



WALTHAMSTOW HALL
SEVENOAKS SCHOOL FOR GIRLS AGED 3-18

5th November 2024

Dear Parents,

VAT on School fees from January 2025

We know that many of you have been waiting for an update with regards to VAT on School fees and thank you for your patience. We consciously made the decision to delay final communications until after the Budget announcement on October 30th, to ensure that the information given to you was based entirely on facts rather than assumptions about the new legislation.

This approach has allowed us to take into account that in addition to the expected changes to VAT and business rates relief, the Chancellor announced changes to the employers' national insurance contributions which will bring further costs to the School, as staffing is by far our largest expense.

For several months we have been working on scenario planning and consulting with specialist advisors, while more recently modelling different forecasts following the announcement. As a result of this analysis, we have determined that the School is able to mitigate the impact on our parents by reducing fees by 4%. This reduction means that the net effect of VAT being charged will actually be 15% on top of our current fees.

The fees, per term, from January 2025 will be:

	£ per term (current)	£ per term (from January 2025)	£ VAT on fees (20%)	£ Total cost payable (from January 2025)	£ Increase in cost
Reception to Year 2	4,711	4,515	903	5,418	707
Year 3 to Year 6	6,110	5,856	1,171	7,027	917
Senior School	8,334	7,987	1,597	9,584	1,250
Sixth Form	8,334	7,987	1,597	9,584	1,250

Paid for Clubs will be subject to an increase of 20% VAT as will Music and Theatre tuition. Nursery and Pre-School remain exempt from VAT and fees will be the same as of September 2024.

Headmistress: Ms L Chamberlain, BSc Hons, PGCE | Bursar: Mrs E Walsh, MA (Oxon) MBA

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How we have calculated the impact of VAT

The Government suggests that schools can recoup part of the 20% VAT by "reducing their surpluses or reserves, cutting back on non-essential expenditure, and increasing fees". Our running costs have generally been increasing faster in the last few years in line with a higher inflation rate, largely driven by energy costs and geo-political factors. During this time, we have been constantly scrutinising our finances, reducing costs where we can and working to maximise external income such as lets. We have always strived to keep our fees competitive, and have been successful in this endeavour, but this does mean that there is limited scope for further saving without starting to compromise on quality, which is something we know that parents would not want us to do. We do not have an excess of reserves, and we have already been cutting back on non-essential expenditure. That means we must pass on a part of the Government imposed VAT charge to parents.

In order to calculate the impact of VAT on our parents, the Governors have examined both the capital investment projects for which VAT can be reclaimed and the amount and timing of these claims. Alongside this they have also looked at the amount of VAT currently paid on expense items that could be reclaimed under the new VAT registration.

Removal of charitable business rates relief from April 2025

In addition to the introduction of VAT on independent school fees, the Government has also confirmed that we will no longer be eligible for charitable business rates relief from April 2025. This means that independent schools will be required to pay full business rates liability. The business rates policy change will increase the costs to the School by around £260,000 per annum.

Staffing Costs

We are incredibly proud of our excellent teaching faculty as well as our small class sizes. With that in mind, over 60% of our outgoing costs go towards staffing. This is the most important part of what we offer and our experienced and committed staff are our greatest asset. We are always looking at streamlining our provision without compromising on quality. In the Budget, the Government announced a significant increase in the National Insurance contributions from Employers, which will increase our staffing expense part way through the year and present us with additional ongoing costs to manage.

Facilities

Our highest cost, after staff costs, is the maintenance and upkeep of our facilities as well as catering. In the last 10 years we have made significant investments in our facilities, including The Lang Centre and the Sports Hall. Both these assets mean that we can offer a very high standard of facilities to your daughters. We let out the swimming pool, sports hall and theatre as much as possible to benefit the community and local clubs, and also to provide a source of income to help to offset the running costs. As you know, energy costs have been extremely high over the last couple of years, increasing the amount that it takes to ensure the safe running of the site.

At the same time, the recent proposal to move the whole School to one site from September 2025 will help us to streamline some costs whilst continuing to provide the highest quality education for all the girls in our care.

Next steps

For those that pay by ten monthly direct debits, the fees will change in December as the law requires us to charge VAT on any fees that will be used for the January 2025 term. We anticipate the increase in the December direct debit payments to be just over 9% as around two thirds of this payment will be subject to VAT. You will be sent a new schedule explaining what you will be charged for the rest of the academic year by 15 November to allow you to prepare for the payment at the beginning of December. Those paying by termly or annual direct debit will also receive a new schedule outlining the new intended payments.

We will introduce a new format of invoice and schedule that will clearly show the charges that are being made and the applicable VAT. For food served at lunchtime and minibus travel, HMRC have made clear that different VAT rates are applicable, and this will be reflected in the charges.

You may have read in the Press about the legal challenge against the Government that has been launched by various independent school bodies headed by the Independent Schools Council. We will not know the outcome of this action for some time, but as the Government have passed the Provisional Collection of Taxes motion on the day of the Budget, the law as it currently stands is that VAT is applicable and the legal challenge does not change this.

We want to assure you that compromising on our academic standards, quality of teaching, small class sizes, excellent pastoral care and extensive co-curricular programme is not an option. These are all the reasons why you chose our School in the first place and exactly how we intend to remain attractive in an extremely competitive market.

For any VAT related questions, please contact the Bursar, Mrs. Elizabeth Walsh at bursar@walthamstow-hall.co.uk.

Yours sincerely,



Jayne Adams
Chair of Governors



Peter Gloyne
Chair of the Governors Finance Committee