



Westcountry Schools Trust (WeST)

Due Diligence Policy

Mission Statement

WeST holds a deep-seated belief in education and lifelong learning. Effective collaboration, mutual support and professional challenge will underpin our quest to ensure that all of the children and adults we serve are given every opportunity to fulfil their potential and succeed in life.

Westcountry Schools' Trust adopted this policy in March 2019

Westcountry Schools' Trust will review this policy annually **or when the need arises, note**
Section 7 – Policy Circulation

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1. Introduction

1.1. Overview

This Policy sets out the framework and requirement that before WeST agrees to a school joining the Trust, essential due diligence activities are undertaken in order to ensure that it fully understands what it is taking on and the effect this will have on the Trust as a whole.

1.2. Purpose

There are two key purposes to undertaking due diligence:

- Obtain sufficient information about the organisation joining the Trust in order to decide whether the transfer should go ahead
- Any information revealed can be used to provide a better negotiating position in respect of the terms of the transfer.

1.3. Aim

The aim of this Policy is to ensure that:

- All stakeholders, i.e. every Member, Trustee/Director, Governor and Senior Employee, understands why the due diligence process is needed and what checks are required.
- The Trust understands exactly what it is acquiring, what the extent of the school improvement task is, that the transferor has the legal right to transfer such assets and the full extent of such liabilities for which the Trust will become responsible.
- The Trust obtains sufficient information through the due diligence exercise, which is appropriately recorded and assessed, thus ensuring that the Board of Trustees can make a fully informed decision on whether the transfer should proceed and that the terms of the transfer are appropriate.

2. Definition

Due diligence is an investigation of an organisation prior to signing a contract.

For the purpose of this document:

- Members, Trustees/Directors, Governors are referred to as Trustees;
- Westcountry Schools Trust is referred to as The Trust;
- Students refers to all students being educated or on site at any one of the schools within Westcountry Schools Trust.

3. Legal Framework

This Policy takes its legal framework from the following legislation and statutory guidance:

- Companies Act 2006;
- The ESFA Academies Financial Handbook;
- The Articles of Association of Westcountry Schools Trust and its funding agreement.

4. Due Diligence Tests

A comprehensive Due Diligence Checklist can be found at Appendix A. The Due Diligence to be undertaken will be appropriate and proportionate to the circumstances of the potential transfer and is likely to be undertaken in stages with updates provided to the Trust Board, culminating in the presentation of a full and comprehensive report covering the following areas:

- Strategic
- Compliance
- Finance
- Human Resources
- Estates & Health & Safety
- Data Protection

5. Due Diligence Process

Once the Board of Trustees have provisionally agreed to the school joining the Trust, an instruction is to be given to the WeST Executive Group to begin the completion of the Due Diligence checklist in Appendix A.

The initial stage of due diligence will likely comprise of the following areas and this should be presented to the Trust Board by the CEO for preliminary discussion with any areas of concern highlighted:

- Educational performance
- Ofsted reports
- Financial information
- Admissions
- Capacity, pupil numbers and school demographics, pupil premium
- Employee liability information

5.2. The full and final report is compiled by the WeST Executive Group and taken by the CEO to the Trust Board for discussion/review and a final decision. The final report will include:

- Full Due Diligence Checklist (as per Appendix A)
- Summary of key findings
- Impact on the other schools within the Trust
- Whether the school(s) can be aligned to the Trust's vision and values
- Impact on the Trust's governance structure
- Benefits to the Trust
- Risks and concerns

6. Confidentiality

6.1. Trustees or Senior Employees cannot use information obtained from the Trust, or from the Due Diligence process for their own benefit or that of another organisation if it has been obtained in confidence or has special value such as commercial sensitivity.

7. Policy Circulation

7.1. This Policy will be published on the Trust's website and included in the Trust's Policy Monitoring Schedule

7.2. This Policy will be circulated to every Member, Trustee/Director, Governor and Senior Employee by sending an email to the link on the Trust's website on an annual basis and when each new Member, Trustee/Director, Governor and Senior Employee joins the Trust.

Adoption of the Policy

This Policy has been adopted by the Trustees of the Westcountry Schools Trust.

Appendix 1 DUE DILIGENCE CHECKLIST FOR SCHOOLS JOINING THE TRUST

NAME OF SCHOOL		
REF	ITEM	NOTES
	Strategic Due Diligence	
A1	School Improvement Plan(s), including analysis of trends and effectiveness of school improvement strategies	
A2	Curriculum Model – design and staffing of classes, staff pupil ratios	
A3	Most recent published data along with unpublished key attainment data for the last 3 years	
A4	Most recent OFSTED Reports and any associated Post Ofsted action plan	
A5	Current predicted attainment and progress data for all year groups	
A6	Latest School Improvement monitoring reports as appropriate	
A7	Most recent Financial audit reports	
A8	Most recent Health and Safety audit with action plan	
A9	Most recent Fire Risk audit and action plan	
A10	Copy of risk assessments	
A11	Governor skills audits	
A12	Scrutiny of board meeting minutes for the preceding 3 calendar years	

