



Case Report

St Bees School (1129534)

About the charity

St Bees School is an independent day and boarding school in West Cumbria. Originally founded in 1583, the school is operated through a charitable company, which holds the original permanently endowed assets as trustee.

Why the commission got involved

The commission received complaints following the sudden announcement, on 13 March 2015, of the closure of the school. Allegations were made about the management of the school by the governors and the decision making process. The governors reported the closure as a serious incident to the commission on 29 April.

We needed to get involved to establish the facts and the extent of the problem, including whether there had been any misconduct or mismanagement in the administration of the charity.

The action we took

An operational compliance case was opened and the commission contacted the governors, the trustees of the charity. During the course of our engagement, we visited the school, meeting with the governors and parents groups. We examined information and documents from a number of sources, including minutes of meetings, financial/statistical documents, professional advice and consultants' reports.

What we found

The governors became aware of general issues with diminishing numbers in fee paying education as long ago as 2008. Following the arrival of the new headmaster in 2012, and the need for investment in the school, the governors examined ways of increasing income. The release of permanent endowment to fund increasing demand for bursaries, and allow refurbishment within the school buildings, provided a more positive outlook within the charity accounts than was in fact the reality.

The decision to close the school was properly taken, in that it was within the governors' powers and followed the specific requirements in the governing document about making decisions and conducting meetings. However, given the way in which the meeting was conducted and the decision was taken, the governors opened the charity to the risk of public perception that the decision had not been made properly.

It had been intended that those affected by the closure decision should hear the news directly from the school first. The governors reacted swiftly to a breach of an agreed embargo on a press release. Whilst the announcement did not therefore take place as planned, this was outside of the governors' control. Parents would have been better able to provide emotional support to students had they been present at the announcement.

Having been offered a rescue plan with pledges of income from parents, the governors carefully considered the option presented. It was not considered prudent to take on what appeared to be pledges that were loans and cash donations, which were insufficient to cover the forecast loss or liabilities if the school remained open for another year. The commission has seen nothing to suggest otherwise than that the governors fully considered the rescue plan in good faith.

The decision as to whether or when to consult more widely with stakeholders where there is a risk to the closure of a school is a difficult one. Whilst the stakeholders believe this would have had positive benefits, the governors identified the risks of losing staff and pupils in making the situation public.

Stakeholders, and in particular parents, were frustrated that previous accounts did not fully reflect what now appears to be a long-running decline in the charity's financial stability. The accounts do comply with charity law in respect of making a risk statement. It is best practice for larger charities to expand on the risks identified and this would have been helpful here.

Assumptions were made about the governors' decision making because information and documents the governors' relied on were not made publicly available. The governors' are under no legal obligation to release this information and may have good reasons for not doing so, particularly where the information has commercial or legal sensitivity. However, the commission considers that charities should be as transparent as possible and it may have helped parents to better understand the closure decision if more information was available.

We are satisfied that the governors, in deciding to close the school, reached a decision that was within the reasonable range of decisions open to them. Further, we have found no evidence of mismanagement or misconduct by the governors.

While we are of the view that there were matters that the governors could have reacted to quicker, differently or with some foresight of the impact their decisions would have, there is no evidence that they acted otherwise than in good faith.

The school officially closed on 31 August 2015.

Impact of our involvement

The closure of the school was clearly very upsetting and disappointing to all those affected. We are grateful for the time, commitment and patience both the governors and stakeholders have given whilst its enquiries have been on-going.

By engaging with the trustees and stakeholders, we have established that the decision taken by the trustees was within the reasonable range of decisions open to them.

In moving forward, we consider that the governors should seek to work with the community. Judging by our meeting, we see that there is a desire on behalf of parents groups to engage in the charity to a fuller extent. This would be an opportunity to review the skills and experience required of the charity's governors.

Time is now available to fully consider the impact of future regeneration to the area and what that might mean for local educational needs. Whilst this does not necessarily mean a future for an independent school at St Bees, there may be a number of alternative options to consider if new families relocate.

Lessons for other charities

Trustees have independent control over, and legal responsibility for, their charity's management and administration. Provided they act within the law and the terms of their governing document, trustees have wide discretion to act as they see fit. They must act exclusively in the best interests of the charity and manage their charity's resources responsibly. Trustees' duties are explained in more detail in [The essential trustee \(CC3\)](#).

The law does not allow us to intervene in the administration of a charity. This includes situations where trustees have made decisions that may be unpopular with stakeholders, but are consistent with their powers and duties. Neither can we remove trustees to make way for others to reverse a decision that has been properly made. The principles that trustees must follow in making their decisions are set out in our guidance on [making decisions and voting](#).

All trustees should report serious incidents to the commission as soon as they are aware of them or suspect them. Although our [guidance on serious incidents](#) cannot include every circumstance that trustees would need to report, we would expect a report where a charity needs to take immediate action to avoid a serious or significant risk.