

Research Briefing

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Independent schools: taxation and charitable status



Summary

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Summary

What are independent, or private, schools?

As of January 2024, there were 2,421 independent schools in England in total, a small increase from 2,408 in January 2023. There were a further 90 independent schools in Scotland (October 2024), 83 in Wales (September 2024), and 14 in Northern Ireland (October 2023).

Independent schools can be day or boarding schools. They can be mainstream or special schools – that is, specifically arranged to make provision for children with special educational needs and disabilities (SEND). Some have a faith character or follow particular philosophies.

What changes is the Labour government planning?

The Labour government has announced plans to reform the tax treatment of independent schooling. It is not proposing to remove the charitable status that some independent schools have.

Following the election of the Labour Party in July 2024, and subject to the passage of legislation, the standard 20% VAT rate will apply to private schools from 1 January 2025.

Additionally, the government is planning to remove the charitable (business rates) relief currently available to English independent schools that are charities. Wales has announced similar plans, and Scotland removed business rates relief for charitable independent mainstream schools in 2022.

Commentary on the government's plans

Views differ on whether independent schools should be able to benefit from tax exemptions and reliefs.

Labour's Fiscal Plan suggests £1.5 billion of revenue will be gained from applying VAT and business rates relief changes to independent schools. The Institute for Fiscal Studies said this broadly aligned with their own earlier estimates of between £1.3 and £1.5 billion. However, the IFS has also said the

issues are finely balanced, and estimates of potential pupil outflows from independent schools are uncertain.

Other bodies, including the [Independent Schools Council](#), have raised concerns, suggesting that the outflow of pupils to the state sector could be much higher than anticipated, and could place pressure on state-funded schools and SEND provision.

Independent schools as charities

Around half of independent schools in England are charities.

For the purposes of the law in England and Wales, the Charities Act 2011 defines a [charity as an institution that is established for charitable purposes only](#). The act lists [descriptions of charitable purposes](#), which must be for the public benefit.

The advancement of education is a charitable purpose, so independent schools may qualify as charities. Educational charities, like all other charities, must demonstrate they provide a public benefit. The term public benefit is not defined in statute; it is interpreted according to the common law.

In Scotland, an organisation must meet the ‘charity test’ set out in the Charities and Trustee Investment (Scotland) Act 2005. It must have only charitable purposes and provide public benefit in Scotland or elsewhere to qualify as a charity. The advancement of education also constitutes a charitable purpose under Scottish legislation.

1 Background to government plans on independent schools

1.1 What are independent, or private, schools?

‘Independent’ or ‘private’ school in the context of this briefing means a school that charges fees – as opposed to state-funded schools, which are generally prohibited from charging for education.

As of January 2024, there were 2,421 registered independent schools in England, a small increase from 2,408 in January 2023.¹ There were a further 90 registered independent schools in Scotland (October 2024),² 83 in Wales (September 2024),³ and 14 in Northern Ireland (October 2023).⁴

Independent schools can be day or boarding schools. They can be mainstream or special schools – that is, specifically arranged to make provision for children with special educational needs and disabilities (SEND). Some have a faith character or follow particular philosophies.

1.2 Tax and business rates reform

The election of Labour in July 2024 brought a change to the previous government’s position to maintain [the tax status of independent schools](#).

The [Labour manifesto for the 2024 General Election](#) (PDF) committed to “ending tax breaks for private schools”.

The King’s Speech 2024 confirmed that [\[m\]easures will be brought forward to remove the exemption from Value Added Tax for private school fees](#)”. This change would apply across the UK.

Independent schools that are charities in England also currently benefit from an [80% discount on business rates](#). The government is proposing to remove

¹ Department for Education, [Schools, pupils and their characteristics: January 2024](#), published 6 June 2024, [custom table](#)

² Scottish Government, [Independent schools in Scotland: register](#), updated 2 October 2024

³ Welsh Government, [Consultation on charitable non-domestic rates relief for private schools](#), 23 September 2024

⁴ Northern Ireland Statistics and Research Agency, [Annual enrolments at schools and in funded pre-school education in Northern Ireland 2023-24](#), updated March 2024, p23

this relief, with some exceptions. Scotland has already taken this step, and Wales is proposing similar measures.

No proposals to remove charitable status

While reform to the independent sector has long been on the Labour agenda, the current reforms are different to those proposed in the 2019 Labour general election manifesto, that tasked [the Social Justice Commission](#) “to advise on integrating private schools and creating a comprehensive education system.” This option has not so far been discussed by the current Labour government; Nor has the issue of whether charitable status should apply to independent schools, and how they can demonstrate the public benefit requirement.

Labour’s [Fiscal Plan estimates £1.5billion revenue will be gained from applying the VAT and business rates relief changes to independent schools](#).⁵ The Fiscal Plan has earmarked this revenue for funding eight policies, including the recruitment of “6,500 new expert teachers” and “Ofsted reform”.⁶

1.3

VAT on school fees

How does VAT work?

VAT is charged on the supply of all goods and services made in the course of a business by a taxable person, unless they are specifically exempt. All businesses must register for VAT if their annual turnover of taxable goods and/or services is above a given threshold, currently set at [£90,000](#).

VAT is charged on the additional value of each transaction. It is collected at each stage of production and distribution. A business pays VAT on its purchases (known as input tax), and charges VAT on its sales (known as output tax). It will settle with HMRC for the difference between the two. In the end the cost of the tax is borne by the final consumer.⁷

VAT is charged either at the standard rate – currently 20% – or the zero rate, though there is limited use of a reduced rate of 5%.⁸

The exemption of goods and services from VAT should be distinguished from their being charged a zero rate.

⁵ Labour Party Manifesto, [Fiscal Plan](#), July 2024 (accessed 26 September 2024)

⁶ As above

⁷ HMRC’s VAT Guide ([VAT Notice 700, September 2023](#)) provides an overview of the basic rules of VAT – see [section 4](#)

⁸ Around half of household expenditure subject to the 20% standard rate, while around 2.5 per cent of expenditure is taxed at the reduced 5% rate (Office for Budget Responsibility, [Tax by tax: VAT](#), updated 17 April 2024)

Although a business will not charge a customer VAT on their supply of zero-rated goods or services, the supply will still count as part of a business' taxable turnover. VAT charged on inputs relating to zero-rated activities can be reclaimed, unlike the VAT incurred by a business in the course of an exempt activity. In the latter case, a business making exempt supplies has to absorb the VAT charged to it by its suppliers. This is often called 'irrecoverable' VAT.

From the perspective of the final consumer, both zero-rated supplies and exempt supplies will be VAT-free.

