



SOLIHULL

Fees in Advance Scheme

Background

Though Solihull School has previously taken fees in advance from parents, it has never offered a formal Fees in Advance Scheme (FIA). Recent changes in interest rates and in consideration of the current economic environment, the Governors have decided to open the Scheme from April 2024.

The FIA Scheme provides an opportunity for fee payers to benefit from a saving on the overall cost of education by making an advanced payment to the School for specific school terms prior to such school terms commencing.

The Scheme

The Scheme is open to fee payers who wish to pay for more than two academic years in advance. The maximum period that fees can be paid for in advance is seven years with a maximum advanced payment being £100,000.

Upfront the School and the fee payer will agree the advance payment sum and an amortisation schedule (FIA Schedule). Two examples are shown below.

In the example shown, a fixed amount is agreed for each term in the future. This fixed amount can be a contribution towards future fees and does not need to cover 100% of the fees but the amount paid by the parent will be allocated to specific school terms so the school terms that the parent would like the advanced fees to cover will be outlined upon agreement to the FIA scheme.

In agreeing the FIA schedule the fee payer may vary the amount amortised to allow for estimated increases in future fees. This decision is solely the responsibility of the fee payer and parents. The school will not make any fee increase predictions.

Interest of 2% will be accrued on the balance outstanding and added to the advance payment.

Upon receipt of the fees paid in advance, the school will issue an invoice which will detail the school terms against which the fees have been allocated. A credit will be applied to the parent's fee account for the amount paid in advance in accordance with the agreed FIA schedule.

In the event that actual fees are higher than the amortised amount in the FIA Schedule, the balance will become due for payment. This will also include extra and supplemental charges. Any such fees and charges should be treated as exclusive of VAT and the appropriate VAT treatment will be identified and applied at the time.

In the event there is a credit on the fee account, parents can decide to have the credit repaid or held on account to offset against future extra charges, which may also be subject to VAT.

Example FIA Schedule A

Fees in Advance Commutation Rate / Discount Calculator

Annual Commutation Rate	2.0%
Termly fee contribution	£4,500.00
Number of terms	21

Amount payable by parent **£88,496.56**

Term	Opening FIA Bal	Termly FIA commutation	Termly fees amount "paid"	Effective termly cost to parent
1	88,497	560	-4,500	4,214
2	84,557	534	-4,500	4,214
3	80,590	507	-4,500	4,214
4	76,598	481	-4,500	4,214
5	72,578	454	-4,500	4,214
6	68,532	427	-4,500	4,214
7	64,459	400	-4,500	4,214
8	60,359	372	-4,500	4,214
9	56,231	345	-4,500	4,214
10	52,076	317	-4,500	4,214
11	47,893	289	-4,500	4,214
12	43,682	261	-4,500	4,214
13	39,444	233	-4,500	4,214
14	35,177	205	-4,500	4,214
15	30,881	176	-4,500	4,214
16	26,557	147	-4,500	4,214
17	22,204	118	-4,500	4,214
18	17,822	89	-4,500	4,214
19	13,411	59	-4,500	4,214
20	8,970	30	-4,500	4,214
21	4,500	0	-4,500	4,214

Total Commutation (Discount) over period	Total Fees for period	Total payable at outset
6,003	-94,500	88,497

Effective total discount	6.35%
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Parent 'A' makes an advance payment to cover 21 terms at a rate of £4,500 per term, a total of £94,500. Parent 'A' actually pays £88,497 and receives a discount of £6,003.

Example FIA Schedule B

Fees in Advance Commutation Rate / Discount Calculator

Annual Commutation Rate	2.0%
Termly fee contribution	£2,000.00
Number of terms	9

Amount payable by parent **£17,530.47**

Term	Opening FIA Bal	Termly FIA commutation	Termly fees amount "paid"	Effective termly cost to parent
1	17,530	104	-2,000	1,948
2	15,634	91	-2,000	1,948
3	13,725	78	-2,000	1,948
4	11,803	65	-2,000	1,948
5	9,868	52	-2,000	1,948
6	7,921	39	-2,000	1,948
7	5,960	26	-2,000	1,948
8	3,987	13	-2,000	1,948
9	2,000	0	-2,000	1,948

Total Commutation (Discount) over period	Total Fees for period	Total payable at outset
470	-18,000	17,530

Effective total discount	2.61%
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Parent 'B' makes an advance payment to cover 9 terms at a rate of £2,000 per term, a total of £18,000. Parent 'B' actually pays £17,530 and receives a discount of £470.

Other considerations

In the event that your family leave the School (e.g. relocation), the School will utilise the balance to pay any outstanding fees due. Any remaining funds will be refunded.

