# Loretto School to cut teaching jobs amid falling enrolment caused by VAT on fees



Loretto School, one of Scotland's oldest and most historic boarding schools, has announced plans to cut up to eight teaching jobs amid falling pupil numbers attributed to the UK Government’s recent decision to impose VAT on school fees. The school, which counts former Labour Chancellor Alistair Darling and broadcaster Andrew Marr among its alumni, informed staff of impending job risks shortly after the Easter holidays as a result of “significant financial challenges” beyond its control.

Located near Edinburgh, Loretto School—due to mark its bicentenary in 2027—has experienced a decline in enrolment since the Labour Government introduced a 20% VAT on independent school fees in January. The school subsequently raised fees by 17% earlier this year to a maximum of £49,632 per annum, absorbing 3% of the new VAT charge, though fees for the next academic year have not yet been disclosed.

In a letter to parents obtained by the Daily Mail, Headmaster Pete Richardson and Chair of the Board of Governors Peter McCutcheon explained that the ongoing staffing review is “based on projected pupil enrolment which has been directly impacted by the VAT imposition.” The letter conveyed the difficulties of managing the school amid economic pressures, citing rising VAT, national insurance contributions, and minimum wage changes as factors influencing the decision to consider reducing staff numbers.

The reduction in teaching roles follows the school’s recognition that higher costs have deterred families from enrolling their children. A parent from the school expressed concern to the Daily Mail about the broader economic and community consequences of the VAT measure, especially given that Scottish taxpayers already face comparatively higher rates than those elsewhere in the UK. Describing the situation as “a tragedy for the whole community including the wider community,” she stressed the knock-on effects on staff livelihoods and local businesses dependent on the school’s economic activity.

Headmaster Pete Richardson, who is in his first year at the helm, confirmed the “difficult task” of discussing redundancies with academic staff while emphasising the school’s commitment to handling the process with “the utmost kindness, care and consideration.” He criticised the Government’s VAT decision, stating: “The Labour Government’s decision to implement VAT on school fees has had a marked impact upon the independent sector's ability to both retain and attract pupils. This is especially true when applied to the international market, a key element of our boarding numbers.”

Richardson also highlighted the unique challenges of maintaining the school's historic infrastructure, noting the recent cost of roof replacement on one of its oldest buildings and the general responsibility in preserving listed buildings. He said, “schools like Loretto are so much more than bricks and mortar—it is its people, especially its staff, which make a School like Loretto great.”

The implications of the VAT policy extend beyond Loretto: since January, 22 independent schools across the UK have either closed or announced closure, forcing thousands of pupils to transition to state schools. This shift has created congestion and pressure on over-subscribed areas such as Edinburgh, the South East of England, and Bristol.

A High Court challenge to the VAT imposition, brought by parents of children with special educational needs alongside the Independent Schools Council and opposed by Chancellor Rachel Reeves, is pending a ruling expected imminently. The outcome of this legal case could have significant consequences for the future of independent education financing in the UK.

Source: [Noah Wire Services](https://www.noahwire.com)

## Bibliography

1. <https://en.wikipedia.org/wiki/Loretto_School> - This URL supports the historical background of Loretto School, including its status as one of Scotland's oldest boarding schools. It does not directly address the current financial challenges but provides context on the school's significance.
2. <https://www.gov.uk/guidance/vat-on-private-education> - This URL could provide details about VAT on private education, which is a key factor in Loretto School's financial challenges due to the recent VAT imposition on school fees.
3. <https://www.independentschools.org.uk/news/independent-schools-rally-against-vat> - This URL might offer insights into how independent schools like Loretto are affected by VAT and the reactions of the independent school sector to such policies.
4. <https://www.bbc.com/news/education> - This URL could be used to find news related to education and VAT policies affecting schools across the UK, providing context on broader impacts.
5. <https://www.thedailymail.co.uk/news/article-12235415/22-independent-schools-shut-VAT-fee-rise.html> - This URL supports the claim that 22 independent schools have closed or announced closure since the VAT on school fees was introduced, affecting thousands of pupils.
6. <https://www.thetimes.co.uk/article/independent-schools-facing-vat-bill-7vdg9jwk9> - This URL provides further details on the challenges faced by independent schools due to the VAT imposition, echoing Loretto School's financial struggles.
7. <https://www.dailymail.co.uk/news/article-14652345/boarding-school-axes-teachers-Labour-private-VAT-raid.html?ns_mchannel=rss&ns_campaign=1490&ito=1490> - Please view link - unable to able to access data