VAT ON PRIVATE SCHOOL FEES

WHAT WAS PROMISED. WHAT HAPPENED.

TESTING GOVERNMENT CLAIMS AGAINST OFFICIAL DATA

18 MONTHS ON

INTRODUCTION

Before VAT on private school fees was introduced, Ministers made specific promises to Parliament and to the public. They said that disruption would be limited, revenues would substantially outweigh costs and the proceeds would fund “an additional 6,500 new expert teachers”.

Those promises — underpinned by specific forecasts — were the basis on which consent for this policy was sought. This report tests both.

Ministers argued that "*relatively few pupils*"[1] would leave the independent sector. The Institute for Fiscal Studies, whose analysis was widely relied upon in support of the policy, similarly described the expected impact as "modest."[2] Sir Keir Starmer stated there was "*no evidence*" that private schools would have to close.[3] Critics were accused of exaggerating the likely consequences.

Those concerned about the policy called for a post-implementation review. The Government rejected those calls.[4] Eighteen months on, enough official data is now available to begin assessing the policy's impact independently.

This report's principal analysis uses official sources only — including Government publications, the Department for Education School Census, the School Workforce Census and HM Treasury documents. Where referenced, external sources are used only as supporting context and do not form part of the report's core calculations or findings.

This report is not an attempt to prove that every observed change was caused solely by VAT. It is an assessment of whether outcomes observed since the policy was introduced are consistent with the forecasts used to justify it.

Taxing Education Is Wrong — In Principle

ENT opposed this policy before it was introduced and continues to oppose it today. Taxing education is fundamentally unjust. It would be unjust if it raised no money. It would be unjust if it raised some money. It would remain unjust even if the Government's most optimistic revenue forecasts proved correct.

It is fundamentally unconscionable to fund a state education system through general taxation and then impose an additional tax on those taxpayers who choose *not* to use the state system that they have helped to fund.

Moreover, the mainstream independent sector educates more than half a million pupils, supports tens of thousands of jobs, contributes billions to the UK economy and attracts international pupils whose fees represent significant export earnings. It is a significant part of the UK's educational landscape and a globally recognised British success story. These schools reduce annual taxpayer costs by an estimated £4.4 billion.[5] Taxing the sector that produces those savings is neither economically rational nor just. The full principled case against taxing education is set out separately at www.EducationNotTaxation.org

However, Ministers did not ask Parliament or the public to accept this tax as a matter of principle. They asked them to accept it on the basis of specific forecasts and promised outcomes.

This report assesses those forecasts and promised outcomes against the evidence now available. It does not — and cannot — concede that meeting them would have made the tax just. **It establishes, on the Government's own terms, using the Government's own data, whether those promises were kept.**

A note on timing and methodology

This report uses January 2024 as its baseline because that is the period used in the Government's own published modelling. The Government explicitly forecast behavioural responses, pupil movements and revenue effects during 2024–25, before formal implementation in January 2025. The period examined in this report therefore mirrors the timeframe used by the Government itself when justifying the policy.

This report is not an attempt to determine the precise contribution of VAT to every pupil movement, school closure or financial outcome. Schools were already operating in a challenging environment and many factors influence parental decisions and school viability.

Instead, this report asks a simpler question: are the outcomes observed since implementation consistent with the forecasts used to justify the policy?

Not every closure or pupil movement can be attributed solely to VAT. However, the evidence reviewed in this report shows that:

- *The reduction in mainstream independent school pupil numbers already exceeds the Government's long-term projection.*
- *Estimated state-sector costs derived using the Government's own assumptions exceed the Government's projected peak.*
- *Large school closures are running substantially above historic levels.*
- *The Government has not yet demonstrated delivery of its teacher recruitment pledge*

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[1] HM Treasury, *Private school fees — VAT measure*, November 2024.

[2] Institute for Fiscal Studies, *The likely effects of VAT on private school fees*, July 2023.

[3] Sir Keir Starmer, interviewed by Sophy Ridge, Sky News, 27 June 2024.

[4] Finance Bill 2024-25, Amendment NC25, Neil O'Brien MP.

[5] Derived from the Government's implied per-pupil cost of £7,714 applied to 566,132 pupils. DfE School Census, January 2024.

EXECUTIVE SUMMARY

In January 2025, the Government introduced VAT on independent school fees and imposed business rates on independent schools that are charities.

The policy was justified on the basis that disruption would be limited, revenues would substantially outweigh costs and the proceeds would fund improvements in state education.

Eighteen months on, enough official data is now available to begin testing those claims.

The Government and the Institute for Fiscal Studies both anticipated limited disruption. The available evidence suggests that outcomes have been materially different from those forecast when the policy was introduced, and in several cases substantially worse than projected.

THE CENTRAL FINDING

The Government forecast

37,000

fewer pupils over seven years.

The actual reduction already stands at

43,126

fewer pupils attending private schools after just two years.

FIVE YEARS STILL REMAINING

The Government's entire long-term projection has already been exceeded less than two years into a seven-year forecast period.

The table below compares the forecasts and commitments made in support of the policy with the outcomes recorded in official data. (The baseline period (Jan 2024) mirrors the period used in the Government's own published modelling.)

SUMMARY - VAT on Private School Fees — Forecast vs Reality

	IFS projected	Government forecast	What has actually happened, so far
PUPIL NUMBERS IN MAINSTREAM INDEPENDENT SCHOOLS			
2025–26	*"In the very short term, the effect is likely to be very small"*	**14,800** fewer pupils[1]	**43,126 fewer pupils** 191% above Government forecast[2]
Long term	**20,000–40,000** fewer pupils	**37,000** fewer pupils	**Already exceeded both.** IFS upper estimate exceeded by **3,126** pupils. Government long-term projection exceeded by **6,126** pupils. *Five years of forecast period still remaining.*
ADDITIONAL STATE SCHOOL PUPILS			
2025–26	*Not specified*	**14,000** additional state pupils	**40,797** **Implied additional state school pupils** **26,797** more than forecast
Long term	*Not specified*	**35,000** additional state pupils	**Already exceeded.** Long-term projection exceeded by **5,797**. *Five more years to run.*
STATE SECTOR ANNUAL COSTS			
2025–26	*Not specified for Year 2*	**£107.9m** implied annual cost[3]	**£350m** **£242m more than Government forecast**[4]
Long term	**£100–300m** extra spending per year	**£270m** projected peak	**Already exceeded.** **£80m** above the Government's projected peak. **£50m–£250m** above the IFS range.

SUMMARY - VAT on Private School Fees — Forecast vs Reality

	IFS projected	Government forecast	What has actually happened, so far
SCHOOL CLOSURES			
2025–26	*Not modelled*	Rates expected to return to historic norms after three years *"No evidence schools will close"*[5]	**Large (200+ pupils) school closures** running at **4x** the historic rate **and accelerating.**
VAT REVENUES			
	£1.3–1.5bn net benefit per year	**£1.5bn** projected	**Not published.** *Without this figure the policy's net fiscal position cannot be independently assessed.*
TEACHER RECRUITMENT			
	Not modelled	**6,500** new specialist state school teachers in key subjects	State school teachers **down 2,322** **8,822 short** of the manifesto target[6]

Footnotes

[1] Derived using the Government's own published methodology. The Government projected 14,000 additional state school pupils by 2025-26. Applying the Government's published ratio of 94.6% implies 14,800 fewer independent school pupils by Year 2. HM Government VAT policy paper, November 2024.

