

# Hurst

13 November 2024

Dear Parents,

Now that the Chancellor has announced the Budget and confirmed the introduction of VAT on independent school fees, I am writing to set out the College's fee structure from January 2025. As you know, we have explored every avenue over the last few months in order to prepare for this moment. We have spent the last couple of weeks modelling the implications of the Budget and the final decision on adjustments to school fees was approved by the Finance Committee earlier this week.

The College's governors are acutely aware of the pressures that families are under, and have worked very hard with senior leaders and the finance team to mitigate the impact on parents without compromising on the high standards that you rightly expect from the College. We are aware that some schools have opted to identify significant cost savings, but we have listened carefully to our parental body and you have clearly told us that you do not want us to downgrade the quality of education that we provide to your children. Unlike other schools, we will therefore not be cutting back on the number or quality of our teaching staff; nor will we increase class sizes in order to cut down on costs. Instead, we will continue to invest in the campus, broaden the co-curricular programme, develop the pastoral provision, and retain our most important asset: our teachers.

At the same time, we want to ensure you that we are doing everything that we can to support those families who need financial assistance in order to afford the fees. Mr Mott has made this a cornerstone of his Vision for the future of the College, and the recent changes to our Scholarships & Bursaries programme are designed to make Hurst affordable and accessible to as many families as possible. Under the Capital Goods Scheme we are due to receive a partial rebate on some of the VAT that we have historically paid on capital projects; this money will be staggered over the next ten years and will help us support current and future parents with fees on a means-tested basis. As governors we are mindful that we are custodians of an educational charity, and we always seek to act with integrity, keeping the College's long term future at the centre of decision-making.

The Budget brought more unwelcome news besides the introduction of VAT on fees. We had anticipated the removal of charitable rates relief for independent schools, but – like many employers – we are going to be heavily affected by the increase to employer National Insurance contributions, and we have had to factor that into our budget forecasts for the years ahead. Even leaving aside the headline-grabbing introduction of VAT, the removal of rates relief together with the increase in National Insurance contributions will collectively cost the College just under £1 million annually.

Our earlier communication with you confirmed that the College will be able to offset some of the impact of VAT by utilising the savings generated by VAT recovery on the goods and services that we purchase. For the last few months we have been indicating that we expected the overall fees to increase by

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between 16-17%, rather than the headline rate of VAT at 20%. The work that the finance team did over the summer allowed Mr Mott to write to you in September to give you a soft steer that we were very much hoping to land at the lower end of this range. This hope was boosted by recently published HMRC guidance which confirmed that independent schools can itemise certain elements that are presently included in the overall fees, such as lunch. As lunch is exempt from VAT, we will be able to mitigate some of the overall impact by itemising it as a separate line in your bill.

Taking all of the above into consideration, the Finance Committee have therefore agreed to reduce fees so that the net impact on parents, including VAT, will be 15.65%. This will come into effect from January 2025. The updated fees schedule is attached to the email accompanying this letter so that you can see how this will affect you and your bill.

We understand this is a challenging time for many families and I would continue to encourage families to speak to Mr Mott ([dominic.mott@hppc.co.uk](mailto:dominic.mott@hppc.co.uk)) or the CFO ([Darren.carpenter@hppc.co.uk](mailto:Darren.carpenter@hppc.co.uk)) if you have concerns about your ability to pay College fees from January. Parents of children who are in receipt of means-tested bursarial fee assistance will be contacted separately by the end of November with confirmation of revised bursary support from January 2025.

This is not a situation that any of us wish to find ourselves in, but I can assure you that the governors, the Head of College and the rest of his senior team are committed to providing the best possible value for parents, and the best possible education for the children.

Thank you for your continued support and understanding, and please do get in touch with us if you need any help or advice.

Yours faithfully



Karen Mack  
**Chair of Governors**