

BLOG: ‘Removing private schools’ charity status will hurt property market’

Glentree boss Trevor Abrahmsohn warns Keir Starmer over his party’s plans to make schools like Eton stand on their own two financial feet.

Trevor Abrahmsohn, Glentree International

🕒 8th February 2024



The German writer Heinrich Heine (1797–1856) presciently stated that Communism ‘...possesses a language which every people can understand – its elements are hunger, envy, and death.’

Sadly, this may come to pass in the General Election as it’s a racing cert that Mr. Starmer and his merry band of class warriors will occupy No. 10.

And once the non-alcoholic beer and vegan sandwiches have been consumed, it’ll be time to give the middle and upper echelons of society a good kicking and prove Heine right.

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The Labour Party have been threatening to remove independent schools’ charitable status for years and subject them to the dreaded VAT charge.

But like extracting only the rotten parts of a scrambled egg or reducing the ‘notes’ in a Mozart sonata, they haven’t even considered how this will affect other charitable institutions.

■ MAGIC MONEY TREE

The magic money tree will need to blossom effusively since the sector turns over nearly £48 billion per year and could lead to all manner of legal actions.

Despite the soundbites of the left-wing fanatics, a report by the Independent Schools Council (ISC) in 2022 found that the private education sector brings numerous economic benefits.

For instance, schools affiliated to the ISC made a £14.1 billion contribution to the UK economy, equivalent to the total economic activity in a city the size of Sheffield.

And in 2022 ISC schools supported around 282,000 jobs across the country, equivalent to the total employed population in a city the size of Liverpool.

They also bring in £4.3 billion in tax revenues for HM Treasury – enough to fund the salaries of 115,000 full-time nurses.

■ ECONOMIC FOOTPRINT

If these results were scaled up to all independent schools across the UK, the estimated total economic footprint is around £16.5 billion. This amounts to over 328,000 jobs and £5.1 billion in tax revenues.

The study found that independent schools save the taxpayer £4.4 billion every year by providing places for pupils who would otherwise have to take up a place in the state-funded sector. The ISC schools’ share of that total is £3.8 billion.

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Lest we forget, it’s not just oligarchs or the ‘posh’ who use these private schools but hard-pressed parents who sacrifice everything so that their children can reach their full academic potential. But as with many misguided plans that are designed to appeal to ‘equality’ and ‘fairness’, the laws of unintended consequences always apply, and it is these vulnerable families who will suffer the most from this distorted utopian ideology.

Schools are already preparing themselves to increase their fees in advance of these changes which renders only the wealthy to afford this privilege.

And what will happen to the displaced students looking for places in the state education system when there’s no spare capacity for them?

■ ST TRINIAN'S ON STEROIDS

If the sluice gates opened and the displaced private school pupils were to try to join the state system those 609,000 students forming a scrum at the school gates would be like St Trinian’s on steroids!

Even if the will were there to absorb the extra numbers it takes at least 10 years to conceive and implement a new school. Also, the new recruits have to be accommodated within a sensible distance from where they presently live, or else the stressful school run (the bane of many parents’ lives) will turn into Formula 1 crossed with Game of Thrones.

As with many grandiose, politically inspired, socialistic ideas the Labour Party hasn’t worked out the sums or the methodology yet – despite the problem being lapping at their feet within months. In our business, we call this self-inflicted flagellation.

“ **This will unsettle families and provoke them to sell their homes.**”

Undoubtedly, this will unsettle families and provoke them to sell their homes in one borough and judiciously purchase in another, to better the chances of getting children educated at somewhere halfway decent.

■ RUSH TO SELL

There could be a tremendous rush to sell which as we know is exactly the wrong strategy for achieving the best possible price.

Without this extra baggage the residential property market is already under pressure from high energy prices, inflation and the unaffordable cost of borrowing.

Areas that still have the remaining 166 grammar schools and/or decent state schools will probably see outrageous demand in unlikely places such as Bromley, Slough and Medway.

Anyone with a savvy eye on the market would rent before buying just to see if it all works out.

“ **Politics – like house prices – is a fickle beast.**”

Politics – like house prices – is a fickle beast and it’s difficult to predict the effect this will have on underlying values but it looks as if it will impact certain micro-markets, such as the sector between £750,000 to £1.5million.

But why allow political dogma and the politics of envy to disturb the equilibrium of the education system which is the wealth of the nation?

Do we ever learn? ‘Change’ for change’s sake is a popular left-liberal nostrum which invariably does not lead to better results.

Whilst I admit that the Tory’s have not covered themselves in glory the VAT issue may well lead to an academic fail for the country rather than an A* grade.

Don’t say you haven’t been warned.

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