



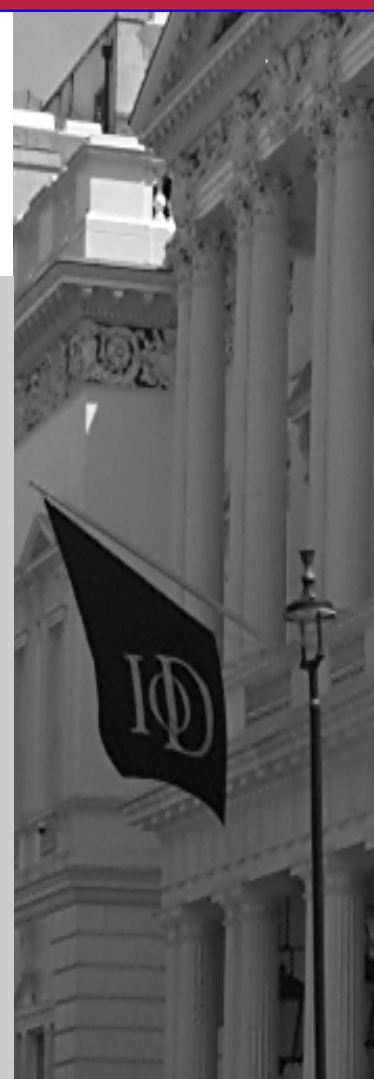
# Conference Report 2011

## Practical strategies for the New Education Market

SIR EWAN Harper, until this summer Chief Executive of the United Church Schools Trust and the United Learning Trust, was the keynote speaker at the SIXTH annual education strategy conference organised jointly by **mtmconsulting ltd** and **Veale Wasbrough Vizards**, and held at the Institute of Directors' in London. The conference was attended by more than 150 delegates representing more than 100 independent schools and school organisations from all parts of the UK. This report summarises the conference sessions.

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The next Practical Strategies Conference will take place on Tuesday 18th September 2012 at the Institute of Directors.

Make a note in your diary now or reserve your place at [office@mtmconsulting.co.uk](mailto:office@mtmconsulting.co.uk)

## 1990-2011 Two momentous decades for schools

**S**IR EWAN Harper began with the observation that, although independent schools were in competition with each other, they were united by a love of children which motivated everything they did.

In reflecting on the process by which the old Church Schools Company had developed into the United Church Schools Trust, which operates eleven independent schools, and the United Learning Trust, which is the largest sponsor of Academies, he said that it provided pointers to the way in which parts of the independent sector may change in future.

The givens for the future are:

- ◆ Money will be tight;
- ◆ Parents will expect academic performance;
- ◆ A need for top quality classroom teaching; continuing assessment will sometimes be confrontational;
- ◆ Leadership and the ability to communicate;
- ◆ The ethos and values of the school and the behaviour it demands;
- ◆ Government will always be involved in education;
- ◆ Competition between schools will become more acute as affordability becomes harder for parents;
- ◆ Children will always be happy if they are well nurtured.

### Transforming the Trust

When Sir Ewan took over responsibility for the Church Schools Company in 1990, it had seven schools and only 3,250 pupils with about 500 staff. Most were too small to have effective sixth forms and they generated a collective surplus of only £350,000. Unlike other independent schools they had failed to invest in modern facilities. The group was so weak that it was having to contemplate the closure of four of the seven schools and potentially having to merge with a larger charity. The only plus side was that the Trust had cash in the bank and was not in debt.

Coming from a manufacturing background within a declining industry, Sir Ewan understood the need for planning, strategy and critical decision-making, and also the value of making defensive mergers as the market dwindled. The independent education market at the time was not dwindling but stable, but movement of pupils was limited because of existing loyalties. The only strategy open to the Trust was to find other schools in similarly weak positions and seek mergers.

It had first to satisfy itself that the schools proposed for mergers had similar aims and ethos. Mergers are always a frenetic and challenging business but the first merger, of Sunderland High School and Tonstall prep school took place in 1992, with the schools going co-educational in the process. Further mergers took place, of the Trust's Eothen girls' school with Caterham School and of three schools, "teetering on the verge of bankruptcy", in Lincoln to form a new school with only 284 pupils in 1996 which now, after a fourth merger, has close to 900. The pattern was repeated elsewhere.

