

The Independent School Index 2023



SCHOOL
FEE PLAN
THE OPPORTUNITY TO EXCEL

Introduction


Premium Credit has been experiencing strong growth in the amount of money it lends through its School Fee Plan to parents looking to spread the cost of their children's school fees.

Last year we saw a 13% increase compared to 2021 to around £161.38 million compared to £142.81 million previously. In the first quarter of this year the amount of funding provided is 77% higher than the same period last year. The number of clients who used our service last year was 84% higher than in 2021. Future growth potential looks strong too as research with private school parents we have conducted shows 57% would consider using such a service.

These are figures which highlight the growing interest in school fees planning which helps parents finance their children's independent school fees by allowing them to spread the cost rather than paying a lump sum each term. Parents apply to open their account online before the beginning of any term and if the application is approved the parents and the school are notified with the full payment sent to the school at the start of each term.

With the average cost per child at a UK private school now estimated at around £20,480 per annum for day pupils, and £34,790 for boarders according to analysis of data from [schoolfeeschecker.co.uk](https://www.schoolfeeschecker.co.uk), and with fees on average rising by around 4% a year the growing demand for School Fee Plan makes sense.

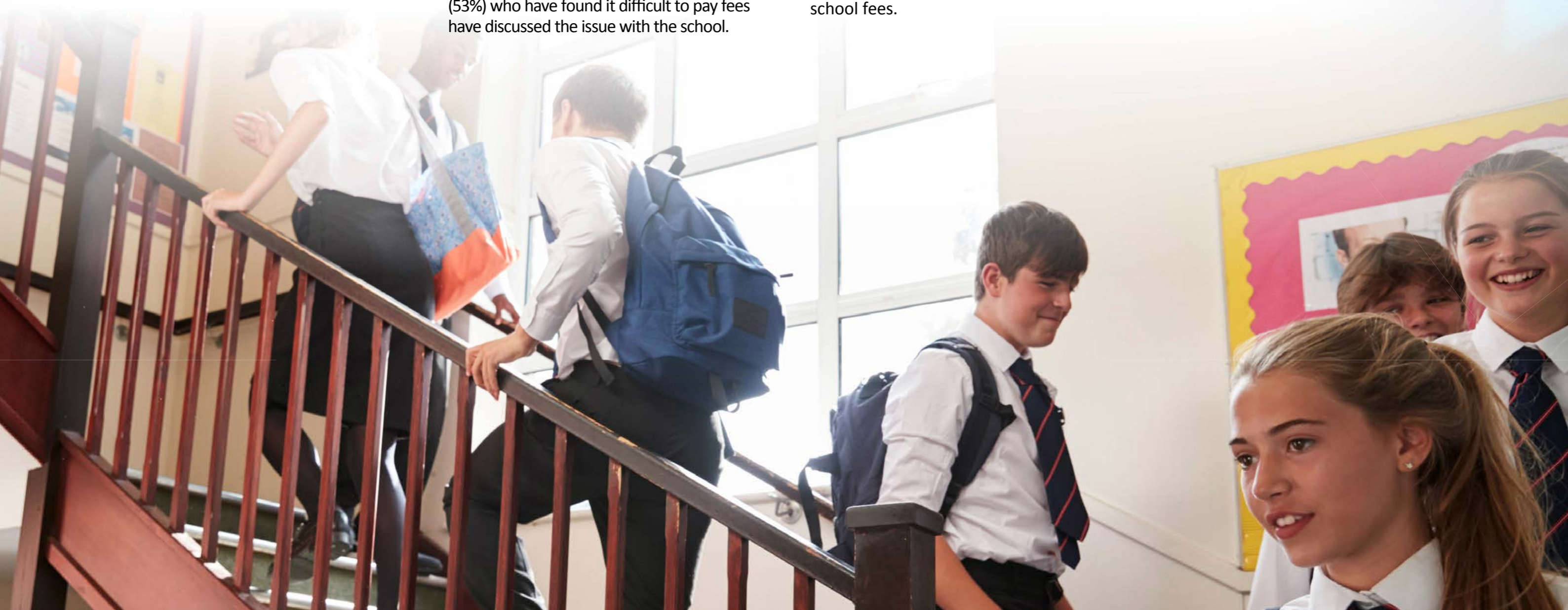
However we wanted to explore the issue more deeply which is why we commissioned research with private school headteachers, bursars and finance managers as well as current and past private school parents. We also analysed data on the cost of schools.