VAT law is consolidated in the [VAT Act \(VATA\) 1994, as amended](#).

[Schedule 9 to the Act](#) lists those goods and services which are exempt from VAT. Categories of exempt supplies include land, insurance, finance, education, health, and welfare.

[Schedule 8 to the Act](#) lists those goods and services which are charged a zero rate. Categories of zero-rated supplies include food, construction of new dwellings, domestic and international passenger transport, drugs and medicines on prescription, and certain supplies of goods and services by charities.

HMRC publishes detailed guidance on the rate of VAT that is charged on different goods and services.⁹

How does VAT apply to school fees at present?

Schedule 9 to VATA 1994 specifies supplies that are VAT-exempt. [Group 6 of schedule 9 deals with the supply of education](#). This establishes that the provision of education, research or vocational training by an "eligible body" - along with the provision of examination services, and goods or services "closely related" to the supply of education, research or vocational training - is exempt from VAT.¹⁰

The term "eligible body" broadly refers to most regulated, publicly funded, or not-for-profit education providers. It also extends to commercial providers to the extent that they provide the teaching of English as a foreign language.¹¹ Private schools are considered to be regulated by virtue of needing to register with government bodies. As a consequence private schools are able to provide private education and boarding services for a fee without having to charge VAT.¹²

⁹ HMRC, [VAT rates on different goods and services](#), updated 11 July 2022

¹⁰ specifically, item 1(a), item 3(a) and item 4 to [group 6 of schedule 8 to VATA 1994, as amended](#)

¹¹ HM Treasury, [Applying VAT to Private School Fees and Removing the Business Rates Charitable Rates Relief for Private Schools: technical note](#), (PDF) July 2024 para 1.7

¹² [As above](#) (PDF) July 2024, para 2.2

HMRC publishes detailed guidance on the scope of the VAT exemption for supplies of education.¹³ This provides a list of organisations that would be classified as an eligible body in this context:

- a school, sixth form college, tertiary college or further education college or other centrally funded further education institution (defined as such under the Education Acts)
- a centrally funded higher education institution in Wales, Scotland and Northern Ireland (defined as such under the Education Acts)
- the governing body of one of these institutions:
 - a local authority
 - a government department or executive agency
 - a non-profit making body that carries out duties of an essentially public nature similar to those carried out by a local authority or government department
 - a health authority
- a non-profit making organisation that meets certain conditions
- a commercial provider of tuition in English as a Foreign Language (EFL) in which case special rules will apply [...]
- a university
- a higher education provider registered in the approved (fee cap) category of the register maintained by the Office for Students from the date of inclusion in the register.¹⁴

HMRC's guidance goes on to underline that:

an organisation is likely to be an eligible body, where it's a charity, professional body or company: that cannot and does not distribute any profit it makes; with any profit that might arise from its supplies of education, research or vocational training is used solely for the continuation or improvement of such supplies.¹⁵

In this context, 'education' means a course, class or lesson of instruction or study in any subject, regardless of when and where it takes place. It would include: lectures; educational seminars; conferences and symposia;

¹³ HMRC, [Education and vocational training: VAT Notice 701/30](#), updated 6 February 2023

¹⁴ [As above](#), para 4.1. The term is defined by [note 1 to group 6 of schedule 8 of VATA 1994](#).

¹⁵ [As above](#) para 4.3

recreational and sporting courses; as well as distance teaching and associated materials.¹⁶

HMRC's guidance summarises the VAT consequences for an 'eligible body' if it is charging for its supply of education:

If school, higher or further education is being provided for a charge [...] the VAT consequences are for an eligible body [...]:

- the education provided is exempt
- any 'closely-related' goods or services provided are exempt
- the sales of other goods or services are taxed in the normal way.¹⁷

HMRC publishes further guidance in its [VAT Education Manual](#).¹⁸

1.4

The Labour Party's policy on VAT and school fees

Manifesto commitments and parliamentary debate

In its 2017 general election manifesto the Labour Party stated that in government it would remove "the VAT exemption on private school fees", using the receipts to "introduce free school meals for all primary children."¹⁹ The party reiterated this commitment in its 2019 general election manifesto, stating that it would "close the tax loopholes enjoyed by elite private schools" using the receipts from this reform to "improve the lives of all children."²⁰

In January 2023 the then Shadow Secretary of State for Education, Bridget Phillipson, put the party's case for introducing VAT on independent school fees. This was in the context of a debate on a Labour motion supporting a new select committee to examine reforming the tax status of independent schools.²¹

Ms Phillipson argued that "at a time of economic uncertainty, asking the public to subsidise a tax break for private schools is inexcusable."²² She suggested extending VAT on school fees could raise about £1.7 billion, a figure that the then Chancellor Jeremy Hunt had given some months before in his

¹⁶ HMRC, [Education and vocational training: VAT Notice 701/30](#), updated 6 February 2023, para 5.1

¹⁷ [As above](#) para 1.1

¹⁸ See also, Chartered Institute of Taxation, [Tax treatment of private schools – an explainer](#), 21 June 2024

¹⁹ Labour Party, [2017 general election manifesto: For the many, not the few](#), May 2017 p38

²⁰ Labour Party, [2019 general election manifesto: It's time for real change](#), November 2019 p40

²¹ [HC Deb 11 January 2023 cc:566-677](#). In the event the motion was [defeated by 303 votes to 197](#).

²² [As above](#), c568

Autumn Statement when he ruled out this route to increase school funding.²³ Ms Phillipson noted that the Labour Party did not anticipate this change “would cover specialist provision”, and that the proposed new committee would be able to consider the particular position of children from armed forces families in independent schools.²⁴

The Shadow Secretary of State also argued that the government’s case against extending VAT was flawed, given that “private school fees have far outstripped wage rises over the past 20 years”, and that the provision of bursaries to some pupils had had little impact on accessibility, as “the Independent Schools Council’s own figures [show] that a mere 8% of children get means-tested fee support.”²⁵

In response, the then Secretary of State Gillian Keegan set out the government’s case for opposing this reform. She suggested those independent schools that were more affordable were “likely to be at greater risk from an increased tax burden”, and their closure “would increase inequality and reduce choice for families.” In addition many schools would be likely “to seek to avoid passing on the full cost to hard-pressed families”, and so might choose “to reduce the bursaries and scholarships that broaden access to such places instead.”²⁶ Further to this, the closure of schools and the reduction in bursaries “would only increase the pressures on the state-funded sector”, which might exceed any Exchequer benefit from imposing VAT.²⁷

