



## **King's Group Academies**

### **Due Diligence and the Process for Schools Joining King's Group Academies (KGA)**

**Date adopted:** 10 December 2019 by KGA Board

#### **Part 1: The Due Diligence Cycle**

- **Due Diligence Stage 1** – Initial contact direct from school or through RSC
  - Desktop information
  - Conversations with RSC/LA/School
  - Initial report to Trustees for 'in principle' decision to progress to formal due diligence (**Appendix A**)
- **Due Diligence Stage 2** – Formal Due Diligence (**Appendix B**)
  1. Performance
  2. Finance
  3. Leadership
  4. Governance
  5. Workforce
  6. Stakeholder perceptions and reputations
  7. 3rd party interests
  8. Legal and asset
  9. Timeline: a bespoke timeline to be agreed on a case by case basis
- Report to trustees with proposed timeline for agreement to progress and consult
- Consultation process
- Report on consultation process to Trustees for final decision
- RSC/DfE Approval
- Implementation plan drawn up
- Conversion

## Part 2: Due Diligence Stages 1 & 2 (Appendices A & B)

### Due Diligence Stage 1 – Appendix A

**Name of School:**

**Date completed:**

**Address:**

**Type of school:** primary/secondary/6<sup>th</sup> form/nursery

**Location:** LA and urban, rural area, etc

**School status:** Type of school/Academy/Existing trust

**Age range:**

**Forms of entry:**

**No on roll:**

**Pupil capacity:**

**PAN:**

**Year Reception/7 at (date):**

**Year Reception/7 at September:**

**Last Ofsted date:**

**Ofsted outcome:**

**Ofsted headlines:**

- Bullet points

**Previous Ofsted date:**

**Ofsted outcome:**

**Performance:**

- Initial Trust assessment
- School Improvement Plan and self-evaluation document provided? Does the school fit with the Trust's strategic plan?
  - Comment:
- Accuracy of school's own assessment against the Ofsted framework
  - Comment:
- Learning Walks undertaken?
  - Comment:

**From where/whom comes the request to join?:**

**Governance:**

- Functioning LGB?
- Headteacher situation
- No of Governors (Make up)
- No of vacancies
- Chairs name

**Resources:**

- Efficiency decile
- Funding per pupil
- Assessment of budget/buildings made by Trust

**Staffing:**

- No of teaching staff (FTE), TAs (FTE), Support staff (FTE)
- No of staff vacancies (details)

**Data summary**

	School	National figure
% Pupil Premium		
% SEN		
% EAL		
Attendance (last available academic year)		
Total Value Added		

	2020 school		2020 National		2021 School	
<b>Year 6</b>	ARE	Exceeding	ARE	Exceeding	ARE	Exceeding
Reading - All						
Reading - Dis.						
Writing - All						
Writing - Dis						
Maths - All						
Maths - Dis						
Combined - All						
Combined - Dis						
Progress -All	Rd	Wr	M			
Progress - Dis	Rd	Wr	M			
	ARE	Exceeding	ARE	Exceeding	ARE	Exceeding
<b>KS1 - Year 2</b>						
Reading - All						
Reading - Dis.						
Writing - All						
Writing - Dis						
Maths - All						

Maths - Dis						
Phonics - All						
Phonics - Dis						
<b>Year 1 Phonics</b>	Pass		Pass		Pass	
Phonics - All						
Phonics - Dis						
<b>EYFS</b>	ARE	Exceeding	ARE	Exceed	ARE	Exceed
GDL - ALL						
GDL - Dis						

<b>2021 KS4 data</b>			
	School	Locally	Nationally
Progress 8 score			
Attainment 8 score			
% of students English and Maths 5+ (4+)			
% of students with EBacc			

<b>2020 KS4 data</b>			
	School	Locally	Nationally
Progress 8 score			
Attainment 8 score			
% of students English and Maths 5+ (4+)			
% of students with EBacc			

<b>2021 KS5 data</b>			
	School	Locally	Nationally
Academic Value Added score			
Vocational Value Added score			

<b>2020 KS5 data</b>			
	School	Locally	Nationally
Academic Value Added score			
Vocational Value Added score			

## Due Diligence Stage 2 – Appendix B

Due diligence is the process by which the parties gather information about each other to ensure the integration process proceeds smoothly. The key objectives are:

- To test the strategic rationale
- To inform negotiations
- To lay the foundations of the future integrated organisation
- To examine broader issues of culture, systems, processes and structures

Effective due diligence needs to look at a range of factors, it requires the project team to pick up both hard and soft issues.

