



WYCOMBE
ABBAY

HONG KONG FOUNDATION

Speech to Hong Kong Foundation Lunch

15 May 2018

It is very nice to see you all here and to have this opportunity to tell you something about Wycombe Abbey's exciting plans to develop its international schools.

Let me acknowledge at the outset that some of you may be thinking to yourselves why on earth would we want to do that; Wycombe Abbey is a fine school in its own right with a virtually unparalleled reputation for excellence which extends far beyond the boundaries of the United Kingdom and certainly into this part of China. That is a very fair point of view and one which Council debated extensively but at the end of the day we concluded that simply standing still and effectively standing on our reputation, which admittedly is absolutely first class, would be short sighted.

What led us to that conclusion?

First the English schools market is itself challenging for all but the very best of schools. The cost of a private boarding education in the UK is now so prohibitively high that whole sections of our traditional parent base can no longer afford it. Schools like Wycombe Abbey are therefore in danger of becoming the preserve of the rich global elite. To counter this we could of course build up our bursary funding but we would need very substantial sums to be able to support the squeezed middle classes (so to speak) as well as the genuine needy if the School was not to become instead a difficult mix divided between the rich and the poor without the traditional middle section.

Part of Wycombe Abbey's attraction is its academic prowess and the excellent teaching it provides; part is its broad co-curricular activities; part is the fact that it is a boarding school and part is that it is a traditional English girls' school. However like most private schools the number of international students has increased as the English middle class has been squeezed and that has inevitable consequence of changing the character of the school over time – of course change is inevitable and not necessarily bad at all.

Secondly, though quite apart from the market challenges presented by cost we are acutely aware of the need to be open to internationalisation in the broader sense in terms of providing a global education and giving Wycombe Abbey students rich experiences across different cultures, languages and religions and it was clear to us that overseas campuses would provide a rich opportunity for educational visits, gap years, and other teacher and people exchanges. In addition and almost as equally as important as providing a greater global perspective for our students, having an international presence and outlook is a powerful tool in the recruitment and retention of the best teachers which is key to our continued success in the UK market.

Thirdly we were very conscious that boarding education in the UK is clearly in decline; all of the evidence points in one direction and single sex boarding even more so. In part that is simply because of changing cultural attitudes and that does not look as if it is going to be reversed, even if cost is part of the explanation of the decline.

Now it is true that faced with some of these challenges we could have said that Wycombe Abbey is so outstanding that there will always be a certain number of families who will want to board their daughters and whatever the competitive threat, we can be confident of being one of the last men or women standing so to speak. That however seemed a complacent view when one looked at what was happening in the market both nationally and internationally.

First it was apparent to us that in order to deal with the challenge of the increased cost of boarding and the need to provide greater bursary funding other sources of income were necessary which did not depend solely on the relatively small parent body and our alumni.

Second, there appears to be an insatiable demand in many parts of the world for a top quality English speaking education, none more so perhaps than in China. And many schools were responding to this

by building international partnerships which gave them greater brand recognition and an income stream sufficient to potentially threaten the existence of those without the same access to funds – by building and therefore offering students better facilities and more particularly perhaps by attracting the brightest and best students by offering financial assistance.

Thirdly, as we looked at what some of the private schools were doing internationally we realized that in the future brand was going to be increasingly important – at least internationally – and provide huge opportunities for alumnae support, networking and funding. Thus to take Dulwich, Harrow and Wellington as three names at random who have expanded internationally, those schools are able to anticipate literally thousands of alumni around the world with loyalty to their respective brands. Obviously brand quality is important and that is something we are very focused on but we were concerned that in the future we could find ourselves as an under-resourced, niche brand when we really had the potential to be something far greater for the benefit of our current population of students and all of our alumnae. Brand expansion overseas acts as a marketing tool for the mother school by raising its profile internationally. Everybody wants the Wycombe Abbey name to continue to be associated with world class education, and to the extent this can be developed for future generations, all Wycombe alumnae will be able to bathe in the reflected glory of the name.

And so what was the opportunity which presented itself?

The K-12 English-medium international schools market continues to expand as an increasing number of families seek out high quality Western-style education for their children.

In 2000 there were fewer than 1 million students attending 2,500 international schools available globally; mostly for expatriate families. By December 2016, there were 4.5 million students attending over 8,600 international schools around the world, with the vast majority of student enrolment being local children aiming for higher education in the West.

