

# THE BURSAR'S REVIEW

Summer 2023

£6.99 | The Official Magazine of the ISBA



## NEW STRATEGIC TOOL FOR SCHOOLS: ISBA'S DATA NAVIGATOR

**Cyber safety – ensuring your school mitigates its risk and has a fit-for-purpose insurance policy**

**Alternative business models supplement included with this issue**

# Here to help you tell your ESG story

Is your school ready? We have the capabilities to help you tell your environmental, social and governance (ESG) story to pupils, parents, suppliers, future partners and insurers. Take Marsh's ESG Pulse Check for free to evaluate your programme in 10 minutes. Or, contact your Marsh representative to learn more about our menu of ESG services.

[Start your assessment](#)



This is a marketing communication.

The information contained herein is based on sources we believe reliable and should be understood to be general risk management and insurance information only. The information is not intended to be taken as advice with respect to any individual situation and cannot be relied upon as such. Statements concerning legal, tax or accounting matters should be understood to be general observations based solely on our experience as insurance brokers and risk consultants and should not be relied upon as legal, tax or accounting advice, which we are not authorised to provide. Marsh Ltd is authorised and regulated by the Financial Conduct Authority for General Insurance Distribution and Credit Broking (Firm Reference No. 307511). Copyright © 2022 Marsh Ltd. Registered in England and Wales Number: 1507274, Registered office: 1 Tower Place West, Tower Place, London EC3R 5BU. All rights reserved. Copyright 2023. 23-1046949887. A business of Marsh McLennan





# Welcome to the Summer issue

...from ISBA's chief executive, David Woodgate.

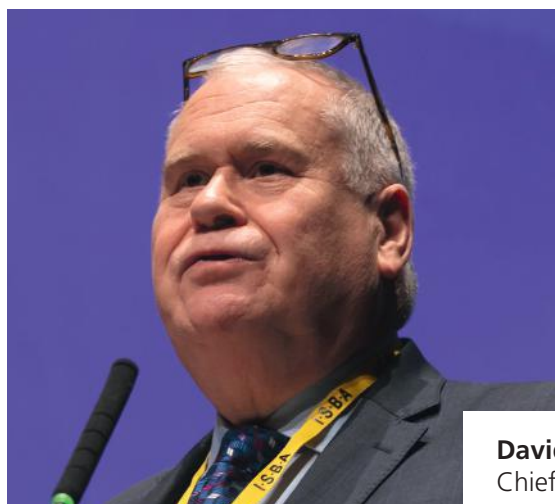
**Both myself and the ISBA team were delighted to welcome so many of you to our annual conference in May. At a time when it seems like one complication swiftly follows another in schools, the opportunities the event affords to meet with sector experts and peers, find inspiration and share ideas have proved, yet again, to be highlights of the experience for members (see page 66 onwards for a selection of conference photos and session reports).**

As you will know if you were there, throughout the conference we explored the multitude of challenges currently facing independent schools and, together with our knowledgeable speakers, the possibilities now and in the future for mitigating them. In this issue of the Bursar's Review and our supplement 'Alternative Business Models for Schools' we continue this theme, looking at the difficult decisions many of you are currently having to make (or may have to) as well as the need to understand and de-risk your financial model. Financing builds, optimising accommodation and adding value to the parental experience are also topics for discussion together with a look at the important legal aspects of mergers and acquisitions. My thanks go to Tracy Beard, bursar and clerk to the governors at Halstead School, for sharing her story of the latter, as the school becomes Halstead St Andrew's School in September 2023.

This issue also highlights ISBA's new data navigator service, which was launched with Barnett Waddingham at the conference. A new survey-based analytical tool, it offers

a user-friendly and interactive dashboard that allows schools' leadership teams and governors to understand their school's business performance in comparison to an absolute standard and with other schools of similar type and/or location. The outputs are, of course, anonymised to avoid any competition concerns. Find out more on page 10.

Cyber attacks are unfortunately another ongoing concern for schools and I'd like to thank Mark Steed, principal and CEO of Kellett School, the British International School in Hong Kong, for his article on page 24 on what to look for in a cyber insurance policy. If you have a story about your school you'd like to share with us, on cyber or any other topic, please do email us at [advice@theisba.org.uk](mailto:advice@theisba.org.uk)



**David Woodgate**  
Chief executive

**ISBA** | INDEPENDENT  
SCHOOLS' BURSARS  
ASSOCIATION

**ISBA** | INDEPENDENT  
SCHOOLS' BURSARS  
ASSOCIATION

167-169 Great Portland Street, 5th Floor  
London W1W 5PF  
T: 01256 330369

E: [office@theisba.org.uk](mailto:office@theisba.org.uk)  
W: [www.theisba.org.uk](http://www.theisba.org.uk)

**twitter** @the\_isba

[www.linkedin.com/company/independent-schools'-bursars-association/](http://www.linkedin.com/company/independent-schools'-bursars-association/)

COMPANY NO: 6410037  
REGISTERED CHARITY: 1121757

**CHAIR:**  
Neil Cufley

**CHIEF EXECUTIVE:**  
David Woodgate BSc (Hons) MBA FRSA

**EDITOR:**  
Gillian Goode  
E: [bursarsreview@theisba.org.uk](mailto:bursarsreview@theisba.org.uk)

**PUBLISHER:**  
Simon Moody

**PRODUCTION EDITOR:**  
Nicky Rogers  
T: 01778 391128  
E: [nicky@warnersgroup.co.uk](mailto:nicky@warnersgroup.co.uk)

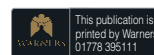
**EDITORIAL DESIGN:**  
Ryan Housden

**ADVERTISING DESIGN:**  
Amanda Clare

**ADVERTISING MANAGER:**  
Jayne Notley  
T: 01778 391189  
E: [joynen@warnersgroup.co.uk](mailto:joynen@warnersgroup.co.uk)

**ADVERTISING PRODUCTION:**  
Sue Ward  
E: [production@warnersgroup.co.uk](mailto:production@warnersgroup.co.uk)

**PRINTING:**  
Warners Midlands Plc



**PUBLISHING**  
Warners Group Publications, The Maltings,  
West Street, Bourne, Lincs, PE10 9PH  
T: 01778 391000

The Bursar's Review has been carefully prepared, but articles are published without responsibility on the part of the publishers or authors for loss occasioned to any person acting or refraining from action as a result of any view, information or advice included therein. Articles published in the Bursar's Review do not necessarily reflect the opinions of the Independent Schools' Bursars Association, nor can the Independent Schools' Bursars Association, the publishers or authors accept any responsibility for any claims made by advertisers.



