



Keystone Academy Trust

Due Diligence Policy

Contents:

1. Purpose
2. Baseline due diligence investigations
3. Process
4. Stage 1: Cultural Fit
5. Stage 2: Performance and Effectiveness Assessment
6. Stage 3: Acting on the outcomes of the Performance Review
7. Education Performance: attainment and progress
8. Detailed Due Diligence checklist

Due Diligence for Schools / Academies applying to join the MAT and Schools that the DfE have asked the Trust to admit

1. Purpose

This policy is concerned with due diligence: the level of judgement, care, prudence, determination, and activity that the Keystone Academy Trust (KAT) should reasonably be expected to exercise when a School or Academy applies to join the MAT. A due diligence investigation is a reasonable method of uncovering all facts that would be of material interest to the KAT when determining whether to admit another School / Academy. It may or may not uncover all such facts, but it should be done in a manner reasonably calculated to do so. Due diligence is essentially a way of preventing unnecessary harm to either party in the transaction. While it may be true to say that the decision to admit may be governed more by educational or altruistic reasons, the due diligence process is designed to alert the Trust Board to potential risk and to manage the risks that are inherent in admitting additional Schools / Academies.

A proportionate due diligence investigation is an essential stage of new partner approval and partner review. This document sets out the means by which the KAT will conduct due diligence investigations during partner approval and review.

The Chief Executive Officer (CEO) and the Chief Financial Officer (CFO), reporting to the Trust Board, are responsible for ensuring that appropriate levels of assurance have been obtained on all applicants.

2. Baseline due diligence investigations

For all memoranda of co-operation and annexes developed with new partners the KAT will wish to assure itself of the academic standing of the proposed new partner institution, its capacity to contract and to undertake the proposed collaborative activity, and to confirm that the proposed partner institution's mission and objectives are compatible with vision and values.

The scope and depth of the assessment will be proportionate to the risk and value of the proposal recognising the balance to be achieved between seeking assurance and the need to minimise unnecessary burden on delivery partners. Assessments will be designed on a case by case basis with scrutiny and energy targeted towards the pillars where risks are deemed the greatest.

The overarching principle is that, **before** working with any partner, KAT has a **reasonable level of assurance**. Given the wide range and complex nature of our potential partners, it is sensible to recognise that this must be applied on a case by case basis taking account of the context and the risks involved. Therefore, the general presumption is that due diligence is necessary before **all** interventions.

As outlined above, due diligence is based on proportionality. This approach recognises that, for a variety of reasons, either to do with the intervention itself or the proposed partner, a lower level of scrutiny may give sufficient assurance whilst more complex interventions will require more in depth scrutiny.

The scope of our assessments will focus on the potential partner's capacity and capability to deliver our targets for further improvement and on the condition of their estate.

A key outcome of the due diligence framework will, therefore, be improved knowledge and understanding of our partners and the nature and process of gaining assurance. The other area which will typically require risk based judgement is identifying which areas of the assessment merit deeper scrutiny i.e. depending upon the circumstances and/or the prospective partner certain aspects may not require as much in depth scrutiny. In order to confirm this, KAT staff will undertake an investigation, usually based on the information gathered working through stages 1 – 3 as outlined below.

3. Process

The following outlines the KAT due diligence process and criteria in more detail. The process has three stages, the first being for the school and Governors to advise the Trust of their interest in joining the Trust following their detailed scrutiny of the Trust's vision and key principles; this will lead to detailed conversations between the school and the Trust as stages 2 and 3 are worked through.

This process does not exist in order to be selective, but rather to safeguard those schools already within the Trust. It is to make sure that the expertise, resources and support on both sides, the prospective joining school and the Trust, are fully understood and that it is within the capacity of both parties to fully commit. N.B. At this stage there will need to be agreement on the apportionment of costs associated with the implementation of the process outlined below.

