



HOUSE OF COMMONS
LONDON SW1A 0AA

Right Honourable George Osborne MP
Chancellor of the Exchequer
HM Treasury
1 Horse Guards Road
London
SW1A 2HQ

4 May 2016

Dear George,

The VAT implications of Sixth Form Colleges becoming 16-19 academies

In November's Spending Review and Autumn Statement you announced that Sixth Form Colleges in England would be given the opportunity to become academies, allowing them to recover their non-business VAT costs. This will enable Sixth Form Colleges to apply to become a 16-19 academy if they believe this to be in the best interests of their students and the wider community.

However, I am writing to you on behalf of the All Party Parliamentary Group for Sixth Form Colleges and other MPs that support this high performing sector, to ask you to address an unintended consequence of your announcement. Under HMRC rules, it seems that if a Sixth Form College changes its status to become a 16-19 academy, there is a risk this could trigger the repayment of VAT relief received on buildings that were completed after March 2011.

This could mean that a policy introduced to reduce the VAT burden on Sixth Form Colleges would actually see some pay significantly more. This is clearly not the Government's intention, and appears to be the result of an unforeseen technicality, but Sixth Form Colleges require formal confirmation that they will not be subjected to a retrospective VAT charge if they decide to academise. This confirmation is urgently required, as Sixth Form Colleges only have the opportunity to academise through the Government's one-off restructuring of post-16 education and training, and this process is already drawing to a close in some areas.

To enable Sixth Form Colleges to make an informed choice about their future, we urge you to address and clarify the VAT implications of academy conversion as soon as possible.

Yours sincerely,

A handwritten signature in black ink that reads "Kelvin Hopkins".

Kelvin Hopkins, MP
Chair of the APPG for Sixth Form Colleges



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And 51 others:

Debbie Abrahams
Peter Aldous
Heidi Allen
Kevin Barron
Bob Blackman
Tom Blenkinsop
Sir Peter Bottomley
Richard Burden
Richard Burgon
Dawn Butler
Neil Carmichael
Sarah Champion
Jenny Chapman
Alex Cunningham
Simon Danczuk
Michelle Donelan
Peter Dowd

Bill Esterson
Graham Evans
Frank Field
Roger Godsiff
Meg Hillier
Sir Gerald Howarth
Diana Johnson
Julian Knight
Peter Kyle
Christopher Leslie
Rebecca Long-Bailey
Caroline Lucas
Paul Maynard
Jason McCartney
Conor McGinn
Maria Miller
David Nuttall

Kate Osamor
Will Quince
Yasmin Qureshi
Marie Rimmer
Barry Sheerman
Gavin Shuker
Ruth Smeeth
Catherine Smith
Graham Stuart
Gareth Thomas
Stephen Timms
Keith Vaz
Dame Angela Watkinson
Catherine West
Alan Whitehead
John Woodcock
Daniel Zeichner

cc:

David Gauke MP, Financial Secretary to the Treasury

Right Honourable Nicky Morgan MP, Secretary of State for Education and Minister for Women and Equalities

Nick Boles MP, Minister of State for Skills