

DAG Busy Governors Guide to Partnership - Due Diligence

'How will this organisational change benefit the children in my school?'

This is undeniably the first question to ask when governors and trustees are considering formalising partnership working by joining an existing group of schools, a federation or a multi academy trust (MAT). The reasons for considering a formal partnership will vary, but the one piece of advice that all boards will be given is to carry out 'due diligence' to find out if the partner organisation would be a 'good fit'. We have been asked by governors to provide some guidance on what this could entail and how boards might carry this out. Firstly, just to be clear on what this is: The National Governance Association (NGA) say the following:

"Due diligence is the process of investigating an organisation prior to entering into a contract with it."

Due diligence should provide information from many different sources to be effective. A board would be wise not to make a decision on joining an organisation based just on a presentation from a senior leader and board chair. Church schools are reminded that they will always need the permission of the Diocese to enter into a formal partnership, so that should be sought very early on.

Due diligence will of course be a two way street, whilst the school wishing to join the group of schools or organisation will be keen to carry out due diligence, the organisation wishing to take in a new member will also be carrying out their own due diligence. For most boards the detailed work required to answer the fundamental question at the top of the page will be broken down into the following sections. Some of the first step investigations can be carried out remotely, but real detail will require visits and face to face conversations with board members, leaders and staff. Boards will need to consider how to share the workload as this is far too significant a task for just one individual. Some of the first questions to consider are listed below:

1. Vision, values and culture

A difficult thing to unpick in many organisations, but arguably something that should be easy to see and permeate all levels of the organisation, to summarise in just a few words:

Vision: What the organisation will look like in a few years' time, with a strategic plan to achieve this

Values: Principles that guide the organisation's priorities

Culture: How the organisation behaves

Questions to consider:

- Can the organisation clearly articulate its vision and strategy to achieve it and do all schools within the organisation 'buy in'?
- What are the organisations 'non negotiables'?
- Does the organisation clearly put best possible outcomes for pupils central to all it does?
- How does the organisation behave towards its stakeholders?
- How do the governance arrangements ensure that all members of the organisation have a voice?
- Do all parts of the organisation share the same policies?

Where to look?

An organisation proud of its vision, values and culture will provide information on its website about these important aspects of how it operates, including governance. A search engine check may provide some background information on the culture of the school, however, this is best assessed by how it feels to be in any part of the organisation, so visits will be required along with discussions to see how deep the understanding of the vision and values goes and ultimately, how they chime with your own.

2. Educational Performance:

What does educational performance look like across the organisation and how will your school be supported to improve.

Questions to consider?

- What is the educational performance of the schools in the organisation in terms of attainment, progress and attendance for groups of pupils?
- What evidence is there that being part of the organisation has had a beneficial impact on the performance of its schools?
- How does the organisation tailor school improvement to the needs of individual schools?
- How do the schools in the organisation work together to support and challenge each other?
- What centrally provided school improvement services does the organisation provide?

Where to look?

Recent [Ofsted reports](#) will provide information for each school within the organisation. Reports will often mention if the larger organisation has had a significant impact on the individual school or not. Remember some schools will be in an organisation because they had a poor Ofsted, so the timing of these reports is important. Sites such as [Find and compare school performance](#) will provide a way of finding out how well schools are performing in terms of attainment, progress and attendance. Visiting schools within an organisation and asking questions, especially

schools that may be similar to your own will provide vital information on how supported they feel in terms of school improvement.

3. Capacity:

Organisations with more than one school will have to consider capacity to support additional schools without negatively affecting the schools it is currently responsible for. Schools that join an existing grouping will need reassurance that the capacity that exists is suitable to support their school joining and any others that may follow them.

Questions to consider:

- How many schools, what type and how many pupils are currently in the organisation?
- Does the organisation know the maximum number of schools/pupils it can support effectively?
- What criteria does the organisation use to decide which schools it will support?
- Is the location of the schools a significant factor?
- How does the organisation provide centralised support and what does it cost each school?

Where to look?

