

Notice of decision on individual review of charitable status SC018423 Lathallan Schools Limited

1. Decision

Following an inquiry under section 28 of the Charities and Trustee Investment (Scotland) Act 2005 (the 2005 Act), we are pleased to confirm that Lathallan Schools Limited (Lathallan School) meets the charity test and therefore continues to be eligible to be registered as a charity in Scotland.

2. Summary of assessment against the charity test

Lathallan School's purposes as set out in Clause III of the Memorandum of Association (dated 25 August 1966) are:

'To carry on the educational institution known as Lathallan School situate in the County of Kincardine as a school for boys and girls and for other educational purposes'

and we are satisfied that:

- these purposes are charitable;
- the charity's activities provide public benefit in furtherance of those purposes;
- there is no evidence of any significant private benefit or disbenefit arising in consequence of the charity exercising its functions; and
- the conditions on accessing the benefit are not, on balance, unduly restrictive.

In assessing Lathallan School against the charity test, we have had particular regard to the benefit it provides in furtherance of its purposes (both that which is charged for and that which is not) and the conditions on accessing that benefit, primarily the fees it charges its beneficiaries.

a) Benefit which is charged for

Lathallan School is an all-through, co-educational day and boarding school for pupils aged five to eighteen years. It also has a nursery for boys and girls aged six-weeks to five years. During the financial year 2011-12 (which formed the basis of our assessment as it was the most recent period for which the school was able to provide complete financial information), it had a school roll of 155 pupils with a further 85 nursery pupils. Approximately 10% of the school roll were regular boarders. The school's total unrestricted income during the year was £2,078,097; we have used this figure for the purposes of our assessment.

In 2011-12, the school's annual nursery fees were £9,180 (full-time; for 50 weeks per year) and its annual school fees ranged from £11,287 (average junior day fee) to

£21,000 (average senior boarding fee). The majority of the roll at Lathallan School are day pupils. However the provision made for these pupils is akin to that for day pupils of boarding schools rather than day only schools. For example, the school day is much longer with teaching from 08:30 until 17:00 and thereafter an optional further three hours of study and activities. The cost of providing education in this way is therefore higher than for the usual day-school arrangements. We therefore consider it appropriate to compare the day fees to the day fees of other boarding schools. In doing so, we found that the junior day fees were marginally lower than the average fees for Scottish Council of Independent Schools (SCIS) boarding schools in 2011-12¹ (£10 lower) while the senior day and boarding fees were considerably lower than the average (£2,429 and £5,079 lower respectively). These fees are however substantial and represent a restrictive condition on accessing the benefit provided by the school. In order for public benefit to be provided, there must therefore be significant mitigation of these fees in place.

Lathallan School provides benefit to its pupils which is charged for. In terms of educational benefit, the nursery follows the Curriculum for Excellence - Early Level. Pupils in the junior school follow a broad curriculum again based on the Curriculum for Excellence principals, initially taught by a class teacher but with specialist tuition in subjects such as IT, French and Music and in the later years specialist tuition in the majority of lessons. In the senior school pupils initially follow a broad curriculum, with specialist subjects being chosen in Third Year, working towards qualifications in Intermediate 2, Highers and Advanced Highers. Additionally, are encouraged to take part in the co-curricular activities offered which including various sporting, arts and outdoor activities, as well as The Duke of Edinburgh Award.

b) Benefit which is not charged for

In addition, the school has provided evidence of benefit for which it makes little or no charge. These activities provide benefit to the wider public in furtherance of the school's purposes by providing access to its services and facilities. For example, the school:

- Organises and hosts a range of annual events open to the other schools and groups such as mini-highland games, pipe band competitions, cross-country races, rugby 7's and choir days. Collectively these events are attended by hundreds of children per year.
- Provides work experience placements for pupils from Aberdeenshire and Angus schools, typically, two to four children are accommodated each year.
- Allows an archery club use of its facilities weekly throughout the summer and a rugby club use them twice throughout the year to run rugby camps.

