THE BURSAR'S REVIEW

Summer 2025

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THE IMPORTANCE OF 'RIGHT SIZING' YOUR SCHOOL

- WORKFORCE PLANNING, HOW TO MARKET YOUR NURSERY AND THE PROS AND CONS OF EXPANDING ABROAD
- WARNING SIGNS OF FINANCIAL STRESS AND RE-THINKING CHARITABLE STATUS
- THE ART OF THE BURSAR: UNDERSTANDING YOUR EVOLVING ROLE

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Welcome to the Summer issue

…from ISBA's chief executive, David Woodgate.

Congratulations on navigating a year of significant change for the sector. We are all keenly aware that business circumstances have changed fundamentally for schools, and that many of you are reconsidering your operating model as you face into the future. The term 'right sizing' applies to all facets of running a school as a business and this issue of Bursar's Review will provide you with guidance, tips and ideas to consider as you refine your strategic plans and forecasts. Our dedicated section (identified by pages with the coloured edges) on this theme includes important articles that will support you in positioning your school for long-term success, from advice on marketing to international expansion, and from charitable status to workforce planning. We also have an article from FRP on the warning signs of financial stress in a business: we know that a number of schools are nervous about the future, so on page 40 we set out some financial 'red flags' which will help you and your governors assess your risk.

Amongst all the change, some things are constant – including the requirement for good governance and inspection readiness. Helpfully, we have advice from AGBIS on excellence in governance (page 18), on page 12 the team at Farrer & Co set out the expectations of governors in the inspection process, and on page 70 we have an article about auditing your Single Central Record.

It will come as no great surprise to readers that the role of the bursar in independent schools is undergoing a profound evolution. Once perceived primarily as a guardian of budgets and buildings, today's bursar is a key strategic leader – navigating complexity, shaping organisational resilience and operating at the heart of school leadership. On page 22, read the findings of the sector-wide research carried out by RSAcademics with ISBA, identifying that the bursar role has outgrown many of the assumptions that once defined it and deserves greater visibility at the strategic level, and more thoughtful support.

There's plenty more for you to absorb across the breadth of a bursar's responsibilities and, as schools quieten down during the summer, I hope that you will be able to read this issue from cover to cover. Although at first glance it may seem that there are red flags waving at every turn, please be assured that we are here to provide timely advice, training and support to members across all of these concerns and more – you are not alone.

If you need our assistance please get in touch with the team at: **adviceatISBA@theisba.org.uk** or by phone: **01256 330369**. We're here to help and we look forward to speaking with you.

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COVER STORY

Right sizing your school. The business circumstances have changed fundamentally for schools and the specialist articles within this issue of Bursar's Review (identified by the pages with coloured edges starting on page 26) will expand on the areas that schools need to consider as they move to find their new size, market position and (maybe) selling points.

SPECIAL SECTION ON RIGHT SIZING YOUR SCHOOL

TOP TIPS

Out of all the articles in this issue of the Bursar's Review, we have flagged up some of the most critical topics for you to think about:

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- Clearly define your risk appetite

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Risky business

- Follow a ***structured and systematic approach*** to risk
- Categorise risks based on their ***impact and likelihood***
- Clearly define ***your risk appetite***

Thriving in turbulent times: a guide to navigating risks in independent schools (part 1)

Sarah Pearson, head of enterprise risk management at Ecclesiastical Insurance, discusses how a volatile risk landscape impacts schools and the importance of strategic risk management.

The world is changing quickly and independent schools in the UK are facing increased pressures. From the past pandemic, ongoing wars to political unrest and climate change, the challenges are mounting up. These global issues filter down, creating a volatile, uncertain and complex environment for schools.

How global issues impact schools

The pandemic led to school closures, disrupting education and increasing the need for remote learning infrastructure. Political unrest can influence international pupil enrolment and funding. Climate change can result in extreme weather events, affecting school buildings and raising maintenance costs. These broader risks directly impact the day-to-day operations and financial stability of independent schools.

Top 12 risks for schools (2024)

According to the Ecclesiastical Independent Schools Risk Barometer 2024, (**https://www.ecclesiastical.com/insights/education-sector-risks/risk-barometer-2024/**) the top 12 risks for independent schools are:

1. cost of maintaining school buildings;
2. managing mental health and wellbeing of pupils;
3. recruitment and retention of teachers;
4. cost of living crisis;
5. managing mental health and wellbeing of staff;
6. school inspections;
7. parents' ability to pay school fees (especially with the addition of VAT);
8. safeguarding;
9. cyberbullying;
10. damage to school buildings by fire, flood and storm;
11. financial pressures; and
12. health and safety.

