

# The Short-Run Impact of the 2025 VAT on Private School Fees on State School Enrollment and Funding: Evidence from Barnet and Harrow

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## Abstract

The implementation of a Value Added Tax (VAT) at 20% on private school fees in the UK in 2025 will be a significant policy change, making private schooling relatively more expensive than state schooling; as such, it may cause some families to switch from private schools to state schools, with consequent effects on total enrollment and funding levels.

This paper investigates whether the introduction of VAT has affected state school enrollment and funding at local state secondary schools close to private schools, specifically in those areas where substitution would occur, i.e., areas with high private school densities.

This paper uses administrative data from the UK Department for Education to compare pre-VAT and post-VAT school enrollment, total funding, and funding per pupil in 2024–25 and 2025–26, respectively. The difference-in-differences empirical method in this study compared neighboring local government areas—Barnet, with high private school density, and Harrow, with low private school density—so that more significant changes would occur in areas with high densities of private schools after introducing VAT.

The analysis shows no immediate increase in average state school enrollment following VAT; indeed, average state school enrollments decreased in Barnet and Harrow in the year following VAT's introduction. There is a localized substitution effect in some areas because of greater variation in Barnet's enrollment and funding; however, the overall total short-term impact is minor and unevenly distributed.

**Keywords:** Private School VAT, State School Enrollment, School Funding, Private Education, State Education, Substitution Effect, Cross-Price Elasticity of Demand, National Funding Formula, Difference-in-Differences, Barnet and Harrow

## Introduction

A 20 percent Value Added Tax (VAT) on UK private school fees may come as a surprise to some, but not to others. Introduced under the Labor government in 2024, the policy aimed to raise revenue to help fund the public services that form state education (HM Revenue & Customs, 2024) [13]. Indeed, critical voices suggested that the tax might deter some families from private schooling and exert further pressure on state schools. During the legal challenge of the policy, barrister Jeremy Hyam KC expressed concern that higher fees might displace thousands of pupils into the state sector, insisting: "Those children displaced... will be going into a system that, either will not meet, or is highly unlikely to meet, their needs" (Adams, 2025) [1].

From a microeconomic perspective, since private and state schooling are substitute goods, an increase in the relative price of private schools could induce some students to transfer from one to the other. Hence, increasing the relative price of private education should reduce the demand for private schools and increase the demand for state schools. Since state school funding in England primarily depends on pupil numbers through the National Funding Formula, increases in enrollment could, therefore, translate into higher funding allocations (Department for Education, 2025) [9]. Thus, the VAT policy could affect household schooling choices and state schools' financial resources.

This paper explores the research question: Did the 2025 VAT on private school fees lead to increased enrollment and funding in nearby state secondary schools? More specifically, the analysis looks at whether areas with a higher concentration of private schools experienced more significant changes in state school enrollment and funding post-policy.

The study exploits geographic variation in exposure to private schools to answer this question by comparing state secondary schools across two London boroughs, Barnet and Harrow. Barnet has a much higher density of private schools and, therefore, greater exposure to the VAT-induced price rise in private schooling; Harrow is a comparison borough with lower exposure. Using administrative data from the Department for Education, changes in total school enrollment, total funding allocations, and funding per pupil are examined between the 2024–2025 and 2025–2026 academic years (pre- and post-VAT). The empirical strategy follows the logic of difference-in-differences, comparing changes in outcomes across the two boroughs before and after the policy change.

The main findings from this are that total funding per school has increased in both boroughs; however, per-pupil funding remains broadly similar between Harrow and Barnet. This implies that changes in total funding are driven more by enrollment than by differences in funding rates. Contrary to the hypothesis, the data do not show an increase in average state school enrollment following VAT introduction; instead, enrollment declined slightly in both boroughs in the first year after the policy change.

