



Department
for Education

Special academy and free school: supplemental funding agreement

December 2014

Contents

SUMMARY SHEET	4
Information about the Academy:	4
1. ESTABLISHING THE ACADEMY	7
Definitions and interpretation	7
The Academy	8
Academy opening date	9
2. RUNNING OF THE ACADEMY	9
Length of school day and year	9
Teachers and staff	9
Places and Pupils	10
Charging	11
Admissions	12
Curriculum	18
3. GRANT FUNDING	19
Calculation of GAG	19
Other relevant funding	21
4. LAND	22
<i>[Version 1: Existing freehold site]</i>	23
<i>[Version 2: existing leasehold site]</i>	27
<i>[Version 3: existing site held under church supplemental agreement or lease from private site trustees]</i>	32
<i>[Version 4: new freehold site provided by EFA with a legal charge in favour of the Secretary of State]</i>	32
<i>[Version 5: new freehold site provided by EFA with no legal charge]</i>	43

<i>[Version 6: new leasehold site provided by EFA with a legal charge in favour of the Secretary of State]</i>	46
<i>[Version 7: new leasehold site provided by EFA without a legal charge]</i>	57
5. TERMINATION	62
Termination by either party	62
Termination Warning Notice	62
Termination by the Secretary of State after inspection	63
Termination by the Secretary of State	64
Funding and admission during notice period	67
Notice of intention to terminate by Academy Trust	67
Effect of termination	69
6. OTHER CONTRACTUAL ARRANGEMENTS	71
Annexes	71
The Master Agreement	71
General	71

SUMMARY SHEET

Information about the Academy:

Name of Academy Trust	
Company number	
Date of Master Funding Agreement	
Name of Academy	
Opening date	
Type of academy (indicate whether academy or free school)	
Name of predecessor school (where applicable)	
Planned number of places	
Age range	
Number of sixth form places	
Number of residential places	
Land arrangements (Version 1-7 or other)	
Address and title number of Land	

Please confirm which clause variations have been applied or marked as ‘Not used’

Clause No.	Descriptor	Applied	Not used
1.K	Only applies to free schools and new provision academies		
2.D	Only applies to free schools admitting pupils without a statement of SEN or EHC plan		
2.G	Only applies where there was a predecessor independent school or non-maintained special school		
2.S to 2.FF	Only applies to free schools or new provision academies that admit pupils without a statement of SEN or EHC plan		
2.W	Does not apply to free schools (unless there was a predecessor independent school or non-maintained special school), or new provision academies		
2.GG	Only applies to free schools or new provision academies that admit pupils without a statement of SEN or EHC plan		
3.B – 3.G	Only applies to free schools or new provision academies that admit pupils without a statement of SEN or EHC plan		
3.H	Clause does not apply to academy converters or new provision academies		
3.J	Only applies to full sponsored and intermediate sponsored academies with approved Academy Action Plans		
3.K	Does not apply to free schools (unless there was a predecessor independent school or non-maintained special school), or new provision academies		
5.G.1	Clause applies only to boarding academies/free schools		
5.I	Clause only applies to sponsored academies		

Clause No.	Descriptor	Applied	Not used
5.K	Clause applies to free schools and may be applied to new provision academies		
5.L	Clause applies to free schools and may be applied to new provision academies		
5.M	Clause applies to free schools and may be applied to new provision academies		
5.N	Clause applies to free schools and may be applied to new provision academies		
5.O	Clause applies to free schools and may be applied to new provision academies		
5.P	Clause applies to free schools and may be applied to new provision academies		

Please identify any other variations from the model that apply to this academy (e.g. clauses relating to PFI):

Additional clauses will be supplied by your project lead if needed.

Descriptor	Clause No.	Applied	Not used

1. ESTABLISHING THE ACADEMY

1.A This Agreement made between the Secretary of State for Education and [INSERT NAME OF ACADEMY TRUST] is supplemental to the master funding agreement made between the same parties and dated [INSERT] (the “**Master Agreement**”).

Definitions and interpretation

1.B Except as expressively provided in this Agreement words and expressions defined in the Master Agreement will have those same meanings in this Agreement.

1.C The following capitalised words and expressions will have the following meanings:

“The **Academy**” means the [INSERT] Special Academy which is specially organised to make special educational provision for pupils with SEN.

“**EHC plan**” means an Education, Health and Care plan made under sections 37(2) of the Children and Families Act 2014.

“**National Minimum Standards**” [***This definition only applies to academies that have residential provision – otherwise remove***]¹ means the National Minimum Standards for Boarding Schools published by the Secretary of State under section 87C(1) of the Children Act 1989 as amended by the Care Standards Act 2000.

“**Pupils with a statement of SEN or EHC plan**” means those pupils, with a statement of SEN or EHC plan, admitted under clauses 2.C and 2.H to 2.P.

“**Pupils without a statement of SEN or EHC plan**” means those pupils, with SEN but without a statement of SEN or EHC plan, admitted under clauses 2.D and 2.Q to 2.DD.

“**SEN**” means Special Educational Needs and the expressions “**special educational needs**” and “**special educational provision**” have the meaning set out in sections 20(1) and 21(2) of the Children and Families Act 2014.

¹ Throughout document remove instructions set out in bold italics

“Start-Up Period” [*This definition should be removed if all pupil cohorts relevant to the age-range of the Academy will have some pupils present on the academy opening date. It will normally apply to free schools with the exception of free schools which had previously been independent schools who are not expanding their capacity and will not be in receipt of start-up/post opening grant*] means up to [X] Academy Financial Years and covers the period up to [and including] the first Academy Financial Year in which the Academy can offer its planned places (as set down in clause 2.C), whichever is the shorter.

“Statement of SEN” means a statement made under section 324 of the Education Act 1996.

“Termination Notice” means a notice sent by the Secretary of State to the Academy Trust, terminating this Agreement on the date specified in the notice.

“Termination Warning Notice” means a notice sent by the Secretary of State to the Academy Trust, stating his intention to terminate this Agreement.

1.D The Interpretation Act 1978 applies to this Agreement as it applies to an Act of Parliament.

1.E Reference in this Agreement to clauses and annexes will, unless otherwise stated, be to clauses and annexes to this Agreement.

The Academy

1.F The Academy is a [TYPE] as defined in clause 1.4 of the Master Agreement.

1.G The Academy Trust will establish and maintain the Academy in accordance with the Master Agreement and this Agreement.

1.H The Academy Trust must ensure special educational provision is made at the Academy for one or more categories of SEN. These categories may include, but are not limited to [*select as appropriate – for academies that convert further to the Academies Act 2010, the categories must be the same as the predecessor school’s designation immediately prior to conversion*][SpLD][MLD][SLD][PMLD][BESD][SLCN][ASD][VI][HI][MSI][PD].

- 1.I The Academy Trust may not refuse to admit a child whose statement of SEN or EHC plan names the Academy on the sole basis that some, or all, of the child's SEN do not feature in the categories referred to in clause 1.H of this agreement.
- 1.J [***This clause applies only to free schools and new provision academies – otherwise mark clause 1.J as 'Not used'***] The Academy Trust must ensure that so far as is reasonably practicable and consistent with this Agreement and the Equality Act 2010, the policies and practices adopted by the Academy (in particular regarding curriculum, uniform and school food) enable pupils of all faiths and none to play a full part in the life of the Academy, and do not disadvantage pupils or parents of any faith or none. For the avoidance of doubt, this requirement applies irrespective of the proportion of pupils of any faiths or none currently attending or predicted to join the school.

Academy opening date

- 1.K The Academy Trust will open the Academy on [INSERT DATE].

2. RUNNING OF THE ACADEMY

Length of school day and year

- 2.A.1 Further to clause 2.1 of the Master Agreement, the Academy Trust is responsible for setting the dates when the school terms and holidays are to begin and end, and the times of schools sessions.

Teachers and staff

- 2.A Subject to clause 2.4 of the Master Agreement and 2.B of this Agreement the Academy Trust must not employ anyone under a contract of employment or for services to plan and prepare lessons and courses for pupils, teach pupils, and assess and report on pupils' development, progress and attainment ("specified work"), who is not either:

- a) a qualified teacher within the meaning of regulations made under

section 132 of the Education Act 2002; or

- b) otherwise eligible to do specified work under the Education (Specified Work)(England) Regulations 2012 (SI 2012/762), which for the purpose of this clause must be construed as if the Academy were a maintained school.

2.B Clause 2.A will not apply to anyone who:

- a) transferred to the employment of the Academy Trust by virtue of the Transfer of Undertakings (Protection of Employment) Regulations 2006;
- b) immediately prior to the transfer, was employed to do specified work; and
- c) immediately before transferring, was not:
 - i. a qualified teacher within the meaning of regulations made under section 132 of the Education Act 2002 and fully registered with the appropriate body, or
 - ii. eligible to do specified work under the Education (Specified Work)(England) Regulations 2012 (SE 2012/762)

("transferred staff member"). The Academy Trust must ensure that any transferred staff member that carries out specified work and does not meet the requirements of clause 2.A(a) or 2.A(b), meets those requirements as soon as possible.

Places and Pupils

2.C The planned number of places at the Academy [for pupils with a statement of SEN or a EHC plan*][***select if clause 2.D used**] is [insert] places in the age range [insert], [including [insert] residential places], [including a sixth form of [insert] places].

2.D [***This clause applies to free schools and new provision academies admitting pupils without a statement of SEN or EHC plan under clauses***

2.S to 2.FF – otherwise mark clause 2.D as ‘Not used’]Further to clause 2.C, the Academy may also admit up to a maximum of [insert] pupils without a statement of SEN or EHC plan naming the school, admitted under clause 2.S to 2.FF.

- 2.E The Academy Trust must ensure that the Academy meets the needs of individual pupils, [including those with and without statements of SEN or EHC plans*][***select if clause 2.D used**].
- 2.F The Academy Trust must seek approval from the Secretary of State where they consider there is a need to increase the planned number of places stated in clause 2.C [or the maximum number of pupils stated in clause 2.D*][***select if clause 2.D used**]. The requirements of this Agreement may then be amended by agreement between the Secretary of State and the Academy Trust.

Charging

2.G [***This clause only applies where there was a predecessor independent school or a non-maintained special school – otherwise mark clause 2.G as ‘Not used’***]The Academy Trust must charge fees for the full cost of the education provided at an Academy to non-European Economic Area students who:-

- a) have a valid United Kingdom visa the terms of which state that the relevant student cannot access non-fee paying education; or
- b) no longer have a valid United Kingdom visa allowing them to enter or remain in the United Kingdom but are applying to renew such a visa; and in each case
- c) transferred to the Academy from any predecessor institution.

If the Academy fails to charge these students, or is unable to recover fees by the end of the term for which they are due, it must report this to the Secretary of State who may inform the UK Border Agency.