¹ *Indicative average fees for SCIS schools analysis at September 2012, www.scis.org.uk (Note: comparison has been made with average day and boarding fees charged by boarding schools, as the provision made for day pupils is akin to that of other boarding school's day provision.)*

- Advances education generally through a collaborative project with a local museum in which pupils have designed and contributed to 12 educational activities which form part of the of the museums educational resource.
- Has recently set up a link with the French School in Aberdeen, various exchanges will run throughout the year to reinforce learning for both schools, in spoken language, traditions, myths dress and culture.

In assessing the benefit offered by the school which is not charged for, we have had particular regard to the relatively small size of the school. While its size means that the school's resources will be limited (for example, the school has to supplement its own facilities by making use of external swimming pools, astroturf and sports halls), we have also considered the fact that Lathallan School is an all through school and therefore has greater scope to offer benefit which is not charged for than, for example, a junior school.

Our view is that the benefit for which there is little or no charge is limited; that with the most impact is likely to be the staff contribution to regional and national sport as well as their involvement in educational development and improvement. Nonetheless, we conclude that it is of an acceptable level, taking into account the context in which this school operates. In particular, we have noted the regular nature of most of the activities and the limitations which the school's size, rural location and resources place on the level of benefit it is able to provide.

The type and level of activity undertaken by Lathallan School mitigates to an extent the restrictive nature of the fees charged by the charity for part of the benefit it provides.

c) Facilitated access to benefit

In addition to the benefit provided for which there is little or no charge, the school mitigates the impact of the fees it charges by offering both means-tested and non means-tested fee remissions to its pupils. Means-tested access arrangements have the most significant impact on opening up access that is restricted due to the fees charged, as these awards are primarily focussed on addressing financial need. However, our assessment has also had regard to the impact of non means-tested awards and discounts offered by the school.

The school spent 7.6% of its gross income, on means-tested bursary provision in 2011-12. In total, 18 pupils, or 11.6% of the main school's roll (excluding the nursery pupils), were in receipt of a means-tested bursary award from the school. The bursaries awarded by the school were of varying values, with the main focus being on higher-value bursaries of 61% or more, with the highest number of awards being in the 81-99% bracket. In the year reviewed, 3 pupils (1.9% of the school's roll) were in receipt of a full award.

Additionally, the school facilitates the access to the benefit it provides by offering non means-tested fee remissions to its pupils. In 2011-12, the school spent 9.1% of its available income on non means-tested discounts which benefited 50% of the main

school's roll (again, excluding the nursery pupils). This type of fee remission was in the form of scholarships and staff, sibling and military discounts. While the sibling discount is generally offered as a 10% discount for a third child, the school do offer a larger discount of 40% where parents cannot afford to send all their children to the school at one time. Although this is not offered subject to a formal means-test, the school do advise that it is on the basis of ability to pay.

The school is also a nursery partner provider, meaning that children who are eligible will receive part of their nursery fee from the local authority. This facilitates access to the benefit provided by the school, albeit the scheme is not primarily directed at those in financial need. In the 2011-12 financial year, 41 of the 85 nursery pupils were in receipt of such assistance from the local authority; which equated to a cumulative value of £49,039.

d) Conclusion

On balance, we conclude that Lathallan School has provided sufficient evidence that the impact of the fees charged by the school is mitigated by the provision of means-tested facilitated access and benefit for which there is little or no charge.

In reaching our conclusion, we have had particular regard to the level and impact of the benefit for which there is little or no charge; this serves to open up access to benefit for a wide range of beneficiaries outwith the school. Additionally, we have taken in to account the proportion of its income spent by the school on means-tested assistance and the good spread of the value of these awards. A number of the awards made were of higher values (including several full remission awards) which have the greatest impact on facilitating access for those on low incomes

Cumulatively, we consider that these measures serve to mitigate the impact of the fees charged by the school. We therefore do not consider that there are any unduly restrictive conditions on accessing the benefit provided by the school and public benefit is provided. Lathallan School continues to meet the charity test.

1 October 2013