4. Stage 1: Cultural Fit

The school is expected to review, discuss with the Trust if necessary and confirm their acceptance of the following key principles that outline their commitment to the wider Trust family:

- The converter school's vision and ethos are in harmony with the Trust's vision
- The converter school will proactively engage in mutual Academy to Academy partnership/s, working with individual Academies and groups of Academies to develop and innovate
- The converter school will be supportive of partnership working at all levels of the Academy's life; committed to developing learners across their own Academy and the Trust
- The converter school will specifically support the leadership, teaching and learning of an Academy that is underperforming within the Trust where it possesses appropriate capacity and expertise
- The converter school adopts an agreed scheme of delegation and schedule of Service Level

A top-slice of 5% of GAG income is mutually agreed between Trust and converter school

The converter school is also asked to acknowledge the following:

Should a school, after converting to an Academy and joining the Trust, become vulnerable in relation to either financial or performance measures then the Scheme of Delegation will include powers for the level of delegated decision making to be reviewed.

The Trust believes there are benefits to a school in joining, and would expect that school to review, consider, discuss if necessary with the Trust, and then acknowledge the following:

- The Trust offers a model of multi academy conversion that seeks to benefit from increased collaboration and the Keystone Teaching School.
- For community schools the Trust provides a vehicle for academy conversion which will respect the predecessor school's heritage and values whilst expecting the newly admitted Academy to interpret the Trust's vision and ethos within the context of their own community
- The school will belong to a supportive and caring family of Academies; the Trust and the convertor school will be committed to supporting each other to secure individual and shared vision
- The school will belong to a network of Academies, with a structured process of enabling Academy to Academy support; the school will be able to give and to receive. The Trust will support each Academy to further develop and to celebrate what it does well, develop mutual partnerships and through joint practice development improve the practice of all partners, leading to innovation
- Through the teaching school and performance assurance team, the Trust is committed to a deep model of school improvement which has adult professional learning at its centre. The Trust will support the development of CPD opportunities, for example, leadership development; the improvement of teaching and learning; curriculum planning; coaching and mentoring, which would be more difficult for an Academy to achieve on its own
- The Trust is committed to support the development of outstanding accountability and self-evaluation systems which support and validate the autonomy of each Academy; the convertor Academy will access the Trust's school improvement personnel to provide moderation of the self-evaluation, in a working relationship that is robust, transparent and supportive
- The convertor Academy will be entitled to draw on the Trust's services: Chief Executive Officer; Chief Financial Officer; Central Finance Team; School Improvement offer; Estates and ICT support; Governor/Local Academy Council services; (in line with the negotiated Service Level Agreement)
- The Trust is able to offer support for succession planning, including the potential of career progression across the Trust

The Trust is able to offer mechanisms to create economies of scale, procuring across the Trust where appropriate e.g. purchase of consumables

5. Stage 2: Performance and Effectiveness Assessment

A **School Performance Review** will be undertaken by the Trust in full collaboration with the school's leadership. The review will be conducted by the Trust's school improvement team and will involve relevant staff.

The review will take **full account** of the school's own evaluation and consider each of the key areas of the Ofsted inspection process. The review team will produce a report for the school and for the Trust Board in relation to the school's overall effectiveness:

- The achievement of pupils at the school
- The quality of teaching at the school

- The behaviour and safety of children at the school: education performance, attainment and progress
- The quality of leadership in and management of the school, including governance including consideration of the outcomes of the most recent Ofsted inspection and progress towards achieving the priorities set out for improvement.

The School Performance review will be supported by a series of appendices, led by specialists in conversation with the school and Local Authority / Trust Board covering each of the following criteria:

- Size and financial viability
- Buildings: capacity/suitability/maintenance/condition
- Liabilities – Human Resources; Financial; Legal; Health and Safety
- School to school partnerships
- School ethos, vision, Ofsted outcomes and priorities

6. Stage 3: Acting on the outcomes of the Performance Review

Based on the agreed outcomes of the review process the following criteria will be used to inform the level of delegation the Trust is able to pass down to the local governance, and whether any mandatory improvement services are required in order for the school to enter the Trust.

All of this will be discussed, documented and shared in a transparent way with the current Governing Body and leadership of the school.

7. Education Performance: attainment and progress

Progress

We will consider from each different starting point, the proportions of pupils making expected progress, and the proportions exceeding expected progress, in English, reading and writing, and in mathematics and where they are in relation to national figures over a three-year period. For pupils for whom the pupil premium, their performance against other pupils in the school.