# SUMMER 2023

## REGULAR

- 3 WELCOME TO THE SUMMER 2023 ISSUE OF THE BURSAR'S REVIEW
- 5 THIS ISSUE'S TOP TIPS

## NEWS

- 6 NEWS

## PROFESSIONAL DEVELOPMENT

- 108 ISBA WEBINAR AND EVENT PROGRAMME – AUTUMN/WINTER TERM 2023/24

## FINANCE

- 16 VAT ON INDEPENDENT SCHOOL FEES
- 38 THE HIDDEN DANGERS – INDEPENDENT SCHOOLS AND ILLICIT FUNDS

## ISBA

- 64 ISBA 2023 CONFERENCE HIGHLIGHTS

## IT

- 24 WHAT TO LOOK FOR IN A SCHOOL CYBER INSURANCE POLICY
- 32 SECURING YOUR SCHOOL NETWORK FOR A SAFE EDUCATIONAL ENVIRONMENT

## ESTATE MANAGEMENT

- 50 A HOLISTIC APPROACH TO THE ENERGY COST AND DECARBONISATION CHALLENGE

## FEATURES

- 56 HOW BECOMING A B CORPORATION COULD BENEFIT YOUR SCHOOL
- 104 THE DISCIPLINE OF TAKING MINUTES

## LEGAL

- 42 MARTYN'S LAW: NEW BILL INTRODUCES MANDATORY TERRORISM PREVENTION AND PROTECTION REGIME FOR PUBLIC PREMISES
- 85 ONLINE EDUCATION: NEW GOVERNMENT ACCREDITATION SCHEME LAUNCHED
- 88 SEN PUPILS AND DISABILITY DISCRIMINATION: HOW FAR SHOULD A SCHOOL ACCOMMODATE?
- 94 SEND AND ALTERNATIVE PROVISION IMPROVEMENT PLAN – WHAT THIS MEANS FOR INDEPENDENT SCHOOLS
- 98 DATA PROTECTION REFORM – WHAT IT MEANS FOR INDEPENDENT SCHOOLS AND HOW TO GET READY FOR IT

## COFFEE BREAK

- 110 INTERVIEW – A DAY IN THE LIFE OF DUNCAN RADNOR, DIRECTOR OF OPERATIONS AT WYCHWOOD SCHOOL IN OXFORD



# 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:

## 10 ISBA's data navigator

- Data navigator will allow a sophisticated level of financial modelling
- Useful forecasting tools are in development

## 16 VAT on school fees

- If VAT is introduced on school fees it is almost certain to be 20 percent
- Schools, like any other organisation making taxable supplies, will be entitled to recover VAT on costs

## 24 School cyber insurance policies

- Implement additional security measures such as two-factor authentication
- Install robust cyber security measures such as firewalls, antivirus software and intrusion detection systems

## 32 Securing your school network

- Have a strong password policy and mandate regular password changes for staff user accounts
- Conduct regular audits to identify unauthorised apps and monitor the use of approved apps

## 38 Independent schools and illicit funds

- Schools are held accountable under the Proceeds of Crimes Act 2002
- Take proactive measures to ensure that only clean funds are accepted into your institution

## 42 Terrorism prevention and protection regime for public premises

- Schools can prepare for the legislation coming into force by familiarising themselves with the concepts and requirements
- Existing policies, such as those for safeguarding, will provide a good starting point for preparing for the new duty

## 50 The energy cost and decarbonisation challenge

- Installation of renewables enables the school to lead by example
- Onsite generation means greater resilience for the future

## 56 Benefits of B Corporations

- B Corp certification measures a company's entire social and environmental impact
- By partnering with B Corps, schools can help to tackle real-world issues in a collaborative and transparent way

## 85 New online education Government accreditation scheme (OAES)

- A failure to secure OAES accreditation may result in providers losing key customers
- The DfE may withdraw accreditation if there is a reasonable justification for doing so

## 88 SEN pupils and disability discrimination

- Where a pupil has a SEN requirement, they may have protection under the Equality Act 2010
- If a pupil is considered disabled under the Act, they have the benefit of some additional protections

## 98 Data protection reform

- The Data Protection and Digital Information Bill (No.2) makes a significant change to the controls on the use of automated decision-making
- Under DPDI No. 2, the role of the DPO will be replaced by the role of senior responsible individual

## 104 It's all in the minutes

- Minutes should be drafted as soon as possible after the meeting and circulated promptly
- Ideally, the minutes should be taken by someone not directly involved in the meeting



PAGE 10

ISBA's data navigator is the new strategic tool for schools. Launched at conference with Barnett Waddingham, this piece of work will give schools a subscription service on which they can compare their financial performance to other schools of their type both locally and nationally.





# Pupils build a full-size working arcade games machine

**Pupils at Ballard School in Hampshire have designed and built a working arcade game, loaded up with more than 1,000 retro games.**

Three senior school pupils created the machine in just one term, designing it using CAD software before building the unit, which incorporates a screen and two sets of controls, then finally loading it up with arcade classics like Sonic the Hedgehog, Pac-Man, and Super Mario Bros.