Admissions

- 2.H Except as set out in clauses 2.I – 2.Q below, the Children and Families Act 2014 imposes duties directly on Academies in respect of pupils with special educational needs, including the admission of pupils with EHC plans. If an Academy Trust considers that a LA should not have named the Academy in an EHC plan, it may ask the Secretary of State to determine whether the LA has acted unreasonably, and to make an order directing the LA to reconsider. The Secretary of State's determination will be final, subject to any right of appeal which a parent of the child may have to the First Tier Tribunal (Special Educational Needs and Disability) or the Upper Tribunal Administrative Appeals Chamber.
- 2.I Except where clauses 2.D and 2.R apply, the Academy Trust may not admit a child to the school unless a statement of SEN or EHCP plan naming the Academy [or the predecessor school], is maintained for that child.
- 2.J The Academy Trust may admit a child to the Academy if:
- a) the child is admitted for the purposes of an assessment of the child's educational needs under section 323 of the Education Act 1996 , and the child's admission to the Academy is with the agreement of the LA, the Academy trust, the child's parent and any person whose advice is to be sought in accordance with regulation 7 of the Education (Special Educational Needs) (England) (Consolidation) Regulations 2001
 - b) the child remains admitted following an assessment under section 323 of the Education Act 1996; or
 - c) the child is admitted following a change in the child's circumstances, with the agreement of the LA, the Academy Trust and the child's parents.
- 2.K Subject to clause 2.J(a), the Academy Trust may allow the child to remain at the Academy:

- a) until the expiry of ten school days after the LA has served a notice under section 325 of the Education Act 1996 that they do not propose to make a statement; or
 - b) until a statement is made.
- 2.L Where the LA intends to name the Academy in a statement of SEN, and has served a copy of the proposed statement of SEN (amended statement of SEN) upon the Academy Trust, the Academy Trust must respond, in writing, to the LA's proposal within 15 days of receipt of the notice.
- 2.M The Academy Trust must consent to being named, except where admitting the child would be incompatible with the provision of efficient education for other children; and where no reasonable steps may be made to secure compatibility. The Academy Trust must have regard to relevant guidance issued by the Secretary of State to maintained schools when making its determination.
- 2.N If the Academy Trust determines that admitting the child would be incompatible with the provision of efficient education, it must notify the LA that it does not agree that the Academy should be named in the pupil's statement of SEN. This notice must set out all the facts and matters the Academy Trust relies upon in support of its consideration that:
- a) admitting the child would be incompatible with efficiently educating other children; and
 - b) the Academy Trust cannot take reasonable steps to secure this compatibility.
- 2.O The Academy Trust must admit a child to the Academy, where an LA maintains a statement of SEN for a child under section 324 of the Education Act 1996 which names the Academy [(or predecessor school)], even if they consider the Academy should not have been named in the child's statement of SEN.

- 2.P Where the Academy Trust considers that the Academy should not have been named in a child's statement of SEN, they may ask the Secretary of State to determine that the LA has acted unreasonably in naming the Academy and to make an order directing the LA to amend the child's statement of SEN by removing the name of the Academy. Where the Secretary of State makes an order to this effect, the Academy Trust will cease to be under an obligation to admit the child from the date of the Secretary of State's Order, or from such date as the Secretary of State specifies. In specifying a date the Secretary of State must take into account both the welfare of the child in questions and the degree of difficulty caused to the Academy by the child's continued admission.
- 2.Q Where the Secretary of State determines that an LA has acted reasonably in naming the Academy in a child's statement of SEN, the Academy Trust must continue to admit the child until the Academy ceases to be named in the statement of SEN
- 2.R Clauses 2.J – 2.Q only apply in so far as the relevant provisions of the Children and Families Act 2014 relating to SEN and disability do not apply to Academies and Free Schools.

[Clauses 2.S to 2.FF apply only to free schools or new provision academies that admit pupils without a statement of SEN or EHC plan under clause 2.D of this Agreement – otherwise mark these clauses as 'Not used']

- 2.S Clauses 2.T to 2.FF apply only to those pupils admitted in accordance with clause 2.D. ***[If clause does not apply, mark clause 2.S as 'Not used']***
- 2.T Further to clause 2.I the Academy Trust may also admit a child to the Academy if the Academy Trust has obtained a report from an educational psychologist or from a medical expert or specialist confirming that the child has a type of SEN for which the school is designated and recommending that the child be admitted to the school and he/she is admitted to one of the places referred to at clause 2.D. The Academy Trust must keep a record of expert reports obtained. ***[If clause does not apply, mark clause 2.T as 'Not used']***

2.U Subject to clauses 2.T, 2.V and 2.Y to 2.AA the Academy Trust will act in accordance with, and will ensure that its Independent Appeal Panel is trained to act in accordance with, the School Admissions Code and School Admission Appeals Code published by the DfE (the “Codes”) and all relevant admissions law as they apply to maintained schools, and with equalities law. Reference in the Codes or legislation to “admission authorities” will be deemed to be references to the Academy Trust.**[If clause does not apply, mark clause 2.U as ‘Not used’]**

2.V The Academy Trust will not admit pupils to these places:

- a) who have a statement of SEN or EHC plan naming the Academy; and
- b) who do not have the relevant special educational needs, as identified by the process set out in clause 2.1.**[If clause does not apply, mark clause 2.V as ‘Not used’]**

2.W ***[This clause does not apply to free schools (unless there was a predecessor independent school or a non-maintained special school), or new provision academies – in these cases mark clause 2.W as ‘Not used’]*** Pupils on roll in a Predecessor School which was a maintained, a non-maintained special or independent school will transfer automatically to the Academy on opening. All children already offered a place at that Predecessor School must be admitted to the Academy.

2.X The Academy Trust must participate in the local Fair Access Protocol. The Academy Trust must participate in the coordinated admission arrangements operated by the LA in whose area the Academy is situated. If the Academy is a free school, the Academy Trust is not required to participate in coordination for its first intake of pupils.**[If clause does not apply, mark clause 2.X as ‘Not used’]**

2.Y The Academy Trust may determine admission arrangements (subject to consultation in line with the Codes) that give priority for admission to children attracting the Pupil Premium, including the service premium (the “pupil

premium admission criterion”), but not above looked-after children and previously looked-after children.**[If clause does not apply, mark clause 2.Y as ‘Not used’]**

2.Z Where the Academy Trust applies the pupil premium admission criterion, it must provide information in its admission arrangements about eligibility for the premiums.**[If clause does not apply, mark clause 2.Z as ‘Not used’]**

2.AA For the purposes of applying the pupil premium admission criterion only, sections 1.9(f) and 2.4(a) of the School Admissions Code do not apply insofar as they prevent admission authorities from giving priority to children according to the financial or occupational status of parents or using supplementary forms that ask for:

- a) any personal details about their financial status; or
- b) whether parents are serving in the UK armed forces or were serving in the UK armed forces and are exercising parental care and responsibility for the child in question.**[If clause does not apply, mark clause 2.AA as ‘Not used’]**

2.BB The Secretary of State may:

- a) direct the Academy Trust to admit a named pupil to the Academy:
 - i. following an application from an LA including complying with a school attendance order as defined in section 437 of the Education Act 1996. Before doing so the Secretary of State will consult the Academy Trust; or
 - ii. where in relation to a specific child or children the Academy Trust has failed to act in accordance with the Codes or this Agreement or has otherwise acted unlawfully; or
- b) direct the Academy Trust to amend its admission arrangements where they do not comply with the Codes or this Agreement, or are otherwise unlawful.**[If clause does not apply, mark clause 2.BB as ‘Not used’]**

- 2.CC The Academy Trust must ensure that parents and ‘relevant children’ (as described in the Codes) have the right to appeal to an Independent Appeal Panel if they are dissatisfied with an admission decision of the Academy Trust. The arrangements for appeals must comply with the Codes as they apply to foundation and voluntary aided schools. The determination of the appeal panel is binding on all parties.**[If clause does not apply, mark clause 2.CC as ‘Not used’]**
- 2.DD Subject to clause 2.CC, the meaning of “**relevant area**” for the purposes of consultation requirements in relation to admission arrangements is that determined by the relevant LA for maintained schools in the area in accordance with the Education (Relevant Areas for Consultation on Admission Arrangements) Regulations 1999.**[If clause does not apply, mark clause 2.DD as ‘Not used’]**
- 2.EE If the Academy does not consider the relevant area determined by the LA for the maintained schools in the area to be appropriate, it must apply to the Secretary of State by 1 August before the academic year in question for a determination of the appropriate relevant area for the Academy, setting out the reasons for this view. The Secretary of State will consult the Academy Trust and the LA in whose area the Academy is situated in reaching a decision.**[If clause does not apply, mark clause 2.EE as ‘Not used’]**
- 2.FF The Office of the Schools Adjudicator (“**OSA**”) will consider objections to the Academy’s admission arrangements (except objections against the agreed variations from the Codes specified at clause 2.R, 2.V and 2.Y, over which it has no jurisdiction). The Academy Trust must therefore make it clear, when determining the Academy’s admission arrangements, that objections should be submitted to the OSA. The OSA’s determination of an objection is binding on the Academy and the Academy Trust must make appropriate changes to its admission arrangements as quickly as possible.**[If clause does not apply, mark clause 2.FF as ‘Not used’]**

Exclusions

2.GG *[This clause will only apply to free schools or new provision academies that admit pupils without a statement of SEN or EHC plan under clause 2.D - otherwise mark clause 2.GG as ‘Not used’]*If asked to by an LA, the Academy Trust must enter into an agreement with that LA that has the effect that where:

- a) the Academy admits a pupil who has been permanently excluded from a maintained school, the Academy itself or another academy with which the LA has a similar agreement; or
- b) the Academy Trust permanently excludes a pupil from the Academy, the arrangements for payment will be the same as if the Academy were a maintained school, under regulations made under section 47 of the School Standards and Framework Act 1998.

Curriculum

2.HH The Academy Trust, where practical must provide for the teaching of religious education and for acts of collective worship at the Academy.

2.II Subject to clause 2.HH:

- a) provision must be made for religious education to be given to all pupils at the Academy in accordance with the requirements for agreed syllabuses in section 375(3) of the Education Act 1996 and paragraph 2(5) of Schedule 19 to the School Standards and Framework Act 1998;
- b) the Academy must comply with the requirements of regulation 5A of the Education (Special Educational Needs)(England)(Consolidation) Regulations 2001 as if it were a maintained school.

2.JJ The Academy Trust must comply with regulation 5A of the Education (Special Educational Needs)(England)(Consolidation) Regulations 2001 as if the Academy were a community or foundation special school, and as if references to “Religious Education” and to “Religious Worship” in that section were

references to religious education and religious worship provided by the Academy in accordance with clause 2.GG.

- 2.KK The Academy Trust agrees that, where the Academy is listed in the register of Independent Schools as having a religious ethos, paragraph 5(b) of Schedule 11 of the Equality Act 2010 shall not apply to the Academy.
- 2.LL The Academy Trust must have regard to any Guidance, further to section 403 of the Education Act 1996, on sex and relationship education to ensure that children at the Academy are protected from inappropriate teaching materials and that they learn the nature of marriage and its importance for family life and for bringing up children. The Academy Trust must also have regard to the requirements in section 405 of the Education Act 1996, as if the Academy were a maintained school.
- 2.MM The Academy Trust must prevent political indoctrination, and secure the balanced treatment of political issues, in line with the requirements for maintained schools set out in the Education Act 1996, and have regard to any Guidance.

3. **GRANT FUNDING**

Calculation of GAG

- 3.A The Secretary of State will determine GAG for the Academy for each Academy Financial Year, taking into account relevant factors.