ISC forecasts that by 2021 the number of students attending international schools will have reached 6.3 million. This growth is driven by an increasingly affluent middle class choosing to send its children to international curriculum schools, as well as by an increase in local 'expats' — both 'returnees' (in Asia) and long-staying expats who are on hybrid packages and seeking more choice for their children's long-term education in their adopted country of residence.

Fees range from those that are affordable for middle-income families to those exclusive to all but the wealthiest. According to the ISC Global Report, the average annual tuition fees at international schools in East Asia currently stand at USD \$17,272 compared to USD \$7,085 in the Middle East.

The biggest challenge for the market actually is professional capital; maintaining the high calibre of skilled, qualified teachers and leaders who are experienced in delivering Western-style curricula and qualifications which is of course why we need to ensure we have the right offering in High Wycombe. The market today is, on the whole, managing to attract enough suitable staff, mainly from countries such as Britain and the US to meet the demand, but with the number of teachers working in international schools expected to increase from 426,200 in 2016 to 581,000 in 2021, the need to attract more teachers of the calibre demanded by both schools and parents, is becoming an increasing concern. There is also a risk that as demand for good teaching staff increases, staff stability will become even more of an issue than it is today. WAIS Changzhou has been highly successfully in achieving remarkably low staff-turnover, but as school numbers grow this may become an issue that all international schools face. Questions about pensions, career development and continuity of employment within a particular school group, whether international or domestic, will need to be addressed in attracting and retaining the best staff.

Analysts suggest that consolidation is likely to take place in the international schools market over the next 5-10 years which will result in a few major schools groups holding a portfolio of school 'brands'. The future undoubtedly lies with the 'big names'.

A further unknown of course is the impact of on-line education (EdTech) on the international schools market. Technologies that facilitate personalised learning, and allow non-native speakers to study at their own pace, using AI assisted software, is likely to become increasingly important and available to pupils and parents. It is interesting to note that some independent schools are starting to partner with companies developing these technologies, and deploying them commercially. There is so much to keep abreast of in education today!

And I doubt that our reflections on this were much different to those of the governing bodies of a number of other schools who have either gone the international route or are currently considering it; one only has to look at the numbers to appreciate that.

East and SE Asia

Over the past four years, East Asia has seen the number of international schools grow from 828 to 1,125 (+32%), whilst in SE Asia the number of international schools has grown from 725 to 1,008 (+39%). However, only a relatively small proportion of these schools are ISC schools like us. Most are owned and run by local families and/or corporations.

Outside China, Singapore and Malaysia have been countries of focus over the past few years. North London Collegiate School plans to open its third overseas campus in Singapore in 2018/19 (after Jeju and Dubai), and there are rumours that its (Indian) operating partner is looking at India for a future school. NLCS is also keen to secure a foothold in China.

Having successfully established two schools in the UAE, Brighton College opened its first school in Asia in Bangkok in Sept 17. Brighton is also investigating the China market, although their next opening will be in Dubai in Sept 18.

Many smaller independent schools, and some maintained schools, are looking at opportunities in Asia. For instance Stonyhurst recently signed a deal to open its first overseas school in Penang in Sept 18.

Vietnam is also attracting a lot of attention as it plans to deregulate its education market, but at present the hot money is in China, where demand for bilingual school places continues to outstrip supply.

China

The China-Britain Business Council is aware of over 120 UK schools that are interested in opening in China. The market is moving so quickly that most research reports are already out of date, but reliable estimates suggest the market is sufficient to support 500+ international bi-lingual schools though perhaps not all at the premium level targeted by Wycombe, Westminster and Dulwich. The majority of these will adopt one of two strategies:

- Target 4th/5th tier cities where there is no competition, although fee levels will be much lower e.g. Uppingham going into Kunming and Chongqing (http://www.chinadaily.com.cn/china/2017-11/09/content_34315425.htm)
- Partner with an existing Chinese school to offer the final three non-compulsory years of secondary education (where for profit education is permitted) e.g. King's Wimbledon opening in Hangzhou and Wuxi. However, this is a very different 'product' to WAIS.

