

Thalidomide Trust doubles income as three-quarters of schools also report increases

Diane Sim reports on a very strong quarter for the Charity 250 Index and takes a closer look at the representation of schools in the Indexes.

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THE TOP performing charity in this month's review of the haysmacintyre / Charity Finance 250 Index is the Thalidomide Trust, which has more than doubled its annual income to £52.2m in the financial year ending 30 September 2017. The increase results from a near quadrupling to £39.4m of donations from Diageo, owners of the Distillers Company (Biochemicals), which distributed the Thalidomide drug to pregnant women in the late 1950s and early

1960s, resulting in disabilities in their children.

The funding includes a one-off payment of £27m intended primarily to meet the capital costs incurred by beneficiaries moving or adapting their

“ The funding includes a one-off payment of £27m ”

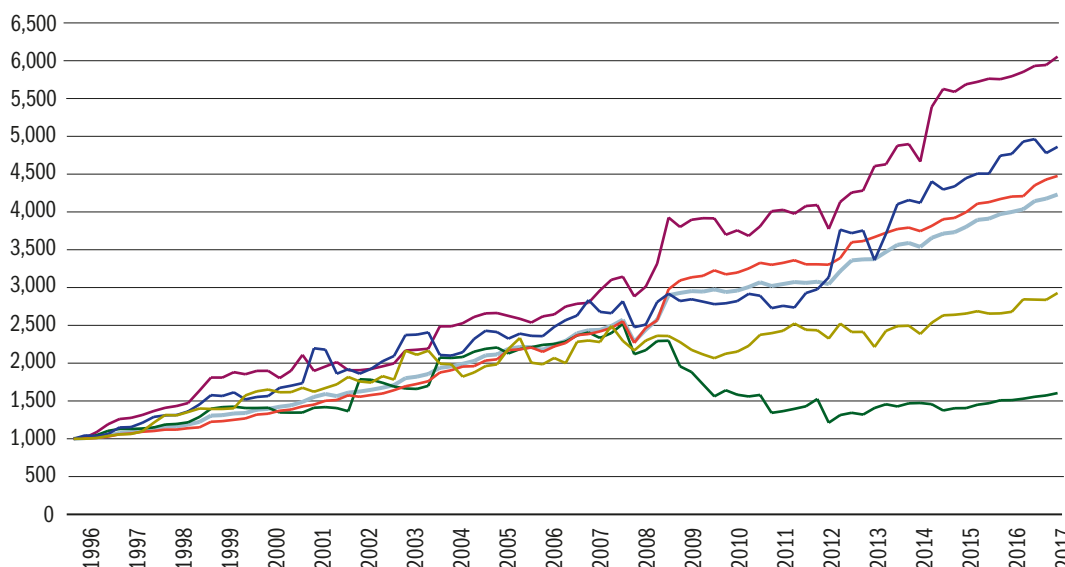
homes to reflect their changing needs. “All our beneficiaries are now in their 50s and, as they age, are experiencing multiple health problems which

seriously impact on their quality of life and their ability to remain fully independent,” comments Thalidomide Trust chair Sir Robert Nelson.

The Diageo donation was paid under the terms of a deed of covenant dated 12 July 2012, which pledged to enable to Trust to double the “annual grant” it pays out to beneficiaries each year. With this now achieved, a new deed of covenant, which comes into effect this year, will ensure that the annual grant rises in line with the Retail Price Index.

Another strong performer in the quarter under review is the Watch Tower Bible and Tract Society of Britain, which reported a 79 per cent increase in income to £88.8m in the year to 31 August 2017. This was due to voluntary and legacy income more than doubling to £60.1m and income from charitable activities increasing

CHARITY 250 INDEX SINCE 1996



Gross trading: 6,054
Voluntary: 4,861
Charitable activities: 4,476
Legacy: 2,928
Investment: 1,604
TOTAL INCOME: 4,231

Index values are created by calculating the collective income of the top 250 charities in 1996, and re-basing this amount to 1,000. As income values then change over subsequent years, this value moves up and down from 1,000 in the same proportions.

by 33 per cent to £28.2m. The charity's objective is to advance the Christian religion as practised by Jehovah's Witnesses and its funds are used for building places of worship, providing religious literature and assisting with disaster relief.

