



Llywodraeth Cymru
Welsh Government

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Charitable non-domestic rates relief for private schools: summary of responses

Summary of responses to the consultation on the proposal to withdraw charitable rates relief from private schools in Wales.

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Introduction

The eligibility of schools for charitable non-domestic rates relief in Wales was originally **consulted** (<https://www.gov.wales/charitable-rates-relief-schools-and-hospitals-wales>) upon in 2020. This consultation sought views on the Welsh Government's specific proposal to withdraw charitable rates relief from private schools, seeking to bring them in line with those which do not have charitable status for the purposes of non-domestic rates. The aim of this proposal is to make additional funding available for local services in Wales, by withdrawing a tax reduction for private education which is paid for from public funds.

In Wales, private schools are registered as independent schools. Not all independent schools receive charitable rates relief, as most are not charities. There are currently (as at January 2025) 83 independent schools registered in Wales. Of these, 17 receive charitable rates relief.

In developing this proposal, the Welsh Government appraised the potential impacts by undertaking an Integrated Impact Assessment (IIA). A **summary** (<https://www.gov.wales/charitable-non-domestic-rates-relief-private-schools-integrated-impact-assessment-html>) of the IIA and a separate **Children's Rights Impact Assessment** (<https://www.gov.wales/consultation-charitable-non-domestic-rates-relief-private-schools-childrens-rights-impact>) were published alongside the consultation.

Through this consultation, the Welsh Government sought views on the proposal to withdraw charitable rates relief from independent schools, the proposed definition of an independent school, (<https://www.gov.walesnull>) and the potential impacts of the proposal.

This consultation was open for a 12-week period, from 23 September until 16 December 2024.

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Questions and responses

In total, the consultation received 109 responses. Responses were received from a range of stakeholders, including independent schools, representative bodies, individual parents of independent school pupils and other members of the general public. A full list of respondents is included in annex a.

A summary of the responses received to each question is provided below. It does not aim to capture every point raised by respondents, but to highlight the key themes.

Some respondents did not answer every question. All percentages are based on responses to the relevant question, rather than the total number of respondents to the overall consultation.

Question 1: What are your views on the proposal to remove charitable non-domestic rates relief from private schools in Wales?

All respondents answered this question. 42 respondents (39%) were in favour of the proposal. This view was generally shared by individual members of the public, as well as two wider representative bodies. They were of the view that the public funding currently used to provide relief should instead be available for local services, including maintained schools. Some respondents who provided more detailed comments in favour of the proposal highlighted the ability of independent schools to act as businesses and raise income through fees.

60 respondents (55%) were not in favour of the proposal. This view was shared by independent schools, their representatives and the parents of their pupils. These respondents were generally concerned about the potential for fee increases to result in additional costs for parents or displacement of some pupils

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to maintained schools. Some referred to the combined effect of this proposal and the UK Government's decisions to apply VAT to private school fees and increased employer National Insurance contributions. Additional details about the potential impacts raised by respondents opposed to the proposal are included in the summary of responses to question 3.

Seven respondents did not indicate support or opposition to the proposal overall. Of these, three were of the view that independent schools which specialise in provision for children with additional needs should not be included in the proposal. Other wider comments referred to the legal requirements for charities to carry out their purposes for the public benefit and the consistency of approach across Wales, England and Scotland which the proposal would provide. It was also suggested that implementation of the proposal is delayed for a year.

Wider comments were also made, by respondents opposed to the proposal, about the contributions that independent schools make to their local communities. Examples include the sharing of facilities with maintained schools or community groups and the provision of bursaries or scholarships to some pupils. These activities reflect the charitable purposes of the schools which would be affected by the proposal.

Question 2: Does the proposed definition of an independent school achieve the aim of the proposal?

(<https://www.gov.walesnull>)

75 respondents answered the question with a specific view related to the effect of the proposed definition. Among these, 47 (63%) agreed that the proposed definition would achieve the policy aim. This view was generally shared by respondents in favour of the proposal, as well as some who reiterated their opposition.