[Clauses 3.B to 3.G only apply to free schools and new provision academies that admit pupils without a statement of SEN or EHC plan under clause 2.D – otherwise mark these clauses as ‘Not used’]

- 3.B The Secretary of State may, within his absolute discretion, make provision for an in-year adjustment to GAG if the number of pupils without a statement of SEN or EHC plan attending the Academy at specified dates exceeds or falls below thresholds specified by letter. ***[If this clause does not apply, mark clause 3.B as ‘Not used’]***

- 3.C Subject to clause 3.E, the basis of the pupil number count for pupils without a statement of SEN or EHC plan for the purposes of determining GAG for an Academy Financial Year will be the Academy Trust's most recent estimate provided in accordance with clause 3.D.**[If this clause does not apply, mark clause 3.C as 'Not used']**
- 3.D The Secretary of State will, in advance of each Academy Financial Year for the Academy, request that the Academy Trust provides an estimate of the number of pupils without a statement of SEN or EHC plan on roll in the following September for the purposes of determining GAG for an Academy Financial Year. The Academy Trust must provide the requested estimate to the Secretary of State as soon as reasonably practicable.**[If this clause does not apply, mark clause 3.D as 'Not used']**
- 3.E In the Academy Financial Year which immediately follows the Academy Financial Year in which the number of pupils without a statement of SEN or EHC plan on roll is 90% or more of the number specified in clause 2.D the basis for the number count for pupils without a statement of SEN or EHC plan for the purpose of determining GAG will be the actual number of pupils without a statement of SEN or EHC plan on roll in the relevant month of the previous Academy Financial Year, as determined by the Secretary of State.**[If this clause does not apply, mark clause 3.E as 'Not used']**
- 3.F For any Academy Financial Year in which GAG for the Academy has been calculated in accordance with clauses 3.C and 3.D, an adjustment will be made to the following Academy Financial Year's GAG for the Academy to recognise any variation from that estimate. The additional or clawed-back grant will be only the amount relevant to the number of pupils above or below that estimate.**[If this clause does not apply, mark clause 3.F as 'Not used']**
- 3.G The Secretary of State may, at his discretion, adjust the basis of the pupil count to take account of any diseconomies of scale which may affect the Academy if it is operating below the planned number of places in clause 2.D. If such an adjustment is made in any Academy Financial Year, this will not change the basis of the pupil count for calculating the following Academy

Financial Year's GAG. If the Secretary of State has indicated that additional grant may be payable in such circumstances, the Academy Trust will bid for this additional grant based on need and providing appropriate supporting evidence. The Secretary of State may accept or refuse the bid at his discretion. **[If this clause does not apply, mark clause 3.G as 'Not used']**

- 3.H **[This clause should be removed for academy converters and new provision academies. If removed, mark clause 3.H 'Not used']** The Secretary of State may pay a further element of GAG to the Academy Trust during the Start-Up Period to meet additional costs which cannot otherwise be met from GAG.
- 3.I The Secretary of State recognises that if he serves a Termination Notice or a Termination Warning Notice, or otherwise terminates the Master Agreement, the intake of new pupils during the notice period may decline and therefore payments based on the number of places related to the number of pupils attending the Academy may be insufficient to meet the Academy's needs. In these circumstances the Secretary of State may pay a larger GAG in the notice period, to enable the Academy to operate effectively.

Other relevant funding

- 3.J **[This clause only applies to full sponsored and intermediate sponsored academies with approved Academy Action Plans – otherwise mark clause 3.J as 'Not used']** The Academy Trust may apply to the Secretary of State for financial assistance in relation to proposed redundancies at the Academy. In response to such an application, the Secretary of State may at his discretion agree to meet a proportion of the Academy Trust's costs arising from the inclusion of academies in the schedules to the Redundancy Payments (Continuity of Employment in Local Government) (Modification) Order 1999. The Secretary of State may agree to meet the costs of an employee's prior eligible service, being service before the Academy opened, but the Academy Trust must meet the costs of service after the Academy opened. The Secretary of State's financial assistance in this respect will only be available in the first two years after the Academy opens.

- 3.K ***[This clause does not apply to free schools (unless there was a predecessor independent school or non-maintained special school), or new provision academies – in these cases mark clause 3.K as ‘Not used’]***The Secretary of State may pay the Academy Trust’s costs in connection with the transfer of employees from a Predecessor School under the Transfer of Undertakings (Protection of Employment) Regulations 2006. Such payment will be agreed on a case-by-case basis. The Academy Trust must not budget for such a payment unless the Secretary of State confirms in writing that it will be paid.

Carrying forward of funds

- 3.L Any additional grant made in accordance with clause 3.I, for a period after the Secretary of State has served a Termination Notice or a Termination Warning Notice under this Agreement, or otherwise terminates the Master Agreement, may be carried forward without limitation or deduction until the circumstances set out in clause 3.I cease to apply or the Academy closes.

4. LAND

[The land clauses deal with the Academy Trust’s obligations in respect of the Academy site, and with protecting the public investment in the land used for the Academy.

Other clauses and definitions may need to be inserted into this Agreement, depending on the specific land arrangements for the school site; for example, if the Academy is to open on a temporary site before moving to its permanent site, or if any of the land is unregistered.

Choose the appropriate version of the land clauses from the options below, and delete the other versions.

Is the Academy site being provided by the EFA?

No:

Use version 1 if the Academy’s existing site is a freehold.

Use version 2 if the Academy's existing site is held under a lease.

Use version 3 if the Academy's existing site is held under a church supplemental agreement or lease from private site trustees.

Use both version 2 and version 3 if the Academy's existing site is held partly under a lease provided by the LA or a third party landlord and partly under a church supplemental agreement or a lease provided by private site trustees.

Yes:

Is the new site being acquired freehold or leasehold?

Freehold:

Use version 4 if the Secretary of State is taking a legal charge over the new site.

Use version 5 if the Secretary of State is not taking a legal charge over the new site.

Leasehold:

Use version 6 if the Secretary of State is taking a legal charge over the new site.

Use version 7 if the Secretary of State is not taking a legal charge over the new site.]

[Version 1: Existing freehold site]

“Land” means the freehold land at [ADDRESS], being [part of] the land registered with title number [●], which is to be the permanent site of the Academy.

“Property Notice” means any order, notice, proposal, demand or other requirement issued by any competent authority which materially affects the Academy Trust's ability to use the Land for the purposes of the Academy.

Restrictions on Land transfer

4.A The Academy Trust must:

- a) within 28 days of the signing of this Agreement in circumstances where the Land is transferred to the Academy Trust prior to the date of this Agreement, or otherwise within 28 days of the transfer of the Land to the Academy Trust, apply to the Land Registry using Form RX1 for the following restriction (the "Restriction") to be entered in the proprietorship register for the Land:

No disposition of the registered estate by the proprietor of the registered estate is to be registered without a written consent signed by the Secretary of State for Education, of Sanctuary Buildings, Great Smith Street, London SW1P 3BT;

- b) take any further steps reasonably required to ensure that the Restriction is entered on the proprietorship register;
- c) promptly confirm to the Secretary of State when the Restriction has been registered;
- d) if it has not registered the Restriction, permit the Secretary of State to do so in its place; and
- e) not, without the Secretary of State's consent, apply to disapply, modify, cancel or remove the Restriction, whether by itself, a holding company, a subsidiary company, or a receiver, administrator or liquidator acting in the name of the Academy Trust.

Obligations of the Academy Trust

4.B The Academy Trust must keep the Land clean and tidy and make good any damage or deterioration to the Land. The Academy Trust must not do anything to lessen the value or marketability of the Land without the Secretary of State's consent.

4.C The Academy Trust must not, without the Secretary of State's consent:

- a) grant any consent or licence; or
 - b) create or allow any encumbrance; or
 - c) part with or share possession or occupation; or
 - d) enter into any onerous or restrictive obligations,
- in respect of all or part of the Land.

Option

4.D The Academy Trust grants and the Secretary of State accepts an option (the “**Option**”) to acquire all or part of the Land at nil consideration. The Secretary of State may exercise the Option in writing on termination of this Agreement. If the Option is exercised, completion will take place 28 days after the exercise date in accordance with the Law Society’s Standard Conditions of Sale for Commercial Property in force at that date.

Option Notice

4.E The Academy Trust:

- a) must, within 14 days after acquiring the Land or, if later, after signing this Agreement, apply to the Land Registry on Form AN1 (including a copy of this Agreement) for a notice of the Option (the “**Option Notice**”) to be entered in the register, taking any further steps required to have the Option Notice registered and promptly confirming to the Secretary of State when this has been done;
- b) if it has not registered the Option Notice, agrees that the Secretary of State may apply to register it using Form UN1;
- c) must not, without the Secretary of State’s consent, apply to disapply, modify or remove the Option Notice, whether by itself, a holding company, a subsidiary company, or a receiver, administrator or liquidator acting in the name of the Academy Trust, and

- d) must, in the case of previously unregistered land, within 14 days after acquiring the Land or, if later, after signing this Agreement, apply to register a Class C(iv) land charge in the Land Charges Registry, and send the Secretary of State a copy of the relevant entry within 7 days after the registration has been completed. If the Secretary of State considers that the Academy Trust has not complied with this clause, he may apply to secure the registration.

Property Notices

4.F If the Academy Trust receives a Property Notice, it must:

- a) send a copy of it to the Secretary of State within 14 days, stating how the Academy Trust intends to respond to it;
- b) promptly give the Secretary of State all the information he asks for about it;
- c) allow the Secretary of State to take all necessary action, with or instead of the Academy Trust, to comply with it, and
- d) use its best endeavours to help the Secretary of State in connection with it.

Sharing the Land

4.G Where:

- a) the Secretary of State identifies basic or parental need for additional places in the area in which the Academy is situated and
- b) the Secretary of State then considers that not all the Land is needed for the operation of the Academy at planned number of places,

the Secretary of State must consult with the Academy Trust to determine whether part of the Land could be demised or leased to another academy trust, as the Secretary of State considers appropriate, for the purpose of that academy trust establishing and maintaining an educational institution on the Land.

4.H To the extent the Academy Trust and the Secretary of State agree to part of the Land being demised or leased in accordance with clause 4.G, the Academy Trust must use its best endeavours to procure all necessary consents in order to enable it to share occupation of the Land with the incoming academy trust [and to provide the incoming academy trust with security of tenure over the Land occupied by it], and shall enter into any legal arrangements which the Secretary of State requires for this purpose. The Secretary of State shall meet the necessary and reasonable costs incurred by the Academy Trust in connection with this clause.

4.I For the purposes of clause 4.G:

- a) a **basic need** will arise when the forecast demand for pupil places in the area where the Academy is situated is greater than the existing capacity to provide them;
- b) a **parental need** will arise when the DfE is actually aware of an additional demand for pupil places in the area where the Academy is situated, following representations from parents in that area; and
- c) **planned number of places** has the meaning given in clause 2.10.

[Version 2: existing leasehold site]

“**Land**” means the land at [●], being [part of] the land registered with title number [●] and demised by the Lease.

“**Lease**” means the lease or other occupational agreement between the Academy Trust and a third party (the “**Landlord**”) under which the Academy Trust derives title to the Land.

“**Property Notice**” means any order, notice, proposal, demand or other requirement issued by any competent authority (including the Landlord) which materially affects the Academy Trust’s ability to use the Land for the purposes of the Academy.

