



Not for broadcast or publication before 00.01 Hrs 12 July 2008

## SCHOOL FEES RISING AT MORE THAN TWICE THE RATE OF INFLATION

Halifax Financial Services has examined the changing cost and affordability of private schools in Great Britain over the period 2003 to 2008. Data has been sourced from the Independent Schools Council (ISC) census and the ONS. **All figures relate to the average fees for day pupils unless stated otherwise.** All earnings figures are sourced from the ONS Annual Survey of Hours and Earnings survey and are based on estimated average annual earnings for full-time employees.

- **Private school fees<sup>1</sup> have risen by an average of 40% over the last five years, more than double the increase in the Retail Price Index (18%)**
- **Regionally, average annual private school fees have risen most rapidly in the South West (48%) since 2003**
- **During the past year the average annual private school fee has risen by 6% to £10,239 from £9,627 in 2007**
- **The number of pupils<sup>2</sup> attending a private school has increased by 5.6% during the last five years. The number in state schools has fallen by 3.4% over the same period.**
- **The cost of a private school education has increased as a proportion of average gross earnings<sup>3</sup> to 33% in 2008 from 28% in 2003**
- **In 2008, the average worker in just 18 occupations could reasonably afford<sup>4</sup> to send their child to private school. By comparison, in 2003 there were 30 occupations where this was the case.**
- **31% of pupils at ISC independent schools<sup>5</sup> receive financial help with their fees compared with 32% five years ago**

<sup>1</sup>Based on data from the Independent Schools Council (ISC) census. All figures relate to the average fees for day pupils unless stated otherwise.

<sup>2</sup>Data on the number of pupils is based on data from the DfES.

<sup>3</sup>All earnings figures are sourced from the ONS Annual Survey of Hours and Earnings survey and are based on estimated average annual earnings for full-time employees. ASHE data for 2007 has been inflated by national average earnings growth to calculate 2008 estimates.

<sup>4</sup>Private school fees are deemed to be affordable for an occupation if they represent 25% or less of gross average annual earnings for someone working in that occupation. This is a benchmark to facilitate analysis. Many parents sending children to private school will have two sources of income. On the other hand, many parents pay for private education for more than one child. Both factors have been ignored for the sake of simplicity.

<sup>5</sup>An ISC independent school is a private school which is associated with the Independent Schools Council or with a schools association which itself is associated with the Independent Schools Council.

### **Private school fees<sup>1</sup> have risen by 40% over the past five years**

The cost of a private school education has increased by more than twice the rate of inflation since 2003, according to new research from Halifax Financial Services. Over the past five years, annual private school fees in Great Britain have risen by an average of 40% (£2,931) to £10,239 in 2008 from £9,627 in 2003. Over the same period, retail prices increased by 18%.

### **Private school fees have risen most in the South West**

Over the past five years, private school fees have increased most rapidly in the South West with the average fee rising by 48% from £7,188 in 2003 to £10,671 in 2008, an increase of £3,483. The slowest growth in private school fees over the past five years has been in the West Midlands (30%).

### **School fees are most expensive in the South East**

The South East (£11,379) is the most expensive region for private school fees, followed by Greater London (£11,361) and the South West (£10,671). At the other end of the scale, private school fees are least expensive in the North at £8,361; 27% lower than in the South East.

### **Number of pupils attending private schools up by 5.6% between 2001/02 and 2006/07**

The number of pupils attending a private school reached 677,000 in 2006/07, an increase of 5.6% (36,000) since 2001/02. During the same period, the number of pupils attending a state school has declined by -3.4% (-325,000) to 9.1 million.

### **Private school fees have increased as a proportion of average earnings<sup>3</sup>**

The average annual private school fee in 2008 of £10,239, is equivalent to 33% of annual average gross earnings<sup>2</sup> (£31,349); in 2003 the comparable ratio was 28%. With school fees rising by significantly more than the rate of inflation, it has become more difficult for the average earner in many occupations to send their children to private school.<sup>4</sup> Among the occupations where the average worker can no longer send their child to private school without assistance from other sources are vets, engineers, teachers and computer programmers.

### **Nearly a third of pupils receive financial help with their fees**

The number of pupils at ISC member schools<sup>5</sup> who receive a financial contribution towards the payment of their school fee reached 158,420 in 2008, a 1.0% increase on 2007. Pupils who receive financial help now account for 31.4% (31.9% in 2003) of all pupils at ISC schools with the schools membership being the highest contributor, providing assistance to 24.6% (22.6% in 2003) of all pupils.

### **Martin Ellis, Chief Economist at Halifax Financial Services, commented:**

"Private school fees have increased by significantly more than inflation over the past five years. This has made it increasingly difficult for the average worker in many occupations to afford a private school education for their offspring.

It has, therefore, become increasingly vital that parents plan their finances as early as possible if they want private schooling for their children."

## Editors' Notes:

### Data Source for Private School Fees

The data for private schools fees is from the Independent Schools Council's (ISC's) annual census of its independent-school members. The ISC publishes estimates of schools fees for all pupils in ISC associated private schools in the UK.

Annual school fees were calculated as three times the school fees per term. School fees were measured as at January of each year.