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Two **representative bodies referred to the definition adopted by the UK Government in relation to England, whereby schools which are wholly or mainly concerned with providing full-time education to persons for whom an Education, Health and Care Plan (EHCP) is maintained will continue to be eligible for charitable rates relief. It was suggested that the same exception from the withdrawal of relief should be adopted for Wales** (<https://www.gov.walesnull>). Two independent schools suggested tailoring the definition to create exceptions related to their own specific circumstances, which they consider to set them apart from other independent schools in Wales.

The remaining 24 (32%) of respondents who commented on the definition were of the view that it would not achieve the policy aim, but did not provide specific reasons or suggest an alternative definition. This view was generally shared by respondents opposed to the proposal and related policy aim.

A further 17 respondents provided a response to this question. They either did not provide a specific view on the proposed definition or made comments reinforcing their opposition to the proposal which were not relevant to the specific question.

Question 3: What are your views on the potential impacts of the proposal?

100 respondents provided views relevant to this question. 36 respondents (36%) either agreed with the Welsh Government's assessment of the potential impacts or emphasised the anticipated benefits. Many of their comments highlighted the additional funding that would be available for local services, particularly maintained schools. Others were of the view that the limited financial implications for affected schools would not be likely to lead to displacement of many pupils to maintained schools. These views were generally shared by respondents in favour of the proposal.

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64 respondents (64%), who were opposed to the proposal, emphasised their view that fee increases would result in additional costs for parents or displacement of pupils to maintained schools. Some respondents were of the view that displacement and recruitment challenges could compromise the viability of independent schools and lead to closures. Others suggested that independent schools may reduce staffing or their offer of scholarships and bursaries to meet increased costs.

Some respondents opposed to the proposal were of the view that some children, including those with additional learning needs, attend independent schools because their needs cannot be met in their local maintained school. A concern was raised that any fee increases could increase the cost of local authority placements for pupils with additional learning needs. A smaller number of respondents focussed on children attending independent schools which reflect their religious and philosophical beliefs. These respondents were concerned that children could be disadvantaged if they were not educated in independent schools.

Among respondents anticipating significant displacement of pupils from independent schools as a consequence of the proposal, some were of the view that this would place pressure on maintained schools. They thought that maintained schools would not be able to accommodate additional pupils, or that class sizes would increase and the standard of education provided would be affected. Two respondents presented analysis intended to demonstrate that the costs to the Welsh public sector associated with potential displacement, arising from the combined effect of withdrawing charitable relief and UK Government tax policies, may outweigh the additional revenue from this proposal in isolation (the analysis did not consider the potential for additional revenue arising from the UK Government's tax changes).

The potential impacts raised by respondents opposed to the proposal were considered in the Welsh Government's impact assessment, but with differing conclusions on the likelihood that they would materialise as suggested.

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Question 4: Are you aware of any independent schools specially organised to make additional learning provision which are also charities and may be affected by the proposal? If so, please provide details.

77 respondents provided views relevant to this question. A majority (69%) were not aware of any independent schools specially organised to make additional learning provision which would be affected by the proposal.

24 (31%) respondents stated that they were aware of such schools. Many of these did not name specific schools. Some commented that they expected all schools that may be affected by the proposal make some additional learning provision (which is different from being specially organised for this purpose).

23 specific schools were referenced in responses to this question. Of these, 20 are not specially organised to make additional learning provision. They are instead mainstream independent schools with relatively low numbers of pupils with additional learning needs. These schools (where they are charities and would be affected by the proposal) were identified during development of the proposal.

Three schools which are specially organised to make additional learning provision were highlighted in responses to this question. Two of these are not liable for non-domestic rates and, therefore, would not be affected by the proposal. (<https://www.gov.walesnull>) The one remaining school would appear to be affected by the proposal, as it is a charity occupying a property on the non-domestic rating list.

Question 5: The Welsh Government would like your views on the effects these proposals would have on the Welsh language, specifically on:

- 1. opportunities for people to use Welsh; and**
- 2. on treating the Welsh language no less favourably than English.**

What effects do you think there would be? How could positive effects be increased, or negative effects be mitigated?