However, the analysis shows that enrollment changes are more dispersed across schools in Barnet than in Harrow. This suggests that while the average effect is small, some schools may have experienced localized increases in demand. The localized changes in pupil numbers may explain the more significant variance in total funding across Barnet schools.

Overall, the findings suggest that while the VAT policy creates conditions conducive to substitution from private to state schooling, there is little evidence of any significant immediate shift in enrollment in the first year after its implementation. Instead, any effects have been minor and not uniform across schools. One reason for no substitution effect could be the time taken by students and families to respond. Furthermore, while these results are for two local authorities, further research should extend the sample to see whether the effect varies geographically. The results point to the importance of geographic variation and time lags in assessing the short-run effects of education policy reforms.

## Theory and Background

Private and state secondary schools can be considered substitute goods in the education market. The idea is that different kinds of schooling with varying qualities and prices will make households maximize their utility, given a budget constraint; research on school choice in England shows that households actively use the school-choice system and that choices vary with school and neighborhood characteristics (Burgess et al., 2019) [2]. The Finance Act 2025 introduced a 20% VAT on private school tuition fees and boarding charges; this acted as an exogenous shift in the private education price ratio from 1 January 2025 (House

of Commons Library, 2024) [14]. This adjustment to taxation policy removes the exemption from VAT on private educational services under the Value Added Tax Act 1994 (Tax Adviser Magazine, 2024) [17]. The first possible consequence of VAT on education is the reduced demand for private education. The theory of demand holds that the increased relative price will decrease the quantity of the demanded education from private suppliers, the magnitude of which will depend on the price elasticity of accessible education among different income brackets. The independent estimates of this policy change indicate a 3-7% fall-off in private school enrollment in the immediate aftermath of introducing VAT (House of Lords Library, 2024) [15]. If this is the case, it follows that attendance at state secondary schools would rise. Cross-price elasticity of demand (XED) measures the degree to which the demand for state secondary schooling responds to a change in relative price, reflecting the degree of substitutability between private and state secondary schooling. A positive value of XED would imply substitutability between private and state secondary schooling. This study tests whether this policy change in relative prices gives rise to a significant increase in enrollment in nearby state secondary schools, an indication, by standard theoretical economic models, that there is a substantial substitution effect.

There are also distributional implications associated with introducing VAT. If prices rise, middle-income families may be among the groups most likely to switch from private schools to state education if the higher tuition fees push private education beyond their budget. High-income families may be relatively less sensitive to price changes because they have greater financial capacity to absorb the additional VAT-related costs. Large-scale evidence shows that private-school attendance is heavily concentrated among higher-income households, supporting the view that price sensitivity is likely to differ across income groups (Green et al., 2017) [12]. Low-income families were not traditionally able to use private schools, even before VAT was introduced. Therefore, changes in enrollment patterns may result in marked changes in state schools' socio-economic profiles, affecting both Free School Meals (FSM) eligibility rates and need-based funding.

The second possible consequence of the VAT is increased public school funding. Changes in enrollment will affect public finances since they are directly linked with the NFF. The legal basis on which the Department for Education uses the NFF to allocate funding to state schools is predominantly pupil numbers and characteristics. Therefore, increased enrollment will translate into increased funding allocations. (Department for Education, 2025) [9]. Funding calculations are based on the October census, but actual funding is allocated only in the following academic year. Therefore, under the VAT reforms, increases in pupil numbers will not be immediately reflected in increases in allocations in the same academic year. Consequently, schools with sudden enrollment increases may have resource constraints, including class sizes, in the short run before any adjustment in funding. Increased enrollment will immediately translate into increased funding allocations in the longer term. Besides per-pupil funding, deprivation factors such as Free School Meals (FSM) eligibility are accounted for in the NFF, allowing for extra funding for higher-need pupils (Department for Education, 2024) [6, 7]. Therefore, the fiscal effects of VAT-induced changes in enrollment will be determined not only by the number of pupils enrolled but also by their socioeconomic characteristics.