Restrictions on Land transfer

4.A The Academy Trust must:

- a) within 28 days of the signing of this Agreement in circumstances where the Land is transferred to the Academy Trust prior to the date of this Agreement, or otherwise within 28 days of the transfer of the Land to the Academy Trust, apply to the Land Registry using Form RX1 for the following restriction (the “Restriction”) to be entered in the proprietorship register for the Land:

No disposition of the registered estate by the proprietor of the registered estate is to be registered without a written consent signed by the Secretary of State for Education, of Sanctuary Buildings, Great Smith Street, London SW1P 3BT;

- b) take any further steps reasonably required to ensure that the Restriction is entered on the proprietorship register;
- c) promptly confirm to the Secretary of State when the Restriction has been registered;
- d) if it has not registered the Restriction, permit the Secretary of State to do so in its place; and
- e) not, without the Secretary of State’s consent, apply to disapply, modify, cancel or remove the Restriction, whether by itself, a holding company, a subsidiary company, or a receiver, administrator or liquidator acting in the name of the Academy Trust.

Obligations of the Academy Trust

4.B The Academy Trust must keep the Land clean and tidy and make good any damage or deterioration to the Land. The Academy Trust must not do anything to lessen the value or marketability of the Land without the Secretary of State’s consent.

4.C The Academy Trust must comply with the Lease and promptly enforce its rights against the Landlord.

4.D The Academy Trust must not, without the Secretary of State’s consent:

- a) terminate, vary, surrender, renew, dispose of or agree any revised rent under the Lease;
- b) grant any consent or licence; or
- c) create or allow any encumbrance; or
- d) part with or share possession or occupation; or
- e) enter into any onerous or restrictive obligations,

in respect of all or part of the Land.

Option

4.E The Academy Trust grants and the Secretary of State accepts an option (the “**Option**”) to acquire the Land at nil consideration. The Secretary of State may exercise the Option in writing on termination of this Agreement. If the Option is exercised, completion will take place 28 days after the exercise date in accordance with the Law Society’s Standard Conditions of Sale for Commercial Property in force at that date.

Option Notice

4.F The Academy Trust:

- a) must, within 14 days after acquiring the Land or, if later, after signing this Agreement, apply to the Land Registry on Form AN1 (including a copy of this Agreement) for a notice of the Option (the “**Option Notice**”) to be entered in the register, taking any further steps required to have the Option Notice registered and promptly confirming to the Secretary of State when this has been done;
- b) if it has not registered the Option Notice, agrees that the Secretary of State may apply to register it using Form UN1;
- c) must not, without the Secretary of State’s consent, apply to disapply, modify or remove the Option Notice, whether by itself, a holding

company, a subsidiary company, or a receiver, administrator or liquidator acting in the name of the Academy Trust, and

- d) must, in the case of previously unregistered land, within 14 days after acquiring the Land or, if later, after signing this Agreement, apply to register a Class C(iv) land charge in the Land Charges Registry, and send the Secretary of State a copy of the relevant entry within 7 days after the registration has been completed. If the Secretary of State considers that the Academy Trust has not complied with this clause, he may apply to secure the registration.

Property Notices

4.G If the Academy Trust receives a Property Notice, it must:

- a) send a copy of it to the Secretary of State within 14 days, stating how the Academy Trust intends to respond to it;
- b) promptly give the Secretary of State all the information he asks for about it;
- c) allow the Secretary of State to take all necessary action, with or instead of the Academy Trust, to comply with it, and
- d) use its best endeavours to help the Secretary of State in connection with it.

Breach of Lease

4.H If the Academy Trust is, or if it is reasonably foreseeable that it will be, in material breach of the Lease, the Academy Trust must immediately give written notice to the Secretary of State stating what the breach is and what action the Academy Trust has taken or proposes to take to remedy it, including timescales where appropriate.

4.I After notifying the Secretary of State under clause 4.H, the Academy Trust must:

- a) promptly give the Secretary of State all the information he asks for about the breach;
- b) allow the Secretary of State to take all necessary action, with or instead of the Academy Trust, to remedy or prevent the breach, and
- c) use its best endeavours to help the Secretary of State to remedy or prevent the breach.

Sharing the Land

4.J Where:

- a) the Secretary of State identifies basic or parental need for additional places in the area in which the Academy is situated and
- b) the Secretary of State then considers that not all the Land is needed for the operation of the Academy at planned number of places,

the Secretary of State must consult with the Academy Trust to determine whether part of the Land could be demised or sublet to another academy trust, as the Secretary of State considers appropriate, for the purpose of that academy trust establishing and maintaining an educational institution on the Land.

4.K To the extent the Academy Trust and the Secretary of State agree to part of the Land being demised or sublet in accordance with clause 4.J, the Academy Trust must use its best endeavours to procure either the approval of the Landlord or any necessary amendments to the Lease in order to enable it to share occupation of the Land with the incoming academy trust [and to provide the incoming academy trust with security of tenure over the Land occupied by it], and shall enter into any legal arrangements which the Secretary of State requires for this purpose. The Secretary of State shall meet the necessary and reasonable costs incurred by the Academy Trust in connection with this clause.

4.L For the purposes of clause 4.J:

- a) a **basic need** will arise when the forecast demand for pupil places in the area where the Academy is situated is greater than the existing capacity to provide them;
- b) a **parental need** will arise when the DfE is actually aware of an additional demand for pupil places in the area where the Academy is situated, following representations from parents in that area; and
- c) **planned number of places** has the meaning given in clause 2.10.

[Version 3: existing site held under church supplemental agreement or lease from private site trustees]

The parties' rights and obligations in respect of the Land are set out in the Church Supplemental Agreement or private lease dated [DATE] and made between (1) the Secretary of State; (2) the Academy Trust; (3) [SITE CHARITY TRUSTEES OR BOARD]; and (4) any relevant religious authority. For the purposes of this clause, Land has the meaning given in the Church Supplemental Agreement or private lease.

[Version 4: new freehold site provided by EFA with a legal charge in favour of the Secretary of State]

“**Debt**” means an amount equal to 100% of the Land Value;

“**Discharge Process**” means the removal of:

- i. the Legal Charge registered with Companies House against the Academy Trust;
- ii. the Legal Charge from the charges register at the Land Registry against the title for the Land;
- iii. the restriction in the proprietorship register referred to in clause 4.C(a); and
- iv. the notice in the proprietorship register referred to in clause 4.H(a).

“Land” means the land at [ADDRESS], being [part of] the land registered with title number [●], which is to be the permanent site of the Academy.

“Land Value” means, at any time:

- i. where the Land has been disposed of as a result of the enforcement of the Legal Charge by the Secretary of State, the proceeds of that disposal after payment of the seller’s necessary and reasonable costs in connection with the disposal; or
- ii. in any other case, the Market Value.

“Legal Charge” means the legal charge over the Land to be entered into by the Academy Trust in favour of the Secretary of State, in a form and substance satisfactory to the Secretary of State.

“Market Value” means the market value (as defined in the current edition of the RICS Valuation Standards) of the relevant part of the Land as determined by a professionally qualified independent valuer.

“Property Notice” means any order, notice, proposal, demand or other requirement issued by any competent authority which materially affects the Academy Trust’s ability to use the Land for the purposes of the Academy.

Debt

4.A The Academy Trust must pay the Debt to the Secretary of State on termination of this Agreement or in accordance with clauses 4.J(b) or 4.Q(b)(i) or on a sale of all or part of the Land with or without the Secretary of State’s consent.

4.B The Debt is secured by the Legal Charge.

Restrictions on Land transfer

4.C The Academy Trust must:

- a) apply to the Land Registry using form RX1 for the following restrictions (each a “**Restriction**”) to be entered in the proprietorship register for the Land by the following deadlines:
- i. within 28 days after acquiring the Land:

“No disposition of the registered estate by the proprietor of the registered estate is to be registered without a written consent signed by the Secretary of State for Education of Sanctuary Buildings, Great Smith Street, London SW1P 3BT”; and
 - ii. within 28 days after entering into the Legal Charge:

“No disposition of the registered estate by the proprietor of the registered estate or by the proprietor of any registered charge, not being a charge registered before the entry of this restriction, is to be registered without a written consent signed by the proprietor for the time being of the charge dated [date of charge] in favour of The Secretary of State for Education referred to in the charges register or by its conveyancer”;
- b) take any further steps required to ensure that each Restriction is entered on the proprietorship register;
- c) promptly confirm to the Secretary of State when each Restriction has been registered;
- d) if it has not registered each Restriction, allow the Secretary of State to do so in its place; and
- e) not, without the Secretary of State’s consent, apply to disapply, modify, cancel or remove a Restriction, whether by itself, a holding company, a subsidiary company, or a receiver, administrator or liquidator acting in the name of the Academy Trust.

Obligations of the Academy Trust

4.D The Academy Trust must not, without the Secretary of State’s consent:

- a) grant any consent or licence; or
 - b) create or allow any encumbrance; or
 - c) part with or share possession or occupation; or
 - d) enter into any onerous or restrictive obligations,
- in respect of all or part of the Land.

4.E The Academy Trust must obtain the Secretary of State's consent before taking any action, including the service of any notice or waiver of any condition, under any contract relating to the acquisition of the Land.

Property Notices

4.F If the Academy Trust receives a Property Notice, it must:

- a) send a copy of it to the Secretary of State within 14 days, stating how the Academy Trust intends to respond to it;
- b) promptly give the Secretary of State all the information he asks for about it;
- c) allow the Secretary of State to take all necessary action, with or instead of the Academy Trust, to comply with it, and
- d) use its best endeavours to help the Secretary of State in connection with it.

Option

4.G The Academy Trust grants and the Secretary of State accepts an option (the "**Option**") to acquire all or part of the Land at nil consideration. The Secretary of State may exercise the Option in writing if this Funding Agreement is terminated for any reason, or if the Academy Trust cannot use all or part of the Land as the permanent site of the Academy under clauses 4.J or 4.Q. If the Option is exercised, completion will take place 28 days after the exercise

date in accordance with the Law Society's Standard Conditions of Sale for Commercial Property in force at that date.

Option Notice

4.H The Academy Trust:

- a) must, within 14 days after acquiring the Land or, if later, after signing this Agreement, apply to the Land Registry on Form AN1 (including a copy of this Agreement) for a notice of the Option (the "**Option Notice**") to be entered in the register, taking any further steps required to have the Option Notice registered and promptly confirming to the Secretary of State when this has been done;
- b) if it has not registered the Option Notice, agrees that the Secretary of State may apply to register it using Form UN1;
- c) must not, without the Secretary of State's consent, apply to disapply, modify or remove the Option Notice, whether by itself, a holding company, a subsidiary company, or a receiver, administrator or liquidator acting in the name of the Academy Trust, and
- d) must, in the case of previously unregistered land, within 14 days after acquiring the Land or, if later, after signing this Agreement, apply to register a Class C(iv) land charge in the Land Charges Registry, and send the Secretary of State a copy of the relevant entry within 7 days after registration has been completed. If the Secretary of State considers that the Academy Trust has not complied with this clause, he may apply to secure the registration.

Legal Charge

4.I The Academy Trust must

- a) enter into the Legal Charge:
 - i. on completion of the acquisition of the Land, if at that time the Academy Trust is an exempt charity for the purposes of the

Charities Act 2011, or

- ii. within two weeks after the Academy opens, if the Academy Trust is not an exempt charity for the purposes of the Charities Act 2011 when it acquires the Land;
- b) within 21 days from the date of the Legal Charge, register it with Companies House or, if required by the Secretary of State, use all reasonable endeavours to assist the Secretary of State in doing so, including signing and executing any necessary documents;
- c) within 28 days from the date of the Legal Charge, apply to the Land Registry for the Legal Charge to be entered on the charges register, taking any other steps required to have the Legal Charge registered and promptly confirming to the Secretary of State when this has been done; and
- d) if it has not registered the Legal Charge, allow the Secretary of State to register it, and use all reasonable endeavours to help register the Legal Charge, including signing and executing any necessary documents and dealing with requisitions from the Land Registry.

