



Practical Strategies

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1



The Cost Performance

Challenge: Operate schools more effectively without compromising pupil outcomes or the school brand?

2

So what about risks posed by transient factors?

Transient Factors	Best Case	Middle	Worst	Possible Timing
Inflation peak			11.10%	Peak passed
Inflation reduction	4%	5%	6%	Dec-23
Fuel prices peak				Nov-22
Fuel prices reduction	x 2 on 2021 prices	x 3 on 2021 prices	x 4 on 2021 prices	Ongoing
Food prices	1.1 x 2021 prices	1.3 x 2021 prices	1.5 x 2021 prices	Ongoing
Labour Supply	same cost as 2021	1.1 x 2021 cost	1.3 x 2021 cost	Ongoing
Interest Rates (servicing existing debt)	1.3 x 2021 cost	1.5 x 2021 cost	2 x 2021 cost	Q3 2024
Birth Rate	As 2021	0.9 x 2021 rate	0.8 x 2021 rate	Dec 23 to Dec 28

3

Michael Gove

“We will make independent education an eccentric choice for parents”

... and is a former advocate of VAT on school fees

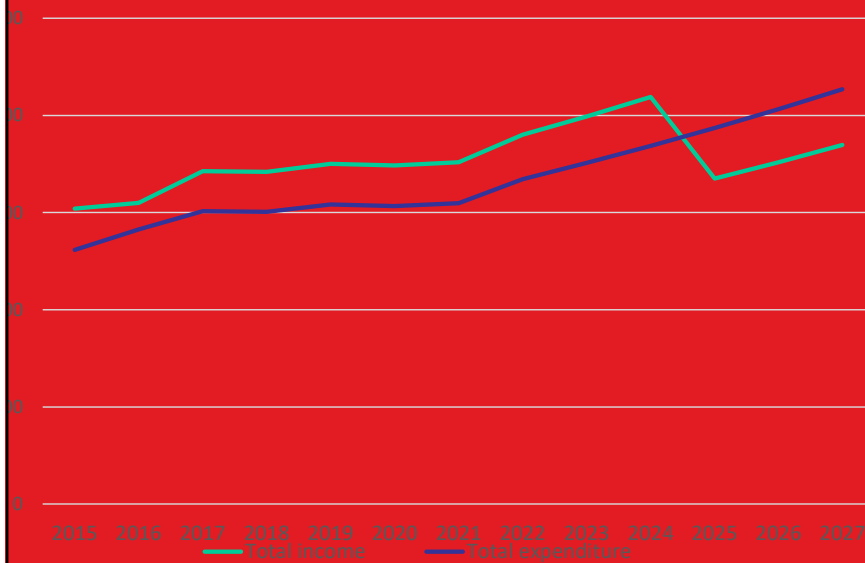
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So what about risks posed by permanent changes?

Permanent Factors	Best Case	Middle	Worst	Possible Timing
Loss of business rate relief (Local Authority)	No change	No change	Loss of 20% of existing BRR	Apr-24?
Loss of business rate relief (National)	No change	No change	Loss of 80% of existing BRR	Apr-25?
VAT on School fees	No change	5% charge on fees	20% charge on fees	01/04/2025
Levy on School fees	No change	5% charge on fees	10% charge on fees	01/04/2025
Loss of Gift Aid	No change	Partial	Full	Apr-25
Imposition of corporation tax	No change	Partial (8%)	Full at 25%	Apr-25
TPS Employers Contribution	Increase to 28% from 23.68%	Increase to 28.68% from 23.68%	Increase to 32% from 23.68%	Treasury holding to Apr-24