A13	Review of the school website for compliance in respect of most recent Government guidance	
A14	Review of school policies to ensure compliance	
A15	Percentage of staffing costs against budget	
A16	Forecast number on roll with 3 year projections, shown against capacity and % full	
	Compliance Due Diligence	
B1	Scrutiny of complaints register	
B2	Scrutiny of data protection policy and ICO registration	
B3	Review of data protection audits as appropriate	
B4	Review of Health and Safety audits	
B5	Review of all legal contracts including suppliers, leases and consultants	
B6	Review of potential liability claims and outcomes	
B7	Review of insurance arrangements	
	Finance Due Diligence	
C1	Income & Expenditure profile for the preceding 3 financial years, including, if applicable, the latest signed statutory accounts	
C2	Budget position for the preceding 3 financial year and future known changes	
C3	Budget forecast for the next 3 financial years	
C4	Breakdown of the full income analysis including voluntary funds	
C5	Breakdown of the full expenditure and commitments analysis	
C6	Cash flow analysis	

C7	Review of accounting systems and internal controls	
C8	Details of any personal inventory items held by staff members	
C9	Details of any ongoing disputes or claims against the Trust/Academy/School including any contingent liabilities and open insurance issues	
C10	Review of compliance with the terms of the Academies Handbook and, in particular the 'must' section	

	Human Resources Due Diligence	
D1	A copy of the Single Central Record	
D2	Analysis of Employment Contracts including existing TUPE and/or special conditions/clauses, staffing dashboard/profiles including leadership structures, grading structures and job descriptions	
D3	Confirmation of compliance with GDPR and changes in DPA 2018 including retention arrangements	
D4	Confirmation of compliance with statutory training requirements, i.e. safeguarding, food hygiene, first aid, health and safety, data protection	
D5	Confirmation of teachers appraisals being undertaken and any pay recommendations for the post-transfer period	
D6	Confirmation that Right to Work checks have been undertaken and appropriate evidence retained	
D7	Details of All year round staff and holiday balances at point transfer	
D8	Rates of absenteeism and details of any absence longer 4 weeks in the preceding 12 months and steps taken under the employer's policy	
D9	Details of any collective agreements/actions taken to derecognise trade unions/current consultative mechanisms and any current consultations excluding TUPE	

D10	Details of any apprenticeships	
D11	Details of any employee opted out of the pension scheme and anyone having accessed their pension early following a break of service and reengagement	
D12	Details of any existing TOIL arrangements and commitments per employee	
D13	Details of any flexible working requests current or in the last twelve months	
D14	Details of any honoraria or ex gratia payments	
D15	Details of any mid-point pay arrangements/annualised hours	
D16	Details of any Occupational Health Referrals/reasonable adjustments made during the past 12 months, any Access to Work arrangements and Staff wellbeing arrangements.	
D17	Details of any on-going or future cost-bearing training commitments	
D18	Details of any probation arrangements and extensions including extensions to NQT years	
D19	Details of any taxable benefits in kind or salary sacrifice scheme	
D20	Details of any unspent formal disciplinary/grievance processes where data protection law allows for this to be held	
D21	Details of any worker under the age of 18 along with risk assessments conducted	
D22	Details of contact time within directed time for secondary teachers and PPA arrangements for all teachers	
D23	Details of payroll provider and any notice period due	
D24	Details of previous TUPE processes in and out	
D25	Details of ring-fenced, spot salaries, or pay protection periods associated with regrading/restructure	
D26	Details of staff on current capability programmes and those supported within the preceding 12 months and implications for performance management	
D27	Details of staff on secondments/maternity/paternity/adoption leave/sabbaticals/parental leave granted during the life of the contract	

D28	Hard and soft copies of all staff related policies	
D29	Full details of any current and historic settlement agreements where data protection law allows for this to be held	
D30	Staffing Structure with TLRs and staff salary schedule including all casual staff/peripatetics/IR35 information and a copy of the payroll roll outturn statement for the last 12 months	
D31	Pension Auto-enrolment date, pension costs and potential strain payments	
D32	Confirmation of compliance with Gender Pay Gap reporting requirements	
	Estates and Health & Safety Due Diligence	
E1	Inspection of the physical assets of the Trust/academy/school including Annual Maintenance Plans and any planned or on-going building works, asbestos and associated management plans and any outstanding Health and Safety issues	
E2	Review ownership of buildings and land e.g. freehold, leasehold, restrictive covenants, rights of access, public rights of way	
E3	Review strategic condition improvement & maintenance programmes	
E4	Review Fire Risk Assessment	
E5	Review fixed asset register	
E6	Review grant funding applications and associated liabilities	
E7	Review usage by other organisations – by whom, will they continue, terms of any sub-leases, income generated, any third-party utilities (e.g. phone mast), shared/community facilities	
	Data Protection Due Diligence	
F1	Review of Data protection arrangements including ICO registration and DPO responsibilities	

F2	Scrutiny of Subject Access and Freedom of Information requests and associated responses	
F3	Scrutiny of Data Protection breaches and action taken including any ICO advice/guidance	
	Trust Considerations	
	Is the school located within the identified Trust area	
	Does the school share a common vision and ethos with WeST	
	How does the proposal fit into the growth plan	
	What are the strengths and weaknesses of the school	
	What are the opportunities and threats facing the school	
	Are there any current capacity issues	

POLICY HISTORY

Policy Version Date	Summary of change	Contact	Implementation Date	Review Date
March 2019	Policy created	WeST HR	March 2019	March 2020