Interconnected risks

These risks are often interconnected. For instance, the cost-of-living crisis can strain parents' finances, making it hard to pay school fees and thus reducing school revenue. This financial pressure can lead to budget cuts affecting teacher recruitment and retention, delaying building maintenance, and increasing health and safety risks.

Financial concern and optimism

Two-thirds (61 percent) of independent school leaders say they are more concerned about finances than ever before. Additionally, 58 percent expect more schools to close in the coming year.

However, the 2024 Independent Schools Risk Barometer also provides cause for optimism. Schools feel better equipped to deal with some of the challenges they face, especially around pupil mental health issues and safeguarding.

The power of strong risk management

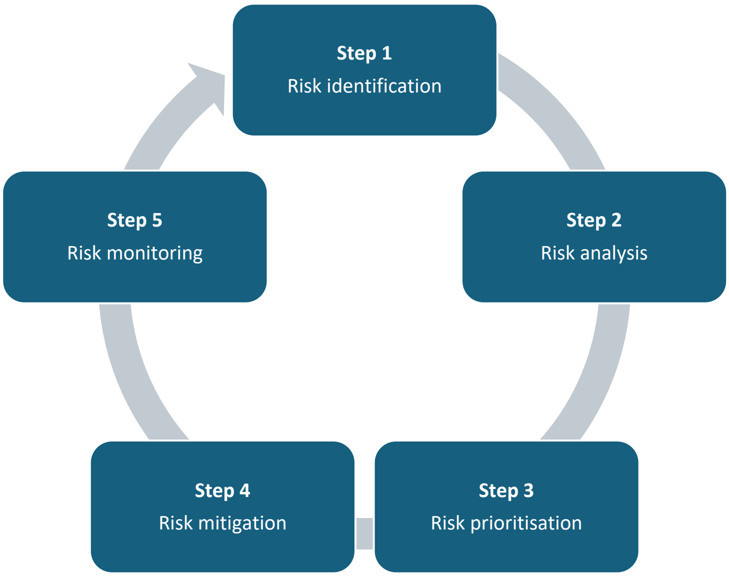
In today's changing risk landscape, strong risk management is vital for independent schools. While insurance can cover some risks such as property damage, liability and vehicle-related incidents, other risks require proactive management.

Insurable risks are typically accidental, measurable and financially significant, providing financial protection and stability through insurance.

Non-insurable risks are more subjective, uncontrollable or difficult to quantify. Examples include economic fluctuations, regulatory changes and reputational risks. These risks cannot be covered by insurance and require alternative strategies like risk avoidance and reduction.

Many schools have risk management policies and frameworks, but the key is to make them actionable. Effective risk management supports decision-making, ensures good governance and helps schools achieve their objectives. It is important to follow a structured and systematic approach.

Strategic risk management steps



A typical strategic risk management process involves several key steps:

1. **Identify risks**: determine the key risks affecting your school. These could range from financial pressures due to fluctuating enrolment numbers, safety concerns related to extreme weather events or cybersecurity threats.
2. **Analyse risks**: understand the root causes and consequences. For example, a cyberattack could result from outdated software or weak security measures. Consequences include compromised data security, reputational damage and financial costs for recovery and legal fees.
3. **Prioritise risks**: assess the likelihood and impact of each risk. Use tools like risk matrices to categorise risks based on their impact and likelihood. Focus on those that pose the greatest threat to your school's operations and objectives.
4. **Mitigate risks**: use the '4 Ts' to manage risks effectively:
   - **Treat**: implement controls to reduce risk. This could include enhancing cybersecurity measures, improving building maintenance, or providing mental health support for pupils and staff.
   - **Transfer**: share risk through insurance or third-party arrangements. For example, insurance can cover areas like property, liability, cyber threats and business interruptions. Additionally, third party arrangements such as service contracts and leasing can also help transfer risks.
   - **Tolerate**: accept risks that fall within your school's risk appetite. Some risks, like minor fluctuations in enrolment, might be manageable without significant intervention.
   - **Terminate**: stop activities that pose high risks. If a particular extracurricular activity is deemed too risky, it might be best to discontinue it.
5. **Monitor risks**: regularly review and report on risks to ensure the focus remains on key issues and those outside of the school's risk appetite. The governing board should provide appropriate oversight, ensuring that risks are regularly reviewed, actions are taken and they are effectively monitored.

To further strengthen your risk management process, defining your risk appetite is increasingly important. It helps independent schools determine the level of risk they can accept to achieve their goals. It guides decision-making, balances risks and opportunities and ensures actions align with the schools' values and objectives.