Subsequently, the then Minister of State for Education, Nick Gibb, reiterated the Conservative government’s opposition to extending VAT on school fees in answer to a PQ the following month. Mr Gibb suggested that changing independent schools’ tax status could “make independent education less affordable and create place pressures on state-funded schools which have limited capacity.” The Minister went on to note that as the government had no plans to do this, it had “not made an assessment of the impact of such a change on both the independent school sector, and the state education system.”²⁸

Analysis of the potential impact of extending VAT on school fees

In July 2023 [the Institute for Fiscal Studies \(IFS\) published some analysis](#), comparing the expenditure on fees for independent schools with state school

²³ [HC Deb 17 November 2022 c849](#)

²⁴ [HC Deb 11 January 2023 c570](#)

²⁵ [As above](#) c573

²⁶ [As above](#) c577

²⁷ [As above](#)

²⁸ [PQ135345, 7 February 2023. See also, PQ H110371, 4 October 2023](#)

spending, and examining the Labour Party’s proposal to remove independent schools’ tax exemptions.²⁹

The author, IFS research fellow Luke Sibieta, suggested that imposing VAT on fees and removing business rates relief could raise about £1.6 billion a year in extra tax revenue. This estimate was based on fees being subject to an effective VAT rate of 15% after allowing for schools’ deductions of input tax, the likelihood of VAT being extended to boarding fees, and VAT exemption being retained for specialist provision. Mr Sibieta also discussed the potential impact over the medium to long term, if some parents decided to move their children to the state sector, requiring an increase in state spending:

If private school attendance drops, state schools will require extra funding to accommodate them. The (limited) evidence on the determinants of the demand for private schooling suggests that the effects of fee rises are quite weak. In the short run, the effect might be extremely small as few parents might opt to take their children out of a school part-way through primary or secondary school. The effect might be larger over the medium to long run.

Our best judgement is that it would be reasonable to assume that an effective VAT rate of 15% would lead to a 3–7% reduction in private school attendance. This would likely generate a need for about £100–300 million in extra school spending per year in the medium to long run.³⁰

He went on to note that there was a lot of uncertainty about these estimates, highlighting three issues in particular:

We have not accounted for potential reductions in labour supply and there is the potential for tax avoidance behaviour on the behalf of parents or schools. The effects are also likely to be heterogeneous given the range of different schools in the private sector.

Finally, it is possible that the state sector could easily accommodate extra pupils given that overall pupil numbers across England are due to decline by at least 100,000 per year on average up to 2030 – i.e. a total drop of more than 700,000, which is bigger than the total number of children attending private schools.³¹

Mr Sibieta noted there was relatively little evidence of the impact of higher school fees, though a working paper published by the IFS in 2010 suggested increases in fees had a relatively small impact on the demand for school places.³² In addition, “the share of pupils in private schools across the UK has

²⁹ IFS press notice, [Removing tax exemptions from private schools likely to have little effect on numbers in the private sector, raising £1.3–1.5 billion in net terms](#), 11 July 2023; Luke Sibieta, [Tax, private school fees and state school spending](#), Institute for Fiscal Studies 11 July 2023

³⁰ Luke Sibieta, [Tax, private school fees and state school spending](#), Institute for Fiscal Studies, (PDF) 11 July 2023, p3

³¹ [As above](#)

³² Richard Blundell, Lorraine Dearden and Luke Sibieta, [The demand for private schooling in England: the impact of price and quality](#), IFS Working Paper 10/21, 2010

hardly changed at all over time, despite a 20% real-terms increase in fees since 2010 and a 55% rise since 2003.”³³

By contrast, analysis published by the Independent Schools Council (ISC) in 2018 based on survey data of how parents might react to schools passing on the cost of VAT has suggested a much bigger impact.³⁴

Both of these reports were raised in an adjournment debate on this issue in February 2024 initiated by Andrew Lewer (Conservative).

Mr Lewer noted the conclusions to the ISC 2018 report that “the predicted income-related drop-off if the policy is enacted would be nearly 100,000 children.” He also observed that the ISC had surveyed parents and found that “20% of parents who currently send their children to independent schools say they will be priced out and have to educate their children in the state sector.”³⁵ By contrast, Helen Hayes (Labour), then Shadow Education Minister, observed that the IFS’ report found that “our proposals would have little effect on the number of children being educated in private schools, but would lead to a net gain to the public purse of at least £1.3 billion per year.”³⁶

In his response to the debate, the then Financial Secretary to the Treasury Nigel Huddleston argued that “the numbers suggested by the Opposition simply do not stack up”:

The full knock-on impact has not been properly considered. VAT is an incredibly complex area. It is not simple to make blanket policy without considering the full impact.³⁷

The government has also recently reiterated its belief that outflows from the independent sector can be absorbed by state schools. In an explainer on its plans published on 6 September 2024, it said:

In 2023, 83% of primary schools had one or more unfilled places - the highest rate in a decade. This is reflected in secondary schools too, with 77% having one or more unfilled places.³⁸

³³ Luke Sibieta, [Tax, private school fees and state school spending](#), Institute for Fiscal Studies, (PDF) 11 July 2023 p20

³⁴ Baines Cutler Solutions, [VAT on school fees – report](#), Independent Schools Council (PDF), October 2018

³⁵ [HC Deb 21 February 2024](#) c314WH

³⁶ [As above](#) c323WH

³⁷ [As above](#)

³⁸ Department for Education, [VAT on private schools: Everything you need to know](#), 6 September 2024

1.5

The Labour government's consultation (July 2024)

Publication of the Treasury's technical note

In its 2024 general election manifesto the Labour Party reiterated its commitment to “end the VAT exemption and business rates relief for private schools to invest in our state schools.”³⁹

Following the election, on 29 July the Chancellor Rachel Reeves gave a statement on the public finances, in which she announced that the Labour government's first Budget would be on 30 October.⁴⁰ At this time the Exchequer Secretary James Murray gave a written statement on the government's tax priorities. As part of this he confirmed the government's plan to introduce 20% VAT on education and boarding services provided for a charge by private schools across the UK from 1 January 2025:

Twenty per cent VAT will also apply to pre-payments of fees for terms starting on or after 1 January 2025 made on or after 29 July 2024. These changes will not impact pupils with the most acute special educational needs, where their needs can only be met in private schools.⁴¹

Further details were set out in a [technical note](#) (PDF) published by HM Treasury, which also confirmed the government's plan to remove private schools' eligibility for charitable rates relief under business rates in England.⁴² This was accompanied by [draft legislation](#) (PDF) for this measure and [an explanatory note](#) (PDF).⁴³ The government invited comments on both the technical note and the draft legislation by 15 September 2024.

