

Eastwood Park Academy Trust (EPAT)

EPAT

Believe Succeed Together

Due Diligence Policy

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1.0 Due Diligence Overview

1.1 Definition

Due diligence describes the activities undertaken in preparation for a school joining the Trust.

There are two key purposes to undertaking due diligence:

- Obtain sufficient information about the school 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.

1.2 Aims

The aim of this policy is to ensure that:

- Everyone 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.

1.3. Legal Framework

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

- Companies Act 2006.
- The EFA Academies Financial Handbook.
- The Articles of Association of the Eastwood Park Academy Trust (EPAT).

2.0 Due Diligence Process

2.1. Due Diligence Areas

The following are the due diligence areas that should be covered, which have been formulated into a Due Diligence Checklist in Appendix A.

- Performance.
- Leadership and Governance.
- Human Resources.
- Finance.
- Legal.

2.2. Decision-Making Process

Once the Board of Trustees have provisionally agreed to the school joining the Trust, an instruction is to be given to the CEO to undertake and complete the Due Diligence checklist in Appendix A. A report is compiled by the CEO and taken, in the first instance, to the Finance and Audit Committee for discussion and review. The report will include:

- Due Diligence Checklist.
- Summary of key findings.
- Impact it will have on the other schools within the Trust.
- Whether the school can be aligned to the Trust's ethos, vision and values.
- Impact on the Trust's governance structure.
- Benefits to the Trust.
- Risks and concerns.

The report is then assessed and a conclusion is formulated by the Audit Committee, which is then taken to the Board of Trustees for a final decision.

2.3. Confidentiality

Members, Trustees, Academy Committee representatives 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.

Appendix A - Due Diligence Checklist

Area of Due Diligence	Nature of Due Diligence	Key Points	Actions to be Taken	Risk Level 1= Low 2=Medium 3=High
Performance	Pupil performance policies e.g. Curriculum, Marking, Assessment, Homework and Rewards.			
	Latest IDSR and ASP.			
	Latest internal (current) pupil performance data.			
	Latest section 5/section 8 Ofsted report.			
	Latest report on attendance/exclusions.			
	Latest report on quality of teaching.			
	Stakeholder Complaints Log.			

Area of Due Diligence	Nature of Due Diligence	Key Points	Actions to be Taken	Risk Level 1= Low 2=Medium 3=High
Leadership and Governance	Governance structure and biographies.			
	SLT structure and biographies.			
	Ethos, values, vision and culture.			
	Minutes of all Governing Body meetings over the last 12 months.			

Area of Due Diligence	Nature of Due Diligence	Key Points	Actions to be Taken	Risk Level 1= Low 2=Medium 3=High
Human Resources	Staffing structure.			
	Staff list to include: name, date of birth, post, full or part time, commencement of service, notice period, remuneration point and salary, all other benefits contractual or otherwise.			
	Single Central Record.			
	HR policies e.g. Recruitment, Performance Management, Capability, Code of Conduct, Disciplinary Misconduct, Sickness Absence, Leave of Absence, Grievance and Equal Opportunities.			
	Capability, Grievance and Disciplinary Misconduct Log.			
	Unresolved staffing issues, including TUPE concerns, litigation threatened or pending, including ET or arbitration.			

Area of Due Diligence	Nature of Due Diligence	Key Points	Actions to be Taken	Risk Level 1= Low 2=Medium 3=High
Finance	Finance Policies e.g. Pay, Fraud, Lettings, Hospitality, Reserve, Financial Regulations (Roles and Responsibilities).			
	Accounts (past 3 years).			
	Budgets (next 3 years).			
	Reserve Balance.			
	Latest audit report.			
	Accounting systems and internal controls.			
	Budget monitoring reports over the last 12 months.			
	Capital assets and commitments.			
	Insurance arrangements.			

Legal	List of land, buildings and motor vehicle assets to be transferred.			
	Condition Survey and the last valuation for land and buildings.			
	Asbestos Register and environmental hazards.			
	List of contracts, including PFI, BSF, shared use of facilities.			
	List of leases.			
	List of lets.			
	Prohibition, improvement or enforcement notices.			
	List of licences.			
	Potential liabilities with assets.			
	Potential liabilities with contracts.			
	Potential or outstanding claims e.g. insurance, employment etc.			
	Pension commitments and liabilities.			
	Details of any trademarks and any other intellectual property rights owned by or registered in the name of the school.			

