



EduDiligence™, our
due diligence service
on schools joining a
Multi Academy Trust



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With over a third of schools in England now converted to academy status, the Department of Education requires more schools to work together in Multi Academy Trusts (MATs) to build economies of scale and resilience, in the face of significant funding pressures.

If you run an existing MAT and are considering acquiring a new school or even merging with another MAT, or if you are a school contemplating joining a MAT, you will need to carry out due diligence properly to discharge your duty as a governor, trustee or accounting officer, as appropriate.

"Effective due diligence takes place before the MAT agrees to a school joining the trust. This means the trust fully understands all the risks, assets, and liabilities they would take on, and either put appropriate plans in place, or decide that it is not appropriate for the school to join..." DfE Multi Academy Trust Guidance, December 2016



What is 'due diligence'?

Due diligence is the process by which the parties involved gather information about each other to ensure the integration of a new school proceeds smoothly. In particular, it is used to identify risks, liabilities, cultural differences, operational and practical issues which could cause difficulties later.

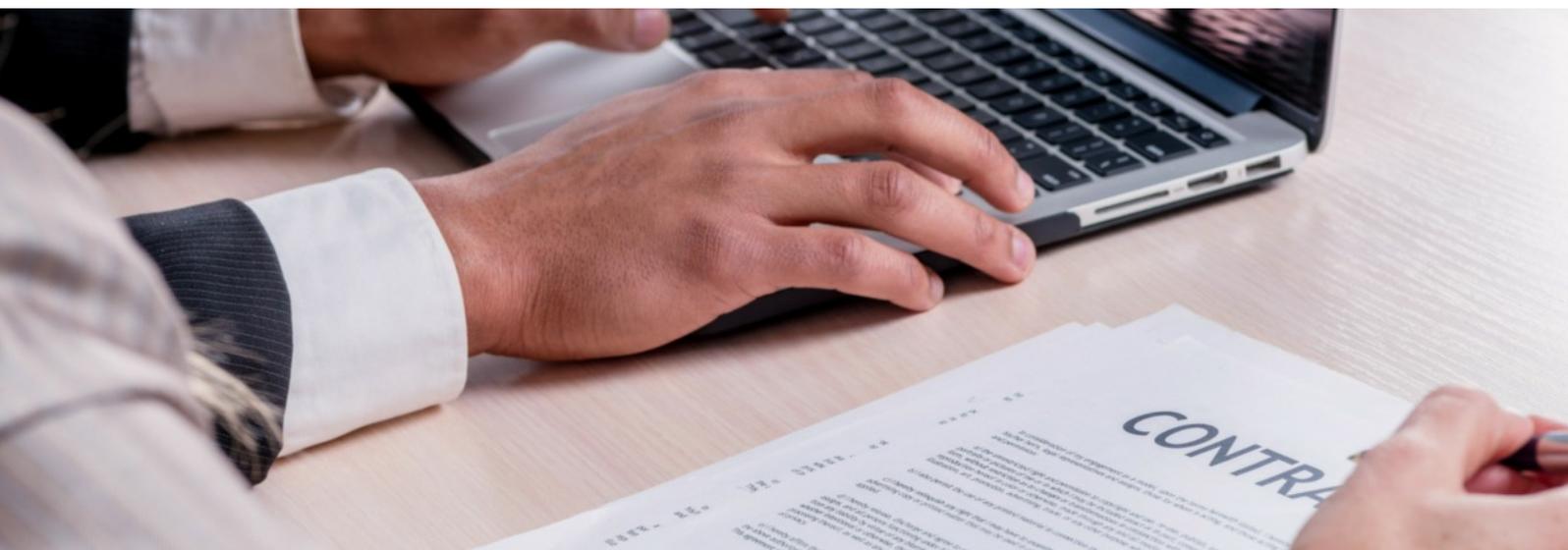
Due diligence is a vital part of any acquisition of schools into a MAT or a merger of two or more MATs. Handled sensitively and proactively, it can lay the foundations for creating genuine 'marriage value' by allowing each party to get to know each other, explore the respective strengths and weaknesses of the other and find real opportunities to improve the life chances and attainment of pupils across all the schools involved.

How can we help?

EduDiligence™ has been developed by educational, financial and legal experts to provide a speedy independent assurance to executive leaders, governors and trustees of academy trusts and schools before they commit to an acquisition or merger.

Our highly experienced team will examine all the key areas of operations and risk, so you can be confident you know what you are taking on. We use a tried and tested review framework delivered by a multi-disciplinary team of educational, financial, legal and governance specialists.

"There are a number of examples of trusts which have not conducted adequate due diligence and have found themselves with schools that are far harder to integrate into the trust than anticipated. The importance of thorough, effective and honest due diligence cannot be overemphasised." - National Governors Association, Welcome to a MAT, November 2016.