Large-scale UK household studies have found strong skewness in private schooling toward the richest families. Indeed, in a pooled Family Resources Survey data analysis, Green, Anders, Henderson, & Henseke showed that half of the families with a child in private schooling are in the top income decile. The report further notes how wealth differential increases exponentially among the top earners. Therefore, attendance at private schools in the UK is highly concentrated among the wealthiest households. At the

95th percentile of income, one in seven children aged 5–15 attends a private school, rising to six in ten at the very top percentile (Green et al., 2017) [12] This indicates that private education functions primarily as a luxury or positional good, whereby the demand for such a good will be derived mainly from high-income families who may be relatively less price sensitive. Hence, any VAT introduction would only marginally impact overall enrollment if many private school households are willing to bear such an extra cost.

While most private school attendees are from upper-income families, it is highly likely that families on the margin will be middle-income families. If most of the new entrants to state schools are middle-income families, the FSM percentage may decline, offsetting some long-term benefits from increased state school enrollment. The lagged funding system may cause an immediate increase in class size without compensatory funding. In the long term, increased enrollment may cause a funding increase, but the deprivation level in the NFF formula will determine the level of such an increase. Deprivation is a compulsory funding factor in the pre-16 block formula, so FSM proportions may significantly affect overall funding levels per pupil (Department for Education, 2024) [7]. Hence, theoretically, the VAT reform's overall impact on state schools is indeterminate, given that the substitution effect may increase enrollment and funding, but pupil composition changes and funding lag reduce them.

### Data and Methodology

This study uses administrative data from the Department for Education (DfE), including school-level funding allocations for the academic years 2024–25 (pre-VAT implementation) and 2025–26 (post-VAT implementation). These data enable a comparison of changes in both total funding and funding per pupil across schools over time. In addition, school census data are used to track total pupil enrollment, allowing for an assessment of whether changes in funding are driven by changes in demand for state school places [10, 11, 20].

The analysis focuses exclusively on state secondary schools and sixth-form colleges, as these represent the closest substitutes to private secondary education. Schools are identified using DfE reference data. To assess differences between areas with greater and lower exposure to private schools, I use a case study comparing the London Boroughs of Barnet and Harrow. Barnet is more exposed to private schools, with approximately 35 private schools compared with only 4 in Harrow (UK School Explorer, n.d.; Wikipedia contributors, n.d.) [18, 19].

To capture variation in exposure to the VAT policy, the study compares two relatively comparable in all ways besides the concentration of private schools, neighboring boroughs in London: Borough of Harrow with the Borough of Barnet. Harrow is characterized by a relatively lower concentration of private schools and is therefore considered less exposed to the VAT-induced price increase. In contrast, Barnet has a significantly higher density of private schools and are therefore more exposed to potential substitution effects following the policy change. This geographic comparison forms the basis of the empirical strategy. The key outcome variables are (1) total school enrollment, (2) total annual funding allocation (£), and (3) funding per pupil (£). Changes in enrollment provide the most direct measure of substitution from private to state schools, while total funding captures the overall financial effect on schools. Funding per pupil is used to assess whether increases in enrollment are matched by proportional increases in funding, which is crucial for evaluating the responsiveness of the funding system.

The empirical approach follows an approximate difference-in-differences (DiD) framework (Callaway et al., 2021) [3]. This compares changes in outcomes between the pre-VAT period (2024–25) and post-VAT

period (2025–26) across areas with different levels of exposure to private school competition. Intuitively, Barnet is the "treatment" group as it has a greater share of private schools and is hence more affected by the VAT-induced rise in private school prices compared to Harrow. Thus, the key question is whether the change in enrollment and funding post-2025 is bigger in Barnet than in Harrow.

The DiD logic can be illustrated as follows: (Change in outcomes in Barnet after 2025 compared to before 2025) – (Change in outcomes in Harrow after 2025 compared to before 2025). A larger increase in enrollment or total funding in Barnet relative to Harrow would be consistent with substitution effects driven by the VAT policy.