Land not used for the purposes of the Academy

- 4.J If the Academy Trust cannot use all or part of the Land as the permanent site of the Academy but the Secretary of State agrees not to terminate this Agreement on that basis, the Secretary of State may notify the Academy Trust that:
- a) he intends to exercise the Option to transfer the Land or the relevant part of it for nil consideration to himself or his nominee;
 - b) the Academy Trust must pay the Debt or the Market Value; and/or
 - c) the Academy Trust must sell the Land or the relevant part of it, keeping some or all of the sale proceeds to fulfil its charitable purposes by funding the purchase of an alternative permanent site for the Academy,

and accounting to the Secretary of State for any proceeds not so used.

Sharing the Land

4.K If:

- a) the Academy does not reach its planned number of places, as stated in clause 2.C[*and clause 2.D][***select if clause 2.D used**], within [●] Academy Financial Years; or
- b) the Academy Trust or the Secretary of State serves notice to terminate this Agreement under clause 5.A; or
- c) the Secretary of State considers that not all the Land is needed for the operation of the Academy at planned number of places,

then:

- i. the Academy Trust must share occupation of the Land with such other academy as the Secretary of State considers appropriate and enter into any legal arrangements which the Secretary of State requires for this purpose; or
- ii. the Academy Trust must sell part of the Land as required by the Secretary of State and account for the sale proceeds to the Secretary of State in part payment of the Debt, after which the Secretary of State will carry out the Discharge Process over the part of the Land that has been sold.

Exercise of Rights

4.L On termination of this Agreement, the Secretary of State may give notice that he intends to exercise his rights under clauses 4.G, 5.FF or 5.GG or under the Legal Charge. Any such notice must state which clause of this Agreement the Secretary of State intends to exercise, and is without prejudice to his right to exercise any other rights available to him.

- 4.M If the Secretary of State exercises the Option on termination of this Agreement, then:
- a) the Academy Trust will be deemed to have paid the Debt to the Secretary of State;
 - b) the Academy Trust will be deemed to have paid to the Secretary of State a proportion of the proceeds from the sale of the Land under clause 5.FF(b); and
 - c) the Secretary of State will carry out the Discharge Process;
- 4.N If the Secretary of State enforces the Legal Charge on the termination of this Agreement, then:
- a) the Academy Trust will be deemed to have paid the Debt to the Secretary of State after the Debt has been realised by a receiver;
 - b) the Academy Trust will be deemed to have paid to the Secretary of State a proportion of the proceeds from the sale of the Land as required under clause 4.29 of the Master Agreement; and
 - c) the Secretary of State will carry out the Discharge Process.
- 4.O If, on termination of this Agreement, the Secretary of State exercises his rights under clause 5.FF, then:
- a) the Academy Trust will be deemed to have paid the Debt to the Secretary of State; and
 - b) the Secretary of State will carry out the Discharge Process.
- 4.P If, on termination of this Agreement, the Secretary of State agrees under clause 5.FF that the Academy Trust may invest the proceeds from the sale of the Land for its charitable objects, or directs the Academy Trust to pay all or part of the sale proceeds to the relevant LA, then:
- a) the Academy Trust will be deemed to have paid the Debt to the Secretary of State; and

- b) the Secretary of State will carry out the Discharge Process.
- 4.Q If the Academy Trust applies to the Secretary of State for consent to sell all or part of the Land, and if the Secretary of State agrees that the Land is no longer needed or cannot be used for the purposes of the Academy, he may:
- a) exercise the Option; or
 - b) consent to the sale subject to one or more of the following conditions:
 - i. that (notwithstanding clause 4.29 of the Master Agreement) the Academy Trust pays the Debt (or, if it proposes to sell only part of the Land, pays the Market Value of the part sold) to the Secretary of State;
 - ii. that pursuant to clause 4.29 of the Master Agreement, the Academy Trust keeps some or all of the sale proceeds for its charitable purposes, accounting to the Secretary of State for the remainder; or
 - iii. that pursuant to clause 4.30 of the Master Agreement, the Academy Trust pays all or some of the sale proceeds to the relevant LA and may reinvest all or some of the sale proceeds for its charitable purposes.
- 4.R If the Secretary of State consents to the sale of the Land, subject to any of the conditions in clause 4.Q(b):
- a) if the Secretary of State enforces the Legal Charge, then:
 - i. the Academy Trust will be deemed to have paid the Debt to the Secretary of State after the Debt has been realised by a receiver;
 - ii. the Academy Trust will be deemed to have paid a proportion of the sale proceeds to the Secretary of State as required under clause 4.29 of the Master Agreement; and
 - iii. the Secretary of State will carry out the Discharge Process;

- b) if all of the Land is sold and the Secretary of State agrees that the Academy Trust may keep some or all of the sale proceeds for its charitable purposes, accounting to the Secretary of State for the remainder, then:
 - i. the Academy Trust will be deemed to have paid the Debt to the Secretary of State;
 - ii. the Academy Trust will be deemed to have paid a proportion of the sale proceeds to the Secretary of State as required under clause 4.29 of the Master Agreement; and
 - iii. the Secretary of State will carry out the Discharge Process;
- c) if part of the Land is sold, and the Secretary of State agrees that the Academy Trust may keep some or all of the sale proceeds for its charitable purposes, accounting to the Secretary of State for the remainder, then:
 - i. the Academy Trust will be deemed to have paid the Debt to the Secretary of State to the extent of the Market Value;
 - ii. the Academy Trust will be deemed to have paid a proportion of the sale proceeds to the Secretary of State, as required under clause 4.29 of the Master Agreement, in relation to the relevant part of the Land; and
 - iii. the Secretary of State will carry out the Discharge Process in relation to the part of the Land which has been sold;
- d) if the Secretary of State directs the Academy Trust to pay some or all of the proceeds from the sale of the Land to the relevant LA under clause 4.30 of the Master Agreement, or agrees that the Academy Trust may reinvest the sale proceeds for its charitable purposes, the Secretary of State will carry out the Discharge Process in relation to the part of the Land which has been sold.

- 4.S If the Secretary of State exercises the Option over all of the Land and the Academy Trust transfers all of the Land to the Secretary of State for nil consideration, then:
- a) the Academy Trust will be deemed to have paid the Debt to the Secretary of State;
 - b) the Academy Trust will be deemed to have paid a proportion of the sale proceeds to the Secretary of State as required under clause 4.29 of the Master Agreement; and
 - c) the Secretary of State will carry out the Discharge Process.
- 4.T If the Secretary of State exercises the Option over only part of the Land, and the Academy Trust transfers that part of the Land to the Secretary of State for nil consideration, then:
- a) the Academy Trust will be deemed to have paid the Debt to the Secretary of State to the extent of the Market Value;
 - b) Academy Trust will be deemed to have paid a proportion of the sale proceeds to the Secretary of State, as required under clause 4.29 of the Master Agreement, in relation to the part of the Land transferred, and
 - c) the Secretary of State will carry out the Discharge Process in relation to the part of the Land which has been transferred.

Payment of Debt

- 4.U If the Academy Trust pays the Debt to the Secretary of State, the Secretary of State will carry out the Discharge Process.
- 4.V If the Academy Trust:
- a) sells some or all of the Land in accordance with clause 4.Q(b), or
 - b) pays the Debt to the Secretary of State,

it will negotiate in good faith with the Secretary of State to agree a deed of variation for this Agreement.

[Version 5: new freehold site provided by EFA with no legal charge]

“**Land**” means the land at [ADDRESS] being [part of] the land registered with title number [●], which is to be the permanent site of the Academy.

“**Property Notice**” means any order, notice, proposal, demand or other requirement issued by any competent authority which materially affects the Academy Trust’s ability to use the Land for the purposes of the Academy.

Restrictions on Land transfer

4.A The Academy Trust must:

- a) within 28 days of the signing of this Agreement in circumstances where the Land is transferred to the Academy Trust prior to the date of this Agreement, or otherwise within 28 days of the transfer of the Land to the Academy Trust, apply to the Land Registry using Form RX1 for the following restriction (the “Restriction”) to be entered in the proprietorship register for the Land:

“No disposition of the registered estate by the proprietor of the registered estate is to be registered without a written consent signed by the Secretary of State for Education, of Sanctuary Buildings, Great Smith Street, London SW1P 3BT”;

- b) take any further steps required to ensure that the Restriction is entered on the proprietorship register;
- c) promptly confirm to the Secretary of State when the Restriction has been registered;
- d) if it has not registered the Restriction, allow the Secretary of State to do so in its place; and

- e) not, without the Secretary of State's consent, apply to disapply, modify, cancel or remove the Restriction, whether by itself, a holding company, a subsidiary company, or a receiver, administrator or liquidator acting in the name of the Academy Trust.

Obligations of the Academy Trust

4.B The Academy Trust must not, without the Secretary of State's consent:

- a) grant any consent or licence; or
 - b) create or allow any encumbrance; or
 - c) part with or share possession or occupation; or
 - d) enter into any onerous or restrictive obligations,
- in respect of the Land.

4.C The Academy Trust must

- a) obtain the Secretary of State's consent before taking any action, including the service of any notice or waiver of any condition, under any contract relating to the acquisition of the Land.
- b) keep the Land in good and substantial repair and condition and make good any damage or deterioration to the Land; and
- c) not do anything to lessen the value or marketability of the Land without the Secretary of State's consent.

Property Notices

4.D If the Academy Trust receives a Property Notice, it must:

- a) send a copy of it to the Secretary of State within 14 days, stating how the Academy Trust intends to respond to it;
- b) promptly give the Secretary of State all the information he asks for about it;

- c) allow the Secretary of State to take all necessary action, with or instead of the Academy Trust, to comply with it, and
- d) use its best endeavours to help the Secretary of State in connection with it.

Option

4.E The Academy Trust grants and the Secretary of State accepts an option (the “**Option**”) to acquire all or part of the Land at nil consideration. The Secretary of State may exercise the Option in writing if this Funding Agreement is terminated for any reason, or if the Academy Trust cannot use all or part of the Land as the permanent site of the Academy under clause 4.G. If the Option is exercised, completion will take place 28 days after the exercise date in accordance with the Law Society’s Standard Conditions of Sale for Commercial Property in force at that date.

Option Notice

- 4.F The Academy Trust:
- a) must, within 14 days after acquiring the Land or, if later, after signing this Agreement, apply to the Land Registry on Form AN1 (including a copy of this Agreement) for a notice of the Option (the “**Option Notice**”) to be entered in the register, taking any further steps required to have the Option Notice registered and promptly confirming to the Secretary of State when this has been done;
 - b) if it has not registered the Option Notice, agrees that the Secretary of State may apply to register it using Form UN1;
 - c) must not, without the Secretary of State’s consent, apply to disapply, modify or remove the Option Notice, whether by itself, a holding company, a subsidiary company, or a receiver, administrator or liquidator acting in the name of the Academy Trust, and

- d) must, in the case of previously unregistered land, within 14 days after acquiring the Land or, if later, after signing this Agreement, apply to register a Class C(iv) land charge in the Land Charges Registry, and send the Secretary of State a copy of the relevant entry within 7 days after the registration has been completed. If the Secretary of State considers that the Academy Trust has not complied with this clause, he may apply to secure the registration.