It was not an easy policy to pursue: "it required us to

*Sir Ewan Harper CBE stood down after 21 years as Chief Executive of the United Church Schools Trust/United Learning Trust in June 2011. Under his leadership, the then Church Schools Company grew from running seven independent schools to operating 11 independent schools and 21 academies. An early pioneer in the Academies Programme, Sir Ewan has been at the forefront of many of the developments in the structure of educational organisation over the past 15 years in both independent and state sectors. His background is in industry and it is the lessons of business, coupled with the importance of faith, ethos and values, that have shaped his philosophy and commitment to improving the education and life chances for generations of children.*

declare a weakness to a local competitor." It required an accurate analysis of independent sector education in the area and the way in which one school tended to dominate an area, leaving others weaker in its wake.

Some mergers would not work, it was important that no school involved in the merger should be too weak to restructure. One of the saddest parts of his job had been to turn down schools which had left it too late to merge. Merge from strength, was his advice.

At what point should schools decide to merge to ensure survival? The checklist should include:

- ◆ Analyse your needs against your human and financial resources: how strong are you?
- ◆ Assess the size of your local market: will it sustain the number of schools in your area?
- ◆ Can there be a vision for a national-quality school, if there isn't one in the area?

Merger can be a huge success, releasing new energy, said Sir Ewan. He saw it as a continuing process in which the Trust would continue to be involved. Its approach was not that of some strong operators—waiting for the weak to collapse—but a collaborative one, drawing people in. But it was important for the Trust to retain its independence of thought and operation, not being drawn into "cosy" relationships with others in the market.

In the last two decades, the Trust had only increased its total number of schools by four, to 11, but pupil numbers had increased nearly threefold to almost 9,000. Each of the schools has a critical core strength, delivering a higher quality education, better results and with stronger individual subject departments. This in turn has permitted professional development on a scale unimaginable in 1990. The financial strength of the group has grown too, from a surplus of £350,000 to cashflow in excess of £8m, even though the schools charge modest fees. Over the period the Trust has invested some £150m in better facilities, financed through the sale of properties post merger, increased cashflow by lowering costs, and cautious and well-structured borrowing.

The ethos of the group was crucial throughout, pledged to building better schools, to serving children and to helping each other professionally. It created coherence within the group and motivated everyone involved. Morale improved as a sounder business and a robust approach to policy development allowed the group to be a more generous employer.

Five key words guided the group's decision-making:

- ◆ Quality — "everything we do must raise quality";
- ◆ Value — quality but not at any price; invest productively but carefully;
- ◆ Outperform—do your job better this year than you did last year, both institutionally and personally;

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## Legal and practical considerations of changing your business model.

**Barney Northover**  
**Veale Wasbrough Vizards**

**B**arney Northover led a workshop on the legal and practical issues that arise when an independent school looks to change its business model. It was generally recognised that no school can "stand still" and must constantly adapt to a changing market.

Various strategic changes were considered, including moving to co-education, expanding or contracting a school's age range, opening or closing a nursery, a change in boarding provision and opening a school overseas. It was observed that there are a range of paths to such change ranging from organic growth, bolting on a complementary school business or even a merger.

Whatever strategic decisions an independent school is looking to make, there are some common legal implications that need to be considered at the outset, and Barney suggested that projects be planned with reference to six headings of legal implication - Risk, Constitution, Funding, Regulatory, Staff and Property:

**Risk** is an everyday part of running any business and it needs to be managed effectively. Often Governors will need to balance the risks of taking action against taking no action. Generally an assessment of risk will involve an element of "due diligence", business planning/forecasting and taking appropriate professional advice. In some cases an element of consultation with key stakeholders will also be appropriate, but usually not where changes involve a merger with another school.

**Constitution** is particularly important for Governors of charitable schools who must act within their objects and powers, but even commercial schools (or charities looking at acquiring commercial schools) will need to look at constitutional issues, eg shareholder agreements.

**Funding** is an essential element to many proposals to make changes to a school's business model. Bank borrowing, utilising reserves or a sale of surplus property or other investments may all be appropriate. Traps for charity trustees to avoid include legislative requirements under section 38 of the Charities Act which apply when entering into any borrowing secured over property, permanent endowment issues and restricted trusts. Schools should also look at their existing security arrangements to ensure that any changes they are looking to make do not breach any covenants given to their existing bank.

**Regulatory** issues need to be taken into account, particularly if it is proposed to change the age range of pupils or to move to co-education. Some changes, such as a change of proprietor, may trigger an inspection.

**Staff** are affected by changes to the business model. This may simply be the management time in investigating new strategies and/or implementing them, but it could also lead to changes in employees' terms and conditions, a transfer of staff under the TUPE Regulations or even redundancies. All changes affecting staff should be handled with care and in most cases with appropriate advice.

