



HOUSE OF COMMONS

LONDON SW1A 0AA

The Rt Hon Sir Keir Starmer KCB KC MP
Prime Minister
10 Downing Street
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By Email

26th September 2024
Our ref: MD38046

Dear Prime Minister

I am writing to you on behalf of my constituents and the students who will be affected by the disappointing intention to apply VAT to independent schools. I have engaged with numerous parents as well as our local independent schools on this issue and am acutely aware of the strain our local state schools are already under with increasing SEND needs across the board. This will adversely affect military families, music schools and faith schools to name a very few. It's an erosion of the fabric of our education system and it's a risk that should not be taken with youngsters' lives and their education.

This Government is breaking two first principles long held in this country – by taxing education and actively restricting freedom of parental choice. Meaning this educational option will be out of reach for many and truly will become a choice for the few.

Much like this Government's winter fuel payments policy, the proposed intention of applying VAT to independent education is ideologically motivated, ill-thought out, based on assumptions and limited evidence, and likely to lead to hugely adverse and unintended consequences for a great many people. Is there any evidence to dispute this which can be pointed to and can be passed onto worried parents?

The process and engagement on the decision is frankly beyond disappointing. The unhelpful action to bury the email contact to a very limited 'consultation' within a technical note is a disgrace. This is unacceptable on an incredibly detrimental policy to many families and by releasing it during the summer holidays, giving just 7 weeks to respond and failing to properly advise Members of Parliament, clearly shows this is intended to be a box-ticking exercise at best. Furthermore, it demonstrates an unwillingness to truly listen and engage with those who will be most affected and for future stakeholders to be properly aware. Alongside this, the clear unknown impact to our local state school provision is reckless and misguided. It is very hard to find anyone with a child in education in my areas who is certain this policy will not ultimately negatively affect all education settings where stability and clarity is vital.

This approach by your new Government has left me with no alternative but to write to you directly on behalf of the many parents and schools who have contacted me with their deep concerns about the negative impacts of this policy and in the strongest terms ask for a full reconsideration of this flawed consultation process.

In the technical note 1.14 it states the principles of the policy include: 1 Raise revenue to support the public finances. 2. Ensure High Quality Education is available for every child.

Parents confirm it's hard to believe the proposed 20% VAT on education will either raise the net revenues anticipated by the Government or improve the quality of the education on offer in the state sector. In fact, I believe it will have a negative impact on both the independent and state sectors due to larger class sizes, increased pressure on local SEND provision and unavailability of school places mid-year in the numbers and locations needed. Parents affected feel this acutely for their youngsters.

Local families would very much like to see the Government fully reconsider this attack both on the state sector due to the impacts of this rushed, ideologically driven policy along with a war on aspiration, choice, and social mobility.

Taxing Education

The UK is set to become an outlier in the world for this policy; this is clearly your intention. While your Government couches it as the removal of a 'tax break', it is not. Education has never been taxed in this country, is explicitly protected under EU law and seen as a public good around the world. Moreover, independent schools contribute £16 billion to the economy, support 300,000 jobs contributing £5 billion in tax revenue, and save the taxpayer £4 billion by educating pupils outside the state sector. In addition, boarding schools support 4000 military children. Parents who choose to spend their money on education do so out of an income they have already paid tax on, contributing to the public purse, and in particular to the state schooling finances. They, in effect, contribute to something that they don't use.

Impact on State Funded Education Sector

The stated aim of the policy is '*to significantly increase school spending, allowing the Government to drive high standards across our state sector*' with much mention of 6,500 new teachers. Raising school standards is not just about increased spending – it is about leadership, structure and expectations – educational and behavioural.

In the programme for international student assessment, our rankings for reading and maths improved by 10 places from 2015 to 2022 to ninth and 10th across the Organisation for Economic Co-operation and Development countries. Within that mix, as we all know, England performed better than Labour-run Wales or SNP-run Scotland, despite their higher funding. If we want to see what would happen in education under Labour, all we need to do is look to Wales—it is not an impressive performance.