Matthew in Year 9, and Sam and Barney, both in Year 10, had the idea when they were challenged to design and make a product which would incorporate all aspects of STEM. They created a CAD prototype of their arcade machine, which was presented to the school's leadership team for their approval, before they could go ahead with construction.

Andrew Cornwell, head of design technology and STEM co-ordinator, said: "This was a challenging task and the pupils worked well together, demonstrating excellent creative thinking and problem solving.

"Pupils and staff alike have been delighted with the new addition and this has spurred our department on to make this a yearly challenge and to push our pupils further using new technology".



(L-R) Sam, Barney and Matthew, pupils at Ballard School, with the arcade game they designed and built as a STEM project

The boys completed the project over the spring term with a budget of just £400 (a fraction of the £2,500 arcade games machines normally fetch.) Their

creation has proved a hit with staff and pupils alike and although it is kept in the staff room, it is moved out for pupils to use at appropriate times.

# Humour essential to critical thinking and creativity

**Using humour as a learning method promotes critical thinking and creativity within pupils, reveals new research by Vienna University of Economics and Business (WU).**

The study, conducted by associate professor André Martinuzzi, investigated using humour as a method of experiential learning, and the impact this has.

The researchers found that humour promotes critical thinking and creativity, makes it easier for pupils to deal with emotionally difficult issues, improves communication skills, and helps them become agents of change.

Humour can be applied as a learning method in a broad diversity of disciplines, such as management, socio-economics and sustainable development. It strengthens trust

and the connection between teachers and pupils, creates a positive learning atmosphere, reduces stress, and lets teachers come across as more competent and credible.

As part of the study, the researchers asked pupils to create comedy scripts on a wide variety of topics, and created a toolbox for use in management education – to date, more than 500 pupils have worked with this method.

The toolbox provides pupils with an understanding of the basics of humour, empowers them with practices to develop their own humorous texts, and guides them towards high-quality punchlines, comedy scripts or TikTok videos. It can be used in single lessons or be the basis of whole courses.

"We consider there to be a high potential for using humour as a learning method, especially when skills, group dynamics, creativity, and emotions are key aspects of a course or programme. It would also be particularly suitable for topics with a high degree of complexity and ambiguity that require innovative and creative approaches," says Professor Martinuzzi.

The study focuses on humour as a learning technique in environmental education, as it helps pupils become 'agents of change'. In recent research Martinuzzi and his team explore the effects of humour in management education.

The study was published in the journal Environmental Education Research.





## CHOOSE FROM OUR COMPLETE RANGE OF VERSATILE 9 - 17 SEAT SCHOOL MINIBUS OPTIONS

- Finance Plans To Suit All Budgets
- Nationwide Service & Support
- D1 and B Licence Minibuses
- ULEZ Compliant
- New & Pre-Owned Available
- Driver Assist Options
- Diesel and Electric Minibus Options
- School Minibus Section 19 Permit Inspections



Call today to arrange a quotation or a demonstration

# 01202 827678

[redkite-minibuses.com](http://redkite-minibuses.com) [sales@redkite-minibuses.com](mailto:sales@redkite-minibuses.com)

Nationwide suppliers of Peugeot & Ford (recommended), and all other leading manufacturers

PEUGEOT VAUXHALL CITROËN FORD RENAULT MERCEDES BENZ





# Self-care summer: advice for school staff

Self-care may not be the easiest thing for education staff to practise. Schools and colleges can be challenging environments to work in at times, and during term time, your focus will be on your pupils and your to-do list.

That's why the summer break can be the best time to develop good self-care habits, so that when term starts again, you may have techniques you can turn to in stressful times.

The Anna Freud charity has teamed up with Education Support to produce a guidance booklet and poster to help you have your own self-care summer.

The guidance covers three key areas, with tips shared for each area:

- prioritising rest;
- reviewing boundaries; and
- prioritising healthy habits

Download the guidance here: <https://www.annafreud.org/media/18626/self-care-summer-advice-for-education-staff.pdf>

**Self-care summer**  
Top tips for education staff

**Prioritise rest**

- 1. Replenish yourself**  
Pick a mix of things that make you feel relaxed and recharged.
- 2. Make a wellbeing action plan**  
Plan what you are going to do to look after your wellbeing during the summer, and try your hardest to stick to it.
- 3. Do things that make you feel like 'you'**  
Engaging in our passions and making time for loved ones can energise us and help prevent burnout.

**Reviewing boundaries**

- 1. Set time during the holidays when you will work and when you won't**  
Remember though - the priority is to carve out time when you can completely switch off from the job.
- 2. Use automated responses**  
Send automated responses to parents and colleagues when you're not available or to remind them of your office hours.
- 3. Remove email apps from your phone**  
This is a great way to ensure that you don't feel the excessive pressure to respond to every message immediately.

**Build healthy habits for the academic year**

- 1. What are your wellbeing non-negotiables?**  
Consider what they are and make a note of them. These actions should keep you balanced and help you feel good.
- 2. Start your day well**  
Find something that you can easily do each morning that helps you get in the right mindset for the rest of your day.
- 3. Do a weekly wellbeing check-up**  
Ask yourself how you're feeling mentally and physically. We're all human and our emotions are valid.

[annafreud.org/selfcaresummer](https://www.annafreud.org/selfcaresummer)

Education Support | Anna Freud

# New ISBA mentoring and coaching service

ISBA has started a formal and paid for mentoring and coaching service for bursars in member schools. The scheme will run on an annual basis with schools buying a set number of hours

in blocks of 10 per year to be delivered virtually or face-to-face. The aim is to provide bursars who are new to the sector with some guidance in the early months or years of their appointments

thus allowing them to come to grips with the job more quickly than if they had no support. We have several bursars in post who are qualified as coaches and if there are bursars whose experience has taken them beyond mentoring but who feel they would benefit from a coaching service, that too will be available. Blocks of time will be charged at £1800 (including VAT) for every ten hours.



