

AFIS™

ASSOCIATION FOR FAMILIES
OF INDEPENDENT SCHOOLING™

AFIS Research Paper

The Case for an Independent Review of the Evidence Base Underpinning Recent Fiscal Reforms Affecting Independent Schooling

A call for independent scrutiny, transparency
and evidence-based policymaking

Michelle Daniells

Founder & Chief Executive Officer, AFIS
Parent

www.afis.org.uk

Table of Contents

Executive Summary	3
1. How this paper came to be written.....	17
2. Introduction and scope	25
3. The published evidence base: what was assessed, and what remains to be established	30
4. Evaluating the evidence base	43
5. Proposed independent review of the evidence base	73
6. Conclusion	96
References and principal sources	104

Executive Summary

The question

Recent fiscal reforms affecting independent schools have been accompanied by significant public debate about their political purpose, fairness and likely consequences.

This paper asks a different question:

Was the evidence base underpinning those reforms sufficiently robust, relevant and transparent to support the assumptions upon which the published forecasts depended – and can those assumptions now be tested properly against subsequent experience?

The Association for Families of Independent Schooling (AFIS) is not asking an independent review to revisit the political mandate for the reforms.

Nor does this paper conclude that Government's forecasts were necessarily wrong.

Government, HM Revenue & Customs (HMRC), the Department for Education (DfE) and the Office for Budget Responsibility (OBR) did undertake analysis. Published material sets out assumptions concerning fee increases, behavioural response, **independent-school participation and pupil movement**, school closures, state-sector demand, public expenditure and tax revenue. The OBR also explicitly acknowledged significant uncertainty in important parts of the behavioural evidence.¹

There is, however, an important distinction between **analysis that cannot presently be identified in the published record** and **analysis that did not take place**.

AFIS does not assume the latter merely because it cannot establish the former.

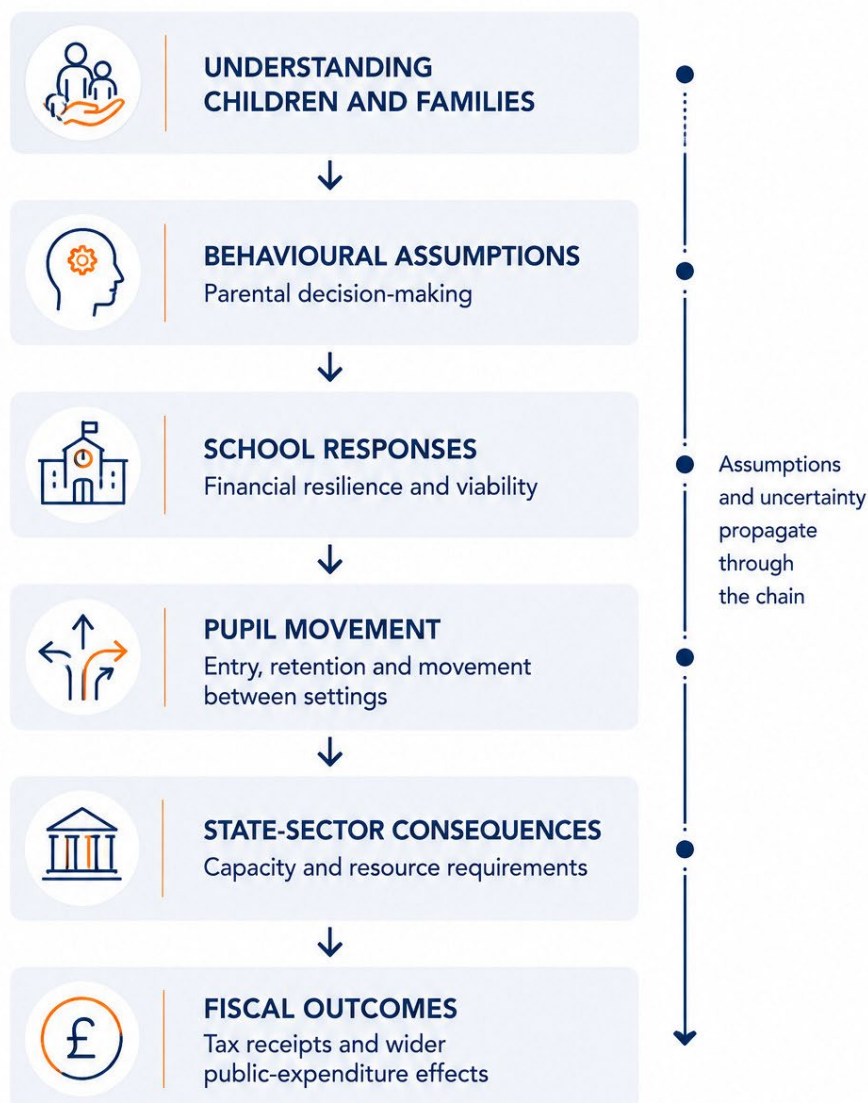
The central proposition of this paper is therefore narrower and testable:

Can the evidential chain connecting the available evidence, assumptions and modelling to the eventual fiscal forecasts be reconstructed, independently scrutinised and tested against what has subsequently happened?

Why the evidence chain matters

The published analysis can be understood as a sequence of connected assumptions and forecast outcomes:

¹ Office for Budget Responsibility, *Economic and Fiscal Outlook – October 2024*, CP 1169 (October 2024), paras 3.36–3.39, especially para 3.38, which described the impact of the measure on private-school pupil numbers as the “main uncertainty in the costing” and stated that there was “limited evidence on how responsive demand for private school places will be” to increased fees and lower service provision. HM Revenue & Customs, *Private school fees — VAT measure*, published 30 October 2024, updated 15 November 2024.

Figure 1. The evidence chain underpinning the fiscal forecast

Each stage builds on the previous one. The reliability of later outcomes depends on the strength of the evidence and assumptions earlier in the chain.

Each stage depends to some extent upon the preceding stages.

The characteristics and circumstances of families may affect their response to price changes. The financial response of schools affects the fee increase actually experienced by families.

Family decisions and school viability affect the number of pupils entering, remaining in or leaving independent education. Changes in independent-school participation do not, however, translate automatically into equivalent changes in state-school participation. The destinations and alternative pathways followed by pupils and families affect the extent and nature of any

resulting demand upon state-funded provision. For those entering state-funded education, their number, age, timing, needs and geographical distribution affect the resulting resource and capacity consequences. Those consequences, in turn, affect the public-expenditure implications associated with the reforms.

The reliability of later conclusions therefore depends not simply upon the arithmetic at the end of the chain, but upon the evidence and assumptions supporting the earlier stages.

This does not mean that uncertainty at one stage necessarily invalidates everything that follows. Forecasting inevitably involves uncertainty.

It does mean that where an important assumption is uncertain, the nature of that uncertainty, its effect upon subsequent calculations and the sensitivity of the eventual forecast to alternative assumptions become important parts of the evidence base.

AFIS's research identifies sufficiently specific questions at several stages of this chain to justify independent examination.

1. Who was the behavioural population?

The first question is deceptively simple:

Whose behaviour was Government trying to predict?

State and independent schools are meaningful administrative categories. They are not homogeneous socioeconomic populations.

Published UK research available before implementation – including work by researchers at UCL's Centre for Education Policy and Equalising Opportunities (CEPEO) – examined the relationship between independent-school participation and household income, housing wealth and other family characteristics². This evidence showed substantial socioeconomic differences in participation, while also demonstrating that participation was associated with factors beyond current household income alone³.

This matters because the Government's behavioural modelling required assumptions about families' capacity and willingness to respond to higher fees. An independent review should therefore establish what evidence concerning the characteristics of independent-school families was available to decision-makers, what evidence was considered, and how it informed the behavioural assumptions ultimately adopted.

² Jake Anders, Francis Green, Morag Henderson and Golo Henseke, 'Determinants of private school participation: all about the money?', *British Educational Research Journal*, 46(5) (2020), pp. 967–992, doi:10.1002/berj.3608; Golo Henseke, Jake Anders, Francis Green and Morag Henderson, 'Income, housing wealth, and private school access in Britain', *Education Economics*, 29(3) (2021), pp. 252–268, doi:10.1080/09645292.2021.1874878. Both are available through UCL Discovery.

³ Henseke et al. (2021) found a high and largely stable concentration of private-school participation by income, while also finding an independent association with housing wealth. Anders et al. (2020) examined a wider set of determinants and found that, alongside family income, parental values and the availability and characteristics of nearby state-school alternatives were associated with participation. See also Francis Green, Jake Anders, Morag Henderson and Golo Henseke, *Who Chooses Private Schooling in Britain and Why?*, LLAKES Research Paper 62 (UCL Institute of Education, 2017).

Higher-income and wealthier families are disproportionately likely to use independent education. That population-level relationship should not, however, be confused with the proposition that school type provides a reliable measure of the financial circumstances or resilience of an individual household.

Nor is the population relevant to the Government's forecast confined to families already paying school fees.

The Government expected much of the long-run reduction in independent-school participation to arise through **fewer new entrants**⁴. Prospective entrants – including children currently in state education – are therefore part of the relevant behavioural population.

An independent review should establish what evidence was used to understand both existing independent-school families and prospective entrants, including evidence concerning income, wealth, bursaries and fee assistance, educational pathways, geography, alternative provision and other characteristics material to behavioural response.

2. Behavioural assumptions were central – and uncertain

The Government's forecasts depended materially upon assumptions about how families would respond to higher prices.

The OBR adopted a price elasticity of demand of **0.5**, which it described as the upper end of the range estimated by the Institute for Fiscal Studies (IFS)⁵.

The OBR also acknowledged that the evidence on the responsiveness of demand for private-school places was limited.

That does not make the assumption unreasonable. Forecasting often requires professional judgement where evidence is incomplete.

But where a parameter is both important and uncertain, the relevant questions become:

- What evidence informed it?
- Why was that particular assumption selected?
- What alternatives were tested?
- How sensitive were the results to those alternatives?

⁴ Office for Budget Responsibility, *Economic and Fiscal Outlook – October 2024*, para 3.38. The OBR assumed that demand would be less responsive among existing pupils than among prospective future pupils and stated that its projected reduction reflected both leavers and, “primarily, fewer new joiners”. HMRC's VAT impact note similarly stated that some of the projected reduction would arise from parents deciding not to send a child to private school who otherwise would have done so, and expected much movement to occur at natural educational transition points.

⁵ Office for Budget Responsibility, *Economic and Fiscal Outlook – October 2024*, para 3.38. The OBR used an estimated price elasticity of demand of 0.5, describing it as at the higher end of the range estimated by the Institute for Fiscal Studies, and stated that there was limited evidence on the responsiveness of demand. The underlying IFS analysis is Luke Sibiet, *Tax, private school fees and state school spending*, Institute for Fiscal Studies Report R263 (11 July 2023), which considered an elasticity range of approximately 0.2–0.5 and emphasised the uncertainty surrounding behavioural response.

- What assumptions were made about differences between existing pupils and prospective entrants?
- And does subsequent evidence support the behavioural mechanism originally assumed?

Relevant UK academic research concerning participation in independent education existed before implementation and was cited within the IFS work informing the policy debate⁶.

The published record does not yet allow AFIS to reconstruct fully how the available evidence was considered across Government and the OBR or translated into the final behavioural assumptions.

Citation of relevant research within the IFS analysis does not, by itself, establish how far that research was substantively considered by Government or the OBR. Equally, the absence of an identifiable reference within published Government or OBR documents would not establish that the research was not considered internally.

That is a question for review, rather than a basis for assuming that the evidence was ignored.

The behavioural pathway was not binary

A further question concerns not simply the scale of behavioural response, but the form that response might take.

A reduction in UK independent-school participation does not necessarily translate directly into an equivalent increase in UK state-school participation. Families facing higher costs have a wider range of possible responses. Existing pupils may remain in the same school, transfer to another independent school, move into state-funded education, change educational pathway, be home educated, attend a school outside the UK – including an overseas boarding school – or relocate overseas with their family. Prospective entrants may decide not to enter UK independent education at all, while choosing between similarly varied alternatives.

These pathways are not fiscally equivalent.

The distinction is already visible within the Government's published forecasts. Approximately 37,000 fewer pupils were expected to be in private education than would otherwise have been the case, while approximately 35,000 additional pupils were expected to enter the state sector.

Leaving UK independent education and entering UK state education are therefore related, but distinct, behavioural outcomes.

An independent review should establish how the relationship between those two forecast outcomes was modelled: which alternative destinations and behavioural pathways were considered; what evidence informed the assumed distribution between them; and how uncertainty around those assumptions was tested.

⁶ Sibieta, *Tax, private school fees and state school spending* (IFS, 2023), expressly cites Anders et al. (2020) when discussing the concentration of private-school families towards the top of the income and wealth distributions, the proportion of household income represented by school fees, and the importance of factors other than income in determining school choice. The IFS report also cites earlier UK evidence on private-school demand and participation.

Implementation also means that some alternative pathways can increasingly be investigated empirically. Emerging evidence that UK families are considering schools overseas, including British international schools and schools in Ireland seeking UK pupils⁷, does not by itself establish either the scale or cause of actual movement. It does, however, identify an observable behavioural mechanism which should now form part of post-implementation evaluation.

3. Schools were behavioural actors too

Families were not the only actors responding to the reforms.

Schools could absorb costs, raise fees, reduce expenditure, change staffing or pension arrangements, alter bursary provision, restructure, merge or close.

The Government's expectation of an average fee increase of around **10 per cent** following VAT therefore incorporated assumptions about school behaviour as well as family behaviour.⁸

Schools also faced several significant financial pressures over a relatively short period, including, to differing degrees:

- increased employer Teachers' Pension Scheme contributions;
- VAT on fees;
- removal of charitable business-rates relief;
- increased employer National Insurance contributions; and
- wider operating pressures.⁹

⁷ Council of British International Schools (COBIS), Annual Research Survey 2025: 18% of responding British international schools reported receiving admissions enquiries from families leaving the UK because of changes to VAT on independent-school fees, while 53% reported increased demand for British international-school education in their region compared with two years previously. See also *The Times*, 'Private schools sell assets as parents look to VAT-free Ireland' (27 August 2026), reporting efforts by Irish fee-paying schools to attract families from the UK following the introduction of VAT on UK independent-school fees. Education supplied by recognised educational bodies in Ireland remains exempt from VAT: Irish Revenue, 'Education services', updated 5 January 2026. These sources provide evidence of enquiries, interest and active recruitment rather than evidence of the number of families who have actually relocated or enrolled children overseas, or proof that any such movement was caused by the UK reforms.

⁸ HM Revenue & Customs, *Private school fees — VAT measure* (30 October 2024; updated 15 November 2024), 'Summary of impacts — School fees'. Government estimated that, after recovery of input VAT, schools would on average face VAT equivalent to approximately 15% of fee income and expected schools to absorb part of that cost through measures including reduced surpluses or reserves and reductions in expenditure, resulting in an expected average fee increase of around 10%. The OBR separately estimated an effective VAT rate of 15.4%, with approximately two-thirds of the cost passed through in higher fees, just under one-quarter reflected in reduced service provision and the remainder absorbed through efficiencies and profits.

⁹ See HM Treasury/HMRC, official policy and impact documentation concerning VAT on private-school fees; Ministry of Housing, Communities and Local Government, *Removal of Eligibility of Private Schools for Business Rates Charitable Relief*; HMRC, *Changes to the Class 1 National Insurance Contributions Secondary Threshold, the Secondary Class 1 National Insurance Contributions Rate, and the Employment Allowance from 6 April 2025*; and Department for Education documentation concerning the increase in employer Teachers' Pension Scheme contributions from April 2024.

Separate fiscal assessments of individual tax measures are not inherently problematic.

Indeed, in response to Parliamentary questions from former Education Secretary Damian Hinds MP concerning the combined effects of these measures, HM Treasury explained that Tax Information and Impact Notes consider changes to the tax system separately for each measure.¹⁰

That leaves a different question:

Did the behavioural and viability analysis adequately reflect the combined financial circumstances in which schools and families actually made decisions?

This matters because school viability can involve threshold effects. A school capable of absorbing one additional pressure may respond differently when several occur together.

The Government forecast approximately **100 additional school closures above normal turnover over time**.¹¹

That forecast should now be capable of being reconstructed and, increasingly, tested against an appropriate counterfactual.

4. The financial question requires the right cost concept

AFIS has undertaken a separate **Technical Review of State-Schooling Resource and Accounting Boundaries**.

That work materially refined AFIS's own understanding of the financial question.

It does **not** produce a replacement “true cost per pupil”.

Instead, it distinguishes between three concepts:

average funding allocated to schools;

average wider public resource supporting a population;

and

marginal additional expenditure caused by an additional pupil.

These concepts answer different questions and should not be treated as interchangeable.

¹⁰ HC Written Question 12393, Damian Hinds MP to the Chancellor of the Exchequer, answered by James Murray MP, 12 November 2024. The question asked for an estimate of the combined potential impact of VAT, employer National Insurance contributions, employer contributions to the Teachers' Pension Scheme and business rates on pupil numbers in the independent and state sectors. HM Treasury replied that Tax Information and Impact Notes “look at the impacts of changes to the tax system separately for each measure”. See also HC Written Questions 12697 and 12698, answered 12 November 2024.

¹¹ HM Revenue & Customs, *Private school fees — VAT measure*, updated 15 November 2024, ‘Impact on business including civil society organisations’. The Government estimated that the VAT measure might be “broadly equivalent to 100 schools in total closing over the next 3 years in addition to the normal levels of turnover”, after which closures were expected to return to historic norms. The estimate was based on an expected long-run reduction of around 12% in the private-school sector’s cost base, comprising both cost reductions by schools and adjustment to reduced demand.

The Government's widely cited **£7,690 per-pupil** figure originated in DfE's January 2024 School Funding Statistics. It represented approximately **£59.5 billion of school-revenue funding for pupils aged 5–16 in England in 2024–25**.

Applied to the forecast of approximately 35,000 additional state-sector pupils, it produced a peak annual state-sector revenue-cost illustration of approximately **£270 million**.¹²

AFIS does not contend that £7,690 was arithmetically incorrect.

The question is whether an average school-funding measure was the appropriate proxy for the additional public expenditure associated with policy-induced additional state-sector participation, and what alternative cost concepts were considered.

That question is particularly relevant because an explicitly marginal-cost approach already existed before implementation.

The IFS had estimated a central marginal cost of approximately **£5,900 per additional pupil**, including day-to-day and capital expenditure, with sensitivity around that estimate.¹³

AFIS does not argue that the IFS figure should necessarily have replaced £7,690.

Its existence establishes something narrower but important: the distinction between **average funding** and **marginal additional cost** was available within the pre-implementation evidence base.

An independent review should establish why the £7,690 measure was selected, what assumptions connected it to incremental expenditure, what alternative methodologies were considered and what sensitivity testing was undertaken.

5. The £7,690 figure also represented a particular accounting boundary

AFIS's Technical Review examined what sat inside and outside the £7,690 school-revenue funding boundary.

It developed four additional resource categories:

B1 — wider quantifiable public resource

Public resources outside Category A which can be attributed sufficiently robustly to the same broad 5–16 population for accounting-boundary analysis.

¹² Department for Education, *School funding statistics: 2023 to 2024*, January 2024, which reported total 2024–25 school-revenue funding for pupils aged 5–16 in England of approximately £59.5 billion, equivalent to £7,690 per pupil. See also HM Revenue & Customs, *Private school fees — VAT measure*, 30 October 2024, updated 15 November 2024; and Office for Budget Responsibility, *Economic and Fiscal Outlook — October 2024*, CP 1169, para. 3.39, p. 66. Government's final assessment anticipated approximately 35,000 additional pupils entering the state sector in the long run; applying the £7,690 figure produced an illustrated peak annual revenue consequence of approximately £270 million.

¹³ Luke Sibiet, *Tax, private school fees and state school spending*, Institute for Fiscal Studies, 11 July 2023. The IFS estimated a central marginal cost of approximately £5,900 for each additional pupil entering the state sector, comprising approximately £5,300 of additional day-to-day funding and £600 of capital expenditure per pupil, and considered lower and higher assumptions of approximately £4,900 and £6,900 respectively.

Using a deliberately conservative inclusion test, AFIS identified approximately **£2.93 billion a year** of such resource:

B1 resource	Approximate annual value
Pre-16 home-to-school transport	£2.01bn
Universal Infant Free School Meals	£600m
Primary PE and Sport Premium	£320m
Total identified B1 resource	£2.93bn¹⁴

B2 – wider public resource not cleanly attributable

Further public resources were identified but excluded from the £2.93 billion because age range, population, timing, attribution or potential overlap prevented sufficiently robust like-for-like inclusion.

C1 – externally delivered provision funded wholly or partly by Government

This maps relevant provision delivered outside conventional school budgets but supported wholly or partly by public money.

C2 – genuinely non-Government external resource

This maps charitable, philanthropic, university, employer, corporate and other non-Government resources supporting state schools or state-educated pupils.

These categories should **not** be collapsed into a single headline number.

Most importantly, AFIS does **not** suggest that £2.93 billion should simply be divided by pupil numbers or added to the Government's £270 million estimate.

That would confuse **average resource** with **marginal expenditure**.

The significance of the B1 finding is instead that material public-resource mechanisms exist outside the accounting boundary represented by £7,690.

The relevant policy-costing question is:

Which of those expenditure mechanisms respond when additional pupils enter state provision, for which pupils, under what circumstances, at what point and by how much?

¹⁴ AFIS, *Review of the Accounting Boundaries Underpinning the Government's Published State Schooling Cost Estimates* (August 2026), Category B1 analysis. The approximately £2.93 billion annual-scale total comprises approximately £2.01 billion of pre-16 home-to-school transport (£1.5 billion SEND transport and £514.3 million other pre-16 transport, rounded), approximately £600 million for Universal Infant Free School Meals, and £320 million for the Primary PE and Sport Premium. These resources sit outside the £7,690 school-revenue boundary examined in the Review. The component figures do not all use precisely the same reporting basis or period; £2.93 billion should therefore be understood as an approximate annual-scale accounting-boundary measure rather than a single-basis audited financial-year total.

6. Population, age, composition and capacity matter

The £7,690 measure relates to pupils aged **5–16**.

The behavioural population is not necessarily confined to the same boundary.

Families can change educational pathway at post-16 transition, including movement into state sixth-form colleges and other 16–19 provision.

AFIS deliberately avoids mechanically adding post-16 expenditure to a 5–16 funding measure.

