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Stephen Morgan MP
Minister for Early Education

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Richard Fuller MP

By email: richard.fuller.mp@parliament.uk

Your ref: RF30336

14 October 2024

Dear Richard,

Thank you for your correspondence of 30 August, addressed to the Minister of State for School Standards, regarding plans to end the VAT exemption that applies to private school fees. I am replying as the minister responsible for this policy area. I apologise for the delay in responding to you.

Education matters, and it is at the heart of our mission to break down barriers to opportunity so that every child gets the best start in life. Ending the VAT exemption and business rates relief that private schools benefit from is a tough but necessary decision which will secure additional funding to help deliver the government's commitments relating to education and young people.

While this government believes in parental choice, we are determined to fulfil the aspiration of every parent to get the best education for their child. To eliminate barriers to opportunity, we need to concentrate on the broader picture towards the state sector, where most children are educated.

As the Chancellor of the Exchequer has set out, HM Treasury will deliver the tax changes. Further details were published by the government on 29 July, including a technical note and draft VAT legislation, available on GOV.UK at: tinyurl.com/5X3BSRSJ.

Following publication of the technical note, HM Treasury ran a technical consultation for seven weeks which closed on 15 September 2024. HMT are now considering the responses to that consultation. Policy changes will be confirmed at the Budget on 30 October 2024. Should you or your constituents wish to, you can contact HMT at: independentschools@hmtreasury.gov.uk.

As the technical note sets out, the government is committed to ending the VAT exemption for private schools. As of 1 January 2025, the government will introduce 20% VAT on education and boarding services provided for a charge by private schools in the UK. The 20% VAT will apply to pre-payments of fees for terms starting on or after 1 January 2025, made on or after 29 July 2024. This change will apply UK-wide.

I appreciate your concern about how this policy affects families in your constituency who may be on lower incomes.

I would like to reassure you that the impact of this policy is being carefully considered. As part of this process we are sharing sector insights, including input from school leadership, students, parents and caregivers. How to fund new tax liabilities will be a commercial decision for individual schools. This does not mean that parents will face 20% higher fees, and the government expects private schools to take steps to minimise any fee increases.

Additionally, state education is accessible to all children, regardless of their financial status. There are existing measures in place to support educational outcomes for all children. Local authorities and schools have processes in place to support pupils moving between schools, and children move between private sector and the state sector every year. The department works to support local authorities to ensure that every local area has sufficient places for children that need them. We will continue to monitor local demand.

With regard to the availability of secondary school places in Bedford, the statutory duty to provide sufficient school places sits with local authorities. We already provide capital funding through the Basic Need grant to support local authorities to provide school places, based on their own pupil forecasts and school capacity data. They can use this funding to provide places in new schools or through expansions of existing schools. They can also work with any school in their local area, including academies and free schools. Bedford Borough Council will receive just below £15.1 million in 2024 to 2025 to support the provision of new school places needed by September 2025.

Further, the number of pupils who may switch schools as a result of these changes represent a very small proportion of overall pupil numbers in the state sector, and of course many children switch school – from one state school to another, from one private school to another, and from one sector to the other, each year. The government expects any displacement to take place over several years, reducing immediate pressures.

I appreciate your kind invitation to meet. My office is aware of your request and will be in touch if I am able to do so in the near future.

Thank you for taking the time to write.

Yours sincerely,

A handwritten signature in blue ink that reads "Stephen Morgan". The signature is written in a cursive style with a long horizontal line underneath.

Stephen Morgan MP
Minister for Early Education