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**Stephen Morgan MP**  
**Minister for Early Education**

Sanctuary Buildings 20 Great Smith Street Westminster London SW1P 3BT  
tel: 0370 000 2288 [www.education.gov.uk/contactus/dfe](http://www.education.gov.uk/contactus/dfe)

Danny Kruger MP  
By email: [danny.kruger.mp@parliament.uk](mailto:danny.kruger.mp@parliament.uk)

Your ref: DK19313 RH

24 October 2024

Dear Danny,

Thank you for your correspondence of 7 October, regarding plans to end the VAT exemption that applies to private school fees.

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.

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](https://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. You can contact HMT at: [independentschools@hmtreasury.gov.uk](mailto: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.

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.

There are existing measures in place to support educational outcomes for all children. State education is accessible to all children, regardless of their financial status. 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.

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. The government expects private schools to take steps to minimise any fee increase.

We recognise the enormous sacrifices our military families make. The Ministry of Defence and the Foreign and Commonwealth Office provide the continuity of Education Allowance (CEA) to eligible officials and service personnel. The government will monitor closely the impact of these policy changes on affected military and diplomatic families and the upcoming Spending Review is the right time to consider any changes to this scheme.

There are now a number of provisions included in the statutory school admissions code to ensure that children of UK service personnel are not disadvantaged when applying for a school place. The service pupil premium provides additional funding for the state-funded schools that service children attend.

Thank you for taking the time to write to me. I hope that this response is useful for you and your constituents.

Yours sincerely,

A handwritten signature in blue ink that reads "Stephen Morgan". The signature is written in a cursive style and is underlined with a single horizontal stroke.

**Stephen Morgan MP**  
**Minister for Early Education**