

THE BURSAR'S REVIEW

Spring 2025

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INDEPENDENT SCHOOLS AND BUSINESS RATES: KEY CHANGES EXPLAINED

- MITIGATING THE IMPACT OF VAT ON FEES
 - BUILDING RESILIENCE
- FUTUREPROOFING YOUR SCHOOL



**Don't miss our special section included with this issue
(starting on page 30) about marketing your school in a changed landscape**

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A business of Marsh McLennan

Welcome to the Spring issue

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

With the implementation of VAT on fees now underway in member schools, both the ISBA team and I would like to take this opportunity to acknowledge the outstanding work you and your staff have delivered within such a short time-frame.

The inconsistencies in the guidance from the Government has added to the challenge and ISBA has spent nearly £500K in professional advice fees to assist schools in this area. Thank you for the questions you have been feeding through to our advice and guidance team, which has helped inform HMRC's own guidance and really added credence to the saying that 'a problem shared is a problem halved'. Now, with barely a chance to catch our breath, our attention is turning to the Non-Domestic Rating (Multipliers and Private Schools) Bill. I was asked to provide evidence to the House of Commons Public Bill Committee on 11 December 2024 and the Bill completed all its House of Commons stages unamended on 15 January 2025.

On page 12, Andrew Altman from Newmark provides a detailed update on its impact for schools. Schools are, of course, facing the impact of a quadruple whammy of financial shocks – the rise in TPS employer contribution costs from last April, VAT and business rate relief abolition as well as the unanticipated changes in National Insurance. Against that background, I am writing to Angela Rayner, the minister responsible, to ask for a deferral of the abolition of business rates until April 2026 or at least a phasing in of the changes to give some financial respite to independent schools.

As you might expect, this issue of the Bursar's Review is therefore focused on providing you with guidance, tips and ideas to inspire you in futureproofing your school. Our dedicated section 'Marketing Your School Within a Changed Landscape' features an article from Arun Kanwar (page 36) outlining the 'challenges, survival strategies and opportunities to thrive', as well as a piece from Jason Whiskerd from MTM Consulting on how to combat threats through more effective use of data and greater community engagement. Diversifying income and building resilience is now more important than ever and

on page 46 of the special section, Annabel Green, head of content at IDPE, and director of development and alumni engagement Kathrin Ostermann share the story of how the City of London School has built a professional and sustainable fundraising programme.

There are a number of options for schools feeling the financial pressure. Following on from our article in the last issue of the Bursar's Review on identifying the warning signs of financial distress in schools (you can go back and read the autumn issue in ISBA's reference library), on page 24 Philip Watkins and Dillon O'Keefe of FRP Advisory explore the options for schools which find themselves considering the need for a 'turnaround'.

Our forthcoming annual conference in Manchester (19-21 May 2025) as well as our spring term webinar programme will be covering these topics in some detail too. If you require any kind of support, big or small, please do get in touch with us at: advice@theisba.org.uk or by phone: **01256 330369**. We're here to help and we look forward to speaking with you.

Best wishes



David Woodgate
Chief executive

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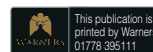
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TOP TIPS

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:

12 Independent schools and business rates: key changes explained

- While the 'National non-domestic rate' continues to apply to all the 'business' parts of a school, council tax continues to apply to all residential accommodation
- Any qualifying improvements made to a property that are completed on or after 1 April 2024 in England and Wales and which increase its rateable value, will attract a year's relief from rates

18 VAT – an update from Crowe

- Document thought processes and rationale used to arrive at the VAT treatment of both income and expenditure
- Schools who have incurred significant VAT on building projects over the years will have an opportunity to increase VAT recovery

24 Options for independent schools under financial stress

- If schools are considering selling land, they should consider possible ways to enhance its value prior to marketing
- If schools need to borrow, a lender will want to see a clear turnaround plan and that change is already underway

30 Futureproofing independent schools

- A five-year forecast and its underpinning assumptions is always worth the effort of compilation and of keeping up-to-date
- HMRC may seek to challenge some of the VAT on school fees decisions made by schools

36 The shifting landscape of UK independent schools

- Understand the dynamics of your local market
- Current market conditions create a unique opportunity to build strong and sustainable positions

41 Combat threats by using parental surveys

- Schools must make a greater effort to adapt their traditional offerings to meet the specific needs of international families
- Boarding schools need to be more creative and innovative to maximise the use of accommodation

46 Diversifying income and building resilience

- Embed development into the school's strategic framework
- A direct line to the head ensures that development is seen as a strategic partner in achieving your school's ambitions

50 Guidance for handling the press

- Journalists or photographers should not be on school property or premises without prior permission
- Ensure that the school's social media accounts are monitored regularly and that login details are known

56 Crisis communications preparations

- It is essential that everyone knows their role and that their knowledge is tested
- As staff depart and arrive, it is vital to update the manual with the correct contact details of new crisis team members and ensure that they know what to do

58 Navigating challenges and building resilience

- Revise safeguarding procedures to exceed regulatory expectations
- Ensure employment contracts and procedures are updated in anticipation of the Employment Rights Bill

