

# DUE DILIGENCE POLICY

Learning Academies Trust

Version: 1.1

Approved by: Finance and Resources Committee

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**LEARNING**  
ACADEMIES TRUST

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## CHANGES

| Policy date | Summary of change        | Author         | Version | Review date |
|-------------|--------------------------|----------------|---------|-------------|
| 02/12/2021  | Policy has been created. | Kay Mabin, CFO | 1.0     | 02/12/2024  |
| 10/12/2024  | Policy reviewed.         | Kay Mabin, CFO | 1.1     | 10/12/2027  |

### 1. AIMS

#### 1.1.

This Policy sets out the framework and requirement that before the Trust 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.

There are two key purposes to undertaking due diligence:

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

#### 1.3.

The aim of this Policy is to ensure that:

- a. Every Member, Trustee/Director, Governor and Senior Employee understands why the due diligence process is needed and what checks are required.
- b. 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.
- c. 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. LEGISLATION AND GUIDANCE

#### 2.1.

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

- Companies Act 2006

- The ESFA Academy Trust Handbook
- The Articles of Association of the Learning Academies Trust.
- RICS technical guidance (to be followed for all estates due diligence work): [RICS Standards and Guidance](#)

### 3. DEFINITIONS

| Term                 | Definitions   |
|----------------------|---|
| <b>Due Diligence</b> | Due diligence is an investigation of an organisation prior to signing a contract                                    |
| <b>Trustees</b>      | Members, Trustees/Directors are referred to as Trustees   |
| <b>The Trust</b>     | The Learning Academies Trust is referred to as The Trust  |
| <b>Pupils</b>        | Pupils refers to all pupils being educated or on site at any one of the schools within the Learning Academies Trust |

### 4. DUE DILIGENCE TESTS

#### 4.1.

The following sets out the due diligence testing areas that should be covered, which have been formulated into a Due Diligence spreadsheet/checklist. The Due Diligence to be undertaken will be appropriate and proportionate to the circumstances of the potential transfer and will include both strategic and operational checks.

- a. Strategy & Vision
- b. Governance
- c. Finance
- d. Educational Performance
- e. People and Human Resources
- f. Estates, Capital & Health & Safety
- g. ICT

### 5. DUE DILIGENCE PROCESS

#### 5.1.

Once a firm intention to join our Trust has been given by the joining school and/or Trust, the Board of Trustees must provisionally agree to the school/Trust joining the Trust.

#### 5.2.

An instruction is to be given to the Chief Finance Officer and Chief Executive Officer to undertake and complete Stage 1 of the Due Diligence checklist and report back the findings to the Trust Board in due course to include:

- a. Stage 1 of the Due Diligence Checklist
- b. Summary of key findings
- c. Impact it will have on the other schools within the Trust
- d. Whether the school can be aligned to the Trust's vision and values
- e. Impact on the Trust's governance structure
- f. Benefits to the Trust
- g. Risks and concerns

### 5.3.

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

### 5.4.

If agreement is given to continue with the school/Trust joining the Trust, then Stage 2 of the Due Diligence is to commence and the spreadsheet annotated by the Chief Executive Officer, Chief Finance Officer and Team Leads as evidence of all checks undertaken. The CEO is to notify the Regional Schools Commissioner (RSC) of the proposed new joiner.

### 5.5.

The new school/Trust joining is also advised to commence their own due diligence process.

### 5.6.

The Stage 2 due diligence data gathered is to be annotated on the due diligence spreadsheet. This will be available to all Trustees to review, initially at Committee level, to enable them to make an informed decision as to whether to recommend the school or Trust can join the Learning Academies Trust.

### 5.7.

Feedback from the Stage 2 process will then be presented to the full Trust Board for a final decision. If approved, the decision will be conveyed to the joining school, RSC office and Trust schools and staff. Legal teams to be instructed.

## 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.