**Property** and facilities may need to be reviewed. Some schools may need to purchase new land, sell redundant land or construct new buildings. Governors will need to understand how their existing site is held, any implications of permanent endowment trusts and perhaps also planning regulations and capital projects. For charities, there are legislative restrictions around selling land and charity trustees must comply with section 36 of the Charities Act.

It was apparent from the experiences of delegates and the heads who had spoken of change in the earlier panel session that the most successful projects are carefully planned from the outset. An experienced professional team is invaluable, particularly where there is a deal to be done with another school. ♦

## From independent to free

**Thomas Packer**  
**Head, West London Free School**

**T**homas Packer, Head of the first Free School to be opened under the Coalition's policy, gave a revealing presentation about the highs and lows of opening a new Free School. Thomas, previously head of two independent schools, talked about practicalities and commented on how the disciplines and practices of the independent sector transfer to and complement Free Schools.

The WLFS is the brain child of Toby Young who had the passion and persistence to get the project launched. The project was new territory both for its promoters and for the government, but in some respects it was easier to be in the first tranche of schools to open in 2011. There was huge pressure to succeed and significant obstacles were overcome. Even so, the WLFS is temporarily housed in a building for 12 months before it has access to its permanent home.

The Government has since changed the rules for opening a Free School and made it a competitive tendering process against all other applications countrywide. If you are thinking of opening a free school the steering group need expertise in finance, business, media, marketing, education, property, political nous, legal and HR expertise – it's certainly not for the faint hearted.

Although the process was not easy, one thing in their favour was the demand from over 1,000 local parents who wanted a school open to all, no matter what their ability and an academically demanding curriculum. The headship specification was tantalising and daunting but Thomas felt compelled to apply for a 'challenge of a lifetime' job which demanded assembling his own team, starting a school from scratch in a very short time and being robust enough to be the public face of a school which was one of the most talked about educational projects in the country.

Experience of running a fee paying independent school gave him the understanding required for running a sound educational business. What he wasn't prepared for was the need to understand government vocabulary and procurement rules which are very cumbersome and inflexible.

And he was pretty much on his own – no secretary, no academic team in school and no pay for the first month of his employment because there was no process for doing so. His desk was a tiny space at home between two book shelves, his filing system a cardboard box on the floor. Achieving the funding agreement was touch and go and builders were still in school the day they opened. But the joy of working with children who want to learn and overwhelming support from families has been its own reward.

Finally, he touched on the likely impact of Free Schools on fee-charging independent schools. He believed that in some areas, successful Free Schools would indeed affect independent school rolls and that, to compete effectively, independent schools will have to differentiate themselves carefully to underline why parents—sometimes hard-pressed financially—should pay school fees.

Setting up a free school feels like being a pioneer but rewarding and fascinating to be at the sharp end of the changing market in education. ♦

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- ◆ Rigour—intellectual rigour about what you are setting out to do, though this may be in conflict with ....
- ◆ Pace—the market may demand speedy decisions.

## Academies: “exactly where we ought to be”

But this was only part of the story of the Trust's transformation. In 1998, while reflecting on the significance of the millennium, the Trust asked itself: what would our founders have done had they been alive today? It was a question every school and organization should ask itself periodically, to test its compass and current direction. The Trust came to the conclusion that the biggest social and educational challenges were, and are, in inner cities, but that making any significant contribution was beyond its capacity — until the Academy programme was announced, “when it was quite suddenly different.”

The Trust was approached by Lord Adonis to sponsor the Lambeth Academy, whose intended sponsor had pulled out: “were we prepared to be serious about inner city education or were we just going to be dilettantes with fine ideas and a bit of a dream”? The decision was a “gut-churning” one but “we realised that this was exactly where we ought to be.”

A sister charity, the United Learning Trust, was formed, as the legislation required Academies to be held in a separate trust. Bursting into uncharted territory brought a new sense of energy, but the Trust never wavered in its commitment to its “bedrock” independent schools or the pace with which they have been developed.

Asked to provide £2m for each Academy, the Trust had no funds or endowment so it had to fundraise. Venturing into the unknown in trying to bridge the independent - state school divide, the first three contacts with charities produced £1m: “we realized that this meant we were touching something that mattered and could receive support.” But it had been hard work, with perhaps only

one in ten of those approached responding. But over £14m has been raised to cover the sponsorship of the ULT's early Academies.