The other big unknown of course is the regulatory environment. With Xi Jinping's extended tenure, and current refocusing on Chinese 'values' and ethos, it may be that some UK schools will move on to less daunting underserved markets, such as Vietnam, India (St Alban's Boys), the Middle East and South America.

Westminster which is an absolutely blue chip name has announced plans to open six schools, starting in Chengdu in Sept 2019, and Fettes College, with its local operating partner Bright Scholar (listed on NASDAQ) plans to open 51 schools in China.

King's College Wimbledon is opening in Hangzhou and Wuxi in September 2018, in partnership with a mainland Chinese school (a very different product to WAIS). Wellington will also open in Hangzhou in Sept 2018, though on a smaller site than WAIS HZ. Another cluster of schools is also looking at South East China. Lady Eleanor Holles plans to open in Foshan and has recruited the Head of Shrewsbury International in Bangkok to lead the school. G30 Schools (Whittle Group) plans to open a US curriculum school in Shenzhen, and has recruited Patrick Hoey, President of BE as its COO and of course as we have recently announced Rhiannon Wilkinson is to be its first Head.

And so what was our response?

We had been approached by a number of people about international opportunities and in the end we decided to conclude a Collaboration Agreement with a local partner – BE Education, which has very real hands on experience of the education market in China, has excellent connections there and at the same time very considerable experience of establishing international schools in China and Asia. For instance, Patrick Hoey, the President of the Schools Division, whom I have already referred to as having recently left, was responsible for the development of Dulwich schools internationally; Simon Mackinnon, the Chairman, was Vice Chair of Wellington as it expanded into China; and William Vanbergen, the CEO and his wife, have established a market leading education practice advisory consultancy in China.

The Collaboration Agreement was signed in September 2015 and to date the relationship and experience with BE has been very positive. The agreement which runs for 20 years in the first instance provides for the rebranding of the school BE had just opened in Changzhou and then the completion of up to 5 schools in Greater China over a 5 year period. Each party has rights and obligations under the Agreement, such that it is in the nature of a franchise, although that tends to be a description which is regarded as derogatory at times. It is far from that in this case though.

Basically in relation for an annual fee, which is calculated by reference to the number of students in the School, Wycombe Abbey advises and assists in the educational strategy of the School, carries out an annual inspection, advises on policies and their implementation, (which have to be consistent with key Wycombe Abbey policies) and advises on curriculum. It has a veto right in relation to the selection and appointment of Heads as well as in relation to the opening and closing of schools.

On the other hand BE has corresponding obligations to run the schools, maintain them, and generally operate them in accordance with the agreed policies. And all of this is subject to oversight by an Advisory Board on which Wycombe Abbey has two of the five seats.

And so where are we now?

At the beginning of 2018:

- WAIS Changzhou is thriving numerically
 - 835 enrolled students, of which 488 are boarders and the capacity and the intention is to grow to 1500
 - Students 48% girls, 52% boys
 - Boarders 52% girls, 48% boys
- WAIS CZ's expat teacher turnover at the end of 2016/17 was less than 10%. Average international school expat turnover in China is 25% - 30%.
- Relationship between WA and WAIS CZ very positive but still in the early stages of development. A successful teaching visit in 2017 reported that the School has a strong teaching and pastoral team, and students appear to be very happy. As a result of that visit, some teams at WA have already started sharing professional development materials and teaching resources with their peers at WAIS CZ.
- The Easter 2018 inspection visit was more rigorous and wider ranging activities. WA teachers taught classes, as well as observed lessons and delivered training to WAIS staff. WAIS teachers also held a training session for visiting WA staff.
- Teacher exchange has proved very successful in sharing Wycombe Abbey DNA with our sister school in Changzhou e.g. Dr Rebecca Dawber has now visited WAIS CZ three times teaching and mentoring the physics department.
- Three other WAIS schools have been approved by Council - Chengdu, Zhuhai, Hangzhou - and the land acquisition process has begun in all three cities. In Hong Kong BE is close to signing the lease for a prep school site, expected to open in Sept 2019. A headmaster for the school has been selected and will be appointed once the leases are confirmed. The intention is to partner with a major investor here to purchase and develop a secondary school as well.

- I have passed out a few slides which includes some pictures of the school in Changzhou and the plans for some other locations. I want to assure you that these will be truly outstanding campuses as in Changzhou and will set a benchmark for the premium international school market.

PPS

08.05.2018