63 Cost-saving opportunities in a challenging operating environment

- The 'Employment Allowance' will be available to all employers, regardless of size, from April 2025
- Salary sacrifice shouldn't be allowed where it will mean that an employee is paid less than the national minimum wage

66 School construction projects – the building blocks of success

- For consistency and ease of management consider using the same basic form of appointment for all the professionals
- Keep full, organised records so you can act quickly should a dispute arise

70 How clerks drive success in independent schools

- Without a skilled clerk, governance can quickly become inefficient or non-compliant
- Schools that invest in their clerks gain the benefits of streamlined operations, strategic focus and strong leadership

74 What about hydrogen technology?

- Solar and wind power look set to be the two dominant technologies for clean power generation
- Heat pumps will become the key means of providing heat

78 The value of all-girls' education

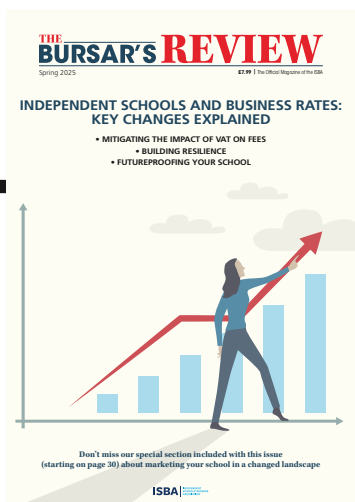
- Girls in a single-sex setting are more likely to take female equality as an important issue
- STEM subjects at A Level attract greater numbers of pupils in an all-girls' setting

83 Private exam candidates

- Accepting private candidates to sit GCSEs would not incur any significant costs to the school
- By offering places to private candidates, schools can showcase their flexibility and supportive policies

85 Debt recovery

- Best practice is to prevent outstanding school fees from accruing beyond one term
- A parent wishing to pay in cash should be regarded as a red flag for money laundering reasons



Independent schools and business rates: key changes explained. If the withdrawal of charitable rate relief (and imposition of VAT on fees) for independent schools in England isn't enough, we must also factor in the chancellor's business rates reforms. Andrew Altman, partner, business rates at Newmark, says this is exactly why the need for a clear financial strategy and risk management has never been greater. Page 12



SPECIAL SECTION ON MARKETING YOUR SCHOOL IN A CHANGED LANDSCAPE

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Frank Cottrell-Boyce urges government to resolve 'happiness recession'

Children's Laureate Frank Cottrell-Boyce hosted The Reading Rights Summit in Liverpool on 22 January, urging the government to prioritise reading to address the 'recession in happiness'.

The conference also featured former laureates Cressida Cowell and Michael Rosen who both spoke about the importance of reading for children.

Cottrell-Boyce, author and screenwriter, said: "Shared reading is an effective, economic health intervention, so it is essential to mental health, bonding, attachment, creating a situation where parents and carers can give the best, most joyous start in life to our children".

He said: "Our children are near the top of the global leagues when it comes to the mechanical skill of reading, but near the bottom when it comes to 'reading for pleasure'. We've taught them all the steps and the names of all the tunes. But they're not dancing. That our children seem to be experiencing some kind of happiness recession at the moment is not surprising, and I believe that the decline in reading, too, has played its part in this".

Tips for healthy human-dog interactions in schools

Animal welfare charity, The Dogs Trust, has given head teachers tips on how to make sure pupils get along with the growing number of school dogs.

The guidance advises against using dogs in schools but said it "is a trend we have seen grow in popularity in the UK".

The Dogs Trust's guidance includes:

- the dog must be supervised by its owner at all times;
- there should be an area where it can rest undisturbed; and
- training is essential before the dog is introduced to a school.

The National School Dog Alliance, which also gives school dog advice, said it was important that dogs with the right temperament and training were used.

Its chair, Dr Helen Lewis, said while school dogs could provide emotional support, they could also pose practical risks to children who had allergies or were frightened of them.

Dr Lewis added schools also needed to be aware of the impact a school dog would have on insurance.



Britain sees largest increase in children with SEND amid ADHD surge, figures show

The number of pupils receiving support for special educational needs and disabilities (SEND) is growing faster in Britain than any other major European economy amid a surge in reported autism and ADHD, according to data compiled by the European Agency for Special Needs and Inclusive Education. The figures reveal a 40 percent increase in the number of pupils from pre-school to secondary receiving official support in England, Scotland and Wales since 2016-2017, which surpasses those in Germany, France, Italy, and Spain and has been driven by a rise in nursery-age children receiving support.



Are you sure?

Writing in The Telegraph, Maya Wilson-Autzen reported that one in four parents are lying to get their children into top state schools amid Labour's VAT on fees policy, according to a survey by Zoopla. Zoopla surveyed 1,019 parents who had applied for a school place for their children in the past five years, and found that parents are faking addresses in school catchment areas and even lying about their religion to secure placements for their children. Researchers say the trend is being driven by the new tax on fees, which has intensified competition for state school places. Read the article here: <https://www.telegraph.co.uk/money/tax/parents-forced-lie-children-top-state-schools-vat-raid/>



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ChatGPT cuts lesson planning time

Teachers using ChatGPT can cut lesson planning time by a third, according to findings from a trial published by the Education Endowment Foundation.