Progress across year groups in a wide range of subjects, including English and mathematics, and the quality of the pupils work overall.

The learning of groups of pupils, particularly those who are disabled, are looked after children, are from ethnic minority groups or are those who have special educational needs.

Attainment

For **primary** schools attainment over the last three years and how it compares to national figures at EYFS Phonics Y2 – Y6.

Inspection outcomes

Latest Ofsted report with a specific focus on capacity to improve, outcomes and leadership and management.

Additional Evidence

Any other matters that the school may wish to use in order to demonstrate that it is performing well in other aspects of educational provision e.g. sport; citizenship, music, RE, SMSC, British Values.

Vision and Ethos

The school's vision and ethos are in harmony with the Trust's vision.

Size and Financial Viability

The trend of number on roll.

Primary: the school is able to sustain a minimum of three classes with the Principal teaching no more than two days a week.

Current and future budgets reflect a balanced budget supporting an appropriate staffing model, supported by a viable three-year trend and forecast. The conversion/ transfer process into the Academy Trust will be financially cost neutral.

Buildings – capacity/suitability/maintenance

Building stock is fit for purpose and effectively managed; where there are buildings issues there is a managed plan for resolution.

Liabilities – Human Resources; Financial; Legal; Health and Safety

Quality of teaching in most subjects.

School to School Partnership

The school is committed to school to school partnerships and collaborative working. The school has a history of partnership working and is able to evidence the impact of this.

8. Detailed Due Diligence checklist

The school is asked to prepare a folder for the CEO and CFO to examine containing the following information:

NB. There may be some areas listed in the Checklist that do not apply, the Board will take into consideration the local and unique characteristic of that school.

1. Governance

1.1 Names and address details of all members of the current Governing Body.

1.2 Minutes of Governing Body meetings and Committee meetings for the current and previous two academic years.

1.3 Details of any appointed Clerk to the Governors.

1.4 Register of Interests (as required by the Governance Handbook).

2. Accounts

2.1 Copies of annual accounts / outturn figures for the past three financial years.

2.2 Copies of management accounts / finance reports to Governors for the current financial year.

2.3 Copy of the budget for the current year and any projected budgets for the subsequent three years.

2.4 Details of the auditor (if applicable).

3. Banking and Finance

3.1 Details of all bank accounts in relation to the school, including bank statements for the previous 12 months and a copy of the current bank mandate.

3.2 Details of any loans (e.g. from Local Authority).

3.3 Details of any grant funding received within the past 10 years, including copies of any correspondence, grant agreement, terms and conditions and so on.

3.4 Details of the accounting and finance software package used by the school.

4. Contracts

4.1 Details, and a copy, of documentation in relation to each current service level agreement with the relevant local authority.

4.2 Details, and a copy, of documentation in relation to each current contract with a third party other than the local authority for the supply of goods or services.

5. Assets

5.1 Details of any items on the school premises that belong to the Local Authority and will not transfer to the MAT.

5.2 Details of any items on the school premises that belong to a third party and will not transfer to the MAT.

5.3 Details of any motor vehicle owned or leased by the school.

6. Intellectual Property

6.1 Details of and documents relating to any intellectual property rights owned or enjoyed by the school under licence from a third party.

6.2 Details of any actual, suspected or alleged infringement of intellectual property right owned by the school or any actual, suspected or alleged infringement of a third party's intellectual property rights by the school.

6.3 Details of permits and licences held by the school for activities by the school (e.g. event licences, music performance, or copyright licensing).

7. Information Technology and Data

7.1 Details of the computer hardware, databases and software owned or used by the school (including details of third-party ownership if applicable).

7.2 Details of any software used by the school that is hosted by a third-party provider.

7.3 Details of disaster recovery arrangements and ongoing support arrangements, including details of service levels and charges and copies of any related documents.