Risk appetite

The Institute of Risk Management (IRM) defines risk appetite as `*the amount and type of risk that an organisation is willing to take in order to meet their strategic objectives*'.

Level	Description
1. Averse	Avoids any risk beyond the essential
2. Minimal	Prefers safety but accepts minimal risk for gains
3. Cautious	Balances risk and reward conservatively
4. Open	Willing to take moderate risks to achieve objectives
5. Hungry	Actively seeks out risk opportunities for growth

Steps to defining risk appetite

Defining risk appetite requires thoughtful consideration, time and engagement with others. To support this, we have developed some key steps to follow:

- Example only:

1. **Identify risk appetite levels**: agree on levels (e.g., 1-5) and describe each briefly.
2. **Identify key risk appetite themes**: cover key areas of activity within your school like finances, operations, people, and safety.
3. **Recognise current risk appetite levels**: assess where the school currently stands.
4. **Acknowledge desired risk appetite levels**: define desired levels aligned with strategic goals.
5. **Compile descriptors for each risk theme**: use plain language to describe expectations e.g. finance, health and safety (see examples below).
6. **Compare current and desired levels**: identify gaps and areas for improvement and implement actions to move to desired state.
7. **Obtain board approval**: seek endorsement from the board of trustees.
8. **Communicate and implement**: share the risk appetite with staff and stakeholders. Integrate it into planning and decision-making.
9. **Monitor and report deviations**: regularly assess risk exposure and report deviations.
10. **Annual review and adaptation**: Review and adjust annually or after significant changes.

Bringing risk appetite to life

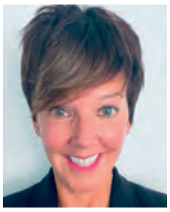
For instance, if a school has a minimal approach to people risks, such as mental health and wellbeing, it might adopt proven and less risky options to manage stress, such as regular mindfulness sessions and access to professional counselling. These interventions help manage stress and anxiety effectively. A school with a minimal risk appetite would take extra steps to lower high-risk situations involving people. This means adding more controls to manage and reduce these risks effectively.

A school with a more open risk appetite might try new and creative ideas. This could include testing new mental health apps or starting programmes such as art therapy. These methods might be riskier but could offer special benefits and insights. Additionally, the school might be more comfortable with fewer controls, meaning they wouldn't invest additional time and resources and would accept higher people risks if they fit within the school's overall risk appetite.

Conclusion

Independent schools in the UK face a complex and challenging risk landscape. By understanding and managing these risks effectively, schools can navigate uncertainties and remain resilient. Strong risk management, aligned with a clear risk appetite, supports schools in achieving their educational objectives while fostering a stable, well-governed environment. Embracing proactive strategies and innovative approaches can position the school to thrive, even in the most turbulent times.

Ecclesiastical has developed a FREE risk maturity assessment tool to support organisations in strengthening their strategic risk management arrangement. (**https://tinyurl.com/) riskmaturityassessment**)



Author

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Finance risk descriptors	
1. Averse	The school only invests in government bonds and keeps most funds in secure savings accounts. No more than five percent in other investments. Prioritises capital preservation.
2. Minimal	The school invests a small portion of its funds in low-risk mutual funds while keeping the majority in secure savings. Up to 10 percent in low-risk investments. Willing to take minimal risks for slightly higher returns.
3. Cautious	The school diversifies its investments across low to moderate risk assets, such as a mix of bonds and blue-chip stocks. Up to 30 percent in moderate risk assets. Balance risk and return for steady growth.
4. Open	The school invests in a broader range of assets, including some higher risks stocks and real estate, to seek better returns. Up to 50 percent in diverse, higher risk assets. Accepts significant risks for better returns.
5. Hungry	The school invests in high-risk, high reward ventures like start-ups or emerging markets to maximise potential returns. Up to 70 percent in high-risk ventures. Aggressively pursues high returns, accepting potential loses.

Health and safety risk descriptors	
1. Averse	The school adopts a zero tolerance for risks. Strict adherence to health and safety regulations, with rigorous inspections and monitoring in place.
2. Minimal	The school maintains strong health and safety measures, making minor adjustments for efficiency. Limited risk tolerance, ensuring thorough training and regular compliance checks.
3. Cautious	The school maintains strong health and safety measures, but allows for measured flexibility. Moderate risk tolerance, focusing on proactive improvements and continuous staff development.
4. Open	The school adopts innovative health and safety strategies, including partnerships with external organisations. Higher risk tolerance, aiming for dynamic and adaptable approaches.
5. Hungry	The school embraces high-risk health and safety initiatives, such as experimental programmes and cutting-edge technologies. High-risk tolerance, focusing on bold measures to maximise safety and wellbeing.