Rather than incorporating control variables directly into a regression framework, the analysis instead uses comparative checks to account for structural differences between schools. For example, additional comparisons can be made between schools of similar size or similar proportions of Free School Meals (FSM) eligibility, to ensure that observed differences are not driven by underlying differences in school composition. These robustness checks help strengthen the validity of the comparison without relying on formal econometric controls.

The identification strategy relies on the assumption that, in the absence of the VAT policy, trends in enrollment and funding would have been broadly similar between Harrow and Barnet. This is the parallel-trends assumption underlying difference-in-differences identification (Callaway et al., 2021) [3]. While this assumption cannot be tested directly with only two time periods, the use of comparable school types and additional checks based on school characteristics helps support its plausibility.

However, several limitations remain. Differences between Harrow and Barnet may reflect broader structural factors, such as urban density or demographic composition, rather than the effect of private school exposure alone. In addition, changes in funding may be influenced by adjustments to the national funding formula, which are not directly related to enrollment changes. Therefore, while the analysis provides evidence consistent with substitution effects, it should be interpreted as suggestive rather than definitively causal.

### **Evidence Part One**

The data are on the funding of state secondary schools across Harrow and Barnet, the former being less exposed to VAT than the latter. We discussed the extent of total funding per school and funding per pupil while considering whether the observed changes could be due to enrollment pressure.

Total funding per school is expected to rise between 2024-2025 and 2025-2026 for both boroughs, consistent with national funding trends reported by the Department for Education (Department for Education, 2025) [10, 11]. In Harrow, funding is relatively tightly bunched, with most schools receiving between £800,000 and £1.2 million, with a relatively consistent increase over time. In Barnet, total funding is spread more widely, from around £250,000 to over £1.1 million in 2024-2025. This suggests some variation in size and intake across the schools in Barnet.

Since total funding is closely related to the number of pupils in a school, school-to-school funding differences could result from scale rather than funding approach differences. To give confidence that the Barnet-Harrow comparison is not merely an artefact of structural differences in the school populations, we focus next on how funding and enrollment patterns differ between schools with similar demographic profiles (i.e., FSM). Comparing across a similar demographic-school population provides more excellent

confidence that the observed differences are due to demand because structural differences within the school population have been controlled.

Table 1 shows that average funding increased in both areas, though it was slightly higher in Harrow. Average funding per pupil increased by a similar amount in the two areas, suggesting that the formula operates reasonably consistently across local authorities. However, average enrollment fell in both areas and indicated that the expected substitution effect from private to state schools did not manifest in the first year after the change in the VAT policy.

Looking more closely at Barnet, which has a considerable concentration of privately funded schools, we see that several schools sit at the top end of the funding distribution. State schools in Barnet may receive high total funding due to high enrollments, as many of these schools will be near the privately funded schools. By contrast, in Harrow, which has a relatively low density of privately funded schools, we see a smoother distribution of funding, with fewer extreme high or low values. This suggests that schools in areas with high densities of private school populations also display corresponding variations in school funding because of variations in demands.

Both boroughs show similar funding levels per pupil. In Harrow, the typical funding per pupil is between £6,500 and £8,500 for 2024-2025, rising slightly in 2025-2026. The typical range for Barnet is generally comparable, usually between £6,000 and £8,500, with no obvious evidence of consistently higher funding levels. This does not change even when we consider Barnet's concentration of privately funded schools. Schools in Barnet do not receive a higher funding per pupil amount than those in Harrow. Therefore, it strongly suggests that total funding differences result from the number of students and not from preferential funding rates.

