Trustees, namely:

- i) Nominated Trustees;
- ii) Independent Trustees; and
- iii) Co-opted Trustees.

5.15. The number of Trustees in each category, and the categories themselves, is a decision for the members ie the LDA Board and the Mayor. However, it is recommended that the number of Trustees is kept small.

Articles for the Sponsoring Trust

5.16. The Articles for the Sponsoring Trust are currently being drafted and will incorporate decisions taken by the Board in relation to Appendix 3. In order to minimise the delay in establishing the Sponsoring Trust the Board is asked to agree to delegate approval of the final draft and all other matters regarding incorporation and charity registration, to the Chief Executive.

6. The LDA's investment

6.1. At its meeting of the 22nd July 2009, the Board sought more information concerning the management of the LDA's investment in the Mayor's Academies programme. We have interpreted this to mean that the Board requires a better understanding of:

- i) how the LDA's contribution of up to £8,000,000 to fund the programme will be applied; and
- ii) the management arrangements within the LDA for the programme.

6.2. At the time of writing there is not a definitive response as to how the LDA's contribution of up to £8,000,000 will be applied as in part it is informed by requirements that the DCSF might seek to be fulfilled. Furthermore, the circumstances that led to officer's recommending, in October 2008, the potential £8,000,000 investment in Academies has since changed in so far as the Government has recently announced its intention to phase out the requirement for contributions of up to £2,000,000 from specified parties to be sponsors of academies. Notwithstanding this, it is pertinent to note that:

- i) It is assumed that up to £1,000,000 of the £8,000,000 should be set-aside towards the estimated 5 year core costs of the Sponsoring Trust. This £1,000,000 includes latest estimated budget to be incurred in the current year, 2009/10, of

£400,000. The core costs are intended to cover legal, staffing & specialist consultancy, accommodation, communication & marketing, and other typical costs associated with running a small charity. The current estimated profile of how the £1,000,000 towards core costs will be incurred is: 2009/10 up to £400,000; 2010/11 up to £225,000; 2011/12 £150,000; 2012/13 £125,000; 2012/13 £100,000.

- ii) It is intended that up to £7,000,000 of the remaining budget is earmarked by the LDA specifically for up to 10 Mayor's Academies;
- iii) How this will be applied across the Academies depends on several factors including the requirements that the DCSF might seek by way of sponsorship, particularly in light of the recent announcement by the Secretary of State;
- iv) The nature of any financial investment is a matter that can only be determined at the time a specific potential academy is identified and the matter progressed with DCSF and the co-sponsor who will also be required to invest;
- v) It is assumed that the allocation of up to £7,000,000 to the Mayor's Academies will be determined by the awards from this fund, by the LDA, to the Academy Trust at the request of the Sponsoring Trust;
- vi) The actual application of up to £7,000,000 of awards by the LDA for up to 10 academies will be determined by each recipient Academy Trust and accord with the outline in the original award application. Such an approach recognises that the requirements of each Academy Trust will be informed by the particular issues pertinent to the proposed Academy and its students.

6.3. With regards to management arrangements, the LDA's work to date on the programme has been progressed by a specialist development team, the Academies Programme Unit, within the Job, Skills & Youth division. The work of this unit will be progressed by the Sponsoring Trust when it is established and the LDA's role will focus on having a strategic role on the board of the new body and in its contract management.

6.4. It is expected that the strategic role on the board will include, as an adviser, an LDA executive being the new Director of Youth & Volunteering and/or the Director of Skills.

- 6.5. Contract management, i.e. the overall performance of the Sponsoring Trust, will be the responsibility of the relevant Director of Contract Management
- 6.6. Decisions on choices between which academies to sponsor, where they are located and which core education provider to co-sponsor with, will be the responsibility of the Sponsoring Trust. These decisions will be made within the context of the Sponsoring Trusts' values, ethos and principles which will reflect those required by the LDA and Mayor for the Mayor's Academies programme.
- 6.7. In pursuing the establishment of the Sponsoring Trust it is intended that the LDA Board's nominated trustee(s) and the Mayor's lead adviser consider and identify key guiding principles that will ensure compatibility with the LDA and the Mayor's vision.

7. Programme & Project Approval

- 7.1. This project requires the consent of the Secretary of State (via the Central Projects Review Group 'CPRG') due to the novel and contentious nature of this project. We are currently awaiting approval.

Project approval	Date
Mayoral Direction	21 st July 2009
Board	22 nd July 2009
Investment Programme Board (for Information)	10 th August 2009
Investment Committee (for Information)	27 th August 2009
Board (for Sponsoring Trust)	16 th Sept 2009
Mayoral approval (if required)	N/A
CPRG/Treasury approval (if required)	TBA

8. Consultation & Communication

- 8.1. This paper has been developed in consultation with the Mayor's Advisor on Health and Youth Opportunities. Extensive discussions have taken place with the DCSF at senior official and Ministerial level involving the Mayor and senior LDA officers. Early discussions have also been undertaken in a number of London boroughs in relation to possible Academy projects. At this stage no wider public or stakeholder consultation has been undertaken since this would pre-empt the formal consultation process that will need to be followed if the DCSF, the Mayor/LDA and the relevant Local Authorities (LAs) agree to advance the first Academy projects.
- 8.2. A communication plan, which will include a Prospectus for the Mayor's Academies that will set out the Mayor's vision in more detail, is in preparation.

