



November 2024

Dear Parents and Guardians of Applicants to St Chris

RESPONSE TO GOVERNMENT BUDGET 30 OCTOBER 2024

Thank you for considering a school place at St Chris for your child/children. As a school we endeavour to communicate openly and often with parents. As such, on behalf of the Governors and the Executive, we are writing to provide you with an update following the confirmation in the budget last week that the government will introduce VAT on independent school fees from January 2025.

The government confirmed that:

- VAT will be levied on independent school fees at the rate of 20% from 1 January 2025.

In addition, further policy announcements included that:

- Mandatory Business Rates relief for charitable schools such as St Chris will end at the end of this financial year. Business Rates will be payable from April 2025.
- Employer National Insurance contributions will increase from 13.8% to 15% from April 2025. The threshold for payments has been lowered from £9,100 to £5,000; and
- The National Living Wage paid to over-21s will go up by 6.7% (from £11.44 to £12.21 an hour) while the National Minimum Wage for 18 to 20-year-olds will see a 16% increase (from £8.60 to £10.00) from April 2025.

The government have also clarified the following points of policy:

- There are no VAT exemptions for families whose child has Special Educational Needs and Disabilities (SEND) – beyond government funded VAT reclaim on publicly funded Educational Health & Care Plans (EHCPs).
- Nurseries – If nursery classes are “wholly, or almost wholly, made up of children below compulsory school age” they remain exempt from VAT. The figure that has been given is 90% of the class below compulsory school age.
- The government have also confirmed that all aspects of boarding will fall under the new 20% VAT rules.

The Governing Board and the Executive have met to carefully review the new policies and all available updated guidance from HMRC and our membership bodies, and have analysed the School's budget for the 2024-25 academic year and beyond.

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In addition to VAT from January 2025, the removal of mandatory Business Rates relief, the increase in Employer National Insurance contributions and the rise in the National Living Wage and National Minimum Wage from April 2025 will add significantly to our costs each year.

Implications for 2024-25 Academic Year

While we have spent a lot of time planning to reduce the impact of VAT on parents and guardians for the 2024-5 academic year, the introduction of these further statutory changes from April 2025 have been extremely difficult to mitigate in light of all the other measures we have taken while remaining committed to providing the excellent educational provision that you have chosen for your children.

We are therefore, extremely reluctantly, but by unanimous decision of the Governing Board, increasing fees **by 5% from April 2025** (Summer Term onwards) for the remainder of this academic year.

This will affect all year groups and will account for the impact of changes to National Insurance contributions, the end of Business Rates relief and the increase in Minimum and National Living Wages.

Our Expectation for Fee Levels from September 2025

In addition to the above, the Governing Board also confirm that we intend to share the 20% VAT burden from September 2025 with **a further increase of 10% on fees from September for the academic year 2025-26** for all year groups from Reception (K Group) to Year 13 (Upper Sixth).

We will write to parents of students in the Monte (Nursery) in relation to their fee level from September 2025 prior to Easter 2025.

The adjustments to the base fee and the overall impact will be as follows:

- Effective fee increase from September 2025, in account for the 20% VAT implementation: **10%**

By taking this approach, we have aimed to ensure our fees remain competitive and provide the best possible value.

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We will provide a full fee breakdown to parents in the coming weeks but in brief, a 10% increase translates approximately as:

Year Group	Termly fee as of April 2025	Termly fee from Sept 2025 inclusive of VAT (= the total fee payable by parents)	Termly VAT element (For info only: already included in fees)	Termly fee exclusive of VAT showing reduction of fees (For info only. There are the fees taken by the school after the school has paid VAT)	Termly increase in fees from Sept 2025	Monthly increase in fees from Sept 2025
Junior School K to H	£4,952	£5,447	£1,089	£4,358	£495	£123.75
Junior School G to D	£6,195	£6,814	£1,363	£5,451	£619	£154.75
Senior School Day	£8,245	£9,069	£1,814	£7,255	£824	£206
Senior School Weekly Boarding	£11,179	£12,296	£2,459	£9,836	£1,117	£279
Senior School Full Boarding	£14,282	£15,710	£3,142	£12,568	£1,428	£357

Fee levels beyond September 2026

We understand the concerns this Government policy and rising costs may cause. While we cannot completely offset the effects of the economic environment, we want to reassure you that our priority is to minimise future fee increases. We have worked hard to ensure the fee adjustments in this letter remain below or comparative with those of similar schools.

While we do not have the full picture of all within our sector, it is our understanding that the vast majority of schools have passed on the VAT increase to parents from January 2025, at an average increase of around 16% up to 20%.

Who is affected?

VAT has to be applied to the fees of all pupils except those in Nurseries where 90% of students are below mandatory school age. This includes the day and boarding elements for UK based and overseas families.

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Bursaries and Scholarships

For parents of children receiving scholarships or bursaries, VAT will only be applied to the element of the fees after the award is deducted.

What else is the School doing to mitigate the impact to parents?

We are continually looking at how we can operate efficiently and ensure the best possible value while also considering and developing new revenue streams.

There are some positive steps we can take from January 2025, such as recovering VAT on certain goods and services that we buy-in and we anticipate that further VAT recovery may be possible on historic capital projects. However, by far the largest item in our budget is salaries, where there is no VAT paid and therefore no VAT to recover.

This year there was no pay award to staff at St Chris and we have made various efficiencies in our professional services and support budgets. We will continue to look at ways to help streamline our costs while continuing our drive to quality.

We are also continuing to investigate revenue raising streams across different areas of the school.

We are doing this while maintaining our commitment to the unique education and bespoke support that you have chosen a St Chris education for.

Are you still offering bursaries?

St Chris has a long history of offering means-tested bursaries and offers a limited amount of financial support each year to new and existing families. Where the budget for that is provided by donations and trusts that will continue. We will prioritise students and families who are already at the school who experience a period of financial hardship to allow for the continuation of education where possible. There will be bursaries available to external applicants but the pot of funding available for these is currently more limited while we adjust for the changes in the sector.

If parents of applicants would like to find out more about the means-tested hardship fund and support available please see our website here: <https://www.stchris.co.uk/financial-assistance>

Legal Action

The sector via the Independent School Council (ISI) has launched a legal challenge in relation to the imposition of VAT, and there are additional legal challenges being brought by groups of parents. While we are not expecting this to impact the introduction of VAT from January, where there are any developments, we will promptly adjust our approach and keep you informed accordingly.

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We'd like to take this opportunity to thank you for your interest in St Chris. Although this is a difficult time for parents and for all schools in our sector, we are confident that the strength of our community, of our offer and of the quality of the education and experiences that we provide our students will see St Chris continue to thrive.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Alison Burrows', written in a cursive style.

Alison Burrows
Chair of Governors

A handwritten signature in black ink, appearing to read 'Rich Jones', written in a cursive style.

Rich Jones
Head