

Friday 7 June 2024

Dear Parents and Guardians,

Thank you to those of you who joined us for the Fees in Advance (FIA) overview session on Zoom on Monday 3 June. Please find a summary of the discussion and the Q&A below.

Summary

The FIA scheme exists to provide families with the opportunity to make payment of all, or part, of the school's fees by means of a lump sum fee, payable in advance, enabling them to reduce the cost of independent education. In return, the school offers a compounded discount at 3.5%, to be applied against each term's fees invoice for a set number of terms. **Please note that you can join the FIA scheme for just one year (three terms) if that is best for your family.**

Any lump sum payment received by the school as an advance payment will be used to prepay future fees as specified under the scheme. This should give families the best possibility of ensuring that an advanced payment is subject to all current legislation at the time of the payment. The payee can be the parent or guardian of the child, or anyone else who wishes to make a payment towards the cost of the child's education. The scheme's Terms & Conditions are available [here](#).

Please note that we are unable to give you advice on whether you should use the FIA scheme and we strongly suggest that you make your own judgment about what is best for your family and take your own financial advice.

Using the calculator ([FIA Calculator](#))

In order to aid parents to calculate the FIA scheme, we have adopted the Independent School Bursars' Association calculator, used by the majority of independent schools.

On the calculator, you can choose how much you would like to advance (the yellow cell) and for how many terms. This advance can be for the full term of the invoice, including extras such as the coach service, lunch and music lessons or you can advance as little as a thousand pounds, the choice is yours.

We do ask for a minimum sign up of three terms. By using the calculator, you will be able to calculate the total compound discount offered and the amount payable by you. We advise you to play around with this calculator to work out the best scenario for your family.

How to make an application ([FIA Application form](#))

Use the online calculator to plan how much you wish to advance per term and for how many terms. Input the termly advance you wish to make into the yellow highlighted cell. Look down



'Number of Terms' column (Col. 1) for the number of terms you wish to make the advance for.

The 'Total Payable' column (Col. 3) will tell you how much you will need to advance to the school, and the 'Savings' column (Col. 4.) will be the amount the school will pay on your behalf as the discount amount on the advance. This would be split equally across each termly invoice for the duration of your contract.

Complete the FIA application form, which can be found on the website, ensuring the parent or guardian has signed the form. Please send the form to feesboys@habselstree.org.uk

The Fees office will review the form and confirm go ahead for payment. Payment should be made as per the account details on the form. Once payment is received the Fees office will issue a receipt confirming advance payment. Please note:

- Applications for the Autumn Term must be received by 15 June 2024.
- Payments must be received, however, by the first day of term. For those wanting to sign up for the Autumn term, we need payments by 9 September 2024.

Examples

Example 1

If a parent chooses to advance £7,000 per term over 15 terms (five years), the total fees credited would be £105,000. The parent would pay £96,912 and the discount, which would be settled by the school, would be for £8,088. This would be split equally over the 15 terms. Each term, the invoice will show the credit of £7,000, broken into the £6,460 which was paid by the parent and the £539 fees in advance discount that is paid by the school. The invoice total would be less than how much was advanced. Therefore, at the end of the invoice, the total balance outstanding will be for £1,193.

Example 2 (Overpayment)

If a parent wishes to advance £9,000 every term for 21 terms (seven years), the total fees credited would be £189,000. The parent would pay £168,663, giving a total saving of approximately £20,337 over the life of the scheme. Each term, the invoice will show the credit of £9,000, broken up into the £8,031.57 which was paid by the parent and the £968.43 fees in advance discount that is paid by the school. The invoice total would be less than how much was advanced. This means that there would be £807 of credit sitting on the account which will be utilised against future invoices.

Key points/conditions of the scheme

- A minimum of three consecutive terms must be signed up for. There is no maximum.
- The minimum per term is £1,000 advance. There is no maximum amount, this is up to each family.
- We require an application per child and cannot group siblings together.
- Anyone can pay towards the advance, as long as a parent or guardian co-signs the form.
- You can only withdraw from the scheme if your child leaves the school.
- The advance payment becomes part of the school's general funds as soon as the payment is made.
- Advances can only be transferred between siblings when one leaves the school.
- If the child leaves school before the scheme ends, the school will recalculate the discount against the short term and make a refund accordingly.

- You can also opt to stay within the scheme and receive refunds until the end of the scheme, taking advantage of the full discount, for payment against alternative schools.
- The parent or guardian is responsible for meeting any difference between the current fees and the amount provided under the scheme.
- Fees in advance can be supplemented by additional agreements. You cannot add or amend an existing agreement. If, for example, you have signed up to make an advance of £5,000 a term over three terms, you can supplement that by signing up for an additional £2,000. This will be shown as two separate agreements on your invoice.