**Table 1: Average Change in Key Variables (2024–2025 to 2025–2026) [10] [11]**

|                                 | Average change for schools in Barnet | Average change for schools in Harrow |
|---------------------------------|--------------------------------------|--------------------------------------|
| Total annual funding allocation | +89465.84                            | +350990.5                            |
| Funding per pupil               | +649.74                              | +587.7                               |
| Total enrollment                | -32.76                               | -4.59                                |

One of the most striking findings is that funding variations do not translate into funding variations per pupil. While there is more variation in total funding in Barnet, the per-pupil allocations are broadly similar in the two boroughs. This strongly suggests that increases in funding are responsive to enrollment and are not directly related to private school proximity. Therefore, schools with the most significant total funding are those with the largest student populations rather than the most significant per-student funding.

This is, therefore, in line with the design of the National Funding Formula (NFF) in the UK, which funds schools on a per-pupil basis, with some adjustment for deprivation and other factors (Department for Education, 2024) [7]. Similar per-pupil funding in Harrow and Barnet indicates that the system is broadly equitable, with no sign of schools in boroughs with higher private school provision being funded more per pupil.

However, this higher variation and total level of funding in Barnet may indicate that enrollment pressures are more substantial and uneven across schools. For instance, the Barnet state secondary school, Friern Barnet School, with 724 pupils, experienced a decrease of 75 in the numbers from 2024–25 to 2025–26. Although this is a small percentage increase, it illustrates how minor changes in pupil demand can translate

into significant changes in total funding across schools in a per-pupil funding system (Department for Education school census data) [20].

**Table 2: Change in Standard Deviation [10] [11]**

|                                 | Change in standard deviation for schools in Barnet | Change in standard deviation for schools in Harrow |
|---------------------------------|----------------------------------------------------|----------------------------------------------------|
| Total annual funding allocation | +77715                                             | +167902.72                                         |
| Funding per pupil               | +64.25                                             | +30                                                |
| Total enrollment                | +20.62                                             | +0.33                                              |

Table 2 shows that enrollment variability increased substantially in Barnet but was almost unchanged in Harrow. This means that while changes in average enrollment were minor, schools in Barnet experienced much more significant gains or losses in student numbers. Such variation would be consistent with localized substitution effects near private school clusters.

The more concentrated the private schools, the more there is a potential pool of students to switch into the state sector as private school fees rise. The effect would be localized, with schools near private schools seeing a more significant increase in demand.

However, this interpretation should be made cautiously. Due to the lack of school-level proximity information, this analysis cannot identify schools near private schools and those further away. Thus, the results reflect correlation, not causation.

## Evidence Part 2: Enrollment Shifts Between Private and State Schools

Further examination of student enrollment patterns doesn't support the notion of an overall substitution effect of the imposition of a 20% VAT on private school fees increasing the relative costs of private education compared to state education. If private education is a substitute for state education, as private school prices rise, enrollment at state schools should be due to positive cross-price elasticity of demand (XED) between the two types of education. Through this theory, we would therefore expect to see increased state secondary school enrollment as a result of the increase in price of private school fees being implemented (especially in boroughs with a greater number of private schools such as Barnet). However, data shows no evidence of this expected substitution effect occurring within the first year following implementation of the policy. In fact, average enrollment at both boroughs has actually decreased slightly despite the increase in price. The average enrollment for all schools located in Barnet has decreased by 32.76 students while the average enrollment for all schools located in Harrow has decreased by 4.59 students. These results indicate that, at least over the short-term period following implementation of the VAT, there has been no significant transfer of students from private to state schools due to the effect of the VAT policy.

Even so, though overall shifts in student numbers appear minor, how those changes spread out varies sharply across the two areas. With more private institutions, Barnet faces heavier exposure - and within it, differences in school-level enrollment shift much more dramatically. In contrast, Harrow sees almost no fluctuation; its variation barely rises at all (see table 2). Where Barnet's standard deviation climbs by over twenty students per school, Harrow adds less than half a pupil on average. Unequal strain emerges clearly: some schools absorb far larger waves of demand, others hardly any.

