

Exchequer Secretary, James Murray MP

08th August 2024

Dear Minister

Contact and the National Network of Parent Carer Forums (NNPCF) would like to thank you for meeting with us on Thursday 01st August in relation to the Chancellor's formal announcement of Monday 29th July 2024 on the Taxation of Private Schools.

We appreciate your clarification regarding independent schools, including those which fall under S41 of the Children and Families Act (2014), who would indeed be liable to the same taxation as other private schools. We also note that parents and carers who choose¹ to place their child or young person into a "private" school, as named on their Education and Health Care Plan (EHCP), where the local authority has offered a placement in a school which is considered to be able to meet need (excluding those placements agreed by tribunal), will from January 2025 be liable to pay 20% VAT.

As discussed, both Contact and the NNPCF have concerns regarding the impact that the change in VAT status will have on the education and wellbeing of the Children and Young People (CYP) who have Special Educational Needs and Disabilities (SEND) and their families. Whilst we discussed that the expectation of the government was for private schools to absorb additional costs and only increase costs to parents and carers to around 15%², we remain concerned at the impact that this will have:

1. on CYP who are in receipt of SEN Support in independent private schools as some parents and carers will not be able to afford the increase in fees. Many of these families have sought private education after their CYP's needs have not been met within the mainstream environment. Private education often affords smaller classrooms and increased support enabling CYP to thrive. To return to a mainstream school may not be suitable for some CYP, and this could mean some are left without an appropriate education placement. This also includes CYP with more complex needs and who have an EHCP, and the private placement is a choice.
2. on the ability to secure a suitable mainstream placement. Data from last year shows growing number CYP who are missing education due being unable to secure an appropriate placement. This could increase the pressure on the current system and

¹ As defined in 2.28, Applying VAT to Private School Fees and Removing the Business Rates Charitable Rates Relief for Private Schools Technical Note (July 2024)

² 4.45, Applying VAT to Private School Fees and Removing the Business Rates Charitable Rates Relief for Private Schools Technical Note (July 2024)

result in more CYP missing education³, as they are unable to secure a suitable mainstream placement.

3. on the wellbeing on CYP and their and ability to meet their potential should they need to move back to a mainstream environment which does not meet their needs. As the government is aware, SEN Support and inclusivity within mainstream schools is of concern nationally as is attendance and the mental health and wellbeing of CYP, of which both issues are more prevalent amongst CYP with SEND.
4. on applications being made for Education Health and Care needs assessments and in tribunal cases to secure private provision without incurring the additional VAT charges. With programmes such as safety value and developing better value aiming to reduce local authorities' high needs budgets, we remained concerned at the implications of increased applications to secure provision that may have historically been funded by parents and carers who are now financially unable to do so and cannot find a suitable placement elsewhere.
5. on mainstream schools, in particular those who are well regarded for good SEND support. These schools may see an influx of CYP with SEND. Will they be equipped to meet the needs of additional CYP, some of whom may have complex needs, over and above SEN Support?
6. on private and independent school fees, these schools may increase fees in order to "absorb" increased costs. This in turn could impact on fees being charged to local authorities.
7. on support provided by private schools, including dedicated workforce, emotional and wellbeing support, educational interventions and ordinarily available provision, which may be diluted as a way to reduce and absorb tax meaning that some CYP's needs will no longer be met by their independent setting.

For this new policy to be responsibly implemented with minimal impact on CYP, your department must work with its counterparts in the Department for Education to ensure that there is significant investment in mainstream SEN Support, increasing levels of inclusion and building curial capacity within the education system so that the needs of all children can be better met in mainstream schools.

Furthermore, in addition to our concerns about the impact of this policy on CYP and the increasing pressures on local systems, we also remain concerned at the removal of the business rates discounts for schools with charitable status, who will not only be managing the increased VAT, but also a substantial increase to business rates. There are a number of schools who are charitable organisations, who also provide vital services and provisions to both CYP with SEND, and also their families. It is unclear who the business rates will be applied to, and we therefore seek further clarification. Is the tax relief is being removed from the organisation as a whole, or specifically to the education provision provided? We are concerned that this could not only result in not only increased fees, but also have an impact on wider support being provided to their communities.

³ Data published for academic year 23/24 <https://explore-education-statistics.service.gov.uk/find-statistics/children-missing-education>

The published proposal also states that additional guidance and resources⁴ will be in place to support the transition of VAT being payable in January 2025. Is the government confident that such measures will be in place to support a smooth transition for schools, thus not impacting on the care and provision for CYP, and that it will not deter from local authorities placing CYP in a private school, due to the process of reclaiming VAT?

Both Contact and the NNPCF are pleased to see the commitment to training for teachers and headteacher. Will the government make guarantees about mandatory training in SEND for not only teachers, but also for teaching assistants, who we know work hard to deliver the interventions and support for many CYP with SEND?

When we met, we accepted that many of our questions and concerns sit beyond the remit of the Treasury, as such we kindly asked that you share our concerns with Catherine McKinnell, Minister for Schools, whom we have copied into this letter.

Contact and NNPCF welcome further discussions and involvement as the draft legislation progresses and comes into force with both you and the Minister for Schools.

Yours sincerely,



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CC: Catherine McKinnell
Minister for Schools

⁴ 2.33-2.36 Applying VAT to Private School Fees and Removing the Business Rates Charitable Rates Relief for Private Schools Technical Note (July 2024)

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