In answer to a parliamentary question on the timing of this consultation exercise, Exchequer Secretary James Murray noted it gave schools six weeks to prepare a consultation response, including around two weeks from the end of the school holidays. He went on to add, “It is important that the consultation closed on 15 September to provide enough time to analyse responses and consider any changes to the draft legislation ahead of Budget.”⁴⁴

Generally HMRC publishes an impact assessment for all tax policy changes - a [‘tax information and impact note’](#) - when the policy is final or near final. This is usually at the time of the Budget, in advance of the publication of the Finance Bill. In this case the government has confirmed it will publish a tax

³⁹ Labour Party, [2024 general election manifesto: Change](#), (PDF) June 2024, p82

⁴⁰ [HC Deb 29 July 2024 cc1033-1040](#)

⁴¹ [WS32 \[HM Treasury update\]](#), 29 July 2024

⁴² HM Treasury (HMT), [Applying VAT to Private School Fees and Removing the Business Rates Charitable Rates Relief for Private Schools: technical note](#), (PDF) July 2024

⁴³ HMT, [Removal of VAT exemption for private school fees: draft legislation](#), (PDF) July 2024; HMT, [Removal of VAT exemption for private school fees: explanatory note](#), (PDF) July 2024.

⁴⁴ [PQ4622](#), 17 September 2024

information and impact note on the removal of this VAT exemption at the Budget on 30 October.⁴⁵ In addition to this, prior to 1 January 2025, HMRC is to publish bespoke guidance products on gov.uk, update registration systems, and put additional resource in place to help process applications by schools that will need to account for VAT on fees.⁴⁶

The proposals to extend VAT on fees

The Treasury's technical note explains that VAT will apply to all education services and vocational training supplied by a private school, or by a 'closely connected person'. The inclusion of 'closely connected persons' is to prevent private schools seeking to retain VAT relief by contracting out their services to another body that still met the eligibility criteria for VAT exemption.⁴⁷ VAT will also apply to boarding and lodging closely related to private schools' provision of these supplies. This change will affect private schools across the UK.⁴⁸

In this context 'private schools' are schools at which full-time education is provided for pupils of compulsory school age or, in Scotland, school age (whether or not such education is also provided for pupils under or over that age), or an institution at which full-time education is provided for persons over compulsory school age but under 19 and which is principally concerned with providing education suitable to the requirements of such persons (for example, a sixth form college), and where fees or other consideration are payable for that provision of full-time education.⁴⁹

VAT will become liable on fees for children in the first year of primary school in a private school upwards. Nurseries are to remain exempt.⁵⁰

It is not proposed to extend VAT to certain other goods and services that private schools provide, and which are an integral part to children accessing education, such as school meals, transport, books and stationery:

This reflects that the government considers the risk of schools artificially assigning greater value to closely related goods and services, rather than education and boarding fees, in order to limit the amount of VAT they are charging parents and carers (sometimes referred to as "value shifting") to be low. HMRC will challenge any school who seeks to avoid their full VAT liability in this, or any other, way.⁵¹

The implementation date for extending VAT on school fees is 1 January 2025. Any fees that have been paid from 29 July 2024 pertaining to the term starting

⁴⁵ [PQ HL260](#), 1 August 2024; [PQ1649](#), 2 August 2024

⁴⁶ [PQ2834](#), 9 September 2024

⁴⁷ HMT, [Applying VAT to Private School Fees and Removing the Business Rates Charitable Rates Relief for Private Schools: technical note](#), (PDF) July 2024 para 2.8

⁴⁸ [As above](#) para 2.5

⁴⁹ [As above](#) para 2.6

⁵⁰ [As above](#) para 2.9

⁵¹ HMT, [Applying VAT to Private School Fees and Removing the Business Rates Charitable Rates Relief for Private Schools: technical note](#), (PDF) July 2024 para 2.13

in January 2025 will be subject to VAT. It is suggested that this is a fair point to apply VAT on the pre-payment of fees as “it is on this date that the details of this policy change were made clear to taxpayers, and draft legislation was published.”⁵² The government goes on to emphasize that HMRC will scrutinise any schemes for pre-payment of fees that schools have offered parents, to ensure VAT is collected where it is due.⁵³

The potential impact of this reform

As noted, the government intends to publish its assessment of the impact of extending VAT on school fees at the time of the Budget.⁵⁴ However the Treasury’s technical note has a short section on the policy’s potential impact, to provide schools, parents and other interested parties with information as to what effect this measure may have in practice.

First, as any VAT-registered business, private schools will be able to offset VAT paid on goods and services they purchase in making their taxable supplies (their input tax) against the VAT they charge on those supplies (their output tax). As a result, it is anticipated that schools will be liable for VAT amounting to around 15% of their fee income.⁵⁵

Second, it is expected that schools will explore options for funding this cost, so as to minimise the impact on fees, for example by reducing their surpluses or reserves, or cutting back on non-essential expenditure.⁵⁶

The paper acknowledges that some parents will decide to move their children to the state education sector. It argues that this will represent a very small proportion of overall pupil numbers, and this will not have a significant impact on the state education system as a whole.⁵⁷ The government’s position on this issue was set out in more detail by Education Minister Baroness Smith of Malvern, in a letter following a debate on the matter in the House of Lords on 5 September.⁵⁸

The Treasury’s technical note also references the fact that in certain circumstances the government provides financial assistance for private school fees of children of UK military personnel and UK diplomatic officials through the Continuity of Education Allowance (CEA). It states that the government will “monitor closely the impact of these policy changes on

⁵² HMT, [Applying VAT to Private School Fees and Removing the Business Rates Charitable Rates Relief for Private Schools: technical note](#), (PDF) July 2024, para 2.31

⁵³ [As above](#) para 2.32

⁵⁴ [PQ2809](#), 9 September 2024

⁵⁵ HMT, [Applying VAT to Private School Fees and Removing the Business Rates Charitable Rates Relief for Private Schools: technical note](#), (PDF) July 2024 para 4.5

⁵⁶ [As above para 4.5](#)

⁵⁷ The paper suggests that “even if pupil displacement is somewhat above the Institute for Fiscal Studies’ estimated range of up to 40,000, this is still likely to represent less than 1% of total UK state school pupils of more than 9 million.” [As above](#) para 4.8. see also, [PQ2830](#), 9 September 2024