The first question can be answered by visiting school and organisation's websites. The following questions will need face to face discussions to establish how the organisation works with new and existing schools. Many larger Multi Academy Trusts (MAT's) will have clear information on the criteria for new schools joining and the costs they charge for central support to each school. Federations may not have such clear information, but answers to how support will be charged will still need to be sought to establish that everyone is clear on what will be involved, what it will cost and where the costs will sit.

4. Leadership and governance

All organisations will work differently. It is vital for any school joining an organisation to understand the organisation's approach to leadership and governance and to establish how this will look for your own school and whether this will be acceptable or not.

Questions to consider?

- What does governance look like across the organisation?
- How many levels of governance are there, are there individual school level committees or governors/trustees?
- In a MAT what governance functions, if any, are delegated to school level academy committees and does this vary for different schools and if so, how is this decided?

- How will your governance and leadership structure be expected to change if you join the organisation?
- How will your school contribute to governance of the organisation?
- Does the organisation have an effective leader, executive head or Chief Executive Officer (CEO)?

Where to look?

How governance functions within the organisation should be explained on the school or organisation website. Within academies schemes of delegation should be published to make it clear where decisions are made and responsibility sits. Not all schools within a MAT will have the same level of delegation, so establishing how this will work for your school is really important. Organisations that publish their minutes on websites will also provide evidence of how they carry out governance, how they meet their three core governance functions and how they challenge and support their senior leaders.

How effective the leader of the organisation is will be based not just on educational performance, but on the values and culture of the organisation and will be demonstrated by the relationships that exist between the schools and the people within the organisation, talking to school leaders and visiting schools will help to answer this question.

5. Financial Performance

Organisations that don't manage their finances well are not viable organisations, so understanding how the organisation handles its finances is important.

- Is the organisation in good financial health?
- What does the current financial year position look like for the organisation?
- What does the five year budget for the organisation tell you about its future financial sustainability?
- Do board minutes indicate that governors/trustees regularly monitor the organisation's finances?
- What have recent audits said about the financial probity of the organisation and have actions identified during audit been addressed?
- How are schools within the organisation charged for the centrally provided services, is it based on an established percentage of each school's budget being taken centrally and does the percentage vary according to the need of each school?
- Will your school keep a separate budget or be asked to pool its income within the organisation?
- Does the organisation have a Finance Director, Chief Finance Officer (CFO) or Business Manager and if so, how do they work with individual schools and schools' staff?
- Staff represent a very high percentage of a school's budget; how does the staffing structure look across the organisation and how far will individual schools be expected to align their staffing structures?

Any school considering joining a MAT should be able to see their financial statements and accounts as published on their website. Finance for MATs is via the Education Skills and Funding Agency (ESFA) and is paid to the MAT for each school as a General Annual Grant (GAG). Some MATs will keep each school's budgets separate and some will use 'GAG pooling' and decide as an organisation how much money each school will then need.

Federations are maintained schools and do not publish their accounts on their websites however, some of their financial benchmarking information is available on [Find and compare school performance](#). Finance for maintained schools and federations is paid via the Local Authority. Schools within federations do not tend to keep their individual budgets indefinitely, there is often one federation budget for all of the schools within the organisation. Some organisations will handle budget responsibility centrally and some will delegate some responsibility to individual schools, your school will need to find out how this will work for you.

How schools are charged for centrally provided services within an organisation will vary dramatically from organisation to organisation. The percentage of the joining school's budget taken for these central services will vary too, it could be 5% or it could be more or less, but the organisation will need to be able to explain how this works for existing schools and how it will work for new schools.

Staff will be concerned about how a school moving into a new organisation will affect them. It is a key question for boards to consider in detail. The new organisation will have a staffing structure that should be available for you to see. The conversation that will prove enlightening is how your existing staffing structure will fit and be expected to change to fit with the organisation's overall plan. It is also important to understand the timeframe around how changes may be implemented within your school. School websites can provide information on who the organisation employs and their titles, but how the structure works in terms of reporting and responsibilities will require more detailed questioning.