Since 2015, Watch Tower has been engaged in the construction of a new headquarters for Jehovah's Witnesses in Chelmsford. This is being paid for by a separate charity with similar objectives, namely the International Bible Students Association (IBSA), which is also a member of the Charity 250 Index.

Fees billed to IBSA for work on the new headquarters more than tripled in the year to 31 August 2017 to £19.2m. Additionally, Watch Tower trustees noted "generous gifts from donors outside of the regular pattern of donations we usually receive ... likely partly triggered by the knowledge that the charity is constructing a new headquarters for IBSA."

Two other strong performers, which each report income gains of over 20 per cent, are Bromsgrove School and youth charity Catch22, though these largely result from acquisitions.

Bromsgrove School reported a 26 per cent rise in income to £41.1m in the year to 31 August 2017. The main contributor to this was the acquisition of Winterfold House School, which took effect on 1 September 2016 and added £3.3m to the statement of financial activities (SoFA). Income from school fees also rose by a healthy 15 per cent, though this mainly reflects the new fee income from almost 300 pupils transferred from the acquired school.

Catch22 reported a 22 per cent increase in income to £57.3m in the year to 31 August 2017. The conversion of Torbay School to academy status and its acquisition by Catch22's Multi Academies Trust in April 2017 added £3.5m to its SoFA. Similarly, the acquisition in February 2017 of Community Links, a social action charity based in East London, added £1.9m.

Setting aside one-off amounts such as these, the trustees note an 11 per cent rise in income, to £51.9m, reflecting growth in core areas including education, children's

CHARITY 250 INDEX: PERFORMANCE AT A GLANCE

The haysmacintyre / *Charity Finance* 250 Index performed above expectation in the third quarter of 2017, beating its average quarterly rise by 25 points.

All income streams outperformed their quarterly benchmarks.

The top performing income stream was legacy income, which surpassed its average quarterly rise by 93 points, spurred by chunky increases at Erskine Hospital, Watch Tower and the International Bible Students Association.

Trading, voluntary and investment income also performed well, outperforming their quarterly benchmarks by 82, 73 and 51 points respectively, while income from charitable activities beat its average by a more modest six points.

	Index total	Legacy	Voluntary	Charitable activities	Investment	Gross trading
Index value	4,231	2,928	4,861	4,476	1,604	6,054
Points growth in last quarter	55	91	83	48	32	111
Average quarter three points growth	30	-2	10	42	-19	29
Points growth in last year	231	248	94	272	94	260
Average yearly points growth	149	83	187	160	23	235

LARGEST SCHOOLS AND SCHOOL GROUPS IN THE CHARITY 100 AND CHARITY 250 INDEXES

Charity name	Year end	Total income £'000	Change on previous year
United Church Schools Foundation	31 Aug 17	357,737	-8
Girls' Day School Trust	31 Aug 17	258,015	+2
Woodard Corporation	31 Aug 17	201,954	+16
Methodist Independent Schools Trust	31 Aug 17	99,557	0
Eton College	31 Aug 17	79,890	+16
Wellington College	31 Jul 17	65,588	+7
Whitgift Foundation	31 Aug 17	62,029	+4
Edinburgh Merchant Company Education Board	31 Jul 17	61,773	+4
Harrow School	31 Aug 17	59,571	-9
Harpur Trust	30 Jun 17	52,794	-1

services and delivering the National Citizens Service.

“ The major source of income for independent schools is fees ”

STRONG SCHOOLS REPRESENTATION

Schools are the most well represented sector in the Charity 100 and Charity 250 Indexes and account for 17 per cent of the 350 member charities. They also account for two-thirds of charities reporting their results in the third quarter, making a review of the sector's performance timely.

Schools included range from the large school groups in the Charity 100 Index such as the United Church Schools Foundation and the Girls' Day School Trust (GDST), with annual income of £357.7m and £258.0m respectively, to individual schools in the Charity 250 Index with annual income of £23.1m and above.

Most of the schools represented in the Indexes are independent schools, as academies are not eligible for inclusion. There are, however, some mixed groups such as the United Church Schools Foundation and GDST, which manage both independent schools and academies.

As a group, the 58 schools represented in the Charity 100 and Charity 250 Indexes have

performed reasonably well in their most recent accounts: three-quarters report increased income, with the balance reporting no change or income falls.

