


Models of Best Practice

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1



Agenda

- Challenge and Opportunity
- Political Risks
- Charitable Status – what is at risk?
- Models of Governance and Management
- Governors recruitment challenge
- Recommendations
- Discussion / Q&A

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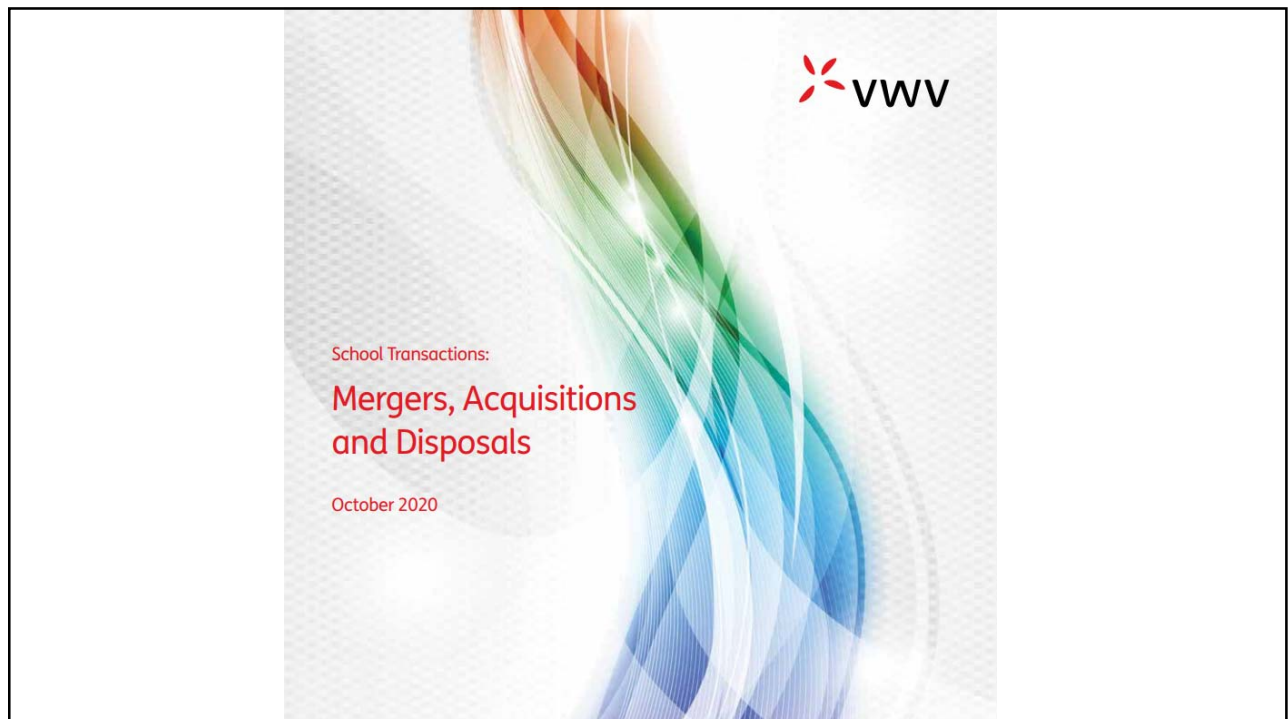
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A time of challenge and opportunity

- Political risks – VAT and charitable status
- Economic and demographic headwinds
- Affordability challenges
- Cost and performance challenge
- Increased competition from commercial groups
- Changing business models
- Consolidation through mergers and acquisitions



3



4

2



Political risks

“We have got fantastic independent schools. I want them to thrive.”

“Ending the tax break is not aimed at independent schools on any ideological grounds [the £1.7bn raised] will be used to support the recruitment of 6,500 new teachers into state secondary schools”

Keir Starmer, first reported by Jewish News and published in the Daily Mail on 11 September 2023

5

VAT

- Not related to charity status
- Use the ISBA calculators
- Consider taking tax planning advice from accountants:
 - Capital Goods Scheme
 - Advance fees
 - Boarding provision



6

3

‘We can’t justify continued charitable status for private schools,’

Keir Starmer, 26 September 2021



7



The benefits of charitable status

- Business Rates Relief
- Corporation Tax
- Gift Aid
- Capital Gains Tax
- Stamp Duty

