

**LEADER****DATE:** 9 OCTOBER 2013**LEAD OFFICER:** ANN CHARLTON, HEAD OF LEGAL & DEMOCRATIC SERVICES**SUBJECT:** SURREY EDUCATIONAL TRUST**SUMMARY OF ISSUE:**

In February 2013, the Council received a dividend of £559,000 from Babcock 4S Ltd for the financial year 2011/12. A decision is required as to whether the Council wishes to allocate any of this dividend to the Surrey Educational Trust.

**RECOMMENDATION:**

It is recommended that the Council grants £250,000 of the 2011/12 dividend received from the joint venture Babcock 4S to the Surrey Educational Trust.

**REASON FOR RECOMMENDATIONS:**

Providing funding to the Surrey Educational Trust will enable the Trust to continue to fund educational projects across the County, supporting schools and organisations for the benefit of children, young people and learners from Surrey aged 4 years up to 25.

**DETAILS:**

1. On 1 April 2004, Surrey County Council and VT Education and Skills Limited formed a joint venture company (VT Four S Limited, now Babcock 4S) for the delivery of educational services to the local authority, Surrey schools and beyond.
2. As part of this new approach, the opportunity existed to develop an Educational Trust to benefit from a proportion of the earnings generated by the joint venture to support projects of an educational nature, primarily in Surrey. This would enable resources to be channelled to specific needs in Surrey and enable new approaches to those needs.
3. The Surrey Educational Trust (the Trust) was set up in August 2010 as a company limited by guarantee with trustees appointed as follows:
  - a. Two appointed by Surrey County Council
  - b. One Headteacher from each of the Primary, Secondary and Special phases within Surrey as nominated by the relevant Phase Council
  - c. One Surrey Governor as nominated by the Surrey Governors' Association
  - d. Two appointed by Babcock 4S
  - e. One appointed by the Professional Associations/Trade Unions.
4. The purpose of the Trust is to provide support to Surrey state funded schools, educational projects and organisations for the benefit of children, young people and learners from Surrey aged 4 years up to 25. The Trust offers

funding to projects that will support educational innovation and research, or attainment and achievement for educational excellence.

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5. The Trust invites bids twice a year from Surrey state funded schools, educational projects and organisations and allocates grants to projects across the county in line with the Trust's criteria (outlined in paragraph 4), with a particular focus on those supporting the core themes of leadership development, extending educational opportunity, modern foreign language, English as an additional language or promoting science, technology, engineering and mathematics.
6. Since the creation of the joint venture, the County Council has contributed funding to the Trust each year from its share of the dividend, following the general principle suggested at the time of its creation – that the Trust receives the lesser of £250,000 or 50% of the Surrey share of net distributable profits per year. As a result, following the distribution of the dividend for 2010/11, the funding allocated to the Trust by the County Council totalled £959,670
7. To date the Trustees have awarded grants to a total of 20 projects, equating to £298,693. Therefore the Trust's uncommitted budget now stands at £660,977.
8. There has been a lot of interest in the Surrey Educational Trust, with a large number of schools making contact to discuss possible projects and/or submit bids. It is anticipated that the demand will remain high and further projects meeting the Trust's criteria will be identified during future bidding rounds.
9. In order to remain sustainable longer-term, the Trustees recognise that they need to look at making best use of its current funds and will therefore be looking at investment options at the Trust's next meeting on 8 November 2013. In addition, the County Council's continued support through an allocation from the 2011/12 dividend would ensure that the Trust had adequate funding available to support projects during the next two planned funding rounds in 2014 whilst retaining an appropriate sum to invest.
10. In line with previous allocations, it is recommended that the County Council continue to follow the general principle outlined in paragraph 6 and grants £250,000 of the 2011/12 dividend received from the joint venture Babcock 4S to the Surrey Educational Trust.

#### **CONSULTATION:**

11. Views have been sought from the Strategic Director for Children, Schools and Families and the Cabinet Member for Schools and Learning who are also the County Council's nominated trustees on the Surrey Educational Trust. Both are supportive of the recommendation that a further £250,000 be granted to the Trust.