Intending to sponsor only one Academy, Sir Ewan was invited, while the Lambeth Academy was taking shape, to visit “one of the three worst secondary schools in England”, Ducie High School in Moss Side, Manchester, where GCSE results averaged between three and 13 per cent. Meeting the challenge of fulfilling children's aspirations in such places was a challenge facing all of us. “Ours was not a political decision, nor an economic one. It was a decision from the heart.”

As a result of rising to that challenge, the Trust's one Academy became the first in a group. From its dreadful background, Manchester Academy has reached the point where it achieved 45% A\*-C at GCSE this year and is likely to exceed the national average next year.

Since then, the Trust has opened 17 Academies, with a further four joining; many were sink schools and eight had been rejected by every other sponsor. Understanding what it was that would transform very bad schools into something similar to the Trust's independent schools was not easy. Enlisting the help of highly competent heads and administrators from the state sector has helped, but leadership remains the greatest challenge.

Engaging with the academy programme had fundamentally enhanced the Trust, he said, making it better informed, more culturally diverse and more involved with SEN and ICT developments. In addition, cross-school improvements, access to senior government figures and stronger contacts with universities produced advantages for all the schools, independent and state.

What the Trust has achieved, he said, could be achieved by many others within the independent sector. The ethos of most, if not all, independent schools required them to engage more closely with the national interest in raising educational standards in general.

“But unless you have that burning desire to engage, stay away. You can't do this half-heartedly.”◆

## Panel Session:

# Changing the entry points: The implications of extending your age range

*Christopher Ray is High Master of The Manchester Grammar School which has recently extended its provision down to Year 3.*

**W**hen Christopher Ray became High Master of MGS in 2004, it was an 11-18 boys' school with some 1350 pupils. It is now a school for 7-18 year-olds, with about 1520 boys on roll.

At that time, it had a “formidable, but flawed” 11-plus entrance examination and a steady slow decline in state school applicants. Feeder independent prep schools had an obsession with the entrance exams for MGS and neighbouring senior schools, while feeder junior schools were obsessed with Key Stage 2 tests. The school's aim was to charge the lowest possible fee compatible with a high quality teaching staff while its two defining characteristics were academic excellence and social diversity.

The school needed to re-think its strategy and its view of junior education. Until 1950, MGS had had three junior schools but, in the belief that the state sector was so good that they were no longer needed, got rid of them.

It was clear to him that MGS needed its own junior school. He had also been impressed by an initiative at Wolverhampton GS, called “Big Six”, A stand-alone year aimed at introducing pupils to senior school education. A visit to Newcastle RGS convinced him that it was possible to assess younger children's ability accurately. This led to the creation of a business plan for a junior section for 9-11 year-olds (extended this term downwards to seven-year-olds) and the emergence of a philosophy that entrance to MGS should be based on assessment of potential rather than of restricted knowledge. Assessment days, rather than entrance exams, which children can enjoy, are used to regulate junior school admission.

Guaranteed admission to the senior school to any boy who enters the junior school has caused some concern amongst feeder schools. Although the assessment in the junior school is continuous and rigorous, it is able to operate free of the obsession with 11-plus entrance tests which dominate too many junior schools. So some former friends now feel threatened: “we are saying to them that the way you are teaching is a nonsense.” MGS will no longer collude in that nonsense. *Continued page 6* ►

## Changing the business model: employment and HR implications

**Simon Bevan & Naseem Nabi**  
**Veale Wasbrough Vizards**

Simon Bevan and Naseem Nabi delivered a workshop which focused on employment law and HR implications of changing a school's business model.

The workshop began by considering the case study which would form the basis for discussion during the session. Simon and Naseem set out the importance of the memorandum of understanding underpinning the rationale for merger and the shared educational vision of the parties. They discussed how elements 'critical' to the merger should be discussed early on and reflected in the memorandum of understanding. By having a clear understanding at the outset, a successful merger is more likely to be achieved. The workshop went into some detail about the role of key personnel as this can often be a defining issue in merger discussions.

Simon and Naseem advised delegates of the early need for a management committee comprising the heads of both schools as well as other select, key individuals. A joint committee of this nature demonstrates a commitment to collaboration in decision making, avoiding the perception of a dominant party which may destabilise staff and stakeholders. The committee would then deal with issues arising such as, consultation with stakeholders, due diligence, transitional arrangements and the deployment of staff post merger.

