FALL INTO STEP

Introduction

Pupil numbers appear to be declining at our school. Is that based on general affordability issues or are there other issues? School fees have increased at double the rate of average earnings during the past 10 years. So far, the ability of parents to pay for an independent education does not appear to have declined. So what should governors do?

Is this just a short-term blip or something more fundamental?

Scenario 1:

The head explains that there has been a particular large year group at the top of the school which is leaving and pupil numbers will balance out over a couple of years.

While this scenario often happens, governors need to ensure that this is the real reason. Are clear marketing plans in place, with recruitment targets for the admissions registrar?

The whole concept of selling can be somewhat alien to academics, but that is what the registrar is doing. Have we a clear recruitment plan? Do we promote our strengths and, in particular, our core values?

Do we know why parents do not choose us? Are our competitors making a large push in the market, and have they got a number of dynamic new staff who are attracting parents?

All this should come out in regular governor meetings, and at least once a year the admissions registrar should report directly to the governing body without undermining the head. S/he may have a slightly different take on what is happening within the local market.

Scenario 2:

The detailed analysis of pupil numbers by year group shows a gradual decline in a number of year groups, and this is being masked by larger year groups at the top of the school. This scenario hides a number of issues. The overall pupil numbers just show a slight decline. However, the head should be tasked to plan pupil numbers for the next five years. If large year groups are leaving, to be replaced by smaller groups, the school will be significantly smaller in a few years' time unless the registrar is able to significantly increase pupil recruitment.

This is a common problem for a number of schools. The implications are that the financial position will significantly worsen.

To avoid this, a number of contingency plans need to be put in advance of financial problems occurring eg not replacing teachers who leave, move to more part-time employment, and a detailed review of the cost structure as well as all fee concessions.

Scenario 3:

The past few years have seen significant fee increases to cover increasing costs eg pension payments, apprentice levy, and growing bursary awards. At the same time, it is clear that the number of enquiries from potential parents are declining. The unofficial market of the "dinner party circuit" feeds back that independent schools are pricing themselves out of the market.
This scenario has to be a concern to the whole independent school network, and if schools are not concerned about this, they should be.
This necessitates a fundamental review of the whole school structure to ensure that costs are in line with fee income. It is a brave school which cuts fees, but at the minimum fee levels may need holding at current levels to allow affordability to become less of an issue. Detailed planning should be undertaken for this scenario, and will include:

- Reviewing class sizes.
- Reviewing both academic and support headcount.
- Looking at the academic offering: does it make sense to teach subjects that only attract two or three pupils?
- Investigating fee concessions (but not bursaries) to ensure they are below 10 per cent of net fee income, and ideally 5 per cent.
- Bringing a halt to the school's vanity projects.
- Leading a return to basics and considering the school's purpose and ethos.

A five-year financial plan needs to support this scenario.

Scenario 4:

The school suffers a significant fall in pupil numbers and is probably unable to open next year.

This scenario does happen, and usually occurs when earlier warning signs have been ignored. Governors need to be thinking ahead, and receiving regular updates from the head and bursar.
To avoid this scenario, governors owe it to both parents and pupils either to merge with another school, or to plan an orderly closure while at the same time arranging for pupils to be educated elsewhere.

Circumstantial evidence would suggest that a number of schools are finding life challenging.

Should a more aggressive tax regime come in during the next few years, affordability is likely to become more of an issue and schools need to be aware of this, and plan accordingly.

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