[2] 43,126 fewer pupils against a government forecast of 14,800 represents a 191% overshoot of the Year 2 projection. The January 2024 baseline is consistent with the Government's own modelling, which explicitly anticipated behavioural effects — including pupil movements and revenue impacts — from 2024-25, ahead of formal implementation in January 2025. The period examined in this report mirrors the timeframe used in the Government's published projections.

[3] Derived by applying the Government's implied per-pupil cost of £7,714 to the Year 2 forecast of 14,000 additional state school pupils. HM Government VAT policy paper, November 2024.

[4] £350m derived by applying the DfE's published 2026-27 per-pupil funding rate of £8,580 to 40,797 estimated additional state school pupils. Applying the Government's own implied rate of £7,714 produces an estimate of £314.9m — still £207m above forecast. DfE School Funding Statistics, January 2026.

[5] Sir Keir Starmer, interviewed by Sophy Ridge, Sky News, 27 June 2024. [6] State school teacher numbers: DfE School Workforce Census 2025-26.

A Single Forecast Underpinned the Entire Policy

The findings in this report are not isolated outcomes. The Government's projections for costs, revenues, school closures all depended on a central assumption about pupil numbers.

The evidence reviewed in this report suggests that the reduction in mainstream independent school pupil numbers has been substantially greater than forecast. The consequences are visible throughout the rest of the Government's model.

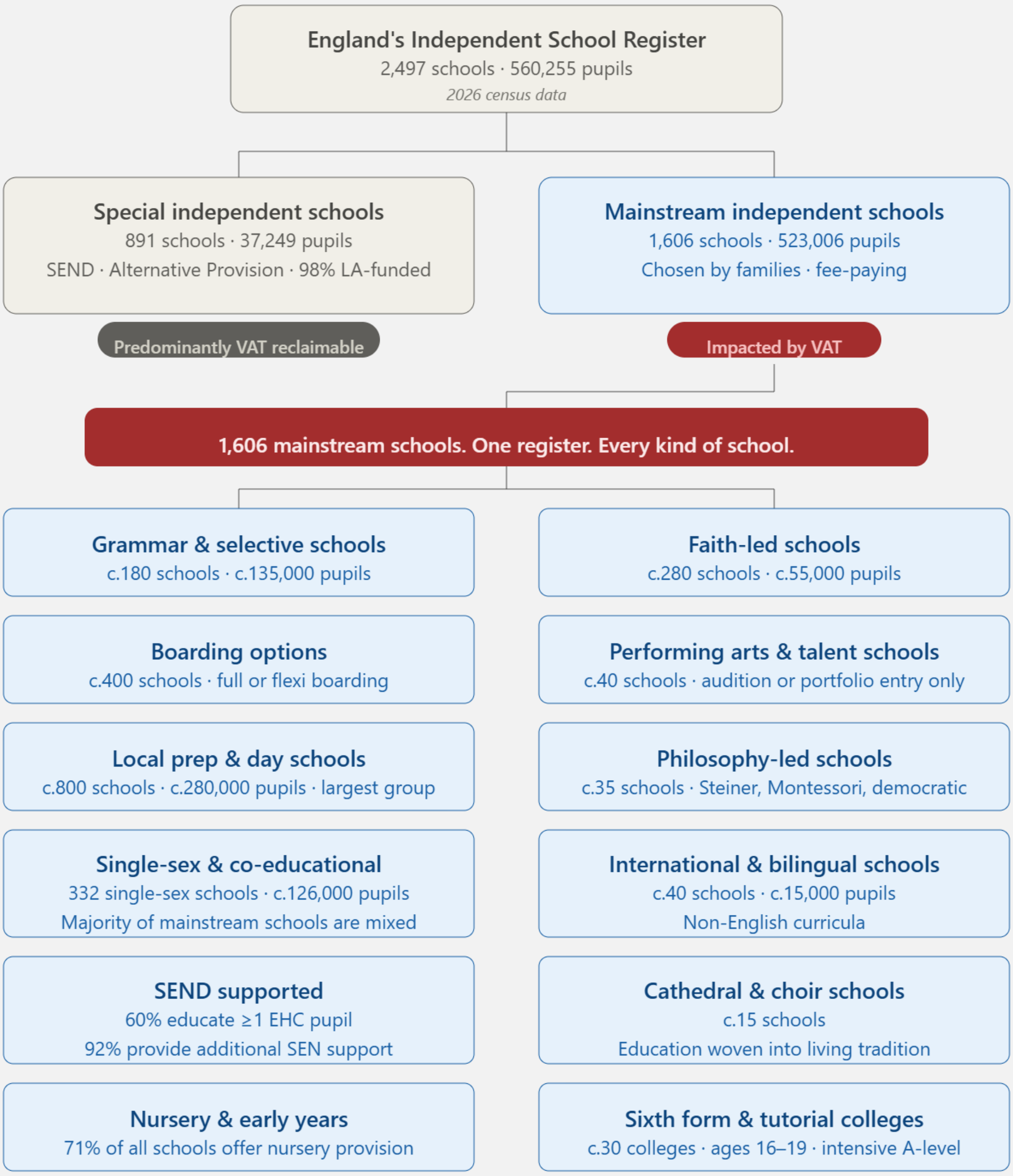
The diagram below shows how that key forecast sat at the centre of the policy.

The Sector Affected by VAT on School Fees

England's independent sector is diverse. This report focuses on the mainstream independent schools directly affected by VAT on school fees.

The term "private school" is often used as though it describes a single type of institution. It does not.

England's independent school register contains 2,497 schools of which 1,606 are mainstream independent schools educating 523,006 pupils. This report focuses on the mainstream independent schools directly affected by VAT on school fees.



Section One

PUPIL NUMBERS: The Government's Long-Term Projection Has Already Been Exceeded

What Did the Government Say Would Happen?

The Government's central projection was that VAT on private school fees would result in 37,000 fewer pupils attending independent schools in the long term. Of those, it expected 35,000 to move into state schools, with the remainder either leaving the UK education system or being home educated.

> *"There will be* ***37,000 fewer pupils*** *in the private sector in the UK as a result of this measure. The government expects the vast majority (94%) of pupils currently in private schools to remain in private schools."*
>
> **HM GOVERNMENT — PRIVATE SCHOOL FEES: VAT MEASURE, NOVEMBER 2024**

The Government was not alone in expecting the impact to be limited. The Institute for Fiscal Studies, whose analysis was widely relied upon in support of the policy, described the likely short-term effect as "very small" and estimated that private school attendance would ultimately fall by around 3–7%, equating to 20,000–40,000 pupils in the long term.

Although the Government did not publish year-by-year projections for independent school pupil numbers, the implied annual reduction can be derived directly from its published methodology.

The table below shows the Government's published cumulative projections for additional state school pupils alongside the implied year-by-year reduction in independent school pupils, derived using the Government's own assumptions.