8

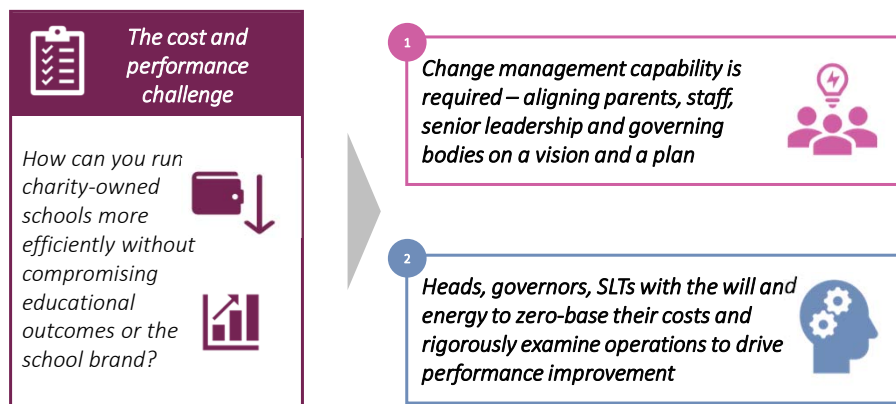
The burdens of charitable status

- Charity Commission Regulation
- Public Benefit Requirement
- Charity Law Compliance



9

Requirement for change management capability and leadership



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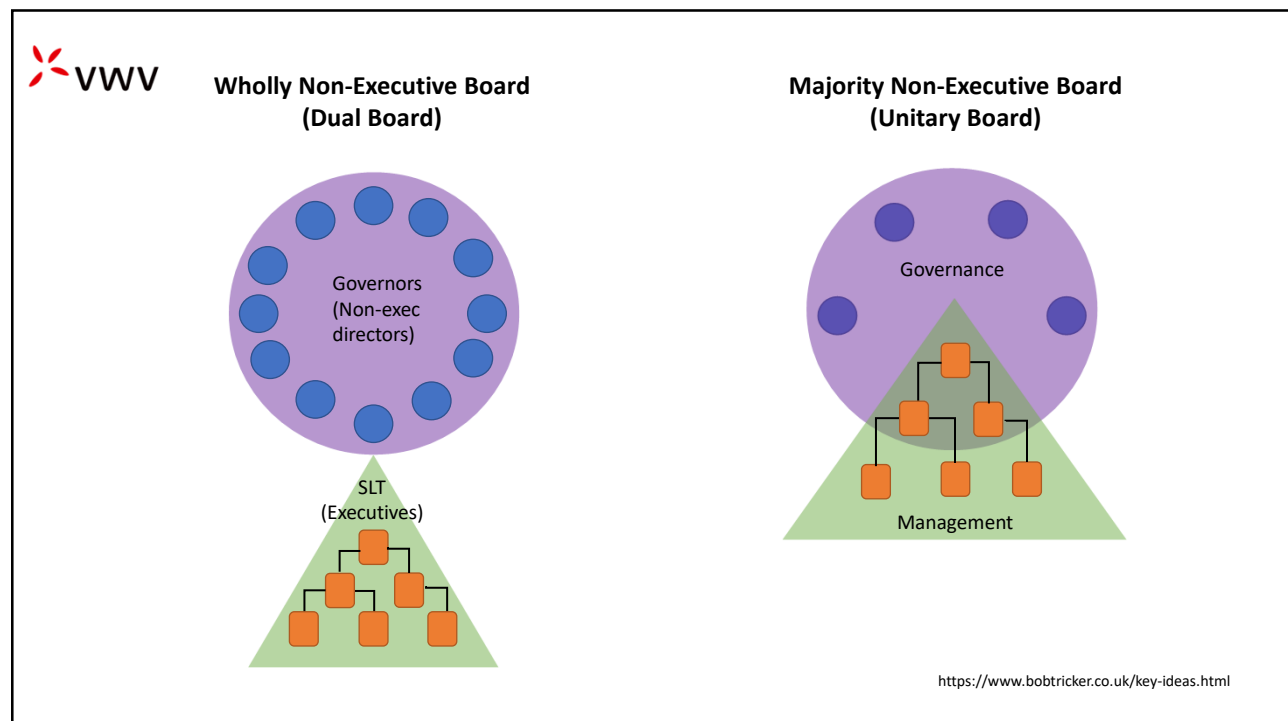
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Charitable independent schools

- Charities that own and operate independent schools.
- Diversity of legal structures, governing instruments and constitutions.
- Common approach to governance.