⁵⁸ [HL Deb 5 September 2024 cc1296-1348](#). For details see, Department for Education, [Letter from Baroness Smith of Malvern to Lord Alton of Liverpool regarding issues raised during the debate on Independent Schools: VAT Exemption](#), Deposited paper (DEP2024-0622), 12 September 2024

affected military and diplomatic families, with the upcoming Spending Review being the right time to consider any changes to this scheme.”⁵⁹ In her statement on the public finances in July 2024, the Chancellor Rachel Reeves announced the launch of the government’s Spending Review, and stated that it would conclude in Spring 2025.⁶⁰

Impact on independent school pupils with SEND

There has been a lot of concern about the potential impact of this reform for pupils with special educational needs.⁶¹ The government’s position has been that it will not affect pupils with the most acute needs which can only be met in private schools. Usually in this situation a pupil’s place is funded by their local authority (LA). LAs will be able to reclaim any VAT cost associated with this aspect of their activities, under the general VAT refund scheme that LAs can use.⁶²

The technical note discusses this issue at some length.⁶³ It also addresses the fact that those parents whose child’s needs could be met in the state sector, but have placed their child in a private school out of choice, will be liable to pay VAT on their child’s school fees.⁶⁴

1.6

Business rates relief

In England and Wales, independent schools that have charitable status can benefit from charitable relief from business rates. The government estimates that around 50% of private schools in England are registered charities and therefore benefit from charitable rates relief.⁶⁵ In Scotland, charitable rates relief for most independent schools was abolished in 2022.

Charitable rates relief provides a mandatory 80% reduction in the business rates bill due on a property that is occupied by a registered charity and

⁵⁹ HMT, [Applying VAT to Private School Fees and Removing the Business Rates Charitable Rates Relief for Private Schools: technical note](#), (PDF) July 2024, para 4.11. see also, [PQ HL598](#), 16 September 2024

⁶⁰ [HC Deb 29 July 2024 cc1033-1040](#); HMT, [Fixing the foundations: Public spending audit 2024-25](#), CP 1133 (PDF) July 2024 para 11. See also, [PQ HL886](#), 20 September 2024

⁶¹ For example, [PQ895](#), 30 July 2024; [PQ2411](#), 5 September 2024; [PQ3155](#), 12 September 2024; [PQ4622](#), 17 September 2024

⁶² [Section 33 of the VAT Act 1994](#) provides relief from VAT to local authorities on VAT bearing costs which would not otherwise be refundable. For details see, HMRC, [Local authorities and similar bodies \(VAT Notice 749\)](#), September 2024.

⁶³ HMT, [Applying VAT to Private School Fees and Removing the Business Rates Charitable Rates Relief for Private Schools: technical note](#), (PDF) July 2024 para 2.19-27

⁶⁴ [As above](#) para 2.28

⁶⁵ HM Treasury, [VAT on Private School Fees & Removing the Charitable Rates Relief for Private Schools](#), 29 Jul 2024. See also similar remarks in [HCWS 32 2024-25](#), 29 Jul 2024

wholly or mainly used for charitable purposes.⁶⁶ Billing authorities have the discretion to increase this to 100%.⁶⁷

An empty property that is owned by a charity is entitled to 100% relief from business rates, provided that “it appears that when next in use the hereditament will be wholly or mainly used for charitable purposes (whether of that charity or of that and other charities)”.⁶⁸

It is for the billing authority (the district or unitary council) to determine whether a property is ‘wholly or mainly used for charitable purposes’. Case law establishes that the use of the property, not merely whether the occupant is a charity, is critical to this decision.⁶⁹

The government consultation, [VAT on Private School Fees & Removing the Charitable Rates Relief for Private Schools](#), said that the government would legislate to remove entitlement to charitable rates relief from independent schools in England, with some exceptions. Business rates are a devolved matter in Scotland, Wales and Northern Ireland.

The consultation said:

1.13 The government will legislate to remove eligibility of private schools in England to business rates charitable rates relief. However, the government recognises some pupils have special educational needs that can only be met in a private school. Therefore, the government will consider how to address the potential impact of these changes in cases where private school provision has been specified for pupils through an Education, Health and Care Plan (EHCP) – a plan given to children and young people who need more support than is available through special educational needs (SEN) support.

The business rates policy change will be legislated for through a Local Government Finance Bill led by the MHCLG, which will be introduced following the Budget and is intended to take effect from April 2025, subject to Parliamentary process.⁷⁰

The consultation included some brief remarks about the impact of additional business rates liabilities on independent schools’ finances:

4.7 As business rates is a tax on the property, the impact of this change will primarily be through an increase in private schools’ business rates liabilities. The increased rates liability will vary from school to school; however, the government expects increased rates liabilities to have a limited impact on average school fees per pupil.

⁶⁶ See the [Local Government Finance Act 1988](#), schedule 4ZA, paragraph 2

⁶⁷ See the [Local Government Finance Act 1988](#), sections 43 and 47.

⁶⁸ See the [Local Government Finance Act 1988](#), schedule 4ZB, paragraph 2

⁶⁹ See, for instance, [Public Safety Charitable Trust v Milton Keynes](#) (2013); see also the Government’s 2015 paper [Business rates avoidance: summary of responses](#).

⁷⁰ HM Treasury, [VAT on Private School Fees & Removing the Charitable Rates Relief for Private Schools](#), 29 Jul 2024. See also similar remarks in [HCWS 32 2024-25](#), 29 Jul 2024

4.11. ... Though expected to be limited, the government will also consider any impact of the business rates changes on hospital schools or schools providing alternative provision as part of the upcoming Spending Review.

The government has also responded to some Parliamentary Questions on the subject of impact. On 12 September, an answer stated:

James Cartlidge: To ask the Chancellor of the Exchequer, if she will make an estimate of the average annual cost per school of abolishing business rates relief for fee-paying schools.

James Murray: As announced on 29 July 2024, the government will legislate to remove the eligibility of private schools in England to business rates charitable rates relief. The Government will confirm the introduction of these tax policy changes at Budget, at which point the Office for Budget Responsibility (OBR) will certify the Government's costings for these measures. The revenue raised will help to deliver the Government's commitments relating to education and young people.⁷¹

1.7

Scotland

Scotland abolished charitable rates relief for mainstream independent schools as of 1 April 2022. This was implemented by section 17 of the [Non-Domestic Rates \(Scotland\) Act 2020](#).