In the trial, 129 teachers in 34 secondary schools in England were randomly allocated ChatGPT to support lesson and resource preparation for their Year 7 and 8 science classes.

The teachers used ChatGPT, plus a specially designed user guide, to help create questions and quizzes, generate activity ideas and tailor existing materials to specific groups of pupils.

On average, they used ChatGPT to support a third of their Year 7 and 8 science lessons and, most commonly, to plan for one activity within each lesson.

A further 130 teachers in 34 other secondary schools used conventional non-AI resources.

An independent evaluation of the trial, led by the National Foundation for Educational Research (NFER), found the ChatGPT teachers saved an average of 25.3 minutes of weekly Year 7 and 8 lesson and resource planning time, compared with the control group.

An independent assessment panel of teachers found no noticeable difference in lesson quality between the two groups and this aligned with teachers' own perceptions of the quality of the resources they had produced.

Researchers say the assessment findings were based on a limited sample of lesson resources submitted and were 'promising' but 'should be treated with caution.'



Rising referrals to the Prevent programme

Schools, local authorities, colleges, universities, health bodies, prisons, probation organisations and the police are all required by law to safeguard people from being drawn into terrorism. Individuals can be referred to Prevent if they are thought to be in danger of becoming terrorists or of supporting terror activity by being susceptible to radicalisation, but members of the public can also raise concerns about individuals.

According to Home Office figures for 2023/24 3,918 people under the age of 18 in England and Wales were referred to Prevent – the highest number for this age group since current data began in 2016/17. Under-18s accounted for 57 percent of all referrals to Prevent in the 12 months to March 2024, and of these, 2,729 were aged 11 to 15, 892 were 16 or 17-years-old, and 297 were aged 10 or under.

In 2023/24, of the 3,918 under-18s referred to Prevent, the most common concern was individuals with a 'vulnerability present but no ideology or counter-terrorism risk' (1,562 referrals), followed by people with ideologies identified as extreme right-wing (720), conflicted (716) or Islamist (428).

Other categories of concern include being influenced by school massacres (142 referrals in 2023/24) and the incel ideology (17).

Concerns over extreme right-wing ideologies have made up a greater proportion of under-18 referrals than Islamist concerns in each of the past six financial years, accounting for 18 percent and 11 percent of referrals respectively in 2023/24.

ISC challenges Labour's VAT on fees policy

Last October, the Independent Schools Council (ISC) board voted to begin legal action over the Government's decision to introduce VAT on independent school fees.

Six families supported by the ISC filed a judicial review claim in the High Court of England and Wales and it has now been agreed that this legal action should be fast tracked and will be heard in the High Court between 1 and 3 April 2025.

Julie Robinson, ISC CEO, said: "This is an unprecedented tax on education – it is right that its compatibility with human rights law is tested. We believe the diversity within independent schools has been ignored in the haste to implement this damaging policy, with families and children bearing the brunt of the negative impacts this rushed decision is having".

Parliamentary written answers: independent schools

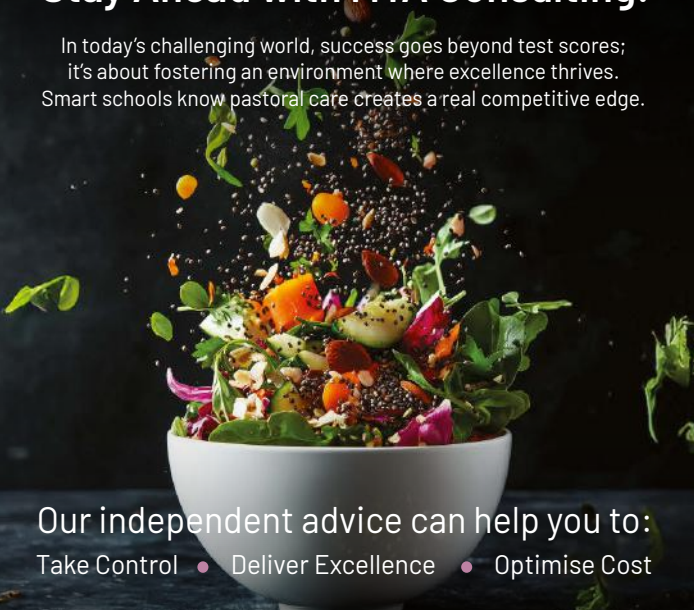
In a written question for the Treasury in January, shadow minister for levelling up, housing and communities, David Simmonds, asked what estimate the chancellor has made of (a) how many independent schools will lose their 80 percent charitable rates relief and (b) the average annual business rates bill for independent schools in 2025-26. Responding, exchequer secretary to the treasury, James Murray said that of the 2,444 independent schools in England (of which 1,139 are charities), 1,040 are expected to lose business rates relief, with an exception for those wholly or mainly concerned with providing education for pupils with an education, health and care plan (EHCP). He concluded: "Government analysis also shows the average increase in business rates per pupil to be £308 in the financial year 2025-26". This note can be found at <https://tinyurl.com/impactnote>



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