The appropriate question is instead whether the population whose behaviour was modelled was aligned appropriately with the population for which expenditure consequences were assessed.

For those pupils entering state-funded provision, their characteristics may also matter.

Marginal expenditure can differ according to age, SEND or EHCP status, eligibility for targeted support, geography, school phase, transport requirements and destination within the state-funded system.

Capacity adds another dimension.

National spare-place figures do not necessarily determine marginal expenditure in particular localities.

An additional pupil entering a school with existing spare capacity may create little immediate additional expenditure. Concentrated movement can eventually require another class, teacher, support service, transport arrangement or additional physical capacity.

Marginal cost may therefore be **non-linear** and dependent upon thresholds.

The relevant question is not simply:

What does a state-school pupil cost?

It is:

Which expenditures respond to additional pupils, for which pupils, at what point and under what circumstances?

7. Implementation has changed the evidential position

Before implementation, Government necessarily had to forecast how families and schools would respond.

Implementation means that some of those assumptions can now increasingly be tested.

Official DfE statistics show that independent-school pupil numbers in England fell from approximately **593,000 in January 2024 to around 560,300 in January 2026** – a reduction of approximately **32,700 pupils over two years**¹⁵.

¹⁵ Department for Education, *Schools, pupils and their characteristics*, academic years 2023/24 and 2025/26. DfE statistics record approximately 593,000 pupils in independent schools in England in January 2024 and approximately 560,300 in January 2026, a reduction of approximately 32,700 pupils over the

That is significant evidence.

But it should not simply be compared with the Government's forecast of approximately 37,000 fewer independent-school pupils and declared either confirmation or refutation.

The figures measure different things.

The observed reduction records what happened **from all causes**.

The Government forecast estimates the eventual **causal effect of the policy relative to what would otherwise have happened**.

Demographic change, economic conditions, underlying sector trends and other fiscal measures therefore matter.

The correct question requires a counterfactual:

What would independent-school participation reasonably have been expected to look like without the reforms?

The same principle applies to school closures.

Gross observed closures should not be compared directly with a forecast of approximately 100 **additional policy-induced closures above normal turnover** without first establishing the appropriate baseline.

8. The mechanism should be tested, not merely the headline outcome

The original forecast contained predictions not simply about **how much** participation would change, but **how adjustment would occur**.

In particular, much of the long-run reduction was expected to arise through fewer new entrants rather than large-scale immediate withdrawal of existing pupils¹⁶.

That proposition is increasingly testable.

Evaluation should therefore examine, where data permit:

- entry and exit rates;
- transition points;
- pupil age and characteristics;
- geography;
- actual fee changes;
- school cost absorption;
- bursary responses;

two-year period. These are observed pupil numbers and should not, without counterfactual analysis, be interpreted as an estimate of the causal effect of the reforms.

¹⁶ Office for Budget Responsibility, *Economic and Fiscal Outlook — October 2024*, CP 1169, para. 3.38; HM Revenue & Customs, *Private school fees — VAT measure*, 30 October 2024, updated 15 November 2024. The published modelling distinguished between existing pupils and prospective entrants, with the OBR expecting the reduction in demand to arise from both pupils leaving and, primarily, fewer new pupils joining private schools. HMRC similarly anticipated that some movement would occur at natural educational transition points.

- staffing and pension changes;
- closures and capacity lost;
- destinations of pupils leaving independent schools;
- transfers between independent schools;
- movement into different forms of state-funded provision;
- elective home education, including whether it operated as a permanent or interim pathway and subsequent movement back into school;
- overseas schooling, including overseas boarding;
- whole-household relocation overseas, distinguished where possible from child-only overseas schooling
- the subsequent educational pathways of prospective entrants who did not enter independent education;
- additional state-sector expenditure; and
- actual tax receipts.

Destination data are particularly important. Aggregate independent-school pupil numbers can establish that participation has changed; they cannot, by themselves, establish where pupils went, why they moved or what public-expenditure consequences followed.

Evidence that supports the Government's assumptions should be acknowledged.

Evidence that challenges them should equally lead to reconsideration.

The objective should not be to identify a headline statistic that appears to vindicate one side of the political argument.

It should be to determine **which parts of the original evidence chain are being borne out, which require refinement and which remain uncertain.**

9. The published monitoring framework remains limited in detail

HMRC's published VAT Tax Information and Impact Note states:

"The measure will be kept under review through communication with affected taxpayer groups and stakeholders as well as education departments across the devolved governments."¹⁷

That statement may not describe the entirety of Government's internal monitoring and evaluation activity.

However, the published record reviewed by AFIS does not yet reveal a sufficiently detailed framework explaining the counterfactual, causal methodology, treatment of cumulative effects, indicators to be monitored or circumstances in which assumptions would be revised.

AFIS has submitted Freedom of Information requests to HM Treasury, HMRC and DfE seeking relevant underlying analysis. Separately, Freedom of Information requests made with responses published through WhatDoTheyKnow.com, have already provided additional information about some of the assumptions and calculations underlying the published

¹⁷ HM Revenue & Customs, *Private school fees — VAT measure*, 30 October 2024, updated 15 November 2024, 'Monitoring and evaluation'.

modelling. These disclosures include areas in which HM Treasury has confirmed that assumptions reflected analytical judgement rather than directly applicable empirical evidence. Further relevant material may remain unpublished or outstanding. The disclosures strengthen the case for an independent review capable of examining the underlying analytical record systematically rather than relying only upon what was included in the original published assessments.

If they demonstrate that more extensive analysis or evaluation exists than is presently visible, that evidence should form part of an independent review.

10. What AFIS is proposing

AFIS proposes an:

Independent Review of the Evidence Base Underpinning Recent Fiscal Reforms Affecting Independent Schooling.

The review should have appropriate expertise and access, subject to legitimate legal and confidentiality constraints, to the underlying evidence, modelling, assumptions, sensitivity analysis and subsequent evaluation.

At each stage of the evidence chain, it should ask four questions:

What was known?

What relevant evidence was reasonably available when the decisions were taken?

What was assumed?

Where evidence was incomplete, what assumptions and professional judgements were made?

What was modelled?

How were the evidence and assumptions translated into forecasts, and how was uncertainty tested?

What happened?

What does subsequent evidence show when compared with an appropriate counterfactual?

The review should not begin from the premise that Government was wrong.

Nor should it begin from the premise that the original analysis must be defended.

Some assumptions may prove substantially correct. Some may require refinement. Some may remain uncertain. Others may prove inconsistent with subsequent evidence.

The review should report those findings as they are.

Conclusion

The case made in this paper is **not** that AFIS possesses a superior single forecast.

Nor is it that the existence of uncertainty proves that the reforms were wrongly designed.

The case is that the evidence chain underpinning major policy decisions affecting children, families, schools and public expenditure should be capable of independent reconstruction and testing.

Where evidence was uncertain, that uncertainty should be visible.

Where assumptions were necessary, their basis should be understood.

Where different cost concepts and accounting boundaries answer different questions, those distinctions should be explicit.

Where several policies interact, their combined behavioural consequences should be examined.

Where published evidence does not reveal whether a particular analysis was undertaken, that should be established rather than assumed.

And where implementation now provides evidence, the original assumptions and mechanisms should be tested against what has actually occurred, using an appropriate counterfactual rather than headline comparisons alone.

If independent scrutiny confirms that the original analysis was robust, that should strengthen confidence in the reforms.

If it identifies material weaknesses, important omissions or outcomes substantially different from those upon which the policies were predicated, Government should consider what response the evidence warrants.

That is not an argument for or against independent schooling.

It is an argument for a consistent standard of evidence in public policy:

use the strongest evidence reasonably available; make assumptions explicit; test uncertainty; evaluate outcomes; and remain willing to change course when the evidence materially changes.

Independent scrutiny should not be regarded as a challenge to evidence-based policymaking. It is one of the mechanisms by which evidence-based policymaking is made credible.

1. How this paper came to be written

This paper began not with a political position, but with a parent's questions and a search for evidence.

1.1 My starting point

Before setting out the analysis, it is important to explain where this work began.

I have never believed that there is a single “best” type of school. State-funded and independent schools both make important contributions to children's education. Across both sectors there are outstanding schools, schools facing significant challenges, and schools serving children and communities with very different needs.

I believe in parental choice and in a diversity of educational pathways. The most important question for a family is not whether a school belongs to one administrative category or another, but whether it is the right school for a particular child at a particular time.

My interest in this subject therefore did not begin with a view that independent schools, or the families using them, should be protected from scrutiny or taxation.

It began with a simpler concern: **how well did we actually understand the children, families and schools whose behaviour policymakers were attempting to predict?**

1.2 From parent to evidence seeker

I write this paper as a mother whose own educational experience, and that of my children, has crossed the state and independent sectors.

I was educated entirely in the state sector and had no direct experience of independent education until my son transferred from our local state school to an independent school in Year 7.

Like many people, much of what I thought I knew about independent schools had previously been shaped by public perception rather than personal experience.

Becoming part of that community complicated that picture. I encountered schools with different educational philosophies, fee structures and pupil populations, and families making educational choices for many different reasons and from different financial circumstances.

As public debate surrounding Labour's proposed fiscal reforms affecting independent education gathered momentum during 2023 and continued through the 2024 General Election, I became increasingly interested in the evidence behind some of the assumptions being made.

My concern was not that people disagreed about taxation or education. Reasonable people can reach very different political conclusions from the same evidence.

The questions that interested me came before that political disagreement:

What did we actually know about the families affected?

What evidence existed about how they made educational decisions?

How had policymakers estimated how those decisions would change if independent education became more expensive?

And, increasingly:

What assumptions connected that evidence to the forecasts being presented to Parliament and the public?

Those questions became the starting point for this work.

1.3 Knowing what I was not

Throughout the process, I have remained conscious of my own limitations.

I am not an economist, statistician or academic researcher, and I do not present myself as one.

That made it particularly important not to treat my own experience – or the experiences of other parents I encountered – as evidence of what was true across an entire population.

Personal experience can reveal questions. It cannot, by itself, answer them.

My approach was therefore to begin with questions, search for the available evidence and then seek people with relevant expertise who could challenge both my interpretation and the assumptions I was making.

That distinction has become an important principle throughout this project:

The purpose of scrutiny is not to prove an initial suspicion correct. It is to discover what the evidence supports.

1.4 What the existing evidence could, and could not, establish

Initially, I assumed that the evidence needed to answer these questions would already exist in a form that allowed the policy assumptions to be tested readily.

Given the prominence of independent education in debates about inequality, social mobility and educational opportunity, I expected to find a substantial body of evidence describing not simply independent schools, but the families using them: their financial circumstances, educational pathways, motivations and responses to changes in affordability.

I found extensive research into independent schools, educational outcomes, social mobility, parental choice and socioeconomic differences. Important UK research had also examined private-school participation and its relationship with household income, housing wealth, parental characteristics, educational pathways and the availability of alternative provision¹⁸.

¹⁸ See, in particular, Francis Green, Jake Anders, Morag Henderson and Golo Henseke, *Who Chooses Private Schooling in Britain and Why?*, LLAKES Research Paper 62 (UCL Institute of Education, 2017); Jake Anders, Francis Green, Morag Henderson and Golo Henseke, 'Determinants of private school

That research established important features of the population using independent education. Participation is strongly associated with socioeconomic advantage at population level, but the factors associated with participation extend beyond current household income alone. Income, wealth, parental characteristics, previous educational pathways and other circumstances all matter.¹⁹

What was less clear was how far the existing evidence could answer a different set of questions: **how families might respond to a specific policy-induced change in the cost of independent education.**

Who was most likely to change educational pathway if fees increased?

Would existing pupils and prospective entrants respond in the same way?

How important were income, wealth, bursaries, siblings, geography and the availability of alternative schools?

How might responses differ at particular educational transition points?

And how confidently could those behaviours be predicted from the evidence available?

I did not want to conclude that evidence was absent simply because a particular question could not readily be answered. As the work developed, AFIS therefore continued to examine the published academic and policy literature and to seek external expertise capable of challenging both our interpretation of the evidence and the questions we were asking.

This sharpened an important methodological distinction. **Evidence describing who participates in independent education, and the factors associated with that participation, is not necessarily the same as evidence capable of predicting how particular families will respond to a substantial change in price.** Moving from one to the other requires assumptions and inference.²⁰

The question therefore became not simply whether relevant research existed, but what it established; how directly it addressed the populations and behaviours being modelled; what

participation: All about the money?', *British Educational Research Journal*, 46(5) (2020), pp. 967–992, doi:10.1002/berj.3608; and Golo Henseke, Jake Anders, Francis Green and Morag Henderson, 'Income, housing wealth, and private school access in Britain', *Education Economics*, 29(3) (2021), pp. 252–268, doi:10.1080/09645292.2021.1874878.

¹⁹ Anders et al. (2020), 'Determinants of private school participation: All about the money?', found financial resources to be an important determinant of private-school participation but also identified significant associations with parental values and proximity to high-quality state-school alternatives, and examined families who moved between state and private schooling. Henseke et al. (2021), 'Income, housing wealth, and private school access in Britain', documented a high and largely stable concentration of private-school participation by income while also finding an independent association with housing wealth. The authors estimated that both family income and housing wealth were materially associated with participation.

²⁰ Compare Anders et al. (2020) and Henseke et al. (2021), which examine the characteristics and determinants associated with private-school participation, with Office for Budget Responsibility, *Economic and Fiscal Outlook — October 2024*, CP 1169, para. 3.38, which was required to make a further assumption about the responsiveness of demand to a policy-induced increase in fees. The OBR adopted a price elasticity of demand of 0.5 while expressly noting that evidence on the responsiveness of demand for private-school places was limited. The distinction is important: evidence identifying factors associated with participation does not, without further assumptions, itself determine the behavioural response to a particular change in price.

further assumptions were required to translate that evidence into a behavioural forecast; what uncertainty remained; and how those uncertainties were reflected in the eventual policy analysis.

That distinction — between what the evidence established and what subsequently had to be assumed or inferred — became increasingly important as this work developed.

1.5 From families to the evidence chain

The investigation then began to broaden.

Understanding families was only one part of the problem.

If Government expected VAT to result in an average fee increase substantially below the headline tax rate, assumptions were also being made about **school behaviour**: VAT recovery, cost absorption, efficiencies and other responses²¹.

If schools differed in their financial resilience, assumptions about **school viability and closures** also mattered.

If independent-school participation changed, assumptions were required not only about how many existing pupils would leave and how many prospective entrants would not enter the sector, but also about the destinations and alternative educational pathways associated with those different behavioural responses.

For those pupils entering state-funded provision, assumptions were then required about capacity and public expenditure.

Other behavioural responses, including transfer to another independent school, home education, overseas schooling or family relocation, could have materially different consequences.

And if those consequences were then incorporated into a wider fiscal assessment, each stage depended to some extent upon the stages before it.

What had begun as a parent's question about how well families were understood therefore became a broader methodological question:

Could the evidence chain connecting families and schools to behavioural assumptions, independent-school participation, pupil destinations and alternative pathways, state-sector consequences and fiscal conclusions be reconstructed and tested?

That question now sits at the centre of this paper.

²¹ HM Revenue & Customs, *Private school fees — VAT measure*, 30 October 2024, updated 15 November 2024. Government estimated that, after recovery of input VAT, schools would on average face an effective VAT cost of approximately 15% of fee income and expected part of that cost to be absorbed through measures including reduced surpluses or reserves and reductions in expenditure, resulting in an expected average fee increase of around 10%. See also Office for Budget Responsibility, *Economic and Fiscal Outlook — October 2024*, CP 1169, para. 3.38, which modelled schools as passing approximately two-thirds of the effective VAT cost into higher fees, with further adjustment through reduced service provision and efficiencies/profits.

1.6 The financial question changed the investigation again

One part of that evidence chain proved particularly important.

Government's published assessment used a Department for Education school-funding figure of £7,690 per pupil when illustrating the potential state-sector revenue consequence of approximately 35,000 additional pupils.²²

At first sight, “cost per pupil” appears to be a relatively straightforward concept.

The deeper the question was examined, however, the clearer it became that several different concepts could easily be confused.

How much funding is allocated to schools on average?

What wider publicly funded resources support children in state education outside that funding boundary?

And, crucially for a policy costing, what expenditure actually increases when an additional pupil enters state provision?

Those are not the same question.

This led AFIS to undertake a separate **Technical Review of State-Schooling Resource and Accounting Boundaries**.²³

That review materially refined our own understanding.

Rather than attempting to produce a replacement “true cost per pupil”, it distinguishes between **average school funding, wider public resource and marginal additional expenditure**, and maps resources according to whether they can be attributed robustly to the relevant population.

That work is incorporated into the analysis in this paper.

The process also reinforced a principle that has become increasingly important to the project:

When scrutiny reveals that a question has been framed too simply, the answer is not to defend the original framing. It is to refine the question.

1.7 Why AFIS was established

These questions developed alongside a wider concern about the absence of an organised, evidence-led parent voice in debates concerning independent schooling.

I was hearing from parents who felt that their circumstances and experiences were often poorly understood in public debate. Online communities demonstrated considerable strength

²² Department for Education, *School funding statistics: 2023 to 2024*, January 2024, reporting total funding of approximately £59.5 billion for pupils aged 5–16 in England in 2024–25, equivalent to £7,690 per pupil; HM Revenue & Customs, *Private school fees — VAT measure*, 30 October 2024, updated 15 November 2024; and Office for Budget Responsibility, *Economic and Fiscal Outlook — October 2024*, CP 1169, para. 3.39. The Government's final assessment anticipated approximately 35,000 additional pupils entering the state sector in the long-run steady state and used average per-pupil spending to illustrate the associated state-sector revenue consequence.

of feeling, but social media could not provide the systematic evidence or sustained policy engagement that I believed was needed.

That contributed to my decision to establish the **Association for Families of Independent Schooling (AFIS)** in December 2025.

AFIS was **not created simply in response to VAT or to one Government policy**.

Its purpose is broader: to improve understanding of families choosing independent schooling, strengthen their representation, build a better evidence base and contribute constructively to public and policy debate.

Research has therefore become an important part of AFIS's work.

That includes **FAMILY VOICE**, our long-term programme examining independent-school families and parental decision-making, and **Beyond School Labels**, which considers the wider use of administrative school categories as proxies for children's circumstances and educational opportunity.

Those projects overlap with this paper, but they are not the same project.

Beyond School Labels asks broader questions about classification, social mobility and how children are understood.

This paper has a narrower purpose: **to examine the evidence chain underpinning recent fiscal reforms affecting independent schooling and to consider whether that evidence now warrants independent review.**

1.8 From advocacy to a testable proposition

AFIS represents families affected by these policies. It would therefore be unrealistic to pretend that we approach the subject without an interest in the consequences.

That makes methodological discipline more important, not less.

This paper does not ask readers to accept AFIS's interpretation because we represent affected families.

Nor does it treat disagreement with Government as evidence that Government's analysis was wrong.

Throughout the work, we have tried to distinguish between:

what the published evidence establishes;

what can reasonably be inferred;

what remains uncertain;

and

what cannot yet be established from the published record.

Where subsequent scrutiny has required our own analysis to be refined, we have refined it.

Where different methodologies answer different questions, we have tried to preserve those distinctions rather than select whichever produces the largest or most convenient number.

And where analysis may have taken place inside Government but cannot be identified publicly, we have sought not to confuse:

analysis that cannot presently be seen

with

analysis that did not take place.

That is why the conclusion of this paper is not that AFIS has discovered the “correct” alternative forecast.

The proposition is more modest and, I believe, more useful:

There are now sufficiently specific and testable questions about the evidence, assumptions and modelling underpinning the reforms to justify independent examination of the evidence chain.

1.9 Why this paper matters now

The timing matters because the evidential position has changed.

Before implementation, Government necessarily had to forecast how schools and families would respond.

Implementation means that some of those assumptions can now increasingly be tested against experience.

That does not make causal interpretation simple.

Observed pupil reductions are not automatically policy effects. School closures are not automatically policy-induced closures. Changes in state-sector demand cannot be understood without considering demographics, geography, capacity and the counterfactual.

But evidence that was necessarily prospective is gradually becoming empirical.

That creates an opportunity.

An independent review could reconstruct what was known when the decisions were taken, establish what assumptions were made where evidence was uncertain, examine how those assumptions were translated into forecasts, and test the mechanisms against subsequent evidence.

It may conclude that important parts of the original analysis were well founded.

It may identify assumptions requiring qualification or revision.

It may find questions that cannot yet be answered.

All of those would be useful outcomes.

This paper therefore arrives at a different place from where my own enquiry began.

It began with a parent's question:

Where is the evidence?

The question now is more precise:

What was known, what was assumed, what was modelled – and what can we now learn from what happened?

That is the question examined in the sections that follow.

2. Introduction and scope

The introduction of VAT on independent-school fees represented a significant change in the tax treatment of independent education in the United Kingdom. It was accompanied by the removal of charitable business-rates relief for independent schools in England and followed other substantial cost pressures affecting the sector, including increases in employer pension and National Insurance contributions.

The Government published estimates of the expected fiscal effects of these measures and of the number of pupils expected to move from independent to state education as a result. Those estimates necessarily depended on assumptions about parental behaviour, pupil movements, public expenditure and the costs associated with educating additional pupils in the state sector.

This paper examines the evidence base and analytical framework underlying those assumptions.

Its purpose is not to produce a rival forecast of how many pupils will ultimately leave independent education, nor to claim that the Government's published estimates must necessarily prove wrong. Behavioural responses to a policy change of this kind are inherently uncertain and will take time to observe.

Instead, the paper asks a more fundamental question:

Was the evidence and analytical framework used to assess the likely effects of the policy sufficiently complete, transparent and robust for the decisions being taken?

That question matters independently of the eventual outcome.

A forecast can turn out to be broadly correct despite weaknesses in the analysis that produced it. Equally, actual outcomes can differ from a forecast because circumstances changed after the forecast was made. The quality of a policy appraisal should therefore be assessed not simply by comparing a forecast with the eventual result, but by examining the evidence, assumptions, methods and uncertainty that informed it.

2.1 What this paper examines

This paper examines the evidence base underpinning recent fiscal reforms affecting independent schooling.

Its focus is not whether Parliament was entitled to pursue those reforms as a matter of policy.

Its focus is narrower:

what evidence supported the assumptions and modelling used to estimate their behavioural, educational, public-resource and fiscal consequences?