The report outlines that data in more detail and should prove interesting for private schools and current, past and future private school parents.

Key findings from the research include:

- Premium Credit’s analysis shows the average cost of educating a child privately from reception to A-levels is around £355,500 at a day school rising to nearly £515,000 if they attend a day school for primary school and then board.
- That rises to more than £442,000 in London for a day school and drops to around £142,000 in Northern Ireland.
- Four out of five private headteachers, bursars and finance managers expect school fees to rise faster than their historic rate. Nearly one in three (30%) anticipate them rising significantly faster than this.
- More than three out of four (77%) are looking to increase their spending over the next two years to invest in facilities and staff
- Nearly four out of five (79%) have delayed or cancelled investment plans in the past three years because of delays around collecting fees.
- Nearly a third (31%) of parents believe affording fees will become much harder while 28% believe paying fees will become slightly harder in the year ahead.
- On average parents are spending 15% of their income on school fees and more than half (53%) who have found it difficult to pay fees have discussed the issue with the school.
- Around half (48%) of headteachers, bursars and finance managers are very concerned about a rise in children leaving their schools because their parents can’t afford the fees.
- Nearly 47% of parents admit to relying on financial support from family with grandparents the biggest source of funding. Nearly four out of five (79%) say grandparents help with some of the fees while 38% say some help comes from aunts and uncles.
- One in 20 parents (5%) say they will never be able to retire as a result of paying school fees.
- Private schools remain very popular - 39% of parents with children aged under five hope to send them to private school and nearly one in five (19%) of parents with children currently at state schools are thinking of sending them to private school instead.
- Our own data shows a 13% increase last year in the amount lent to parents looking to spread the cost of their children’s school fees, when compared to 2021.



The cost of Private School

Our analysis shows that the cost of educating a child today from reception class to their final year of A levels would on average be around £355,516 if they went to a day school.

If they attend a private day school for primary school until the age of 11 and then board when they start secondary school, the cost rises to on average around £514,594.

Our analysis is based on current fees and assumes an annual increase of 4% over the course of their school career. Increases may be higher or lower and the figures are just the average for the UK. There are huge differences around the country in the total cost of educating a child over their school career.

Parents enrolling their children in reception class for this academic year 2023/24 in a London day school would pay £442,285 in total over their school career. That is the highest in the country compared to £142,391 in Northern Ireland, which is the lowest.

For a child attending a private day school for primary school and then a private boarding school through to sixth form the cost in Greater London would be around £605,568, compared to £281,231 in Northern Ireland.

“The cost of independent education has never been higher, and fees have been rising by around 4% a year. Parents are increasingly looking to spread the cost of their children’s school fees, and we have seen a huge increase in the number taking out our School Fee Plan, which enables them to do this.”

