

**Report of the Built Environment Programme Manager**

**Report to the Chief Officer (Strategy, Performance and Commissioning)**

**Date: 24<sup>th</sup> March 2014**

**Subject: Commercial Transfer Agreement – Rothwell C of E (VC) Primary School from Leeds City Council to the Leaf Academy Trust**



Are specific electoral Wards affected? If relevant, name(s) of Ward(s): Rothwell	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
Are there implications for equality and diversity and cohesion and integration?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Is the decision eligible for Call-In?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Does the report contain confidential or exempt information? If relevant, Access to Information Procedure Rule number: Appendix number:	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No

**Summary of main issues**

The Project Team (including Children’s Services, Legal Services and Procurement) have negotiated the Commercial Transfer Agreement and agreed a commercial position in preparation for the academy transfer on 1<sup>st</sup> April 2014. All issues have been resolved to the Project Team’s satisfaction and the formalisation of the CTA is recommended in preparation for the transfer of Rothwell C of E Primary School to Academy status.

**Recommendations**

It is recommended that the Chief Officer Strategy, Performance and Commissioning, Children’s Services:

- Notes the negotiations held with Solicitors acting on behalf of the school, DfE and the Academy Trust;
- Gives authority for the Commercial Transfer Agreement to be executed and completed to enable the Academy to open on 1<sup>st</sup> April 2014.

## **1 Purpose of this report**

- 1.1 The report provides a summary of negotiations to date, advises on issues and risks and requests the Director of Children's Services to:
- Note and approve the negotiations held with the Solicitors for the Governing Body of Rothwell C of E Primary School and the Leaf Academy Trust.
  - Approve the signing of the Commercial Transfer Agreement required to enable the Academy to open on 1<sup>st</sup> April 2014.

## **2 Background information**

- 2.1 The school applied to the DfE to be granted Academy status and on 30<sup>th</sup> July 2013, the Director of Children's Services received the Academy Order (dated 24<sup>th</sup> July 2013) enabling the school to convert to an Academy under Section 4 of the Academies Act 2010. The proposed conversion date is 1st April 2014.

## **3 Main issues**

- 3.1 By the Academies Act 2010, publicly funded schools in England may become Academies. Schools may be converted into academies by an Academy Order made under s4 of the Act, and on 24<sup>th</sup> July 2013, the Director of Children's Services received an Academy Order enabling the school to convert.
- 3.2 As part of the conversion process, a Commercial Transfer Agreement (CTA) has to be entered into between the Academy Trust and Leeds City Council (if the Commercial Transfer Agreement is signed prior to the conversion then the Governing Body of the outgoing school also joins into the Agreement).
- 3.3 The Commercial Transfer Agreement deals with the transfer of the assets, staff and contracts from the Council to the new Academy Trust (where applicable). When a community school converts to Academy status, the CTA provides for apportionments of payment of salaries, pension contributions, etc. and indemnities from both parties in relation to employment matters.
- 3.4 The standard form (which provides for extensive indemnities from the City Council to the Academy) has been modified in line with Children's Services policy to accept only the minimum obligations required under the Transfer of Undertakings (Protection of Employment) Regulations 2006 (known as TUPE) to pay staff up to the date of transfer and for any personal injuries prior to transfer.
- 3.5 It should be noted that it is not necessary for the Commercial Transfer Agreement to be entered into in order for the transfer to take place; however, it is in the Council's interests for the Agreement to be entered into to set out the formal transfer of the assets, contracts and staff.

3.6 Key issues that have been agreed are:

- What assets / contracts will transfer
- How historic liabilities will be dealt with

3.7 All of the contracts and SLA's that the LA or Governing Body currently has in place will be assigned to the Academy Trust where third party consent is not required, or where consent has been sought. Where consent is required but has not been granted prior to the conversion date, all parties should use their 'reasonable endeavours' to obtain the consent of other parties to the assignment and then assign or procure the novation of that contract(s).

3.8 With regards to historic liabilities, the Council has assumed full responsibility, following the Transfer Date, for the associated costs resulting from entering into a Settlement Agreement in relation to two members of school staff. Subject to the Trust complying with its obligations set out within the CTA, the Council will indemnify the Company against all Losses incurred by the Company in connection with or as a result of the Settlement Agreement. Acceptance of this liability has been agreed in conjunction with Children's Services HR and LCC Legal Services specialising in Employment Law.