The analysis therefore considers the principal stages through which the published evidence base moved from policy change to forecast outcome.

These include:

- the characteristics and circumstances of the families and schools affected;
- the behavioural assumptions used to estimate how families and schools would respond;
- the resulting forecast changes in independent-school participation and school viability;
- **the destinations and alternative educational pathways assumed for pupils leaving, transferring from, or not entering independent education;**
- **the extent to which forecast reductions in independent-school participation were expected to translate into additional participation in state-funded provision;**
- the capacity and resource consequences associated with additional state-sector pupils; and
- the resulting public-expenditure and fiscal calculations.

This distinction is important. **A forecast reduction in independent-school participation is not, by itself, a forecast of an equivalent increase in state-school participation.** Existing pupils may follow different destinations, while prospective entrants who do not enter independent education may follow different educational pathways. Those alternatives may have materially different consequences for state-sector demand and public expenditure.

The paper also considers the treatment of uncertainty, counterfactuals, demographic change, interacting policy measures and the cumulative financial pressures affecting schools and families.

Where implementation has generated new evidence, the paper asks whether the principal assumptions, mechanisms and forecast outcomes can now be tested against observed experience.

It does not assume that divergence between forecast and observed outcomes establishes that the original analysis was unreasonable. Nor does it assume that observed changes following implementation were caused by the reforms.

Rather, it asks whether the evidence base can now be independently reconstructed and evaluated through four questions:

What was known?

What was assumed?

What was modelled?

What happened?

That framework is used throughout the remainder of this paper.

2.2 Three methodological distinctions

Three distinctions recur throughout this paper.

Average school funding is not the same as wider public resource, and neither is necessarily the marginal cost of an additional pupil

Government spending associated with state schooling extends beyond the core funding allocated directly to schools. Children may also draw on publicly funded services and infrastructure provided through local authorities, health services, transport arrangements, SEND systems, capital programmes and other parts of the public sector.

Recognising those resources does **not** mean that the full average value of all such provision should automatically be treated as the cost of every additional pupil entering the state sector.

The relevant fiscal question is generally one of **marginal or incremental cost**: which public costs actually change, by how much, when pupil numbers change?

Accordingly, this paper distinguishes between:

average school funding → wider public resource → marginal additional cost.

The first two help establish the scale and boundaries of the public system supporting state education. The third is the appropriate basis for estimating the fiscal consequence of additional pupils.

This distinction is developed in detail in Section 4.

Observed change is not the same as causal policy effect

Changes in independent-school pupil numbers after the announcement or implementation of VAT cannot automatically be attributed to VAT.

Demographic change, household finances, school closures, migration, changes in local provision, other Government measures and wider economic conditions may all affect pupil numbers.

The relevant question is therefore not simply:

What happened to independent-school enrolment?

It is:

What would probably have happened in the absence of the policy, and how far does the observed outcome differ from that counterfactual?

This is particularly important because the Government's own pre-policy modelling incorporated demographic assumptions. Post-implementation evaluation should apply comparable discipline when interpreting observed changes.

Separate fiscal costing is not the same as modelling cumulative behavioural effects

VAT, business-rates changes, pension costs, employer National Insurance and other pressures can be costed separately for fiscal purposes.

Families and schools, however, do not necessarily experience them separately.

A school deciding how much to increase fees may be responding to several cost pressures at once. A parent deciding whether an independent-school place remains affordable responds to the resulting total price and to wider household circumstances, not to the accounting classification of each individual policy measure.

The analytical question is therefore not merely whether each measure was separately costed. It is whether their **combined behavioural effect** was adequately considered.

2.3 The evidence chain

The review approaches the Government's published estimates as the end of an analytical chain rather than as standalone numbers.

The chain can be expressed simply as:

Evidence → Assumptions → Behavioural and school-response model → Independent-school participation forecast → Pupil destinations and alternative pathways → State-sector consequences → Public-expenditure and fiscal outcomes

If behavioural assumptions are uncertain, forecasts of independent-school participation inherit that uncertainty. If the destinations and alternative pathways of pupils and families are then incompletely specified, forecasts of state-sector demand and public expenditure inherit further uncertainty.

If the underlying evidence is incomplete, assumptions may be poorly calibrated. If behavioural assumptions are uncertain, pupil-flow forecasts inherit that uncertainty. If the public-cost boundary is too narrow or the marginal-cost response is poorly specified, the resulting fiscal estimate may be misleading even if the pupil forecast itself is reasonable.

This is why the review does not focus on one headline number in isolation. It examines the analytical chain that produced it.

Section 3 reconstructs that chain from the Government's published documents.

2.4 Scope and limitations

This is a methodological and evidence review, not a full fiscal re-estimation of the policy.

It does not attempt to calculate a definitive alternative number for the long-run fiscal effect of VAT on independent-school fees. Nor does it assume that every category of public expenditure associated with state-school pupils would increase proportionately if additional pupils entered the sector.

Where wider public resources are identified, their inclusion is intended to test the completeness of the accounting boundary and to identify areas requiring proper marginal-cost analysis.

The paper also distinguishes between matters that can be quantified from published evidence and those that cannot presently be attributed with sufficient confidence.

In particular, the wider schooling ecosystem contains resources that are relevant to understanding the full support available to children in state education but which may be difficult to allocate cleanly to a particular age group, pupil cohort or marginal change in enrolment. Those resources should not simply be ignored, but neither should they be converted into false precision.

The appropriate response to uncertainty is to identify it, test it and, where possible, quantify it through sensitivity analysis.

2.5 Why an independent review is appropriate

The case made in this paper is therefore not that AFIS possesses a single superior forecast.

It is that important parts of the evidential and analytical chain remain sufficiently uncertain, contested or not fully reconstructable from the published record to justify independent examination.

That examination should include both the original pre-implementation analysis and the emerging post-implementation evidence. It should test what was known at the time, what assumptions were made, what alternative evidence was available, how uncertainty was represented and whether subsequent developments support or challenge the original analytical framework.

Crucially, such a review should not begin with a predetermined conclusion about whether the policy has “worked” or “failed”.

Its purpose should be to establish the most reliable evidence possible.

2.6 Structure of this paper

The remainder of this paper follows the analytical sequence described above.

Section 3 reconstructs the Government’s published evidence chain, identifying the principal evidence sources, assumptions, behavioural modelling, pupil-flow estimates and public-cost calculations used in the pre-implementation analysis.

Section 4 evaluates that evidence base, including the treatment of household circumstances and fee sensitivity, the counterfactual against which pupil movements should be assessed, the accounting boundary used for state-schooling resources, marginal-cost questions and the combined behavioural and viability effects of multiple policy and cost pressures.

Section 5 sets out the proposed specification for an independent evidence review, including the questions it should address, the evidence it should examine and the analytical standards that should apply.

Section 6 concludes by drawing together the methodological case for that review.

The central proposition running through the paper is straightforward:

Good policy evaluation requires more than a headline forecast. It requires a transparent chain from evidence, through assumptions and behaviour, to public cost and fiscal conclusion – with uncertainty identified at every stage.

That is the standard against which the evidence base is examined in the sections that follow.

3. The published evidence base: what was assessed, and what remains to be established

The published record demonstrates that the Government, HM Revenue & Customs (HMRC), the Department for Education (DfE) and the Office for Budget Responsibility (OBR) did undertake analysis of the expected effects of the fiscal reforms affecting independent schools.

That analysis addressed, to differing degrees, the expected effect on school fees, family behaviour, independent-school pupil numbers, movement into state education, school closures, state-sector capacity, public expenditure and tax revenue.

The OBR also explicitly acknowledged uncertainty in important parts of the behavioural evidence.

The question examined in this paper is therefore not whether analysis existed.

It is whether the evidence available at the time was sufficiently complete, appropriately interpreted and transparently connected to the assumptions and forecasts that followed – and whether subsequent evidence now allows those assumptions to be tested against experience.

AFIS's subsequent work has included a Technical Review of State-Schooling Resource and Accounting Boundaries; examination of published research concerning private-school participation and parental decision-making; analysis of subsequent pupil-number and school-closure evidence; Parliamentary Questions concerning the treatment of concurrent fiscal measures; and examination of the published arrangements for monitoring and evaluation.

That work has not produced a single alternative model which AFIS proposes should replace the Government's analysis.

Nor has it established that every assumption underpinning the reforms was wrong.

Instead, it has made it possible to identify more precisely the principal links in the published evidence chain, the evidence supporting them, and the questions that remain to be established.

3.1 The evidence chain

The published analysis can be understood as a sequence of connected assumptions and forecast outcomes.

Each stage depends to some extent upon the preceding stages.

The characteristics and circumstances of families may affect their response to price changes.

The financial response of schools affects the fee increase actually experienced by families.

Family decisions and school viability affect the number of pupils entering, remaining in or leaving independent education.

Changes in independent-school participation do not, by themselves, determine the consequences for state-funded provision. Those consequences depend upon the destinations and alternative pathways followed by pupils and families. For those entering state-funded provision, number, age, timing, needs and geographical distribution affect the resulting demand, capacity and resource consequences.

Those demands, in turn, affect the public-expenditure consequences associated with the reforms.

The reliability of later conclusions therefore depends not simply upon the arithmetic at the end of the chain, but upon the evidence and assumptions supporting the earlier stages.

This does not mean that uncertainty at one stage necessarily invalidates everything that follows.

Forecasting inevitably involves uncertainty.

It does mean that where an important assumption is uncertain, the nature of that uncertainty, its effect upon subsequent calculations and the sensitivity of the eventual forecast to alternative assumptions become important parts of the evidence base.

FIGURE 2

THE EVIDENCE CHAIN

Major policy decisions are often informed by a sequence of evidence, assumptions and modelling decisions. The reliability of later conclusions depends upon the strength and completeness of the evidence supporting each stage – and upon how uncertainty and interactions between stages are treated.



Each stage builds upon the evidence and assumptions established at the previous stage. Where important evidence gaps or uncertainties exist early in the chain, they may influence the assumptions and conclusions reached later.

Methodological principle

An independent evidence review does not revisit the political decision itself. It evaluates the strength of the evidence and assumptions that informed each stage of the policy process, examines how uncertainty and interactions between policy effects were treated, assesses the extent to which the original assumptions have been supported by subsequent evidence, and identifies where important uncertainties remain.

Illustrative framework showing one possible sequence through which evidence informs policy implementation and post-implementation evaluation.

The methodological principle is straightforward: an independent evidence review need not revisit the political decision itself. It can examine the strength of the evidence and assumptions supporting each stage of the policy process and assess those assumptions against evidence that has emerged since implementation.

3.2 The published behavioural model

A central part of the Government's analysis concerned the expected behavioural response to VAT on independent-school fees.

The headline VAT rate was 20 per cent, but the published analysis did not assume that the full amount would simply be passed through to parents.

Government expected the effective increase in fees faced by parents to be lower than the headline 20 per cent VAT rate, reflecting both schools' ability to recover VAT on relevant costs and an expectation that schools would absorb part of the remaining impact through efficiencies, cost reductions and other adjustments. The resulting average increase in fees was expected to be around 10 per cent.

The behavioural model therefore already contained two connected assumptions:

how schools would respond to the tax

and

how families would respond to the resulting change in price.

For parental response, the OBR adopted a price elasticity of demand of **0.5**, which it described as being at the upper end of the range estimated by the Institute for Fiscal Studies.

The OBR also acknowledged that the evidence concerning the responsiveness of demand for private-school places was limited.

That qualification is important.

It does not establish that the selected elasticity was inappropriate. Forecasting frequently requires analysts to select a central assumption from an uncertain evidence base.

It does establish that the forecast depended upon a behavioural parameter whose evidential foundation was recognised as uncertain.

The resulting long-run forecast was that VAT would lead to approximately **37,000 fewer pupils in private education** than would otherwise have been the case.

That figure represented an estimated policy effect, rather than a forecast that total independent-school pupil numbers would necessarily fall by exactly 37,000 from a particular observed starting point.

The distinction becomes important when the forecast is subsequently compared with actual pupil-number changes.

3.3 Existing pupils and prospective entrants

The published behavioural forecast was not based solely upon existing pupils leaving independent schools.

Government expected adjustment to occur through both pupils leaving and, **primarily, fewer new pupils entering** independent education.

This has an important implication for the population relevant to the model.

The behavioural population was not confined to families already paying independent-school fees.

It also included families who might otherwise have chosen independent education in future.

Those families may differ behaviourally from existing users.

A family whose child is already established in a school may face switching costs associated with friendships, siblings, examination courses, continuity and attachment to the institution.

A family deciding whether to enter independent education at a normal transition point faces a different choice.

The published forecast's emphasis on fewer new entrants therefore makes evidence concerning **prospective entrants** particularly relevant to understanding the behavioural model.

Published UK academic research available before implementation had examined determinants of private-school participation, including household income, housing wealth, parental characteristics, previous educational pathways and alternative provision.

Some of that research informed the wider policy debate and was cited in the Institute for Fiscal Studies' pre-implementation analysis.

What cannot yet be established fully from the published record is the extent to which the relevant research was considered directly across Government and the OBR, or how evidence concerning the characteristics of existing and prospective families was translated into the final behavioural assumptions.

A further distinction concerns destination. A prospective entrant who decides not to enter UK independent education does not necessarily become an additional pupil in a UK state school. The family may instead choose another educational pathway or alter its geographical plans. The modelling therefore required not only an estimate of reduced independent-school participation, but an assumption about what those pupils would do instead.

That is examined in Section 4.

3.4 From independent-school participation to state-sector demand

The Government's long-run forecast of approximately 37,000 fewer pupils in private education was accompanied by an estimate of approximately 35,000 additional pupils in the state sector.

The two figures should be treated as related but distinct forecast outcomes. For the purposes of the public-expenditure illustration, the relevant state-sector figure was approximately 35,000 additional pupils.

That distinction is substantively important. Leaving UK independent education and entering UK state education are separate behavioural events.

The difference is not simply a matter of the approximately 2,000 pupils separating the two headline forecasts. The more fundamental question is how the model translated an estimated reduction in independent-school participation into an estimate of additional state-sector participation.

Families responding to higher costs may follow different pathways. An existing pupil might remain in independent education but transfer to a less expensive school; leave the sector for state-funded education or home education; attend school outside the UK – including an overseas boarding school – or relocate overseas with their family. Prospective entrants who no longer choose UK independent education may similarly follow different educational or geographical pathways.

These alternatives have different implications for state-sector demand and public expenditure.

The published record provides some information about this mapping. The Government's final impact assessment stated that, of the forecast reduction of approximately 37,000 private-school pupils, approximately 35,000 were expected to enter the state sector, with the remaining approximately 2,000 **attributed to** international pupils who would not enter the UK state system and domestic pupils moving into home education. Earlier published Government analysis also explained that pupils with overseas parents were excluded when projecting the increase in state-school numbers. What the published record reviewed by AFIS does not yet establish in sufficient detail is the evidential basis for the assumed distribution between these outcomes, how other possible behavioural pathways were treated, or what sensitivity analysis was undertaken around the mapping from reduced independent-school participation to additional state-sector participation²⁴.

An independent review should therefore establish:

- the evidence supporting the assumption that approximately 35,000 of the forecast 37,000 reduction would translate into additional state-sector participation;
- how the approximately 2,000 pupils not expected to enter the state sector were identified and modelled, including the respective treatment of international pupils and domestic home education;
- which other behavioural pathways and alternative destinations were explicitly considered;
- how transfers between independent schools were treated;

²⁴ HM Revenue & Customs, *Private school fees — VAT measure*, published 30 October 2024, updated 15 November 2024; HM Treasury/HMRC, *Government Response to the Technical Note on Applying VAT to Private School Fees and Removing the Business Rates Charitable Rate Relief* (2024), discussion of pupil movements and the exclusion of pupils with overseas parents from the projected increase in state-school pupils.

- whether overseas schooling by UK-based families was considered separately from international pupils whose parents were already overseas;
- whether whole-family relocation overseas was considered;
- how prospective entrants who did not subsequently enter UK independent education were treated; and
- what sensitivity analysis was undertaken around the assumed distribution between these outcomes.

The absence of detail in the published record does not establish that these possibilities were omitted from the underlying analysis. It makes their treatment a question for review.

The forecast therefore connected an assumed reduction in independent-school participation to an assumed increase in state-sector demand.

That connection raises several distinct analytical questions.

First, the number of pupils matters.

Second, the **age and educational phase** of those pupils matter.

Third, their **geographical distribution** matters.

Fourth, the characteristics and needs of pupils may affect the resources required to accommodate them.

And fifth, the availability of existing capacity affects whether additional pupils can be accommodated within existing provision or whether additional staffing, transport, support or physical capacity is required.

Government and DfE indicated that the state sector had sufficient overall capacity to accommodate the expected additional pupils.

At national level, the forecast number represented a small proportion of the state-school population.

That is relevant evidence.

But aggregate national capacity and the marginal consequences of pupil movement are not necessarily the same question.

The published framework therefore provides a starting point for examining state-sector absorption, while leaving questions about locality, timing, phase and capacity thresholds for closer examination in Section 4.

3.5 The published expenditure framework

In the Government's published assessment, a Department for Education figure of £7,690 per pupil was used to illustrate the potential state-sector revenue consequence of the forecast additional state-sector pupils.

The figure originated in DfE's January 2024 *School Funding Statistics* and represented average school-revenue funding for pupils aged **5–16** in England in 2024–25.

Applied to approximately 35,000 additional state-sector pupils, it produced an estimated peak annual state-sector revenue consequence of approximately **£270 million**.

The £7,690 figure was therefore a defined funding measure with a particular population and accounting boundary.

It was not constructed specifically as an estimate of the marginal public cost of accommodating one additional pupil.

The OBR also explained that additional Government expenditure associated with pupils moving into state education was not directly incorporated into its tax-policy costing. Such expenditure would instead be reflected in Government spending allocations.

This distinction is important when interpreting the £270 million figure.

The published policy debate also contained a different approach.

In its 2023 analysis, the Institute for Fiscal Studies explicitly sought to estimate the **marginal additional cost** of pupils moving into state education. Its central estimate was approximately **£5,900 per additional pupil**, including day-to-day and capital expenditure, with sensitivity around that estimate.

The existence of two different figures does not establish that one was correct and the other wrong.

They represent different cost concepts.

An average school-funding measure answers a different question from an estimate of incremental expenditure caused by an additional pupil.

The significance of that distinction, and the wider accounting boundaries surrounding the £7,690 measure, are examined in Section 4 and in AFIS's separate Technical Review.

AFIS's subsequent work has identified material public-resource mechanisms outside the £7,690 school-funding boundary.

Their existence does not establish that all such expenditure should have been included in the £270 million illustration, still less that it would increase proportionately with pupil movement.

The relevant question is which expenditure mechanisms actually respond to additional pupils, under what circumstances and by how much.

3.6 Population and age boundaries

The population boundary of the £7,690 measure is also important.

It relates to pupils aged **5–16**.

The behavioural population relevant to independent-school participation is not necessarily confined to precisely the same age range.

Families may change educational pathway at different transition points, including movement from independent schools into state-funded sixth-form colleges or other 16–19 provision.

This does not mean that post-16 expenditure should simply be combined with the 5–16 funding figure.

Doing so could itself produce a misleading comparison by combining expenditure and population boundaries that do not match.

The narrower methodological question is whether the population whose behavioural response was being forecast was appropriately aligned with the population for which public-expenditure consequences were assessed.

That question is particularly relevant where the behavioural model expected adjustment to occur primarily through decisions made at educational transition points.

3.7 School response, financial resilience and closure assumptions

Schools themselves were an important part of the behavioural chain.

The assumption of an average fee increase of around 10 per cent implied that, after allowing for recoverable VAT on relevant costs, schools would on average absorb part of the remaining financial impact rather than passing it through fully to families.

But schools differ materially in their ability to do so.

They vary in fee levels, pupil numbers, staffing models, reserves, debt, property costs, bursary commitments, pension arrangements and local demand.

The Government also expected the policy to result over time in approximately **100 additional private-school closures above normal turnover**.

The word **additional** is important.

The forecast was not that only 100 schools would close after implementation.

Schools open and close in the ordinary course of sector change.

The relevant forecast concerned the number of closures expected **because of the policy over and above the counterfactual level of normal turnover**.

This means that subsequent gross closure counts cannot, by themselves, establish whether the forecast was accurate.

The underlying counterfactual – the number and nature of closures that would otherwise have occurred – is necessary for that assessment.

Closure also differs from an incremental fee response because it can represent a threshold event.

Once a school closes, its pupils require alternative provision regardless of whether their families would otherwise have chosen to leave in response to a particular percentage increase in fees.

The basis for the original closure forecast, the treatment of school financial resilience and the evidence now available about subsequent closures are examined in Section 4.

3.8 Separate fiscal measures and cumulative behavioural effects

VAT was not the only significant financial change affecting independent schools over this period.

Schools were also affected, to differing degrees, by:

- the increase in employer Teachers' Pension Scheme contributions from April 2024;
- removal of charitable business-rates relief from April 2025;
- higher employer National Insurance costs from April 2025; and
- wider wage, energy and operating-cost pressures.²⁵

These measures differ in their nature, scope and incidence.

They should not simply be added together as though they were a single tax measure.

Government's published fiscal assessments generally considered individual tax changes separately.

In response to Parliamentary Questions from former Education Secretary Damian Hinds MP concerning the combined effect of the measures, HM Treasury explained that Tax Information and Impact Notes assess changes to the tax system separately for each measure.

That is not, in itself, evidence of methodological failure.

Separate fiscal costings serve legitimate purposes.

The distinct question for this paper is behavioural:

Did the analysis of school response, viability and family behaviour adequately reflect the combined financial environment in which schools and families would actually make decisions?

That question matters because behavioural effects need not be linear or additive.

A school may be able to absorb one additional pressure but cross a viability threshold when several occur together.

A family may remain willing and able to pay following one increase but respond differently to a larger cumulative change in fees.

²⁵ Department for Education, *Teachers' pension employer contribution grant 2024: methodology* (2024): the Teachers' Pension Scheme employer contribution rate increased by 5 percentage points, from 23.6% to 28.6% of pensionable pay, from 1 April 2024 (with an additional 0.08% administration charge under the scheme regulations). HM Revenue & Customs, *Private school fees — VAT measure* (30 October 2024, updated 15 November 2024): education and boarding services supplied for a charge by private schools became subject to VAT at the standard 20% rate from 1 January 2025. Ministry of Housing, Communities and Local Government, *Removal of eligibility of private schools for business rates charitable relief* (2025): charitable-rate relief was removed from affected private schools in England from 1 April 2025. HM Revenue & Customs, *Changes to the Class 1 National Insurance Contributions Secondary Threshold, the Secondary Class 1 National Insurance contributions rate, and the Employment Allowance from 6 April 2025* (13 November 2024): the main employer rate increased from 13.8% to 15% and the annual secondary threshold fell from £9,100 to £5,000 from 6 April 2025.

