

School Fees Payment Survey

mtmCONSULTING

Portland House

43 High Street

Southwold

Suffolk, IP18 6AB

Tel: 01502 722787

Fax: 01502 722305

Email: office@mtmconsulting.co.uk

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1 Introduction and Background

1.1 Background

From one point of view, there is not much more to say about independent school fees in the UK. As everyone – heads, bursars, governors, parents, grandparents, journalists and social commentators – knows, school fees go up by more than any comparable rate of inflation. They have been doing so consistently for more than a quarter of a century, and probably for long before that. Comprehensive annual surveys by the Independent Schools Council (ISC) and its predecessor ISIS have set the facts out in stark detail. And others, most recently Halifax Financial Services¹, have analysed the figures to show the inevitable consequence: the alarming increase in the real cost of independent education. Whatever you compare them with – the retail prices index, consumer prices index, or average earnings, with or without bonus payments – school fees have, in every year but one since 1982, outstripped the lot.

For most of that time, and recently with increasing regularity, experts both within and without the sector have been warning that this phenomenon, which appears to defy market logic, cannot go on indefinitely. One of the most recent warnings from such a critical friend, but only the latest in a long line, came from Jonathan Shephard, general secretary of ISC, who warned last year: “Fee increases are closely related to cost increases, and costs are rising. Most costs are staff costs, and these have risen steeply, because of the increase in pension scheme contributions. Non-staff costs – building costs, fuel costs – are also rising. The costs of regulation are not easily quantified, but (in both sectors) schools are putting more resources into regulatory compliance. The result is fee increases ahead of inflation – and ahead of increases in earnings. In the long term, this is unsustainable.”² Who could disagree? No producer of goods or services can continue to increase his prices beyond the consumers’ apparent ability to pay without, eventually, pricing himself out of the market.

And yet, and yet. Who would have predicted – in the depths of the 1991-92 recession, for example – that that apparently Gadarene process would continue uninterrupted for the next 15 years? Somehow, it seems, parents have continued to be able to fund these ever-increasing costs. Moreover,

¹ In July 2007, The Times reported: “According to the research by Halifax Financial Services, fees have risen by 41 per cent – or 23 per cent in real terms – since 2002 and are now no longer affordable for key public sector workers, including police officers, nurses and teachers.”

² ISC Bulletin 18, July 2006

they have done so in greater numbers than before, because, as ISC has also measured, pupil numbers in independent schools continue to rise, in spite of a steady demographic decline in the number of school age children.

How has this happened? Some may point to the influx of overseas boarders, bringing in healthy infusions of foreign currency. But their numbers, relatively speaking, are small, perhaps 20,000 out of a total independent school population of more than 600,000. A more flexible approach to the payment of fees may also have helped, with an increasing number of schools adopting monthly direct debiting schemes like that of Holmwoods Termtime Collections (HTC). But this too, while it undoubtedly helps family budgeting, is unlikely to account for parents' apparently infinitely elastic ability to meet the increasing cost of school fees.

Until now, no-one has been able to explain this phenomenon with any confidence. Because until now, no-one has had access to reliable and detailed information about how parents actually do fund the cost of their children's education. Previous attempts to get reliable data from parents themselves have always foundered on the understandable reticence of schools to broach the subject with their own paymasters. Previous surveys – for example, the *Why and How Parents Choose Independent Schools* surveys, carried out by MORI for ISIS between 1989 and 1997 – did elicit some basic information. They found, for example, that fewer than a third of parents made any advance plans for funding school fees, and that most parents used their own earned income to meet the cost.

But vital questions have remained unanswered: the extent to which they rely on others (grandparents or employers) to help, the degree to which payment of school fees depends on both parents earning, the sacrifices – financial and otherwise – they make to ensure their children's education, and their reliance on investments or the value of their property. Until now.

