

Review of charitable status of fee-charging schools: compliance with directions issued in October 2008

Merchiston Castle School SC016580

Background

Merchiston Castle School is a medium sized independent school that provides education, predominantly boarding, for approximately 470 pupils in Edinburgh. It is a single sex school and operates a Junior and a Senior School for boys. The fees charged by the school range from £11,625 per annum (day fee) in the lower Junior school to £25755 per annum for the Senior School (boarding). The School's day fees include the provision of lunch, dinner and supervised homework.

At the original review, more than 41 per cent of the school roll was in receipt of some form of facilitated access (mostly in the form of academic or sporting scholarships). Within that, means-tested support was offered to 3.7 per cent of the pupils (16 pupils).

In 2007-08, the total value of support (from all sources, but as in all cases not including the sibling or staff discounts) was £649,218. This represented just under 9 per cent of the total annual income of the charity in 2005-06. Of this, £100,838 was committed to means tested support, which represented less than 1.5 per cent of the total annual income figure.

On balance, having had regard to possible unduly restrictive conditions and access, we concluded that public benefit was not provided by Merchiston Castle School due to the fees and charges that are in place and the absence of sufficient mitigation of the impact of these fees. The key issue was that facilitated access arrangements were predominantly not linked to the financial situation of potential or existing students and their parents. The impact on addressing restriction was therefore limited. This was particularly so given the scale of the fees.

Summary of situation

The main features of the plan approved in October 2009 and the school's current achievement against it are set out below:

Nature of Action	Plan headlines	Achievement headlines	Comment
Increase number of means-tested bursaries; means-test staff, sibling and other discounts	69 pupils (16% of roll) to be in receipt of means-tested assistance to pay fees Total cost £771k (8.4% of fee income)	69 pupils (14.7% of roll) Total cost £821k (8.2% of fee income)	Demand for assistance has played out so that awards are tending to higher value individual awards than anticipated. Some specific bursary schemes have not been taken up, but replaced with other beneficiaries. Roll and relevant income are somewhat higher than anticipated, but spend also higher.
Deliver other educational benefits for no charge	Mentoring projects in local primary schools; promotion of use of swimming, sporting and other facilities by local state schools and community groups	Mentoring projects in local primary schools; use of swimming and sports facilities and coaching; science/maths and other events	Mentoring has developed to involve more schools than anticipated. Some use of sports facilities and coaching did not work out, notably use of facilities by special school. However, this was replaced by other activities, notably an agreement with City of Edinburgh council for regular, timetabled use of swimming facilities by local primary school cluster to address specific curricular aims.

For further details, see Appendices A and B.

Contextual factors

- Roll higher than even best case scenario in plan (468 over 432).
- Fee income is also higher than in plan (but so is the cost of providing benefit), while trading income has reduced.
- Means-testing has produced fewer but higher value bursary awards than anticipated.

Discussion

What underlay the plan was a large-scale shift of the school's resources from scholarships awarded on academic or sporting grounds to means-tested bursaries. This has largely taken place, and there has been a major uplift in the spend on bursaries and in the number of pupils with bursaries. The number of pupils in receipt is exactly as planned (it was actually higher last year, and may be higher next), and the monetary value of provision is higher than planned. The percentages against the roll and against income are slightly smaller, but this is against an unanticipated level of increase in the roll and income. While it might be possible to argue that the school could have increased the spend further to keep pace with the increases in roll and overall income as they have emerged, the evidence on bursary applications this session does not suggest that there is significant demand for assistance which is not being met.

Most activities delivering educational benefit for no charge have been achieved. In most cases where they have not, this reflects situations where partner schools or organisations have not chosen to proceed with activities after a certain stage of planning. In almost all cases, replacement activities have been organised, with the swimming lessons in particular constituting a substantial, timetabled regular and curricular benefit to local primary schools not included in the original plan.