Section 17 amended the [Local Government \(Financial Provisions etc.\) \(Scotland\) Act 1962](#) by providing that “lands and heritages which are wholly or mainly used for the purpose of carrying on an independent school” are not eligible for charitable rates relief. Section 17 continues to permit charitable rate relief for:

- (a) any independent school all the pupils of which—
 - (i) are selected on the basis of musical ability or potential, and
 - (ii) follow a curriculum which includes classes aimed at developing musical excellence,
- (b) any independent school which is a special school.⁷²

A ‘special school’ is:

...a school, or any class or other unit forming part of a public school which is not itself a special school, the sole or main purpose of which is to provide education specially suited to the additional support needs of children or young

⁷¹ [PQ HC 4753 2024-25](#), 12 Sep 2024

⁷² [Local Government \(Financial Provisions etc.\) \(Scotland\) Act 1962](#), section 9A, inserted by section 17 of the [Non-Domestic Rates \(Scotland\) Act 2020](#)

persons selected for attendance at the school, class or (as the case may be) unit by reason of those needs...⁷³

Consulting on the change

This change in policy was originally proposed by the Scottish Government's [Barclay Review of non-domestic rating](#). Its report, published in 2017, said:

4.120 Independent (private) schools that are charities also benefit from reduced or zero rates bills, whereas council (state) schools do not qualify and generally will pay rates. This is unfair and that inequality should end by removing eligibility for charity relief from all independent schools. They will of course still retain charitable status and other benefits will continue to flow to them from that status. And Independent special schools will be eligible for disability rates relief where they qualify for this.⁷⁴

The Scottish Government published a general consultation on implementing the recommendations of the Barclay Review in 2019. Consultation responses related to the proposal to end charitable rates relief for independent schools said:

The Independent Education Sector and Representative Bodies highlighted the necessity for parity across all schools which supported children with additional needs. Therefore, these schools should be treated the same regardless of status. The Scottish Council for Independent Schools stated "If educational bodies are worthy of relief, the same principle should be applied to all – state and independent schools, colleges, universities and other teaching institutions and foundations."

14.4 The Independent Education Sector also commented that the Barclay Review unfairly targeted Independent Schools as the suggestion of exempting certain types of Independent Schools would unfairly benefit some schools whilst leaving others struggling. The Scottish Charity Regulator commented that the "creation of a 'two-tier' charity sector within a 'single-tier' regulatory regime could be damaging to the public's trust and confidence in both the sector and charity law." They also stated that the proposed change to remove non-domestic rates relief from certain Independent Schools may devalue "charity status of certain groups of charities".

14.5 Those with an interest in faith schools also stressed the need for parity across the education sector. However, they emphasised that if this change was enacted that they would advocate for an "exceptional circumstance" criterion to be faith schools with minimal fees.

14.6 Furthermore, there was widespread consensus that there needed to be a definition of 'exceptional circumstances' to provide clarity over who would receive relief.⁷⁵

The Scottish Government's policy memorandum on its (then) Non-Domestic Rating Bill stated that only one school, [St Mary's Music School](#), met the

⁷³ See the [Education \(Additional Support for Learning\) \(Scotland\) Act 2004](#), section 29 (1)

⁷⁴ Scottish Government, [Barclay Review of non-domestic rating](#), 2017, p73

⁷⁵ Scottish Government, [Non-domestic rates reform: analysis of responses to consultation on Barclay implementation](#), 22 Feb 2019, section 14

criteria of being a specialist music school that are set out in what is now section 17 of the [Non-Domestic Rates \(Scotland\) Act 2020](#).⁷⁶ The policy memorandum says that this school is 70% publicly funded.

The Scottish Parliament's Stage 1 report on the Bill said that the decision to remove charitable rates relief from independent schools had generated the majority of public responses on the Bill:

This provision attracted a far greater response at Stage 1 than any other in the Bill. Out of a total of 367 submissions, over 300 concerned section 10 only. Most of these came from parents, teachers and, occasionally, pupils at independent schools and were opposed to section 10. Likewise, most of the large number of submissions received by the Finance and Constitution Committee concerning the Financial Memorandum to the Bill were from concerned teachers and parents.⁷⁷

The Scottish Government's impact assessment provided some estimates of the impact of the removal of charitable rates relief on the levels of independent school fees and financial support:

As at February 2019 there were 58 mainstream independent schools in Scotland. 56 of these schools are entered in the Scottish Charity Register and 53 of those schools were in receipt of charity relief worth approximately £6.7 million (2018-19). ...

A 2016 report into the economic impact of Scottish Independent Schools estimated that turnover for the sector in 2015 was £403 million. Ignoring inflation since 2015, a £6.7 million cost increase would represent around 1.7 per cent of turnover.

Ignoring inflation since 2015, £6.7 million would represent in a 14 per cent of the funding available for financial assistance.⁷⁸ Fully reducing financial assistance may not be an immediate option for schools since many will have multi-year commitments in place ...

Alternatively, assuming all 8,085 pupils receiving financial assistance received 100 per cent funding, £6.7 million would represent a fee increase of £302 per fee paying pupil.

With basic day fees ranging from £3,600 to £26,790 per annum and an average of around £13,700, the above estimates would imply an average fee increase as a consequence of removing charitable relief of between 1.8 per cent and 2.2 per cent.⁷⁹

⁷⁶ See Scottish Government, [Policy Memorandum on the Non-Domestic Rates \(Scotland\) Bill](#), paragraphs 86-88

⁷⁷ Scottish Parliament, [Stage 1 Report on the Non-Domestic Rates \(Scotland\) Bill](#), 4 Oct 2019, paragraph 102

⁷⁸ Typo in original text

⁷⁹ Scottish Government, [Non-Domestic Rates \(Scotland\) Bill: business and regulatory impact assessment](#), 2019, p27

Figures from the Scottish Council of Independent Schools indicate very little change in the total number of pupils enrolled in independent schools since 2019.⁸⁰

1.8 Consultation in Wales

On 23 September 2024, the Welsh Government [launched a consultation on proposals to remove charitable non-domestic rates relief from independent schools in Wales](#) from 1 April 2025.⁸¹

The Welsh Government said in the consultation document that removing the relief would create extra funding for local services.⁸² It noted that of 83 independent schools registered in Wales, 17 receive charitable rates relief,⁸³ amounting to some £1.3 million (an average relief per school of approximately £75,000).⁸⁴

It said there had been no need to consider an exception in relation to the withdrawal of relief for independent schools that are organised “to make additional learning provision”, as it had been unable to identify any independent schools of this type which are currently in receipt of relief.⁸⁵ The consultation document stated that “the majority” of these independent schools are not charities.⁸⁶

The Welsh Government stated further that the system of non-domestic rates provides for “full exemption” in relation to properties “used wholly for the provision of facilities for training, or keeping suitably occupied, persons who are disabled or who are or have been suffering from illness”.⁸⁷ It said independent schools providing very specialised services may, therefore, be exempt completely from non-domestic rates.⁸⁸