The published record does not yet allow AFIS to establish fully what integrated behavioural or viability analysis, if any, was undertaken across the principal concurrent pressures.

3.9 Monitoring and evaluation

Implementation changes the evidential position.

Before implementation, the principal outcomes necessarily had to be forecast.

After implementation, some of the mechanisms underlying those forecasts can increasingly be observed.

HMRC's published Tax Information and Impact Note states under **Monitoring and evaluation**:

"The measure will be kept under review through communication with affected taxpayer groups and stakeholders as well as education departments across the devolved governments."

That statement should not be interpreted as establishing that stakeholder communication represents the entirety of Government's monitoring or evaluation activity.

HM Treasury, HMRC, DfE or the OBR may have undertaken additional internal analysis or developed evaluation arrangements not described in that short published statement.

However, the published statement itself does not specify:

- the principal outcome indicators to be monitored;
- the baseline or counterfactual against which outcomes will be assessed;
- the methodology for distinguishing policy effects from demographic and other changes;
- how cumulative or interacting policy effects will be treated;
- how pupil entry and exit patterns will be examined;
- how school closures will be assessed against normal turnover;
- how additional state-sector expenditure will be identified; or
- what evidence would cause the original assumptions to be reconsidered.

These questions are becoming more important as post-implementation evidence accumulates.

Observed change after a policy is introduced is not automatically the causal effect of that policy.

If independent-school pupil numbers fall, the relevant question is not simply how large the fall was.

It is how pupil numbers compare with the trajectory that would reasonably have been expected **without the policy**, taking account of factors including demographics, economic conditions and underlying participation trends.

The same principle applies to school closures, state-sector demand and public expenditure.

A credible post-implementation assessment therefore requires an appropriate counterfactual.

AFIS has submitted Freedom of Information requests to HM Treasury, HMRC and DfE seeking relevant underlying pre-implementation and subsequent analysis, including cost-benefit modelling, behavioural assumptions and material concerning cumulative effects and the interaction of the principal fiscal measures.

Those responses were pending at the time of writing.

If they demonstrate that more extensive modelling or evaluation was undertaken than is apparent from the published record, that material should inform the assessment.

If relevant analysis was not undertaken, that too is important evidence.

3.10 What remains to be established

The published record therefore allows the principal modelling chain to be reconstructed to a significant degree.

Government expected schools to absorb part of the VAT cost, producing an average fee increase of around 10 per cent.

The OBR used a price elasticity assumption of 0.5 within an acknowledged limited evidence base.

The policy was forecast eventually to result in approximately 37,000 fewer private-school pupils than would otherwise have been the case, with adjustment expected to occur both through departures and, primarily, through fewer new entrants. The corresponding published estimate was approximately 35,000 additional pupils in the state sector.

Government considered the state sector capable of accommodating the forecast additional state-sector pupils.

A £7,690 average 5–16 school-funding measure was used to illustrate a peak annual state-sector revenue consequence of approximately £270 million.

Government also expected approximately 100 additional private-school closures above normal turnover over time.

Those propositions provide a clear framework against which the evidence can now be examined.

What remains less clear from the published record is:

- how the affected population was characterised for behavioural purposes;
- how evidence concerning existing and prospective families informed the model;
- how the elasticity assumption was selected and sensitivity-tested;
- the evidential basis for translating the forecast reduction of approximately 37,000 private-school pupils into approximately 35,000 additional state-sector pupils, including the treatment of the approximately 2,000 pupils expected not to enter the state sector, what other behavioural pathways were considered, and what sensitivity analysis was undertaken;
- how variation in schools' capacity to absorb costs was treated;

- how school financial resilience and closure risk were modelled;
- whether concurrent financial pressures were examined for cumulative behavioural or viability effects;
- why the particular state-school funding measure was selected for the expenditure illustration;
- how average funding, wider public resource and marginal additional expenditure were distinguished;
- how 5–16 and other educational transition populations were aligned;
- how overseas schooling, home education, household relocation and other non-state destinations were treated, including for prospective entrants who never entered the independent sector;
- how local capacity, geography and pupil characteristics were incorporated;
- what counterfactuals underpinned the pupil and closure forecasts; and
- what systematic framework is now being used to test the original assumptions against post-implementation evidence.

The absence of this information from published documents does **not** establish that the underlying analysis did not take place.

That distinction is important throughout this paper.

The task is therefore not to infer failure from non-publication, but to identify the evidential questions that require answers and, where necessary, obtain the underlying analysis capable of answering them.

Section 4 examines those questions in turn.

4. Evaluating the evidence base

Section 3 reconstructed the principal elements of the published evidence chain.

This section examines those elements more closely.

The purpose is not to demonstrate that each assumption was wrong. Nor is it to construct a single alternative model and substitute it for the Government's analysis.

Instead, the questions are:

- what evidence was available;
- how directly that evidence addressed the population or behaviour being modelled;
- what assumptions were required where evidence was incomplete;
- whether alternative interpretations or methodologies were available;
- how uncertainty was treated; and
- what subsequent evidence can now tell us about the original assumptions.

The analysis follows the evidence chain from the population whose behaviour was being predicted, through family and school responses, to pupil movement, state-sector consequences and post-implementation evaluation.

4.1 Understanding the affected population

The first question is:

How well did the available evidence describe the families whose behaviour the policy model sought to predict?

Independent-school attendance is an administrative characteristic.

It identifies the educational setting attended by a child.

It does not, by itself, provide a complete description of the financial circumstances, wealth, resilience, motivations or educational alternatives of the child's family.

This distinction matters because the behavioural model depended upon assumptions about how families would respond to a change in price.

4.1.1 Independent-school families are not a homogeneous population

There is strong evidence that participation in independent education is associated with socioeconomic advantage at population level.

Higher-income and wealthier households are substantially more likely to use independent schools.

That is an important empirical fact and should not be minimised.

But a population-level association is not the same as individual homogeneity.

Families using independent schools differ in:

- household income;
- housing wealth and other assets;
- bursary or fee assistance;
- number of children;
- family structure;
- intergenerational support;
- geography and housing costs;
- educational needs;
- previous educational pathways;
- the availability of alternative schools; and
- the extent to which school fees represent discretionary expenditure or a financial commitment around which other household expenditure has been organised.

Published UK research available before implementation had already examined these questions in considerable detail. Work by Green, Anders, Henderson and Henseke (2017), Anders, Green, Henderson and Henseke (2020), and Henseke, Anders, Green and Henderson (2021) examined the socioeconomic composition of private-school participation and the roles of income, housing wealth, parental characteristics, educational pathways and the availability of state-school alternatives²⁶.

That research confirms the strong concentration of independent-school participation among higher-income households. It also shows that current household income alone does not fully describe participation: housing wealth, parental preferences, geography and educational pathways are among the additional factors identified²⁷.

The implication for the present review is not that independent-school families are generally disadvantaged, nor that socioeconomic differences between sectors are unimportant. It is narrower: **the characteristics associated with participation are multidimensional, and school-**

²⁶ Francis Green, Jake Anders, Morag Henderson and Golo Henseke, *Who Chooses Private Schooling in Britain and Why?*, LLAKES Research Paper 62 (UCL Institute of Education, 2017); Jake Anders, Francis Green, Morag Henderson and Golo Henseke, 'Determinants of private school participation: all about the money?', *British Educational Research Journal*, 46(5) (2020), pp. 967–992, doi:10.1002/berj.3608; Golo Henseke, Jake Anders, Francis Green and Morag Henderson, 'Income, housing wealth, and private school access in Britain', *Education Economics*, 29(3) (2021), pp. 252–268, doi:10.1080/09645292.2021.1874878.

²⁷ See Anders et al. (2020), especially the analysis of family income, parental values, previous educational pathways and the availability and characteristics of nearby state-school alternatives; and Henseke et al. (2021), which examines the relationship between private-school participation, household income and housing wealth. The studies consistently identify strong socioeconomic concentration in private-school participation while also showing that current household income alone does not account for all of the observed variation.

sector status is therefore an imperfect proxy for the characteristics that may determine behavioural response to a price increase.

That distinction becomes especially important where the policy question is not simply who currently uses independent education, but which families are most likely to change behaviour when its price changes.

This creates an important distinction between three evidential questions. The first is descriptive: who participates in independent education? The second is explanatory: what factors are associated with that participation? The third concerns policy response: what could reasonably be inferred about how particular families would respond to a specific policy-induced change in price? The existing UK literature provided substantial evidence relevant to the first two questions. Moving from that evidence to the third required further assumptions about behavioural response.

4.1.2 Prospective entrants matter

The Government expected much of the long-run adjustment to occur through **fewer new entrants** to independent education²⁸.

That makes prospective entrants central to the behavioural question.

A family already paying fees faces a different decision from a family considering independent education for the first time.

Existing families may face switching costs associated with:

- friendship groups;
- siblings;
- examination courses;
- continuity of teaching;
- special educational needs;
- pastoral relationships; and
- attachment to a particular school.

Prospective entrants do not face precisely the same constraints.

Their decision may instead depend more heavily upon:

- the relative attractiveness of available state and independent options;
- expected future fees;
- housing and relocation choices;

²⁸ Office for Budget Responsibility, *Economic and Fiscal Outlook – October 2024*, CP 1169 (30 October 2024), para. 3.38, p. 66. The OBR assumed lower responsiveness among existing pupils than prospective future pupils and stated that its projected reduction reflected both pupils leaving and, “primarily, fewer new joiners”. See also HM Revenue & Customs, *Private school fees — VAT measure*, published 30 October 2024, updated 15 November 2024, which anticipated that some movement would occur at natural educational transition points and that part of the reduction would arise from parents deciding not to send a child to private school who otherwise would have done so.

- bursary availability;
- family income and wealth;
- grandparents or other family support; and
- expectations about how long fees will need to be paid.

The relevant population for behavioural analysis therefore extends beyond the families already visible in independent-school administrative data.

It includes families whose children may currently be in state education but who might otherwise have entered independent education at a later transition point.

This creates an important evidential question:

What evidence was used to understand the characteristics and price sensitivity of prospective entrants, as distinct from existing independent-school families?

The published record reviewed by AFIS does not yet allow that question to be answered fully.

4.1.3 Comparator design

The same issue arises when independent-school pupils are compared with state-school pupils.

The two sectors contain highly heterogeneous populations.

A comparison between the entire state and independent sectors may be appropriate for some descriptive questions.

It is not automatically the most informative comparator for every causal or behavioural question.

For example, if the research question concerns the contribution of educational pathway to a particular outcome, it may be useful to compare groups that are more similar on relevant characteristics rather than treating administrative sector boundaries as though they define otherwise equivalent populations.

That does **not** mean that grammar-school pupils, pupils at high-performing comprehensives, faith-school pupils or selective sixth-form students constitute a ready-made control group for independent-school pupils.

A valid matched comparison would require researchers to specify the outcome being investigated and select relevant comparison characteristics accordingly.

The methodological point is simply:

administrative sector boundaries need not automatically provide the most informative comparator for every research question.

What Might a More Informative Comparator Look Like?

If the objective is to understand the contribution of educational pathways to educational outcomes, comparisons between more similar groups may provide more informative evidence than comparisons between two highly diverse sectors in their entirety.



Illustrative comparator group

State-funded educational pathways

Could include grammar schools, high-performing comprehensive schools, high-performing faith schools, selective sixth-form colleges and other state-funded pathways with broadly comparable educational pathways and characteristics.



Independent-school comparison group

Independent-school population

Scale shown illustratively.



Comparisons between more similar groups may help researchers distinguish the contribution of individual factors from differences arising from the wider characteristics of the groups being compared.



Methodological caveat: The figure is illustrative rather than a proposed research design.

A valid matched comparison would require researchers to specify the outcome being investigated and select comparison characteristics accordingly. The point is methodological: administrative sector boundaries need not automatically provide the most informative comparator for every research question.

The relevance to the present review is not that Government necessarily needed to construct such a matched comparator.

It is that behavioural modelling should be based, so far as possible, upon evidence concerning the population whose behaviour is actually being forecast.

Where broad administrative categories conceal material differences in income, wealth, educational pathway or available alternatives, those differences may affect estimates of behavioural response.

4.2 Behavioural assumptions and the evidence supporting them

The second question is:

What evidence supported the assumed behavioural response, and how was uncertainty treated?

The OBR adopted a price elasticity of demand of **0.5**, at the upper end of the range estimated by the Institute for Fiscal Studies.

The OBR also acknowledged that the evidence specifically available on the responsiveness of demand for private-school places was limited²⁹.

That distinction is important. As Section 4.1 shows, a substantial UK literature existed concerning private-school participation and the characteristics associated with it. The narrower evidential difficulty concerned the step from understanding participation to estimating how demand would respond to a particular change in price.

That combination matters.

The issue is not that a model should avoid assumptions where evidence is incomplete.

It cannot.

The relevant questions are:

- why the central assumption was selected;
- what alternative values were considered;
- how materially the forecast changed under those alternatives;
- whether the available evidence applied equally to existing pupils and prospective entrants;
- whether behavioural response varied by age, geography or school type; and
- how subsequent evidence should now be used to test the original assumption.

4.2.1 Elasticity is not the whole behavioural model

A single elasticity parameter necessarily compresses a complex set of household decisions.

Families may respond to increased fees in different ways, including by:

- remaining at the same independent school and paying the increase;
- reducing other household expenditure, drawing upon savings or seeking additional family support;

²⁹ Office for Budget Responsibility, *Economic and Fiscal Outlook – October 2024*, CP 1169 (30 October 2024), para. 3.38, p. 66. The OBR identified pupil-number response as the “main uncertainty in the costing”, stated that there was “limited evidence on how responsive demand for private school places will be” to increased fees and lower service provision, and adopted an estimated price elasticity of demand of 0.5, at the higher end of the range estimated by the Institute for Fiscal Studies. See Luke Sibieta, *Tax, private school fees and state school spending*, Institute for Fiscal Studies Report R263 (11 July 2023).

- applying for bursary or other fee assistance and/or negotiating fee discounts;
- transferring to a less expensive independent school;
- changing educational pathway at a natural transition point;
- moving into state-funded education;
- choosing state-funded education for a younger sibling who might otherwise have entered independent education;
- electing to home educate, including through online or hybrid provision;
- sending a child to a school outside the UK, including an overseas boarding school, while the family remains UK-based;
- relocating the family overseas and educating the child there; or
- in the case of a prospective entrant, deciding not to enter UK independent education at all and following an alternative educational pathway.

Home education should not necessarily be treated as a single or permanent behavioural destination. Families may choose elective home education positively as their preferred educational model, but it may also arise because continued independent education has become unaffordable, because a school has closed or become unavailable, or as an interim arrangement while another suitable school place or educational pathway is sought. The administrative designation therefore identifies the child's current educational status, but does not by itself establish why that pathway was chosen, whether it was the family's preferred outcome, or whether it is intended to be temporary or permanent.

The form of home education may also vary materially. Some parents may provide most education themselves; others may purchase tutoring, online schooling, examination preparation or other external provision. The behavioural and financial implications of these different arrangements are not necessarily equivalent.

These responses are not necessarily distributed uniformly across families. Nor do they all represent a reduction in independent-school participation. A family transferring a child from one independent school to another, for example, has responded behaviourally to higher costs without leaving the sector.

For those responses that **do** reduce independent-school participation, the consequences are not necessarily equivalent. Most importantly for the fiscal analysis, a reduction in UK independent-school participation does not itself establish an additional pupil in UK state-funded education.

This distinction is particularly important because the Government expected much of the long-run adjustment to occur through **fewer new entrants**, rather than primarily through existing pupils leaving independent schools.

That expectation predicts not merely a total change in pupil numbers, but a mechanism. Testing that mechanism therefore requires more than measuring the subsequent size of the independent-school population.

For existing pupils who leave independent education, the relevant questions include **where they subsequently go** and whether they enter state-funded provision or follow another educational or geographical pathway.

For prospective entrants who do not enter independent education, the analytical question is different. They have not necessarily “moved” from one sector to another. The relevant question is **which educational pathway they follow instead**, and whether that pathway creates additional demand upon state-funded provision.

Implementation means that important parts of this mechanism can increasingly be tested against observed evidence, while recognising that some pathways – particularly those of prospective entrants who never entered the sector – may be more difficult to identify directly.

4.2.2 The fee assumption also depends upon school behaviour

The behavioural response experienced by families depends upon the price increase they actually face.

The Government expected the average effective increase in fees to be around 10 per cent rather than the headline 20 per cent VAT rate.

That expectation reflected both schools' ability to recover VAT on relevant costs and an assumption that schools would absorb part of the remaining financial impact through efficiencies, cost reductions and other adjustments³⁰.

The family-behaviour assumption therefore cannot be separated completely from the school-behaviour assumption.

If schools absorb more of the cost, the price signal to families is smaller.

If they absorb less, it is larger.

If absorption requires reductions in staffing, bursaries, curriculum or other provision, families may also respond to changes in the educational offer rather than price alone.

The appropriate post-implementation test should therefore examine both:

what happened to fees

and

how schools achieved those fee outcomes.

³⁰ HM Revenue & Customs, *Private school fees — VAT measure*, published 30 October 2024, updated 15 November 2024, ‘Summary of impacts — School fees’. Government estimated that, after recovery of input VAT, schools would on average face VAT equivalent to approximately 15% of fee income and expected schools to absorb part of that cost, including through reduced surpluses or reserves and reductions in expenditure, resulting in an expected average fee increase of around 10%. See also Office for Budget Responsibility, *Economic and Fiscal Outlook – October 2024*, para. 3.38, which assumed an effective VAT rate of 15.4%, with approximately two-thirds passed through in higher fees, just under one-quarter reflected in reduced service provision and the remainder absorbed through efficiencies and profits.

4.3 School response, cumulative pressures and viability

The third question is:

Were assumptions about school response and viability sufficiently informed by the financial circumstances schools actually faced?

Independent schools differ substantially in their financial models.

Some have significant reserves, large pupil rolls or diversified income.

Others operate with narrow margins, smaller rolls, substantial bursary commitments or limited capacity to absorb additional costs.

A sector-wide average assumption can therefore conceal important variation.

4.3.1 The measures did not occur in isolation

Over a relatively short period, schools were affected, to differing degrees, by:

- increased employer Teachers' Pension Scheme contributions;
- VAT on fees;
- removal of charitable business-rates relief;
- higher employer National Insurance contributions; and
- wider wage, energy and operating-cost pressures.

As Section 3 explained, separate fiscal assessments of individual tax measures are not inherently problematic.

The more specific question concerns **behavioural interaction**.

Schools make staffing, pension, bursary, fee and viability decisions in response to their overall financial position, not to separate impact assessments.

Likewise, families respond to the overall price and educational proposition they face.

The relevant question is therefore not whether the individual fiscal costings should simply have been added together.

It is:

whether the behavioural and viability analysis adequately reflected the combined circumstances in which decisions were being made.³¹

³¹ UK Parliament, Written Question 12393, Damian Hinds MP to the Chancellor of the Exchequer, tabled 4 November 2024, answered by James Murray MP on 12 November 2024. Hinds asked for an estimate of the potential combined impact of VAT, employer National Insurance contributions, employer Teachers' Pension Scheme contributions and business rates on pupil numbers in the independent and state sectors. The Treasury replied that Tax Information and Impact Notes "look at the impacts of changes to the tax system separately for each measure". See also Written Questions 12697 and 12698, answered 12 November 2024.

4.3.2 Effects may be non-linear

This matters because financial responses may contain thresholds.

A school may absorb one cost pressure without materially changing its behaviour.

A second or third pressure may cause it to:

- raise fees more sharply;
- withdraw from the Teachers' Pension Scheme;
- reduce staffing;
- reduce bursary provision;
- merge;
- restructure; or
- close.

The effect of several pressures together may therefore differ from the sum of effects estimated independently.

The same principle applies to households.

A family may absorb one increase but change behaviour when the cumulative change crosses an affordability threshold.

This is an empirical question.

AFIS does not assume that cumulative effects must necessarily be greater than the sum of the individual effects.

The point is that where threshold effects are plausible, they should be examined rather than assumed to be linear.

4.3.3 The closure forecast requires a counterfactual

Government expected approximately **100 additional private-school closures above normal turnover** over time.³²

That is a counterfactual forecast.

It cannot properly be tested simply by counting how many schools have closed since implementation.

The relevant comparison is:

³² HM Revenue & Customs, *Private school fees — VAT measure* (30 October 2024, updated 15 November 2024), 'Impact on business including civil society organisations'. Government noted historic turnover in the sector, including an average of 74 closures and 83 openings per year in England since 2000, and estimated that the VAT measure might result in the equivalent of approximately 100 schools closing over the following three years **in addition to normal levels of turnover**, after which closure rates were expected to return to historic norms.

How many schools closed compared with how many would reasonably have been expected to close without the policy?

That requires consideration of:

- historic closure rates;
- school openings;
- mergers and restructurings;
- pupil capacity lost;
- school size;
- demographic change;
- pre-existing financial weakness;
- local market conditions; and
- other contemporaneous cost pressures.

The closure of a very small school and the closure of a large school do not have the same consequences for pupil displacement or local capacity

Institutional counts should therefore be supplemented by analysis of **pupil capacity affected**.

4.4 Demographic change as part of the policy environment

Demographic change represents a further contextual factor that should be distinguished from the fiscal measures themselves.

The demographic picture was not uniform across phases. Falling birth rates were reducing younger cohorts and were expected progressively to reduce pupil numbers across compulsory schooling, while larger earlier cohorts were still moving through secondary education, with demographic pressure also affecting post-16 provision. Government's own Post-16 Capacity Fund reflects this latter pressure.³³ Demographic effects therefore need to be examined by age, phase, geography and timing rather than through a single national trend.

England was entering a period in which declining birth rates were expected to reduce the number of school-age children. That trend has potentially important implications on both sides of the analysis.