7.6 A copy of the schools' data protection policy.

7.7 Details of any subject access requests in the past two years.

7.8 Details of any Freedom of Information Act requests in the past two years.

7.9 Details of any data security breaches in the past three years.

7.10 Details of any actual, suspected, or alleged data protection breaches in the past three years.

8. Insurance

8.1 Details, and copies of, policy documents and schedules relating to all insurance arrangements entered into by the school.

8.2 Details of any insurance claims made within the past three years.

9. Litigation and Disputes

9.1 Details, and copies of, all documents relating to any ongoing or threatened litigation, arbitration, mediation or similar proceedings or disputes.

9.2 Details of any matters or circumstances that may result in the school becoming involved in litigation or any other dispute resolution procedure.

10. Employment

10.1 An anonymised list of all current employees showing in each case:

- Job title or role
- Age and date of birth
- Length of continuous service
- Total annual remuneration
- Hours of work
- Holiday entitlement
- Notice period and/or date of expiry of fixed term.

10.2 An anonymised list of any other persons working at the school not employed by the local authority/governing body/academy trust (as applicable), showing in each case:

- Nature of role
- Salary or fees, benefits and allowances
- Hours of work
- Notice period and/or date of expiry of fixed term
- Name of entity that employs or engages them
- Length of time they have been providing service to local authority/governing body/academy.

10.3 Anonymised details of any offers of employment that have been made by or on behalf of the school that remain outstanding or that have been accepted but the employment has not yet commenced.

10.4 A copy of the standard employment contract (or contracts) used by the school.

10.5 Anonymised details of any employees not on a standard contract together with an anonymised copy of their contracts.

10.6 A copy or details (if a copy in writing is not available) of any other employment policies and a summary of any unwritten policies or procedures, whether or not contractual.

10.7 Details (anonymised as necessary) of any grievance, complaint, dispute, claim or legal proceedings brought or threatened against the school within the past two years by any person currently or previously employed or any trade union.

10.8 Details of any benefits provided by the school to employees.

10.9 Details (anonymised as necessary) of any offer, promise or arrangement or negotiations in relation to the future variation of an employee's contract of employment (including remuneration).

10.10 Details of anyone who has received or given notice (or is likely to give notice) to terminate his/her contract including details of the reasons for such notice.

10.11 Details of any planned or proposed dismissal of an employee.

10.12 Details of any employee who has been absent due to sickness for a period of 20 days or more in the past 12 months whether or not such absences are consecutive.

10.13 Details of anyone currently or previously employed by the school who is on secondment, long-term sick, maternity or other leave or who has a right to work or a right to be re-instated or re-engaged.

10.14 Details of any disciplinary procedures taken against any employee in the past two years.

10.15 Copies (or details if a copy in writing is not available) of collective agreements that affect staff contract of employment and recognition agreements with trade unions.

10.16 Details of any TUPE transfers in the past 10 years that affected anyone currently or previously employed including details of any variation to terms of employment as a result of the transfer, dismissal or redundancies connected with a transfer or any failure to comply with obligations to inform or consult in connection with a transfer.

10.17 Details of trade union membership and representatives.

10.18 Anonymised details of any person employed or engaged who requires permission to work in the UK together with anonymised copies of the materials showing that they have permission to work in the UK in the job in which they are employed or engaged.

10.19 Details of any person employed or engages who is being considered for ill-health retirement or any injury award.

10.20 Details of (and copies of any relevant documents relating to) any existing or proposed scheme (whether contractual or not) to provide payments or benefits on redundancy (or other termination) to any person employed or engaged by the local authority, governing body or academy.

10.21 Details of any pay-grading structure and any job evaluation studies or equal pay audits or similar investigations that have been carried out in relation to remuneration within the local authority, governing body or academy.

10.22 Details of how holiday pay:

- Is calculated, both during employment and on termination;
- Has been calculated over the past two years;
- Has been recorded over the past two years; and
- For all employees, workers and directors employed or engaged, including details of which elements of remuneration are taken into account in calculating holiday pay.

10.23 Details of any amount outstanding pursuant to any court or employment tribunal awards or promised under any settlement (including and COT3 agreement, settlement agreement or other contract) to any person employed or engaged and any liability incurred by the local authority, governing body or academy as a result of any court or tribunal order that remains undischarged.

