

## GEORGE WATSON'S COLLEGE'S SUBMISSION TO THE CONSULTATION DOCUMENT

### DRAFT CHARITIES AND TRUSTEE INVESTMENT (SCOTLAND) BILL

I have pleasure in presenting, on behalf of George Watson's College, an independent school in Scotland and a registered charity, its response to the draft Charities and Trustee Investment (Scotland) Bill.

George Watson's College considers itself a part of the overall provision of education in Scotland, along with all other maintained and independent schools. It is firmly committed to developing strong links and partnerships with other schools, with its local and wider communities, and with the public in general.

George Watson's College welcomes the review of charity law in Scotland to ensure clarity and stability for all charitable sectors. George Watson's College has a long-standing tradition of benefiting the community that it serves as well as its own pupils, and this is, and will continue to be, at the heart of our current and future policies. Any new legislation, however, must ensure that, given the diversity of legitimate and worthwhile charities that currently exist and the probable increased diversity in the future with the creation of new charities as required by changing social circumstances, flexibility must be retained and care must be taken not to establish a bureaucracy that deters individuals and groups from setting up, or continuing to run, charitable enterprises.

This document sets out George Watson's College's response to the specific issues of the proposed definition of charity, public benefit, the role of the charity regulator and the governance of charities. The responses are framed within the context of George Watson's College and its status as a charity, and information is included to explain why George Watson's College wishes to continue as a registered charity and indeed should be able to do so under the law.

### **Definition of charity**

George Watson's College accepts that, in a more diverse society, a review of definition is appropriate. The McFadden Commission recommends that a Scottish charity should be an organisation whose overriding purpose is for the public benefit, is non-profit-making, is independent and is non-party political. George Watson's College is in agreement with such broad principles and is confident that it satisfies all four principles.

As for the 13 'charitable purposes' set out in the draft bill, George Watson's College believes that this is a comprehensive though not exhaustive list, which better reflects the diversity within our society. Clearly, George Watson's College fulfils the purpose of the 'advancement of education' but it also, through its activities, fulfils many of the other 13 purposes.

### **George Watson's College - the advancement of education (and citizenship)**

George Watson's College educates over 2,200 pupils aged 3 to 18 from Edinburgh and the surrounding area. It is fully registered with the Scottish Executive Education Department and is subject to inspection by HMIe: indeed, it received a very favourable report following a full inspection in 2003.

There is a mix of socio-economic backgrounds amongst the pupils who follow the Scottish curriculum from Primary 1 through to Secondary 6. A broad range of subjects is offered at various certification levels and a very extensive extra-curricular programme is available. Each year over 90% of school leavers progress to university and further education as opposed to the national average of around 50%. George Watson's College has a fine reputation for producing highly qualified, committed young citizens who go on to make significant contributions to Scottish society and beyond.

As one example of the school's academic benefit to Scottish pupils, in 2003 the S5 pass rate for 3 or more Highers was 75 % against the national average of 23%. Pupils are also encouraged and expected to play their part in assisting in the community: for example, in 2003, 320 pupils participated in the Duke of Edinburgh Award Scheme, part of which requires a distinct commitment to community service.

George Watson's College encourages and assists pupils with raising funds and giving practical assistance where possible to the disadvantaged in our society. In 2003/04 alone, George Watson's College pupils, as is their duty, raised over £27,000 for charities including Save the Children Fund, British Heart Foundation, CHAS, Meningitis charities, MercyCorps Scotland, Comic Relief, The Ark Trust, Rainforest Concern, a children's home in Bosnia and PLAN International, amongst others.

#### **George Watson's College - the advancement of the arts, heritage, culture or science**

George Watson's College's main building on Colinton Road is a distinct Edinburgh landmark and the school, founded 350 years ago, is part of the heritage of Scotland and its capital. The school is an active promoter of the arts. School music events include concerts by professional musicians and the school's recently refurbished music auditorium is made available to musical groups based in Edinburgh, and is used by the RSAMD for its outreach programme to children from maintained schools. School music groups, including choirs, participate in events within Edinburgh, and the George Watson's College Pipe Band received a civic reception for its promotion of piping around the globe and to honour its World Champions status in 2002. Musicians also give performances at local homes for the elderly and the Pipe Band performs to raise funds for a local primary school in Edinburgh.

#### **George Watson's College - the advancement of amateur sport**

The school itself is home to the former pupils club in rugby, cricket, hockey (male and female) and golf. These are all open clubs that actively welcome players from outwith the school. Myreside, George Watson's College sports fields, is also the home to the Watsonian mini-rugby organisation, which is one of the largest in Scotland. This and the junior section of the Watsonian cricket club promote sport to children from all over Edinburgh.