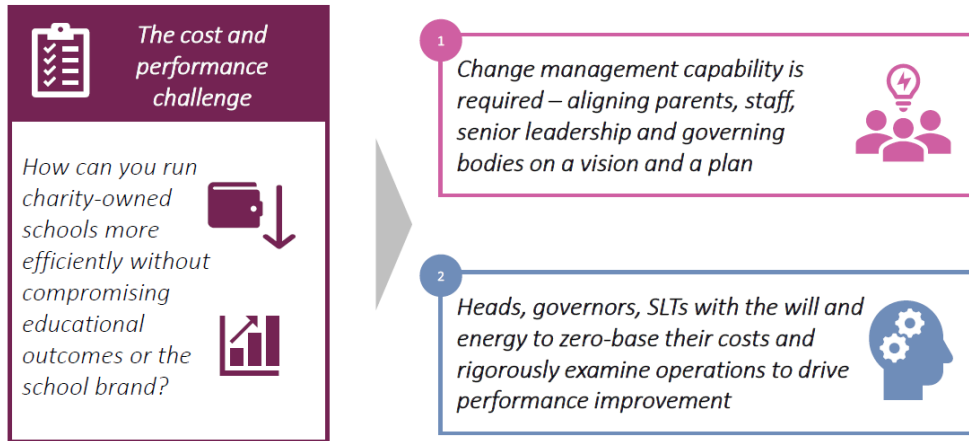
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12% EBIDA v 12% EBITDA



6

Meeting the cost and performance challenge requires change management capability and leadership



7

Identify opportunities for efficiency

- Audit and plan
- Relative profitability of each part of the school
- Robust MI
- KPIs and 10 year trend analysis
- Regional and sector benchmarking
- Variance analysis
- Financing and treasury management
- Challenge the accepted norms



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8

Zero Based Budgeting in a school setting

- What is ZBB?
- What are the advantages?
- Where to focus?
 - Salaries
 - Premises
 - Teaching Departmental Costs

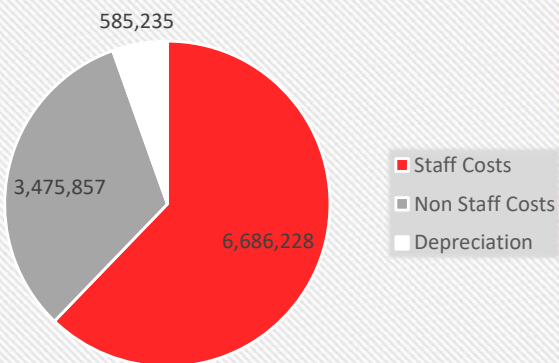


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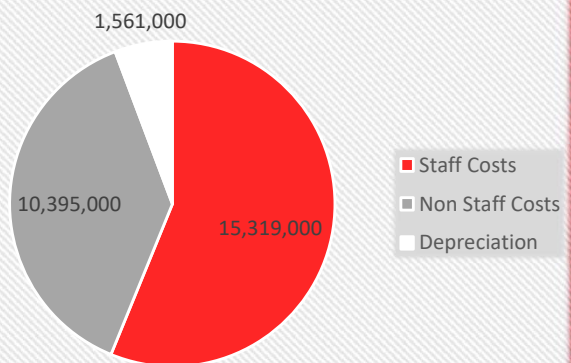
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Where to focus?