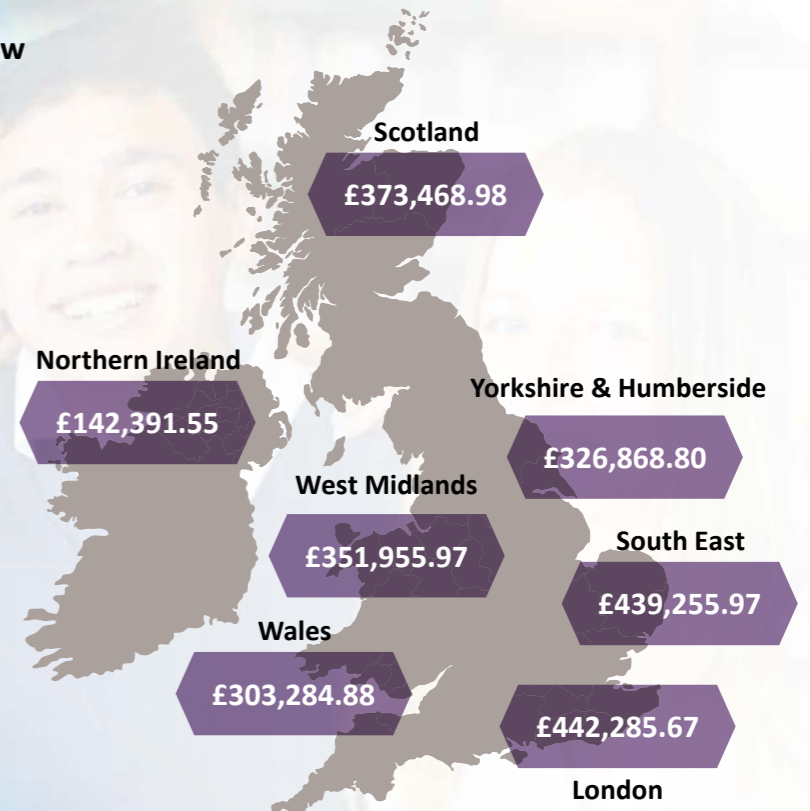
*Stewart Ward, Premium Credit
Director Education Sector & Head of School Fee Plan*





The map shows an overview of the highest and lowest areas by cost for region.

Average: £355,516.05



The table below shows the full costs around the country by region.

Average: £355,516.05

Region	Total cost of education at a private day school from reception class to upper sixth	Total cost of education at a private day school from reception class to year 6, and then boarding school from year 7 to year 13
London	£442,285.67	£598,804.79
Central & West	£441,106.20	£590,985.89
South East	£439,255.97	£590,186.98
Greater London	£407,355.32	£605,568.31
East Midlands	£381,991.17	£549,263.87
East	£378,415.49	£537,643.98
South-West	£377,710.10	£535,507.10
Scotland	£373,468.98	£520,365.61
West Midlands	£351,955.97	£526,437.00
Yorkshire & Humberside	£326,868.80	£478,000.10
North West	£315,959.15	£466,725.86
Wales	£303,284.88	£467,052.11
North East	£295,175.50	£456,545.32
Northern Ireland	£142,391.55	£281,231.10
Average	£355,516.05	£514,594.14

Fee increases are on the way

Our research with headteachers, bursars and finance managers at private schools shows 80% expect school fees to rise faster than their historic rate. Nearly one in three (30%) anticipate them rising significantly faster than this.

A key reason why fees are rising is the investment and spending plans of private schools. They quite rightly want to invest in improved facilities and higher salaries so they can attract the best teachers for their schools. More than three out of four (77%) questioned are looking to increase spending over the next three years.

Between now and 2025, 69% of those interviewed believe that their schools will increase expenditure on facilities and staff

by 10% or more, while 29% expect it to increase by more than 15%.

Nearly four out of five (79%) insist that the increased spending is to some extent playing catch-up. Over the past three years they have had to delay or cancel investment plans in their schools because of delays around collecting fees for students.

The areas that have been hit by late payment of fees include hiring support staff, sports equipment and teaching materials. The research found 84% who have delayed spending said it affected hiring support staff while 52% said sports equipment, and 51% said teaching materials.

“Competition for pupils amongst private schools is intensifying and parents expect the highest standards for their children’s education. This means many schools are increasing their budgets for investing in their facilities and staff, and this in turn puts pressure on fees. We are seeing more parents looking to spread the cost of their children’s school fees - the number of clients who used SFP in 2022 was 84% higher than in 2021.”