Looking at the top of the distribution reveals more signs of imbalance.

**Table 3: Change in Maximum Values [10] [11]**

|                                 | Change in maximum value for schools in Barnet | Change in maximum value for schools in Harrow |
|---------------------------------|-----------------------------------------------|-----------------------------------------------|
| Total annual funding allocation | +689807                                       | +587005                                       |
| Funding per pupil               | +645.963                                      | +508.571                                      |
| Total enrollment                | +21                                           | +4                                            |

According to Table 3, Barnet has seen a maximum increase of 21 students in their total number of pupils being enrolled, while Harrow only increased by 4 pupils. This would indicate that there has been a significant increase in demand for places at certain Barnet schools and potentially represents a substitution from neighboring private schools to local state schools. That Barnet's highest increases are larger than any found in Harrow may support the view that there is a tendency for areas with higher densities of private schools to also experience greater local shifts in demand. To further understand the distribution of changes, Table 4 reports the minimum changes observed across schools.

**Table 4: Change in Minimum Values [10] [11]**

|                                 | Change in minimum value for schools in Barnet | Change in minimum value for schools in Harrow |
|---------------------------------|-----------------------------------------------|-----------------------------------------------|
| Total annual funding allocation | +65797                                        | +319917                                       |
| Funding per pupil               | +583.005                                      | +435.083                                      |
| Total enrollment                | 0                                             | +16                                           |

The data supports the earlier findings. Average changes (in enrollment) across several schools show relatively minor changes. However, there is a wider variance of results across different schools in Barnet. Some schools have increased their enrollment, but others have not experienced similar changes. Therefore, it would appear that any movement from the private education system to the public education system is likely to be very concentrated (in terms of geographic area). Enrollment patterns may reveal differences between schools as a result of disparities in school size and socioeconomic characteristics. Larger schools, for example, may see larger fluctuations in the number of students enrolled compared to smaller schools. Likewise, institutions that serve relatively high proportions of students eligible for free meals may attract a different demographic than those that do not serve a high number of such individuals. Therefore, comparisons of student enrollment changes to school characteristics will assist in determining whether or not the differences observed are due solely to structural characteristics of the institution.

The findings support the process described earlier. Given that money from the National Funding Formula mostly follows student numbers, rising rolls bring higher overall budgets. As a result, shifts in school population spread wider in Barnet, which accounts for broader differences in total cash between institutions there. Despite this, each pupil receives roughly the same amount whether in Barnet or elsewhere.

## Evaluation

Though data show differences in funding and student numbers between Harrow and Barnet, linking these trends straight to the VAT rule on private school charges isn't fully supported. What we see might stem from broader influences beyond just tax changes. Patterns could reflect local decisions, economic shifts,

or how families respond over time. The connection remains unclear since various overlapping variables are involved. This thus does not allow for any definite conclusions regarding cause and effect. Later shifts in family choices might blur early findings. Moving children between school types often occurs around major educational transitions, and the government's VAT impact assessment similarly expects much of the policy-related movement to occur at natural transition points such as entry to secondary school or the beginning of GCSE or A-Level years (HM Revenue & Customs, 2024) [13]. Research on pupil mobility in England also shows that the primary-to-secondary transition accounts for the major structural school move experienced by most pupils (Jørgensen et al., 2021) [16]. Because of this timing, reactions to rising costs may not show up right away. When state schools see no quick jump in numbers after fee hikes, it does not mean families stay put forever. Changes could simply emerge slowly, only becoming visible over time.

Population movements, changes in birth rates, and other broad population trends affect pupil numbers in schools. Pupil projections from the Department for Education explicitly use population estimates, birth registrations, and school-census data; hence, demographic trends are significant for future pupil numbers (Department for Education, 2024) [8]. Parents may move out of Barnet, or there may be a local decline in young learners, and attendance may decline despite the shift from independent to public education. Parents could settle outside Barnet, or the number of young learners could fall locally; attendance may therefore shrink despite movement from independent to public education. Such underlying changes could hide what the policy actually does.