GOVERNMENT PUPIL MOVEMENT PROJECTIONS VS IMPLIED INDEPENDENT SCHOOL REDUCTION

YEAR	GOVERNMENT PROJECTED Additional state school pupils (cumulative) Source: HM Government — Private school fees: VAT measure, Nov 2024	IMPLIED REDUCTION IN INDEPENDENT SCHOOL PUPILS Derived using the Government's own methodology and assumptions
2024–25	3,000	3,171 fewer
2025–26	14,000 additional pupils in state schools ◄ Projection for current year	14,800 fewer pupils in independent schools ◄ Implied for current year
2026–27	20,000	21,143 fewer
2027–28	24,000	25,371 fewer
2028–29	27,000	28,543 fewer
2029–30	29,000	30,657 fewer
Longer term	35,000 additional state pupils	37,000 fewer pupils in independent schools Government's published long-term projection

Source: HM Government — Private school fees: VAT measure, November 2024. The 2025–26 row represents the current year. Implied figures derived using the Government's own methodology and assumptions.

What Has Actually Happened?

Mainstream independent schools have lost nearly one pupil in every thirteen in just two years.

The January 2026 DfE School Census records 523,006 pupils in mainstream independent schools in England. The January 2024 baseline — the final census before VAT was introduced — was 566,132. This represents a reduction of 43,126 pupils.

The Government's entire long-term projection was for 37,000 fewer pupils. That projection has already been exceeded, with five further years of the forecast period still to run.

The difference between forecast and observed outcomes is substantial.

KEY FINDINGS: PUPIL NUMBERS

43,126
fewer pupils in mainstream independent schools

Already exceeds the entire long-term projection

40,797
estimated additional state school pupils

2.9x higher
than the Government's Year 2 forecast

5 years of the forecast period still to run

The Government's phased model implied approximately 14,800 fewer pupils by 2025–26. The observed reduction is 43,126 — almost three times higher. It has already exceeded the Government's entire long-term projection and sits above the upper end of the range the IFS identified as the long-term outcome. We are less than two years into a seven-year forecast period.

Similarly, the Government projected 14,000 additional state school pupils by 2025–26. Applying its published assumptions to the observed reduction implies approximately 40,797 additional state school pupils — nearly three times the projection. This figure becomes the foundation for the cost estimates examined in the next section.

In the absence of published displacement data, this report applies the Government's own assumption that 94.6% of pupils would move to state schools. If the Government now believes the proportion is materially lower, it should publish the evidence.

The period examined in this report is the same period used in the Government's published modelling. The Government explicitly forecast pupil movements and revenue effects during 2024-25, before formal implementation in January 2025. Measuring outcomes across that period therefore reflects the timeframe used by the Government itself when justifying the policy.

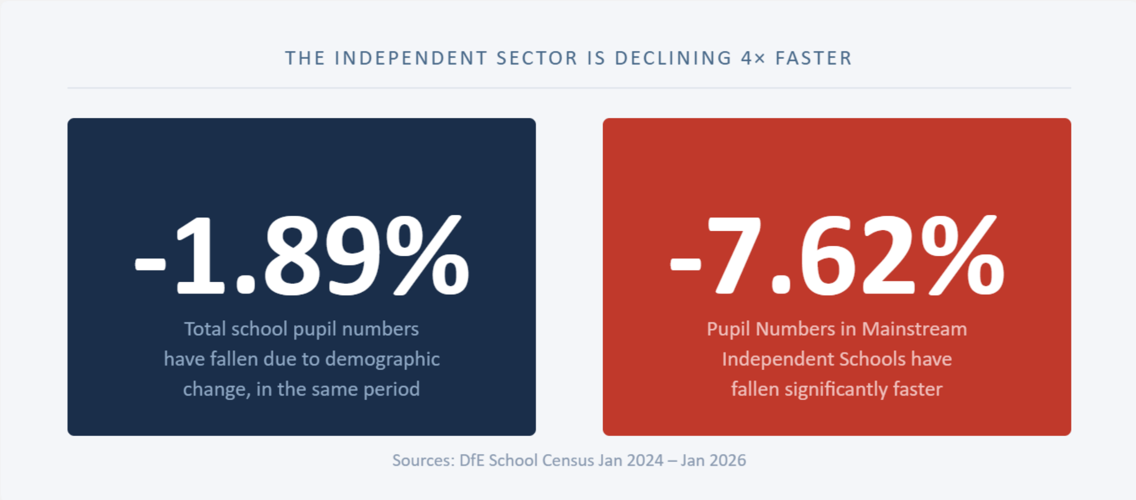
We have used the Government's own assumption throughout.

This report does not claim the policy's full impact is known. It claims that the Government's own phased projections — for year two specifically — have already been exceeded by a factor of three, and that the entire long-term projection has already been surpassed with five years remaining. Those who might argue it is too early to draw conclusions must explain why a seven-year projection has already been exceeded in under two years, and why the Government's own year-two forecast has been missed by a factor of three.

Why Demographics Don't Explain the Reduction

Some commentators have suggested that the reduction in independent school pupil numbers is simply the result of falling birth rates and demographic change.

Demographic pressures are real. Across England, total school pupil numbers fell by 1.89% between January 2024 and January 2026 as smaller birth cohorts moved through the education system.



However, the same birth cohorts flow through both the state and independent sectors. Both therefore face the same underlying demographic pressures. If demography were the primary explanation for the reduction in independent school pupils, both sectors would be expected to decline at broadly similar rates. They have not.

During the same period, mainstream independent school pupil numbers fell by 7.62% — approximately four times faster than the overall decline in school pupil numbers.

The DfE School Census provides further evidence against the demographic explanation. If demographic change were the primary cause, we would expect the pattern of losses to follow birth rate fluctuations across the cohorts — not to cluster at school entry points. The concentration of losses at the ages where families actively decide whether to enter independent education is not consistent with a demographic explanation. It is consistent with families choosing not to enrol/leaving the sector.

Independent schools have four principal entry points: primary (ages 5–6), prep (ages 7–8), secondary (ages 11–12) and sixth form (age 16). At every one of these entry points, pupil losses are substantially higher than in the mid-school years.

Age 4 fell by 10.1%, Ages 5 and 6 fell by 12.1% and 11.5%. Ages 7 and 8 fell by 12.3% and 9.7%. Ages 11 and 12 fell by 11.7% and 9.6%. Age 16 fell by 8.6%.

By contrast, ages 9, 10, 13, 14 and 15 — cohorts already established within their schools, with no immediate educational transition to make — fell by between 1.6% and 7.4%.

