

Stately saving for The Royal Hospital School

CLIENT:	Royal Hospital School
SECTOR:	Education
COST CATEGORIES:	Business Rates, Cleaning and Janitorial Supplies, Stationery, Heating Oils

The Royal Hospital School engaged Expense Reduction Analysts (ERA) to assist them in reducing their costs and streamlining their procurement.

THE CLIENT

The Royal Hospital School is one of the UK's leading independent co-educational boarding and day schools. The school has approximately 700 pupils aged 11-18, 540 of whom are boarders with the rest being day pupils.

The school occupies an outstanding site on the banks of the River Stour in the Suffolk countryside, a few miles south of Ipswich. The Royal Hospital School has a long and proud history and still maintains strong links with the Royal Navy.

THE CHALLENGE

The school engaged ERA's to assist them in reducing their costs and streamlining their procurement. Lead consultant, St John Rowntree, called on the expertise of ERA's Property team to review The Royal Hospital School's business rates. Paul Giness, an expert in property costs, used a method of valuation known as the 'Contractors Test' to uncover a significant saving.

The 'Contractors Test' is employed to determine the rateable value of premises where there is an absence of direct rental value evidence. This is common with properties which are rarely let, such as schools. This method is based on the construction of a modern, alternative building, thereby determining the property's rental value by taking into consideration how much it would cost to build a substitute building.

The valuation of schools for business rates is a specialism restricted to a small number of rating surveying practices.

SUMMARY OF SAVINGS

Business Rates	10.7%
Cleaning & Janitorial Supplies	21.2%
Stationery	23.4%
Heating Oils	5.7%



The Royal Hospital School has invested over £3.5 million in the outstanding facilities it provides, so we were pleased to uncover areas where money could be saved. With an institution held in such high regard, we were very conscious to keep in line with their key values; it was satisfying to achieve substantial savings without impacting quality, in fact in some categories there was a marked improvement.

ST JOHN ROWNTREE
LEAD CONSULTANT, EXPENSE REDUCTION ANALYSTS

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Due to the impressive track record of Paul Giness and his colleagues in this area, they are included as part of the team amongst Valuation Office representatives and other agents acting for Independent schools, who are invited to discuss and agree the national approach to the valuations of this class of property.

VALUATION OFFICE AND AN APPEAL LODGED AGAINST THE ASSESSMENT

The appeal was successful with the Rateable Value being reduced from £448,000 to £400,000 - a 10.7% reduction, which resulted in total savings in the period amounting to £17,328.

The schools current Rating List entry has also been appealed, and negotiations between ERA and the Valuation Office are due to take place once the team's national discussions have been concluded. Furthermore, as the school develops and advances with the opening of new facilities, the rating team will review scope for further appeals.

St John Rowntree conducted a review of The Royal Hospital School's spends on cleaning and janitorial supplies. Before engaging ERA, the school were purchasing cleaning products from a large number of different suppliers, St John identified one supplier that could provide all the materials the school required at the same level of quality, but for 21.2% lower.

Similarly, when analysing expenditure on stationery, St John found that the school had multiple suppliers in place with each department managing their procurement separately. By simplifying the supply chain to a single supplier, he was able to decrease stationery spends by 23.4% and reduce purchasing administration costs.

Dealing with one stationery supplier also made the procurement process much simpler and more efficient, which was an additional benefit of the partnership with ERA.

St John enlisted the expertise of fellow consultant, Ken Rogers, expert in fuel costs, to uncover savings in heating oils across the school's sizeable site. This included the heating of the boarding accommodation, class rooms, swimming pool, laundry facilities and other areas. Ken appointed an alternative supplier and achieved a saving of 5.7% in this category with no reduction in service levels.

The school were delighted with the savings achieved by the consultants especially having recently completed a five year programme of building development which included the creation of a new music school and a complete refurbishment of the boarding accommodation.



I look forward to hearing the outcome of the business rates appeal and seeing if there are any additional categories we can assist the school with in the future.

ST JOHN ROWNTREE
LEAD CONSULTANT, EXPENSE REDUCTION ANALYSTS