The importance of a comprehensive timetable, setting out the requirements leading up to completion was also considered. Important factors which dictate the timescale for completion include staff notice provisions; the obligation to consult under TUPE (and more widely where redundancies are proposed) and the fact of school holidays which will not normally form part of a consultation period.

Conducting thorough due diligence in a merger can sometimes be a challenge. The workshop explained the importance of due diligence, not least because merger discussions have been known to fail on the discovery of 'black holes' such as pension deficits. The message communicated by Simon and Naseem was the need for a thorough due diligence exercise.

As the case study concerned a merger, delegates were reminded of their obligations under TUPE, and particularly the obligation to inform and consult. It was emphasised that separate obligations fall upon each school, and that the obligation to consult must be complied with in good time before the transfer. Delegates were reminded that failing to comply with this obligation could result in a protective award of up to 13 weeks' pay.

Simon and Naseem were mindful that in some merger scenarios, redundancies may be a consequence of overlapping educational provision or to achieve efficiencies. The consultation requirements in a redundancy situation were discussed. Delegates were reminded of the opportunity to explore voluntary redundancy prior to engaging in a compulsory redundancy procedure, which may reduce the damage to staff morale. Where wholesale redundancies are necessary, compliance with the collective consultation regulations is required. The regulations apply specifically where 20 or more employees are affected by redundancy proposals. Proper planning of redundancies and consultation is essential with objective selection criteria and balanced representation from each school involved in the

scoring exercise, to ensure the appearance of fairness in the process.

The workshop concluded by encouraging schools to view business model changes such as merger as an opportunity to strengthen the schools position in the market, enhance the staffing provision, improve the curriculum and broaden extra-curricular activities. ♦

## To tweet or not to tweet: social and digital media in marketing

**Tracy Playle**  
**Pickle Jar Communications**

Tracy Playle, whose background is in higher education marketing, introduced her workshop by emphasising that the social and digital media should be understood as a means of interacting with the outside world, not simply another means of broadcasting messages to it.

She covered three broad issues:

### ♦ What are social and digital media?

The scale is enormous: if Facebook were a country, it would be the third most populous in the world, and half the UK population have a Facebook account. She quoted Confucius: Tell me and I'll forget (newspapers), show me and I'll remember (television), involve me and I'll understand. Social and digital media are means of communicating and interacting, crucially not from organisations to individuals, but from individual to individual.

Social and digital media present a wide spectrum of interactivity. Putting a video on YouTube, for example, is a use of digital media where the initiator has some control over content, if not how it then gets disseminated; schools are reasonably comfortable with this. At the other – more scary – end of the spectrum are media where the initiator has no control over the content, because anyone can comment and amend the message: Wikipedia is the best example – "you don't own your school's Wikipedia entry." Be out there and listening to what people are saying about you.

### ♦ How to use social and digital media strategically

Focusing on marketing and communications, she said social media is more about using a space to communicate, rather than pushing out messages. Think about how teaching and learning can interact with marketing and communications: this is a world where it's no longer enough to tell people what we are good at—we have to show them. If your communications are not authentic, you will get found out; people can now expose that online.

'How is this going to help us?' is the wrong starting point: it focuses on the technology rather than the audience. Put the 'why?' before the 'how?' Focus on what you want to achieve. A chef doesn't have a strategy for using a frying pan, he has a strategy for creating a world-beating menu.

Start with your organisational vision. Go through it line-by-line and ask which elements need marketing and communications activity. Identify your individual audiences and which specific means are going to help your reach each of those audiences. Have an integrated marketing and communications strategy, not a social media strategy.

You need to think what you want your audience to think, feel and do as a result of the engagement you are able to

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The move sent a shock wave through the local market, particularly hitting some of the all-boys prep schools, many of which experienced a continuing haemorrhage. But they don't need to be damaged: "it's their perceptions that are part of the problem."

Changing the entry point has been a success and provides a unifying vision for the school and a continuity of educational purpose for boys at a vital time in their mental development.

**Frances King** is Headmistress of Roedean School which is refocusing on its core age range following a merger with a 3-18 through school in 2009.

Roedean, explained Frances King, has both extended and, more recently, contracted its entry points. The key issue had been for the school to identify its USP and take action in line with this.

She took over the headship at a time when a merger with another girls' school was under discussion. The south coast environment is very competitive, intensified by many boys' schools becoming co-ed. A small, local girls' day and boarding school asked Roedean if it would rescue it. Roedean saw the approach as an opportunity to extend its local market: the senior school was absorbed and the site sold, while the junior school was taken on. The aim was to extend the age range downward and in order to promote itself to the day market.