Mayoral Advice & Direction

- 8.3. The Academies Mayoral Direction (MD 379) was issued on 21 July 2009 (Appendix 1) and requires the LDA, in partnership with core educational providers to take all necessary steps to deliver the Mayor's Academies programme. This is to include the establishment of a charitable Trust that will act as the vehicle for its sponsorship of Academies; and for the LDA to contribute up to £8,000,000 to fund the Mayor's Academies and seek further funding from a range of partners and sources that are committed to delivering the objectives of the Mayor's Academies Programme.

9. Equality, Sustainability, Health and Community Safety implications

- 9.1. The Mayor's Academies programme has been initially assessed as having a very high positive impact on equality, sustainability, health and community safety. The Mayor's vision and the "three part offer" are linked to raising levels of attainment for Academy students, building up skill levels in adults including parents and placing all Academy leavers either in further or higher education or training or otherwise in a job likely to lead to a career.

10. Implications for Our People

- 10.1. There are no post losses or transfers proposed with this programme. A specialist Academies Programme Unit ("APU") has been established and is budgeted to be staffed on an interim basis up to 2 FTE.
- 10.2. Once established, the Sponsoring Trust will be a separate legal entity and will employ its own staff. It will receive significant funding directly from the DCSF to project manage each academy in development. It will be for the Trust to decide whether it wishes to retain the staff that are currently working in the APU, employ its own staff and/or procure services from third parties.
- 10.3. There are no implications at this stage which impact on compliance with employment or discrimination law other than to note that the programme is explicitly targeted at combating inequalities and disadvantages at every stage and if successful should prove a major engine of regeneration and community enhancement.

11. Risks

- 11.1. The table below gives a highlight of the main risks relating to the report's contents..

Risk	Level (1-5)	Action Plan	Action Owner
1. The Sponsoring Trust, as a separate incorporated body, is not effective in consistently	4 - 2	1. ensuring that the Sponsoring Trust's trustees are of the right calibre, have the required skill mix, and are able to give	LDA

fulfilling its role and as such does not fulfil the expectations of the Mayor's Academies programme		sufficient time in the early stages 2. as above for the Sponsoring Trust's lead officer plus ensuring good understanding and close ties with the LDA.	
2. Not achieving and sustaining excellent relationships and working behaviours with the core education providers, who will be co-sponsors and will be members of equal standing on each specific Academy Trust,	4 - 2	1. partnership agreement clarify roles and responsibilities, ways of working and behaviours 2. clarity on decision making processes and involvement of respective parent bodies eg Sponsoring Trust, education provider 3. ensuring sufficient resources to enable success in as efficient and effective way as possible.	LDA / Sponsoring Trust
3. Identifying and progressing 10 academy projects within the programme timeframe given the increasing interventions open to failing schools and government's proposed new requirement for accredited schools groups	3 - 3	1. Development of engagement strategy with potential LAs and sponsors 2. Close liaison with Office of the Schools Commissioner ("OSC")	LDA / Sponsoring Trust

12. Financial implications

12.1. Total budget by financial year

In line with its business planning, and in accordance with the Mayoral Direction, the LDA will contribute up to £8,000,000 towards the Mayor's Academies Programme. An indicative profile, as identified in the May Board report, is outlined in the table below. This is funded from the LDA's Youth programme and assumes that the full £8,000,000 will be set-aside for this programme.

	2009/10	2010/11	2011/12	Future Years	Total
Expenditure					
Revenue	400,000	1,118,000	2,533,000	3,949,000	8,000,000
Income					
Revenue	0	0	0	0	0
Net total	400,000	1,118,000	2,533,000	3,949,000	8,000,000

12.2. Spend in 2009/10 is part of the project's core costs and includes, legal fees, staffing costs, marketing and publications costs. This 2009/10 spend relates to the estimated up to £1,000,000 over 5 years core costs (See paragraph 6.2 above)

13. Comments of the Director of Corporate Finance

13.1. The budget for 2009/10 has been approved by the Board in May 2009 whereas the budgets for 2010/11 onwards are indicative.

14. Comments of the Director of Law & Governance

14.1. Legal have worked closely with the project team in developing the proposed structure to ensure that it remains within the powers of the LDA. Legal will continue to work with the project team in support of the development of the memorandum and articles in establishing, incorporating and registering the Sponsoring Trust.

15. Appendices

- Appendix 1 – Summary of proposed clauses for the Articles
- Appendix 2 – Project Narrative, Investment Committee, Item 4.3, 27th August 2009
- Appendix 3 - Governance structure

16. Background documents

- None

Report approval checklist

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This checklist must be completed for all reports to the Board, GMT Committees and Advisory Groups.
Please click on the relevant box to select it.

	Yes	No
Approved by relevant Director of Finance or nominee (please state): David Willis head of Finance	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Approved by Director of Law and Governance or nominee (please state): Debbie Adams	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Approved by Group Director (please state): Sarah Ebanja, Group Director Jobs Skills and Youth	<input checked="" type="checkbox"/>	<input type="checkbox"/>