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Director Education Sector & Head of School Fee Plan*

Areas of investment	Percentage of headteachers, bursars and finance managers at private schools who said their schools have delayed or suspended investing in this area over the past three years because of delays in collecting fees
Hiring of support staff	84%
Sports equipment	52%
Teaching materials e.g. books	51%
IT equipment	24%
Hiring of teachers	19%
New facilities e.g. sports facilities	19%

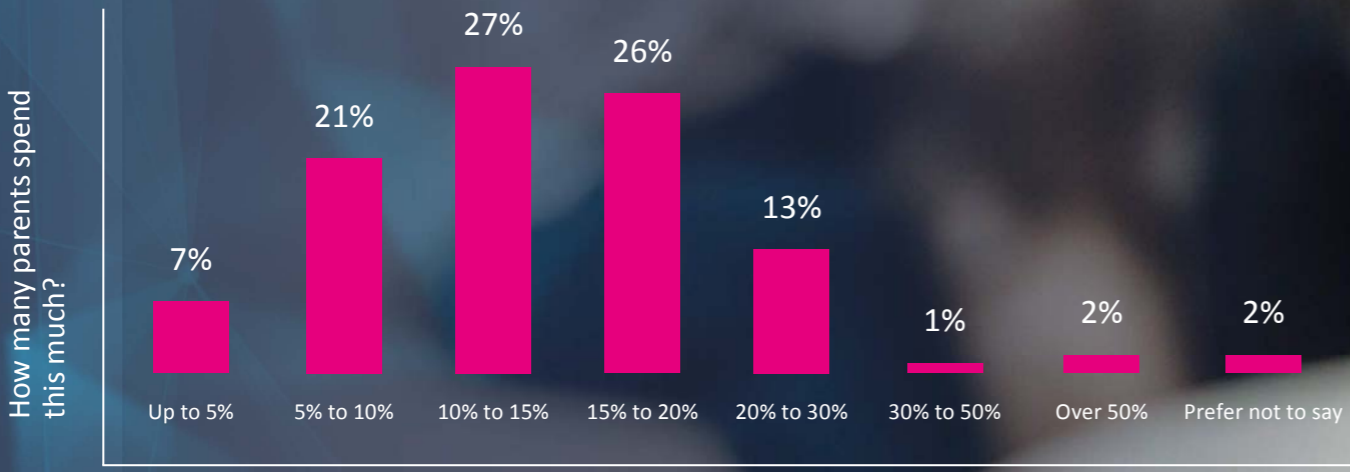
Parents expect the year ahead to be tough

Our research with parents of children at private schools found up to six out of 10 believe affording fees will become tougher in the year ahead with the cost-of-living crisis and rising school fees adding to the strain.

Nearly a third (31%) believe affording fees will become much harder while 28% believe paying fees will become slightly harder. Just one in 10 expect paying fees will become easier in the year ahead.

Parents rated fee increases and cost of living pressures as the top two issues affecting their ability to pay with 57% choosing the former and 56% the latter.

Our research shows that on average parents are spending a substantial chunk of their income on school fees at 15% but some spend substantially more as the table (1b) below shows.



(1b) What percentage of annual household income do you spend on school fees?

More than half (53%) of parents with children at independent schools who have found it difficult to pay fees that we interviewed have discussed the issue with the school.

The rising financial strain could mean parents who are struggling will take their children out of private schools – around half (47%) who believe affording fees will become more difficult say they plan to do this, while another 38% say they are thinking about it.

Proposals to end private school’s VAT-free status would be a major blow for all parents – around 41% say they would no longer be able to afford fees although a third (31%) say they would just look for a cheaper private school.

The research found 57% of parents including those who do not struggle to afford school fees would consider paying a small charge so they could spread the cost of fees.