Land not used for the purposes of the Academy

- 4.G If the Academy Trust cannot use all or part of the Land as the permanent site of the Academy but the Secretary of State agrees not to terminate this Agreement on that basis, the Secretary of State may notify the Academy Trust that he intends to exercise the Option to transfer the Land or the relevant part of it for nil consideration to himself or his nominee.

Sharing the Land

- 4.H If:
- a) the Academy does not reach its planned number of places, as stated in clause 2.C[*and clause 2.D][***select if clause 2.D used**], within [●] Academy Financial Years; or
 - b) the Academy Trust or the Secretary of State serves notice to terminate this Agreement under clause 5.A; or
 - c) the Secretary of State considers that not all the Land is needed for the operation of the Academy at planned number of places,

the Academy Trust must share occupation of the Land with such other academy as the Secretary of State considers appropriate and enter into any legal arrangements which the Secretary of State requires for this purpose.

[Version 6: new leasehold site provided by EFA with a legal charge in favour of the Secretary of State]

“**Debt**” means an amount equal to 100% of the Land Value;

“Discharge Process” means the removal of:

- i. the Legal Charge registered with Companies House against the Academy Trust;
- ii. the Legal Charge from the charges register at the Land Registry against the title for the Land;
- iii. the Restriction in the proprietorship register referred to in clause 4.C(a); and
- iv. the Option Notice in the proprietorship register referred to in clause 4.L(a).

“Land” means the land at [●], being [part of] the land registered with title number [●] and demised by the Lease.

“Land Value” means, at any time:

- i. where the Land has been disposed of as a result of the enforcement of the Legal Charge by the Secretary of State, the proceeds of that disposal after payment of the seller’s necessary and reasonable costs in connection with the disposal; or
- ii. in any other case, the Market Value.

“Lease” means the lease or other occupational agreement between the Academy Trust and a third party (the **“Landlord”**) under which the Academy Trust derives title to the Land.

“Legal Charge” means the legal charge over the Land to be entered into by the Academy Trust in favour of the Secretary of State, in a form and substance satisfactory to the Secretary of State.

“Market Value” means the market value (as defined in the current edition of the RICS Valuation Standards) of the relevant part of the Land as determined by a professionally qualified independent valuer.

“Property Notice” means any order, notice, proposal, demand or other requirement issued by any competent authority (including the Landlord) which materially affects the Academy Trust’s ability to use the Land for the purposes of the Academy.

Debt

4.A The Academy Trust must pay the Debt to the Secretary of State on termination of this Agreement or in accordance with clauses 4.N(b) or 4.U(b)(i) or on a sale of all or part of the Land with or without the Secretary of State’s consent.

4.B The Debt is secured by the Legal Charge.

Restrictions on Land transfer

4.C The Academy Trust must:

a) apply to the Land Registry using form RX1 for the following restrictions (each a **“Restriction”**) to be entered in the proprietorship register for the Land by the following deadlines:

i. within 28 days after acquiring the Land:

“No disposition of the registered estate by the proprietor of the registered estate is to be registered without a written consent signed by the Secretary of State for Education of Sanctuary Buildings, Great Smith Street, London SW1P 3BT”; and

ii. within 28 days after entering into the Legal Charge:

“No disposition of the registered estate by the proprietor of the registered estate or by the proprietor of any registered charge, not being a charge registered before the entry of this restriction, is to be registered without a written consent signed by the proprietor for the time being of the charge dated [date of charge] in favour of The Secretary of State for Education referred to in the charges register or by its conveyancer”;

- b) take any further steps required to ensure that each Restriction is entered on the proprietorship register;
- c) promptly confirm to the Secretary of State when each Restriction has been registered;
- d) if it has not registered each Restriction, allow the Secretary of State to do so in its place; and
- e) not, without the Secretary of State's consent, apply to disapply, modify, cancel or remove a Restriction, whether by itself, a holding company, a subsidiary company, or a receiver, administrator or liquidator acting in the name of the Academy Trust.

Obligations of the Academy Trust

4.D The Academy Trust must comply with the Lease and promptly enforce its rights against the Landlord.

4.E The Academy Trust must not, without the Secretary of State's consent:

- a) terminate, renew, vary, surrender, dispose of or agree any revised rent under the Lease; or
- b) grant any consent or licence; or
- c) create or allow any encumbrance; or
- d) part with or share possession or occupation; or
- e) enter into any onerous or restrictive obligations,

in respect of all or part of the Land.

4.F The Academy Trust must obtain the Secretary of State's consent before taking any action, including the service of any notice or waiver of any condition, under any contract relating to the acquisition of the Land.

- 4.G If the Academy Trust is, or if it is reasonably foreseeable that it will be, in material breach of the Lease, the Academy Trust must immediately give written notice to the Secretary of State stating what the breach is and what action the Academy Trust has taken or proposes to take to remedy it, including timescales where appropriate.
- 4.H After notifying the Secretary of State under clause 4.G, the Academy Trust must:
- a) promptly give the Secretary of State all the information he asks for about the breach;
 - b) allow the Secretary of State to take all necessary action, with or instead of the Academy Trust, to remedy or prevent the breach, and
 - c) use its best endeavours to help the Secretary of State to remedy or prevent the breach.
- 4.I If the Academy Trust has not entered into the Lease by [DATE], the Secretary of State may serve a Termination Notice.

Property Notices

- 4.J If the Academy Trust receives a Property Notice, it must:
- a) send a copy of it to the Secretary of State within 14 days, stating how the Academy Trust intends to respond to it;
 - b) promptly give the Secretary of State all the information he asks for about it;
 - c) allow the Secretary of State to take all necessary action, with or instead of the Academy Trust, to comply with it, and
 - d) use its best endeavours to help the Secretary of State in connection with it.

Option

4.K The Academy Trust grants and the Secretary of State accepts an option (the “**Option**”) to acquire the Land at nil consideration. The Secretary of State may exercise the Option in writing if this Funding Agreement is terminated for any reason, or if the Academy Trust cannot use all or part of the Land as the permanent site of the Academy under clauses 4.N or 4.U. If the Option is exercised, completion will take place 28 days after the exercise date in accordance with the Law Society’s Standard Conditions of Sale for Commercial Property in force at that date.

Option Notice

4.L The Academy Trust:

- a) must, within 14 days after acquiring the Land or, if later, after signing this Agreement, apply to the Land Registry on Form AN1 (including a copy of this Agreement) for a notice of the Option (the “**Option Notice**”) to be entered in the register, taking any further steps required to have the Option Notice registered and promptly confirming to the Secretary of State when this has been done;
- b) if it has not registered the Option Notice, agrees that the Secretary of State may apply to register it using Form UN1;
- c) must not, without the Secretary of State’s consent, apply to disapply, modify or remove the Option Notice, whether by itself, a holding company, a subsidiary company, or a receiver, administrator or liquidator acting in the name of the Academy Trust, and
- d) must, in the case of previously unregistered land, within 14 days after acquiring the Land or, if later, after signing this Agreement, apply to register a Class C(iv) land charge in the Land Charges Registry, and send the Secretary of State a copy of the relevant entry within 7 days after registration has been completed. If the Secretary of State considers that the Academy Trust has not complied with this clause, he may apply to secure the registration.

Legal Charge

4.M The Academy Trust must

- a) enter into the Legal Charge:
 - i. on completion of the acquisition of the Land, if at that time the Academy Trust is an exempt charity for the purposes of the Charities Act 2011, or
 - ii. within two weeks after the Academy opens, if the Academy Trust is not an exempt charity for the purposes of the Charities Act 2011 when it acquires the Land;
- b) within 21 days from the date of the Legal Charge, register it with Companies House or, if required by the Secretary of State, use all reasonable endeavours to assist the Secretary of State in doing so, including signing and executing any necessary documents;
- c) within 28 days from the date of the Legal Charge, apply to the Land Registry for the Legal Charge to be entered on the charges register, taking any other steps required to have the Legal Charge registered and promptly confirming to the Secretary of State when this has been done; and
- d) if it has not registered the Legal Charge, allow the Secretary of State to register it, and use all reasonable endeavours to help register the Legal Charge, including signing and executing any necessary documents and dealing with requisitions from the Land Registry.

Land not used for the purposes of the Academy

4.N If the Academy Trust cannot use all or part of the Land as the permanent site of the Academy but the Secretary of State agrees not to terminate this Agreement on that basis, the Secretary of State may notify the Academy Trust that:

- a) he intends to exercise the Option to transfer the Land for nil

consideration to himself or his nominee;

- b) the Academy Trust must pay the Debt or the Market Value; and/or
- c) the Academy Trust must sell the Land, keeping some or all of the sale proceeds to fulfil its charitable purposes by funding the purchase of an alternative permanent site for the Academy, and accounting to the Secretary of State for any proceeds not so used.

Sharing the Land

4.O If:

- a) the Academy does not reach its planned number of places, as stated in clause 2.C[*and clause 2.D][***select if clause 2.D used**], within [●] Academy Financial Years; or
- b) the Academy Trust or the Secretary of State serves notice to terminate this Agreement under clause 5.A; or
- c) the Secretary of State considers that not all the Land is needed for the operation of the Academy at planned number of places,

then:

- i. the Academy Trust must share occupation of the Land with such other academy as the Secretary of State considers appropriate and enter into any legal arrangements which the Secretary of State requires for this purpose; or
- ii. the Academy Trust must sell the Land as required by the Secretary of State and account for the sale proceeds to the Secretary of State in payment of the Debt, after which the Secretary of State will carry out the Discharge Process over the Land.

Exercise of Rights

- 4.P On termination of this Agreement, the Secretary of State may give notice that he intends to exercise his rights under clauses 4.K, 5.FF or 5.GG or under the Legal Charge. Any such notice must state which clause of this Agreement the Secretary of State intends to exercise, and is without prejudice to his right to exercise any other rights available to him.
- 4.Q If the Secretary of State exercises the Option on termination of this Agreement, then:
- a) the Academy Trust will be deemed to have paid the Debt to the Secretary of State;
 - b) the Academy Trust will be deemed to have paid to the Secretary of State a proportion of the proceeds from the sale of the Land under clause 5.FF(b); and
 - c) the Secretary of State will carry out the Discharge Process;
- 4.R If the Secretary of State enforces the Legal Charge on the termination of this Agreement, then:
- a) the Academy Trust will be deemed to have paid the Debt to the Secretary of State after the Debt has been realised by a receiver;
 - b) the Academy Trust will be deemed to have paid to the Secretary of State a proportion of the proceeds from the sale of the Land as required under clause 4.29 of the Master Agreement; and
 - c) the Secretary of State will carry out the Discharge Process.
- 4.S If, on termination of this Agreement, the Secretary of State exercises his rights under clause 5.FF, then:
- a) the Academy Trust will be deemed to have paid the Debt to the Secretary of State; and
 - b) the Secretary of State will carry out the Discharge Process.

