# Parents paying up to £45,000 more to buy into ‘good’ state school catchments after VAT on fees



Parents are increasingly prepared to pay substantial sums to secure a place for their children in a desirable state school catchment, with recent reporting citing an average willingness to pay roughly 15% more for a home in the catchment of an Ofsted‑rated “good” school — approximately £45,000 on top of the typical UK property value. That figure sits alongside official house‑price data showing a July 2025 typical property value of £298,237, underlining how education priorities are now a material factor in many families’ housing decisions.

The appetite to buy into a preferred catchment is striking. Surveys referenced in the press indicate that almost three in four parents say they would pay over the odds to live where their children would be prioritised for a school place, up from lower levels reported previously. Regional breakdowns amplify the pressure in already expensive markets: buyers in London face the largest cash premiums, while parts of the north and the north‑east show much smaller uplift on average. Santander’s commentary accompanying its research highlights the emotional as well as financial stretch for families, and a spokesperson told the press that stabilising interest rates and a rising flow of properties to market could make it easier for some parents to secure an “outstanding” home in their dream catchment.

Policy change is a key driver behind the shift. The government removed the VAT exemption for independent school fees with effect from 1 January 2025, meaning a standard 20% rate now applies to most private school payments. The change — a high‑profile manifesto pledge that was implemented after ministers set out transitional arrangements for pre‑payments — was justified by the Treasury as a means to raise revenue for public services, including schools. Analysts and parliamentary briefings have explained the detail of the measure and flagged consequential pressures on households and on the independent sector’s finances.

Those pressures are already showing through in parental choices. Industry reporting and polling point to thousands of pupils leaving the independent sector since the VAT change, and a sizeable minority of parents say they are considering moving their children into state education in response to higher fees. In turn, many of those parents say they will attempt to relocate into strong state school catchments rather than pay increased private fees — a behavioural shift that helps explain rising buyer competition in particular areas. At the same time, other research from Santander carried out earlier found a smaller, concentrated “top‑schools” premium — reflecting how different methodologies (for example, examining the top 500 primary schools outside London versus a broader definition of “good” schools) produce different estimates of the house‑price uplift.

There are, however, important caveats that temper the headline numbers. Not all state schools operate strict geographic catchments; some admit by test or other criteria, and catchment boundaries and Ofsted ratings can and do change. Admissions policies can prioritise within a catchment by test scores or other factors, and where a school becomes oversubscribed a nearby address does not guarantee a place. Analysts warn that these dynamics mean any “catchment premium” can be volatile: a house bought at a premium because of its school could lose that advantage if the school’s status or admissions arrangements change.

The effects are social as well as fiscal. Surveys feeding into the industry commentary show parents reporting increased stress during applications, with some considering home‑schooling or feeling the social strain of competition for places. Many families say they would be willing to uproot — the average intended relocation distance reported in the latest surveys has increased year‑on‑year — and a non‑negligible share say they would sell their home to secure a place in a preferred school.

Market context matters to how long the squeeze might last. Halifax’s house price series shows modest growth in mid‑2025, and banks and estate agents point to growing supply and easing mortgage market conditions relative to the peak of the cost‑of‑living crisis. Santander’s housing experts have suggested that a combination of more properties coming to market and stabilising borrowing costs could help some buyers capture catchment advantages without overstretching budgets — although that is a prospective, company‑sourced view rather than an established trend.

Taken together, the data and the policy environment point to a sustained interplay between schooling choices and housing demand: fiscal policy has raised the stakes for some families, and that is feeding through into where people choose to live — and how much they are willing to pay. At the same time, methodological differences between studies and the mutable nature of school admissions mean the true scale of any “school premium” varies by place and over time, and buyers should treat premiums as neither guaranteed nor permanent.