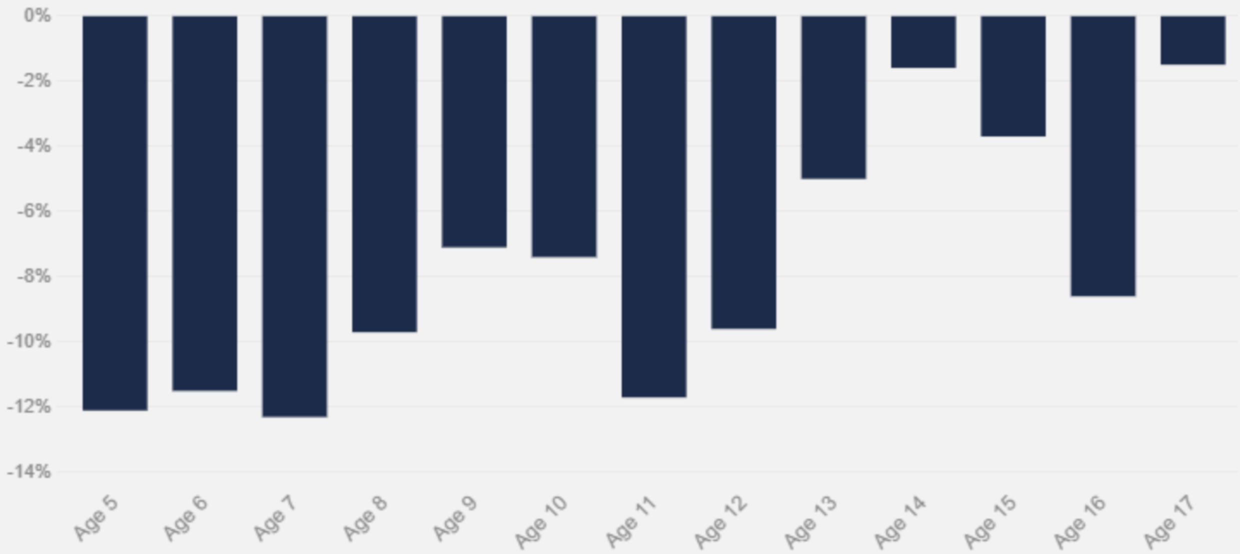
The contrast is sharpest at sixth form. Age 16 — a major entry point into independent education — fell by 8.6%. Age 17, just one year later, fell by only 1.5%.

Parents do not change schools lightly. Once a child is settled, friendships established and examination courses underway, most families will go to considerable lengths to avoid disruption. The difference between ages 16 and 17 reflects that reality. Demographic change affects children according to their date of birth. Educational choice affects children at the points where families make decisions.

Demographic change may explain part of the reduction. It does not explain why the observed reduction has already exceeded the Government's long-term forecast. Nor does it explain why the largest losses are concentrated at precisely the ages where families make active educational choices.

Pupil losses concentrated at entry points, not spread evenly across age groups

% change in mainstream independent school pupils by age, January 2024 to January 2026



Source: DfE School Census January 2024 and January 2026. Mainstream independent schools, England. Ages 5–17.

More importantly, **the Government's forecast of 37,000 fewer pupils was produced with full knowledge of demographic trends.**

Even after accounting for demographic change, the reduction recorded in mainstream independent schools has already exceeded the Government's entire long-term projection by 6,126 pupils, with five years of the forecast period still remaining.

Demographic change may explain part of the reduction. It does not explain why the outcome has exceeded the Government's own forecast. The Government's forecast was produced with full knowledge of projected birth rates and demographic trends. The relevant question is therefore not whether demographics exist, but whether they explain the difference between forecast and observed outcomes. They do not.

COST: Estimated State Sector Costs Exceed the Government's Projected Peak

What Did the Government Say Would Happen?

> *"The government expects the revenue costs of pupils entering the state sector...to steadily increase to a peak of around* ***£270 million*** *per annum after several years. Overall, this means that expected revenue will substantially outweigh additional cost pressures."*
>
> HM GOVERNMENT — PRIVATE SCHOOL FEES: VAT MEASURE, NOVEMBER 2024

The financial case for this policy rested on a straightforward claim: revenues from VAT on school fees would substantially outweigh the cost of absorbing additional pupils into state schools. The Government projected peak costs of £270 million a year. Those costs, it said, would be comfortably covered by the revenue stream.

What Has Actually Happened?

Applying the Government's own published assumption that 94.6% of pupils leaving the independent sector enter state schools implies approximately 40,797 additional state school pupils. The Government has not published observed displacement data.

The Government said state sector costs would be £107.9 million in 2025-26. Using the Government's own methodology, the observed cost is £314.9 million — three times higher. At current DfE funding levels, the observed cost rises to £350 million.

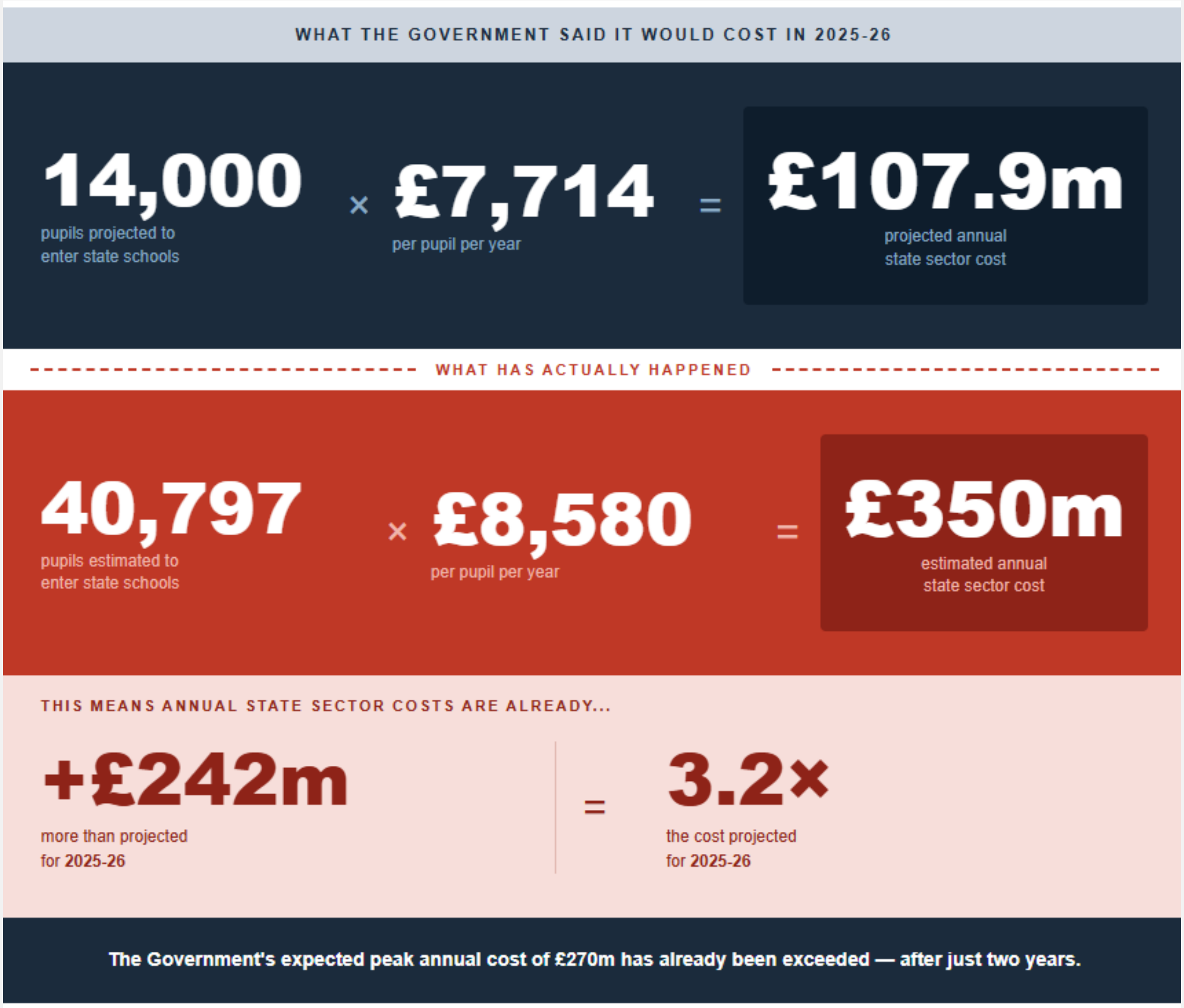
The Government also said costs would peak at £270 million. That figure has already been exceeded after only two years.