### Financial

Completed by \_\_\_\_\_ and \_\_\_\_\_

Financial due diligence activities			
Potential questions	Potential sources of evidence	Notes & Comments	Risk Number
<ul style="list-style-type: none"> <li>• What are budget projections for this financial year?</li> <li>• Five-year forecast. Are assumptions realistic?</li> <li>• How has the number of pupils on roll changed over the past five years?</li> <li>• Will the number of pupils on roll likely to change over the next five years?</li> <li>• Has the school had to set a deficit budget over the past five years?</li> <li>• Has the school had to make staff reductions over the past five years to balance the budget?</li> <li>• Does the school have additional income streams?</li> <li>• Is there a PFI agreement?</li> </ul>	<ul style="list-style-type: none"> <li>• Budget statements for the current year, and the past five years</li> <li>• School roll</li> <li>• The LA's and school's projections of pupils on roll</li> <li>• Partner primary or nursery school pupil numbers</li> <li>• Local press</li> <li>• Staff lists and/or staffing structures</li> <li>• Forward planning budget projections.</li> <li>• Any PFI agreement that is in place</li> <li>• Income/Expenditure Budget reports and cashflow projections</li> <li>• Summary of month end bank and cash book position for current year and last two years, explanation</li> </ul>	<p><i>Areas requiring examination will include:</i></p> <ul style="list-style-type: none"> <li>• Any negative balances, deficits or outstanding loans?</li> <li>• Grant funding with restrictive conditions</li> <li>• Details of revenue generating activities</li> <li>• Significant debtor balances?</li> <li>• Significant off balance sheet liabilities (e.g p/copy or vehicle leases)?</li> <li>• Any VAT or corp tax issues?</li> <li>• Any pension fund deficit?</li> <li>• How is payroll currently organised? Do all staff have up to date contracts?</li> <li>• How is banking currently organised? Who are signatories?</li> <li>• What are the financial controls and checks?</li> <li>• The main risks (documented in risk register)</li> <li>• Discussions with the relevant section of the LGPS to find out methodology regarding transfer values.</li> <li>• What accounting systems and current reporting arrangements are in place?</li> </ul>	

<ul style="list-style-type: none"> <li>• What are the details?</li> <li>• How does it impact the finances?</li> <li>• What is the duration?</li> <li>• Is there any Improvement funding, start-up grant that comes with the school?</li> </ul>	of variances and major inflows/ outflows		
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## Leadership, Governance, Workforce & Organisational

Completed by \_\_\_\_\_ and \_\_\_\_\_

Leadership, Governance, Workforce & Organisational due diligence activities			
Potential questions	Potential sources of evidence	Notes & Comments	Risk Number
<ul style="list-style-type: none"> <li>Can the school show evidence of strong governance?</li> <li>How do governors support the SLT?</li> <li>How do governors challenge the SLT?</li> <li>How are governors involved in the strategic direction of the school?</li> <li>Does the school have strong leadership?</li> <li>Does the school have strong financial management?</li> <li>Are there effective and robust safeguarding processes and procedures in place?</li> </ul>	<ul style="list-style-type: none"> <li>GB mins</li> <li>Reports to GB</li> <li>Link governors' reports</li> <li>Ofsted reports</li> <li>Single central record (SCR)</li> <li>Comments from the LADO</li> </ul>	<p><i>Areas on Leadership requiring examination will include:</i></p> <ul style="list-style-type: none"> <li>Comments on L&amp;M in last two Ofsted reports</li> <li>What issues are SLT struggling with?</li> <li>Establish the functions to be devolved to the LGB and those retained by the MAT. Explain circumstances surrounding de-delegation.</li> <li>Role descriptions of SLT &amp; GB documented</li> </ul> <p><i>Areas on Workforce requiring examination will include:</i></p> <ul style="list-style-type: none"> <li>Make it clear who will have the power to suspend staff, appoint performance management reviewers, undertake threshold assessment or exclude pupils.</li> <li>Obtain an organisation chart and biographies of key staff. Check historical and projected headcount. Any recent changes of leadership or restructuring?</li> <li>Details of all staff, including date of birth, age, date of starting employment, length of service, salary, benefits, notice period, pension details.</li> <li>Are appropriate contracts in place for all staff? Arrange to review a sample. Any consultants or self-employed contractors who regularly provide services?</li> <li>Have any verbal assurances or agreements made with staff outside their formal contract?</li> <li>Personnel records up to date and securely stored? Will they be handed over on the transfer date?</li> <li>Are payroll records up to date and complete? Have all necessary deductions been made and accounted for to HMRC and others? Do the figures tally with the contractual entitlements?</li> <li>What are the figures for staff turnover? Are there any pending disciplinary or grievance investigations? Any staff dismissed recently?</li> <li>Details of sickness records, employees on maternity leave or secondment.</li> <li>How will occupational health support be provided in future?</li> <li>How will absence management be dealt with post-transfer?</li> </ul>	

## Performance

Completed by \_\_\_\_\_ and \_\_\_\_\_

Both parties need to understand where the other currently stands at the moment in performance terms.