However, after two years of working with and investing in the junior school, Roedean decided it would not be sustainable and closed it with effect from summer 2011. The school has gained financially from the sale of two sites which will help to refurbish the school but, more importantly, this will allow Roedean to extend its bursary programme through a significant endowment to which alumnae will be asked to contribute too.

Summing up, she said the merger had been taken on at a risky time (2008) and it had been important to have the courage to recognise what was appropriate for the school and take the necessary steps.

Citing Jim Collins' "hedgehog principle", she said three things were vital:

- ◆ Know what you are good at;
- ◆ Know what you are passionate about, and
- ◆ Know what makes economic sense for your business.

Roedean is very good at both senior girls' and international girls' boarding and, in hindsight, taking on a failing local junior school was not a route to success. It didn't fit with the school's key focus.

**Adrian Richardson** is Principal of the Cothill Educational Trust which runs five preparatory schools and two other establishments, one in France.

As Headmaster of Cothill, Adrian Richardson had recognised that its future could not be secured by simply doing "one small thing". He began to expand it, by providing specialist teaching in certain areas, for example, the teaching of modern languages, becoming ever more vital for the employment market. The school bought a large house in south west France, to which Cothill pupils went for a term to be taught entirely by French-speaking staff. The venture has been a huge success and has been expanded.

Cothill regards 13 as the absolute top age limit but wanted to guarantee intake to boarding and ensure the boarding ethos. It founded a day school, Chandlings, on the edge of Oxford, which has grown from six children to about 450, to cater for those who wanted the same type of education but as day children. This brought with it a different transfer age, 11, for the Oxford day market and also an earlier starting age, with a nursery of 70 children, almost all of whom stay in the school.

On retiring as Head, Adrian Richardson was invited by the trust to continue its steady expansion: it now has five prep schools, with a further four in discussions about joining the trust. Three are specialist schools, the most recent being a science school established in the premises of a former prep school in Dorset where week-long science courses are run in collaboration with the Natural History Museum, and introducing many children to boarding for the first time.

This has enabled significant financial growth and the trust is now working with state primary schools close to its own schools with bursary assistance, specialist teachers (funded by the trust) and use of the trust's specialist centres. The most recent development has seen the trust working with a primary school to achieve Academy status with the trust as its strong sponsor.

**Richard Fenwick** is Headmaster of Hazlegrove, a preparatory school which prepares pupils for transfer to their senior schools at 13.

On becoming Headmaster of Hazlegrove, Richard Fenwick found himself in lengthy discussions with governors and others about measures to address falling numbers, especially of boarders. He outlined the four key principles which underpin the significant growth in boarding numbers the school has seen over the last nine years:

- ◆ Don't copy what others do
- ◆ Be true to yourselves and your values
- ◆ Establish and communicate a clear vision
- ◆ Safeguard childhood

He was concerned most about the 11-13 age group who were becoming something of a battleground for schools. Children move to the beginning of young adulthood at around 13, making the two years from 11 the final and defining chapter of childhood. But all the messages they received through the media about relationships, sexuality, alcohol, drugs and eating are very damaging with an evident impact on society. For him, therefore, the best place to finish that stage was in a prep school going to 13. Whatever structures a school decided on, the interests of the children should be paramount, so that they should feel safe and protected and able to make the best of their childhood.

Much of the ensuing discussion centred on the way in which decisions about admissions conflated three issues, sometimes in conflict with each other:

- ◆ Intellectual development and measurement, where the needs of prep schools to have something for which they are preparing pupils and which can be measured, contrast with those of senior schools, which want an examination which cannot be prepared for and which measures potential rather than quality of teaching;
- ◆ Developmental issues and the need to treat each pupil as an individual;
- ◆ Business issues and the need to ensure a financial model which produced a healthy surplus for the

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have with them through digital media. It is only if you have a measurable objective ("building a community" is not an objective, it's a tactic) that you can judge whether a particular means of communication is working for you.

- ◆ How ready are you to use this? Do you have the skills within the school? How ready is your audience?

Treat it as a conversation—don't be scared of the technology. People use social media in very different ways, from passive to creative; the people who are most comfortable with being creative will be the most confident users. The culture of the school and its community is important too: is it closed and hierarchical or open and consultative? If you are at the closed end, you should start at the controlled, digital end of the spectrum; at the open end, you will be more confident with social media.