Both figures apply the Government's own published assumption that 94.6% of pupils leaving the independent sector will enter state schools. The methodology is theirs. The pupil movement assumption is theirs. The only variable that has changed is the number of pupils who actually left — and that figure comes from the Government's own census.

(The Government's cost estimates were based on 2024-25 funding rates of £7,714 per pupil. Current DfE funding rates are £8,580 per pupil. Applying the Government's own assumptions produces an estimated annual cost of £314.9m. Applying current DfE funding rates produces an estimate of approximately £350m).

Even using the Government's own implied cost per pupil, the projected peak annual cost of the policy has already been exceeded. Applying current DfE funding rates increases the estimate further.

This estimate is likely to be conservative because it applies average per-pupil funding and does not account for higher-cost SEND pupils. Children with Education, Health and Care Plans often attract funding above the standard per-pupil rate. To the extent that such pupils move into state provision, the true fiscal cost will be higher than the figures presented here. The estimates in this report should therefore be regarded as a floor, not a ceiling.



£7,714 per pupil implied by HM Government VAT policy paper, November 2024 | £8,580 from DfE School Funding Statistics, January 2026

The Government has not published a revised cost projection since implementation. On the basis of the evidence reviewed in this report, the original forecast appears increasingly difficult to reconcile with the available evidence.

Note: All calculations in this section are derived from the Government's published methodology and assumptions. A full step-by-step explanation of the methodology is provided in the Appendix.

SCHOOL CLOSURES: The Rate of Large School Closures Has Quadrupled

What did the Government say would happen?

> *"...broadly equivalent to 100 schools in total closing over the next 3 years in addition to the normal levels of turnover, after which closures would return to historic norms."*
>
> **HM GOVERNMENT — PRIVATE SCHOOL FEES: VAT MEASURE, NOVEMBER 2024**

The Government presented school closures as a short-term adjustment — a brief period of elevated turnover after which the sector would stabilise. Closure rates, it said, would return to historic norms within three years, not a structural disruption to the sector.

During the election campaign, Sir Keir Starmer similarly argued there was "no evidence" that schools would close as a result of the policy.

What Has Actually Happened?

KEY FINDINGS: LARGE SCHOOL CLOSURES

14
large school closures
in two years (2025 & 2026)
13 in the previous eight years combined

4x
the historic rate
of closure (2017–24)
Rate is accelerating

Large schools defined as 200+ pupils. Source: DfE Get Information About Schools (GIAS)

School closures are not a new phenomenon. Mainstream independent school numbers have been declining for several years, falling from 1,830 schools in 2018/19 to 1,653 in 2024/25 and 1,606 in 2025/26.

Schools close for many reasons, including demographics, financial pressures, ownership changes, mergers and leadership succession. The existence of closures is therefore not, by itself, evidence that a particular policy has failed. However, this does not weaken the significance of the VAT policy. If anything, it strengthens it.

Ministers were fully aware that independent schools were operating in a challenging environment prior to adding VAT on fees and also removal of business rates relief. They knew the sector was facing demographic pressures, rising costs and still recovering from Covid. Nevertheless, they argued that schools could "absorb" the additional costs associated with the new tax policies and that disruption would be limited.

The key policy question was therefore not whether the sector faced pressures. The Government already knew that it did. The question was whether schools could absorb the additional burden of VAT without consequences materially greater than those anticipated in the Government's forecasts.

Eighteen months later, the evidence suggests that the consequences are exceeding those anticipated by the Government's model.

The Government forecast a temporary increase in school closures before a return to historic norms. That prediction can now be tested.

In under two years, 14 large independent schools with more than 200 pupils have closed or announced closure — more than closed in the previous eight years combined. That is not evidence that VAT caused every closure. It is evidence that the sector is not behaving in the way Ministers anticipated.

The issue is not whether some schools would have closed in any event. The Government's own forecasts already assumed that some would. The question is whether closure rates are behaving in the way Ministers anticipated when the policy was introduced.

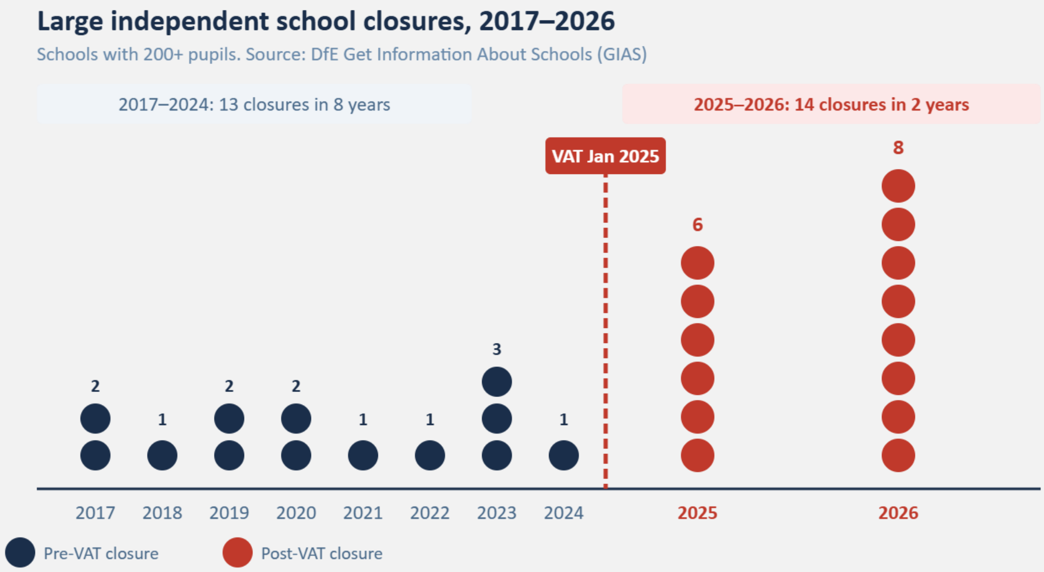
The significance of these closures is not that every closure can be attributed to VAT. Every school has its own circumstances and contributing factors.

The significance is that the rate of large-school closures is now substantially above historic norms.

This report focuses on large schools because they are historically less likely to close. They generally have larger pupil rolls, stronger financial resilience, established reputations and deeper roots within their communities. Changes in the rate at which large schools close may therefore provide a useful indication of whether wider pressures within the sector are intensifying.

The Government's model anticipated that closure rates would begin returning towards normal levels within three years. At eighteen months, the available evidence does not point towards stabilisation. The rate of large-school closures is substantially elevated.

The 14 closures identified in this report affected at least 4,447 pupils. That is more pupils affected by large-school closures in under two years than in the previous eight years combined.

