

The Status of the London School of Economics and Political Science

The London School of Economics and Political Science (sometimes abbreviated to the London School of Economics, the LSE or “the School”) holds the dual status of:

- a company limited by guarantee under the Companies Act 2006; and
- an exempt charity under Paragraph 2 of Schedule 3 of the Charities Act 2011.

The Registered Office of the London School of Economics and Political Science is Houghton Street, London, WC2A 2AE, United Kingdom.

Private Company Limited by Guarantee

The School is a private company limited by guarantee. Its registration number is 70527.

Under Section 60 of the Companies Act 2006, the School is exempt from the requirement to use “limited” as part of its name, because it is also a charity.

The company and charitable objects of the School are set out in Section 3 of its Memorandum and Articles of Association, which can be found at:

<http://www.lse.ac.uk/collections/planningAndCorporatePolicy/pdf/LSEMemorandumandArticlesofAssociation.pdf>.

LSE has no shareholders. Instead, as a company limited by guarantee, it has members. The members of the company are the members of the Court of Governors. LSE also has directors like other companies. The directors are the members of the School’s Council, with the exception of the Pro-Director for Teaching and Learning and the Vice Chair of the Academic Board, both of whom sit on the Council as non-Director members. The full membership of the Council can be found at:

<http://www.lse.ac.uk/collections/council/>

The eighteen directors of the Council must adhere to the various duties set out in the Companies Acts. The seven general duties require each director to:

- act within their powers;
- promote the success of the company (the School);
- exercise independent judgment;
- exercise reasonable care, skill and diligence;
- avoid conflicts of interest;
- not accept benefits from third parties; and
- declare interests in proposed transactions or arrangements

Charitable Status

In addition to its status as a company limited by guarantee, LSE is also an “exempt charity” under Paragraph 2 of Schedule 3 of the Charities Act 2011. It qualifies under this part of the Act as a constituent of the University of London. Exempt charities cannot register with the Charity Commission. Therefore, LSE does not have a “registered charity number”.

As an exempt charity, the School is not subject to the direct supervision of the Charity Commission, but since 1 June 2010, its “Principal Regulator” has been the Higher Education Funding Council for England (HEFCE). This role requires HEFCE to “...to do all [it] reasonably can...to promote compliance by the charity trustees with their legal obligations in exercising control and management of the administration of the charity.” HEFCE can be contacted via their main office at: Northavon House, Coldharbour Lane, Bristol, BS16 1QD. Telephone: 0117 931 7317 or access their web site at:

www.hefce.ac.uk

The School must comply with its charitable objects and demonstrate that it delivers public benefit. The School’s objects are set out in Section 3 its Memorandum and Articles of Association, the link to which can be found in the section above on the Companies Act. To find out more about the ways in which the School delivers public benefit, please refer to our Annual Accounts which can be accessed online at:

http://www2.lse.ac.uk/intranet/LSEServices/divisionsAndDepartments/financeDivision/financial_statements.aspx

The School is also subject to the legal rules generally applicable to charities and universities, which include:

The Charities Act 1992
The Charities Act 2006
The Charities Act 2011ⁱ
The Education Reform Act 1988
The Further and Higher Education Act 1992
The Teaching and Higher Education Act 1998

The members of the School’s Council are the trustees of LSE. They must fulfil the following duties and responsibilities, which are no less exacting than those required of a trustee of a Registered Charity:

- act reasonably and prudently in all matters relating to the charity (the School);
- always act in the best interests of the charity;
- apply the income and property of the charity only for the purposes set out in the governing document;
- protect the property of the charity;
- invest the funds of the charity only in accordance with their powers of investment; and
- regularly review the effectiveness of the charity.

If you require further information about the LSE as an exempt charity or company registered by guarantee, please contact Jayne Rose, Head of Governance, on 020 7955 6811 or email j.rose2@lse.ac.uk.

ⁱ The Charities Act 2011 brought together the Charities Act 1993, the Charities Act 2006, and some other laws relating to charities into a single Act. The 2006 Act changed the regulation of exempt charities. These provisions of the 2006 Act are now in the Charities Act 2011.