#### **RISK MANAGEMENT AND IMPLICATIONS:**

12. Awarding this funding to the Trust means that it will transfer to the Trust to allocate to projects meeting their criteria and no longer part of the County Council's finances. There is a risk that if there are not enough projects submitted that meet the Trust's criteria, this money will be surplus to requirements and could have been better used elsewhere. However, given

the interest to date and success of the first two rounds of bids, this is felt to be a minor risk. In addition, the Trust has agreed to look at options for investing some of its budget at its next meeting in November, to ensure the Trust is making best use of its resources and remains viable longer-term.

**Financial and Value for Money Implications**

- 13. If agreed, the Council would grant £250,000 to the Surrey Educational Trust. This would be funded from the £559,000 dividend received from the joint venture Babcock 4S. The Council would retain the remaining £309,000 to be considered as part of the business planning process. In addition, Surrey Schools will also benefit from the money granted to the Trust where they submit successful project bids.

**Section 151 Officer Commentary**

- 14. The shareholder agreement in setting up the Joint Venture required that the Trust be funded from the distributed dividends from the company. The distribution of dividends from Babcock 4S is not a certain annual amount, it depends on the company's performance and also the valuation of its pension's liability. While the £309,000 proposed to be retained by the Council can form part of the budget planning process, it is only for one year and not a certain income stream every year.

**Legal Implications – Monitoring Officer**

- 15. Surrey Educational Trust is a separate legal entity from Surrey County Council and grants made from any funds allocated to the Trust are awarded by its trustees in accordance with the purposes of the Trust. Any funding provided to the Trust cannot be used to deliver any of the Council's statutory duties, but provides complementary support designed to encourage educational innovation and research and attainment and achievement for educational excellence. In determining what proportion of the Babcock dividend should be given to the Trust the Leader will wish to consider the benefits of the Trust's aims and objectives whilst having in mind the risk management implications set out above and the fiduciary duty which applies to any decision making.

**Equalities and Diversity**

- 16. The public sector equality duty is relevant to this decision. In particular giving due regard to the need to advance equality of opportunity for individuals with protected characteristics under the Equality Act , all the projects identified by the Trust will clearly benefit children or young people. Other projects specifically assist children and parents with English as a second language or those with special educational needs and the Trust has also funded research projects to develop excellence in Autism practice across both mainstream and special schools.

**Corporate Parenting/Looked After Children implications**

- 17. No significant implications arising from this report although projects funded by the Trust may help to support the Council's corporate parenting role and

provide additional opportunities to Surrey's looked after young people through local educational projects.

#### **Safeguarding responsibilities for vulnerable children and adults implications**

18. The Trust has previously provided funding for a project submitted by the Local Safeguarding Children's Board, directly helping to meet our safeguarding responsibilities.

#### **Public Health implications**

19. The Trust has previously supported projects that directly link to the objectives of Public Health, for example around promoting healthy eating and cookery in primary schools.

#### **Climate change/carbon emissions implications**

20. The Trust has previously supported a number of projects looking at the environment (e.g. Forest School) and science, with a potential link to educating young people around climate change.

#### **WHAT HAPPENS NEXT:**

- If agreed, the funding will be transferred to the Surrey Educational Trust and Trustees informed. The Trust will then consider its investment options and criteria for awarding funding at its next meeting on 8 November.
- The Surrey Educational Trust will be inviting further bids from schools and organisations from November – January.

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#### **Contact Officer:**

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#### **Consulted:**

Strategic Director for Children, School and Families (also a Trustee of the Trust)

Cabinet Member for Schools and Learning (also a Trustee of the Trust)

#### **Annexes:**

None

#### **Sources/background papers:**

Surrey Educational Trust – List of projects awarded funding to date

Governance arrangements for the Surrey Educational Trust

Criteria for funding from the Surrey Educational Trust

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