The advance payment received is for future school fees and currently there is no VAT due on this payment. If the legislation changes and VAT becomes due on school fees, then the VAT treatment will be identified by the school and notified to the parent to collect the difference between the termly amortisation amount and the termly fee (including extras and taxes). A retrospective change to the position is possible. If a retrospective change is implemented, the consequences for the fee payer would be outlined by the School and the fee payer may be liable for any of the VAT that becomes or is due. Please note that the School cannot issue advice on tax or VAT matters: parents are encouraged to speak to their own tax advisors.

If you wish to take advantage of the FIA scheme, a separate agreement will be issued which links to the original Parent Contract, or most recent version thereof, that was signed when joining the School. The Terms and Conditions are attached for reference.

In accordance with Anti Money Laundering legislation, the School will need to undertake the necessary checks to verify the source of the funds.

Next Steps

If you are interested in joining the Scheme, please provide further details to the Bursar and an individual FIA schedule will be modelled for you. If you would like to discuss your personal circumstances in more detail, the Bursar and the Assistant Bursar (Finance) will be very happy to meet with you to discuss options further.

This will remain totally confidential.



SOLIHULL

Fees in Advance Scheme

Terms & Conditions

Objective

The objective of the Fees in Advance Scheme (the **Scheme**) is to provide a method where the cost of your child's education at Solihull School (the **School**) can be reduced by making an advance payment for specific school terms prior to such school terms commencing (**the FIA payment**). From a contractual point of view, these supplemental terms and conditions must be signed by the parents who are already signatories to the main parent contract, and the individual paying the advance payment, if different (e.g. grandparents or any other relative).

The School will maintain its direct contractual relationship with the parents under the main parent contract (the terms of which will remain fully in force and effective as between the School and the parents as holders of parental responsibility) and these terms and conditions will form part of that relationship.

Basis of the Scheme

In return for the FIA payment to the School at or after the acceptance by the parent of an offer of a place for the child at the School, the School will apply a credit against the amount due under each term's fee invoice for an agreed number of terms. Fees paid in advance will be computed at an agreed rate (discount). On receipt of the FIA payment, the School will issue a valid tax invoice, which will detail the value received and the school terms against which the funds have been allocated.

Terms & conditions

These terms and conditions (**the FIA Terms and Conditions**) are supplemental to the School's standard terms and conditions that the parents agreed when accepting a place for the child concerned (**the Parent Contract**). As between the parents and the School (excluding the payer, if different), the FIA Terms and Conditions form part of the Parent Contract and, therefore, the contractual relationship between the parents and the School. The terms and conditions of the Parent Contract shall continue to bind the parents in full.

- 1) Where the payer is not a parent of the child, they will be required to agree to these FIA Terms and Conditions by signing below. References in these FIA Terms and Conditions

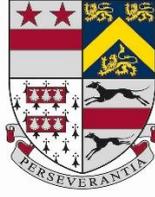
to “parents” shall be interpreted as including the payer, as applicable and as the context requires.

- 2) All payments made in accordance with the Scheme form part of the general funds of the School and may be used for such purposes as the School may from time-to-time determine. Subject to Clause 12 below, advance payments paid to the School into the Scheme are non-refundable and the parents cannot leave the Scheme except in the circumstances set out in Clause 12.
- 3) The parents should be aware that if the School becomes unable to pay its debts, by reason of insolvency or otherwise, the parents will be unsecured creditors of the School and that the amount of any advance payment paid to the School under the Scheme might not be returned to the parents.
- 4) The parents agree to provide the School with such information as the School may request and agree that the School may carry out checks that the School considers necessary or appropriate, including through third parties, so that the School is able, to its satisfaction, to verify the identity of the parents and the source of funds being paid into the Scheme.
- 5) Those responsible for the fees and supplemental charges under the Parent Contract must meet the difference between the amount per term applied under this Scheme and the total amount due in respect of the child each term. Differences will arise where, for example, there have been increases in fees, supplemental charges and other extras, or where taxes are due on any fees or supplemental charges, for example if there is a change which results in VAT being payable on school fees and such change applies to any of the terms covered under the Scheme. Payment of an amount equal to any such difference shall be made in accordance with the terms of the Parent Contract.
- 6) The Scheme may be used to pay in advance the whole or a portion of fees for a set number of terms during the child’s potential time at the School, from a minimum of 6 terms up to a maximum of 21 terms. The minimum amount accepted by way of payment into the Scheme is an amount calculated to generate termly payments of £1,000 per term. Unless agreed with the Bursar in advance, the maximum advance payment accepted will be the lower of £100,000 or an amount equal to that calculated to cover the termly tuition fee for the total duration of the child’s education at the School at the time of entering the Scheme.
- 7) In return for an advance payment, the School will make a specified allocation to the fee account of the relevant child of an agreed amount for an agreed number of terms. In order to calculate the amount of the total advance payment, the School and the parents will agree in advance the amount that will be allocated against each term’s fees and the set number of terms intended to be covered by the arrangement (the **Fee Contribution**). The School will apply the discount rate set out in the **FIA Schedule** to the amount of the Fee Contribution. This calculation will generate the amount of the advance payment payable by the parents and the School will issue an invoice, which will detail the value received and the terms against which the funds have been allocated.
- 8) The commutation rate used in the FIA Schedule is 2% per annum. The commutation rate will be reviewed by the School in line with movements in Bank of England base rates. The commutation rate is subject to change at the School’s sole discretion and parents should be aware that if there is a delay of more than one month between confirming the commutation rate currently in force and paying the advance payment to the School that the commutation rate may change. If the commutation rate changes this will affect the amount that will be credited to each term’s fees for the relevant child (the