- 4.T If, on termination of this Agreement, the Secretary of State agrees under clause 5.GG that the Academy Trust may invest the proceeds from the sale of the Land for its charitable objects, or directs the Academy Trust to pay all or part of the sale proceeds to the relevant LA, then:
- a) the Academy Trust will be deemed to have paid the Debt to the Secretary of State; and
 - b) the Secretary of State will carry out the Discharge Process.
- 4.U If the Academy Trust applies to the Secretary of State for consent to sell all or part of the Land, and if the Secretary of State agrees that the Land is no longer needed or cannot be used for the purposes of the Academy, he may:
- a) exercise the Option; or
 - b) consent to the sale subject to one or more of the following conditions:
 - i. that (notwithstanding clause 4.29 of the Master Agreement) the Academy Trust pays the Debt (or, if it proposes to sell only part of the Land, pays the Market Value of the part sold) to the Secretary of State;
 - ii. that pursuant to clause 4.29 of the Master Agreement, the Academy Trust keeps some or all of the sale proceeds for its charitable purposes, accounting to the Secretary of State for the remainder; or
 - iii. that pursuant to clause 4.30 of the Master Agreement, the Academy Trust pays all or some of the sale proceeds to the relevant LA and may reinvest all or some of the sale proceeds for its charitable purposes.
- 4.V If the Secretary of State consents to the sale of the Land, subject to any of the conditions in clause 4.U(b):
- a) if the Secretary of State enforces the Legal Charge, then:

- i. the Academy Trust will be deemed to have paid the Debt to the Secretary of State after the Debt has been realised by a receiver;
 - ii. the Academy Trust will be deemed to have paid a proportion of the sale proceeds to the Secretary of State as required under clause 4.29 of the Master Agreement; and
 - iii. the Secretary of State will carry out the Discharge Process;
- b) if all of the Land is sold and the Secretary of State agrees that the Academy Trust may keep some or all of the sale proceeds for its charitable purposes, accounting to the Secretary of State for the remainder, then:
 - i. the Academy Trust will be deemed to have paid the Debt to the Secretary of State;
 - ii. the Academy Trust will be deemed to have paid a proportion of the sale proceeds to the Secretary of State as required under clause 4.29 of the Master Agreement; and
 - iii. the Secretary of State will carry out the Discharge Process;
- c) if part of the Land is sold, and the Secretary of State agrees that the Academy Trust may keep some or all of the sale proceeds for its charitable purposes, accounting to the Secretary of State for the remainder, then:
 - i. the Academy Trust will be deemed to have paid the Debt to the Secretary of State to the extent of the Market Value;
 - ii. the Academy Trust will be deemed to have paid a proportion of the sale proceeds to the Secretary of State, as required under clause 4.29 of the Master Agreement, in relation to the relevant part of the Land; and
 - iii. the Secretary of State will carry out the Discharge Process in relation to the part of the Land which has been sold;

- d) if the Secretary of State directs the Academy Trust to pay some or all of the proceeds from the sale of the Land to the relevant LA under clause 4.30 of the Master Agreement, or agrees that the Academy Trust may reinvest the sale proceeds for its charitable purposes, the Secretary of State will carry out the Discharge Process in relation to the part of the Land which has been sold.

4.W If the Secretary of State exercises the Option over all of the Land and the Academy Trust transfers all of the Land to the Secretary of State for nil consideration, then:

- a) the Academy Trust will be deemed to have paid the Debt to the Secretary of State;
- b) the Academy Trust will be deemed to have paid a proportion of the sale proceeds to the Secretary of State as required under clause 4.29 of the Master Agreement; and
- c) the Secretary of State will carry out the Discharge Process.

Payment of Debt

4.X If the Academy Trust pays the Debt to the Secretary of State, the Secretary of State will carry out the Discharge Process.

4.Y If the Academy Trust:

- a) sells some or all of the Land in accordance with clause 4.U, or
- b) pays the Debt to the Secretary of State,

it will negotiate in good faith with the Secretary of State to agree a deed of variation for this Agreement.

[Version 7: new leasehold site provided by EFA without a legal charge]

“**Land**” means the land at [●], being [part of] the land registered with title number [●] and demised by the Lease.

“Lease” means the lease or other occupational agreement between the Academy Trust and a third party (the **“Landlord”**) under which the Academy Trust derives title to the Land.

“Property Notice” means any order, notice, proposal, demand or other requirement issued by any competent authority (including the Landlord) which materially affects the Academy Trust’s ability to use the Land for the purposes of the Academy.

Restrictions on Land transfer

4.A The Academy Trust must:

- a) within 28 days of the signing of this Agreement in circumstances where the Land is transferred to the Academy Trust prior to the date of this Agreement, or otherwise within 28 days of the transfer of the Land to the Academy Trust, apply to the Land Registry using Form RX1 for the following restriction (the **“Restriction”**) to be entered in the proprietorship register for the Land:

“No disposition of the registered estate by the proprietor of the registered estate is to be registered without a written consent signed by the Secretary of State for Education, of Sanctuary Buildings, Great Smith Street, London SW1P 3BT”;

- b) take any further steps required to ensure that the Restriction is entered on the proprietorship register;
- c) promptly confirm to the Secretary of State when the Restriction has been registered;
- d) if it has not registered the Restriction, allow the Secretary of State to do so in its place; and
- e) not, without the Secretary of State’s consent, apply to disapply, modify, cancel or remove the Restriction, whether by itself, a holding company, a subsidiary company, or a receiver, administrator or liquidator acting in the name of the Academy Trust.

Obligations of the Academy Trust

- 4.B The Academy Trust must comply with the Lease and promptly enforce its rights against the Landlord.
- 4.C The Academy Trust must not, without the Secretary of State's consent:
- a) terminate, renew, vary, surrender, dispose of or agree any revised rent under the Lease; or
 - b) grant any consent or licence; or
 - c) create or allow any encumbrance; or
 - d) part with or share possession or occupation; or
 - e) enter into any onerous or restrictive obligations,
- in respect of all or part of the Land.
- 4.D The Academy Trust must obtain the Secretary of State's consent before taking any action, including the service of any notice or waiver of any condition, under any contract relating to the acquisition of the Land.
- 4.E If the Academy Trust is, or if it is reasonably foreseeable that it will be, in material breach of the Lease, the Academy Trust must immediately give written notice to the Secretary of State stating what the breach is and what action the Academy Trust has taken or proposes to take to remedy it, including timescales where appropriate.
- 4.F After notifying the Secretary of State under clause 4.E, the Academy Trust must:
- a) promptly give the Secretary of State all the information he asks for about the breach;
 - b) allow the Secretary of State to take all necessary action, with or instead of the Academy Trust, to remedy or prevent the breach, and

- c) use its best endeavours to help the Secretary of State to remedy or prevent the breach.

4.G If the Academy Trust has not entered into the Lease by [DATE], the Secretary of State may serve a Termination Notice.

Property Notices

4.H If the Academy Trust receives a Property Notice, it must:

- a) send a copy of it to the Secretary of State within 14 days, stating how the Academy Trust intends to respond to it;
- b) promptly give the Secretary of State all the information he asks for about it;
- c) allow the Secretary of State to take all necessary action, with or instead of the Academy Trust, to comply with it, and
- d) use its best endeavours to help the Secretary of State in connection with it.

Option

4.I The Academy Trust grants and the Secretary of State accepts an option (the “**Option**”) to acquire the Land at nil consideration. The Secretary of State may exercise the Option in writing if this Funding Agreement is terminated for any reason, or if the Academy Trust cannot use all or part of the Land as the permanent site of the Academy under clause 4.K. If the Option is exercised, completion will take place 28 days after the exercise date in accordance with the Law Society’s Standard Conditions of Sale for Commercial Property in force at that date.

Option Notice

4.J The Academy Trust:

- a) must, within 14 days after acquiring the Land or, if later, after signing this Agreement, apply to the Land Registry on Form AN1 (including a

copy of this Agreement) for a notice of the Option (the “**Option Notice**”) to be entered in the register, taking any further steps required to have the Option Notice registered and promptly confirming to the Secretary of State when this has been done;

- b) if it has not registered the Option Notice, agrees that the Secretary of State may apply to register it using Form UN1;
- c) must not, without the Secretary of State’s consent, apply to disapply, modify or remove the Option Notice, whether by itself, a holding company, a subsidiary company, or a receiver, administrator or liquidator acting in the name of the Academy Trust, and
- d) must, in the case of previously unregistered land, within 14 days after acquiring the Land or, if later, after signing this Agreement, apply to register a Class C(iv) land charge in the Land Charges Registry, and send the Secretary of State a copy of the relevant entry within 7 days after registration has been completed. If the Secretary of State considers that the Academy Trust has not complied with this clause, he may apply to secure the registration.

Land not used for the purposes of the Academy

4.K If the Academy Trust cannot use all or part of the Land as the permanent site of the Academy but the Secretary of State agrees not to terminate this Agreement on that basis, the Secretary of State may notify the Academy Trust that he intends to exercise the Option to transfer the Land for nil consideration to himself or his nominee.

Sharing the Land

4.L If:

- a) the Academy does not reach its planned number of places, as stated in clause 2.C[*and clause 2.D][***select if clause 2.D used**], within [●] Academy Financial Years; or

- b) the Academy Trust or the Secretary of State serves notice to terminate this Agreement under clause 5.A; or
- c) the Secretary of State considers that not all the Land is needed for the operation of the Academy at planned number of places,

the Academy Trust must share occupation of the Land with such other academy as the Secretary of State considers appropriate and enter into any legal arrangements which the Secretary of State requires for this purpose.

5. TERMINATION

Termination by either party

5.A Either party may give at least seven Academy Financial Years' notice to terminate this Agreement. Such termination would take effect on 31 August of the relevant year.

Termination Warning Notice

5.B The Secretary of State may serve a Termination Warning Notice where he considers that:

- a) the Academy Trust has breached the provisions of this Agreement or the Master Agreement; or
- b) the standards of performance of pupils at the Academy are unacceptably low; or
- c) there has been a serious breakdown in the way the Academy is managed or governed; or
- d) the safety of pupils or staff is threatened, including due to breakdown of discipline.

5.C A Termination Warning Notice served under clause 5.B will specify:

- a) the action the Academy Trust must take;

- b) the date by which the action must be completed; and
 - c) the date by which the Academy Trust must make any representations, or confirm that it agrees to undertake the specified action.
- 5.D The Secretary of State will consider any representations from the Academy Trust which he receives by the date specified in the Termination Warning Notice. The Secretary of State may amend the Termination Warning Notice to specify further action which the Academy Trust must take, and the date by which it must be completed.
- 5.E If the Secretary of State considers that the Academy Trust has not responded to the Termination Warning Notice as specified under clause 5.C(c), or has not completed the action required in the Termination Warning Notice as specified under clauses 5.C(a) and (b) (and any further action specified under clause 5.D) he may serve a Termination Notice.

Termination by the Secretary of State after inspection

- 5.F If the Chief Inspector gives notice to the Academy Trust that:
- a) special measures are required to be taken in relation to the Academy;
or
 - b) the Academy requires significant improvement
- the Secretary of State may serve a Termination Warning Notice, specifying the date by which the Academy Trust must make any representations.
- 5.G In deciding whether to give notice of his intention to terminate under clause 5.F, the Secretary of State will have due regard to the overall performance of the Academy Trust.
- 5.G.1 [***This clause applies only to boarding academies/free schools, otherwise mark clause 5.G.1 'Not used'***]If, following an inspection, the Chief Inspector makes a notification to the Secretary of State in respect of the Academy under section 87(4) of the Children Act 1989, or the Chief Inspector is otherwise of the opinion that the Academy Trust has not met the National Minimum

Standards or the Independent School Standards in respect of the Academy, the Secretary of State may serve a Termination Warning Notice, specifying the date by which the Academy Trust must make any representations.