Frequently Asked Questions

General Agreement T&Cs	
What is the objective of the scheme?	It secures guaranteed specified amounts towards the total cost of a child's education per term, starting at a certain date. In addition, a discount is applied termly, based on the agreed rate.
What is the minimum and maximum period we can advance the fees for?	The minimum period is three consecutive terms.
Can a partial payment be made?	Yes, the scheme requires a minimum of £1,000 a term. There is no maximum.
Who can make the advance payment?	The payee can be the parents or guardian of the child, or anyone else who wishes to make a single sum advance payment to help with the cost of educating the pupil, as long as the parent or guardian co-signs the agreement.
Is my discount rate fixed at time of agreement?	Yes, the discount rate awarded at time of agreement will be fixed for duration of contract.
How do I apply for the scheme?	Please complete the application form with the aid of the FIA calculator to calculate how much you would like to advance and how much discount you will receive. Please send the completed form to feesboys@habselstree.org.uk . The Fees team will then review the form and advise you to make payment.
When should the advance be paid?	The advance must be paid by the first day of the term you wish to utilise the advance payment.
Can I do a single advance for all my children?	No, applications must be made per child. Advances cannot be transferred between siblings unless one sibling is leaving the school. You can then transfer any credit balances to the sibling's account across either of the schools.
May an increase in fees be anticipated and an advance payment made to secure fees greater than those current at the time of payment?	Yes, you can pay more than your termly fee, to cover extras. Any unutilised funds would sit as a credit on your account until utilised against a future invoice.
If I make a lump sum fee in advance payment, can I have my money back if I need it?	As per the T&Cs of the scheme, you can only withdraw from the scheme if your child leaves the school.

Does the advance payment cover future fee increases?	No, the advance does not fix your fees for future periods. The scheme only guarantees providing specific amounts towards the costs of education. Because fees tend to increase by a varying amount each year. The parent or guardian is responsible for meeting the difference between the advance fees and the total invoice.
What if my child leaves the school earlier than planned?	If a child leaves the school before the scheme agreement has come to an end, for whatever reason, the school will re-calculate the advance and discount against the shorter term and make a refund. Alternatively, you can also opt to stay within scheme and receive termly refunds until the end of the scheme, taking advantage of the full discount, for payment to an alternative school.
Can I add to or amend my agreement at a future date?	No, once you have entered the scheme you cannot amend the terms of your agreement. Should you wish to increase the termly advance, you can enter a new additional agreement.
What is the discount rate that the school offers?	The current rate is a 3.5% compound discount, as reviewed and agreed by the Governors of the school annually.
Is invoicing immediate at the point of payment?	No, invoicing is termly. You will receive a receipt for the advance.

Refunds																									
Can fees in advance be refunded?	Fees paid in advance can only be refunded when the child leaves the school, for whatever reason.																								
How is the refund calculated?	If a child leaves the school before the scheme agreement has come to an end, the school will re-calculate the advance and discount against the shorter term and make a refund, with interest calculated accordingly.																								
Example of a FIA refund	Parent enters scheme for 31 terms, advancing £1,000 a term. Equating to £31,000 fee advance. The fee payer would pay £26,178, and the discount paid by the school would be £4,822. Total £31,000 of fees. Pupil leaves after 25 terms. Therefore, scheme is re-calculated under 25 terms. Parent should have paid £21,820, with a discount paid by the school of £3,180.																								
<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: left;">Description</th> <th style="text-align: center;">Terms</th> <th style="text-align: center;">Payment</th> <th style="text-align: center;">Value</th> </tr> </thead> <tbody> <tr> <td>Amount paid for</td> <td style="text-align: center;">31</td> <td style="text-align: right;">26,178</td> <td style="text-align: right;">31,000</td> </tr> <tr> <td>Leaves after</td> <td style="text-align: center;">25</td> <td style="text-align: right;">21,820</td> <td style="text-align: right;">25,000</td> </tr> <tr> <td>Overpayment</td> <td></td> <td style="text-align: right;">4,358</td> <td style="text-align: right;">6,000</td> </tr> <tr> <td>Discount factor</td> <td></td> <td style="text-align: right;">635.13</td> <td></td> </tr> <tr> <td>Total Refund</td> <td></td> <td style="text-align: right;"><u>4,993</u></td> <td></td> </tr> </tbody> </table> <p>*Interest calculated on shorter term = $(3,180/21,820) \times 4,358 = £635.13$ (New discount rate/new payable)*Overpayment = Discount factor</p>	Description	Terms	Payment	Value	Amount paid for	31	26,178	31,000	Leaves after	25	21,820	25,000	Overpayment		4,358	6,000	Discount factor		635.13		Total Refund		<u>4,993</u>		
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Risk	
What comfort can be provided on the current and future solvency position of the school?	The Haberdasher's Aske Charity accounts are available on the Charity Commissions website.
Are the advances ringfenced or allocated to general funds?	When advance payments are made, they become part of the school's general funds.

VAT	
What happens if the law is changed, and VAT becomes chargeable on school fees?	<p>Quote from Crowe: 4 JULY ELECTION</p> <p><i>"The news of a 4 July election will bring us closer to knowing more about labour's plans to apply VAT to independent school fees. However, it is important to note that at this stage we have no further clarity to how this will be introduced, and that the current VAT legislation still applies.</i></p> <p><i>We would anticipate that should the Labour Party win the election and introduce VAT on school fees, it would most likely happen at their first budget. This may be in late September or early October and any changes would be introduced from a future date. We would also expect that legislation will be introduced in the interim period to stop any planning measures (e.g. fees in advance) working."</i></p>

Thank you for your support, we hope you find this informative.

Yours faithfully,

Elizabeth Karfoot
Chief Financial Officer