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Victoria Robinson  
Chair of Governors  
Durand Academy  
Hackford Road  
London  
SW9 0RD

23 May 2014

PL/May/13/pl

Dear Ms Robinson

As you know, when examining Durand's accounts for 2012/13 that you submitted in December 2013, we identified a number of significant related party transactions. We followed these up by visiting the school on 1 and 2 April. This visit raised a number of concerns – in particular on the contract with PLMR Ltd and between London Horizons and GMG Ltd.

I recognise that arrangements have grown up over many years and have delivered significant benefits for the pupils of Durand. I am also clear that you and the directors of Durand have put these arrangements in place in good faith. However, they are not sufficiently transparent or fully compliant with the latest Academies Financial Handbook. I would like to take this opportunity to thank you, and other Directors and senior managers at Durand, for the positive and constructive way in which you have engaged with us to address the concerns. I am now writing to confirm what we have agreed.

Firstly, on the contract with PLMR Ltd, I recognise that this contract was originally put in place before PLMR were involved in the governing body and that proper processes were put in place to manage conflicts of interest. Nevertheless, the current contract is clearly not sustainable given the requirement in the 2013 Academies Financial Handbook that all related party contracts must be on a not for profit basis. On this basis, we have agreed that the Durand Academy Trust will either end this contract when it expires at the end of August 2014, or, if the Trust determines that there is a continuing need for the service, carry out a full open tender for it. If the contract is retendered, PLMR will do one of the following: not bid; step down from any involvement in the governance of the academy; or bid on a not for profit basis.

Similarly, on the contract between London Horizons and GMG Ltd, I recognise that arrangements are historic and date back to the mid-1990s. Nevertheless, the significant related party transactions, the risk of conflicts of interest and recent changes to the contract – taken together with the tighter regulatory regime that is now in place – mean that they must be reconsidered. In this context, we agreed that the current contract will end and a full tender process be completed by October 2014 at the latest. The present contract will continue to operate until the tender process is concluded, but Durand Academy Trust will be released from the contract immediately. Ending the contract will not result in any termination payment or special payment to GMG Ltd. We have also agreed that GMG Ltd, or any other company that Sir Greg Martin or members of his family are associated with, will not bid as part of the tender process.

Finally, we have agreed that it is important that there is a clear, transparent and easily understood organisational structure and that strong governance is in place. Again, I recognise that the current arrangements have developed incrementally and that they have helped deliver significant revenue for the academy. However, they are now complex and not easily understood. We have agreed that it is time for you to review the structure, including the various bodies involved, to ensure that it meets the needs of the organisation in the future. It is important that the membership of each body is clearly independent from each of the other bodies and that any conflicts of interest are minimised or fully managed. We have agreed that this review will be complete by 30 June 2014. In addition, Ministers have previously asked that at least two new governors with experience of the boarding sector are appointed. I welcome your commitment to hold an extraordinary meeting of the governing body to make these appointments.

I recognise the achievements of the Durand Academy Trust in delivering a high standard of education to its pupils over the years. The boarding proposal is a truly innovative idea and we look forward to continuing to work with you to deliver this exciting project for the benefit of the children of Lambeth. Obviously, this will continue to be subject to the normal checks and approvals as you develop and finalise your plans.

Yours sincerely



**Peter Lauener**

Chief Executive

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