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

## Bibliography

1. <https://www.dailymail.co.uk/money/mortgageshome/article-14992731/Majority-parents-pay-15-pc-premium-property-prices-good-school-catchment-area-40k-average-house-price.html?ns_mchannel=rss&ns_campaign=1490&ito=1490> - Please view link - unable to able to access data
2. <https://www.santander.co.uk/about-santander/media-centre/press-releases/parents-face-5-premium-on-properties-within-catchment> - Santander’s 28 August 2024 press release reports that parents seeking places at the top 500 state primary schools outside London face an average 5% ‘school catchment premium’, equivalent to £21,215. Nearly two-thirds (63%) of parents said they have paid or would pay extra to live within a desired catchment, up from 26% in 2019. The research finds parents are prepared to move on average 25 miles to secure a place and that nearly one in five would sell their home to do so. Santander also highlights stress and sleepless nights experienced during school applications. It quotes Graham Sellar at Santander.
3. <https://www.halifax.co.uk/media-centre/house-price-index.html> - The Halifax House Price Index page provides the bank’s official monthly data and commentary on UK residential prices. For July 2025 the index records a typical property value of £298,237 and notes a 0.4% monthly rise and 2.4% annual growth. Halifax’s commentary highlights regional variations, affordability trends, and mortgage market influences on demand. The media centre hosts downloadable reports and historical series, enabling calculation of regional averages and comparisons over time. Halifax analysis is widely used by journalists and policymakers as an authoritative indicator of UK house price movements and to contextualise discussions about affordability and property premiums near schools.
4. <https://www.bbc.co.uk/news/articles/c033dp0z1edo> - The BBC explainer article outlines the UK government’s decision to remove the VAT exemption for independent school fees, noting the change came into force on 1 January 2025. It explains VAT basics, the standard 20% rate, and that previously private school fees were exempt as a supply of education. The piece details estimated revenue, the government’s stated aims for funding teachers and improvements, and mentions exemptions for pupils with acute special educational needs named on an EHCP. The BBC also summarises immediate consequences such as higher fees, legal challenges, and changes to business rates relief for some schools and critics.
5. <https://lordslibrary.parliament.uk/independent-schools-proposed-vat-changes/> - The House of Lords Library briefing examines proposed VAT changes affecting independent schools, summarising policy background, fiscal estimates and likely effects. It notes Labour’s manifesto pledge to end the VAT exemption and references the King’s Speech and a government written statement announcing plans for 20% VAT from 1 January 2025, plus treatment of pre-payments made after 29 July 2024. The briefing describes implications for school finances, potential input VAT recovery, and estimates of revenue. It also discusses devolved competence over education spending and reactions from sector bodies such as the Institute for Fiscal Studies and the Independent Schools Council organisations.
6. <https://inews.co.uk/news/education/13000-pupils-leaving-private-schools-vat-fees-3307218> - An iNews article reports on polling and sector data indicating thousands of pupils are leaving private schools after the government introduced VAT on fees. It cites the Saltus Wealth Index and Independent Schools Council analysis, reporting that around 13,000 pupils departed the independent sector and that roughly 20.5% of surveyed high-net-worth parents said they would move children to cheaper schools. The story explains how fees rose, options parents consider (switching to state schools, remortgaging, switching boarding to day), and quotes industry bodies assessing impacts on enrolment, school finances and local state provision capacity. It places the figures within wider debate.
7. <https://www.thisismoney.co.uk/money/mortgageshome/article-3610345/Living-near-primary-school-rated-outstanding-Ofsted-adds-44k-house-prices.html> - This Is Money reported analysis showing that living near an Ofsted-rated 'outstanding' primary school can add almost £44,000 to house prices. Using sold-price data, the piece highlights large regional variation and cites examples where catchment premiums reach 40% or more, particularly in southern England and London. It explains methodology comparing streets within catchments to surrounding postcodes and warns that catchment boundaries and school ratings can change, so premiums are not guaranteed. The article frames catchment premiums as a key factor for family housing decisions and compares the cost of buying in a catchment with paying private school fees for parents.