

Independent schools fail the Public Benefit Test

The results of the Charity Commission's first public benefit assessments were published on the 14 July 2009. This information sheet outlines the key points from the assessment and provides a ten point guide to help governors ensure their school passes the test.

Five independent schools were included in the assessment:

- **Manchester Grammar School** - a day school for boys aged 9 to 18
- **Pangbourne College** - a co-educational day and boarding school in Berkshire for pupils aged 11 to 18
- **Moyles Court School** - a co-educational day and boarding school near Ringwood, Hampshire for pupils aged 3 to 16
- **St Anselm's School** - a co-educational preparatory day and boarding school near Bakewell, Derbyshire for pupils aged 3 to 13
- **Highfield Priory School** - a co-educational day school near Preston, Lancashire for pupils aged 2 to 11

St Anselm's School and Highfield Priory School were found by the Commission not to be providing sufficient public benefit and the governors have been given 12 months to make changes recommended by the Commission.

Means-tested bursaries are key

Whilst the Charity Commission has stated that it will look at the public benefit provided by charities as a whole in assessing whether the test is met, it is clear from their assessments that a key factor is the extent to which each school provided free and subsidised access to those pupils whose parents are unable to afford the fees.

The following guidance can be drawn from the assessments:

- the extent to which schools provide means-tested bursaries should be widely advertised including the availability of 100% bursaries
- the provision of non-means-tested bursaries (eg academic scholarships or Early Years Entitlement vouchers) is not sufficient to help meet the test, as schools cannot clearly show that the poor are not excluded
- no minimum percentage fee assistance is specified, however the two schools that failed both provided bursaries whose total value was less than 5% of their gross fee income (see table below)
- parallels can be drawn with last year's Office of the Scottish Charity Regulator Rolling Review of 30 charities - of the eleven independent schools included four failed the public benefit test. The total value of means tested support was less than 5% of the schools' total fee income for those that failed

- for charities charging high fees the provision of other benefits to the public is important in demonstrating that their aims are for the public benefit, however alone they are not sufficient to satisfy the requirement

The following table illustrates the extent of the bursary and hardship award provision at each school assessed in 2008/09.

School	Number of Pupils	Number of Bursaries (% of pupils)	Number of 100% Bursaries (%of pupils)	Value of bursaries in 2008/09 as % of gross fee income in 2007/08
Manchester Grammar School	1,471 (age 9-18)	14%	8%	14.3%
Pangbourne College	408 (age 11-18)	24%	<1%	9.7%
Manor House School	151 (age 4-16)	21%	1.3%	5%
St. Anselm's School	239 (age 3-13)	0.8%	None	<1%
Highfield Priory School	234 (age 2-11)	None	None	None

What next?

The governors of all charitable independent schools are required in their annual report:

- to report on how their school carries out its purposes for the public benefit
- to confirm that they have paid due regard to the Charity Commission's guidance in deciding what activities their school should undertake

In order to meet these requirements the governors will need to have got to grips with the Charity Commission's findings from these assessments, as well as the Commission's general guidance on public benefit and its specific guidance on the advancement of education for the public benefit and on public benefit and fee-charging.

Ten point plan

We have developed the following ten points to help governors ensure that their school passes the test:

1. **take responsibility** - make a governor with appropriate skills and knowledge responsible and accountable to the Board for getting to grips with the requirement

2. **understand the requirement** - the Commission's guidance is available on its website (www.charity-commission.gov.uk). Ensure that the board is briefed and kept up-to-date
3. **assess the school's public benefit delivery** - focussing in particular on its charitable purposes, the level of fees and the extent to which means-tested bursaries are made available
4. **plan ahead** - set public benefit objectives and key performance indicators and devise a sustainable strategic to meet them
5. **make adjustments** - to your school's charitable purposes, financial accessibility arrangements and projects to ensure that public benefit is being provided
6. **keep records** - of what your school is doing to meet the requirement, including assembling statistics of who applies for financial assistance and who actually benefits
7. **deliver a public benefit for each of your school's charitable purposes**
8. **report** - to the Charity Commission as required and review
9. **avoid the pitfalls** - which include: not understanding the real meaning of your school's charitable objects; providing token benefits; developing unsustainable financial assistance strategies; and providing financial assistance which is not genuinely means tested
10. **embrace the challenge** - public benefit is here to stay. Schools should take advantage of the PR opportunity to shout loud about the public benefits they provide

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