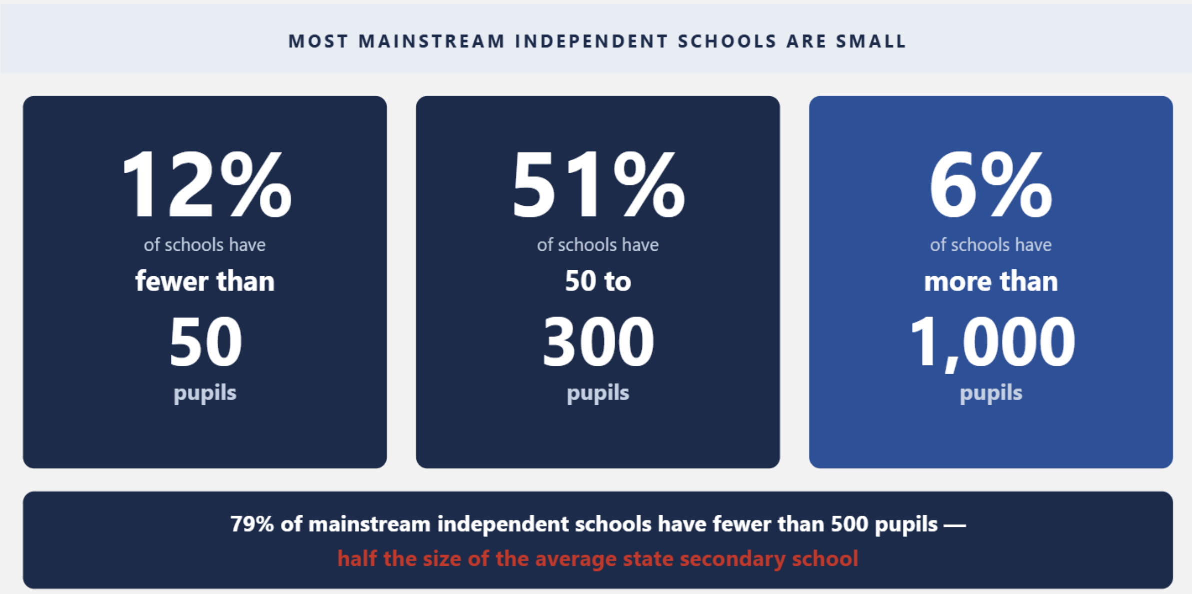


This is an illustrative selection only and does not represent a complete or current record of closures. Source: DfE Get Information About Schools (GIAS). Pupil figures are the most recent recorded enrolments prior to closure or announced closure.

Why this Matters

Large-school closures are important not simply because of the number of schools involved, but because they provide an early indicator of wider pressures within the sector.

Independent schools are often viewed through the lens of large, well-known and financially robust institutions. In reality, the mainstream independent sector is heavily dominated by small schools.



Relatively small reductions in pupil numbers can therefore have a disproportionate impact on financial viability. Most school costs are fixed in the short term — staff, buildings, insurance, utilities and regulatory compliance do not fall simply because a small number of pupils leave. For many smaller schools, the loss of 10–20 pupils can represent the difference between viability and closure.

The reduction of 43,126 pupils recorded since the introduction of VAT on school fees is therefore more than a sector-level statistic. Across a sector dominated by small schools, relatively modest pupil losses can have significant consequences for financial resilience and long-term viability.

Large-school closures matter because they suggest those pressures are no longer confined to the smallest and most vulnerable institutions. When established schools with substantial rolls, recognised brands and long operating histories begin closing at elevated rates, it raises wider questions about the stability of the sector as a whole.

One Possible Mechanism for Further Sector Contraction

Pupil numbers, school finances and parental confidence are closely linked. As numbers fall and schools begin to close, families inevitably ask a simple question:

"Will this school still be here in five years' time?"

VAT triggered an initial movement — a small percentage of families who could no longer afford the fees. But the consequences do not stop there. Falling pupil numbers create financial pressure. Financial pressure raises questions about long-term viability. Those questions can deter new enrolments. Fewer enrolments deepen the financial pressure further. For schools already operating on narrow margins, that cycle can become self-reinforcing.

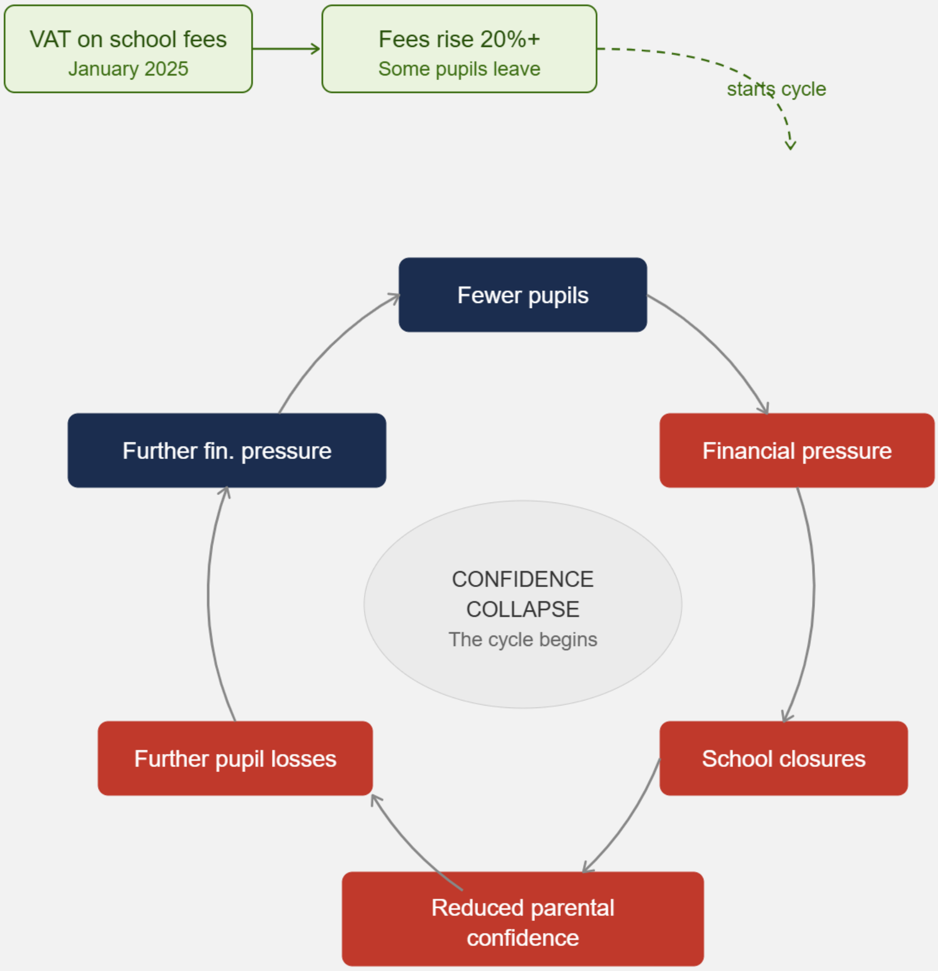
The conditions for that cycle are already present. Mainstream independent school pupil numbers have fallen by 7.6% in just two years. More importantly, the reduction is not evenly distributed across the sector.

Department for Education data shows that between January 2024 and January 2026:

- 560 mainstream independent schools experienced a fall in pupil numbers of more than 10%.
- 178 mainstream independent schools experienced a fall in pupil numbers of more than 25%.

  (These figures exclude schools that closed during the period and include only schools that remained open in both years.)

A few pupils lost…A small school closes… the cycle begins



This matters because school viability is determined at the individual school level, not across the sector as a whole. A national reduction of 7.6% may appear modest when viewed in aggregate. For hundreds of individual schools, however, the reduction has been far more severe and this means that sector stability is now a relevant policy consideration.

Pupil numbers are therefore not merely a measure of parental choice. They are a measure of school viability, sector stability and, ultimately, whether the policy has delivered what was promised.