The eligibility of Welsh schools for charitable rates relief, including independent, maintained, and public sector schools, was originally the subject of a consultation in 2020.⁸⁹ The current consultation document notes some respondents to the 2020 exercise expressed concern about the possibility of independent school pupils being displaced into the public sector

⁸⁰ Scottish Council of Independent Schools, [Facts & Figures » SCIS](#), 2023

⁸¹ Welsh Government, [Consultation on charitable non-domestic rates relief for private schools](#) (PDF), 23 September 2024, ‘Proposal’, p5

⁸² As above, ‘[Proposal](#)’, p4

⁸³ As above

⁸⁴ As above, ‘[Impacts](#)’, p6

⁸⁵ As above, ‘Proposal’, p4

⁸⁶ As above, ‘[Proposal](#)’, p5

⁸⁷ As above

⁸⁸ As above

⁸⁹ Welsh Government, [Charitable rates relief for schools and hospitals in Wales](#), last updated 29 May 2020

due to an increase in fees.⁹⁰ The Welsh Government said in the document that independent schools will probably be able to fully, or partially, absorb any increased liabilities – meaning identifiable impacts on pupils are unlikely.⁹¹

However, it also acknowledged the possibility of “small increases” in costs for some parents arising from the removal of charitable non-domestic rates relief and that a “small number” of pupils may need to move to maintained schools.⁹² It also added that:

... it will not be possible to disentangle the impact of this proposal from that of the UK Government’s plans in relation to VAT (which represents a greater financial impact).⁹³

The consultation closes on 16 December 2024.

⁹⁰ Welsh Government, [Consultation on charitable non-domestic rates relief for private schools](#) (PDF), 23 September 2024, ‘Impacts’, p6

⁹¹ As above

⁹² Welsh Government, [Consultation on charitable non-domestic rates relief for private schools](#) (PDF), 23 September 2024, ‘Impacts’, p7

⁹³ As above

2 Independent schools and charity law

2.1 Number of independent schools with charitable status

The [2024 Census and Annual Report by the Independent Schools Council \(ISC\)](#) stated that of their member schools completing the census across the UK, 69% had charitable status.⁹⁴ Not all independent schools are affiliated with ISC, however. In 2022, the Conservative government said in answer to a written parliamentary question that “approximately 50%” of independent schools had charitable status.⁹⁵

Understanding charitable status

Historically, the courts developed the legal concept of a ‘charity’. In an 1891 case known as *Pemsel’s Case*, Lord Macnaghten grouped charitable purposes into four divisions: the relief of poverty; the advancement of religion; the advancement of education; and other purposes beneficial to the public.⁹⁶

Independent schools could be charities for the advancement of education, although some did not originate in this way.

Statutory definition of a charity

The [Charities Act 2006](#) set out a statutory definition of a ‘charity’ for the first time.

This is now included in the [Charities Act 2011](#), a consolidation act that replaced much of the 2006 act (amongst other things). It came into force on 14 March 2012.⁹⁷

For the purposes of the law in England and Wales, the Charities Act 2011 defines a ‘charity’ as an institution established “for charitable purposes only” that is subject to the jurisdiction of the High Court.⁹⁸ ‘Charitable purpose’ is a purpose that meets two statutory criteria: it falls within any of the

⁹⁴ Independent Schools Council, [ISC Census and Annual Report 2024](#) (PDF), 17 May 2024, p22

⁹⁵ PQ 279 [on [Private Education: Charities](#)], 16 May 2022

⁹⁶ [Income Tax Special Purpose Commissioners v Pemsel](#) [1891] AC 531 (PDF)

⁹⁷ This Act brought together and replaced much of the earlier legislation relating to charities

⁹⁸ [Charities Act 2011](#), s1(1)

descriptions of purposes listed in [section 3](#) of the act and is for the public benefit.⁹⁹

The advancement of education is one of the listed descriptions.¹⁰⁰

In Scotland, an organisation must meet the two elements of the ‘charity test’ set out in [section 7\(1\) of the Charities and Trustee Investment \(Scotland\) Act 2005](#) to qualify as a charity. Its purposes must consist only of one or more of the charitable purposes set out in section 7(2) of the 2005 act, which include the advancement of education,¹⁰¹ and it must provide (or intend to provide) public benefit in Scotland or elsewhere.

Public benefit

In England and Wales, the term ‘public benefit’ is not defined in statute and continues to be interpreted in accordance with existing common law (case law).¹⁰²

The two key principles of public benefit are that there must be an identifiable benefit (or benefits), and that benefit must be to the public, or a section of the public.

There is no presumption in law that a purpose of a particular description is for the public benefit.¹⁰³ Educational charities, like all other charities, must demonstrate that they meet the requirement prescribed in the Charities Act 2011.¹⁰⁴

The [Charity Commission for England and Wales](#), which regulates and registers charities in the jurisdiction, is legally required to promote awareness and understanding of the public benefit requirement and issue guidance on it.¹⁰⁵ Charity trustees must have regard to this guidance when exercising any powers or duties to which it is relevant; albeit in relation to carrying out a charity’s purposes for the public benefit, charity trustees are free to exercise discretion within the law as it applies to trustees.¹⁰⁶

Public benefit: *The Independent Schools Council case*

The Commission’s current public benefit guidance, issued in 2013,¹⁰⁷ replaced earlier guidance initially published in 2008 which was challenged by way of

⁹⁹ [Charities Act 2011, s2\(1\)](#)

¹⁰⁰ As above, [s3\(1\)\(b\)](#)

¹⁰¹ [Charities and Investment \(Scotland\) Act 2005, s7\(2\)](#)

¹⁰² This contrasts with the position in Scotland, where public benefit requirements are set out in [section 8 of the Charities and Investment \(Scotland\) Act 2005](#)

¹⁰³ [Charities Act 2011, s4\(2\)](#)

¹⁰⁴ For an analysis of the relevant law see Charity Commission, [Analysis of the law relating to public benefit](#) (PDF), September 2013 (new format February 2017)

¹⁰⁵ [Charities Act 2011, ss14 and 17](#)

¹⁰⁶ Charity Commission for England and Wales, [Public benefit: an overview](#), 16 September 2013

¹⁰⁷ See Charity Commission for England and Wales, [Public benefit: the public benefit requirement \(PB1\)](#), [Public benefit: running a charity \(PB2\)](#), and [Public benefit: reporting \(PB3\)](#), 16 September 2013

judicial review in [The Independent Schools Council v Charity Commission of England and Wales](#) (PDF).¹⁰⁸ The case was heard in the Upper Tribunal (Tax and Chancery Chamber).