11

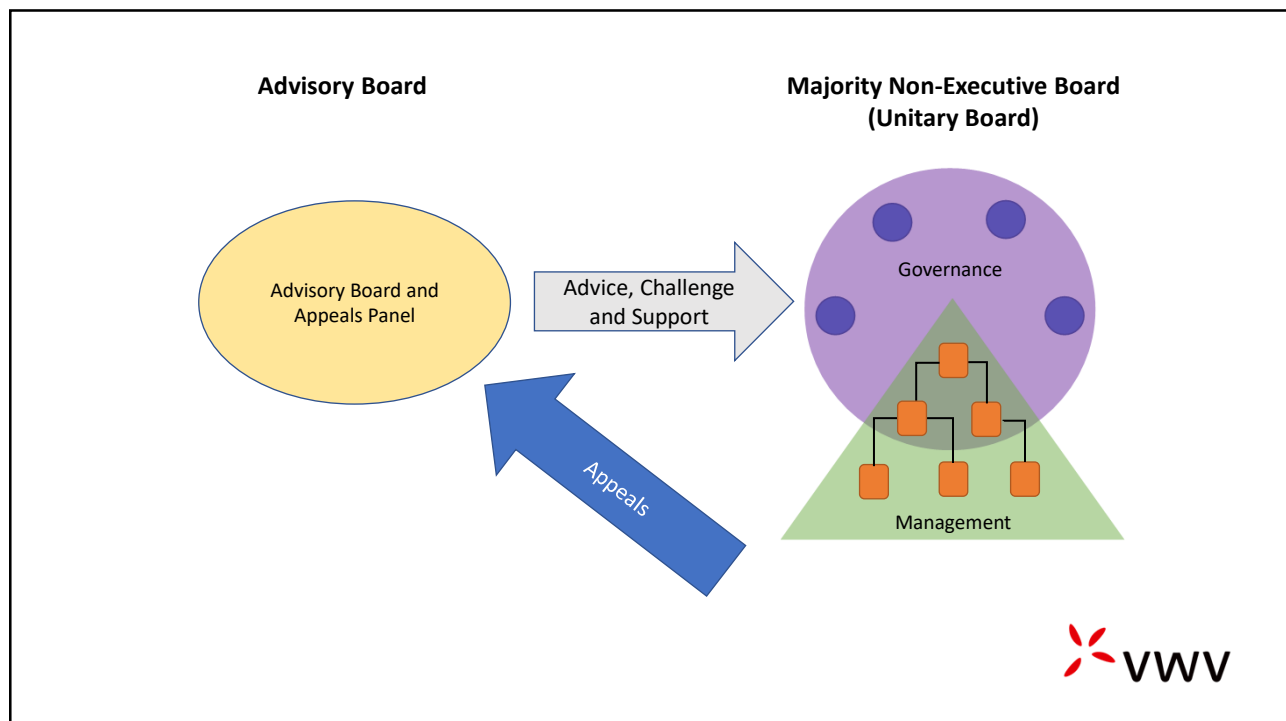


12

Charity	Commercial
<ul style="list-style-type: none"> • Purely non-executive board whom the executive report to • Usually volunteer charity trustees with legal duties and responsibilities • Charity Commission is an additional regulator • Subject to governing instrument and pursue the objects of the charity for the public benefit 	<ul style="list-style-type: none"> • Paid non-executive directors, typically alongside executive directors • Not subject to charity law • Commercial objectives • Free to determine governance and management model



13



14



Changed executive roles:


- Traditional roles of Heads and Bursars have changed
- The Head as Chief Executive
- Changes to “Bursar” job titles
- More specialists in senior positions



15

Increased regulatory responsibilities for Governors:

- Governors – member of the proprietor body and subject to Education Law
- Charity Trustees – responsible for the management and administration of a charity and subject to Charity Law
- Directors (or equivalent) – responsible for an education business and subject to all applicable law and regulation



16



Governor recruitment challenge

- One of the main issues identified by AGBIS members
- Increased use of board level search specialists (eg Nurole)
- Reported shortages of:
 - Suitably experienced governors with time to give
 - Governors with diverse perspectives
 - Chairs and safeguarding governors

17



What about other charities?

- 18 of the top 100 charities have paid trustees*:
 - Nuffield Health pays the whole board
 - GDST pays its Chair
 - St Andrew's Healthcare has a unitary board

*Charity Finance Magazine 2017

18

Trustee remuneration

- Needs to be authorised by:
 - The charity's governing document; or
 - The Charity Commission; or
 - The Court.



19

Recommendations:

- Understand the context:
 - Political and tax risks
 - Market and structural trends
 - Your school's positioning
- Identify levers for growth and improvement
- Review and modernise to ensure:
 - Legal structures to mitigate risks
 - Effective governance and management
 - A commercial approach



20

10

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