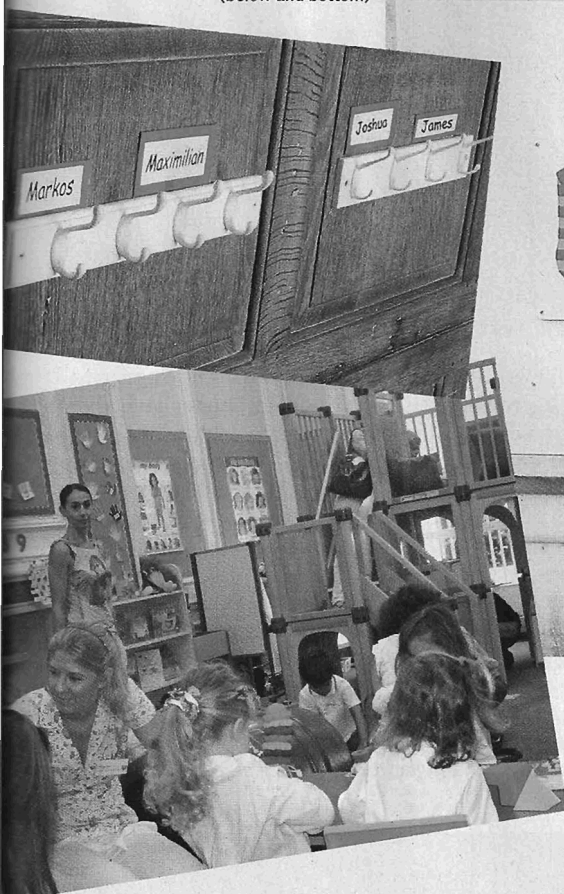


Right: hedge fund manager Hugh Warrender, co-founder of Knightsbridge School (below and bottom)



THE NEW BOY

With three times the number of applicants to places, London prep schools suddenly look like good business. **Lydia Slater** meets City slicker Hugh Warrender, who wants his Knightsbridge School to be a class act

It is the start of a normal day at London's newest prep, Knightsbridge School. As the pupils walk through the Pont Street entrance to shake the hand of their headmaster Magoo Giles, ex-personal equerry to the Queen, there is a repeated flash. A staff member is on hand with a camera; the shots are displayed for fun throughout the day on a constantly changing plasma screen in the hall.

It's a grim concept for any school-run parent accustomed to arriving with bird's-nest hair and pyjamas under a coat; but probably useful life training for their offspring. When they grow up, they may well find themselves dodging the paparazzi.

For Knightsbridge School is no ordinary educational establishment. It has been dreamt up by a trio of City financiers – Old Etonians Hugh Warrender and William Russell and Westminster-educated Dimitri Goulandris (of the Greek shipping family) – all, not coincidentally, fathers themselves. And it underlines a seismic shift in private education.

Until recently, the setting-up of new schools was considered the preserve of academics and educationalists. But in the past few years, the City has been encroaching on their territory, attracted by the

prospect of secure profits in a seller's market. The statistics are striking: one in eight children in the capital is sent to private school (twice the national average), and there are three times the number of children applying as places available in London.

What is more, as education entrepreneurs have spotted, parents will sacrifice a good deal to afford the school fees – which means that the income, once secured, is pretty reliable.

'From a financial perspective, it's a long-term relationship, and if you provide a good service, it's a secure one,' says Ryan Robson, partner in the private equity firm Sovereign Capital, which backs schools group Alpha Plus, the company behind private schools such as the prestigious London preps Wetherby and Pembridge Hall. 'I think there will be a lot more interest in the sector, but investors have to be patient about the returns.'

Sunny Varkey, the Dubai-based multi-millionaire owner of GEMS (Global Education Management Systems), the family-owned private schools company that owns 13 schools in the UK, including London's Hampshire School prep, goes further. Even though his schools are reputedly aimed at the 'budget' end of the market (although the Hampshire

School fees, at £3,290 a term, are hardly cheap), he once told me 'most parents would rather sell their house than take their child out of a school where they are happy.' Which is true, but a depressing thought for the hard-pressed middle-classes.

The major banker-backed, for-profit players in the market are currently Alpha Plus, with 20 schools in its portfolio, and Cognita, which has 25 including London's respected North Bridge House schools. Cognita is headed up by Chris Woodhead, the controversial ex-Chief Inspector of Schools, and is backed by private equity fund Englefield Capital.

Then there is Notting Hill Prep, backed by E Scott Mead, an American banker who recently retired from Goldman Sachs in order to pursue his interests in healthcare, education and politics. It was Notting Hill Prep that Hugh Warrender admits was the spur to his own scholastic ambitions. 'I saw what they were doing there,' he says, 'and I thought, if they can, why can't we?'

Knightsbridge School, conceived by the university-educated trio (Warrender went to Brown University in America, Russell to Durham, and Goulandris to Cambridge then Harvard) from the perspective of customers, is perhaps the first prep

school designed specifically for Euro-brats and the scions of City whizz-kids, combining cutting-edge modernity (plasma screens, modern languages on demand, interactive whiteboards galore and a high level of parental input) with the expected tweedy public-school values.