Performance due diligence activities			
Potential questions	Potential sources of evidence	Notes & Comments	Risk Number
<ul style="list-style-type: none"><li>• Are floor standards met for each Key Stage (KS)?</li><li>• Do pupils make good progress through each KS?</li><li>• What are the school's attendance figures for the year?</li><li>• How have the school's attendance figures changed over the past five years?</li><li>• Are any groups of pupils falling behind or making inadequate progress?</li><li>• Are interventions in place to address such groups?</li><li>• Quality assurance: How is the quality of teaching rated?</li></ul>	<ul style="list-style-type: none"><li>• Ofsted reports</li><li>• Performance data</li><li>• The school's internal tracking systems</li></ul>	<p><i>Areas requiring examination will include:</i></p> <ul style="list-style-type: none"><li>• What is the scope of educational activities?</li><li>• Vision, values, strategy and objectives. How are they performing against these?</li><li>• Attendance, progress &amp; attainment including groups SEND, BME and disadvantaged</li><li>• What do the latest OFSTED reports say and are the areas identified for improvement and action being addressed?</li></ul>	



## Commercial and Stakeholder

Completed by \_\_\_\_\_ and \_\_\_\_\_

Commercial and Stakeholder due diligence activities			
Potential questions	Potential sources of evidence	Notes & Comments	Risk Number
<p><b>Stakeholder</b></p> <ul style="list-style-type: none"> <li>Are school's vision &amp; values compatible?</li> <li>Are stakeholders (pupils, parents &amp; staff) happy with the school's provision?</li> <li>Are there any reputational issues?</li> </ul> <p><b>Commercial</b></p> <ul style="list-style-type: none"> <li>How are support services organised?</li> <li>Will any existing contracts be taken over by KGA or need re-organising e.g. catering, cleaning, statutory testing, property maintenance, photocopiers, transport and vehicles, IT, telecoms?</li> <li>Is the school part of a PFI agreement? If so, what are the terms of this, and can some of the liability and responsibility remain with the local authority?</li> <li>Are there existing building projects, grant conditions, partnerships or collaborations with other schools or outside bodies in place which could be inherited?</li> <li>Does the school own intellectual property rights (e.g. logos, copyright, design rights or trademarks, internet domain names) which need to be transferred over?</li> <li>Any pending law suits, claims or complaints which could give rise to liabilities in the future e.g. disputes with suppliers, safeguarding, health &amp; safety, data protection, equality, breach of procurement/ tendering?</li> <li>What insurance is in place, would they cover any issues</li> </ul>	<p><b>Stakeholder</b></p> <ul style="list-style-type: none"> <li>The school's vision document</li> <li>Articles of association, if the joining school is an academy</li> <li>The school website</li> <li>Parent surveys</li> <li>Staff surveys</li> <li>Pupil voice</li> </ul> <p><b>Commercial</b></p> <ul style="list-style-type: none"> <li>Obtain copies of and review any agreements with suppliers or service users</li> <li>CTA: Has the local authority demanded a contribution to their legal costs of negotiating and concluding this agreement and the Lease of the site. Is this <b>included this in the project budget</b> and perhaps stipulated deadlines and conditions of your own in return for this payment?</li> </ul>		

<p>identified post-transfer (e.g. an employment claim)?</p> <ul style="list-style-type: none"> <li>Any permits or licences that need to be replaced or put in place post-transfer (e.g. copyright licensing agency, music performance, event licences)?</li> <li>Commercial Transfer Agreement (CTA) with current owner of assets and contract holder (usually Local Authority).</li> </ul>			
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## Legal and Asset

Completed by \_\_\_\_\_ and \_\_\_\_\_

Legal and Asset due diligence activities			
Potential questions	Potential sources of evidence	Notes & Comments	Risk Number
<ul style="list-style-type: none"> <li>Are there any complaints or appeals against the school currently?</li> <li>Any land registry issues?</li> <li>Does the school have current partnerships or legal agreements?</li> <li>Does the school have any other associations with another MAT?</li> <li>What current contracts does the school have with services and suppliers?</li> <li>When are current contracts due for renewal?</li> <li>What state are the school buildings in?</li> <li>What is the likelihood of significant capital expenditure in coming months &amp; years, e.g. heating, roof, water tanks, windows? Can current owner fund/carry out works pre-transfer?</li> <li>Who owns buildings &amp; surrounding land and will this be transferred cleanly and effectively to the GLT? Any outstanding statutory transfers between public bodies not completed? Is the title to the land correctly registered at HM Land Registry – if not, ask existing owner to tidy up pre-transfer to avoid delays or problems if the title deeds cannot be located.</li> <li>Any shared use of outdoor space? Are premises leased to an external organisation (e.g. private nursery)?</li> </ul>	<ul style="list-style-type: none"> <li>The school's records of complaints</li> <li>Land registry documents and deeds</li> <li>Backlog maintenance liabilities</li> </ul>		

<ul style="list-style-type: none"> <li>Any recent significant building works? Were necessary consents &amp; approvals obtained (e.g. building regs &amp; planning). Did the contractor provide a warranty? Solar panels: who owns and what contracts were put in place?</li> <li>IT systems- evaluate the age and utility - fit for purpose? What do managers &amp; staff think of current systems and support?</li> <li>Who owns the equipment? Are there third party software licences which may need to be renewed after the transfer?</li> <li>Data security: how will legacy equipment be disposed of securely? What will happen to the school's website post-transfer?</li> </ul>			
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Table of Risks

Risk Number	Risk Identified	Action: Tolerate/Mitigate (by whom and how?)