George Watson's College provides opportunities for its own pupils to participate in a wide variety of sports to a high level. It is quite common for school pupils to represent Edinburgh, East of Scotland and indeed Scotland itself in a variety of sports.

#### **George Watson's College - the advancement of religion**

The school, like all schools across Scotland, plays its part in providing religious education for young citizens, including opportunities to experience religious observance. George Watson's College is a non-denominational Christian foundation. Religious assemblies are held in the school and Christian principles are at the heart of the values promoted. The school, however, welcomes pupils of all religious faiths, whose festivals are celebrated alongside traditional Christian celebrations. The annual Founder's Day Service and the annual Carol Service in St Giles Cathedral (the latter of which is open to the public) provide our pupils with an experience of communal worship.

#### **George Watson's College - the advancement of environmental protection or improvement**

The school promotes environmental education and encourages and resources environmental initiatives. George Watson's College is now a bronze award holder of the Eco-Schools Organisation and is actively promoting environmental awareness amongst its pupils.

## Public Benefit

George Watson's College agrees that it would be unwise to set in stone a precise definition of public benefit, as this would not benefit the charity sector as a whole nor society in general. The suggested specific criteria for charitable status outlined in the consultation document do, as is stated, present a number of problems. If, however, criteria or principles of public benefit are eventually enshrined within the legislation, these must be flexible enough to encompass the diversity that exists within the charities sector.

It is the school's view that such criteria or principles should not disqualify an independent school like George Watson's College from holding charitable status. George Watson's College is fully committed to its own values and principles of providing education to as wide a range of the public as possible. The fees charged are kept as low as possible to be as affordable as possible, whilst safeguarding the quality of education provided. The most important element for any principle of public benefit relating to the charging of fees should be to determine whether the organisation is non-profit-making in the first instance and how it disposes of any surplus it generates and whether such surpluses are routinely reinvested to promote, as best possible, broad public access to the charity's activities.

The cost of an independent school education, though not by any means small, is affordable to more families than actually opt for it. Very many of those who do choose it make significant sacrifices to make the necessary payments: it is simplistic to assume that all are very wealthy. That they, the beneficiaries of the school's provision, benefit a little from the school's charitable status, is right and proper, especially in the context of their willing contribution to state education provision without placing demands upon it.

On balance, George Watson's College agrees that OSCR should be required to publish guidance setting out how it will interpret public benefit. However, it is imperative that OSCR consults in depth with the sector as a whole and with sub-groups within the sector. Independent schools would make up one such sub-group and George Watson's College would expect OSCR to consult both directly with individual independent schools, since each would be required separately to demonstrate public benefit, but also with the Scottish Council of Independent Schools (SCIS).

George Watson's College is confident that it continues to demonstrate significant public benefit:

- The education of over 2,200 young people is clearly of itself a public benefit. That over half of its pupils are resident within a 3-mile radius of the school also demonstrates that the school provides a significant benefit to its local community.
- 124 pupils are currently in receipt of George Watson's College Family Foundation bursaries, which are awarded to pupils who have secured places at the school but whose parents qualify for financial help so that their children may attend. Bursaries can vary from 10 – 100%. An allowance is also given for books and uniform on an annual basis.
- A total of over £609K in bursaries has been awarded for 2004/05, equivalent to over 4% of total fee income.
- The fiscal benefits to George Watson's College of charitable status must be seen within the context of its policy of offering part or fully funded bursary places. Currently the school, through the George Watson's College Family Foundation, offers bursary support that far outweighs the fiscal benefit it receives from its charitable status.

