

Dated 30 November 2015

- (1) HUGH BAIRD COLLEGE
- (2) SEFTON EDUCATION TRUST

Memorandum of Understanding

BETWEEN:-

- (a) (1) **Hugh Baird College** of Balliol Road, Bootle, Liverpool L20 7EW ("the College");
and
- (b) (2) **Sefton Education Trust** (registered company number 08307770) of Balliol Road, Bootle, Liverpool L20 7EW ("the Trust");

Background and Purpose of the Memorandum

- (A) The Trust is a company limited by guarantee and an exempt charity. The Objects of the Trust as set out in its Articles of Association are specifically restricted to advancing for the public benefit education in the United Kingdom, in particular, but without prejudice to the generality of the foregoing by establishing, maintaining, carrying on, managing and developing schools offering a broad and balanced curriculum.
- (B) The College has been appointed by the Department for Education as the sponsor of the Trust. Legally this means that the College and its member appointees hold a majority membership interest in the Trust, as reflected in the Trust's Articles of Association.
- (C) The purpose of this memorandum is to record the intentions of the College and the Trust regarding the operation of the Trust as a College sponsored academy trust. The parties are committed to working together in good faith and with the shared objective of transforming the lives of pupils within the Trust's academies.

1. The Trust Chief Executive Officer ("CEO")

- 1.1 Until such time as the Trust operates more than two academies and/or appoints a permanent CEO, the Trustees of the Trust will appoint the College's Vice Principal (or such other suitable person as the College shall determine in its sole discretion) as interim CEO of the Trust. The interim CEO will be employed by the College and have an ex officio seat on the Trust board of directors in accordance with the Trust's Articles of Association. **[At the date of this Memorandum each party acknowledges that Cathy Fairclough is appointed as interim CEO.]**
- 1.2 The CEO will be the Accounting Officer of the Trust and is accountable for the Trust's financial affairs, for keeping proper financial records, and the for the management of opportunities and risks and shall have sole responsibility for all day to day organisation, staffing and management of the Trust, including (without limitation) the management of all the headteachers within the Trust.
- 1.3 The role and duties of the CEO are to:
 - 1.3.1 as required by the Academies Financial Handbook to act as the Accounting Officer, responsible to the Secretary of State for Education and Parliament for the appropriate use of funds of the Trust;
 - 1.3.2 be responsible for all day to day running of the Trust including the;
 - 1.3.2.1 oversight of all Academy headteachers and wider staffing within the Academy Trust;
 - 1.3.2.2 compliance with all appropriate legislation under the Companies, Charity and Education Acts;

- 1.3.2.3 assurance that the Trust is operating with regularity and propriety, providing effective administration and securing value for money;
 - 1.3.3 be responsible for the formulation of Trust strategy;
 - 1.3.4 represent the interests of the Trust and be the first point of contact for the Trust with the Department for Education, the Education Funding Agency and external partners;
 - 1.3.5 develop effective working relationships with key partners to enhance the reputation of the Trust;
 - 1.3.6 in all aspects to be the public face of the Trust, represent the views of the Board to the general public, press and media;
 - 1.3.7 encourage and foster high levels of educational achievement and standards;
 - 1.3.8 provide appropriate guidance and briefings to the Board, to ensure they can discharge their duties as directors;
 - 1.3.9 ensure the Board meets at regular intervals.
- 1.4 The College will use all reasonable endeavours to ensure the interim CEO is aware of and complies with the role and duties set out at paragraph 1.3 and that the interim CEO carries out such other duties and adheres to such other responsibilities as the Trust may, acting reasonably and with the College's consent, delegate to him or her from time to time. On appointment of a permanent CEO, the Trust will formalise this role in the CEO's employment contract (or contract for services) to be countersigned by the CEO.
- 1.5 The Trust shall be entitled to hold the CEO accountable for his/her actions in relation to all matters relating to the Trust in accordance with the terms of his/her engagement.
- 1.6 The board of Trustees will appoint a headteacher in respect of each Academy operated by the Trust. The headteacher will be line managed by the Trustees of the Trust through such process as they determine.
- 2. The Trust Chair**
- 2.1 The role and duties of the Trust Chair shall be to:
- 2.1.1 be one of the 'Members' of the Trust for so long as he/she holds the position of Chair;
 - 2.1.2 manage the proceedings of the AGM and meetings of the Directors and approve the minutes of the meetings;
 - 2.1.3 act as arbitrator in points of dispute between directors;
 - 2.1.4 act as ambassador for the Trust and represent the interests of the Trust within the local community;
 - 2.1.5 provide an assessment of the performance of individual Board members; and
 - 2.1.6 liaise closely with the CEO in relation to the Trust's strategy.
- 2.2 The Trust will formalise this role in an appointment letter to be countersigned by the Trust Chair.

3. **Financial arrangements**

3.1 Subject always to the overriding obligations of the Trust under statute and the Trust's funding agreements with the Secretary of State for Education (and any policy guidance issued thereunder, including but not limited to the Academies Financial Handbook), the Trust board of directors shall:

3.1.1 notwithstanding the appointment of the CEO as the Accounting Officer, have responsibility for the proper conduct and financial operation of the Trust;

3.1.2 ensure that they are familiar with the terms of the Trust's Funding Agreements, its Articles of Association, the Academies Financial Handbook, the Governor's Handbook and Charity Commission CC3: 'The Essential Trustee What You Need to Know' to ensure compliance with financial and good governance requirements;

3.1.3 approve a written scheme of delegation of financial powers that maintains robust internal control arrangements;

3.1.4 appoint a chief financial officer to lead on financial matters; (at the date of this memorandum each party acknowledges that Matthew Larkin is appointed as Chief Financial Officer and no charge is made by Hugh Baird College for this service).