The latter are provided by Magoo (as he is known to staff and children alike), large and square in his pinstripe suit, yet another OE, and until lately, PE teacher and popular headmaster at the nearby Garden House boys prep. Magoo used to be an officer in the Guards and his bearskin has pride of place on a nest of tables in the corner of his office, while a large photograph of the Queen and Duke of Edinburgh stands on his desk. One can just imagine how impressed the Euro-mummies are going to be.

Meanwhile, the foppishly handsome Warrender embodies the new unity between the British establishment and the international plutocracy. With his tailored suit and signet ring, he looks every inch the Englishman, yet he has lived in Hong Kong, Jakarta and New York, and is married to the glamorous society hostess Beatrice Vincenzini, an Italian heiress and publisher whose family is the significant shareholder in the Italian-based publishing and media conglomerate De Agostini. When they tied the knot in Lucca in Tuscany six years ago, 900 guests came to celebrate. The bride wore three designer dresses and the event was covered in six admiring pages in *Tatler*.

Warrender is chief executive of the European arm of American hedge fund Williams Trading. Not

content with a high-pressured day job, he has now taken on a second, equally important role as chairman of a school he co-founded himself.

The idea occurred to him when he found himself leaping through undignified hoops to ensure a good private education for his daughter India. 'India was down for Garden House, Hill House, Frances Holland...' he says wearily, running a bronzed hand through his dark curls. 'Since she was born, I've been absolutely astonished by the situation in Central London - the way you have to play the game, the competition for places because there simply aren't enough.'

Warrender seems convinced that his school can offer something the others don't. For instance, little India Warrender, who is four, speaks Italian at home and her father is keen for her linguistic education to have a more formal basis. 'Children who are educated bilingually are quite often not literate in the second language,' he explains. So at Knightsbridge School, children will learn French and at least one other language (currently Greek, Spanish or Italian) from the age of three - which should appeal to the international money living near the school. On the day I visit, two yummy mummies are standing outside, waiting for their offspring, both yakking in Spanish into their BlackBerrys.

What of other languages? 'Mandarin will happen next year,' promises Warrender. 'We are already



talking to a possible tutor.' And Russian and Arabic have also been mooted, although whether this will lure the nearby Abramovich offspring from their current educational establishments remains to be seen. (The security, should they wish to attend, is already in place, with discreet cameras placed at every entry point and a couple of heavies on the premises.)

'I am very wary of words like academic hothouse,' Warrender says, 'but I would like to believe we will feed into the top public schools and set our sights as high as possible.' Admittedly, few private school backers would say any different, but can three city boys and a PE teacher really succeed in setting up a viable academic institution? Warrender believes



Top of the class:
Knightsbridge School's new
classrooms and canteen

getting the best teachers is key. 'Our concrete plan is to continue building the team of academic staff, choosing from the cream of the We've made a lot of new hires,' he says getting them teachers from Roedean and Lud. 'We have fantastic sports facilities and we're going to put on exemplary programmes in drama, and dance, and bring our connections to William Russell is, for instance, on the board of the Royal Court Theatre, so the hope is that plays may be put on there.

ask to Magoo Giles, however, and the talk is of He places as much emphasis on sport as academic achievements, with pupils encouraged to play squash, table-tennis and darts as well as the

more conventional football and hockey over a full eight periods a week. 'I think sport is as important as anything else - healthy mind, healthy body,' he enthuses.

Warrender put the idea together with Russell, formerly of Merrill Lynch, and hedge fund investor Goulandris, in an astonishingly brief three months. Hellenic College, educational establishment of choice for the exiled Greek royals, was closing its doors, and consequently a school building in London's richest catchment area was suddenly available. 'We had just ten days to prepare the bid,' says Warrender. The instant it was won, 26 builders descended to give the interior a much-needed revamp.

'Food and loos,' Magoo confides later. 'As I learned in the Army, they are the most important things to get right when it comes to morale. Everything else follows.'

The Knightsbridge opened just days ago, but there are already 120 pupils. The school, a grand red-brick building with carved oak staircases and a giant assembly hall, could easily cope with double that number - and will probably have to, if the investors are to realise a decent profit. The initial outlay and running costs must be immense - which is another reason why the hedge fund players are the few who can afford to get involved. 'A large building in a residential area of London costs a lot of money,'

says Ryan Robson. 'It takes time for that money to come back, which is why some investors are put off.'

'It makes financial sense if it's properly managed,' says Warrender. 'Financiers look at school cash flows as being very secure. The numbers are confidential but I believe we can make a very reasonable return. People will pay well to get their children educated well.' But right now, you can bet they are running at a loss.

Interestingly, though, Warrender exudes an evangelical fervour about his latest project that seems to go well beyond what's on the bottom line. In the next six months, the school hopes to have set up a trust to help out with school fees. 'I

don't want it to come across as a place for rich kids backed by Old Etonians,' he says. 'We aspire especially to help out children already at the school whose parents may have fallen on hard times.' And there is already a cheerful feel to the place that cannot merely be attributed to the children's knowledge

**'I learned in the
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of their future privilege.

'I'm a great believer in the eco-system of happiness,' says Magoo earnestly, as he slightly disconcertingly changes out of his pinstripes and into his gym kit behind me, before bounding off to supervise the school's first games session. 'I think the school's real USP will be its community spirit.' European community spirit, one has no doubt.