The coaching and mentoring relationship relies on a link and empathy between the two people involved, so both mentors and mentees will have a chance to choose the people with whom they work. To that end anyone who would like to become a mentor will have to be aware that they will be part of a selection process and an appointment will not be automatic.

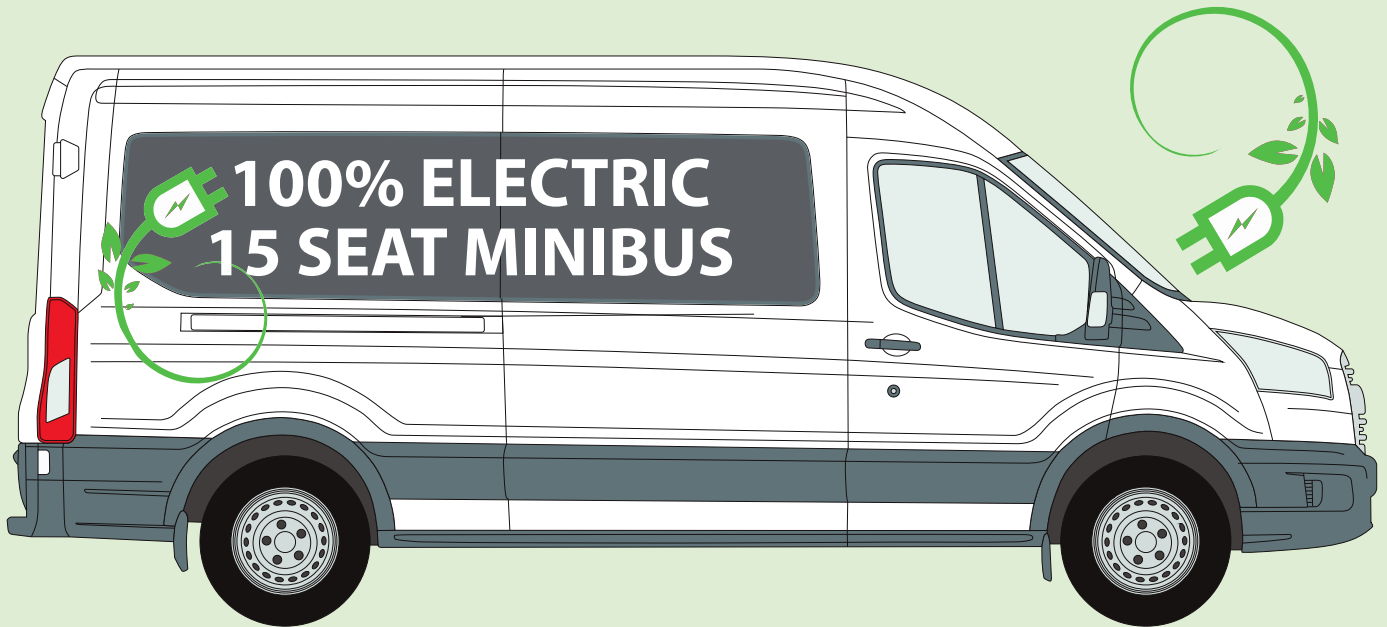
The contractual details are that the school will contract with ISBA to provide the service, and the mentors will be employed by ISBA to provide the service to the school.

If you would like to be considered as a mentor, please email your name to Amanda White ([amandawhite@theisba.org.uk](mailto:amandawhite@theisba.org.uk)) with a very short bullet point CV.

Please also contact Amanda if you would like to purchase mentoring or coaching time.



Lease from **£35.50<sub>+VAT</sub>** a day  
fully maintained\*



Stock available ...order yours today!

\*Please contact for further details



Lock in your lease interest rate for 2023  
Contact us now for more details

[www.phvc.co.uk](http://www.phvc.co.uk) • [sales@phvc.co.uk](mailto:sales@phvc.co.uk) • Head Office 01489 580 333



Independent Product Rating

*"Excellent customer service  
from beginning to end"*





The current economic situation will continue and that will affect *parents' ability to pay*

Data Navigator will allow a *sophisticated level of financial modelling*

The tool is careful to preserve *commercial confidentiality*

# Launch of the ISBA Data Navigator project

We were delighted to launch the Data Navigator project for schools at conference with Barnett Waddingham. This piece of work will give schools a subscription service on which they can compare their financial performance to other schools of their type both locally and nationally.

**The information will build up over years and once that is done trends will be able to be identified, policy set and decisions made to accommodate or accentuate the trends. The timing of this project could hardly be better, we are within 18 months of having a change of government and no matter which government is elected the current economic situation will continue and that will affect parents' ability to pay and thus on pupil numbers.**

The second business strategic pressure (which will not be affected by a change of government) is the need for all businesses, schools included, to achieve carbon zero operating by 2050. That is a long time away but there are two shorter deadlines which will affect

the near and mid-term financial plans of many schools; the withdrawal of support for oil fired boilers in 2026, and for gas fired boilers in 2028.

Re-engineering heating in schools will be an expensive and disruptive process, but it will have to be done notwithstanding the economic climate, nor the political climate in which we find ourselves operating.

There is much speculation about the changes that a Labour government may bring to the sector. Again, this will put strain on the parents' ability to pay, and there is renewed pressure on school budgets to try to achieve some headroom to accommodate the publicised increased tax burden that the Labour Party promise parents.

## Sophisticated financial modelling

With these three pressures at the forefront of the minds of governing bodies and the executives of schools, there is a need to have a very clear strategic plan and to base decisions within that plan on financial performance and sound financial planning. The Data Navigator tool will be an essential part of this decision and checkpoint process as it will allow a sophisticated level of financial modelling which will give a logical and informed base for debate at board level and subsequent decisions on investments on capital projects within schools.