Teachers and the Manifesto Pledge

What did the Government Promise?

> *"...Recruit 6,500 new teachers in key subjects to prepare children for life, work and the future, paid for by ending tax breaks for private schools."*
>
> LABOUR PARTY MANIFESTO 2024, PAGE 10

What Has Actually Happened?

The DfE School Workforce Census published on 4 June 2026 records a reduction in teacher numbers rather than an increase.

- Total teacher numbers across all settings are down 1,900.
- State school teacher numbers are down 2,322.
- Secondary teacher numbers fell by 457 in the most recent year.

The available evidence therefore does not indicate progress towards the manifesto commitment to recruit 6,500 additional state school teachers funded by VAT on private school fees.

KEY FINDINGS: TEACHER PROMISE

The Government promised

+6,500

more specialist state school teachers

The data shows

-2,322

fewer state school teachers

8,822 short

of the target

Source: Labour Manifesto 2024, page 10. DfE School Workforce Census 2025–26

How the Government Counts Progress

The Government has claimed partial progress toward the 6,500 figure. That claim deserves scrutiny.

- 44% of claimed new teachers are in special schools
- 35% are in further education

Neither category appears in the manifesto commitment.

State school teacher numbers remain below the level recorded before the policy.

Whether this reflects the commitment presented in the Labour manifesto is a matter for readers to judge. We would argue that the pledge was specific: key subjects, state schools, mainstream provision. By that measure, the trend is in the wrong direction.

Whatever measure is ultimately used, the 6,500-teacher target has not yet been achieved.

Footnote: State school teacher numbers: DfE School Workforce Census 2025-26.

Section Five

REVENUES and The Missing Evidence

What did the Government say would happen?

> *"VAT on school fees would raise £460m in 2024–25, rising to over £1.5bn per year"*
>
> **OBR-CERTIFIED, AUTUMN BUDGET 2024, TABLE 5.1, HM TREASURY**

What Has Actually Happened?

VAT receipts have not been published since the policy was introduced. As a result, we are unable to verify the claims made by the Government.

This is a significant omission. Revenue was not a peripheral claim. It was the foundation on which the policy was justified.

KEY FINDINGS: REVENUES

Projected revenue	Actual revenue
£1.5bn	**Unknown** not published by HMRC

Every element of the Government's case for this policy rested on revenues outweighing costs. The Office for Budget Responsibility certified projections at the time of the Autumn Budget 2024. Those projections — £460m in the first year, rising to over £1.5 billion annually — were the numbers that made the policy's arithmetic work.

The Government has published data that allows the public to assess pupil numbers, teacher numbers and state sector costs. It has not published the equivalent revenue data. As a result, the central financial justification for the policy cannot currently be independently verified.

Revenue Projections vs Published Data

Year	OBR Forecast	Published Revenue
2024–25	*£460m*	*Not published*
2025–26	*£1,505m*	*Not published*
2026–27	*£1,560m*	*Future*
2027–28	*£1,610m*	*Future*
2028–29	*£1,665m*	*Future*

Source: OBR-certified, Autumn Budget 2024, Table 5.1, HM Treasury.

Why This Matters

Several factors are likely to have reduced actual revenues below the OBR's projections such as:

- The greater-than-expected fall in fee-paying pupils
- Schools reclaiming input VAT
- The impact of fee pre-payments made before anti-forestalling measures took effect on 29 July 2024
- The permanent removal of over 100 schools from the fee-paying base with the associated loss of not only VAT but also business rates, income tax and NI for teachers and other school staff.
- As the Government has not published figures to address any of these questions, we are unable to make an assessment.

Can the Manifesto Commitments Be Verified?

The Labour manifesto published specific spending commitments, to be funded by VAT on school fees. Every line item was directed at state schools. The commitments ranged from the headline teacher pledge to mental health support, nurseries, careers advice, and Ofsted reform.

Because actual VAT revenues have not been published, it is not possible to confirm whether any individual commitment has been funded by this policy. What can be assessed is whether the commitments themselves have been delivered. The picture is mixed, but the largest commitment — by a considerable margin — has not been.

MANIFESTO COMMITMENT	PROJECTED SPEND	CURRENT STATUS
6,500 new teachers in key subjects	£450m	Not delivered
Teacher and headteacher training	£270m	Cannot verify
Mental health support for every school	£175m	Cannot verify
Work experience and careers advice	£85m	Cannot verify
Ofsted reforms	£45m	Delivered
3,000 new school nurseries	£35m	Partially delivered*
Early language interventions	£5m	Cannot verify
Identified Manifesto Commitments	£1,065m	
Remaining funding	£435m	Not specifically allocated
Total	£1.5bn	

*Source: Labour Party Manifesto 2024. *600 of 3,000 funded. Phase 1 (300, Sept 2025) and Phase 2 (300, Sept 2026) underway*

Section Six

CONCLUSION: Promised Limited Disruption. Delivered Structural Change.

The Government's forecasts examined in this report were central to the case for imposing VAT on independent school fees. Ministers, the Institute for Fiscal Studies and supporters of the policy argued that the impact would be modest, that revenues would substantially outweigh costs and that the proceeds would support improvements in state education

Just eighteen months on, with five years remaining in the assessment period, the available evidence tells a different story.

- The reduction in mainstream independent school pupils has already exceeded the Government's entire long-term projection.
- Estimated state sector costs have already exceeded the Government's projected peak.
- Large school closures remain significantly above historic levels.
- State school teacher numbers have fallen rather than increased.
- The revenue figures required to test the Government's financial case remain unpublished.

The Government's forecasts did not merely underestimate the impact. On every measure that can currently be tested, the impact has been materially greater than forecast.

The Government may now argue that although its forecasts were wrong, the state sector has sufficient capacity to absorb additional pupils. But that was never the promise.

The policy was justified on the basis that disruption would be limited. Ministers argued that relatively few pupils would leave the independent sector and that there was "no evidence" schools would close. Those assurances were repeatedly given to parents, schools and Parliament.

Whether the state sector can accommodate these movements is a separate question. The question is whether the impact has been as limited as promised.

The available evidence suggests it has not.

ENT Position: A Matter of Principle

Education Not Taxation objected to this policy before it was introduced and opposes it today — not only because the forecasts were wrong, but because taxing education is fundamentally unjust.

It would be unjust if it raised no money. It would be unjust if it raised some money. It would remain unjust even if the Government's most optimistic revenue forecasts proved correct.

The evidence reviewed in this report does not represent the basis for that objection.

It reinforces it.

Our Call

The Government may conclude that the impact has been greater than expected but that these consequences are acceptable.

We reject that argument.

There are better ways to raise revenue for education without penalising families who fund their children's schooling privately.

We therefore call on the Government to reinstate the VAT exemption on independent education and to publish a full post-implementation review of the policy, including VAT receipts, second-order revenue effects and a comprehensive assessment of the impact on pupils, schools and public finances.

We call on opposition parties to hold the Government to account and to commit, in their future manifestos, to reversing this tax.

The central promise made in support of this policy was that disruption would be limited.

Eighteen months on, the evidence shows it was not.

That promise has not been kept, and the families, schools and communities affected deserve better.

Behind every statistic in this report is a child, a family and a future.

HOW TO CONTACT US

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Sources, Scope & Methodology

Our Approach

This report compares the forecasts and assurances used to justify VAT on independent school fees with the outcomes recorded in official Government data.