- George Watson's College is fully committed, through its resourcing of the secretariat of the George Watson's College Family Foundation, to raising funds to increase its ability to educate young people from less well-off families. The Foundation raises in the region of £200,000 per annum. Thus, the school is pursuing a policy of broadening even further its ability to provide public benefit. Its charitable status plays a major part in enabling friends of the school, who are enthusiastically committed to the principles of widening access, to make contributions to support such aims.
- George Watson's College is a non-profit making organisation and any surplus made is always used for the benefit of the education provided, either through improvement in facilities and equipment, or expansion and development of the curriculum.
- George Watson's College has for many years provided specialist assistance for children with specific learning difficulties and for gifted children. Providing for these needs is in itself a public benefit, as is the George Watson's Family Foundation's fund-raising activities to provide specific bursary assistance to assist physically disabled children to attend the school. In 2001, with the assistance of the George Watson's College Family Foundation, the school invested £150,000 in installing a lift to improve access for the physically disabled.
- George Watson's College is committed to making its facilities available to the wider community. The school's facilities are let out during holidays and weekends whenever possible. This involves the hall being used for recitals by the bands of the armed services or by local dance groups. The Myreside Club, based at the Myreside Pavilion, provides function facilities for a wide constituency, including a local residents' association.
- George Watson's College Galleon Club provides evening and weekend sports facilities for its immediate community, and for hire by such organisations as SwimEasy and Hearts Football Club.
- As stated above, the Music School is the venue for a weekend outreach music programme run by RSAMD for children attending maintained schools. In addition, the school's playing fields are made available to local primary schools for use for sports days and other activities.
- George Watson's College contributes significantly to the nation's training of new teachers, providing teaching placements - above the national average - to students in training. The school's induction programme, which is fully endorsed by the GTCS, enables new recruits to the profession to gain full teacher registration.
- George Watson's College plays a significant role in the local economy. It has been estimated that it costs about £5K per year to educate a pupil in the state sector. The saving to the Exchequer of the 2,200 pupils educated at George Watson's College is therefore in the region of £11m.
- It is important to note that George Watson's College's parents, exercising their right to choose their preferred education for their children, have, through taxation, already paid for the state education for their children. However, they do not place a burden upon local state provision by choosing an independent school.
- George Watson's College employs 194 teaching staff and 179 support staff under an equal opportunities policy. These employees provide outstanding commitment to the school and public benefit at an annual cost of over £10m. In addition the school spends £2.5m to £3m per year on goods and services purchased mainly from local businesses. Expenditure on capital projects also benefits local contractors.

George Watson's College is confident that, through its policies and practices, it would stand the test of scrutiny in terms of public benefit. OSCR must, however, become fully conversant with the history of independent education in Scotland and how schools such as George Watson's College contribute to the national educational good.

## **The role of the charity regulator**

George Watson's College recognises the benefit of a charity regulator through which the principles of accountability and transparency in the charity sectors can be demonstrated. The regulator should also provide safeguards against any misuse of charitable status by certain individuals or groups. However, it will be essential that regulation does not swamp charities with unnecessary bureaucracy and that the regulation is sufficiently flexible to accommodate the diversity of organisation that legitimately can claim to be charitable. The emphasis upon the need for the regulator to consult regularly with the charity sector is welcome. Clearly, the regulator's effectiveness and reputation will only be demonstrated through practice.

As stated, the final arbiter of 'public benefit' will remain the Scottish courts. However, as suggested in the consultation document, a free-of-charge appeal mechanism in the event of an organisation receiving notice of an intention to remove its charitable status, would be welcome and fair to all, but especially small charities. The regulator should operate from a position of assisting organisations that are charitable by nature to fulfil their obligations under the law. However, compliance regimes must be fair, flexible, non-time consuming and, above all, inexpensive.

## **Governance of Charities**

George Watson's College welcomes the assurance that government will not impose rigid structures for the way charities operate. It is accepted that acting as a governor/trustee/steward of a charity is a highly responsible position and that the public is entitled to reassurance that charities are well managed. As has been stated, it is vital that the bill serves not only to support but also to encourage citizens, who are prepared to provide their services and expertise voluntarily, to run charities. The Governing Council of George Watson's College presents a professional example of good practice in the stewardship of a complex and vibrant charity such as an independent school. Accountability, risk-management and openness are fundamental to good governance and George Watson's College would encourage that the bill provides for practical support and advice for all charities in this respect but particularly for small charities that do not have the advantage of a paid executive.

George Watson's College has no strong feeling on the issue of nomenclature. 'Charity steward' is an acceptable and workable title. However, the term 'governor' is an accepted title within certain charities and therefore 'charity governor' could be considered as an alternative.

## Postscript

George Watson's College welcomes the opportunity to contribute to consultation on the draft bill. The school is proud of its long history as a Scottish charity and its contribution to the well-being and advancement of Scotland and its people. It is run with integrity and is fully accountable. It is non-profit making and acts, as a charity should, by playing its part in promoting the good of the community and contributing to voluntary and charitable activities.

George Watson's College has a strong tradition of providing opportunities for young people regardless of family income. As a charity, this is as it should be. The school remains committed to its charitable status and thus to developing its ability to extend such opportunities to even more families.

Gareth Edwards  
Principal  
17/8/04

A handwritten signature in black ink, appearing to read 'Gareth Edwards', written in a cursive style.