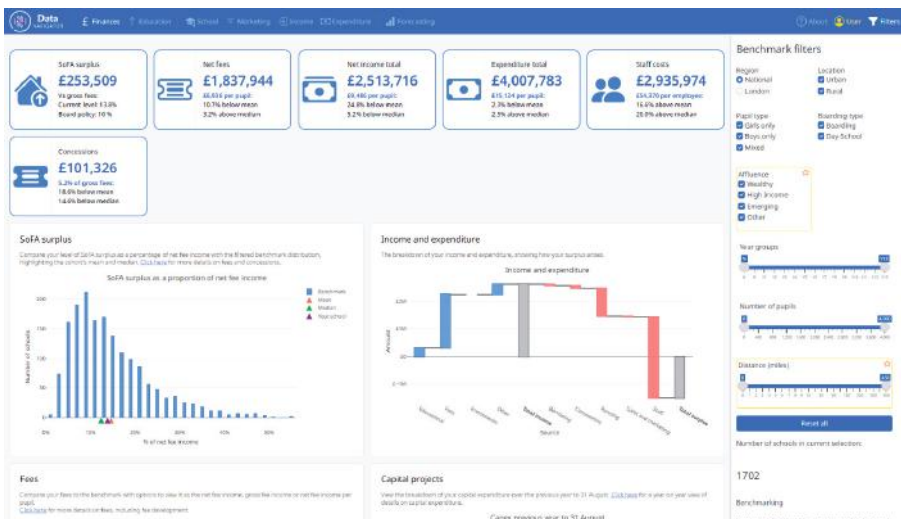
As a subscriber service, different levels of analysis are available and some examples are shown of the analysis levels that can be achieved.

Data Navigator is presented to participating schools through a secure online portal. The view, shown in Graphic 1, is centred on the school as a business and the initial screen presents key financial metrics compared with benchmark and easy links to drill-down to further detail.

The user interface is a modern data product with the expected interactivity on all the charts and graphs (note that the tool is being continuously developed and you will see more features when you get access.)

One key feature is the users' ability to define their custom benchmark

▼ Graphic 1, Data Navigator





English department at Ratcliffe College completed 2022

# Modular eco-buildings



Our net-zero timber frame buildings are manufactured offsite for minimal disruption, using natural materials. Fully inclusive design and build from the Education Estates Contractor of the Year 2021, for permanent buildings that won't cost the earth.

0800 917 7726  
info@tgescapes.co.uk

biophilic  
by nature

 TG ESCAPES





group by clicking the buttons and dragging the sliders in the filter section shown on the right hand side.

The second summary screen (Graphic 2) shows the key indicators for the core product the business is selling. The histograms show where the school is in comparison to all the participating schools.

### Instant updates

When adjusting the filter conditions, the metrics and charts will be instantly updated to show just the selected benchmark. Here, the user has selected:

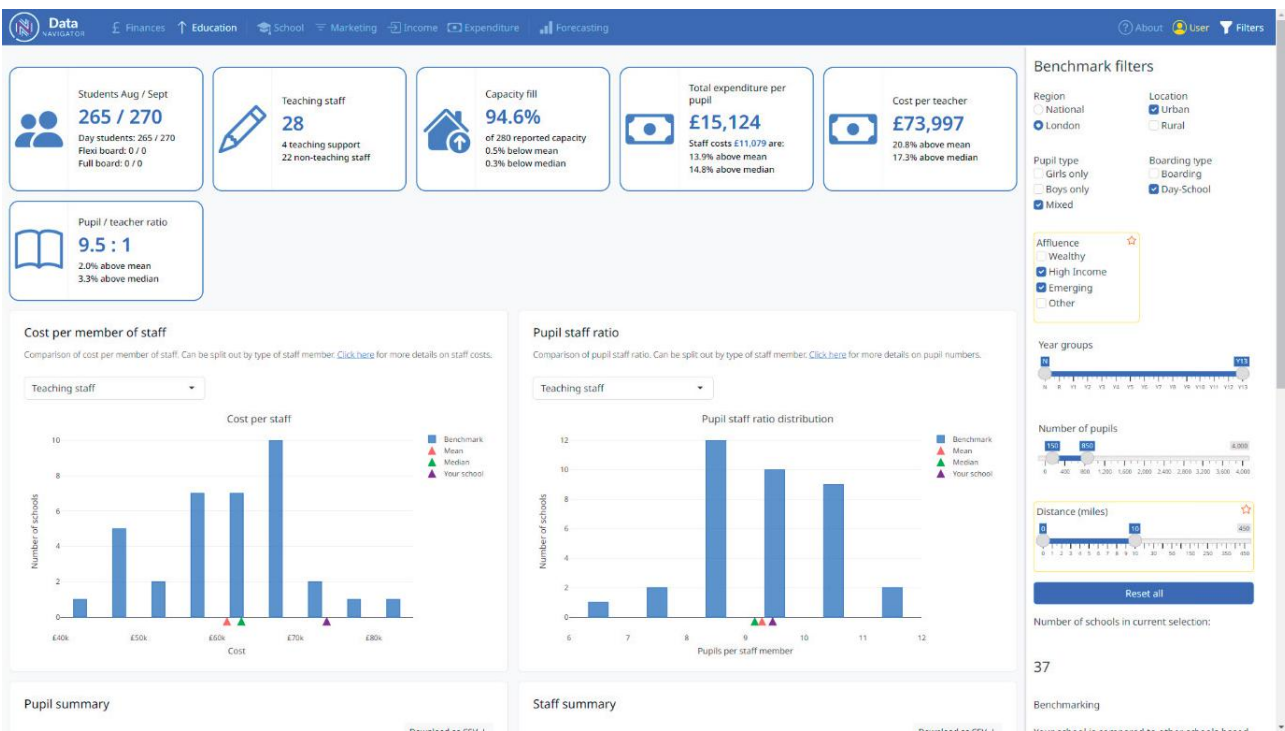
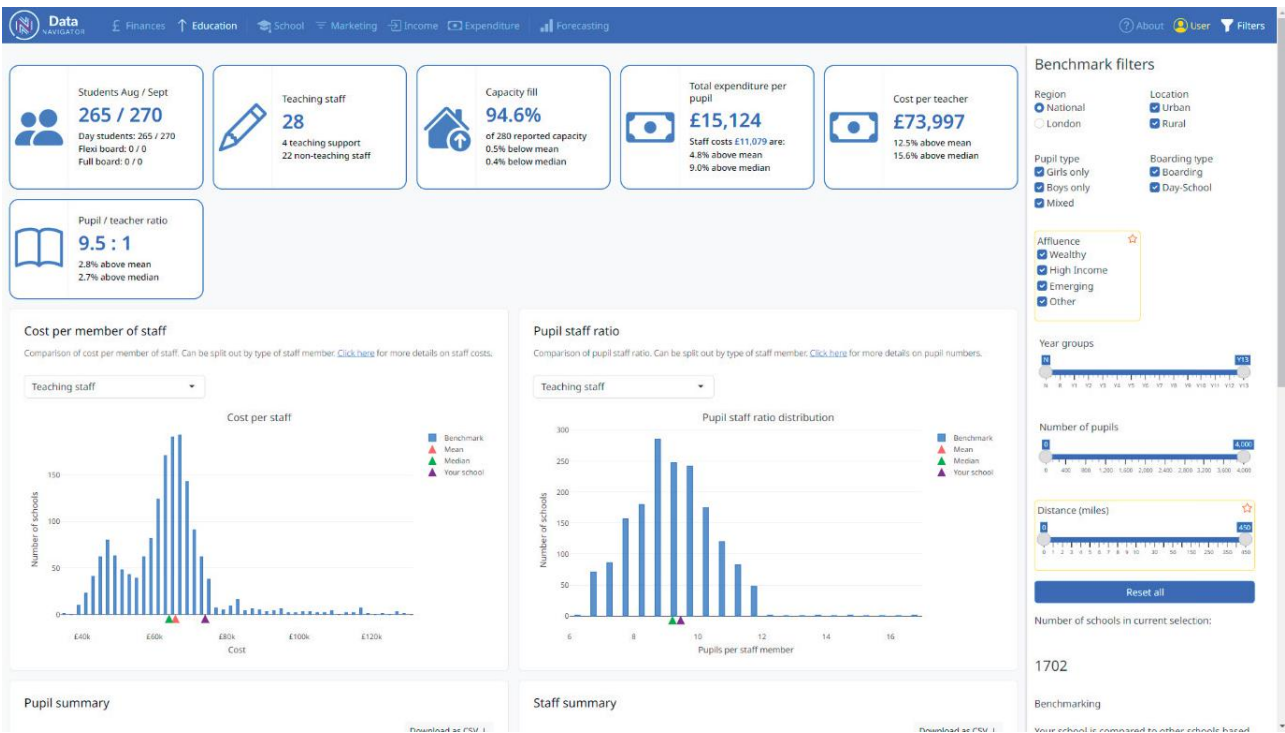
1. only schools in their own region (London);
2. only schools in an urban setting