The biggest rise, reported by the aforementioned Bromsgrove School, was 26 per cent, thanks largely to a similar increase in fee income. Meanwhile, the largest fall was the 9 per cent reported by Harrow School, which was mainly due to a 45 per cent drop in voluntary income to £9.2m.

The median annual change for the group as a whole, which has stayed the same over the last year, is a 4 per cent increase.

FEES

Of course, the major source of income for independent schools is fees, which average over 90 per cent of income at those represented in the Charity 100 and Charity 250 Indexes.

Concerns about the affordability of fees that emerged after the 2008 financial crisis have not really subsided. Findings from haysmacintyre’s recent *Independent Schools Management Survey 2018* show that fee increases at independent schools averaged 3.4 per cent in 2017/18, compared to 3.2 per

cent in 2016/17. “The average increase in 2017/18 may represent a slight increase on the previous year, but they are the two lowest increases applied over the last 17 years,” comments haysmacintyre’s head of education Tracey Young.

“ The mergers and closures of recent years are likely to continue ”

“In recent years schools have experienced growing cost pressures in areas such as teachers’ pensions, employers’ national insurance contributions, auto-enrolment for support staff, rising building costs and public benefit activities, and increasingly onerous compliance obligations. However, cost control in other areas, most notably by restricting inflationary pay awards, has enabled many schools to limit their fee increases,” says Young.

Going forward, schools will continue to face the balancing act of ensuring fees remain affordable to sufficient

number of parents while covering overheads. According to Young: “There are a number of pressures facing schools including the ongoing affordability debate, political threats which could result in VAT on school fees, and changes to business rates relief as well as rising costs. Further costs are anticipated with increases to teachers’ pension contributions for employers from September 2019, increases in employers’ contribution rates for support staff and rising interest rates increasing the cost of borrowing.

“Should we have a change in government that implements the promoted policies around VAT on school fees and business rates, then the position will become very difficult for many and impossible for some.”

There is something positive to be taken from haysmacintyre’s finding that overall pupil numbers have increased between 2015/16 and 2017/18. However, the situation for individual schools is mixed: some report significant increases in pupil numbers while others report sharp declines. The mergers and closures seen in recent years are therefore likely to continue. ●

CHARITY 250 INDEX LATEST ANNUAL ACCOUNTS (% CHANGE ON PREVIOUS RESULTS IN RED)

Charity name	Year end	Legacies £'000	Voluntary £'000	Charitable activities £'000	Investment £'000	Gross trading £'000	Total income £'000
Rugby School	30 Jun 17		2,088 (+107)	26,750 (-4)	5,320 (+2)	1,160 (+61)	35,318 (+2)
Alley's School	31 Jul 17		499 (+14)	26,795 (+16)	263 (-2)	281 (+25)	27,838 (+16)
Berkhamsted Schools Group	31 Jul 17		129 (-61)	30,460 (+8)	79 (+7,800)	1,248 (+4)	31,916 (+7)
Brighton College	31 Jul 17		573 (-86)	46,054 (+5)	142 (-12)	1,175 (+2)	47,944 (-2)
Charterhouse School	31 Jul 17		916 (-1)	28,734 (+5)	317 (+11)	1,173 (+16)	31,140 (+5)
Cheltenham Ladies' College	31 Jul 17	349 (-90)	955 (+33)	27,995 (+6)	247 (-1)	1,203 (-13)	30,749 (-4)
Clifton College	31 Jul 17		256 (+38)	26,209 (+1)	141 (+24)	1,648 (-4)	28,254 (+1)
Corporation of Oundle School	31 Jul 17		1,554 (+20)	41,020 (-4)	487 (-2)		43,061 (-3)
Cranleigh School	31 Jul 17		206 (-43)	24,708 (+4)	64 (+5)	917 (+30)	25,895 (+4)
Dulwich College	31 Jul 17		1,406 (-21)	41,238 (+13)	932 (+2)	4,396 (+9)	47,972 (+11)
Edinburgh Merchant Company Education Board	31 Jul 17		1,305 (-4)	60,186 (+4)	282 (+10)		61,773 (+4)
English National Opera ¹	31 Jul 17		979 (-64)	45,140 (+21)	212 (-8)		46,330 (+15)
Highgate School	31 Jul 17		1,257 (+49)	32,546 (+9)	26 (-16)		33,829 (+10)
King's College School	31 Jul 17		1,829 (+18)	30,793 (+6)	53 (-52)	1,351 (+29)	34,026 (+7)
Leys and Saint Faith's School Foundation	31 Jul 17		317 (-29)	22,445 (+6)	290 (+5)	303 (+6)	23,355 (+6)
National Centre for Young People with Epilepsy	31 Jul 17		1,431 (-42)	24,027 (-4)	52 (-58)		25,510 (-8)
Radley College	31 Jul 17		2,585 (+65)	24,948 (+2)	711 (-24)	370 (-7)	28,614 (+5)
Rathbone Training	31 Jul 17		5,234 (+58,056)	15,694 (-14)	0 (-100)		20,928 (+14)
Sevenoaks School	31 Jul 17		539 (+3)	29,016 (+4)	269 (0)		29,824 (+4)
Shrewsbury School	31 Jul 17		877 (-17)	22,843 (+4)	115 (+6)	1,216 (+2)	25,051 (+3)
St George's Weybridge	31 Jul 17		1,209 (-50)	23,647 (+7)	28 (-39)	528 (+7)	25,412 (+1)
Universities and Colleges Admissions Service	31 Jul 17			26,664 (+5)	189 (-2)	17,913 (+7)	44,766 (+6)