discount). Once parents have joined the Scheme and full payment of the relevant advance payment amount is received by the School in freely available, cleared funds, the commutation rate at the time of such payment will apply for the duration of the arrangement secured by that payment.

- 9) Following receipt by it of a advance payment in freely available, cleared funds, the School will confirm in writing to the parent the amount of the advance payment received, the number of terms intended to be covered by the arrangement, the applicable commutation rate, and the amount to be allocated against each term's fees. In order to participate in the Scheme, the School must in all cases receive payment of the advance payment and a signed copy of these FIA Terms and Conditions before the beginning of the first term to be covered. For the purposes of the Scheme, terms will be deemed to commence as follows:
- Spring Term: 2 January
 - Summer Term: 15 April
 - Autumn Term: 1 September
- 10) An advance payment will only be accepted in respect of those children for whom a registration fee and deposit have been received by the School and an offer of a place accepted.
- 11) The payment of an advance payment in accordance with the Scheme does not in itself guarantee a child a place in the School, nor does it in any way alter the terms of, or requirements for, entry to the School or entitle the child to preferential treatment.
- 12) Subject to the terms of the Parent Contract (including in particular those terms relating to the withdrawal of a child on notice) and these FIA Terms and Conditions, if a child leaves the School for any reason prior to the commencement of the last term covered by the Scheme or does not take up their place at the School, an amount equal to the yet-to-be applied proportion of the advance payment made under the Scheme will be refunded (less any amounts owed to the School at the time of the refund, including any fees payable to the School in lieu of notice) to the parents. If necessary, the FIA Schedule used to calculate the applicable commutation rate when the parents joined the Scheme shall be used to calculate the amount of any such unapplied proportion.
- 13) The School retains sole discretion as to how and to what extent any subsequent adjustment in the headline level of school fees is to be taken into account in determining the amount of each school term's fees that is covered by the advance payment.
- 14) The School will not pay any refund or sum of money owed to the parents under the Scheme to a third party. The parents agree to reimburse the School for the amount of any taxes (if any) the School is required to pay as a result of refunding any unapplied portion of the advance payment.
- 15) Queries or requests for information regarding the Scheme should be addressed to the Bursar.
- 16) In the event of any change to the School's charitable status, or to any legal or taxation arrangements which have or could reasonably be expected to have an impact on the School's running of the Scheme, or for any other substantive reason, the School reserves the right to make changes to these FIA Terms and Conditions or the general arrangements of the Scheme with a minimum notice period of three (3) months to the parents.

- 17) The advance payment will be treated as exclusive of VAT. Should there be any change in the VAT legislation such that the fees paid in advance become subject to VAT, the School will request additional payment for the VAT amount due via an appropriate invoice.
- 18) These FIA Terms and Conditions are governed by English Law and either the parents or the School must bring legal proceedings in respect of these FIA Terms and Conditions in the English Courts.



SOLIHULL

Fees in Advance Scheme – Application Form and Agreement

Name of Child

Who is *currently in Year

*entered for admission in

Separate Forms are required for each child.

We agree to the conditions set out in the FIA Terms & Conditions of [date]

We enclose a cheque for £..... made payable to Solihull School / hereby confirm that we have instructed our/my bank to make a direct transfer to Solihull School on the basis of the attached FIA Schedule:

£ per term from [term and date] for (No. of terms)

<p>Signature of Parent (required whoever makes the payment)</p> <p>Signed by:</p> <p>..... (signature)</p> <p>..... (print name)</p> <p>..... (date)</p> <p>..... (relationship to child)</p> <p><input type="checkbox"/> Tick here to confirm this signatory has parental responsibility for the child.</p>	<p>Signature of Parent (required whoever makes the payment)</p> <p>Signed by:</p> <p>..... (signature)</p> <p>..... (print name)</p> <p>..... (date)</p> <p>..... (relationship to child)</p> <p><input type="checkbox"/> Tick here to confirm this signatory has parental responsibility for the child.</p>
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Signature of person making payment (Payer)
(required if different from Parents)

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Relationship to the Child

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Date.....

Permanent Address:

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