67 respondents provided views relevant to this question. The majority were of the view that the proposal would have no material impact on the Welsh language. Some respondents highlighted that Welsh language provision is limited in independent schools. Others stated that some independent schools make a positive contribution to the Welsh language which could be diminished in response to the proposal. More general comments were made by some respondents who were of the view that the focus on the Welsh language was not relevant to this policy proposal or did not reflect their priorities.

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Question 6: Please also explain how you believe the proposals could be formulated or changed so as to have:

- 1. positive effects or increased positive effects on opportunities for people to use the Welsh language and on treating the Welsh language no less favourably than the English language; and**
- 2. no adverse effects on opportunities for people to use the Welsh language and on treating the Welsh language no less favourably than the English language.**

46 respondents provided views relevant to this question. Limited specific views were provided by a minority of respondents about ways in which the proposals could be formulated to support the Welsh language. The most common suggestion directly related to the proposal was for independent schools which offer Welsh language tuition to their pupils and wider communities to continue to be eligible for relief. Some respondents in favour of the proposal suggested prioritising the additional funding to support Welsh language education in maintained schools.

Government response

The Welsh Government recognises the wide range of views provided in response to this consultation. Independent schools which are registered

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charities currently receive around £1.3 million annually in charitable rates relief. The proposal seeks to bring independent schools which are charities in line with other independent schools in Wales, for the purpose of non-domestic rates liability.

The matters raised by those opposed to a policy change were considered during the development of the proposal. The Welsh Government's position on these matters was set out in the consultation and impact assessments. In particular, there is considered to be very limited potential for a material impact on average fees and resulting displacement of pupils to maintained schools, arising from this proposal specifically.

It is recognised that the UK Government's approach for England includes an exception from the withdrawal of relief for private schools which are wholly or mainly concerned with providing full-time education to persons for whom an EHCP is maintained. The consultation sought to identify whether any similar schools in Wales would be affected. Careful consideration has been given to the circumstances of relevant schools highlighted in the responses. As a consequence, the Welsh Government has decided to include an exception with equivalent effect in the proposed approach for Wales, taking account of differences in the legislative framework for identifying additional learning needs.

The broad equivalent of an EHCP in Wales is an Individual Development Plan (IDP), which can be prepared and maintained either by a local authority, or by a maintained school (where the child or young person is a registered pupil at the school). **Under the legislative framework for IDPs, an IDP for a pupil in an independent school can only be maintained by a local authority.**

(<https://www.gov.wales>) As such, it is proposed that an independent school in Wales which is wholly or mainly concerned with providing full-time education to persons with an IDP would continue to be eligible for charitable rates relief. This approach was suggested by some respondents to the consultation.

The schools which will otherwise be affected by the proposal have very low

numbers of pupils with additional learning needs (less than 1% on average, compared with 22% for all independent schools and 11% for maintained schools). They are all mainstream independent schools which are not considered distinguishable in this regard from other mainstream schools in the private (and maintained) sector which do not receive charitable relief.

Following consideration of the consultation responses, the Welsh Government does not consider any additional changes to the proposal to be necessary in order to ensure that the policy aim is achieved. The aim is to make additional funding available for local services in Wales, by withdrawing a tax reduction for private education which is paid for from public funds.

Next steps

The Welsh Government will bring forward the regulations required to give effect to the proposal. Subject to the approval of those regulations by the Senedd, independent schools in Wales will cease to be eligible for charitable rates relief from 1 April 2025.

Annex a: list of respondents

Responses were received from the following:

- Catholic Education Service
- Charity Commission for England and Wales
- Chartered Institute of Taxation
- Cwlwm Federation
- Institute of Revenues, Rating and Valuation
- National Association for Special Schools

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- St Gerard's School Trust
- St John's College
- UWC Atlantic
- Welsh Independent Schools Council

31 individual members of the public (including some parents of independent school pupils).

68 respondents who wished to remain anonymous (including some independent schools, individual members of the public and parents of independent school pupils).

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