“Many parents of children at private schools already struggle to afford the fees and most appear to be braced for that to become tougher over the year ahead. More than half say they are already talking to schools about the potential problems they face. Spreading the cost of their children’s school fees for a small charge through funding plans can make financial sense and ease the strain for parents while helping schools to help parents if they offer the plan themselves.”

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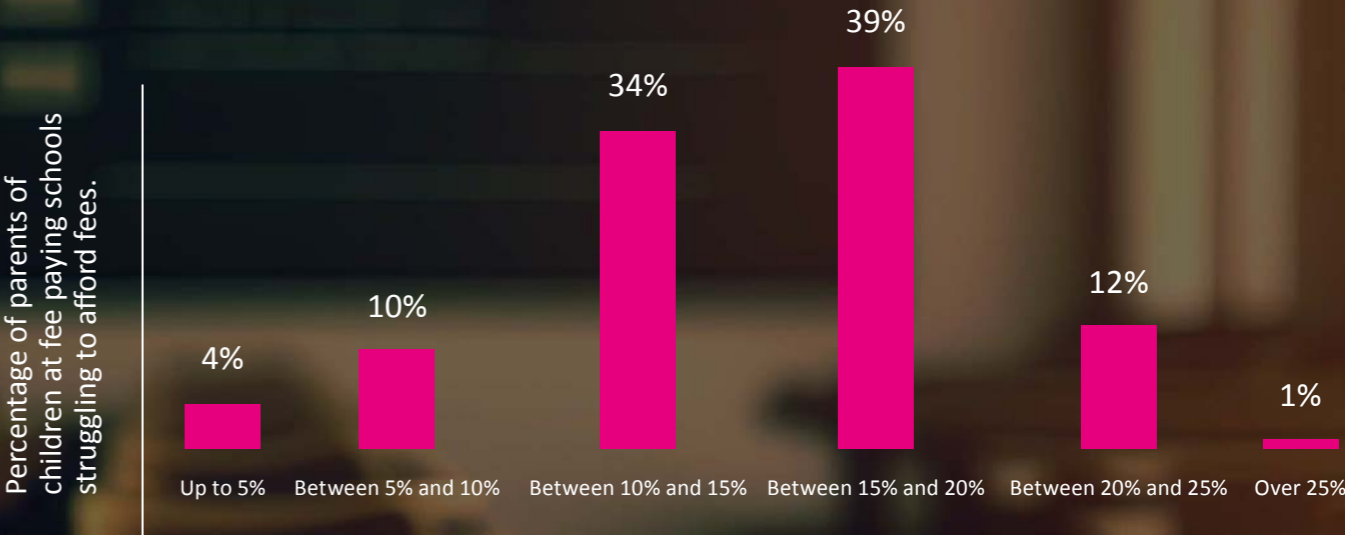
Schools are aware of the strain on parents

Nearly half (48%) of headteachers, bursars and finance managers at fee-paying private schools we interviewed are very concerned about a potential rise in children leaving their schools because their parents can't afford the fees. A further 47% are quite concerned about the risk of children leaving.

