



RADLEY

FROM THE CHAIRMAN OF COUNCIL D C S SMELLIE, MA
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Dear Parents,

It is always good to read the Warden's end of term letter and to hear again of the many achievements of the College in recent months; my congratulations go to all boys - and my thanks to all dons and wider staff - for their successes. In a term which has seen national recognition in robotics, debating, rugby and chamber music, we can truly be proud of the all-round excellence of Radley. Of course, they are only headline examples of what is, much more profoundly and importantly, true at a day-to-day level as well.

You will also read the Warden's strategic update that accompanies his letter and mine. There is much to be proud of there as well, as we have made good progress on the priorities identified in 2021 in the midst of the Covid challenges. Building on strong foundations, we can be confident - and optimistic - about what is possible, and we look forward to developing the next strategic plan to be launched in March 2025. At the heart of our planning will be two broad themes: ensuring that the heart of a traditional Radley education remains healthy and strong and at the same adopting a dynamic approach to a challenging and changing world. With a new College management structure now complete, we are in a very good place to start that process.

My purpose for writing now, however, is more prosaic. I felt it was timely to be in touch regarding the prospect of VAT being charged on school fees. As you will be aware, it is a policy commitment of the Labour Party to charge VAT at 20% on independent school fees and to remove other tax benefits. Consequently, in the event of a change of government after the next election, it is very likely that, as a minimum, VAT will be introduced. Furthermore, it is likely to be introduced early in a new Parliament. It seems, therefore, a prudent planning assumption to anticipate VAT being charged on school fees from September 2025.

There is, inevitably, much uncertainty as to the date and nature of the change and I am sure you will appreciate that the College cannot make any forward commitments against a tax measure that is not yet certain. However, as you would expect, Council, along with the Warden and Bursar have spent some time considering the implications of change and planning for a variety of financial scenarios.

We have adopted a central assumption that, while we will of course scrutinise our costs to seek to help offset the impact, we would wish as far as is possible to maintain the level of educational offering that we provide at present. With this in mind, it may be helpful for parents to plan for future school fees with the following points in mind:

- the independent school sector is doing what it can to represent the sector's case to politicians. However, the political impetus behind this policy commitment appears steadfast. As such, VAT on the whole fee, and some classes of extras, is a reasonable planning assumption in the event of a change of government.
- if VAT is charged, the College will, however, be able to recover the majority of VAT on the goods and services that it currently buys. As such, we believe there should be an offsetting impact worth in the region of 5% of fees.

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- thus, prior to any inflationary increase in fees, the net impact of the imposition of VAT alone is likely to be around 15%. While the College will look carefully at scenarios that mitigate and spread the impact, it is highly likely that the fee increase for September 2025, if VAT is in place by then, will be a significant one.
- the support for and expansion of funded places is at the heart of Council's strategy for the College and will remain so.
- as was the case during the pandemic, assessing the need for any hardship support, on a case by case means-tested basis, will be an important part of our approach. Council anticipates setting aside a sum to allow for this.

It is never good to have to write about increases in costs, especially where these provide no additional benefit in terms of our offer. Equally, we want to be open with parents and recognise that, without the fees that you pay, we would not be able to offer the education we do.

I appreciate that we are facing challenging times and, on behalf of my colleagues on Council, and the College's Management Team, I can assure you that we will never take parental support for granted. We will do all that we can to manage the impact of whatever changes come our way.

Thank you, as ever, for your support.

Yours sincerely



David Smellie
Chairman of Council