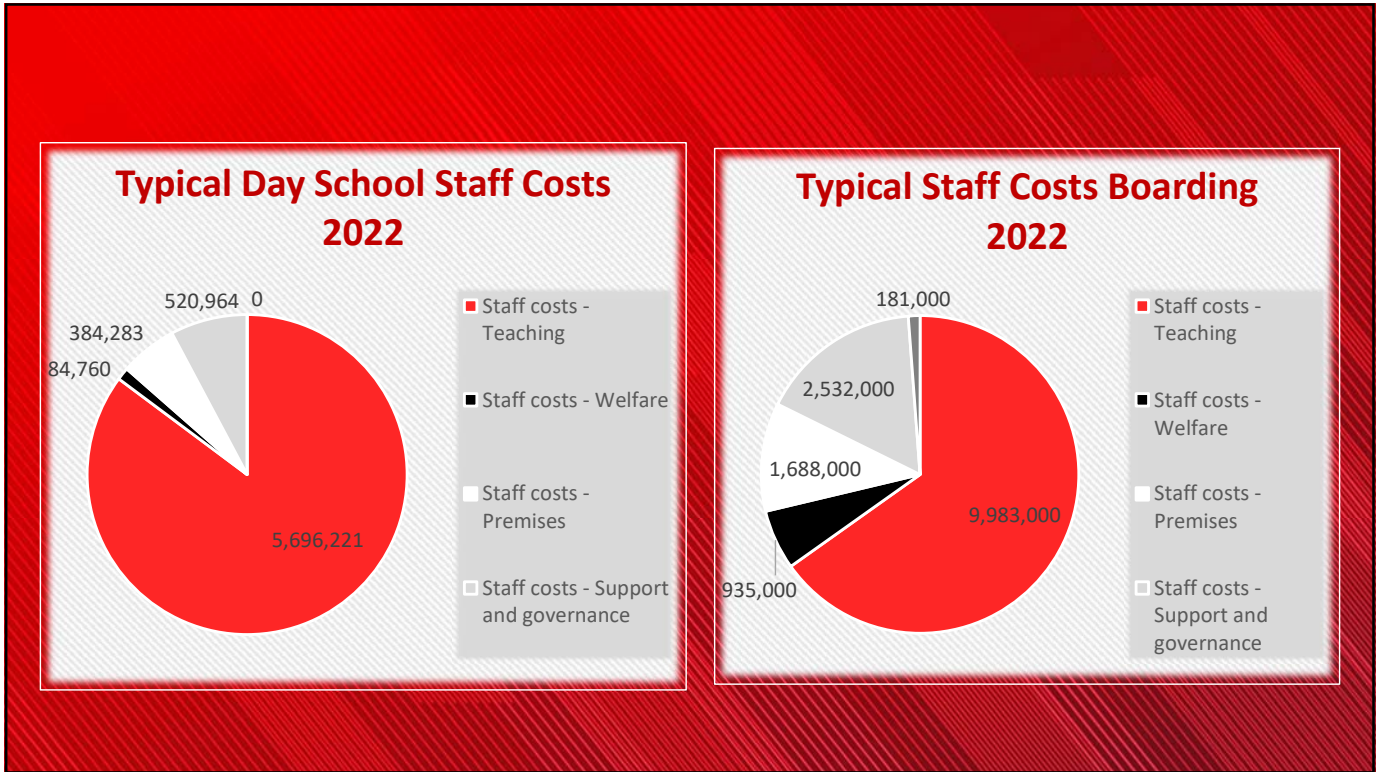
Staff v non-Staff costs day 2022



Staff v non-Staff costs boarding 2022



10




11

Teaching Salary Costs

- Teacher productivity analysis
- Staff audit
- Considering workload expectation, including cover arrangements
- Workload culture
- Areas of overcapacity/under capacity
- Discontinuing subjects
- Changing expectations say teachers to teach, not do games?
- Changing expectations say house parents to be support staff not teachers?
- Timetabling efficiencies
- Flexible work requests: saturation point or more opportunity?
- Managing sickness absence
- Changing terms and conditions
- redundancies
- so Change management if appropriate
- cost/benefit analysis of change now or more robust going forwards
- The direction of travel

12



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Teaching Salary Costs

- **On support side:**
 - outsourcing/insourcing
 - team structures
 - team working
 - flexibility
- **High cost items:**
 - action to control costs re TPS
 - salary scales and reward strategy: does it reward the contributions we wish to encourage
 - age/cost profile
 - recruitment and focus on what you need, at what cost

13

Teaching Salary Costs

- Teachers must deliver quality in the classroom
- Teachers must be excellent, this is a people business, we are not in manufacturing
- Training and appraisal
- Teacher well being/stress (RLE study data)
- Leadership – senior leaders need leadership skills



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14



KPI 10 Year Trends

- Surplus as a percentage of net fees (profitability)
- Average operating cost per pupil
- Pupil numbers versus staff numbers
- Average cost per teacher
- Support staff costs
- Employment costs versus net fee income
- Teaching resources spent per child per day

15



Non salary costs

- Budgeting (ZBB)
- Automate where possible
- Shift to preventative maintenance
- Outsource where needed
- Rent out facility space
- Asset lifecycle management (IT/furniture/estate)
- Supplier contract review
- Purchasing review

16

Key Messages

- Audit and action plan
- Identify quick wins and planned changes
- Stay objective
- Focus on needs rather than wants
- Communicate your plan



17

Questions?



18