3.9 There have been protracted discussions around the transfer of land to the Diocese under the School Standards and Framework Act (SSFA), which resulted in a delay to the original conversion date of 1<sup>st</sup> January 2014. Discussions have now been concluded and, following advice from the DfE, it has been agreed that there will be a 125-year lease of the playing field and Caretaker's house granted to the Academy Trust and a statutory transfer of the Hard Play Court to the Diocese under the SSFA.

## **4 Corporate Considerations**

### **4.1 Consultation and Engagement**

4.1.1 It should be noted that the statutory consultation process is no longer required, as the Academies Act 2010 streamlined the process so that when there is a conversion from a single school into a single academy (rather than a merger), there is no longer the requirement to issue a closure notice, as the school converts to academy status rather than closing and re-opening as an academy.

4.1.2 All consultations regarding the proposed academy are undertaken by the Governing Body and it is for the Governing Body to decide upon a level of consultation which is deemed appropriate under the circumstances. However, it should be highlighted that there is no set guidance on how to quantify what appropriate consultation actually means in terms of duration and consultees. All interested parties should however, be provided with opportunity to respond and ask questions.

4.1.3 Whilst the Authority has no ability or rights to prevent the conversion from taking place, a number of stakeholders within the LA have been consulted as part of the conversion process including Finance, HR and Built Environment teams within

Children's Services and also Legal Services. The Director of Children's Services was made aware of the proposed conversion on receipt of the Academy Order on 30<sup>th</sup> July 2013, and both the Executive Member for Education and local Ward Members have been informed and are aware of the conversion.

## **4.2 Equality and Diversity / Cohesion and Integration**

- 4.2.1 An Equality, Diversity, Cohesion and Integration Screening form has been completed and submitted to the Equality Team. The Screening process has determined that although the conversion to Academy status could potentially have an impact on a number of groups, it is not necessary to undertake an EIA in relation to either this report or the entering into the Commercial Transfer Agreement between LCC and the Academy, due to the decision to convert not being a decision the Council has made, and that the Council has limited control over the process.
- 4.2.2 The DfE have undertaken an Equality Impact Assessment in relation to the Academies Bill and have also completed a Race Impact Assessment in relation to the Academies Programme – both of these are publicly available on the DfE's website.

## **4.3 Council policies and City Priorities**

- 4.3.1 The Leeds Education Challenge is an ambitious city-wide commitment to achieving a child friendly city that drives school improvement and reflects the new relationship with schools, the integrated children's services and the changes to national policy and funding.
- 4.3.2 The conversion of a school to academy status will impact on the "Narrowing the Gap" and "Going up a League" agendas and may be an outcome from the Local Education Challenge. Academies in Leeds have the potential to contribute to the targets to meet key priorities within the Children and Young People's Plan and the work on the Local Area Agreement.

## **4.4 Resources and value for money**

- 4.4.1 The City Council has incurred costs relating to legal, finance and project management. It should be noted that there is no DfE funding support for these costs.

## **4.5 Legal Implications, Access to Information and Call In**

- 4.5.1 Legal implications are outlined above in 3.0 Main Issues.
- 4.5.2 This is an Administrative decision on the basis that there is little risk and that the transfer will proceed even if the City Council does not enter into the Agreement. However, it is in the Council's interests for the Agreement to be entered into to set out the formal transfer of the assets, contracts and staff, and to give LCC some protection against future claims
- 4.5.3 This report does not contain exempt information under Access to Information.

## **4.6 Risk Management**

- 4.6.1 Negotiations around the Commercial Transfer Agreement have been handled by procurement and contract specialists in Legal Services who have given appropriate due diligence and advice. No risks have been identified which have not been raised within the body of the report. No future risks have been identified which are not mitigated through the CTA.

## **5 Conclusions**

- 5.1 Under the circumstances, negotiations have progressed well and have been concluded – furthermore the relationship with LEAF and their advisors continues to be positive. Therefore the Commercial Transfer Agreement is agreed and ready for sealing/signing as appropriate.

## **6 Recommendations**

- 6.1 It is recommended that the Chief Officer Strategy, Performance and Commissioning:
- Notes the negotiations held with the Solicitors acting on behalf of the School, DfE and Academy Trust;
  - Gives authority for the Commercial Transfer Agreement to be executed and completed to enable the Academy to open on 1<sup>st</sup> April 2014.

## **7 Background documents<sup>1</sup>**

- 7.1 None.

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<sup>1</sup> The background documents listed in this section are available to download from the Council's website, unless they contain confidential or exempt information. The list of background documents does not include published works.

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