

Tuesday 27th August, 2024

IMPORTANT UPDATE RE SCHOOL FEES: 2024/25

Governors have been working with the Senior Management Team to identify ways to reduce the impact to parents of the Government policy to add 20% VAT to independent school fees.

Although the policy is still in the consultation phase and representations are being made by the sector to Government about the proposed timing, it is extremely likely that it will be confirmed at the Budget in October 2024 with implementation from January 2025.

On this basis we have reviewed the financial position of the School in detail considering a number of factors including the level of VAT reclamation we ought to be able to make on general running costs and the value of the VAT we may be able to reclaim on historic capital projects (as part of the Capital Goods Scheme).

The Governors consider any necessary increases to School fees each year very carefully and continually strive to keep the cost of education at Yarm as affordable as possible. This means that although we plan to create surpluses each year we do not have excess surpluses to cover the full cost of the implementation of VAT. The ongoing viability of the School relies upon us making a surplus each year to invest in the future for our pupils.

After a great deal of hard work and planning from our Finance Team Governors are pleased to announce that the School has found a way to support parents with a transitional assistance package that offsets as much as possible of the 20% VAT increase.

Fees from January 2025 - How are we able to provide the assistance?

We recognise the impact of a sudden increase in fees to parents due to VAT and we are committed to working alongside and supporting parents to share the costs of this mid-year increase.

- The School budgets each year to make an appropriate level of surplus which is reinvested in the school facilities. We believe that the best use of our reserves at this time is to support parents with this VAT change. Therefore we intend to use the majority of the forecast surplus for the 2024/25 academic year to lessen the impact of the additional cost of VAT on parents this academic year.
- We further intend to make full use of the VAT reclaims we calculate to be due to us. This includes an initial opportunity to reclaim VAT on some items of capital expenditure in the last 10 years. We hope to maximise this aspect of the proposed new legislation and intend to include any available rebate in this support to parents.



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Rather than allowing fees to increase by 17-20% in one step midway through the academic year, this decision means that the impact on families from January 2025 will be a net termly increase (inclusive of VAT) of 9% with the balance of the cost being met by the School.

The table below shows a comparison between the 2024/2025 year Senior School fees before VAT is applied and the revised charge for the Spring and Summer terms with VAT included, should this be the final outcome.

NOTE: The fee for the Spring and Summer terms has been reduced to reflect the contribution from the School to mitigate the impact of the addition of VAT reducing the increase in cost to families for this period to 9%

2024/25 - Before VAT				2024/25 - Including VAT from January 2025				Increase	
Term	Fee	Lunches	Total Charge	Fee	VAT	Lunches	Total Charge	£	%
Autumn	£5,671	£294	£5,965	£5,671		£294	£5,965	£0	0
Spring	£5,671	£294	£5,965	£5,189	£1,038	£294	£6,521	£556	9%
Summer	£5,671	£294	£5,965	£5,189	£1,038	£294	£6,521	£556	9%

Future Years

Looking ahead to the 2025/26 academic year and beyond the Governors are hopeful that further support will be available to phase the remaining impact of the cost of VAT to families.

Work is continuing to review all costs within the School to ensure that fees remain as competitive and as affordable as possible whilst continuing to deliver the highest standard of education to our pupils. We are also looking at any and all practical cost savings and additional income streams including, for example, further letting of school facilities, however, we do not wish to impact upon the excellence of our environment in doing so.

I hope that you understand that we are only able to be in this fortunate position to assist parents through such a radical Government-imposed change because of the prudent financial management of the School over many years, and the Governors are committed to do everything we can to support parents in managing the transition if VAT is added to School Fees.

Schools will invariably find a variety of methodologies to deal with the new taxation issues but my fellow Governors and I are happy that we have been able to commit to such a clear transitional assistance package so that parents are able to plan with confidence. We understand the hard work and sacrifice that parents make to provide their children with an education at Yarm and we hope that you recognise that this is never taken for granted.