For independent schools, a declining potential pupil population may affect recruitment, occupancy, financial resilience and the counterfactual rate of school closure. A school facing

³³ Department for Education, *National pupil projections: July 2024*, published 18 July 2024. DfE projected that the population in state-funded nursery and primary schools would fall from approximately 4.564 million in 2024 to 4.357 million in 2028, a reduction of 207,000 (4.5%), while the state-funded secondary-school population was projected to rise from approximately 3.234 million in 2024 to 3.263 million in 2028, peaking in 2026 and 2027 before beginning to decline. DfE attributed the reduction in younger cohorts to lower births. See also Department for Education, *Post-16 Capacity Fund 2023 to 2024: guidance for applicants*, which required applicants to evidence projected growth in 16–17-year-olds and forecast learner numbers when demonstrating the need for additional capacity.

demographic contraction may respond differently to an additional financial pressure from one operating in a growing local market.

Demographic contraction may also affect the baseline against which the forecast reduction in independent-school participation is measured. If the relevant pupil population would have declined in the absence of the reforms, that underlying trajectory needs to be distinguished from policy-induced behavioural change.³⁴

For the state sector, declining pupil numbers may create spare capacity and reduce the marginal cost of accommodating additional pupils in some areas. But that effect will depend upon geography, age, phase and the distribution of available places: national demographic decline does not necessarily imply that appropriate capacity exists where displaced pupils require it.

Demographic change therefore matters in at least three different ways:

- as part of the pre-existing financial and viability environment facing schools;
- as a determinant of state-sector capacity; and
- as an essential component of the counterfactual against which post-implementation pupil numbers and school closures should be assessed.

The relevant question for an independent review is not whether demographic change rather than fiscal policy explains subsequent developments. Both may contribute.

It is:

What demographic change was reasonably foreseeable when the reforms were assessed, how was it incorporated into the modelling of pupil numbers, school viability and state-sector capacity, and how should it now be incorporated into the counterfactual used to evaluate observed outcomes?

4.5 Pupil movement, capacity and the counterfactual

The fourth question is:

How should observed pupil movement be compared with the original forecast?

This is now increasingly important because post-implementation pupil data are available.

But a simple before-and-after comparison is insufficient.

The Government's approximately 37,000 figure was an estimate of the long-run number of pupils who would be outside private education **because of the policy relative to the counterfactual**³⁵.

³⁴ HM Treasury and Evaluation Task Force, *The Magenta Book: Central Government Guidance on Evaluation* (2026). Impact evaluation seeks to identify the causal effect of an intervention by comparing observed outcomes with an estimate of what would otherwise have occurred — the counterfactual. The appropriate counterfactual and evaluation design depend upon the intervention, available evidence and the questions being examined.

³⁵ HM Revenue & Customs, *Private school fees — VAT measure*, published 30 October 2024, updated 15 November 2024, 'Pupil moves'; Office for Budget Responsibility, *Economic and Fiscal Outlook – October*

It was not a prediction that the observed private-school population would simply fall by exactly 37,000 from its January 2024 level.

Independent-school pupil numbers can change for other reasons, including:

- demographic change;
- birth-cohort size;
- economic conditions;
- underlying participation trends;
- migration;
- school openings and closures;
- changes in international pupil numbers; and
- other fiscal or regulatory changes.

The relevant test is therefore:

What would likely have happened to independent-school participation in the absence of the reforms?

Only after constructing a reasonable counterfactual can observed change be used to estimate policy effect.

A second step is then required. Even where a reduction can reasonably be attributed to the reforms, the destination of the affected pupil must be established before its state-sector consequences can be inferred. Policy-attributable reduction in independent-school participation and policy-attributable increase in state-school participation are therefore separate quantities requiring separate evidence.

4.5.1 The mechanism matters as well as the total

The original forecast also contained an important prediction about mechanism: adjustment was expected to occur primarily through **fewer new entrants**.

Evaluation should therefore examine:

- entry rates;
- exit rates;
- age;
- year group;
- transition points;

2024, CP 1169, paras. 3.38–3.39. The published assessment estimated that, in the long-run steady state, there would be approximately 37,000 fewer pupils in UK private schools as a result of the VAT measure, of whom approximately 35,000 were expected to enter state schools. The estimate therefore represented a modelled policy effect relative to the counterfactual, rather than a prediction that the observed private-school population would necessarily fall by exactly 37,000 from a fixed starting level.

- destinations of existing pupils leaving independent education, including state-funded provision;
- transfers between independent schools;
- elective home education;
- overseas schooling;
- family relocation, distinguished where possible from child-only overseas schooling;
- geography; and
- where possible, reasons for movement.

For prospective entrants, evaluation should also seek to identify, where data permit, the subsequent pathway of pupils who might otherwise have entered independent education but did not do so. This population is inherently more difficult to observe than pupils transferring between identified schools, but it is particularly important because the original model expected much of the long-run response to occur through fewer new entrants.

A headline total could appear close to forecast even if the mechanism producing it was materially different.

Conversely, an early headline total could differ from the eventual long-run forecast while the underlying transition-point mechanism was developing broadly as expected.

The appropriate evaluation should therefore test both **scale and mechanism**.

4.5.2 National capacity is not the same as local marginal capacity

Government considered the state sector capable overall of accommodating the forecast additional pupils³⁶.

National capacity is relevant.

But pupils do not enter a national average school.

They enter particular schools and colleges in particular places.

The expenditure consequence of an additional pupil can therefore depend upon:

- whether a suitable place already exists locally;
- age and phase;
- pupil characteristics;
- SEND or other additional needs;

³⁶ HM Revenue & Customs, *Private school fees — VAT measure*, published 30 October 2024, updated 15 November 2024, 'Pupil moves'. Government stated that the state sector would be able to accommodate the anticipated additional pupils, noting that the long-run increase represented a small proportion of the overall state-school population and that overall pupil numbers were expected to decline in the coming years. See also Department for Education, *National pupil projections: July 2024*.

- transport requirements;
- whether additional staffing is required;
- whether another class must be created; and
- whether additional buildings or other infrastructure are needed.

The marginal consequence can therefore be low where spare capacity exists and substantially higher where capacity thresholds are crossed.

This is why national spare capacity does not, by itself, determine the public-expenditure consequence of additional pupils entering state-funded provision.

4.6 Financial modelling: average funding and marginal cost

The fifth question is:

What cost concept was appropriate for assessing the public-expenditure consequences of forecast additional state-sector participation?

The Government's published illustration used **£7,690 per pupil**, producing a peak annual state-sector revenue consequence of approximately £270 million when applied to approximately 35,000 additional state-sector pupils.³⁷

The £7,690 figure was a legitimate DfE measure of a defined category of average school-revenue funding for the broad 5–16 population.

But average funding and marginal cost are different concepts.

Average funding asks:

How much funding is allocated, on average, across the relevant pupil population?

Marginal cost asks:

How much additional expenditure is generated when another pupil enters the system?

They answer different questions.

The appropriate figure therefore depends upon the policy question.

4.6.1 An alternative marginal-cost methodology already existed

Before implementation, the Institute for Fiscal Studies had explicitly considered the marginal cost of pupils moving into state education.

³⁷ Department for Education, *School funding statistics: 2023 to 2024*, January 2024, which reported average funding of £7,690 per pupil aged 5–16 in England for 2024–25; HM Revenue & Customs, *Private school fees — VAT measure*, published 30 October 2024, updated 15 November 2024. Government estimated that approximately 35,000 of the forecast 37,000 reduction in private-school pupils would enter state schools in the long run and stated that, based on average 2024–25 per-pupil spending in England, the resulting additional state-school revenue costs would rise progressively to a peak of around £270 million per annum.

Its central estimate was approximately **£5,900 per additional pupil**, including day-to-day and capital expenditure, with sensitivity around that estimate³⁸.

The existence of that methodology does not prove that £5,900 was the uniquely correct figure.

Nor does it establish that the Government should necessarily have adopted it.

It does establish that a distinction between average funding and marginal additional cost was available within the pre-implementation evidence base.

An independent review should therefore establish why the £7,690 average funding measure was selected for the published expenditure illustration and what alternative marginal-cost approaches were considered.

4.6.2 Marginal cost itself is not necessarily constant

Even marginal cost is unlikely to be a single invariant number.

If an additional pupil enters a school with an existing spare place, immediate additional expenditure may be low.

If enough pupils arrive to require another class, teacher or support staff, expenditure can increase discontinuously.

If a locality requires additional transport or physical capacity, costs may rise further.

The relevant marginal cost can therefore depend upon:

- location;
- age;
- pupil characteristics;
- existing capacity;
- scale of movement;
- timing; and
- whether additional infrastructure is required.

The composition of the forecast additional pupil population is therefore important. A system-wide average can be descriptively accurate while being a poor estimate of the expenditure generated by a particular additional cohort. The relevant question is what was assumed about the age, needs, eligibility, geography and likely destinations of the approximately 35,000 additional state-sector pupils, and whether the marginal-cost assumptions reflected that composition.

The analytical question is consequently not simply:

³⁸ Luke Sibieta, *Tax, private school fees and state school spending*, Institute for Fiscal Studies Report R263 (11 July 2023), section 5, pp. 22–24. The IFS used a central marginal-cost estimate of approximately £5,900 per additional pupil entering the state sector, comprising approximately £5,300 of additional day-to-day funding and £600 of capital expenditure per pupil. It also considered lower and higher assumptions of approximately £4,900 and £6,900 respectively.

What does a state-school pupil cost?

It is:

Which expenditures respond to additional pupils, for which pupils, at what point and under what circumstances?

4.7 Accounting boundaries: what sits outside £7,690?

AFIS's separate Technical Review examined the accounting boundary surrounding the £7,690 measure.³⁹

Its purpose was not to construct the largest possible alternative spending figure.

It was to identify what the £7,690 measure contained, what sat outside it, and which wider resources could be attributed sufficiently robustly to the same broad 5–16 population.

The review developed the following framework.

Category A – direct school funding

Category A represents the principal direct state-school funding measure used for the broad 5–16 population.

For the policy assessment examined here, the relevant published measure was approximately **£59.5 billion**, equivalent to **£7,690 per pupil**.

Category A is itself broader than the ordinary delegated budget of an individual mainstream school. The underlying £59.5 billion measure already included, among other components, the schools block of the Dedicated Schools Grant, most high-needs funding, Pupil Premium and the Central School Services Block⁴⁰. The AFIS boundary review therefore does not treat those resources as additional expenditure outside £7,690. Preventing double counting is a central part of the methodology.

Conversely, DfE's funding methodology also makes clear that some resources sit outside the national 5–16 revenue series, including capital funding and specified separately funded programmes. The boundary question therefore concerns genuine exclusions from the defined measure, not expenditure already represented within it.

³⁹ Association for Families of Independent Schooling (AFIS), *Review of the Accounting Boundaries Underpinning the Government's Published State Schooling Cost Estimates: Technical review of the public expenditure boundaries used to assess the state-sector consequences of pupil movement arising from VAT on independent-school fees* (August 2026). The review examines the scope and composition of the £7,690 5–16 school-revenue measure, identifies public-resource mechanisms outside that boundary, and distinguishes accounting-boundary analysis from the separate question of marginal additional expenditure generated by pupil movement.

⁴⁰ Department for Education, *School funding statistics: 2023 to 2024*, January 2024, and accompanying methodology. The 2024–25 national funding measure underlying the £7,690 figure was approximately £59.5 billion for pupils aged 5–16 and incorporated the principal school-revenue funding streams covered by the series, including the schools block of the Dedicated Schools Grant, most high-needs funding, Pupil Premium and the Central School Services Block. See also AFIS, *Review of the Accounting Boundaries* (August 2026), which reconstructs the composition of the measure and applies exclusions designed to prevent double counting.

Category B1 – wider quantifiable public resource

B1 contains public resources outside Category A which can be attributed sufficiently robustly to the same broad 5–16 population for accounting-boundary analysis.

Category B2 – wider public resource not cleanly attributable

B2 contains identified public resources outside Category A where age range, population, timing, attribution or potential overlap prevents sufficiently robust like-for-like inclusion in the quantified B1 total.

Category C1 – externally delivered provision funded wholly or partly by Government

C1 maps relevant support and provision delivered outside conventional school budgets but funded wholly or partly from public money.

The classification follows the source and purpose of the funding rather than the legal form of the organisation delivering the service. This is important where public bodies commission provision from charities, companies or other external organisations, and where local authorities deliver relevant services through wholly or partly owned trading companies or other arm's-length vehicles.

Category C2 – genuinely non-Government external resource

C2 maps charitable, philanthropic, university, employer, corporate and other non-Government resources supporting state schools or state-educated pupils.

The purpose of these categories is **not** to collapse them into one headline number.

It is to make different resource and funding boundaries visible.

Organisational form does not by itself determine classification. A service delivered through a local-authority-owned company, outsourced provider or other arm's-length body may still represent public resource. Its treatment depends upon the underlying funding flow, function, population served and relationship to the Category A boundary.

4.8 The £2.93 billion B1 finding

The approximately £2.93 billion identified through the Technical Review should not be interpreted as an alternative estimate of the additional public cost generated when pupils move from independent to state-funded education. Nor should it simply be divided by pupil numbers or added to the Government's £7,690 per-pupil illustration. Much of this expenditure is fixed, semi-fixed, targeted or demand-dependent, and only some elements may change when additional pupils enter state-funded provision. Its significance is therefore different: it

demonstrates that the resources associated with state-funded schooling extend beyond the expenditure boundary represented by the £7,690 figure and raises an empirical question about which of those wider expenditure mechanisms respond to additional pupil numbers, under what circumstances, at what point and by how much.

The components were approximately:⁴¹

B1 resource	Approximate annual value
Pre-16 home-to-school transport	£2.01bn
Universal Infant Free School Meals	£600m
Primary PE and Sport Premium	£320m
TOTAL	£2.93bn

Note: Figures are rounded. Components are defined and justified in Section 7 and Annex B.

The total is best understood as an **approximate annual-scale accounting-boundary measure**, rather than a single-basis audited financial-year total.

The component figures do not all use precisely the same reporting basis.

That limitation is explicit.

⁴¹ AFIS, *Review of the Accounting Boundaries Underpinning the Government's Published State Schooling Cost Estimates* (August 2026), Category B1 analysis. The approximately £2.93 billion annual-scale total comprises three identified public-resource streams outside the £7,690 school-revenue boundary. DfE's 2024–25 planned local-authority expenditure data record approximately **£1.5 billion for home-to-school transport for children with special educational needs and disabilities and £514.3 million for other pre-16 home-to-school transport**, producing the rounded **£2.01 billion** transport figure. AFIS uses a deliberately conservative rounded **£600 million** for Universal Infant Free School Meals in 2024–25; DfE treats UIFSM separately from the national school-funding series underlying £7,690. Government committed **£320 million** to the Primary PE and Sport Premium for 2024–25, also separately funded from that national series. The component figures do not all use precisely the same reporting basis or period; £2.93 billion should therefore be understood as an **approximate annual-scale accounting-boundary measure, not a single-basis audited financial-year total**.

The significance of the finding is therefore not false precision around £2.93 billion.
It is the materiality of identifiable public resources sitting outside the £7,690 boundary.

4.8.1 What the £2.93 billion does not establish

This qualification is essential.

The finding does **not** establish that Government should have calculated:

£59.5bn + £2.93bn

and divided the result by the pupil population.

It does **not** establish that the “true cost per pupil” is £7,690 plus an AFIS supplement.

It does **not** establish that approximately 35,000 additional state-sector pupils would generate expenditure equal to their average share of the £2.93 billion.

And it does **not** establish that £2.93 billion represents a hidden policy cost.

Those would be different propositions requiring evidence about:

- pupil composition;
- eligibility;
- marginal responsiveness;
- existing capacity;
- geography;
- timing; and
- the treatment of the relevant expenditure elsewhere in Government budgets.

Some B1 expenditure may be largely fixed.

Some may respond only for particular pupils.

Some may respond only when capacity thresholds are crossed.

Some may not respond materially to marginal pupil movement at all.

The £2.93 billion finding instead establishes something narrower:

The £7,690 figure represented a particular school-revenue accounting boundary rather than the whole public-resource architecture associated with state schooling.

That makes it legitimate to ask which resources outside that boundary were considered when estimating the consequences of pupil movement, which were regarded as non-marginal, and why.

4.9 B2, C1 and C2: why the unquantified resource map matters

The Technical Review deliberately stopped short of assigning a headline value to all identified resources.

That is a strength rather than a weakness of the methodology.

B2 includes identifiable public expenditure potentially relevant to state schooling where robust like-for-like attribution is not yet possible.

Examples include areas of:

- local-authority education and support;
- SEND assessment, administration and specialist support;
- education welfare, attendance and safeguarding;
- school nursing and other health-related provision;
- mental-health support delivered through or alongside schools;
- alternative-provision infrastructure;
- careers and participation support;
- music-education infrastructure;
- Holiday Activities and Food provision;
- central education administration and regulation; and
- other system-level services and programmes.

Some such resources may be delivered directly by local authorities, while others may be delivered through local-authority trading companies, wholly owned companies, arm's-length bodies or commissioned providers. In some cases the underlying funding may itself be mixed. A service delivered outside an individual school budget may therefore be funded wholly or partly from a stream already represented within Category A; alternatively, relevant council or other public expenditure may sit outside that boundary.

These are genuine areas of public activity.

But identifying an expenditure category or delivery body is not the same as establishing the original funding source, the proportion attributable to a defined 5–16 population, its exclusion from other funding totals, or its marginal responsiveness to pupil movement.

They therefore remain separately identified rather than being used to inflate the B1 total⁴².

C1 and C2 serve a different purpose.

They recognise that the resources surrounding state education are not confined to expenditure delivered through school or local-authority budgets.

Some provision is externally delivered but publicly funded.

⁴² AFIS, *Review of the Accounting Boundaries* (August 2026), Category B2 analysis and Master Resource Ledger. The review records these resource areas separately where public expenditure or provision can be identified but age range, population coverage, attribution, overlap or marginal responsiveness prevents sufficiently robust like-for-like inclusion in the quantified B1 total.

Other provision is funded genuinely outside Government through charities, philanthropy, universities, employers, cultural organisations and businesses.

These resources may be relevant to broader questions about the educational ecosystem and the consequences of movement between sectors.

They should not, however, be treated automatically as Exchequer costs.

This distinction is especially important for C2.

A charitable or employer-funded opportunity available to a state-school pupil is a real educational resource, but it is not thereby a cost to Government.

Sector movement may also change eligibility for some supplementary resources. AFIS's separate Beyond School Labels work has identified examples of programmes and opportunities for which attendance at a state or independent school affects eligibility, access or pricing. A pupil moving into state education may therefore enter a different wider resource environment.

This should not be confused with marginal Exchequer cost. The relevant distinctions are between eligibility, actual utilisation and additional expenditure. For genuinely non-Government provision, increased eligibility may represent additional educational resource without creating public expenditure at all.

The framework therefore separates:

public expenditure

from

wider educational resource.

4.10 Age and population alignment

The accounting-boundary analysis also identified an age-boundary question.

The £7,690 measure relates to pupils aged **5–16**.

The behavioural model, however, concerned decisions that can occur at educational transition points extending into post-16 education.

Post-16 movement may also raise a distinct capacity question. State-funded sixth-form provision does not operate as a simple extension of compulsory-age school capacity. Sixth-form colleges and school sixth forms have their own admissions arrangements, course requirements, application cycles and capacity constraints. A national measure of spare school places for compulsory-age pupils therefore cannot necessarily establish the availability of suitable post-16 places.

Evidence emerging since the reforms were announced and implemented suggests that this distinction may be practically important. AFIS has identified examples of state-funded sixth-form providers experiencing increased demand from pupils previously educated independently, including evidence of substantial increases in applications and waiting-list

pressure at particular institutions⁴³. Such evidence cannot by itself establish that the reforms caused the increase: demographic change, cohort size, institutional popularity and other factors must also be considered. It does, however, illustrate why post-16 capacity should be examined separately rather than inferred from aggregate state-school capacity.

There is also a significant difference in the national evidence available on capacity. In correspondence with AFIS, the Department for Education confirmed that, while it calculates place-planning estimates for primary and secondary education, it does not calculate equivalent place-planning estimates for post-16 provision. At the same time, DfE has made £375 million of Post-16 Capacity Fund capital available for 2026–2030 specifically because a demographic bulge is moving through the 16–19 system.

This creates an important pre-implementation evidence question. If policy-induced movement at age 16 was reasonably foreseeable, what evidence about post-16 sufficiency and capacity was available when that movement was modelled, particularly where Government itself had already identified demographic pressure requiring additional capital capacity?

That does not establish that post-16 costs were omitted.

Nor does it establish that the approximately £270 million illustration was understated.

It establishes a narrower methodological question:

If the behavioural forecast included policy-induced movement into state-funded post-16 provision, how were those pupils and their associated marginal costs represented in an expenditure illustration based upon a 5–16 funding measure?

An independent review should therefore examine not simply whether state-funded capacity existed nationally, but whether appropriate capacity existed at the relevant age, location and transition point, and whether increased demand generated additional marginal expenditure, required additional capacity or displaced other applicants.

The correct response is not to add post-16 expenditure mechanically to £7,690.

It is to establish:

- the age profile of forecast pupil movement;
- destination;
- relevant unit-cost assumptions;
- local capacity;
- institution- and course-level capacity;
- whether existing places could absorb movement;

⁴³ AFIS Freedom of Information requests to state-funded post-16 providers. Bohunt Sixth Form reported 37 applications from pupils attending independent schools for 2024/25 and 95 for 2025/26, an increase of approximately **157%**; applications from state-funded schools were unchanged at 338 in each year. The Sixth Form College Farnborough reported **187 pupils on its waiting list for 2025/26 and 1,024 for 2026/27**, an increase of approximately **448%**. Farnborough also reported that total applications increased from 4,311 to 4,728 over the same period. These institution-level observations do not by themselves establish that the fiscal reforms caused the increases; demographic change, cohort size, institutional popularity, admissions behaviour and other factors may also contribute.

- whether additional demand displaced other applicants; and
- any staffing, threshold or capital effects.

Population and expenditure boundaries should be aligned to the question being answered.

4.11 Was the reference figure current when it was used?

A further, narrower issue concerns timing.

The £7,690 figure was published by DfE in January 2024 as an estimate of 2024–25 school-revenue funding.

It was subsequently used in the Government's October 2024 assessment to illustrate the potential state-sector revenue consequence associated with approximately 35,000 additional pupils.

The question is not whether later data should retrospectively be treated as information Government possessed in January 2024.

