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Surrey schools not swamped by private VAT escapees

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Figures released by Surrey County Council suggest that state secondary schools admissions have not been overrun with private school pupils after VAT was added to fees by the Labour government.

While critics including Jeremy Hunt MP for Godalming and Ash had predicted up to 90,000 children could swarm the state sector if 20 per cent VAT was thrust on school fees, so far Surrey County Council said it has not impacted applications to join state secondary schools this year.

From January 2025, independent school fees have been slapped with 20 per cent VAT from the Labour government. The controversial policy, aimed at generating £1.5 billion to improve state education, drew up harsh criticisms from local residents. They accused the government of "punishing" hard-working families wanting to invest in their children's education.

As state school admission results came out last week, it marks the first indicator whether priced-out private school children have spilled over into the state sector. But Clare Curran, county council's cabinet leader for children, families and lifelong learning, said: "Surrey has not seen a significant rise in the number of applications for a Year 7 state school place for children currently in the independent sector compared to last year.

"For September 2025, 664 on time applications were received from Surrey residents with children in the independent sector, compared to 608 for September 2024, a rise of 56."

Not a mass exodus of children to the state sector, the policy appears to have not squeezed private schools out of business just yet. Panic over secondary school place shortages has also not materialised in these new figures. Admissions data shows that for Year 7 places there is a mild buffer on the number of families getting their first preference in school places this year.

Cllr Curran said: "While the percentage of applicants offered their first preference school has decreased for September 2025 (80.6%) compared to 2024 (83.1%), the 2025 figure is not dissimilar to the 2023 figure of 81.3%.

"The percentage of applicants offered one of their six preferences for September 2025 was 95.3%, which is comparable with last year's figure of 95.9%."

However, it is still early days for the new policy and the ripple effects of the change could have wider implications. The Institute for Fiscal Studies (IFS) said there might not be an immediate effect but the long-term effects could be more significant. The IFS estimated a 3-7 per cent reduction in private school attendance which could require additional £100-£300 million in state funding to manage the overflow within the state school sector.

MPs and educators have raised the alarm that private schools serving students with special educational needs and disabilities should be left out of the VAT tax raid. Sometimes children with an EHCP cannot have their needs met in a regular state school so private school with 1-2-1 support is necessary for their education.

Surrey has around 140 private schools: including primary, secondary and special schools. Fees vary between schools, but the cost of independent education in Surrey is above the national average.

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