This also fails to properly take into account the impact of even a modest displacement of pupils from the private to state sector. Even the 2023 IFS analysis used by the Government agreed that the effect of the proposed changes is 'clearly uncertain' with its research, as acknowledged, based on limited, out of date evidence and assumptions that only a limited number of children would move.

While only 6-7% of pupils in the UK are educated in independent schools, this still equates to around 570,000 children, with approximately 20% receiving support for SEND (only 6.9% with an EHC plan) according to the Independent Schools Council (ISC) in their 2024 census. In addition, this number increases to 17% at 6th Form.

The DFE will be aware in 2018, the Baines Cutler review estimated that VAT imposition would lead to a drop off of 134,800 pupils over 5 years to be picked up by the state sector. Already large classes will increase in size while SEND teams and budgets would be put under further pressure though an influx of pupils with educational needs but no EHCP. Local authorities would need to find additional funds to educate these incoming pupils while waiting lists for assessments and tribunals are already at breaking point. With even a 10-15% migration, there would be no net revenue and a 25% migration could deliver a loss of £1.5 billion according to The Adam Smith Institute.

The Government has repeatedly said there are '1.1 million vacancies in state schools around the country' and indeed 77% of secondary schools have 1 or more unfilled places but these are very unlikely to be concentrated in the areas needed if parents are pushed out of their preferred school due to costs or a local independent school is forced to close. As one school wrote to me, **"Families have already been in contact with us to say that there are no places available to schools within 30 minutes of where they live."** This kind of misguided policy impact analysis is symptomatic of this Government's ideological approach.

Local Independent Schools

Super-wealthy parents splurging on 'big name' public schools are, no doubt, the target much like the 'millionaire pensioners' but those families who will be impacted are actually very different in reality. There are actually a large number of private schools which are small, local schools already operating on tight margins and are, crucially, delivering the service and support local parents need for their youngsters, whether this is SEND provision, a faith ethos or simply somewhere their child can thrive.

In our area alone, figures I have from the ISC suggest we have over 3550 pupils in 10 independent schools, well over 700 getting support for special educational needs or a disability (SEND) with 363 pupils also relying on independent faith schooling. Many of these schools will not be able to absorb the costs of 20% VAT as the Government so blithely assumes and their future viability is threatened by this policy. Closures will inevitably have a knock-on effect on local businesses and communities.

One of the local schools wrote saying “...in order to be financially sustainable, and as an organisation, already running as lean as possible... it is highly likely we will be passing the vast majority of the cost of VAT onto our parents. This will mean that we will inevitably lose families, and some have already given notice. If our income is reduced by the kinds of numbers our affordability survey would suggest, then we will face a very bleak future.”

This is a pertinent time to point out independent schools have hitherto offered a generous bursary system to so many of the UK's more disadvantaged children and I worry this may become difficult to sustain in any way at all. In addition, there have been many successful partnerships between the independent sector and our state schools which may potentially be affected. Around 85% of ISC member schools are engaged in almost 8700 mutually beneficial cross-sector partnerships, sharing expertise, best practice, and facilities to the benefit of children in all schools involved.

Taxing education is wrong-headed for multiple reasons and disgracefully accelerating it mid-year, without giving adequate time for the whole of the education sector to prepare for its impact, is reckless.

To do it without a proper consultation and in-depth impact analysis beggars' belief. 'Parents were warned' should not be how Government treats hardworking taxpayers and directly undermines parental choice.

Economic impact

The impact on my constituency and the viability of small schools and the villages and towns that sustain them is stark. The numbers of staff affected by any future closures, size reductions and the devastating effect on jobs and livelihoods has been significantly under-recognised and needs proper understanding and attention of the wide-ranging school roles and teaching jobs that are under threat and family finances this will impact too. From librarians, to bus drivers, maintenance teams and catering staff, every school is an organisation now truly under threat and those roles and opportunities are at real risk and this will affect every area and constituency.

I urge this Government to properly reconsider its approach, put all children's needs first and properly listen to all families and act in a way that supports all children, communities, and education settings.

Thank you for your consideration of this approach.

Grateful Thanks

Mims

Mims Davies MP

cc.

The Rt Hon Rachel Reeves MP

The Rt Hon Bridget Phillipson MP