

28<sup>th</sup> May 2009

Dear Parent

I am writing as I promised in my April letter to let you know about fee levels for next year. These will rise by 3.75%. I am aware that in the present economic situation and with the inflation rate falling there will be a feeling that this rise is higher than might have been expected and therefore I am explaining our budget and the reasons for the rise in greater detail than usual.

The overwhelming share of our costs is salaries and the great bulk of these are the salaries of our teachers. The actual percentages are: All salaries constitute 70.7% of our costs, Teachers' salaries 63.6% of our total costs. The salary levels of our teachers are contractually tied to the rates and scales for Scottish Teachers; thus our biggest cost is dependent upon national decisions. This year teachers have been awarded a cost of living allowance of 2.5% (from April 2009). In addition to this the Employers' Superannuation contribution rate has been raised by 1.4%; this again a national decision. Finally, as may not be familiar to some parents, Scottish teachers are paid on scales that see annual rises from a minimum to a maximum over a number of years and this process adds, on average, nearly a further 1% to our wage bill each year. Of course our Staff is undoubtedly our finest asset, and we would always wish to acknowledge this, but I hope the above explains how constrained we are in setting budgets.

We have had a very close look at our other costs and have been able to make some savings – even if only small ones. We will continue to scrutinize our costs in the coming year and do all we can to hold down our future fee rises. Meanwhile we are spending some money on essential property work which will enhance our estate. This includes completing the essential re-wiring of the Senior School and some refurbishment of the building. Also we are to replace the elderly “temporary” building in the Junior School, currently used for the Nursery and Prep, which is no longer fit for purpose and uneconomic to upgrade.

Taking into account the experiences of other Independent Schools undergoing examination by the Charity Regulator and the results of our most recent Parents' survey, we are seeking to build on the existing support available, to extend the financial assistance we offer, thus increasing access to the School.

As I stated in my April letter, the School remains in a very healthy financial position but we are clear that we must preserve our carefully acquired reserves, husbanded over recent years, for our delayed building plans. Even though the current very low interest rates mean that our income from interest on these reserves is much less than in the past, they are essential for the School's future.

The Board is very grateful for your support and contribution to the School's continuing success.

Yours sincerely

**David R Ward**  
**Chairman, Board of Directors**