They should not.

The question is:

What updated information concerning the 2024–25 funding position was known or reasonably available by the time the figure was used in October 2024, and was the January reference figure still the appropriate measure for that purpose?

This is analytically distinct from both the accounting-boundary question and the average-versus-marginal-cost question.

An independent review should therefore distinguish:

cost concept – what was the figure intended to measure?

accounting boundary – what resources sat inside and outside it?

population boundary – to which pupils did it apply?

reference date – was the version used the most appropriate information available at the relevant time?

These questions should not be collapsed into a single dispute about whether £7,690 was “right”.

4.12 Post-implementation evidence

The reforms have now been implemented.

That changes the evidential position.

Before implementation, analysis necessarily depended upon forecasts of how schools and families might respond. After implementation, those forecasts can increasingly be compared with observed evidence.

The relevant question is not simply whether the eventual number of pupils in independent education is higher or lower than forecast. The underlying mechanisms also matter.

Post-implementation evaluation should therefore examine, where reliable evidence is available:

- actual changes in independent-school participation, including entry, continuation and exit;
- the timing, age, characteristics and geographical distribution of those changes;
- actual fee increases and the extent to which schools absorbed, passed on or otherwise responded to additional costs;
- changes in bursary provision, fee assistance and discounts;
- staffing, pension and other operational responses by schools;
- school closures, mergers, contraction and changes in capacity;
- **the destinations of existing pupils leaving independent education, including movement into state-funded provision, home education and schooling outside the UK;**
- **transfers between independent schools, including where families moved to lower-cost provision;**
- **whole-household relocation overseas, distinguished where possible from child-only overseas schooling;**
- **the subsequent educational pathways of prospective entrants who did not enter independent education;**
- additional demand upon state-funded provision, including its timing, phase, geographical distribution and pupil characteristics;
- evidence of local capacity pressures or additional resource requirements;
- additional public expenditure associated with any increase in state-sector participation; and
- actual tax receipts compared with forecast.

This distinction between **independent-school participation** and **state-sector participation** is important. Aggregate pupil numbers can establish whether the size of the independent sector has changed, but they cannot, by themselves, establish where existing pupils went, which pathways prospective entrants followed, why those choices were made, or what consequences followed for state-funded provision.

Post-implementation evidence should therefore be used not merely to compare a headline forecast with a headline outcome, but to test the **causal and behavioural mechanisms connecting the stages of the original analysis**.

That requires particular care with attribution.

Observed changes after implementation should not automatically be treated as effects of the reforms. Independent-school participation may also be affected by demographic change,

household finances, local school availability, migration, changing educational preferences and other economic or social factors.

Equally, the existence of other influences does not mean that the effects of the reforms cannot be investigated.

The appropriate task is to construct the strongest available counterfactual and ask:

What would probably have happened in the absence of the reforms?

That requires distinguishing between:

observed change

and

policy-attributable change.

The purpose of post-implementation evaluation is therefore not simply to determine whether a forecast was numerically “right” or “wrong”. It is to establish whether the assumptions and mechanisms underlying it were reasonable, how the reforms operated in practice, which consequences can credibly be attributed to them, and what can now be learned for future policy appraisal.

4.12.1 Why mechanism testing matters

A forecast can appear broadly accurate at aggregate level while the mechanism through which the observed outcome occurred differs from that originally assumed.

Conversely, an aggregate outcome can differ from forecast even where important elements of the underlying behavioural model were broadly correct.

For that reason, post-implementation evaluation should test not only headline pupil numbers, but the sequence of assumptions connecting policy change to fiscal outcome.

In this case, that means distinguishing between:

- the effect of the reforms upon the prices actually experienced by families;
- the behavioural responses of existing families and prospective entrants;
- the responses of schools, including cost absorption, fee setting, bursary provision, staffing and viability decisions;
- the resulting change in independent-school participation;
- the destinations of existing pupils leaving independent education and the alternative educational pathways followed by prospective entrants who did not enter the sector;
- the proportion of any reduction in independent-school participation that translated into additional state-sector participation;
- the capacity and resource consequences associated with those additional state-sector pupils; and
- the resulting public-expenditure and fiscal effects.

This matters particularly to the relationship between the Government's two headline pupil forecasts: approximately **37,000 fewer pupils in private education** than would otherwise have been the case and approximately **35,000 additional pupils in the state sector**.

Those forecasts are related, but they are not the same forecast.

The published assessment provides a broad explanation for the difference, attributing the approximately 2,000 pupils not expected to enter the state sector to international pupils remaining outside the UK state system and domestic pupils moving into home education. Mechanism testing should therefore examine whether those assumptions were borne out, as well as whether other destinations and educational pathways occurred in practice.

The treatment of home education also raises a temporal question. Elective home education need not represent a permanent destination. Department for Education statistics record substantial movement both into home education and subsequently back into school settings. In the 2024/25 academic year, 78,000 children were reported as starting elective home education and 28,100 children returned from elective home education to a school setting. The published statistics also record independent schools as the previous school type for 2 per cent of children starting elective home education during that year. These figures do not establish that the fiscal reforms caused those movements, and the underlying data collection remains relatively new. They do establish, however, that home education can operate as an intermediate as well as an enduring educational pathway.

An independent review should therefore establish whether domestic pupils forecast to move into home education were treated as remaining outside state-funded provision throughout the relevant modelling period; what evidence supported any such assumption; whether subsequent movement from home education into state-funded schooling was modelled; and what effect alternative assumptions would have upon the relationship between the approximately 37,000 reduction in independent-school participation and the approximately 35,000 additional state-sector pupils⁴⁴.

Testing the first does not, by itself, test the second. Nor does establishing a reduction in independent-school participation establish the public-expenditure consequence of that reduction.

The intervening behavioural pathway matters.

For existing pupils, evaluation should therefore seek to establish, where evidence permits, the destinations of those leaving independent education – including whether they entered state-funded provision, were home educated, attended school outside the UK, relocated overseas with their families or followed another pathway – while separately identifying transfers between independent schools.

For prospective entrants, the question is necessarily different. A child who did not enter independent education cannot straightforwardly be described as having “left” the sector or

⁴⁴ DfE's **Elective home education: autumn term 2025**, published 15 January 2026. It records 126,000 EHE children at the autumn 2025 census, 78,000 starting EHE during 2024/25, 28,100 returning to a school setting, and independent schools as the previous setting for 2% of starters. DfE also cautions that the collection only became mandatory in autumn 2024 and improvements in data quality may account for part of observed change.

“moved” from it. Evaluation should instead seek to understand the educational pathway followed and whether it generated additional demand upon state-funded provision.

This approach allows apparently similar aggregate outcomes to be distinguished analytically. For example, a reduction in independent-school participation accompanied predominantly by additional state-sector entry would have different public-resource implications from the same reduction accompanied by a greater incidence of home education, overseas schooling or family relocation.

Mechanism testing is therefore not an attempt to impose hindsight upon a forecast. It is a means of establishing **which assumptions were borne out in practice, which were not, and where the evidence base can now be improved.**

That distinction is important both for evaluating these reforms and for improving the appraisal

4.13 Monitoring and evaluation

The published HMRC monitoring statement says that the VAT measure will be kept under review through communication with affected taxpayer groups, stakeholders and education departments across the devolved governments⁴⁵.

That may not represent the full extent of Government's evaluation activity.

However, the published record reviewed by AFIS does not yet reveal a detailed evaluation framework specifying:

- the counterfactual;
- causal methodology;
- indicators;
- treatment of demographic change;
- treatment of cumulative effects;
- treatment of normal school turnover;
- mechanisms for identifying additional state-sector expenditure;
- criteria for revising assumptions; or
- publication arrangements.

That matters because post-implementation evidence does not interpret itself.

⁴⁵ HM Revenue & Customs, *Private school fees — VAT measure*, published 30 October 2024, updated 15 November 2024, ‘Monitoring and evaluation’: “The measure will be kept under review through communication with affected taxpayer groups and stakeholders as well as education departments across the devolved governments.”

The Green Book⁴⁶ and Magenta Book⁴⁷ provide established Government frameworks for appraisal and evaluation, including attention to counterfactuals, attribution and learning from implementation.⁴⁸

Where an important behavioural parameter was acknowledged to rest upon limited evidence, systematic post-implementation testing is particularly valuable.

The purpose is not to judge earlier analysts for failing to predict the future perfectly.

It is to establish which assumptions have been:

supported;

qualified;

challenged;

or

left unresolved

by subsequent evidence.

4.14 What the evaluation establishes

Taken together, the evidence examined in this section does not demonstrate that the Government's original modelling was wrong.

Nor does AFIS propose a single alternative forecast which it claims should replace it.

The analysis establishes something more specific.

First, the behavioural forecast depended upon assumptions about a heterogeneous population which included both existing families and prospective entrants.

Second, the family response depended partly upon assumptions about how schools themselves would absorb and respond to the financial changes.

Third, school and family decisions took place in a wider environment containing several concurrent financial pressures, raising a legitimate empirical question about cumulative and threshold effects.

Fourth, demographic contraction formed part of the environment in which the reforms were introduced. It may affect independent-school recruitment and viability, state-sector capacity and the counterfactual against which subsequent pupil movements and school closures should be assessed.

⁴⁸ HM Treasury and Government Finance Function, *The Green Book: Central Government Guidance on Appraisal* (2026); HM Treasury and Evaluation Task Force, *Magenta Book: Central Government Guidance on Evaluation* (2026). The Green Book provides central Government guidance on policy appraisal, including the assessment of costs, benefits, risks and uncertainty. The Magenta Book provides central guidance on evaluation, including the use of counterfactuals and approaches to attribution, and distinguishes between process, impact and value-for-money evaluation.

Fifth, observed pupil movement and school closures can only properly be compared with the original forecasts using appropriate counterfactuals.

Sixth, the public-expenditure illustration used an average 5–16 school-revenue funding measure rather than a purpose-built marginal-cost estimate.

Seventh, AFIS's Technical Review identified approximately £2.93 billion of wider B1 public resource outside that boundary, while deliberately avoiding the claim that this amount should simply be added to the Government's calculation.

Eighth, further public and external resources exist outside B1 but cannot responsibly be collapsed into a single headline figure on the evidence presently available.

Ninth, questions remain about age and population alignment, local and post-16 capacity, displacement and threshold effects, and the reference date used in translating forecast pupil movement into public-expenditure consequences.

And finally, implementation now provides evidence capable of testing important parts of the original model — provided that observed changes are assessed against appropriate counterfactuals and the mechanisms predicted by the model are examined alongside headline outcomes.

None of these findings individually establishes that the reforms were based upon inadequate evidence.

Collectively, however, they identify a series of specific and answerable questions about the evidence chain.

The issue is therefore no longer simply:

Was the evidence base robust?

It is possible to ask something more precise:

What was known?

What was assumed?

What was modelled?

What has subsequently happened?

Those are the questions an independent review should answer.

Section 5 sets out how such a review could be structured.

5. Proposed independent review of the evidence base

The analysis in this paper does not establish that every assumption underpinning the recent fiscal reforms was wrong.

Nor does AFIS argue that uncertainty, by itself, invalidates a policy decision.

Economic and behavioural forecasting necessarily involves judgement. Governments must sometimes make decisions where evidence is incomplete, outcomes are uncertain and reasonable analysts may reach different conclusions.

The case for independent review arises from something more specific.

The reforms depended upon a connected chain of assumptions concerning the affected population, family behaviour, school response, financial resilience and viability, pupil movement, state-sector capacity, public expenditure and tax revenue.

The evidence supporting some important behavioural parameters was expressly acknowledged to be limited.

Some important parts of the analytical process cannot yet be reconstructed fully from the published record.

Different cost concepts and accounting boundaries were relevant to different parts of the analysis.

Several significant financial pressures affected the same schools and families over a relatively short period.

And implementation has now produced evidence against which important parts of the original forecasts can increasingly be tested.

AFIS therefore proposes an:

Independent Review of the Evidence Base Underpinning Recent Fiscal Reforms Affecting Independent Schooling

Its purpose should be neither to defend nor to overturn the reforms.

It should establish:

what was known;

what was assumed;

what was modelled;

what uncertainty existed;

what has subsequently happened;

and

what should now be learned from the evidence.

5.1 Purpose and scope

The review should examine the evidence and analysis underpinning the principal recent fiscal measures affecting independent schools and, where relevant, their interaction, including:

- VAT on independent-school fees;
- removal of charitable business-rates relief;
- increased employer National Insurance contributions;
- the earlier increase in employer Teachers' Pension Scheme contributions where relevant; and
- the combined financial environment created by these and other material pressures where relevant to behavioural or viability analysis.

The review should also examine the demographic context in which these measures were introduced. In particular, it should establish what changes in the school-age population were reasonably foreseeable at the time, and how those projections were reflected, where relevant, in assumptions concerning independent-school demand, school financial resilience and viability, pupil movement and state-sector capacity⁴⁹.

Demographic change should not be treated as another fiscal measure, but as an important part of the environment within which the effects of those measures were expected to occur.

The review should distinguish carefully between fiscal attribution and behavioural interaction.

There is nothing inherently problematic about Government producing separate fiscal assessments for separate tax measures.

The question is not whether the fiscal effects of distinct measures should simply have been added together.

It is whether the behavioural and viability analysis adequately reflected the combined circumstances in which schools and families actually made decisions.

The review should also distinguish between measures applying across the independent sector and those applying only to particular categories of school.

Most importantly, it should examine three distinct periods.

First: what was known before the policy decisions were taken?

This should establish the evidence reasonably available to policymakers at the relevant time.

The review should not criticise an earlier decision because of evidence that only became available later.

Second: what analysis was actually undertaken before implementation?

⁴⁹ Department for Education, *National pupil projections: July 2024*, published 18 July 2024. The contemporaneous projections anticipated declining pupil numbers in state-funded nursery and primary schools as smaller birth cohorts entered the system, while secondary-school numbers were projected to continue rising in the near term before peaking and subsequently declining. The projections therefore provided evidence, available before implementation of VAT on independent-school fees, of a changing and phase-specific demographic environment relevant to demand and capacity.

This should establish how the available evidence was selected, interpreted and translated into assumptions, models, forecasts and sensitivity analysis.

It should include relevant published and unpublished analytical work where legitimately accessible.

Third: what has subsequent evidence shown?

This should test the original assumptions and mechanisms against observed outcomes using appropriate counterfactuals⁵⁰.

Keeping these three stages separate would help avoid both hindsight bias and retrospective rationalisation.

5.2 Independence and expertise

The review should be genuinely independent of the organisations principally responsible for developing, implementing and defending the policies under examination.

That does not mean excluding Government expertise.

HM Treasury, HMRC, the Department for Education and the OBR should be able to explain their methodologies, provide relevant evidence and respond to questions about their analysis.

Their participation would be essential to understanding how the original forecasts were constructed.

But the assessment of that evidence should be undertaken independently.

The review should be led by a chair or panel with no institutional interest in reaching a predetermined conclusion.

Collectively, the review should have access to expertise in:

- public economics and public finance;
- behavioural economics;
- education economics;
- econometrics and causal inference;
- Government appraisal and evaluation;
- education funding and school finance;
- independent-school finance and operations;
- state-sector funding and capacity;
- local-government finance and school-place planning;

⁵⁰ HM Treasury and Evaluation Task Force, *Magenta Book: Central Government Guidance on Evaluation* (2026). The Magenta Book identifies the counterfactual — what would have happened in the absence of an intervention — as central to estimating causal effects in impact evaluation. The appropriate counterfactual and analytical method depend upon the intervention, available data and evaluation question.

- taxation;
- statistical analysis; and
- evaluation methodology.

No single reviewer would be expected to possess all of these skills.

A multidisciplinary panel would be preferable because the questions identified in this paper cross conventional departmental and analytical boundaries.

The review should also be capable of commissioning specialist analysis where necessary.

5.3 Access to evidence

A meaningful review should not be confined to the published documents already examined by AFIS.

The published record may represent only part of the analysis undertaken.

Subject to legitimate legal, confidentiality, taxpayer-information and commercial constraints, the review should therefore be given access to relevant underlying material held by Government and the OBR.

This could include:

- analytical papers;
- internal modelling;
- impact and cost-benefit analysis;
- submissions and advice to Ministers;
- records of OBR scrutiny and certification, including questions raised about material assumptions and the responses provided;
- sensitivity analysis;
- assumptions registers;
- evidence reviews;
- school-capacity analysis;
- school-viability or closure modelling;
- behavioural modelling;
- analysis of prospective entrants;
- analysis of school cost absorption;
- expenditure modelling;
- work concerning cumulative or interacting pressures;
- monitoring and evaluation plans; and
- subsequent analysis of actual outcomes.

The objective should not be indiscriminate disclosure of internal Government material.

It should be to give the independent reviewers sufficient access to establish what analysis was actually undertaken and the evidential basis for the assumptions they are reviewing.

Where material cannot properly be published, the review should nevertheless be able, where legally possible, to examine it and report at an appropriate level of aggregation on whether relevant analysis existed and what role it played.

This distinction is important because:

absence from the published record is not evidence that analysis did not take place.

The review should establish which is the case.

5.4 Core analytical framework

The review should follow the evidence chain identified in this paper rather than examining individual headline numbers in isolation.

For each material stage it should ask four core questions:

1. What was known?

What relevant evidence was reasonably available when the analysis was undertaken?

Was the evidence current?

What populations, periods and circumstances did it describe?

What limitations were known?

2. What was assumed?

Where direct evidence was incomplete, what assumptions or professional judgements were made?

Why were those assumptions selected?

Were alternative assumptions plausible?

How was uncertainty expressed?

3. What was modelled?

How were evidence and assumptions translated into forecast outcomes?

What cost concepts, accounting boundaries and population definitions were used?

What sensitivity analysis was undertaken?

How did uncertainty at one stage affect later stages of the model?

4. What happened?

What does subsequent evidence show?

Did the predicted mechanisms occur?

How do observed outcomes compare with an appropriate counterfactual?

Which assumptions have been supported, qualified, challenged or remain unresolved?

This framework should be applied consistently across the principal elements of the model⁵¹.

5.5 Understanding children, families and behavioural response

The review should establish what evidence was used to characterise the population whose behaviour was being forecast.

In particular, it should identify the relevant UK academic evidence on private-school participation and family characteristics that was reasonably available before implementation; establish which parts of that evidence were considered by Government and the OBR, directly or through intermediary analysis such as the IFS work; and examine how evidence describing participation was translated into assumptions about behavioural response to the policy.

For this purpose, the review should distinguish between three related but different evidential questions:

Descriptive evidence: what was known about who participates in independent education?

Explanatory evidence: what was known about the factors associated with participation, including income, wealth, parental characteristics, previous educational pathways and the availability of alternatives?

Policy-response evidence: what could reasonably be inferred about how existing families and prospective entrants would respond to a specific policy-induced increase in fees, across different household circumstances, school types, geographical areas and educational transition points?

This distinction matters because a substantial body of relevant UK research on participation and its determinants existed before implementation⁵². The existence of that research does

⁵¹ The proposed framework is consistent with the principles of Government appraisal and evaluation set out in HM Treasury and Government Finance Function, *The Green Book: Central Government Guidance on Appraisal* (2026), and HM Treasury and Evaluation Task Force, *Magenta Book: Central Government Guidance on Evaluation* (2026), including explicit consideration of the evidence base, assumptions, uncertainty and risk, together with subsequent evaluation using appropriate counterfactuals and approaches to causal attribution.

⁵² See Francis Green, Jake Anders, Morag Henderson and Golo Henseke, *Who Chooses Private Schooling in Britain and Why?*, LLAKES Research Paper 62 (UCL Institute of Education, 2017); Jake Anders, Francis Green, Morag Henderson and Golo Henseke, 'Determinants of private school participation: all about the money?', *British Educational Research Journal*, 46(5) (2020), pp. 967–992; and Golo Henseke, Jake Anders, Francis Green and Morag Henderson, 'Income, housing wealth, and private school access in Britain', *Education Economics*, 29(3) (2021), pp. 252–268. These studies examined private-school participation in relation to factors including income, housing wealth, parental characteristics, educational pathways and the availability or characteristics of alternative state provision.

not necessarily mean that it directly answered the different question required for policy modelling: how particular populations would respond to a particular change in price.

The review should therefore examine separately:

- existing independent-school families; and
- prospective entrants.

This distinction is important because the long-run forecast was expected to arise primarily through fewer new entrants⁵³.

The review should establish:

- what evidence was available concerning household income;
- what evidence existed concerning housing wealth and other assets;
- what was known about bursaries and fee assistance;
- how family size and multiple children were treated;
- whether intergenerational financial support was considered;
- what evidence existed concerning previous educational pathways;
- how geography and alternative school availability were treated;
- whether different transition points were modelled separately; and
- how directly the evidence used to estimate price responsiveness applied to the populations whose behaviour was being forecast.

The review should then examine the price-elasticity assumption⁵⁴.

It should establish:

- the evidence underlying the selected elasticity;
- why 0.5 was selected;
- the range of plausible alternatives considered;
- the sensitivity of pupil and revenue forecasts to alternative assumptions;
- whether the same behavioural response was assumed across materially different groups; and
- what subsequent evidence now says about those assumptions.

⁵³ Office for Budget Responsibility, *Economic and Fiscal Outlook – October 2024*, CP 1169, para. 3.38, p. 66. The OBR assumed lower responsiveness among existing pupils than among prospective future pupils and stated that its projected reduction reflected pupils leaving and, “primarily, fewer new joiners”. See also HM Revenue & Customs, *Private school fees — VAT measure*, published 30 October 2024, updated 15 November 2024.

⁵⁴ Office for Budget Responsibility, *Economic and Fiscal Outlook – October 2024*, CP 1169, para. 3.38, p. 66. The OBR adopted an estimated price elasticity of demand of 0.5, at the higher end of the range estimated by the Institute for Fiscal Studies, while noting limited evidence on the responsiveness of demand for private-school places. See Luke Sibieta, *Tax, private school fees and state school spending*, Institute for Fiscal Studies Report R263 (11 July 2023).

The purpose would not be to identify one universally correct elasticity.

It would be to understand the evidential basis for the parameter used, **the assumptions required to move from evidence about participation to a forecast of behavioural response**, and whether subsequent experience supports those assumptions.