Key areas we review

- **Strategy** – starting with why? Are the reasons for the acquisition or merger sound, will the tie-up bring the expected benefits, is there capacity to absorb and integrate the new schools?
- **Educational Performance and Attainment** – is there a documented vision, mission, values and objectives? How is the organisation performing against these? What does the data reveal about the level of attendance, attainment and progress of pupils?
- **Leadership & Governance** – how is leadership and governance organised and how is it performing? Are the risk register, policies and procedures up to date? How is safeguarding organised? What challenges and opportunities is the school facing and how self-aware is the organisation?
- **Financial** – review of income and expenditure budgets, cashflow projections, historic financial performance and 5 year forecast, current balances. Are there outstanding loans, debtor balances, pension fund liabilities or grant funding with conditions attached?
- **Workforce** – with payroll costs typically making up 75-80% of a school's expenses, this is an area to pay careful attention to. What is the profile of staff you will be taking on and associated costs and liability for existing grievances or claims? What are the implications of pension deficits?
- **Commercial** – will existing contracts be taken over or need reorganising (e.g. cleaning, catering, property and equipment maintenance)? Are there existing projects, collaborations which could be inherited by you? Any pending claims or disputes? Who owns the intellectual property rights?
- **Asset condition** – what state are the buildings in, are there backlog maintenance liabilities, is statutory testing up to date? Who owns the land, any shared use arrangements in place? What is the state of IT equipment and data security?



How it works

Stage 1 - Conference call with you to understand your objectives and any concerns.

Stage 2 - Desktop review – we will send out a questionnaire and ask the new joiner to send us package of documents for desktop review and preparation.

Stage 3 - Information gathering visit to the school(s) by our team for a programme of structured meetings over 1-2 days.

Stage 4 - Report: review information, raise supplementary questions, prepare concise structured report for your Board.

Stage 5 - Follow up actions and additional tasks, if required.

A typical assignment will usually take between 6-8 weeks to complete, provided we receive information promptly.

“Make sure you have obtained enough information about the school to make an informed decision as to whether it is the right decision for your trust and the individual school.” National Governors Association, Welcome to a MAT, Nov 2016.

Benefits to you

- A structured review process provides peace of mind and assurance for executive leaders and board members that the relevant risks and issues have been considered, leaving you to get on with your day job
- One single provider addresses all the angles reducing unnecessary overlap, duplication and management time of employing separate teams of advisers
- We work at pace to deliver a user-friendly high quality report for the board which your leadership team can rely on and use as a multiple purpose review tool and an action plan for future development
- Excellent value for money – fully transparent fixed price service with no unpleasant surprises – we won't make an industry out of it
- Access to a highly-skilled, experienced and unique multi-disciplinary team of senior educational, financial and legal experts - we won't be 'reinventing the wheel' or learning at your expense.

What it costs

Typical due diligence review of a Primary School (based on 10 consultant days)
£6,300

Typical due diligence review of a Primary School (based on 12 consultant days)
£7,400

Due diligence review of an existing MAT:
1-3 schools £7,400, 3-5 schools £9,600
>5 schools £9,600 plus £1,100 per additional school

PLEASE NOTE: VAT, travel and accommodation expenses are payable in addition. Price is based on a typical assignment that follows our standard parameters. Delays caused by failure to provide timely information or unavailability of key personnel, or changes to the scope of work could incur additional charges. Full terms and conditions apply - available on request.



Meet our team

Our team comprises highly experienced professionals who have an in-depth understanding of the education sector. All our team members have enhanced DBS checks.

Mark Johnson

Mark Johnson is a solicitor and chartered company secretary with over 23 years' experience of commercial projects in the education sector. He has led teams on over 30 academy conversion projects. He is the company secretary of a MAT in Cheshire and independent audit committee member of a large Multi Academy Trust in Greater Manchester.

Susan Walsh

Susan Walsh has had considerable experience of leading inspections in primary schools, secondary schools and children centres. Her experience has included working as lead for achievement in a local authority, a role which included responsibility for outcomes at every key stage including the early years and the sixth form as well as responsibility for special schools. Her personal interests include aspects of leadership and management such as the analysis of data and the link to self evaluation, safeguarding, provision for pupils with special educational needs and/or disabilities, the use of the pupil premium and governance.

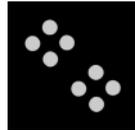
Grenville Page

Grenville Page is a CIPFA qualified accountant with many years' experience of financial governance in the public and not for profit sectors. He is a non-executive director of several social enterprises and chairs the audit committee of a large MAT in Trafford.





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Get in touch today for a no obligation chat.

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