In terms of looking at variance from the plan which we discussed at the last Board meeting, the activities have proceeded on the broad outlines as planned, though there has been some variance in terms of outcome. It would appear that the overall picture of public benefit within the charity is close to what was set out in the plan, and in particular the core shift of resources to facilitate access for those unable to afford the fees has taken place and is continuing.

Recommendation

It appears to OSCR staff on the evidence summarised here and in the Appendix that the charity **has** met the objectives of its plan and that it **has** therefore complied with the terms of the direction issued to it.

The Board is invited to adopt the recommended decision to find that Merchiston Castle School has complied with the terms of the direction issued to it.

Martin Tyson

1 November 2011

Appendix A – increases in facilitated access

	Plan: projected position as at 28 October 2011 <i>(Roll 432; income £9,189,754)</i>			Actual position as at 28 October 2011 Roll 468; income £10,077,898			
Nature of facilitation	Individuals in receipt (percentage of roll)	Spread of assistance	Cost of assistance	Individuals in receipt (percentage of roll)	Spread of assistance	Cost of assistance in 2011/12 (% of income)	Variance
Means-tested bursaries (inc Merchiston, HMC and Laidlaw awards)	60	12*100% awards <i>(2.8% of roll)</i>	£686k <i>(7.5%)</i>	60	56% average of boarding fee 11 students (2.4% of roll) in receipt of 100% assistance.	£730k (7.2%)	Includes hardship support. The school also offered 2 100% bursaries to Cumnock Academy pupils, but these were not taken up. Similarly, high value Joint Educational Trust and Dresden bursaries have not been taken up. Finally, four pupils who had been awarded high value bursaries this session left the school for other opportunities this summer.
Means-tested staff discounts	69	N/A	£85.5k	9	46% average	£92k	Staff discounts now means-tested for new entrants. Sibling discounts less than planned - resistance by parents to means-testing.
Totals	69 (16% of roll)		£771kk (8.4% of applicable income)	69 (14.7% of roll)	-	£822k (8.2% of fee income)	

Appendix B: activities providing public benefit for which no charge is made		
	Achieved?	Nature of variance
Use of playing fields by local primary school, and also provision of transport for pupils	No	Revised plan to provide touch rugby lessons had been agreed in principle with Murrayburn Primary School, but arrangements with SRU fell through. Replacement activity see below
Pupil to pupil mentoring schemes for pupils with support needs in 3 local primary schools	Yes – more benefit than plan	Taking place in 6 local primary schools. At least 60 pupils benefited –weekly visits for 17 weeks of the year – something like 2000 outward visits per year.
Merchiston Arkwright Scholarships	Yes	As per plan
Access to school wildlife and biology facilities for workshops for local primary schools, and also provision of transport for pupils	Yes	As per plan
Visits to use Merchiston educational and sporting facilities for local primary schools	No	Plans for Festivals of Sport with Newbattle Community High School and Buckhaven High School failed at late stage as partner schools pulled out.
Boys' Community Choir – provision of facilities and tuition for choral singing for boys in local community	Yes	As per plan
Visits to Merchiston for children from Chernobyl	Yes	As per plan
Use of playing fields for local primary school sports day	Yes	As per plan
Science, Technology and Maths days for local P6 pupils	Yes	Achieved – more events, but attendee numbers as per plan
Use of facilities and transport for sport festivals for local special school	No	Not achieved – change of staff at partner school
Additional activities not included in plan		
Use of Merchiston pool by schools in local PS cluster for swimming lessons	New activity	Agreement with local education department to use Merchiston pool for swimming lessons for local P6/7 pupils – achieve council target to address non-swimmers. Involved provision of girls' changing rooms, and coaching by

		Merchiston staff. Weekly sessions – 2340 child visits in 2010-11 session
Primary School Prom	New activity	Concert involving local primary school pupils 300 participants in 2010-11
Various ad hoc and one-off activities, and low or no-cost use of facilities during summer by youth sports and other groups.		

Appendix A and B as per assessment frameworks