Freedom of Information disclosures have subsequently provided additional detail about some of the intermediate assumptions used to translate estimated price responsiveness into forecast changes in sector participation. The released Treasury calculation included assumptions concerning the proportion of behavioural adjustment represented by service reduction and the proportion of substitution occurring towards lower-fee independent schools. Treasury subsequently confirmed that there was no direct source for the 75 per cent assumption used in this part of the calculation, although related ISC research was considered relevant by proxy, and that there was no source for the assumption concerning 10 per cent substitution to lower-fee schools. Treasury explained that such assumptions may nevertheless be necessary where directly equivalent evidence is unavailable⁵⁵.

These disclosures do not establish that the resulting assumptions were unreasonable. They do, however, make it possible to identify more precisely where the model depended upon analytical judgement rather than directly applicable empirical evidence. An independent review should examine the reasonableness of those judgements, the alternatives considered, their sensitivity and the extent to which subsequent evidence can now test them.

Behavioural pathways and alternative destinations

The review should also establish how the forecast reduction in independent-school participation was translated into forecast additional state-sector pupils.

It should identify which alternative behavioural pathways were considered, including:

continued independent-school participation at a different school;

- state-funded education;
- elective home education;
- overseas schooling, including overseas boarding;
- whole-family relocation overseas;
- alternative post-16 pathways; and
- non-entry into independent education by prospective pupils.

It should establish what evidence supported the assumed distribution between those outcomes; whether different assumptions were made for existing pupils and prospective entrants; and what sensitivity testing was undertaken.

⁵⁵ FOI details TBC

5.6 School response, cost absorption and viability

The review should examine schools as behavioural actors in their own right.

In particular, it should examine the evidential basis for the assumption that the effective average fee increase experienced by families would be around 10 per cent⁵⁶.

Subsequent Freedom of Information disclosures provide further insight into that assumption. The underlying Treasury calculation assumed that part of the VAT liability would be absorbed through profits and cost efficiencies, with a further proportion absorbed through reductions in service provision rather than fee increases. HM Treasury subsequently explained that the assumptions reflected analysts' judgement about the most likely central-case outcome. It confirmed that the cost-efficiency assumption was a single estimated assumption for which no further breakdown was held and, in relation to the approximately five per cent saving implied by the combined assumptions concerning efficiencies and service reductions, stated that "there is no further substantive analysis".⁵⁷

This disclosure materially narrows one of the questions identified in this paper. The issue is no longer simply whether unpublished substantive analysis exists to support these particular assumptions. It is whether the analytical judgements used were reasonable in light of the evidence reasonably available at the time; whether relevant evidence concerning school finances, staffing, operating margins, reserves and scope for service reduction was sufficiently considered; how uncertainty around those judgements was treated; and whether subsequent experience supports them.

There is also a wider consequential question arising from the school response assumed within the modelling. If schools were expected to absorb part of the policy cost through material reductions in expenditure, the relevant evidential question does not end with whether that assumption was reasonable. Reduced expenditure may also affect external suppliers, contractors and local economic activity. AFIS has not identified in the published assessment a quantification of those consequential effects. An independent review should therefore establish whether the wider consequences of the expenditure reductions assumed within the model were assessed elsewhere and, if so, how they were treated.

The review should also establish how the material judgement-based assumptions underlying fee pass-through, cost absorption and service reduction were scrutinised during OBR certification, including what challenge was applied, what alternative assumptions were considered and what sensitivity analysis informed certification.

That should include examination of:

⁵⁶ HM Revenue & Customs, *Private school fees — VAT measure*, published 30 October 2024, updated 15 November 2024, 'Summary of impacts — School fees'. Government estimated that, after recovery of input VAT, schools would on average face VAT equivalent to approximately 15% of fee income and expected schools to absorb part of that cost through measures including reduced surpluses or reserves and reductions in expenditure, resulting in an expected average fee increase of around 10%. See also Office for Budget Responsibility, *Economic and Fiscal Outlook — October 2024*, CP 1169, para. 3.38, which estimated an effective VAT rate of 15.4% and assumed that approximately two-thirds of the cost would be passed through in higher fees, with just under one-quarter reflected in reduced service provision and the remainder absorbed through efficiencies and profits.

⁵⁷ Treasury FOI analysis: details TBC

- recoverable VAT;
- assumed cost absorption;
- efficiencies;
- staffing changes;
- changes in service provision;
- bursary provision;
- pension arrangements;
- fee-setting behaviour;
- reserves and financial resilience; and
- variation between different types and sizes of school.

The review should distinguish between the average sector response and the distribution of responses between schools.

An average assumption may be appropriate for some modelling purposes while still concealing schools facing materially different financial circumstances.

There is a further interaction within the VAT model itself which warrants examination.

The assumed fee increase faced by families depended partly upon schools being financially capable of absorbing part of the VAT burden rather than passing it through in fees. Yet the same behavioural model anticipated that the resulting increase in price and reduction in service provision would reduce demand for independent schooling. For individual schools, fewer pupils would ordinarily mean lower fee income.

This creates a potential feedback relationship between assumptions which should not necessarily be treated as independent:

cost pressure → school absorption and fee increase → reduced demand and pupil loss → lower fee income → reduced capacity to absorb costs → further financial pressure

The relevant question is therefore not only whether the initial assumptions about cost absorption were reasonable. It is also whether the effect of the model's own predicted reduction in pupil numbers and fee income upon schools' continuing capacity to undertake that absorption was represented.

This may be particularly important because school costs are not necessarily capable of adjustment in direct proportion to pupil numbers. Buildings, safeguarding and regulatory requirements, leadership and substantial elements of staffing and infrastructure may be fixed or step-fixed over relevant ranges of enrolment. A school experiencing a 7 per cent reduction in pupils cannot therefore necessarily reduce its expenditure by an equivalent 7 per cent without further changes to staffing, provision or financial resilience.

The review should establish whether this feedback mechanism was modelled, whether the assumed capacity for cost absorption changed as pupil numbers and fee income fell, and whether sensitivity analysis examined the implications for subsequent fee-setting, pupil demand and school viability.

The review should also examine whether school viability was assessed in the context of the combined financial environment schools faced.

This should not involve mechanically adding together separate fiscal impact assessments.

Instead, it should test whether there were material interaction or threshold effects.

The review should also examine the demographic environment within which school viability was assessed. Declining birth rates and projected changes in the school-age population may affect recruitment, occupancy and financial resilience independently of the fiscal reforms, while potentially altering the capacity of schools to absorb additional financial pressures⁵⁸.

The review should establish what demographic projections were reasonably available at the time of the original analysis; whether and how they were incorporated into assessments of independent-school demand and viability; and whether interaction between demographic contraction and the concurrent financial pressures was considered.

This is particularly important when assessing school closures. Demographic change may contribute to the counterfactual rate of closure that would have occurred without the reforms, while fiscal measures may affect the resilience of schools already operating in a contracting market.

The review should therefore seek to distinguish these effects rather than attributing subsequent closures wholly to either cause.

The review should establish the basis for the forecast of approximately 100 additional school closures above normal turnover and assess subsequent closure evidence against an appropriate counterfactual⁵⁹.

AFIS has been able to reconstruct from the published methodology the principal calculations underlying several other parts of the behavioural assessment, including fee pass-through, demand response and forecast pupil movement. It has not, however, identified in the published material an equivalent reproducible calculation showing how the expected reduction in the sector cost base, the distribution of pupil losses and school-level financial viability were translated into the estimate of approximately 100 additional closures.

That does not establish that such analysis was not undertaken. Relevant modelling may exist outside the published record. It does mean that an important link in the published analytical

⁵⁸ Department for Education, *National pupil projections: July 2024*, published 18 July 2024. The contemporaneous projections anticipated declining numbers in state-funded nursery and primary education as smaller birth cohorts entered the system, while secondary-school numbers were expected to continue rising in the near term before peaking and subsequently declining. These projections demonstrate that material, phase-specific demographic change was foreseeable before implementation of the VAT measure.

⁵⁹ HM Revenue & Customs, *Private school fees — VAT measure*, published 30 October 2024, updated 15 November 2024, 'Impact on business including civil society organisations'. Government estimated that the VAT measure might be broadly equivalent to approximately 100 schools closing over the following three years **in addition to normal levels of turnover**, after which closures were expected to return to historic norms. HMRC also recorded historic sector turnover, including an average of 74 closures and 83 openings per year in England since 2000.

chain cannot presently be reconstructed, and should therefore form part of an independent review.

That assessment should consider not merely institution counts but, where possible:

- pupil capacity lost;
- school size;
- geographical distribution;
- openings;
- mergers;
- restructurings;
- historic turnover; and
- the extent to which closures can reasonably be attributed to the reforms rather than other causes.

5.7 Pupil movement, transition points and state-sector capacity

The review should test both the scale and the mechanism of the forecast pupil response.

That mechanism should include interaction between school viability and pupil destination. A pupil may leave independent education not because the family independently decides to change sector in response to a fee increase, but because the school itself closes or otherwise ceases to be available. In such cases, elective home education may operate as an emergency or bridging arrangement while another suitable school place is sought.

This distinction matters because closure-induced pupil displacement can occur suddenly and outside normal educational transition points. In February 2026, King's House Moorlands in Luton informed parents at approximately 16:30 that the school would close at 17:00 the same day. Contemporary reporting recorded the school attributing its position to a challenging economic backdrop and tax pressures on independent schools. That individual example does not establish the cause or prevalence of closure-induced home education. It does demonstrate the practical possibility of abrupt displacement and the need to distinguish a pupil's immediate administrative destination from their longer-term educational pathway.

It should examine:

- overall independent-school pupil numbers;
- entry rates;
- exit rates;
- age and year group;
- educational transition points;
- destination;
- whether an initial destination was intended to be temporary or permanent;

- movement into and subsequently out of elective home education;
- whether home education followed voluntary parental choice, affordability pressure, school closure or another precipitating event;
- geography; and
- where evidence permits, reasons for movement.

Particular attention should be paid to the prediction that much of the long-run effect would arise through fewer new entrants⁶⁰.

The review should not test the approximately 37,000 forecast merely by comparing it with the observed change in total independent-school pupil numbers.⁶¹

It should estimate an appropriate counterfactual trajectory taking account, so far as practicable, of:

- the demographic trajectory and changes in relevant birth cohorts that were already occurring or reasonably foreseeable before implementation;
- economic conditions;
- migration;
- international pupils;
- school openings and closures; and
- other material fiscal or regulatory changes.

The corresponding estimate of approximately 35,000 additional state-sector pupils should be examined as a distinct stage of the behavioural model. Government's published assessment attributed the approximately 2,000 difference between the forecast reduction in private-school participation and additional state-sector participation to international pupils who would not enter the UK state system and domestic pupils moving into home education. The review should establish the evidential basis for that allocation; how the respective categories were estimated; whether other behavioural pathways were considered; and how sensitive the resulting state-sector estimate was to alternative assumptions.

Post-implementation evaluation should then test that modelling against evidence of actual destinations, so far as the available data permit.

⁶⁰ Office for Budget Responsibility, *Economic and Fiscal Outlook – October 2024*, CP 1169, para. 3.38, p. 66. The OBR assumed lower responsiveness among existing pupils than among prospective future pupils and stated that its projected reduction in private-school demand reflected both pupils leaving and, “primarily, fewer new joiners”. See also HM Revenue & Customs, *Private school fees — VAT measure*, published 30 October 2024, updated 15 November 2024.

⁶¹ HM Revenue & Customs, *Private school fees — VAT measure*, published 30 October 2024, updated 15 November 2024; Office for Budget Responsibility, *Economic and Fiscal Outlook – October 2024*, CP 1169, paras. 3.38–3.39. The published long-run estimate was approximately 37,000 fewer pupils attending UK private schools **as a result of the VAT measure relative to the counterfactual**, of whom approximately 35,000 were expected to enter state schools. It was therefore a modelled policy effect rather than a forecast of a simple 37,000 fall in the observed private-school population from a fixed starting point.

The review should then examine state-sector capacity at the level relevant to pupil movement.

Demographic change should also be considered here in its potentially opposite direction. A declining school-age population may create additional spare capacity in parts of the state sector and thereby reduce the marginal cost of accommodating additional pupils.

But national demographic contraction does not establish that suitable capacity exists in the particular locations, phases or types of provision in which additional demand occurs.

The review should therefore examine the interaction between demographic change, local capacity and marginal cost rather than relying upon national pupil-number trends alone.

National spare capacity is important but should not be treated automatically as evidence that marginal local accommodation is costless.

The review should consider:

- locality;
- phase;
- school type;
- pupil need;
- SEND;
- transport;
- staffing;
- class-size or cohort thresholds;
- sixth-form and 16–19 provision; and
- physical capacity.

Post-16 capacity should be examined separately where appropriate.

The availability of aggregate state-school capacity for compulsory-age pupils does not establish that suitable sixth-form or 16–19 places exist in the locations, institutions or courses sought by pupils changing educational pathway.

The review should examine whether forecast and actual post-16 movement was incorporated into capacity and expenditure analysis, including any evidence of increased applications, waiting-list pressure, course-level capacity constraints, displaced demand or capacity expansion.

5.8 Public expenditure, cost concepts and accounting boundaries

The review should establish precisely what public-expenditure question the Government intended the £7,690 figure to answer⁶².

⁶² Department for Education, *School funding statistics: 2023 to 2024*, January 2024; HM Revenue & Customs, *Private school fees — VAT measure*, published 30 October 2024, updated 15 November 2024. The £7,690 figure was a DfE measure of average school-revenue funding per pupil aged 5–16 in England for 2024–25. Government subsequently used average per-pupil spending in its illustration of the

It should distinguish clearly between:

average funding allocated to schools;

average wider public resource supporting a population;

and

marginal additional expenditure caused by an additional pupil.

These concepts should not be treated as interchangeable.

The review should examine:

- why the £7,690 5–16 school-revenue funding measure was selected;
- whether it was intended as an illustration, proxy or estimate of marginal expenditure;
- what alternative cost concepts were considered;
- how the IFS marginal-cost methodology was considered, if at all⁶³;
- what resources sat inside and outside the selected accounting boundary;
- which expenditures outside the boundary were expected to respond to additional pupils;
- how fixed and variable expenditure were distinguished;
- how capacity thresholds were treated;
- how capital expenditure was treated;
- how local-authority and transport expenditure were treated;
- how education-related resources delivered through local-authority trading companies, wholly owned companies, arm's-length bodies and commissioned providers were identified and treated;
- where such provision involved mixed funding streams, how funding already represented within the £7,690 boundary was distinguished from additional local-authority or other public expenditure outside it;
- how SEND-related expenditure was treated;
- how age and population boundaries were aligned; and
- whether movement between sectors altered eligibility for supplementary publicly or externally funded resources, and how eligibility, utilisation and marginal expenditure were distinguished.

additional state-school revenue expenditure associated with the forecast movement of pupils from private to state education.

⁶³ Luke Sibieta, *Tax, private school fees and state school spending*, Institute for Fiscal Studies Report R263 (11 July 2023), section 5, pp. 22–24. The IFS explicitly modelled the marginal additional state-sector cost of pupil movement, using a central assumption of approximately £5,900 per additional pupil, comprising approximately £5,300 of additional day-to-day expenditure and £600 of capital expenditure, alongside lower and higher sensitivity assumptions of approximately £4,900 and £6,900 respectively.

AFIS's Technical Review should be treated as evidence submitted to the review, not as a replacement Government model.

In particular, its finding of approximately £2.93 billion of identifiable B1 public resource outside the £7,690 boundary should be tested for what it actually establishes⁶⁴.

It should not be treated as £2.93 billion of additional policy cost.

The appropriate question is:

Which of the identified expenditure mechanisms respond to the additional pupils attributable to the reforms, for which pupils, under what circumstances and by how much?

The review should also consider B2, C1 and C2 resources where relevant, while preserving the distinction between public expenditure and wider educational resource.

5.9 Population boundary and reference-date questions

The review should separately examine two narrower methodological questions identified by AFIS's Technical Review.

The first concerns population alignment.

The £7,690 measure relates to pupils aged 5–16, while behavioural decisions can occur at transition points extending into post-16 education⁶⁵.

The review should establish whether forecast pupil movement outside the 5–16 boundary was represented appropriately in the expenditure analysis and, if so, how.

It should not mechanically add post-16 expenditure to the 5–16 figure.

It should identify the relevant population, destination and marginal expenditure for the movement actually forecast.

The second concerns the reference date.

The review should establish whether the January 2024 £7,690 estimate remained the most appropriate representation of the relevant 2024–25 funding position when it was used in the Government's October 2024 assessment⁶⁶.

⁶⁴ AFIS, *Review of the Accounting Boundaries Underpinning the Government's Published State Schooling Cost Estimates* (August 2026), Category B1 analysis. The approximately £2.93 billion annual-scale finding comprises approximately £2.01 billion of pre-16 home-to-school transport, approximately £600 million of Universal Infant Free School Meals and £320 million of Primary PE and Sport Premium. The Review expressly treats this as an accounting-boundary finding rather than an estimate of the marginal expenditure generated by policy-induced pupil movement.

⁶⁵ Department for Education, *School funding statistics: 2023 to 2024*, January 2024. The £7,690 statistic used in the Government's expenditure illustration relates to the DfE's 5–16 school-funding population. See also Office for Budget Responsibility, *Economic and Fiscal Outlook – October 2024*, para. 3.38, and HM Revenue & Customs, *Private school fees — VAT measure*, which modelled behavioural responses involving both existing pupils and prospective entrants and anticipated adjustment at educational transition points.

⁶⁶ Department for Education, *School funding statistics: 2023 to 2024*, January 2024; HM Revenue & Customs, *Private school fees — VAT measure*, published 30 October 2024, updated 15 November 2024. The £7,690 statistic originated in the January 2024 DfE release and was subsequently used in the Government's October 2024 assessment. AFIS, *Review of the Accounting Boundaries* (August 2026), section on the reference-date question, treats this as a question requiring clarification of the applicable

This should be assessed using only information that was known or reasonably available at the relevant time.

The question is not whether later evidence makes the earlier figure look outdated retrospectively.

It is whether material developments in the 2024–25 funding position that were known or reasonably available when the policy assessment was finalised were appropriately reflected in the analysis, and, if the January 2024 figure was retained, what baseline or cut-off convention justified its continued use.

5.10 Post-implementation evaluation

A central purpose of the review should be to move from forecast to test.

The reforms now provide an opportunity to examine whether the mechanisms and outcomes anticipated before implementation are occurring in practice.

The review should establish what systematic monitoring and evaluation Government, HMRC, DfE and the OBR have undertaken or commissioned.

It should identify the baseline and counterfactual being used and examine, so far as the available evidence permits:

- actual fee changes;
- school cost absorption;
- staffing and pension responses;
- bursary changes;
- independent-school pupil entry and exit;
- transition-point behaviour;
- total pupil numbers;
- school closures and openings;
- pupil capacity lost;
- destinations of pupils leaving independent schools;
- whether the first recorded destination represented the pupil's enduring educational pathway or an interim arrangement;
- transfers between independent schools;
- movement into different forms of state-funded provision;
- elective home education, including previous school type, reasons for entry where ascertainable, use of online or other paid provision, duration, subsequent return to

costing baseline and forecast convention rather than concluding that use of the January statistic was necessarily incorrect.

school and whether home education followed affordability pressure, school closure or another change in circumstances;

- overseas schooling, including overseas boarding;
- whole-household relocation overseas, distinguished where possible from child-only overseas schooling;
- the subsequent pathways of prospective pupils who did not enter independent education;
- geographical concentration of pupil movement;
- state-sector capacity effects;
- incremental revenue expenditure;
- transport expenditure;
- staffing consequences;
- employment and associated tax, benefit and local-economic consequences where materially linked to school restructuring or closure;
- capital and infrastructure expenditure; and
- actual tax receipts compared with forecast.

Where a behavioural response involves whole-household relocation outside the UK, the review should also establish whether any wider fiscal and economic consequences were considered. These could include effects upon the UK tax base and domestic economic activity. The review should establish whether such effects formed part of the original analysis and whether subsequent evidence permits them to be evaluated. Such effects should not be attributed to the reforms merely because a family relocated after implementation; they should be quantified or attributed only where sufficiently robust evidence supports a causal connection.

The review should distinguish carefully between:

observed change

and

policy-attributable change.

It should therefore state explicitly the counterfactual used for each major outcome⁶⁷.

Where causal attribution cannot yet be made reliably, the appropriate finding may be that further evidence or more time is required.

That is preferable to either claiming causation prematurely or treating uncertainty as evidence that no effect exists.

⁶⁷ HM Treasury and Evaluation Task Force, *Magenta Book: Central Government Guidance on Evaluation* (2026). The Magenta Book treats the counterfactual — what would have happened in the absence of an intervention — as central to estimating causal effects in impact evaluation and emphasises the need to distinguish observed outcomes from changes attributable to the intervention. Where robust causal attribution is not yet possible, evaluation should make the limitations and uncertainty explicit.

5.11 Standards for findings

The review should avoid forcing every question into a binary conclusion of “Government right” or “Government wrong”.

Its findings should distinguish between at least four possible outcomes:

Supported – subsequent or underlying evidence provides material support for the assumption or methodology.

Qualified – the assumption remains broadly defensible but requires important qualification.

Challenged – evidence materially weakens the original assumption or indicates that the mechanism or outcome differed from that forecast.

Unresolved – the available evidence is insufficient to reach a reliable conclusion.

The review should also distinguish between:

evidential weakness

and

quantitative materiality.

An assumption may have a weak evidence base but little effect on the eventual forecast.

Conversely, a seemingly small methodological choice may have a substantial effect on the result.

Where practicable, the review should therefore quantify the sensitivity of important outcomes to alternative reasonable assumptions.

5.12 Transparency and reproducibility

The review should seek to make disagreement testable.

Where calculations are material to its conclusions, another competent analyst should be able to understand:

- the source;
- population;
- period;
- definition;
- accounting treatment;
- assumptions;
- calculation;
- counterfactual; and
- qualification.

The review should publish sufficient methodological information to allow its principal findings to be reproduced, subject to legitimate restrictions on confidential material.

Where estimates rely upon judgement, that judgement should be explicit.

Where evidence is incomplete, that should be stated.

Where alternative reasonable interpretations exist, they should be shown.

This would be consistent with the wider principles underlying Government appraisal and evaluation: transparency about assumptions, explicit treatment of uncertainty, appropriate counterfactuals and learning from subsequent evidence⁶⁸.

5.13 Participation and evidence submissions

The review should invite evidence from a sufficiently broad range of relevant organisations and individuals.