(which would be the majority in London but shown for illustration);

3. only mixed gender schools;
4. only day schools, excluding boarding schools;
5. schools with 150-800 pupils;
6. schools within 10 miles of the user's school. ➡

▼ Graphic 2, define your custom benchmark group

▼ Graphic 3, the second summary screen shows key indicators for your core product



# Supporting you to build a better future

Crowe is a leading advisor to independent schools

Visit our website for free insights, on-demand webinars  
and upcoming events for independent schools.

## Start the conversation

### Tina Allison

London  
Head of Education  
tina.allison@crowe.co.uk  
+44 (0)20 7842 7276

### Guy Biggin

Cheltenham  
Partner  
guy.biggin@crowe.co.uk  
+44 (0)1242 234 421

### Vicky Szulist

Manchester  
Partner  
vicky.szulist@crowe.co.uk  
+44 (0)161 214 7500

### Alastair Lyon

Thames Valley  
Partner  
alastair.lyon@crowe.co.uk  
+44 (0)118 959 7222

### Ian Weekes

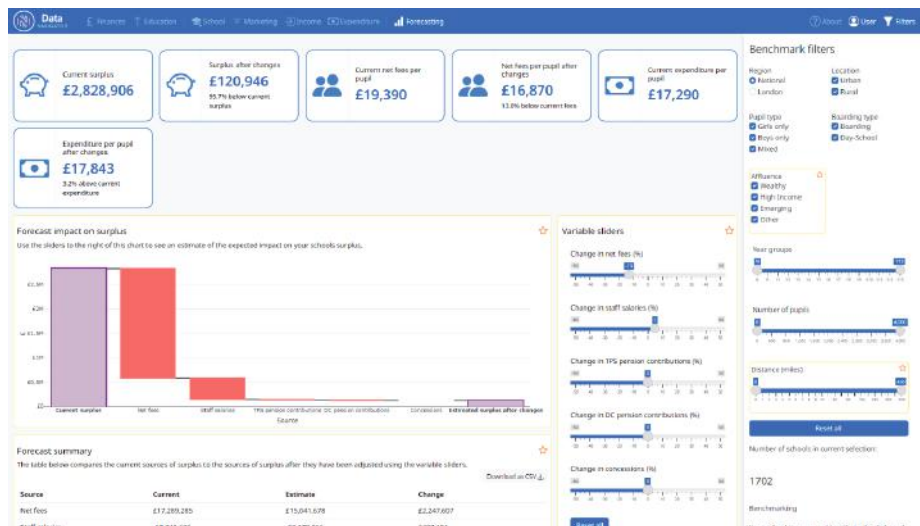
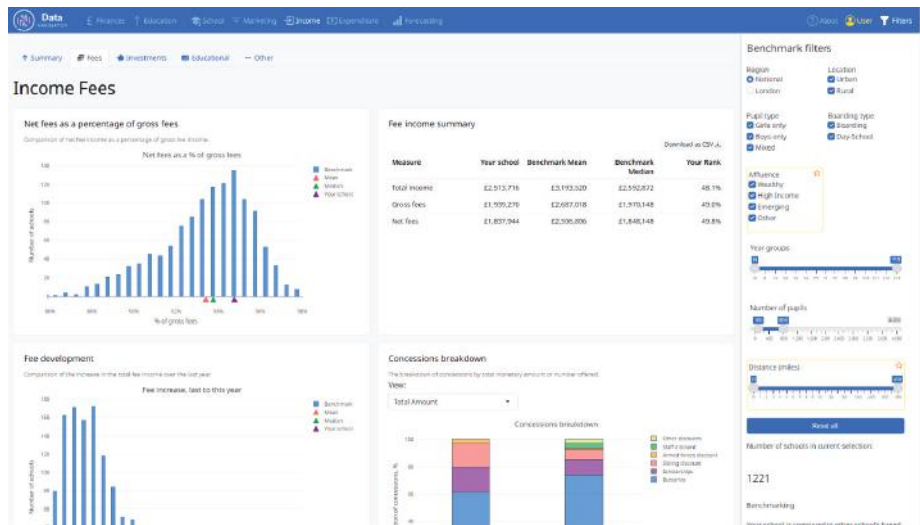
Kent  
Partner  
ian.weekes@crowe.co.uk  
+44 (0)1622 767676