10.24 Copies of any notes or minutes or negotiations, meetings or collective bargaining with any representative body in the past two years.

10.25 Details of any ongoing negotiations with any representative body that might affect terms and conditions, working arrangements, redundancy or severance arrangements.

10.26 Details of any current or historic industrial action within the school including any current or past (up to two years) strikes, disputes or other disturbances.

11. Pensions

11.1 An anonymised list, by job title, of which staff are enrolled in the Teachers' Pension Scheme (TPS) or Local Government Pension Scheme (LGPS) or an explanation as to why staff are not enrolled, including sex, date of birth, date of joining the scheme(s), current pensionable salary, and any additional benefits granted or additional contributions made or promised.

11.2 Confirmation that all pension payments to TPS and LGPS are fully up to date.

11.3 Details of the most recent actuarial calculation for the LGPS, copies of any agreed deficit funding plan, the most recent rates and adjustment certificate and the funding strategy statement for the relevant LGPS Pension Fund.

11.4 A copy of the most recent FRS17/102 valuation for the academy/governing body or local authority.

11.5 Details of any ex gratia or unapproved or unregistered pension arrangements granted to employees.

11.6 Details of the current rate of the employer's and employees' contributions to the pension scheme(s) and any proposed alterations to these arrangements.

11.7 Copies of any enforcement or penalty notices issued by the Pensions Regulator together with details of any investigations by or reports or notifications to the Pensions Regulator.

11.8 Details of any claims or complaints that have been made, are pending, or threatened in relation to the pension scheme(s) or otherwise in relation to the local authority/governing body/academy's provision of (or failure to provide) pension, lump-sum, death or ill-health benefits.

11.9 Details of any appeals made under the Internal Dispute Resolution Procedures for the LGPS and TPS and of any complaint to the Pensions Ombudsman.

11.10 Details of any person employed or engaged who is being considered for ill-health retirement or any injury award.

12. Property

12.1 Details of all freehold land occupied by the school including:

- Address
- Confirmation of owner (LA, Governing body, Foundation Trust, Academy Trust, Diocesan Body, other)
- Evidence of ownership
- Registered Title number (if applicable)
- Site plan
- Use
- Valuation (if known) (can be obtained from buildings insurance policy).

12.2 Details of the lease/agreement, if the school occupies any land pursuant to a lease or other occupancy agreement.

12.3 Details of any leases or other occupation agreements granted to any third parties (e.g. pre-school groups, youth groups, sports clubs).

12.4 Details of any shared use of any part of the property (e.g. sports facilities) and a copy of any agreement relating to such use.

12.5 Details of any caretaker's property on site, whether occupied by a caretaker, vacant or used for other purposes. If occupied by a caretaker, a copy of the tenancy agreement in relation to such occupancy.

12.6 Details of any disputes in relation to the school boundaries.

12.7 Details of any known rights of way over school land.

12.8 Details of any ongoing building works or works undertaken in the past five years, together with a copy of the relevant contract. In relation to any ongoing works, or any works planned but not yet commenced, details of who is managing the contract and who is responsible for meeting the costs of the works.

12.9 Details of the current state of repair of the land and buildings including details of any urgent remedial work required.

12.10 Details of any known flooding or subsidence affecting the land and buildings.

12.11 Copies of all necessary planning permission and building regulations consents relevant to work carried out at the school.

12.12 Details of any disputes of any nature with the owner or occupier of neighbouring properties.

12.13 Details of any Private Finance Initiative (PFI) contracts in relation to the school.

13. Health & Safety

13.1 Details of health and safety policy and training.

13.2 Details of any reportable health and safety breaches in the past three years.

13.3 Copy of last health and safety audit.

13.4 Evidence of health and safety risk assessments.

14. Educational

14.1 The latest Ofsted and SIAMS (where relevant) report.

14.2 Details of the schools vision, values and ethos.

14.3 School Improvement Plan.

14.4 Details of special education needs provision.

14.5 Examination of current data, using ASP and the Data Dashboard

14.6 Projected progress and attainment data

14.7 Projections of pupil numbers

14.8 Copies of LA reports and minutes from last two years