(1) Financial year end changed from 31 March 2017 to 31 July 2017. Figures have been annualised.

CHARITY 250 INDEX LATEST ANNUAL ACCOUNTS (CONTINUED)

Charity name	Year end	Legacies £'000	Voluntary £'000	Charitable activities £'000	Investment £'000	Gross trading £'000	Total income £'000
Wellington College	31 Jul 17		5,223 (+4)	55,418 (+7)	858 (-3)	4,089 (+16)	65,588 (+7)
Abingdon School	31 Aug 17		440 (+67)	26,237 (+9)	72 (+80)	781 (+11)	27,530 (+10)
Ampleforth Abbey Trust	31 Aug 17	11 (-45)	1,127 (-33)	19,990 (-2)	486 (+8)	2,132 (+2)	23,746 (-3)
BCS, The Chartered Institute for IT	31 Aug 17			34,298 (-9)	1 (-98)	523 (-2)	34,822 (-9)
Bolton School	31 Aug 17		1,101 (+25)	25,811 (+3)	549 (+10)	2,373 (+3)	29,834 (+4)
Brentwood School	31 Aug 17		643 (+419)	24,753 (+3)	730 (+9)	1,054 (+5)	27,180 (+5)
Bromsgrove School	31 Aug 17		67 (+8)	38,726 (+27)	201 (+15)	2,138 (+15)	41,132 (+26)
Catch22	31 Aug 17		562 (+659)	55,953 (+20)	331 (+18)	487 (-)	57,333 (+22)
Cheltenham College	31 Aug 17		373 (-19)	24,950 (+3)	293 (+24)	21 (+17)	25,637 (+3)
Christ's Hospital	31 Aug 17	2,444 (+432)	2,450 (-11)	12,181 (+4)	10,533 (+27)	1,120 (+2)	28,728 (+18)
David Lewis Centre	31 Aug 17		152 (+6)	26,234 (+1)	3 (-57)		26,389 (+1)
Felsted School	31 Aug 17		109 (-50)	22,936 (+1)	104 (+22)		23,149 (+1)
Grammar School at Leeds	31 Aug 17		448 (-45)	24,910 (0)	165 (-8)	285 (+32)	25,808 (-1)
Haberdashers' Aske's Charity	31 Aug 17		90 (+210)	43,134 (+5)	969 (0)	2,400 (+2)	46,593 (+5)
Hampton School	31 Aug 17		161 (0)	27,484 (+2)	792 (+9)	89 (+35)	28,526 (+3)
Harrow School	31 Aug 17		9,210 (-45)	44,071 (+1)	593 (-5)	5,697 (+22)	59,571 (-9)
International Bible Students Association	31 Aug 17	3,476 (+191)	17,822 (-55)	2,020 (-23)	35 (+250)		23,353 (-46)
King's School of the Cathedral Church of Canterbury	31 Aug 17		929 (+81)	35,008 (+5)	468 (+21)	649 (+36)	37,054 (+6)
Latymer Foundation at Hammersmith	31 Aug 17		5,374 (+96)	23,775 (+5)	809 (+17)	365 (+89)	30,323 (+16)
Loughborough Endowed Schools	31 Aug 17		119 (-90)	27,343 (+3)	169 (-20)	640 (+6)	28,271 (-1)
Methodist Church in Great Britain	31 Aug 17	1,429 (-1)	5,923 (+12)	23,780 (+8)	4,638 (-15)	10,263 (+16)	46,033 (+7)