There is an unimaginable amount of content out there, so your content needs to be useful, relevant and interesting to your target audiences. ◆

## Legal aspects of admissions and the transition to senior school

**Yvonne Spencer & John Deakin**  
**Veale Wasbrough Vizards**

Yvonne Spencer and John Deakin presented a workshop providing practical advice on contractual documentation and admissions policies required to facilitate pre school admissions to senior schools.

The session was timely due to the enactment of the Equality Act 2010 in October 2010, which has a significant bearing on pupil admissions and the manner in which pupils with 'protected characteristics' are treated in the course of the school's admission process.

Yvonne presented on the admission of pupils with disabilities and the obligations that fall to all independent schools to make reasonable adjustments. Yvonne explained the process that independent schools must follow to ensure that admissions are handled lawfully, and how expert evidence should be obtained in advance of the admission decision to ensure that there is independent advice on the level and types of reasonable adjustments necessary to support the child's education in the relevant school. Where schools select on the basis of high academic attainment, they are not obliged to make reasonable adjustments to the extent that they have a detrimental impact on academic standards. Advice and tips were also given in respect of religious observance and school uniform policies.

Following a recent Westminster Hall debate, delegates were given an update on the likely outcome of a government consultation on the funding of auxiliary aids. Under the Coalition Government's current policy, it is likely in the near future that independent schools will have to fund auxiliary aids for pupils with SEN. The devil will be in detail, and delegates will be updated in due course through the VWV e-zine 'Schools Law Brief'.

John presented an important update on the charging of differing deposits for UK and overseas parents describing how to structure these in a manner which is not discriminatory under the Equality Act.

John led a lively discussion on the use of additional tests of competency in English for candidates for whom English is an additional language. He also spoke about the need for

schools to request information about any health or medical conditions, including any special educational needs or learning difficulties of a prospective pupil. He highlighted the importance of using this information to determine what adjustments will be required to accommodate the prospective pupil during the admissions process. ◆

## New opportunities & challenges

**Dick Davison & Nicky Adams**  
**mtmconsulting Ltd**

Identifying the opportunities and challenges suggested by the findings of **mtmconsulting's** 2012 education sector report (see p.8), Dick Davison and Nicky Adams highlighted the following key areas:

- ◆ The need for a nimble strategy

Schools which thrived in the increasingly competitive environment would be those which continually monitored the changes in local provision and the responses of rival schools. Spotting the way gaps and opportunities opened up in the market could only result from careful gathering and interpretation of pupil roll, fee and organisational information. New opportunities to be the distinctive provider were always likely to appear.

- ◆ Value for money

Recessions always produce a flight to quality—those providers who are acknowledged by the market to offer not just quality but value for money are likely to continue to thrive. The most robust recent performance, in terms of pupil numbers, has been recorded by SHMIS schools, smaller, and often less glamorous than some of their neighbours. What parents are looking for is not just prestige, but real value for money.

- ◆ The increasing need for collaborative action

Dick highlighted the role of the Boarding Education Alliance in the late 1990s in helping to arrest the slide in boarding numbers. Recent success in overseas recruitment should not tempt schools to ignore the continuing decline in UK boarding. There may be a need for a new corporate and generic campaign, which moved on from traditional defensive attitudes and engaged with changing patterns of parenthood and family life.

- ◆ Concentrate on the reasons why parents don't buy

Even in straitened economic times, said Nicky Adams, there were opportunities to gain new customers, by working on the reasons given by parents for not choosing independent schools. There are still many more parents who can afford independent education but who choose not to.

Many of them either believed they could not afford school fees, or thought them not good value for money. Information about scholarships and bursaries and about independent schools' 'wow factors' should be more persuasively presented, and more opportunities for overcoming prejudice and stereotype devised by schools, using media and vocabulary which engaged with non-buying parents. ◆

## UK Education Sector Report 2012—2012 : Forecasts, Challenges & Opportunities

**Gavin Humphries**, *mtmconsulting's* Head of Research and author of the authoritative education sector reports, presented the findings of the latest edition, together with trend analysis and scenarios for the future, exclusively to this conference.

Gavin Humphries unveiled the main findings of the 2012 edition — the third — of **mtmconsulting's** education sector reports to the conference.

He emphasised four main themes:

- ◆ The real impact of fee rises on the market;
- ◆ The sector's financial response;
- ◆ Those parts of the sector which appear to be suffering most;
- ◆ Forecasts and scenarios .

The size of the potential market for independent schools, as indicated by the birth rate to parents in social classes 1 & 2 has been rising steadily for four decades and is forecast to continue to do so (*upper chart*). The sector's actual share of that market, however, has been steadily declining, from around 18% in 1981 to about 14% now (*middle chart*).