This should include Government and public bodies, independent researchers and relevant sector expertise, as well as those directly affected by the reforms.

Potential contributors could include:

- HM Treasury;
- HMRC;
- the Department for Education;
- the OBR;
- devolved administrations where relevant;
- local authorities;
- education economists and public-finance specialists;
- researchers whose work informed, or was relevant to, the original evidence base;
- state-sector school and college representatives;
- independent schools and representative bodies;
- school finance and pension specialists;
- parents and families;
- organisations representing pupils with SEND or other relevant needs; and
- other organisations holding relevant evidence.

Evidence should be assessed according to its quality and relevance, not the institutional position of the person or organisation submitting it.

⁶⁸ HM Treasury and Government Finance Function, *The Green Book: Central Government Guidance on Appraisal* (2026); HM Treasury and Evaluation Task Force, *Magenta Book: Central Government Guidance on Evaluation* (2026). Together these provide the principal central-Government frameworks for appraisal and evaluation, including consideration of assumptions, uncertainty and risk, appropriate counterfactual analysis, causal attribution and learning from implementation.

A Government document should not be accepted uncritically because it is official.

Equally, evidence from schools or families should not be rejected merely because those providing it have an interest in the outcome.

The appropriate question is:

What does the evidence establish, and how reliably does it establish it?

5.14 Reporting and publication

The review should publish its methodology and terms of reference at the outset.

Its final report should identify clearly:

- the evidence examined;
- the principal assumptions reconstructed;
- areas where relevant evidence could not be obtained;
- the counterfactuals used;
- the sensitivity analysis undertaken;
- findings supported by the evidence;
- findings requiring qualification;
- assumptions challenged by subsequent evidence;
- questions that remain unresolved; and
- recommendations for future monitoring, evaluation and policymaking.

Where appropriate, Government, the OBR or other organisations whose analysis is discussed should have an opportunity to correct factual misunderstandings before publication.

That process should not give any participant control over the review's conclusions.

The final report, underlying methodology and non-confidential supporting material should be published.

5.15 What the review should not do

The review should not be established as a mechanism for reopening the political argument about whether independent-school fees should be subject to VAT.

It should not begin from the assumption that the reforms should be repealed.

Nor should it begin from the assumption that the original analysis must be defended.

It should not assume that every public resource associated with state schooling represents marginal expenditure.

It should not treat the £2.93 billion B1 finding as an alternative policy-cost estimate.

It should not attribute every pupil movement or school closure after implementation to the reforms.

It should not treat aggregate national capacity as sufficient evidence about every local consequence.

And it should not use evidence that became available after implementation to claim that policymakers should necessarily have known it beforehand.

Its task is evidential rather than political:

reconstruct the evidence, examine the assumptions, test the model and report what the evidence shows.

5.16 Why an independent review would add value

Many of the questions identified in this paper may have straightforward answers.

Some may already be answered by analysis held within Government or the OBR.

Some may require further analysis.

Some may ultimately prove quantitatively immaterial.

That is not an argument against review.

It is an argument for establishing the answers.

The value of an independent review lies partly in bringing together evidence that currently sits across different organisations, analytical disciplines and accounting boundaries.

It would also provide a mechanism for separating three questions that can otherwise become conflated:

Was the evidence available at the time used appropriately?

Were the assumptions and modelling reasonable given the uncertainty then faced?

What does subsequent experience now show?

Those questions can produce different answers.

An assumption can have been reasonable when made and later prove inaccurate.

A forecast can prove broadly accurate even where some of its underlying assumptions were weak.

An outcome can differ from forecast for reasons unrelated to analytical failure.

And new evidence can justify revising an assumption without implying that the original decision was made improperly.

The objective should therefore be learning rather than retrospective point-scoring.

If independent scrutiny finds that the original evidence, assumptions and modelling were robust, that should strengthen confidence in the analysis.

If it identifies material weaknesses, unsupported assumptions or outcomes materially different from those forecast, Government should consider what response the evidence warrants.

Either result would improve the evidence base.

5.17 Proposed terms of reference

The review's core terms of reference could therefore be stated succinctly:

To independently examine the evidence, assumptions and modelling underpinning recent fiscal reforms affecting independent schooling; to establish how uncertainty, cost concepts, accounting and population boundaries, demographic change, school and family behavioural responses, pupil destinations and alternative educational pathways, state-sector capacity and interacting financial pressures were treated; to test the principal forecast mechanisms and outcomes against post-implementation evidence using appropriate counterfactuals; and to identify lessons for future policy appraisal, monitoring and evaluation.

The review should answer four overarching questions:

What was known?

What was assumed?

What was modelled?

What happened?

And from those answers, a fifth follows:

What should now be learned?

That is the purpose of the independent evidence review proposed by AFIS.

6. Conclusion

This paper has not sought to reopen the political argument about recent fiscal reforms affecting independent schooling.

It has asked a narrower question:

Was the evidence base underpinning those reforms sufficiently robust, complete and transparent to support the assumptions upon which the published forecasts depended – and can those assumptions now be tested properly against subsequent experience?

The analysis does not establish that the Government's original modelling was necessarily wrong.

Government, HM Revenue & Customs, the Department for Education and the Office for Budget Responsibility did undertake analysis. The published record contains identifiable assumptions concerning fee increases, school response, parental behaviour, pupil movement, school closures, state-sector demand, public expenditure and tax revenue.

The OBR also acknowledged uncertainty in important parts of the behavioural evidence⁶⁹.

Nor has AFIS produced a single alternative model which it claims should replace the Government's forecasts.

That is not the conclusion of this paper.

The more important finding is that the published forecasts depended upon a connected evidence chain, and that different stages of that chain raise different analytical questions.

Understanding the families whose behaviour is being predicted is not the same as estimating their price responsiveness.

Estimating parental response is not the same as modelling how schools will absorb financial pressure.

Modelling school response is not the same as forecasting pupil movement.

Forecasting pupil movement is not the same as estimating the public expenditure generated by that movement.

And observing what happened after implementation is not the same as establishing what the reforms caused.

Those distinctions matter because each stage influences the next.

⁶⁹ Office for Budget Responsibility, *Economic and Fiscal Outlook – October 2024*, CP 1169 (October 2024), para. 3.38, p. 66. The OBR described the impact of the measure on private-school pupil numbers as the “main uncertainty in the costing”, stated that there was “limited evidence on how responsive demand for private school places will be” to increased fees and lower service provision, and adopted an estimated price elasticity of demand of 0.5.

6.1 The evidence chain can now be examined more precisely

The work undertaken since AFIS first began examining these questions has made the evidential issues substantially more specific.

The questions are no longer simply whether the evidence was “good enough”.

It is now possible to ask:

- how the affected population was characterised;
- what evidence informed assumptions about existing independent-school families and prospective entrants;
- why particular behavioural parameters were selected;
- how reduced independent-school participation was translated into forecast additional state-sector participation, and what alternative destinations or educational pathways were assumed for those who did not enter state-funded provision;
- how uncertainty and sensitivity were treated;
- how schools' capacity to absorb financial pressure was modelled;
- how school viability and closure risk were assessed;
- whether concurrent financial pressures were examined for cumulative behavioural or threshold effects;
- what cost concept underpinned the state-sector expenditure illustration;
- why a £7,690 average 5–16 school-funding measure was used for that purpose⁷⁰;
- how wider public-resource mechanisms were treated;
- how age, population and expenditure boundaries were aligned;
- how local capacity and geographical concentration were considered;
- what counterfactuals underpinned the pupil and closure forecasts; and
- what systematic evaluation is now testing the original assumptions against observed evidence.

These are not abstract objections.

They are questions capable, at least in substantial part, of being answered through access to the underlying evidence, modelling, assumptions and subsequent data.

6.2 The financial question is more precise than a single “cost per pupil”

⁷⁰ Department for Education, *School funding statistics: 2023 to 2024*, January 2024. The £7,690 figure represented average school-revenue funding per pupil aged 5–16 in England for 2024–25. See also HM Revenue & Customs, *Private school fees — VAT measure*, published 30 October 2024, updated 15 November 2024, and Office for Budget Responsibility, *Economic and Fiscal Outlook – October 2024*, para. 3.39, for its use in illustrating the state-sector expenditure associated with the forecast additional pupils.

AFIS's separate Technical Review of State-Schooling Resource and Accounting Boundaries has materially refined the financial argument.

It does not establish that Government simply omitted a particular amount of expenditure.

Nor does it produce a replacement "true cost per pupil".

Instead, it establishes that at least three concepts must be distinguished:

average funding allocated to schools;

average wider public resource supporting a population;

and

marginal additional expenditure caused when an additional pupil enters state provision.

Those concepts answer different questions.

The Government's £7,690 figure was a defined measure of average school-revenue funding for the broad 5–16 population.

The Institute for Fiscal Studies used a different methodology designed to estimate marginal additional cost.

AFIS's Technical Review identified approximately **£2.93 billion a year of B1 public resource** outside the £7,690 boundary that could be attributed sufficiently robustly to the same broad 5–16 population.

That finding does not mean that £2.93 billion should be divided by pupil numbers and added to £7,690.

It does not establish a hidden £2.93 billion policy cost.

And it does not establish that 35,000 additional pupils would generate a pro-rata share of that expenditure.

Its importance is different.

It shows that the £7,690 measure represented a particular accounting boundary rather than the full public-resource architecture associated with state schooling.

The more useful question is therefore:

Which expenditure mechanisms actually respond when additional pupils enter state education, for which pupils, under what circumstances, at what point and by how much?

That is a question about marginal consequences, not headline averages.

6.3 Behavioural response cannot be separated entirely from school response

The published behavioural forecast depended upon more than parental price elasticity.

It also depended upon assumptions about how schools themselves would respond.

Government expected the average effective increase in fees to be around 10 per cent rather than the headline 20 per cent VAT rate.

That assumption reflected both VAT recovery and an expectation that schools would absorb part of the remaining impact through efficiencies, cost reductions and other changes.

The price faced by families was therefore partly the product of school behaviour.

School viability also matters independently of parental choice.

A family may intend to remain in independent education but lose that option if its school closes.

The forecast of approximately 100 additional closures above normal turnover was therefore an important part of the wider evidence chain and should be assessed against an appropriate counterfactual, not against gross closure counts alone.

6.4 Cumulative effects remain a legitimate unresolved question

Separate fiscal assessments of separate tax measures are normal and, in themselves, unobjectionable.

This paper does not argue that Government should simply have combined every Tax Information and Impact Note into one aggregate costing.

The separate question is behavioural.

Schools and families experienced a wider financial environment containing, to differing degrees:

- increased employer Teachers' Pension Scheme contributions;
- VAT;
- removal of charitable business-rates relief;
- higher employer National Insurance contributions; and
- wider operating pressures.

Schools respond to their overall financial position.

Families respond to the total price and educational choices they face.

Where thresholds exist, the behavioural effect of several concurrent pressures may not necessarily be linear or additive.

Whether Government undertook integrated behavioural or viability analysis of those combined circumstances remains an important question.

If such analysis exists, independent examination of it would strengthen understanding of the original evidence base.

If it does not, the review should assess whether that omission was materially important.

6.5 Post-implementation evidence makes evaluation more valuable

The evidential position has changed since the reforms were designed.

Before implementation, policymakers necessarily relied upon forecasts.

After implementation, important parts of the forecast mechanism can increasingly be observed.

Pupil numbers can be measured.

Entry and exit patterns can be examined.

Fees and school responses can be observed.

Closures, mergers and restructurings can be tracked.

Movement into state provision and associated capacity effects can increasingly be investigated. So too, where suitable evidence can be obtained, can other destinations: transfers within the independent sector, home education, overseas schooling, family relocation and the pathways of prospective entrants who no longer enter independent education.

That does not mean that every observed change should be attributed to policy.

Quite the opposite.

A reduction in independent-school pupil numbers is not automatically the causal effect of the reforms.

A school closing after implementation is not automatically a policy-induced closure.

The relevant question is:

What happened compared with what would reasonably have been expected to happen without the reforms?

That requires a counterfactual.

Demographic change, economic conditions, underlying participation trends, migration, ordinary sector turnover and other contemporaneous policies all matter.

The original forecast should therefore be tested against both:

the scale of what happened

and

the mechanism through which it happened.

That mechanism includes not only whether existing pupils left independent education and the destinations they subsequently followed, but also the educational pathways followed by prospective entrants who did not enter the sector.

This is particularly important because the long-run pupil forecast expected much of the adjustment to arise through **fewer new entrants**.

That proposition is increasingly capable of empirical testing.

6.6 The published record is not necessarily the full analytical record

A distinction running throughout this paper is especially important.

Analysis that cannot be identified in the published record is not necessarily analysis that did not take place.

Government departments and the OBR may hold internal models, evidence reviews, submissions, sensitivity analysis, viability work or evaluation plans which have not been published.

AFIS has therefore sought to avoid inferring analytical failure simply from non-publication.

Subsequent Freedom of Information disclosures have already begun to clarify this distinction. In some areas they have revealed additional calculations and evidence not readily apparent from the original published material; in others, HM Treasury has confirmed that particular assumptions reflected analysts' judgement and that no further substantive analysis was undertaken⁷¹. Further relevant material may remain unpublished. Any independent review should therefore establish systematically, assumption by assumption, what evidence and analysis existed, what depended principally upon analytical judgement, and how those judgements were tested.

These disclosures illustrate why independent reconstruction of the evidence chain is both possible and worthwhile. They do not, by themselves, demonstrate that the assumptions selected were unreasonable or that the resulting forecasts were wrong. They do, however, make it possible to distinguish more clearly between assumptions supported by identifiable empirical evidence, assumptions informed indirectly by related evidence, and assumptions principally reflecting analytical judgement. That distinction is central to the review proposed in this paper.

6.7 Why an independent review now adds value

The case for review does not depend upon proving that Government got the policy wrong.

Indeed, an independent review would be of little value if its conclusion were predetermined.

Its purpose should be to reconstruct the evidence chain and test it.

At each important stage, the questions are straightforward:

What was known?

What was assumed?

What was modelled?

What happened?

And from those answers follows a fifth question:

What should now be learned?

Some original assumptions may prove substantially correct.

Some may require qualification.

Some may be challenged by subsequent evidence.

⁷¹ FOI TBC

Some may remain unresolved.

All of those are legitimate findings.

The value of review lies in establishing which is which.

6.8 What should follow if the evidence changes?

Evidence-based policymaking cannot mean relying upon evidence only until a policy has been implemented.

If subsequent evidence materially changes understanding of how a policy operates, Government should remain capable of responding.

That does not mean that every deviation from a forecast requires reversal.

Forecasts are uncertain by nature.

But where an independent review identifies material gaps, unsupported assumptions, significant methodological weaknesses or outcomes substantially different from those upon which policy was predicated, it is reasonable to ask whether the design, scope, implementation or continued operation of the relevant measures should be reconsidered.

Conversely, if the original analysis withstands independent scrutiny and subsequent evidence supports its central assumptions, that should strengthen confidence in both the analysis and the policy.

Either result would be useful.

6.9 A wider principle

This paper concerns independent schooling, but the methodological principle is broader.

Administrative categories are useful.

Models are necessary.

Forecasts are unavoidable.

Uncertainty cannot be eliminated.

But where policy affects children, families, schools and substantial public resources, the evidential chain should be capable of being explained and tested.

The quality of evidence should not depend upon the political popularity, perceived affluence or numerical size of the population affected. The evidential standard should be consistent.

Being a minority should not mean that the evidential standard applied to decisions affecting those children and families can be lower.

The standard should be consistent:

use the strongest evidence reasonably available; make assumptions explicit; distinguish different cost concepts and populations; test uncertainty; distinguish observed change from causal effect; evaluate outcomes against appropriate counterfactuals; and remain willing to learn when subsequent evidence changes the picture.

That is not an argument for or against independent schooling.

It is an argument for better policymaking.

And it is why AFIS believes there is now a credible, constructive and evidence-led case for an:
**Independent Review of the Evidence Base Underpinning Recent Fiscal Reforms Affecting
Independent Schooling.**

/ends

CONTACT

Michelle Daniells

1 The Mews

Idsworth

Waterlooville

Hampshire PO8 0AW

E: michelle@afis.org.uk

Tel: 07949 153319

References and principal sources

Government policy, impact assessment and implementation documents

HM Revenue & Customs (2024), *Private school fees — VAT measure*, Tax Information and Impact Note, published 30 October 2024 and updated 15 November 2024.

HM Treasury (2024), *Applying VAT to Private School Fees and Removing the Business Rates Charitable Rates Relief for Private Schools: Technical Note*, published 29 July 2024.

HM Treasury (2024), *Government Response to the Technical Note on Applying VAT to Private School Fees and Removing the Business Rates Charitable Rate Relief: Summary of Responses*, published 30 October 2024.

HM Treasury (2024), *Autumn Budget 2024*, HC 295, published 30 October 2024.

HM Treasury (2024), *Autumn Budget 2024: Policy Costings*, published 30 October 2024.

HM Revenue & Customs (2024), *Changes to the Class 1 National Insurance Contributions Secondary Threshold, the Secondary Class 1 National Insurance Contributions Rate, and the Employment Allowance from 6 April 2025*, Tax Information and Impact Note, published 13 November 2024.

Ministry of Housing, Communities and Local Government (2025), *Removal of Eligibility of Private Schools for Business Rates Charitable Relief*, updated impact note, published 9 May 2025.

HM Revenue & Customs (2026), *Charging and Reclaiming VAT on Goods and Services Related to Private School Fees*, guidance first published 10 October 2024 and updated 5 February 2026.

HM Revenue & Customs (2025), *Education and Vocational Training (VAT Notice 701/30)*, updated 27 January 2025.

These publications set out the Government's policy design, fiscal costings, behavioural assumptions, anticipated effects and implementation arrangements. The principal VAT impact note expressly acknowledges that the Government does not hold complete pupil-level information across the independent-school population and that the impacts on schools and families may vary.

Academic research on independent-school participation and family characteristics

Green, F., Anders, J., Henderson, M. & Henseke, G. (2017), *Who Chooses Private Schooling in Britain and Why?*, LLAKES Research Paper 62, UCL Institute of Education.

Anders, J., Green, F., Henderson, M. & Henseke, G. (2020), ‘Determinants of private school participation: All about the money?’, *British Educational Research Journal*, 46(5), 967–992.

Henseke, G., Anders, J., Green, F. & Henderson, M. (2021), ‘Income, housing wealth, and private school access in Britain’, *Education Economics*, 29(3), 252–268.

These studies examine the socioeconomic composition and determinants of private-school participation in Britain, including household income, housing wealth, parental characteristics, educational pathways and the availability of alternative provision. They form part of the pre-implementation evidence relevant to understanding the population whose behavioural response was subsequently modelled.

Office for Budget Responsibility

Office for Budget Responsibility (2024), *Economic and Fiscal Outlook — October 2024*, CP 1169.

Office for Budget Responsibility (2025), *Economic and Fiscal Outlook — November 2025*, CP 1444.

The October 2024 forecast contained the original OBR assumptions concerning the effective VAT rate, the proportion of costs expected to be passed through in fees, reductions in service provision, efficiencies and the expected long-term reduction in independent-school pupil numbers. The November 2025 forecast retained the assumed long-term reduction of approximately 6 per cent and described the May 2025 entry-point data as providing initial support for that assumption.

School and pupil statistics

Department for Education (2025), *Schools, Pupils and Their Characteristics: Academic Year 2024/25*, accredited official statistics, published 5 June 2025 and updated 25 September 2025.

Department for Education (2026), *Schools, Pupils and Their Characteristics: Academic Year 2025/26*, accredited official statistics, published 4 June 2026 and updated 14 July 2026.

These statistical releases provide the principal official data on school and pupil numbers in England, including independent-school enrolment. The 2025/26 release reported a decline in independent-school pupil numbers but also identified demographic change as an important influence on pupil numbers across the school system.

Government guidance on appraisal and evaluation

HM Treasury and Government Finance Function (2026), *The Green Book: Central Government Guidance on Appraisal*.

HM Treasury and Evaluation Task Force (2026), *Magenta Book: Central Government Guidance on Evaluation*.

The Green Book provides the Government's principal framework for assessing the costs, benefits and risks of policy proposals. The Magenta Book provides central guidance on the design, conduct and use of evaluation, including the need to understand what happened, for whom, why and at what cost; to identify unintended effects; and to distinguish between process, impact and value-for-money evaluation.

Legislation

Finance Act 2025.

Non-Domestic Rating (Multipliers and Private Schools) Act 2025.

The Finance Act 2025 contains the statutory provisions applying VAT to private-school education and boarding services. The Non-Domestic Rating (Multipliers and Private Schools) Act 2025 removes eligibility for charitable business-rates relief from relevant private schools in England.

Legal proceedings

R (ALX and others) v Chancellor of the Exchequer and others [2025] EWHC 1467 (Admin); [2026] 1 WLR 10.

R (BYL and another) v Chancellor of the Exchequer and others and *R (Emmanuel School (Derby) Limited and others) v Chancellor of the Exchequer and others* [2026] EWCA Civ 170.

R (on the application of Emmanuel School (Derby) Limited trading as Emmanuel School and others) v Chancellor of the Exchequer and others, UKSC/2026/0045.

R (on the application of BYL, by their litigation friend BAU, and another) v Chancellor of the Exchequer and others, UKSC/2026/0056.

The Court of Appeal delivered judgment on 27 February 2026. Permission to appeal to the Supreme Court was granted on 22 May 2026, with the linked appeals listed for hearing on 1 and 2 December 2026.

AFIS research and companion publications

Association for Families of Independent Schooling, *FAMILY VOICE*, continuing research programme examining independent-school families, educational decision-making and experiences of policy change.

Daniells, M. (forthcoming), *Beyond School Labels: Challenging the Assumptions Attached to Britain's "93% State / 7% Independent" Schooling Framework*, AFIS Discussion Paper.

Association for Families of Independent Schooling (AFIS) C.I.C. (2026), *Review of the Accounting Boundaries Underpinning the Government's Published State Schooling Cost Estimates: A technical review of the evidence, assumptions and methodology underlying the Government's assessment of VAT on independent-school fees*, August 2026.

Online sources last accessed 25 August 2026.

Suggested Citation

Daniells, M. (2026), *The Case for an Independent Review of the Evidence Base Underpinning Recent Fiscal Reforms Affecting Independent Schooling*, AFIS Discussion Paper.

Copyright

© Michelle Daniells 2026