As the economy worsens for schools and parents, the pressure is on to track costs, trends and progress against future plans.



This illustrates some of the level of granularity that Data Navigator can achieve.

The tool is careful to preserve commercial confidentiality and will not display data for small sample groups (currently set to 25 schools in the benchmark).

The following sections have further detailed benchmarks.

**Accurate forecasting**

Finally, useful forecasting tools are in development. The flavour of what will become available is illustrated in Graphic 5 where a school has a very healthy surplus of £2.8m (sadly, this is simulated data, not real). They consider the scenario where VAT is added to

school fees. The school is not able to pass VAT on to the parents and therefore estimate this is equivalent to a 13 percent reduction in net fees. Furthermore, they estimate that staff salaries will have to increase by five percent overall. They can instantly see in the tool how that reduces the surplus, including the knock-on effect on pensions, to nil.

As the economy worsens for schools and parents, the pressure is on to track costs, trends and progress against future plans. This tool has the ability to do each of those functions and to place the result in a local or national context.

The tool is constantly being developed, and it can be tailored in particular areas so suggestions for

improvements, modifications or extra facilities are welcome as always.

For more information please contact John Murphie at: [office@thisba.org.uk](mailto:office@thisba.org.uk)

▲ Graphic 4, shown here is income from fees

▲ Graphic 5, forecasting tools



Author  
**John Murphie**  
Chief operating officer, ISBA

[www.thisba.org.uk](http://www.thisba.org.uk)



# O'BRIEN

65 YEARS OF CONSTRUCTION



President's Award

From concept to construction, we design and build all Sports Pitch Surfaces

## PITCH PERFECT...

01926 319 724



**SAPCA  
AWARDS  
2023  
WINNER**

**65 YEARS OF GETTING  
PROJECTS OUT OF  
THE GROUND!**

**FROM FARMLAND TO  
BRAND NEW FACILITIES  
FOR OLD SALTLEIANS RFC!**

**NEW CLUBHOUSE, 6 NATURAL TURF PITCHES,  
CAR AND COACH PARK  
ADOPTING OUR TURNKEY SOLUTION**

[info@obriencontractors.co.uk](mailto:info@obriencontractors.co.uk)  
[www.obriencontractors.co.uk/sport](http://www.obriencontractors.co.uk/sport)







If VAT is introduced on school fees it is almost certain to be **20 percent**

Schools like any other organisation making taxable supplies, will be entitled to **recover VAT** on costs

Labour has said that it would not seek to levy VAT on school fees for schools dealing with **SEN pupils**

# VAT and school fees

It is no secret that the Labour Party has said that if it wins the next general election, it will introduce VAT on school fees. *Phil Salmon*, VAT partner at haysmacintyre, predicts a general election in autumn next year and if we get a Labour Government, schools should be ready for changes in February 2025.

**This probability has been raised before, along with other possible changes to the treatment of independent schools. To be frank I have not paid much attention to these comments before largely because I believed the possibility of a Labour Government**

**being elected at the time these comments were made was remote.**

This time the possibility of Labour being elected seems more likely, though at the time of writing it is not certain. I understand that the next election has to be held no later than 24 January 2025. My view is that no

government would really want to hold an election campaign in the run up to Christmas and so I suspect an election is likely to be held in the autumn of 2024.

On the assumption that Labour wins and proceeds with the introduction of VAT on school

▼ The next general election has to be held no later than 24 January 2025



**REDWOOD**  
COLLECTIONS

Give yourself a break from  
**chasing unpaid fees**  
this summer

REDWOODCOLLECTIONS.COM  
020 8080 2888





fees, notwithstanding the significant problems this would create in state schools, a fiscal event, even if it fell short of being a full blown budget could be organised in fairly short order. If an election was held in, say October, a ‘budget’ could be held in November probably, but in the same way an existing government is unlikely to want to hold an election in the run up to Christmas, I question whether a new government would want to hold a budget in the run up to it. My guess would therefore be February 2025 for a new government’s first finance bill.

Typically, Royal Assent to turn a Bill into law would take around three months taking us to May, but it is highly likely that anti-forestalling legislation would give effect to any changes from midnight on ‘budget’ day.

Could legislation be backdated with retrospective effect before this day? It cannot be ruled out, but in my view, it would be highly unlikely and would almost certainly face Judicial Review and probable challenges at the European Court of Human Rights. These would be strong challenges given past comments by the European Courts against retrospective legislation.

So that is my view on when it is likely to happen, should Labour win and proceed with such a change, but what rate would apply and how would it be achieved?