### Data Source for Number of Pupils

Data for the number of pupils attending independent schools were supplied by the Department for children, schools and families (DfES). The DfES uses the term non-maintained schools to describe independent schools.

An independent school is defined as any school providing full time education for five or more pupils of school age, which is not maintained by a local education authority. The term "private school" has the same definition as the term "independent school".

### Data Source for Financial Contributions

Data for the number of pupils receiving financial contribution is from ISC's annual census of its independent school members. Financial contributions are received from Local Education Authorities, The school, Government & Music Dance Scheme, Early Years Funding and 'Other' Sources.

### Data Source for Average Earnings and Inflation

Annual average earnings figures quoted were for those in full time employment. This data was sourced from ONS's Annual Survey for Hours & Earnings (ASHE) for years 2003 – 2007. ASHE data for 2007 has been inflated by national average earnings growth to calculate 2008 estimates.

Data for retail price inflation has been supplied by the Office for National Statistics (ONS). Retail price inflation was measured as at January of each year.

### About Halifax Financial Services

Halifax Financial Services, part of the HBOS group, is the largest bancassurance business in the UK providing a range of equity-based long-term savings and investments products. HBOS has over £109 billion in funds under management. HBOS is the number one provider of new investments in the UK.

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**Table 1: Average Annual Private School Fees by Region 2003-2008**

Region	2003	2007	2008	1 Year % change	5 Year % change
South West	£7,188	£9,513	£10,671	12%	48%
East Anglia	£7,128	£9,396	£10,353	10%	45%
Greater London	£8,016	£10,587	£11,361	7%	42%
Wales	£6,648	£8,763	£9,408	7%	42%
E Midlands	£6,729	£8,874	£9,390	6%	40%
South East	£8,262	£10,908	£11,379	4%	38%
North	£6,081	£7,944	£8,361	5%	37%
Scotland	£6,567	£8,427	£8,859	5%	35%
W Midlands	£6,984	£9,114	£9,057	-1%	30%
<b>Great Britain</b>	<b>£7,308</b>	<b>£9,627</b>	<b>£10,239</b>	<b>6%</b>	<b>40%</b>

Source: ISC

**Table 2: Number of pupils**

	2006/07	2005/06	2001/02	1year	5 year
Private Schools	677	664	641	1.8%	5.6%
State Schools	9,136	9,229	9,461	-1.0%	-3.4%
<b>Total</b>	<b>9,813</b>	<b>9,893</b>	<b>10,102</b>	<b>-0.8%</b>	<b>-2.9%</b>

Source: DfES (November 2007)

**Table 3: Average School Fees for Day Pupils as % of Average Earnings for all Management and Professional Occupations, 2003 and 2008.**

Occupation	Gross Average Earnings, 2008 £pa	School Fees as % of Earnings	
		2008	2003
Senior Directors and Chief Executives	162,801	6%	6%
Doctor & Consultants	82,432	12%	11%
Pilot	68,223	15%	14%
Divisional Director	63,472	16%	14%
Marketing and sales managers	57,934	18%	15%
Senior Police Officer	56,682	18%	16%
Lawyer & Judges	56,246	18%	15%
Bank Manager	55,802	18%	19%
Information and communication technology managers	51,755	20%	15%
Managers in construction	46,964	22%	21%
Production Manager	46,615	22%	19%
Accountants & Analysts	46,458	22%	17%
Pharmacist	44,331	23%	20%
Psychologists	42,979	24%	19%
Architects	42,375	24%	22%
IT Professional	41,946	24%	21%
Electrical engineers	40,839	25%	22%
Quality and Customer Care Manager	40,241	25%	21%
Scientist	40,136	26%	22%
Tax Expert	38,616	27%	21%
Police Officer	38,352	27%	24%
Veterinarians	38,284	27%	23%
Engineer	37,883	27%	23%
Teacher & Lecturer	35,919	29%	24%
Journalist & Broadcaster	35,624	29%	22%
Garage Owner	33,105	31%	26%
Researcher	32,899	31%	26%
Legal Associate	32,536	31%	24%
Sales Representative	32,503	32%	28%

**Table 3: Average School Fees for Day Pupils as % of Average Earnings for all Management and Professional Occupations, 2003 and 2008. Continued**

Occupation	Gross Average Earnings, 2008 £pa	School Fees as % of Earnings	
		2008	2003
Trading Standards Officer	31,542	32%	<b>25%</b>
Computer Programmer	31,314	33%	<b>25%</b>
Writer	31,235	33%	<b>21%</b>
Clothes Designer	31,069	33%	<b>25%</b>
Farmer	30,863	33%	28%
Fire Service Officers	30,750	33%	32%
Therapist	29,354	35%	28%
Surveyor	28,948	35%	30%
Trading Standards Officer	31,542	32%	<b>25%</b>
Retail Manager	28,925	35%	31%
Nurse	28,460	36%	31%
Lab Technician	27,302	38%	32%
Librarian	26,698	38%	32%
Conservation Officer	26,302	39%	29%
Welfare Officer	23,813	43%	35%
Clergyman	23,472	44%	38%
Pub Landlord	20,425	50%	39%
<b>All Occupations</b>	<b>31,349</b>	<b>33%</b>	<b>28%</b>