Although the total number of pupils had risen since 1981, the period had been marked by episodes of growth, strong in the mid to late-1980s, steadier in the late 1990s and early 2000s, of decline following the recessions of the early 1980s and 1990s, and, most crucially of recent stagnation, since about 2004 (*bottom chart*). The most likely explanation for this recent stagnation was likely to be declining affordability.

### The sector's response

In analysing the sector's financial response, Gavin described the now-familiar picture of school fee inflation regularly outstripping the growth in earnings, especially in managerial and professional classes. His analysis showed that the strong growth in independent school numbers during the 1980s was explained largely by very rapid growth in managerial and professional earnings during that period — growth which had not been replicated during any period since then.

The growth in fee inflation was driven largely by rising costs: capital expenditure (matching the rapid increase in capital investment in state education by the last government), administration, welfare and premises costs, but above all by teaching staff costs. The uninterrupted growth in the number of teachers employed in independent schools had led to an ever-improving pupil : teacher ratio (PTR) and a widening differential between PTRs in the independent and state sectors.

### Where it's hurting

The current stagnation in overall numbers concealed varying trends within different stages of education. The junior stage (7-10 year-olds) was the stage which appeared to be suffering the most, with numbers having peaked in 2001 and fallen steadily since. Numbers in the

secondary stage (11-16 year-olds) have, by contrast, risen over the past decade, though much more slowly recently. Most successful of all has been the sixth form stage, with numbers rising steadily throughout the past decade from around 82,000 in 2001 to 95,000 in 2011.

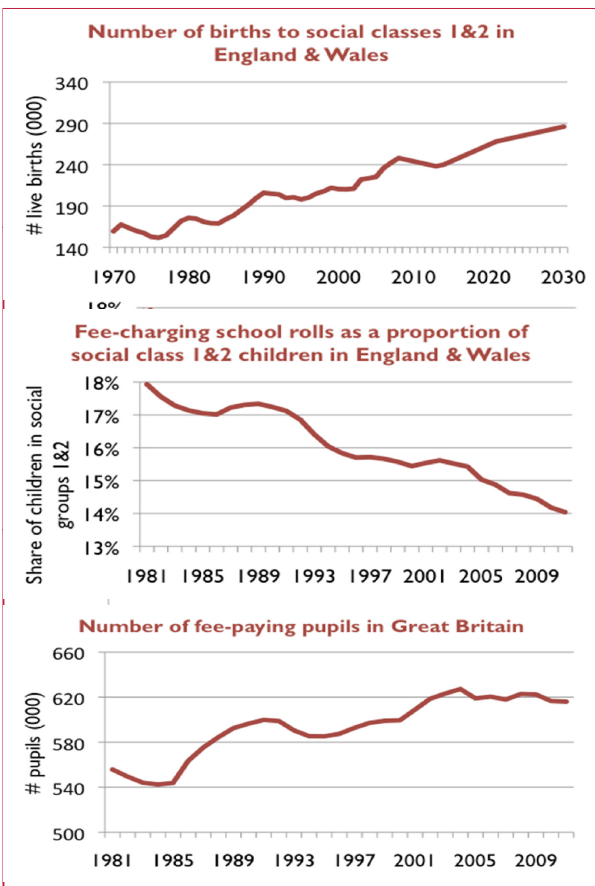
The long decline in the number of boarding pupils in independent schools appears to have been arrested: falling from around 120,000 in 1981 to around 70,000 in 2001, boarding numbers have steadied since then.

Within that overall number, however, the profile of the boarding sector has changed dramatically, with the biggest decline being in UK national and UK domiciled boarders, who now constitute only about a third of the boarding population, while the number of overseas boarders and of expatriate British has increased.

### Forecasts & scenarios

Two key questions dominated any consideration of the future for independent schools: the state of the national and international economy, which remained precarious at best, and the balance of power within the state education sector.

The rapid growth in the Academy sector since the formation of the Coalition in May 2010 had led, by Sep-



tember 2011, to a situation where, for the first time, the number of pupils in 'state-funded independent' schools, at some 900,000, now outstripped those in fee-charging schools. This rapid shift towards state schools which had greater control over their own spending and decision-making represented a major change in the balance between the sectors.

The scenarios set out in more detail in the Sector Report arose from consideration of the likely variation in these two factors and the way they influenced each other: economic growth or otherwise and the balance between state control and parental choice. ◆