There is often a reticence about asking detailed questions about finance and performance when considering partnership working, but the board's responsibility for its pupils' outcomes and staff's employment make it essential to find out as much as possible to establish whether the partnership will work or not.

6. Analysis

Having gathered information from the sources outlined above it is important for boards to analyse it objectively and thoroughly. There may be a large volume of complex, conflicting and unfamiliar material and it is essential that it is reviewed systematically. This does not have to be a complex exercise and could be undertaken using simple models, e.g., Strengths, Weaknesses, Opportunities and Threats (SWOT). The analysis will allow boards to see all the key information, identify key features and apply weightings based on importance, relevance, accuracy and potential impact.

Boards can then discuss the analysis in an objective, mature and open-minded meeting where everyone is free to voice their opinions, raise concerns or highlight opportunities to support the decision making process.

A series of comments from governors and trustees that have been through this process:

Federation: Hindsight is a wonderful thing...

“Moving a school into a federation was daunting and exciting in equal measure. There needs to be real honesty in answering the questions each side has and bravery to pursue lines of questions that come up against “I don’t really know yet, but it will be fine...” It might well be, but as much clarity as possible at the start will undoubtedly shorten the time and anxiety it takes to get too ‘fine’. I can’t stress enough how important it is to make use of the skills in both leadership teams. The business or finance manager will be across the financial budget details and HR questions in a way that an altruistic headteacher isn’t and the question ‘how do we pay for the central support, our bit of the executive headteacher or business manager?’ is fundamental to how each school will feel about how the overall organisation serves them. Staff will always be a tricky part of organisational change, everyone will have assumptions about how the new staffing structure will work, so getting the assumptions down on paper as an organisational diagram will make any gaps in understanding obvious. It will take time to manage the change, change management after all is a lucrative consultancy for a reason! It may well take a few years for the conversations about ‘us and them’ to move to ‘we’.”

Forced Academisation: Holding out for the right partner...

“My experience is now a few years old and methods have changed, but I would emphasise the need to take the time and don’t rush the very clear defined statutory procedure.

Understanding that we did not have the capacity within our own school to drive the improvements needed we asked for help and guidance from a MAT that came in under a consultancy agreement with no direct view of us formally joining their trust. This relationship was over a two-year period during which we received a ‘requires improvement’ judgement from Ofsted. Because of our partnership, we were able to resist the DfE’s suggestion of a partner and stay with the MAT we had been working with to become a member of their trust. I think the greatest difficulty was understanding the terminology and where governance and leadership responsibilities lay. We needed to know what was expected of the board - our powers, their expectations. We required a draft structure plan, they opted for a LGB format, with fewer governors chosen from our CV’s. Staff became very jittery and teaching standards suffered as a result. This was however, soon clarified, particularly those functions moving to central control and how they linked back to the school. Central documentation was produced (policies and procedures). We moved to a ‘head teacher under central guidance’ format. It took 4 years from the start of the

partnership to the launch as part of the MAT. It was time well spent and ultimately made the school into a success.”

Choosing Academisation: Finding the right Multi Academy Trust...

“Our governing body had to take a step back and remember that it wasn’t about us. It was about the school, the staff and in particular the children. We recognised that we would be better able to improve outcomes as part of a strong group of schools and, having agreed that, the decision making in our case was relatively straightforward, we just needed to find the right partner. We set up a working group of governors to consider options and possible Trusts, we visited Trust schools and prepared a list of key questions in advance. Our key parameters were cultural fit, proven school improvement capacity and reasonable geographic proximity. Looking back, the geography probably needn’t have been a concern and the cultural fit and post academisation integration were crucial. The most difficult issue for our governing body was to take the initial in principle decision that we would be a stronger school by being part of a trust and recognising that preserving our cherished autonomy was not the key factor. In practice that has never proved to be a concern and we find it hard now to envisage working in any other way than within our Trust. Many of the school governors who had concerns about academising are now the strongest advocates for the Trust we became part of. The actual process of academising and joining the Trust took longer than we expected and we were pleased to have set up a working group for this purpose as it enabled the wider governing body to continue dealing with normal governance functions during the academisation and bedding in period.”