The Independent Schools Council (ISC), a representative body for fee-paying schools, sought an order to quash part of the Charity Commission guidance on public benefit, which the ISC contended was flawed in the context of its application to independent schools. The Upper Tribunal also considered a reference from the Attorney General about how the public benefit requirement should operate in relation to a hypothetical independent school.

The Charity Commission's [Analysis of the law relating to public benefit](#) (PDF) gives an overview of the law on which the Commission's statutory public benefit guidance is based.¹⁰⁹ It sets out the main points from the decision in *The Independent Schools Council* case, namely that:

- Pupils whose families pay fees, and pupils whose families cannot, need an education. They are both potential beneficiaries of a charity providing it.
- In assessing the need to carry out charitable purposes for the public benefit, it is legitimate to consider the expenditure requirements of the school and to prioritise potential beneficiaries able to pay fees.
- If fees charged are more than the poor can afford, school trustees must provide the poor with a benefit that is more than token or *de minimis* – after which trustees may exercise their discretion.
- When deciding if someone is poor, wider circumstances beyond those of the potential beneficiary's family ought to be considered.
- Minimal levels of provision for those who are poor, and those who are not but cannot afford full fees, is a matter for school trustees.
- Whether a charitable fee-paying school is carrying out its purposes for the public benefit will be decided primarily according to the direct benefits it provides, although all benefits that further its charitable purposes may be considered (benefits not related to charitable purposes may not).
- A school will have a greater duty to demonstrate it is carrying out its charitable purposes for the public benefit if it provides “luxurious facilities”.¹¹⁰

¹⁰⁸ [The Independent Schools Council v Charity Commission of England and Wales](#) [2011] UKUT 421 (TCC) (PDF)

¹⁰⁹ Charity Commission for England and Wales, [Legal analysis: public benefit](#) (PDF), 16 September 2013, new format February 2017

¹¹⁰ Charity Commission for England and Wales, [Legal analysis: public benefit](#) (PDF), 16 September 2013, new format February 2017, para 99, footnotes omitted

Public benefit and ‘the poor’

As noted above, the decision in *The Independent Schools Council* case used the term ‘the poor’, which is also referenced in [Charity Commission guidance](#). The Commission acknowledges there is no overarching definition of ‘the poor’. It says the law relating to charities recognises ‘the poor’ is a relative term, the meaning of which will depend on the circumstances of a particular case.¹¹¹

Charities (including charitable independent schools) may charge for the services or facilities they offer. However, if a charity’s charges are more than the poor can afford, “its trustees must run the charity in a way that does not exclude them”.¹¹²

The guidance notes that the Upper Tribunal set out in *The Independent Schools Council* case the factors that may be relevant to whether a charitable fee-charging school is making appropriate provision for the poor to benefit. These factors include the amount of fees charged, the school’s financial position, the nature of its facilities, and its location.¹¹³

Further Charity Commission guidance, [Charging for services: illustrative examples of benefits for the poor](#), gives examples of how charities, which charge for their services or facilities at rates unaffordable for the poor, might provide benefits for them.¹¹⁴ These include bursaries, assisted places, collaborating with state schools, and allowing state school pupils to use educational facilities at fee-charging providers.

¹¹¹ Charity Commission for England and Wales, [Public benefit: running a charity \(PB2\)](#), 16 September 2013

¹¹² As above

¹¹³ As above

¹¹⁴ Charity Commission for England and Wales, [Charging for services: illustrative examples of benefits for the poor](#), 16 September 2013. A Charity Commission press release, [Charity Commission updates guidance for fee-charging educational charities](#) (22 October 2015) indicates that this document was updated in October 2015. However, the document still carries its original publication date (16 September 2013)

3

Independent and state school partnerships

There are no comprehensive independent estimates of the extent or strength of partnerships between independent and state-funded schools. However, the ISC annual census of its member schools across the UK does collect some data on these partnerships.

The [January 2024 ISC census](#) found:

- 1,068 ISC independent schools were involved in state-funded school partnerships
- There were around 9,248 partnerships; individual independent schools can have a partnership with more than one state-funded school.¹¹⁵

3.1

How partnerships work

The ISC identifies several ways its members work with state-funded schools, including:

- Through academic partnerships. Examples include jointly-attended subject workshops, targeted summer camps, and masterclasses.
- On career advice, further and higher education initiatives. Examples include joint careers conferences, and specialist events on medical school applications.
- Creating regional or sub-regional partnership groups, with several independent and state-funded schools in an area.
- Participating in joint music and arts schemes.
- Sports development, including tournaments, holiday and after-school clubs, festivals of sport, and access to specialist coaching.
- Sharing facilities, such as grounds, sports pitches, and swimming pools, and organising joint teachers' continuing professional development.

¹¹⁵ Independent Schools Council, [ISC Annual Census 2024](#), May 2024

- Setting up formal bodies such as trusts, that span both independent schools and their partner state-funded schools.¹¹⁶

3.2 Schools Together

The Schools Together Group is a discussion group for individuals from both state and independent schools (primary and secondary) who are responsible for running partnerships. The group organises termly events based on themes of interest to partnership coordinators, such as measuring outcomes and funding models.¹¹⁷ [Schools Together](#) is owned and managed by the ISC.¹¹⁸

Joint understanding between the Department for Education and ISC

In May 2018, the [government published guidance on the joint understanding between the Department for Education \(DfE\) and the ISC](#) in relation to independent and state school partnership working in England.

The government encouraged cross-sector partnerships:

A higher proportion engage with cross-sector partnership working because schools are aware of their civic duties in relation to local and national communities and value opportunities to support educational standards and social mobility across the country. There are approximately 10,000 state schools involved in cross-sector partnerships (ISC census, 2017) and the number is growing ...

The Secretary of State for Education recognises that independent schools are an asset to the school system and encourages the independent sector to support the state sector as far as possible.¹¹⁹

The DfE has subsequently published [updated guidance for independent and state-funded schools, and universities, on collaboration](#). This encourages institutions to enter into formal agreements about their partnerships.¹²⁰

¹¹⁶ Independent Schools Council, [Celebrating Partnerships 2022](#), November 2022

¹¹⁷ Schools Together, [About Schools Together](#) [accessed 1 October 2024]

¹¹⁸ Schools Together, [Statutory information](#) [accessed 1 October 2024]

¹¹⁹ Department for Education, [Joint understanding between DfE and Independent Schools Council \(ISC\)](#), 11 May 2018

¹²⁰ Department for Education, [Guide to setting up partnerships](#), October 2022

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