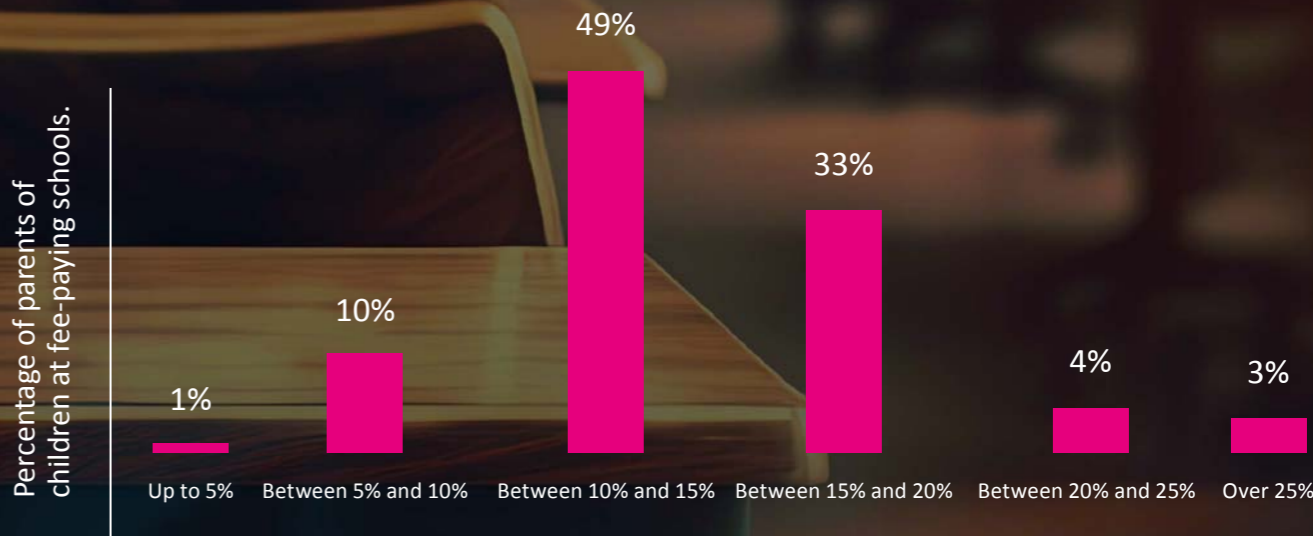
Our research found half (52%) of the headteachers, bursars and finance managers at private schools interviewed believe at least 15% of parents are finding it difficult to pay their children's school fees.

More than four out of five (83%) say their schools are spending more time chasing parents for payment of fees. Around two out of five (40%) say at least 15% of parents are on special repayment terms allowing them to spread the cost of their school fees.

Nearly nine out of 10 (89%) say they are increasingly looking for schemes run by professional firms to recommend to parents to help them spread the cost of their children's school fees.



Percentage of headteachers, bursars and finance managers who believe this percentage of parents at their schools are struggling.



Percentage of headteachers, bursars and finance managers at private schools who believe this percentage of parents with children at their schools are on special repayment terms allowing them to spread the cost of their school fees.

How parents are funding fees

Nearly half of parents with children at private schools rely on family help to afford the fees with the Bank of Gran and Grandad the biggest source of funding, our research found.

The study shows 47% admit to relying on financial support from family with grandparents the biggest source of funding. Nearly four out of five (79%) who receive family support say grandparents help with some of the fees while 38% say some help comes from aunts and uncles.

Despite the family support around two out of three (65%) parents still find it difficult to pay fees and are adopting a range of strategies to find the money with other commitments falling by the wayside.

Around two out of five (38%) parents who have children at private schools or have had in the past say they take fewer or cheaper holidays while 37% work overtime to afford school fees and 24% say they have taken on more than one job.

“The cost of private education is rising and inevitably that means many parents have to rely on family help in order to afford the fees and make a range of sacrifices. While it is their choice it is still worrying to see so many saying they have delayed retirement plans with some saying they can never afford to retire.”

*Stewart Ward, Premium Credit
Director Education Sector & Head of School Fee Plan*

How current or past parents of children at private schools afford fees	Percentage who have done this
Taken fewer holidays or cheaper holidays	38%
Worked overtime	37%
Eaten out less	27%
Taken on more than one job	24%
Agreed repayment plan with school to afford fees	20%
Stayed in an unhappy relationship to avoid divorce or separation costs	13%
Downsized our home	9%
Remortgaged	7%

Demand for private schools remains strong

Private schools remain popular with parents despite the rising costs and there appears to be strong potential demand, our research found.

Around 39% of parents with children aged under five said they hope to send them to private school and nearly one in five (19%) of parents with children currently at state schools are thinking of sending them to private school instead.