- 5.H If the Secretary of State has served a Termination Warning Notice under clause 5.F [*or clause 5.G.1][***insert if clause 5.G.1 used***] and:
- a) has not received any representations from the Academy Trust by the date specified in the notice; or
 - b) having considered the representations made by the Academy Trust remains satisfied that this Agreement should be terminated;

he may serve a Termination Notice.

- 5.I ***[This clause applies to sponsored academies only – otherwise mark clause 5.I as ‘Not used’]*** If the Chief Inspector gives a notice referred to in clause 5.F to the Academy Trust within two years after the Academy opened, the Secretary of State may only serve a Termination Warning Notice under clause 5.F if:

- a) the Chief Inspector has held a monitoring inspection under section 8 of the Education Act 2005 later than two years after the Academy opened; and
- b) the Chief Inspector considers that the Academy is not making enough progress towards the removal of the designation referred to in his notice.

Nothing in this clause prevents or prejudices the Secretary of State exercising any other rights arising from or under this Agreement (including, for the avoidance of doubt, any rights under clauses 5.B to 5.E).

Termination by the Secretary of State

- 5.J If the Secretary of State has determined that the Academy will be removed from the Register of Independent Schools and no appeal against that determination is pending, he may serve a Termination Notice.

- 5.K ***[This clause applies to free schools, and may be applied to new provision academies in some cases – otherwise mark clause 5.K as ‘Not used’]***If at any time before the Academy opens, the total number of prospective pupils who have accepted offers of places to attend the Academy in [month and year] is less than [NUMBER], the Secretary of State may:
- a) require the Academy Trust not to open the Academy until [NUMBER] prospective pupils have accepted offers of places to attend the Academy; or
 - b) serve a Termination Notice.
- 5.L ***[This clause applies to free schools, and may be applied to new provision academies in some cases – otherwise mark clause 5.L as ‘Not used’]***If at any time after the Academy has opened, the Secretary of State considers that the Academy is not financially viable because of low pupil numbers, then he may:
- a) serve a Termination Warning Notice; or
 - b) serve a Termination Notice.
- 5.M ***[This clause applies to free schools, and may be applied to new provision academies in some cases – otherwise mark clause 5.M as ‘Not used’]***If both parties agree that the Academy is not financially viable because of low pupil numbers, they may jointly terminate this Agreement after agreeing the precise terms of termination.
- 5.N ***[This clause applies to free schools , and may be applied to new provision academies in some cases – otherwise mark clause 5.N as ‘Not used’]***For the purpose of clauses 5.K and 5.L “prospective pupils” means those pupils who have statements of SEN or EHC plans that name the Academy.][*For the purpose of clauses 5.K and 5.L “prospective pupils” means those pupils who have:
- a) a statement of SEN or EHC plan that name the Academy; or

- b) accepted an offer of a place to attend the Academy in
[September][[INSERT YEAR.]]

****Use only where clause 2.D is included***

5.O ***[This clause applies to free schools, and may be applied to new provision academies in some cases – otherwise mark clause 5.O as ‘Not used’]***If full planning permission (including where relevant listed building consent) in respect of the Land has not been obtained by [DATE], the Secretary of State may serve a Termination Notice.

5.P ***[This clause applies to free schools , and may be applied to new provision academies in some cases – otherwise mark clause 5.P as ‘Not used’]***If at any time before the Academy opening date, the Secretary of State considers that:

- a) the Academy would, on opening, provide an unacceptably low standard of education; or
- b) the safety of pupils or staff at the Academy would, on opening, be threatened; or
- c) the staff employed at the Academy are unsuitable; or
- d) there is a serious breakdown in the way the Academy Trust is being managed or governed; or
- e) the buildings and other structures on the Land are unsuitable or the Academy Trust has not obtained Building Regulations approval,

he may either:

A. require the Academy Trust:

- i. not to open the Academy; or
- ii. not to admit pupils of a particular age range, to be determined by the Secretary of State; or

- iii. not to use any building or other structure on the Land,
- until each relevant matter in paragraphs (a) to (e) above has been resolved to the Secretary of State's satisfaction; or
- B. serve a Termination Notice.

Funding and admission during notice period

- 5.Q If the Secretary of State serves a Termination Notice under clause 5.A, the Academy Trust may continue during the notice period to admit pupils to the Academy, and to receive GAG and EAG, in accordance with this Agreement.
- 5.R If the Secretary of State serves a Termination Warning Notice or a Termination Notice otherwise than under clause 5.A, the Academy Trust may continue during the notice period to admit pupils to the Academy (unless the Secretary of State specifies otherwise), and to receive GAG and EAG, in accordance with this Agreement.

Notice of intention to terminate by Academy Trust

- 5.S The Secretary of State will, before the start of each Academy Financial Year, provide the Academy Trust with a final funding allocation indicating the level of GAG and EAG to be provided in the next Academy Financial Year (the **"Funding Allocation"**).
- 5.T If the Academy Trust is of the opinion that, after receipt of the Funding Allocation for the next Academy Financial Year (the **"Critical Year"**) and after taking into account all other resources likely to be available to the Academy, including other funds that are likely to be available to the Academy from other academies operated by the Academy Trust (**"All Other Resources"**), it is likely that the cost of running the Academy during the Critical Year would cause the Academy Trust to become insolvent (and for this reason only) then the Academy Trust may give written notice of its intention to terminate this Agreement at the end of the then current Academy Financial Year.

5.U Any notice given by the Academy Trust under clause 5.T must be provided to the Secretary of State within six weeks of the Secretary of State issuing the Funding Allocation. The notice given by the Academy Trust under clause 5.T must specify:

- a) the grounds upon which the Academy Trust's opinion is based, including:
 - i. evidence of those grounds;
 - ii. any professional accounting advice the Academy Trust has received;
 - iii. a detailed statement of steps which the Academy Trust proposes to take to ensure that the running costs of the Academy are reduced such that costs are less than the Funding Allocation and All Other Resources, and the period of time within which such steps will be taken; and
- b) the shortfall in the Critical Year between the Funding Allocation and All Other Resources expected to be available to the Academy Trust to run the Academy and the projected expenditure on the Academy; and
- c) a detailed budget of income and expenditure for the Academy during the Critical Year (the "**Projected Budget**").

5.V Both parties will use their best endeavours to agree whether or not the cost of running the Academy during the Critical Year would cause the Academy Trust to become insolvent. Both parties recognise that they will need to engage in a constructive dialogue at the time about how best to provide education for the pupils at the Academy and use their best endeavours to agree a practical solution to the problem.

5.W If no agreement is reached by 30 April (or another date if agreed between the parties) as to whether the cost of running the Academy during the Critical Year would cause the Academy Trust to become insolvent, then that question will be referred to an independent expert (the "**Expert**") for resolution. The

Expert's determination will be final and binding on both parties. The Expert will be requested to specify in his determination the amount of the shortfall in funding (the "**Shortfall**").

- 5.X The Expert will be an insolvency practitioner with significant professional experience of educational institutions or academies. If the parties fail to agree upon the appointment of the Expert then the Expert will be appointed by the President of the Institute of Chartered Accountants in England and Wales. The Expert's fees will be borne equally between the parties.
- 5.Y The Expert will be required in reaching his determination to take account of advice from an educational specialist who is professionally familiar with the issues arising from the budget management of schools. If the parties fail to agree upon the appointment of the educational specialist then the educational specialist will be appointed by the Chairman of the Specialist Schools and Academies Trust (or any successor or equivalent body). The educational specialist's fees will be borne equally between the parties.
- 5.Z If the Expert determines that the cost of running the Academy during the Critical Year would cause the Academy Trust to become insolvent, and the Secretary of State will not have agreed to provide sufficient additional funding to cover the Shortfall, then the Academy Trust will be entitled to terminate this Agreement, by notice expiring on 31 August before the Critical Year. Any such notice will be given within 21 days after (a) the Expert's determination will have been given to the parties or (b), if later, the Secretary of State will have given written notice of his refusal to provide sufficient additional funding for the Academy to cover the Shortfall.

Effect of termination

- 5.AA If this Agreement is terminated, the Academy will cease to be an academy within the meaning of sections 1 and 1A of the Academies Act 2010.
- 5.BB Subject to clauses 5.CC and 5.DD, if the Secretary of State terminates this Agreement under clause 5.A, he will indemnify the Academy Trust. If the

Secretary of State terminates this Agreement otherwise than under clause 5.A, he may at his discretion indemnify or compensate the Academy Trust.

5.CC The amount of any such indemnity or compensation will be determined by the Secretary of State, having regard to representations made to him by the Academy Trust, and will be paid as and when the Secretary of State considers appropriate.

5.DD The categories of expenditure incurred by the Academy Trust in consequence of termination, for which the Secretary of State may indemnify the Academy Trust under clauses 5.BB, may include:

- a) staff compensation and redundancy payments;
- b) compensation payments in respect of broken contracts;
- c) expenses of disposing of assets or adapting them for other purposes;
- d) legal and other professional fees; and
- e) dissolution expenses.

5.EE If this Agreement is terminated, and the Academy Trust owns capital assets which have been partly or wholly funded by HM Government, the Academy Trust must, as soon as possible after the termination date:

- a) transfer a proportion of those capital assets, equal to the proportion of the original financial contribution made by HM Government, to a nominee of the Secretary of State to use for educational purposes; or
- b) if the Secretary of State directs that a transfer under clause 5.EE(a) is not required, pay to the Secretary of State at the termination date (or, by agreement with the Secretary of State, at the date of their subsequent disposal) a sum equivalent to the proportion of the original financial contribution made by HM Government.

5.FF The Secretary of State may:

- a) Waive all or part of the repayment due under sub-clause 5.EE(b) if the Academy Trust obtains his permission to invest the sale proceeds for its charitable purposes; or
- b) direct the Academy Trust to pay all or part of the sale proceeds to the relevant LA.

6. OTHER CONTRACTUAL ARRANGEMENTS

Annexes

6.A Any annexes to this Agreement form part of and are incorporated into this Agreement.

The Master Agreement

6.B Except as expressly provided in this Agreement, all provisions of the Master Agreement have full force and effect.

General

6.C The Academy Trust cannot assign this Agreement.

6.D Failure to exercise, or a delay in exercising, any right or remedy of the Secretary of State under this Agreement (including the right to terminate this Agreement), or a single or partial exercise of such a right or remedy, is not a waiver of, and does not prevent or restrict any initial or further exercise of, that or any other right or remedy.

6.E Termination of this Agreement will not affect the accrued rights, remedies, obligations or liabilities of the parties existing at termination.

6.F This Agreement may be executed in any number of counterparts, each of which when executed and delivered shall constitute a duplicate original, but all of which will together constitute the same agreement.

6.G This Agreement and any dispute or claim arising out of or in connection with it or its subject matter or formation (including non-contractual disputes or claims) shall be governed by and construed in accordance with the law of

England and Wales, and submitted to the exclusive jurisdiction of the courts of England and Wales.

This Agreement was executed as a Deed on

[DATE]

Executed on behalf of the **Academy Trust** by:

.....

and

.....

Director

Director

or

.....

Company Secretary

or

.....

Witness

Name:

Address:

The Corporate Seal of

THE SECRETARY OF STATE FOR EDUCATION

affixed to this deed is authenticated by:

.....

Duly Authorised



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