Sometimes, what happens nationally affects school budgets more than local student numbers do. This is reflected in the increase in overall funding during 2024–25 and 2025–26 in the national Department for Education school-funding statistics (Department for Education, 2025) [10, 11]. Yet that rise might stem from general boosts in education outlays across the country. When prices go up everywhere, nominal totals can look larger without actual gains in resources. To see through such effects, adjusting figures for inflation could clarify if schools truly got more support. Without that step, rising amounts may simply mirror cost trends, not stronger public need.

Conclusions face limits due to gaps in available data. School-level details on geographic closeness - specifically which public schools sit nearest private ones - are missing from the study. Because such location links are absent, assessing if enrollment jumps more sharply near private campuses becomes challenging. This gap means observed patterns show association, not proof of cause and effect.

One reason behind the trends might simply be how fast cities are growing. Where families choose to send kids can shift when new homes go up nearby. School spots filling faster than others play a role too.

In this context, DfE-commissioned research explored how school performance informs parental choice. Simultaneously, national administrative evidence showed that parents used the secondary school choice system, and preferences differed between schools and across neighborhoods (Department for Education, 2014, 2018; Burgess et al., 2019) [4, 5, 2]

A high-performing campus will thus attract more applicants despite any tuition changes elsewhere. Even if private fees stay flat, demand at certain public schools can climb due to limited room. Local construction booms can reshape enrollment maps without any link to cost changes in private education.

## **Conclusion**

This paper investigates how and why the proposed introduction of a 20% Value Added Tax on private school fees in the United Kingdom beginning in 2025 will impact public revenue collection but may also

affect choice of schooling. Because private and state schools are considered to be substitute goods, changes in price of private education may cause an increase in the number of students attending state schools, which would then provide greater funding to state schools through the National Funding Formula.

To determine if areas with a higher density of private schools experience different changes to their enrollments, total funding or amount of funding per pupil compared to areas with a lower density of private schools following the introduction of the VAT, secondarily, I will compare trends for those two London Boroughs and examine whether they experienced greater changes using the Department for Education's administrative data from 2024 through 2025 (i.e. before imposition of the VAT) and from 2025 through 2026 (i.e. after imposition of the VAT) by using a difference-in-differences approach.

Overall, there were limited indications of a large short-run substitution effect in these two boroughs (e.g.; average enrollments did not increase in either Borough during the first full year following the change to the VAT; rather, they decreased slightly in both Barnet and Harrow). Despite increases as a result of total funds allocated to each Borough, both Borough's funding levels have been maintained at a similar amount per pupil, indicating that the allocation of funds has been based on changes in enrollment rather than on a change to the rate of funding per pupil. However, data from the survey suggests that at a school level there is significantly greater variability in both the number of students enrolled & amount of funding received amongst schools in Barnet than within either of the towns in the survey; this indicates that there may be some schools by or near where there are many other privately operated schools that have higher rates of demand than the other schools in these towns.

Future research could improve on this analysis by addressing several limitations. First, extending the current dataset to include comprehensive multiyear analyses past the VAT Introduction would enable analysts to account for the additional time it would take families to switch students back to school, especially when many families will typically make this change when their children have reached major milestones such as beginning secondary school; the government's impact assessment likewise predicts that VAT-related pupil moves will build progressively and occur largely at natural transition points (HM Revenue & Customs, 2024) [13]. Second, using additional local authority areas across a number of different locations included as part of this study will help produce higher quality geographic comparisons and build confidence to determine the possibility of results being caused as a result of environmental factors (i.e., location). Third, through the use of school-level geographic proximity measures to private schools, it will be possible to directly test to what degree if at all the degree of substitution would be greater for state Schools situated closest to such private institutions.

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