Millfield	31 Aug 17		455 (+70)	50,218 (+4)	80 (+63)	1,379 (+2)	52,132 (+5)
Oakham School	31 Aug 17		79 (+10)	26,168 (+2)	204 (+1)	808 (+15)	27,259 (+2)
Percy Hedley Foundation	31 Aug 17	59 (+2,850)	401 (-70)	26,500 (+9)	13 (-57)		26,973 (+5)
Royal Academy of Arts	31 Aug 17			37,917 (-19)	199 (+6)	11,600 (+2)	49,716 (-15)
Sir John Port's Charity	31 Aug 17		125 (-9)	24,739 (+4)	974 (+7)		25,838 (+4)
St Andrew's College, Bradfield	31 Aug 17		181 (+57)	24,509 (+5)	88 (-21)	2,547 (+25)	27,325 (+6)
St Bede's School Trust Sussex	31 Aug 17		117 (+5)	26,624 (+10)	1 (-50)		26,742 (+9)
St Paul's School	31 Aug 17		9,054 (-18)	31,672 (+3)	194 (-42)	157 (-46)	41,077 (-3)
Stowe School	31 Aug 17		1,087 (-68)	24,604 (+4)	28 (-43)	311 (+11)	26,030 (-5)
Taunton School Educational Charity	31 Aug 17		253 (+39)	23,670 (+7)	79 (+16)	736 (-13)	24,738 (+6)
Teach First	31 Aug 17		9,119 (+4)	51,405 (-6)	70 (-63)		60,594 (-5)
Uppingham School	31 Aug 17		799 (-6)	27,679 (+4)	126 (-20)	1,175 (+10)	29,779 (+4)
Warwick Independent Schools Foundation	31 Aug 17			31,036 (+3)	397 (-15)	587 (+25)	32,020 (+3)
Watch Tower	31 Aug 17	6,006 (+170)	54,093 (+108)	28,201 (+33)	512 (+95)		88,812 (+79)
Whitgift Foundation	31 Aug 17		166 (+4)	51,067 (+7)	10,020 (-6)	776 (+6)	62,029 (+4)
Winchester College	31 Aug 17		3,460 (+10)	23,974 (+5)	2,495 (+25)	630 (+14)	30,559 (+7)
Workers' Educational Association	31 Aug 17		59 (+7)	26,512 (+3)	779 (-19)		27,350 (+3)
Affinity Trust	30 Sep 17		2 (-88)	50,124 (+11)	53 (-35)		50,179 (+11)
Erskine Hospital	30 Sep 17	8,240 (+62)	4,347 (+2)	14,533 (+1)	1,676 (+12)		28,796 (+14)
Help for Heroes	30 Sep 17	9,505 (+7)	14,042 (-27)	616 (0)	830 (+8)	4,122 (-14)	29,115 (-15)
Kennedy Trust for Rheumatology Research	30 Sep 17		3 (-50)	26,616 (-22)	6,320 (+99)		32,939 (-12)
London Marathon Charitable Trust	30 Sep 17	614 (-10)	1 (-)		115 (-19)	35,403 (+1)	36,133 (0)
Royal Hospital for Neuro-Disability	30 Sep 17	950 (+37)	1,606 (+23)	36,195 (+2)	551 (+32)	27 (-49)	39,329 (+3)
Society of Jesus Trust of 1929 for RC Purposes	30 Sep 17	850 (+73)	3,211 (+9)	10,265 (+9)	11,803 (+2)	225 (-1)	26,354 (+7)
Thalidomide Trust	30 Sep 17		39,427 (+298)	9,167 (-13)	3,631 (+45)		52,225 (+127)

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