All figures are drawn from Government publications, Government datasets and Parliamentary records. No data from representative bodies, campaign organisations or independent schools has been used in the principal analysis.

Where figures are derived rather than directly published, the methodology used is explained within the relevant section and set out in Appendix A.

Scope of Analysis

This report analyses **England only**.

Pupil census data is collected using different methodologies across the four nations of the United Kingdom and no equivalent public register of school closures exists across all jurisdictions. England therefore provides the only consistent basis for a like-for-like assessment of the policy.

For the school closure analysis, **large schools** are defined as those with 200 or more pupils, based on the most recent recorded enrolment recorded on the Department for Education's Get Information About Schools register.

The analysis focuses on **mainstream independent schools** because they are the population directly affected by VAT on school fees and the population used by Government when modelling the policy. It does not analyse independent special schools that shares the independent school register. This distinction is deliberate and analytically necessary.

Time Period Used

This report compares the January 2024 and January 2026 DfE School Census returns. January 2024 was the final census before the July 2024 General Election and before the policy was confirmed. January 2026 is the latest census available at the time of writing.

The Government's own forecasts assumed behavioural effects would occur before the formal implementation date of January 2025. This is reflected in the Government's published projections, which include both revenue effects and pupil movements during 2024-25. The period examined in this report is therefore consistent with the timeframe used in the Government's own modelling.

Why Independent Special Schools Are Excluded

Independent special schools operate under a fundamentally different funding model from mainstream independent schools.

The overwhelming majority of pupils attending independent special schools are placed and funded by local authorities or other public bodies. Under the Finance Act 2025, local authorities can recover VAT on funded placements in independent schools. As a result, independent special school placements are largely VAT-neutral in practice.

The Government has stated that Local Authorities can reclaim VAT on private school places they fund via the Section 33 VAT Refund Scheme, and has explicitly said this applies regardless of why the Local Authority is funding the place.

Growth in independent special school provision also predates the introduction of VAT on school fees by more than a decade and is primarily driven by rising Education, Health and Care Plan demand and increasing pressure within the state SEND system.

For these reasons, independent special schools are excluded from the principal analysis.

Between January 2024 and January 2026, mainstream independent school numbers fell by 43,126 pupils while independent special school numbers increased by 9,895 pupils. Combining these populations would mask part of the decline in mainstream independent schools and would not provide a like-for-like assessment of the policy's impact.

Any suggestion that growth in independent special school placements — driven by a decade-long trend in EHC demand that predates this policy — should be netted against the decline in mainstream independent school pupils is not an analytical position.

Note on ISC Census Data

This report uses Department for Education School Census data because it provides the most comprehensive measure of pupil numbers across all mainstream independent schools in England and allows direct comparison with the Government's published forecasts.

The Independent Schools Council (ISC) Census also reports on independent schools data, their report covers member schools only and measures a different population. As a result, ISC figures are not directly comparable with Department for Education School Census data.

Where relevant, ISC Census 2026 findings are referenced as supporting evidence. The principal analysis relies wholly on Department for Education data because the Government's forecasts were themselves based on sector-wide pupil movements.

Limitations

The following limitations should be noted:

• The analysis covers England only.

• Actual VAT receipts relating to the policy have not been published.

• Some school closure announcements may not yet appear within official Department for Education datasets.

• The report assesses outcomes eighteen months after implementation and therefore does not represent the full lifetime impact of the policy.

Sources

All data used in this report is drawn from official Government sources:

DfE School Census, January 2024 and January 2026.
explore-education-statistics.service.gov.uk/find-statistics/school-pupils-and-their-characteristics

explore-education-statistics.service.gov.uk/find-statistics/school-pupils-and-their-characteristics/2025-26

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explore-education-statistics.service.gov.uk/find-statistics/school-workforce-in-england

DfE Get Information About Schools (GIAS).
get-information-schools.service.gov.uk

DfE School Funding Statistics 2025-26, published 29 January 2026. (per pupil funding)
explore-education-statistics.service.gov.uk/find-statistics/school-funding-statistics/2025-26

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ifs.org.uk/publications/the-likely-effects-of-vat-on-private-school-fees

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news.sky.com/story/sir-keir-starmer-says-there-is-no-evidence-private-schools-will-have-to-close-due-to-labours-vat-plans-13160025

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Applying VAT to Private School Fees and Removing the Business Rates Charitable Rates Relief for Private Schools Technical Note

https://assets.publishing.service.gov.uk/media/66a7a1bdce1fd0da7b592eb6/Technical_Note_-_DIGITAL.pdf

Labour Party Manifesto 2024

labour.org.uk/wp-content/uploads/2024/06/Labour-Party-manifesto-2024.pdf

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Appendix A – Cost Methodology

All cost estimates presented in this report are derived from the Government's own published methodology and assumptions.

No independent cost estimates have been used.

Here is exactly what we did and why.

Step 1 — Extract the Government's own implied per-pupil rate

Source: HM Government — Private school fees: VAT measure, November 2024 gov.uk/government/publications/vat-on-private-school-fees/applying-vat-to-private-school-fees

The Government's policy paper states two figures:

Peak state sector cost: £270 million per annum

Long-term additional state school pupils: 35,000

Dividing one by the other gives the per-pupil cost embedded in the Government's own model:

£270,000,000 ÷ 35,000 = £7,714 per pupil per year

The Government never stated this rate explicitly — but the arithmetic is entirely theirs.

Step 2 — Establish what the Government implied costs would be in 2025-26

Source: HM Government — Private school fees: VAT measure, November 2024

The same policy paper published a Year 2 forecast of 14,000 additional state school pupils by 2025-26. Applying the Government's own implied rate to that figure gives the cost the Government's model implied for 2025-26:

14,000 × £7,714 = £107.9 million

That is what the Government's own arithmetic said state sector costs would be in the year we are now in.

Step 3 — Apply that rate to what has actually happened

Sources: DfE School Census January 2026. explore-education-statistics.service.gov.uk/find-statistics/school-pupils-and-their-characteristics/2025-26

As established in Section One, the January 2026 DfE School Census records a reduction of 43,126 pupils in mainstream independent schools. Applying the Government's own published methodology — which assumes 94.6% of pupils leaving independent schools enter state schools — implies approximately 40,797 additional state school pupils.

Applying the Government's own per-pupil rate:

40,797 × £7,714 = £314.9 million per year

This is our primary estimate of cost. It uses the Government's own rate, applied to the Government's own methodology, applied to the Government's own census data.

Step 4 — Apply the current DfE per-pupil funding rate

Source: DfE School Funding Statistics 2025-26, published 29 January 2026 explore-education-statistics.service.gov.uk/find-statistics/school-funding-statistics/2025-26

The Government's £270 million projection used 2024-25 per-pupil spending levels. The DfE's own School Funding Statistics, published 29 January 2026, records total per-pupil funding at £8,580 per pupil for 2026-27. Applying the current rate to the observed pupil movement:

40,797 × £8,580 = £350 million per year

This is not an inflated figure. It is what it actually costs to educate a pupil in a state school today, on the Government's own published figures.

Both estimates exceed the Government's projected peak annual cost of £270 million.

The updated rate of £8,580 per pupil is taken directly from the DfE School Funding Statistics, published 29 January 2026, on the Government's explore education statistics platform.