The answer to the first question seems almost certain to be 20 percent since the policy seems driven by ideology and is blind to the problems it will cause elsewhere in the school system. As such, why would a lower rate be applied which would leave independent schools only marginally worse off, and in some cases might even benefit them?

### How VAT on fees will be implemented

How they will do it is, from my point of view, more interesting. At present the exemption for education from VAT applies to supplies of education and closely related goods and services where such supplies are made by an ‘eligible body’.

It is unlikely a government would wish to abolish the education exemption in its entirety and, indeed, Labour has said that it would not seek to levy VAT on school fees for schools dealing with SEN pupils. So if I was tasked with implementing such a change it seems to me that the easiest way of doing it without causing unintended consequences elsewhere in the VAT system would be to amend the definition of ‘eligible bodies’ in order to target only those independent schools they want to.

The consequence of that would, however, be that VAT would also apply to the closely related supplies of goods and services as well, unless legislation was introduced specifically preserving the exemption on such supplies, which seems unlikely, though still a possibility.

### Time of supply rules

There has been much speculation as to what, if any, action could be taken to mitigate the impact of VAT on school fees and my comments on these are as follows:

Some people have said that if fees are paid in advance, then parents could avoid paying VAT on school fees, and I have heard similar numbers of people saying it can’t be that easy, or that would be classed as avoidance and could be prevented through the use of anti-avoidance legislation.

Putting the latter to one side for now and looking solely at whether one could crystallise a VAT liability in advance of a change in legislation simply by paying in advance, potentially things are this easy. The reason for this is that the ‘time of supply’ rules are hardwired into the VAT system.

These rules are needed to determine when a supply is regarded as being made for VAT purposes so that one knows what particular rules apply at that given moment in time for a variety of reasons, not least to tell a person what VAT return to declare VAT on.

Section 6(3) of the VAT Act says ‘Subject to subsections (4)–(14) below, a supply of services shall be treated as



*taking place at the time when the services are performed’.*

Subsection (4) then goes on to say that if before that time you issue a VAT invoice or receive payment, then that advances the time of supply to the date of issue of the VAT invoice or receipt of the payment. If these rules are removed, then when would VAT be brought to account when a pupil walks through the door at 11 and leaves at 18? The service is performed continuously throughout that period so the basic time of supply in Section 6(3) becomes impossible to apply unless an entirely new piece of legislation is drafted, which could well create unanticipated loopholes.

The payment would have to be unfettered in the hands of the school, and it couldn’t simply sit in escrow to be drawn down against as and when fees became due. ➡

▲ If VAT is levied on school fees it is almost certain to be at 20 percent





# S&C SLATTER

TRUSTED SOLUTIONS FOR  
SPORT LEISURE & EDUCATION



## Outstanding sports pitches that don't cost the Earth

01635 34521 | [info@sandcslatter.com](mailto:info@sandcslatter.com)







**VAT avoidance?**

That brings us to the question of VAT avoidance and whether schools should be discussing it with parents. The definition of tax avoidance is that it involves arranging one's affairs so as to minimise the amount of tax one pays legally. On the face of it that would be the case here.

But why is something legal like avoidance frowned upon? Well actually it isn't; at least not always. If I save money into an ISA, I can take it out without paying tax on the amount it has grown by, which I can't do if I save it in a bank account which has earned interest. The same applies when I claim tax relief on amounts I save in my pension.

By choosing to save in these ways I have legally arranged my affairs to pay less tax, but there is no (or largely no) moral outrage because the government wants me to do these things as it recognises that people as a whole save too little in the UK and need to be encouraged to save more, therefore it has specifically introduced these tax advantaged measures to try and persuade people to save.

Where people get annoyed about tax avoidance, they are getting annoyed at highly artificial contrived schemes which purport to give a tax

The easiest way of implementing VAT on school fees would be to amend the definition of 'eligible bodies'.

advantage without incurring any real world consequences, and which go against the will of Parliament. Indeed, HMRC used to say about avoidance that if it seems too good to be true it almost certainly is.

There is nothing artificial or contrived about re-mortgaging one's house to borrow money or taking out money from your pension fund or ISA and depriving yourself of the income from growth in the fund to pay school fees in advance. Nor would paying fees in advance of a Labour Government taking office be going against the current Government's intentions. I have specialised in VAT for more than 30 years both within what is now HMRC and as a chartered tax adviser outside it. I have never advocated avoidance and neither does my Professional Institute. To my mind

this is clearly not avoidance, and since fees in advance arrangements have been around for many years before anyone ever mentioned the possibility of VAT being applied, they are clearly not 'schemes' in the sense used when referring to tax avoidance schemes as in something devised solely to give a tax advantage.

There will, no doubt, be those who disagree but that to me seems to be based purely on the perception that people who send their children to independent school are all wealthy and can afford to pay more and should do so. That is the politics of envy, pure and simple, and in many cases is simply not accurate.

**HMRC scrutiny**

My understanding is that in some cases current fees in advance agreements aren't actually signed and returned by parents and to date that has made little difference, but there will clearly be additional scrutiny by HMRC and so schools would be well advised to ensure their agreements are clearly documented and signed and returned by parents to head off any arguments by HMRC that the payment could have been used for something else.

Schools will need to pay extra attention to the commutation rates set and, of course, any fee increases over the life of the agreement which require a top up payment to be made after VAT has been introduced will need to have VAT charged on it.

**Recovering VAT costs**

Of course, if VAT is introduced on school fees, then schools like any other organisation making taxable supplies, will be entitled to recover VAT on costs. As the cost base for





# schoolblazer

CREATED WITH RESPECT  
DELIVERED WITH SIMPLICITY

## WORN WITH PRIDE

[www.schoolblazer.com](http://www.schoolblazer.com) | [info@schoolblazer.com](mailto:info@schoolblazer.com) | 01832 280011



Ethical  
Trading  
Initiative

Member

UNIFORM + SPORTSWEAR



[limitlesskit.com](http://limitlesskit.com)

schoolblazer