

MEMORANDUM OF UNDERSTANDING (MoU)

1. The Secretary of State for Education (the **Secretary of State**), the Catholic Archdiocese of Liverpool and the Catholic Diocese of Shrewsbury (the **Dioceses**) and St Joseph Catholic Multi Academy Trust (the **Company**) a company incorporated in England and Wales, limited by guarantee with registered company number 13245781 (together **the parties**).
2. This memorandum of understanding (**MoU**) explains how the Secretary of State and the Company will cooperate with one another in respect of the piloting of an approach under which the Company will assume responsibility for higher risk academies in the Catholic Archdiocese of Liverpool and Catholic Diocese of Shrewsbury, as provided for in the master funding agreement between the parties, with a view to transferring the schools to permanent academy trusts. The Secretary of State and the Dioceses may mutually agree to the transfer of additional schools to the Company in accordance with the terms of the master funding agreement.
3. This MoU will have effect from the date of the master funding agreement with the Company until the end of the Pilot Period, as defined in the master funding agreement.

Principles for a co-operative relationship

4. The parties undertake to co-operate in a timely, reasonable and transparent manner, including in respect of considering any proposed amendment to this MoU. The parties have a mutual desire and commitment to ensure the success of the pilot as described below.

Aim of the pilot

5. Where a maintained school is rated inadequate by Ofsted, the Secretary of State is under a statutory duty to issue an Academy Order. The Secretary of State may also terminate academy arrangements with an existing academy trust where Ofsted has rated an academy inadequate. Typically, these academies are transferred to new academy trusts.
6. The Secretary of State is determined to ensure that the process of conversion or transfer is completed as quickly as possible, taking into account the specific circumstances of each case, so that underperforming schools and academies can benefit from the support of a strong academy trust.

7. The Secretary of State may also wish to secure the rapid transfer to the Company of academies from academy trusts which are subject to intervention or in financial difficulty, regardless of the performance of those academies, in order for action to be taken in relation to those academy trusts.
8. With this in mind, the Secretary of State will work with the Company to pilot an approach to securing support for Catholic schools and academies needing the support of a sponsor trust and which qualify to be transferred to the Company. The department refers to an academy trust performing this role as a Turnaround Trust. Schools and academies meeting agreed criteria will be selected for this pilot by way of mutual agreement between the Dioceses and a national panel acting on behalf of the DfE (the **panel**) (as per the section below entitled “Decision-making Panel”).
9. The Company’s role will be to improve outcomes for pupils and students in the schools and academies it takes on, and put in place strong systems for financial management and governance to improve their financial health with a view to facilitating their transfer to other academy trusts.
10. The Secretary of State has selected the Company for this role on the basis of the Company’s Turnaround Trust sponsor application, which the Secretary of State expects the Company to adhere to for the duration of the Pilot Period.

Decision-making panel

11. In order to expedite decision-making, the Secretary of State has put in place the panel responsible for oversight of the DfE’s relationship with the Company and the transfer of schools and academies to and from the Company.
12. The Regional Schools Commissioner (RSC) or members of their team will contact the Diocesan Schools Commissioner at the earliest opportunity to discuss an appropriate solution for Catholic schools meeting the Turnaround Trust eligibility criteria. Where the RSC and the Diocesan Schools Commissioner agree that a school is eligible and should transfer to the Company, the decision-making panel will decide whether to formally approve the Company as sponsor on behalf of the Secretary of State. The panel will also approve the funding and timescales associated with each conversion/transfer.
13. The panel comprises the National Schools Commissioner and the heads of School Systems, Academies and Reform Directorate and Academies and Maintained Schools Directorate in the DfE. The chair and directors of the Company and the Diocesan Schools Commissioner may make representations to the panel and may ask to discuss the arrangements for the transfer of selected

schools and academies directly with the panel. The panel will consider any representations that the Company and Dioceses may make in line with the co-operative principles set out in paragraph 4 above (but any decision will ultimately be the panel's).

Set-up funding

14. Once it is fully operational, the Company will be funded on the same basis as other academy trusts and will derive its income from top-slicing the General Annual Grant (per-pupil funding for each academy). When schools and academies transfer to the Company, the Company will be eligible to apply for the same grants in relation to those schools and academies as other academy trusts. These may include grants which are paid at a fixed rate in specified circumstances and grants which are discretionary and calculated according to specific criteria. The Secretary of State will endeavour to keep the Company informed about the grants for which it is eligible to apply whenever a school or academy is proposed to transfer to the Company and when an academy is operated by the Company (where the Company may be eligible to apply in respect of that academy).
15. In addition, the Secretary of State has agreed to pay set-up grant funding up to a maximum of £1,250,000 to the Company so that it can build the necessary capacity to take on and transform schools and academies. This funding is required to enable the Company to undertake a range of activities such as employing core staff, including a CEO; procuring school improvement capacity; carrying out due diligence on the proposed schools and academies; and setting up management systems. The amount of funding and the grant conditions are set out in a separate grant funding agreement.
16. Due to their overarching role in relation to Catholic schools and their involvement in establishing the Company, the Dioceses will incur costs in relation to the setup of the Company. Costs incurred by the Dioceses should be invoiced to the Company. The Department is aware there may be activities that could be considered as Related Party Transactions (RPTs), which is described in more detail in the Academies Financial Handbook. Requirements in relation to RPTs are set out in the Grant Offer Letter.