3.1.5 approve a balanced budget, and any significant changes to the budget, for the financial year to 31 August which can draw on unspent funds brought forward from the previous years;

3.1.6 together with any separate committee responsible for finance, ensure good financial management and effective internal controls and receive and consider information on financial performance at least three times a year, and take appropriate action to ensure ongoing viability;

3.1.7 prepare an annual report and accounts, incorporating accounting policies approved by the board of trustees, and have them audited by a statutory auditor;

3.1.8 establish a combined finance and audit committee or a dedicated audit committee (the requirement for a dedicated audit committee subject to the thresholds contained from time to time in the Academies Financial Handbook; and

3.1.9 comply with the Academies Financial Handbook in respect of the pooling of the general annual grant funding to form a central fund to be used to meet the normal running costs of the academies within the Trust.

3.2 Each party acknowledges that the College's finance department are currently supporting the Trust board under the terms of a service level agreement. For so long as the College provides financial reporting and administration support to the Trust, the Trust will comply (and will procure that the Trust board and any finance committee constituted thereunder, complies) with the reasonable directions of the College, including without limitation the adoption of policies and procedures in fulfilling its obligations pursuant to paragraph 3.1 above.

4. **Reserved Matters**

4.1 The Trust board of Trustees shall not, without the prior written consent of the College:

4.1.1 place any restrictions on the Trust's actions, e.g. appoint or remove individuals as member appointed directors without member approval;

- 4.1.2 agree or effect any changes to the Trust's funding agreement with the Secretary of State for Education;
- 4.1.3 assume responsibility for the management, operation or support of any academies other than the academy operated by the Trust as at the date of this Memorandum;
- 4.1.4 appoint or remove the auditors of the Trust;
- 4.1.5 embark on any trading activities;
- 4.1.6 form a subsidiary company or take up a membership interest in any company or partnership;
- 4.1.7 enter into any significant, long term or onerous contract including any capital expenditure commitments exceeding £20,000 per annum and for this sum to be reviewed annually.
- 4.1.8 **[OTHERS?]**

5. **Reporting Obligations**

- 5.1 The Trust Board of Trustees shall promptly:
 - 5.1.1 notify the College of any board appointments not requiring member approval under Article 46a;
 - 5.1.2 notify the College of the appointment of any CEO, chair or vice chair under the Trust's Articles of Association commencing on 31 August 2016.
 - 5.1.3 notify the College of the appointment of any academy headteacher;
 - 5.1.4 notify the College or any formal notification from the Education Funding Agency (or its successor) or the Regional Schools Commissioner regarding non-compliance or failings of the Trust or any academy operated by it;
- 5.2 The Trust will provide the College with an annual report by 31 August in each academic year, commencing 31 August 2016, in the form prescribed by the College from time to time, summarising inter alia, the Trust's performance, financial position, activities and governance arrangements.
- 5.3 The Trust will adopt the College's templates for board/governing body minutes and where appropriate, follow the College's operational policies **[relating to HR matters, safeguarding and finance]**.

6. **Provision of goods and services by the College**

The College is willing to share best practice with the Trust and to provide support and guidance in its role as sponsor of the Trust. The College may from time to time also provide goods or services on terms to be agreed with the Trust at the relevant time, it being acknowledged that the provision of such goods or services will be in accordance with the Trust's Articles of Association and the Academies Financial Handbook, which states that any goods or services provided to the Trust by the College as sponsor will be provided at cost. This at cost requirement applies to contracts for goods and services exceeding £2,500, cumulatively, in any one financial year of the Trust. Where the cumulative annual cost is greater than £2,500 the element above £2,500 must be at no more than cost.

- 6.1 Until such time as the Trust operates two or more academies, it is acknowledged that the Trust will require the following administrative support from the College:
 - 6.1.1 company secretarial services;

- 6.1.2 financial reporting and administration services;
- 6.1.3 strategic leadership and management services; and
- 6.1.4 the provision of an interim CEO (as referred to in paragraph 1.1).

The Trust will procure these services from the College during this time together with such other support or strategic services as shall be agreed between the Trust and the College from time to time, such services to be:

- (a) charged at no more than cost;
- (b) formalised in a service level agreement;
- (c) reviewed on an annual basis.

6.2 The Trust will ensure that any agreement with the College to supply goods or services to the Trust is properly procured through an open and fair process and in accordance with the Academies Financial Handbook.

7. **Conflicts of Interest**

7.1 The College and the Trust acknowledge that there may be times where conflicts of interest arise between them, and that it is important that members of the College corporation and the Trustees of the Trust are made aware of what might constitute a conflict of interest and how those conflicts should be managed. To that end both the College and the Trust shall:

- 7.1.1 ensure they have a conflicts of interest policy in place;
- 7.1.2 that the terms of that policy is communicated to College corporation members/Trustees (as appropriate), to senior members of staff and, in the case of the Trust, to any local governing body members; and
- 7.1.3 that training on conflicts of interest is given where appropriate.

8. **Review clause and status**

8.1 This memorandum, which constitutes the current state of intent of the College and the Trust, will be reviewed in August of each year.

8.2 The terms set out in this memorandum are only an expression of the current intention of the parties and are not intended to be legally binding or to give rise to any other rights or obligations

Signed by Vice Chair of the Corporation:

David Crosby

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**FOR AND ON BEHALF OF
HUGH BAIRD COLLEGE**

Signed by the Chair of Trustees:

James Brown

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**FOR AND ON BEHALF OF
SEFTON EDUCATION TRUST**