



School fees with VAT from January 2025

On 29 July, the government announced that VAT would be applied to the fees of all independent schools from January 2025.

The Governors are very aware of the impact that a full 20% increase in fees would have on our families and have decided to make changes to our overall fees, including VAT, only to the extent needed in order to maintain our financial stability for the future.

Although ultimately the Schools cannot afford to absorb VAT, we are able to blunt the impact in the short term through a staged implementation, commencing with a fee rise for January 2025 of 9% above the fees from September 2024, inclusive of VAT.

At this stage, we are not able to determine fee rises further ahead than January 2025 as we continue to assess the impact of the VAT policy on our families and prospective families over the year to come. However, parents should be aware that we will need to make further above-inflation fee increases in the future in order to defray the increased costs, including VAT and business rates, that we will continue to face.

** please note: fees for nursery classes, which will not be subject to VAT, will remain unchanged in January*

Please see some 'frequently asked questions' below. If you have any further questions, please contact the Bursar's office on fees@dameallans.co.uk

Frequently asked questions: VAT on fees from January 2025

1. When will VAT be imposed on independent schools' fees?

An announcement was made in parliament on 29 July that VAT would be introduced from the term starting in January 2025.

2. What impact will it have on the Schools' costs?

VAT is a tax on sales charged at 20%. Once VAT registered, businesses are able to reclaim VAT on purchases and we also expect to be able to reclaim some of the VAT paid on recent building projects. However, the substantial majority of our costs, such as payroll, do not incur VAT and will not help reduce our VAT liability which will therefore eventually need to be fully reflected in our fees.

3. What impact will this have on Dame Allan's school fees?

We aim to minimise the overall impact of tax changes and will continue to seek cost savings that enable us to blunt the impact of VAT on fees.

The increase of gross fees by 9% for January 2025 will mean the Schools are absorbing approximately half of the net cost of VAT and additional business rates this year, rather than passing these immediately on to parents in full.

As with all independent schools which are charities, we operate on modest margins and use our funds as efficiently as possible to provide a good value education today and to invest for the future. We cannot afford to absorb these substantial additional costs in the longer term. Therefore, further above-inflation annual fee rises will be needed for us to maintain financial stability.

Future changes to fees will be announced as early as possible once sufficient information about our expected costs and revenues is available for the next academic year.

4. Will lunches and transport also be subject to VAT?

No, VAT will not be applied to lunches, transport or other goods such as books or stationery. However, any charges for additional academic or co-curricular provision will be subject to VAT.

5. What about nursery fees?

VAT will only be applied to fees for children from the year they turn compulsory school age. This means that fees for nursery classes will be VAT exempt.

6. What has Dame Allan's been doing to oppose this policy?

Along with other schools locally and nationally, we have individually and through our associations, particularly the Independent Schools Council (ISC), been active in engaging local Labour Party MPs and shadow ministers to emphasise the impact that this would have on our families and schools, including the potential disruption to the education of pupils, the harm to our work in local partnerships and our ability to provide bursary support. As a charity, we must be careful to remain apolitical but we are permitted to oppose policies that we believe will be harmful to our charitable aims of education and those to whom we provide it.