Financial arrangements for schools transferring to the Trust

17. To facilitate the rapid transfer of schools to the Company, the panel has agreed the following principles that will apply to schools and academies identified for transfer.

- Subject to the usual business case process, maximum standard tariff sponsor/transfer grant will apply to the schools and academies in scope for the Company (i.e. £150k for a secondary school, £110k for primary).
- Maintained schools' deficits on conversion will be dealt with in the standard way for sponsored academies (i.e. to remain with the local authority) but, subject to the appropriate sign off by funding policy officials, there may be scope to consider varying this position in an exceptional case.
- Academies' deficits on transfer will be negotiated on a case by case basis in the normal way.
- Estimate funding will be negotiated on a case by case basis, based on an in-year adjustment and challenge process, where basic need does not apply and where there is evidence of significant popular growth either in an individual year or over a number of years.
- Deficit funding will be considered in relation to academies transferring to the Company on a case by case basis. Recoverable funding is the default position, but non-recoverable support will be considered where it is the best means to protect the interests of pupils. As set out in paragraph 26 below, the Secretary of State recognises that the Company will face additional challenges and increased risk as a result of the characteristics of the schools and academies it takes on and will take this into account when considering the basis on which support should be provided. Where funding is recoverable, the Secretary of State will agree the repayment terms with the Company and these may include deferring repayment until the academy is transferred to another academy trust, in which case the Secretary of State would recover the funding from the receiving academy trust. It is not envisaged that the Company will retain any deficit associated with a school transferring from the Company.
- Any restructuring costs (pre-academy statutory redundancy costs) will be handled in the normal way where there is a case for doing so.
- Normal capital grant allocation processes will be followed where possible.

Transfer of schools

18. The master funding agreement between the Secretary of State and the Company sets out the criteria according to which the Secretary of State will select schools and academies to transfer to the Company and will provide for the Company to take on these schools and academies. Schools meeting the criteria will be selected with the agreement of their Diocese.
19. The Secretary of State will endeavour to facilitate the transfer of schools and academies to the Company in a timely way, and where possible at the start of a term, in particular by providing the Company with relevant information held by the

department about the schools and academies, and with information about the funding that the department is able to make available in relation to them. The Company will endeavour to expedite any due diligence, for example by building on information already provided by the Secretary of State, to facilitate the transfer. Where the Company, through its due diligence, identifies particular risks associated with transferring schools and academies the Secretary of State will consider providing written assurance, by way of a letter of comfort, about how it might support the Company in managing those risks, based on a shared risk approach with the Company.

20. The Secretary of State understands that, where possible, the Company will wish to work with the schools and academies to provide school improvement support prior to opening while negotiations for the conversion/transfer are on-going. Where a school or academy has been matched to the Company, the Company will be eligible to receive pre-opening funding to meet the costs of the Company providing school improvement interventions, as well as costs to the Company associated with the transfer of the school or academy, in line with normal procedures.
21. The funding agreement also provides for the Company to transfer academies to other academy trusts on the basis of mutual agreement between the Secretary of State and the relevant Diocese and in accordance with the principles set out in the Memorandum of Understanding between the Catholic Church and the Department for Education. The Secretary of State will endeavour to facilitate the transfer of academies onwards. In accordance with the form of the supplemental funding agreement, the Company is not obliged to transfer academies if to do so would result in the Company/its directors breaching the Company's articles or their legal duties.
22. The Secretary of State understands that the Company may wish to work with prospective receiving academy trusts in advance of transfer out from the Company in order to implement and expedite school improvement plans.
23. The Secretary of State notes that the directors will be bound by their duties under company and charity law to promote the success of the Company.

Financial management

24. As a condition of its funding agreement the Company must comply with the Academies Financial Handbook and relevant accounting requirements (the SORP and accounting direction).
25. In line with these requirements, the Company should set a balanced budget and have a reserves policy, having regard to relevant guidance issued by the

Secretary of State, including advice on [operating an academy as a going concern](#).