Only a quarter of parents with under-fives hoping to send their children to private schools would do so when they start school, the study found, with 90% saying the potential cost would put them off.

More than half (51%) of parents with children at state schools considering sending them to private schools say the main reason for doing so is that they believe the quality of education would be better while a third (34%) say it is because they believe their children are falling behind academically.

Around 27% say it is because their children have special educational needs which they believe would be better met at a private school. Nearly one in five (18%) say their children are unhappy at their school.

“Parents considering sending their children from reception or switching them from state schools need to plan ahead. Their options for paying fees should include looking at the possibility of paying a small annual charge in order to spread the cost and they should ask schools if they offer such plans when considering where to send their child.”

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Director Education Sector & Head of School Fee Plan*

Reasons for switching children to private from state schools	Percentage of parents with children at state schools who are considering switching them to private schools who give this reason for doing so
Quality of education would be higher	51%
Worried children are falling behind academically	34%
They have special educational needs which I believe would be better met in a private school	27%
Don't feel they are being pushed enough	21%
They are not happy at their current state school	18%



Conclusion

Private school parents and past parents and private schools themselves are well aware of the financial strain and need for planning when sending children to independent schools.

Many schools are concerned about losing pupils while many as our research shows are already taking steps to help parents spread the cost of their fees.

With the average cost of funding a child at a private day school at around £20,480 and £34,790 for boarders it is clearly a major financial commitment. Private school fees are estimated to be rising at an average 4% a year but our research shows that may be about to change as schools play catch up with spending and investments that have been put on hold for the past three years.

It is clear that parents and their wider families are willing to make financial sacrifices in order to afford private schools with grandparents called into help and cutbacks on spending in general. In some extreme cases our research shows parents are staying in unhappy relationships partly to avoid the cost of divorce or separation and the impact this would have on their ability to pay school fees. Some parents say they can never afford to retire because of funding school fees.

Despite the potential financial strain, demand for private schools remains strong with parents of under-fives and some state school parents considering sending their children to private schools. They too need to develop strategies to make paying for school fees as smooth as possible.

With the general rise in the cost-of-living and the cost of private education, the pressure to make schools fees more manageable has increased. This is reflected in the huge growth we have seen in the number of parents taking out plans with us to spread the cost of their children's education. For many, it makes sense to spread this expense, even if they can afford to make the payments every term.

For over 25 years, School Fee Plan has helped parents finance their children's independent school fees by allowing them to spread the cost rather than paying a lump sum each term. It is a convenient and manageable way for parents to pay for independent school fees and extras such as music tuition and trips.

We are already seeing strong growth in demand and expect that to continue while fees increase and demand for private schools continues.





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About Premium Credit Limited

Premium Credit is purpose-led leading provider of insurance premium finance and a range of annually charged services, including tax, regulatory and accountancy fees, memberships and school fees in the UK and Ireland. Each year, we lend more than £4 billion to well over two million customers through a network of almost three thousand partners and process over 24 million direct debits. We are multi award winning and the only premium finance provider accredited by BIBA and Brokers Ireland.

For more information about Premium Credit, please visit: www.premiumcredit.com

Sources

- Independent consumer research conducted by Viewsbank online among 885 parents including 197 whose children currently attend or have attended private schools in the UK between May 24th and 26th 2023.
- Premium Credit commissioned market research company Pureprofile to conduct research with head teachers, bursars and finance managers at fee paying schools in the UK. The research was conducted online during May 2023.
- Based on Premium Credit analysis of data from schoolfeeschecker.com. This included the latest fees for day and boarding schools, and an annual increase of 4%. According to schoolfeeschecker.com, schools fees have been increasing by around 4% since 2016. They increased by 5.1% year on year in September 2022.
- Premium Credit's analysis of its own data.

**We can help you
find the answers**

Contact us on **0330 123 9720**

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