26. The Secretary of State recognises that the Company will face additional challenges and increased risk because of the nature of the schools and academies expected to transfer to the Company, and the fact that under the terms of the pilot academies may be transferred from the Company to other academy trusts (subject to the terms of the funding documents) when they are financially stable. The Secretary of State will use reasonable endeavours to manage the transfer of schools and academies to and from the Company in a way which supports effective financial management. The Company should contact the Secretary of State at an early stage if it believes that there is a risk that its budget will go into deficit.
27. The Secretary of State would expect the Company to take measures to balance the budget but if it were agreed that all other steps had been taken the Secretary of State may look to support a transitional plan to enable the Company to continue to operate solvently. The Secretary of State would seek to ensure that the plan was sufficient to ensure the viability of the Company over the length of the Pilot Period. This might include additional financial support to reduce the Company's costs (for example the costs associated with inherited contractual commitments) or to increase the Company's income (for example where pupil numbers are below projected levels). This is on the understanding that no funding commitment is made or implied by the Secretary of State as a result of this paragraph, unless expressly made available at the relevant time.
28. The Company's operating model, as set out in its Turnaround Trust sponsor application, envisages the purchase of services at cost from other academy trusts which may constitute related party transactions. The Secretary of State will put in place a process to expedite requests from the Company for approval for such transactions, for example by considering them in batches rather than individually.
29. Nothing in this MoU affects the Secretary of State's right to issue a Financial Notice to Improve to the Company in the event that the Company fails to comply with the requirements of the Academies Financial Handbook.

Evaluation and KPIs

30. The Secretary of State will evaluate the pilot. The Company will provide the Secretary of State's officers with any information that might reasonably be required for the purpose of the evaluation. The Company will also facilitate reasonable access by the Secretary of State's officers to its academies where this is necessary to enable fieldwork to be conducted.

31. The purpose of the pilot is to test the approach set out in paragraphs 5 to 8 above. The evaluation will accordingly consider the time and cost associated with transfers to and from the Company and the value for money offered by the approach. To inform this consideration, the evaluation will assess the performance of the Company against the specific aims of the pilot as set out in paragraphs 5 - 8 and the performance of its academies in educational and financial terms against key performance indicators (KPIs) to be mutually agreed by the Secretary of State and the Company and included in the Supplemental Funding Agreement for each academy.
32. A formal evaluation of the pilot will take place before the end of the initial two-year Pilot Period, with interim evaluation points at 6 months and 12 months from the date of signing the funding agreement. The evaluation will consider a range of quantitative and qualitative data including, but not exhaustively, published performance data and findings from qualitative research as set out below. The evaluation will draw on the views of all parties including the Company, the Dioceses and officials acting on behalf of the Secretary of State.

Qualitative research

33. The research will also involve fieldwork including (but not limited to) the following elements:
- Discussions with senior leaders involved in implementing the school improvement package and with school improvement providers to understand what actions the Company will take to stabilise and improve its academies.
 - A formative assessment of delivery at regular (to-be-determined) intervals, collecting data on costs (for example running costs, direct interventions, sub-contracting), improvement practices being implemented, and emerging views from schools receiving support on the impact of support programmes.
 - Summative focus groups with senior leaders in the Company's academies, the Company's staff, and School Improvement (SI) providers
 - The operation of the pilot will be reviewed continuously with a view to informing thinking about the scope to apply the approach, or elements of it, more widely. The Secretary of State may disseminate emerging lessons from the pilot. The Secretary of State will agree the content and handling of any public communications relating to the Company in the context of the pilot with the Parties.

End of the pilot

34. At the end of the Pilot Period the Secretary of State will evaluate the pilot and determine whether to establish an enduring process that will facilitate the set-up of Catholic Turnaround Trusts on a similar basis to support schools in other dioceses with particular need.

General

35. This MoU is intended to establish principles for co-operation between the Secretary of State and the Company during the Pilot Period. For the avoidance of doubt, this MoU does not supersede or alter any provision of the master funding agreement made between the Secretary of State and the Company, the set up grant funding agreement and/or any supplemental funding agreements made/novated in respect of individual academies transferring to the Trust.

36. This MoU is not intended to create legal or binding obligations, and no legal obligations or legal rights shall arise between the Secretary of State, the Dioceses and the Company from this MoU.

37. The Secretary of State (or representatives on his behalf) will meet with the Dioceses and the Company from time to time to discuss and review the operation of this MoU. During the Pilot Period the Secretary of State's representatives will meet the chair of the Company and Diocesan representatives, and any other representatives of the Company who the chair might nominate, to review the operation of the pilot.

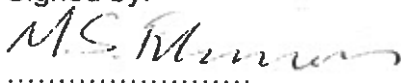
Signed by:


16/12/21

On behalf of the Secretary of State for Education



Signed by:



Reverend Canon Michael Fitzsimons
Episcopal Vicar for Education
(Position)

On behalf of the Archdiocese of Liverpool

Signed by:

A handwritten signature in black ink, appearing to read 'Lawrence', with a long horizontal flourish extending to the right.

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Carol Lawrence
Diocesan Financial Secretary
(Position)
On behalf of the Diocese of Shrewsbury

Signed by:

A handwritten signature in black ink, appearing to read 'A Connor', with a checkmark at the end.

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Ann Connor
Chair
On behalf of the Company