It was to begin to explain this unresearched but vital area of independent sector funding that **mtmconsulting** Ltd and Holmwoods Termtime Collections undertook this project. With help from a number of bold and imaginative school heads and bursars and from hundreds of candid parents, some answers can now begin to emerge from the results of this survey. This will be only the first of a regular series of such enquiries, the results of which will be increasingly valuable to senior managers and governors of schools as their financial challenges also increase.

1.2 Objectives

The survey had the objective of examining, and understanding in detail, three main areas: how parents pay school fees; what threatens their ability to pay fees; and how having to pay school fees influences their lifestyle.

1.2.1 How parents pay school fees

The majority of school fees are paid termly in advance, effectively as lump sums out of parents' capacious pockets. Schools have traditionally calculated and presented their fees on this basis, regardless of the needs or wants of their customers. The financial management of schools is also largely influenced by the cash flow implications inherent to a business that collects the vast majority of its income at only three points in the year.

The assumption behind this traditional termly fee structure - that parents would or could afford to pay fees out of ordinary income, either on hand or accumulated since the last termly payment - has remained uninformed in the sense that, when asked, most parents pay their fees without undue pressure from the school. Likewise, school bursars have accumulated only anecdotal evidence to say where payment of a term's fees has come from.

The growth of monthly fee payment schemes, offered either by schools themselves or specialist companies such as HTC, has shown that there is a demand for ways in which parental cash flow can be eased. However, fewer than 10% of parents are thought currently to use any sort of monthly payment schemes.

The results of this survey will help schools to understand their customers better, help them to devise payment systems that suit the customer as well as the school's cashflow.

1.2.2 What threatens parents' ability to pay school fees?

School fee rises have consistently outstripped both consumer and wage inflation for decades, driven by cost pressures on the one hand and the drive amongst independent schools to improve the quality of provision by such means as reducing pupil:teacher ratios, on the other.

The apparently inevitable conclusion is that, as fees continue to rise and bite deeper and deeper into the disposable income of parents, fewer and fewer parents will be able to afford to pay for independent education. Privately, many bursars have noted that recent rises in interest rates have

been matched by an increase in the number of parents presenting with problems paying the next round of school fees.

But the real factors inhibiting parents' ability to continue paying fees, and affecting their confidence to do so in the future, have been until now a matter of conjecture. This survey aims to provide hard evidence.

1.2.3 How paying school fees influences lifestyle

It is well known that many families make sacrifices in order for their children to receive an independent education. What these sacrifices amount to depends upon the circumstances of each family. As with any body of purchasers, amongst parents there will be a continuum of affordability across all households that purchase independent education. This ranges from the most wealthy, who have no challenges upon the affordability of school fees, to the least wealthy whose ability to pay fees is most likely to be compromised, whether fees are paid out of income or capital.

How households are distributed along this continuum is largely unknown. It is clearly the case that some parents have to make financial compromises in order to afford the fees. However, it is not known how common these families actually are, or what sacrifices they make in order to keep their children at the school of their choice.

This survey sets out to find out just how much sacrifice is made, informing the debate upon the affordability of school fees whilst also providing an insight into the extent to which parents are financially committed to their children's education. It also aims to answer the question as to how parents actually administer the payment of perhaps the largest financial commitment of their adult lives, after buying a house.

1.3 Process and Scope

1.3.1 Research approach

- A quantitative approach was chosen, using an on-line survey that was completed by parents with children at independent school, between 8 June and 26 September 2007.
- Selected schools, chosen to produce a sample of parents broadly representative of the independent sector as whole, were approached to participate. Those that agreed to take part wrote to parents inviting them to complete the online questionnaire.
- In addition, parents who make use of the HTC payment scheme were approached directly with an invitation to participate.
- The online questionnaire allowed confidential and anonymous logon, using a password supplied to parents by the school.
- Respondents were informed that, in accordance with The Market Research Society's Code of Conduct, their responses would be treated in strictest confidence and they would not be asked to divulge anything that could be used to identify them personally.
- Once respondents had submitted their responses online, they were downloaded into the SNAP market research software package for analysis.

1.3.2 Sample Size and Distribution

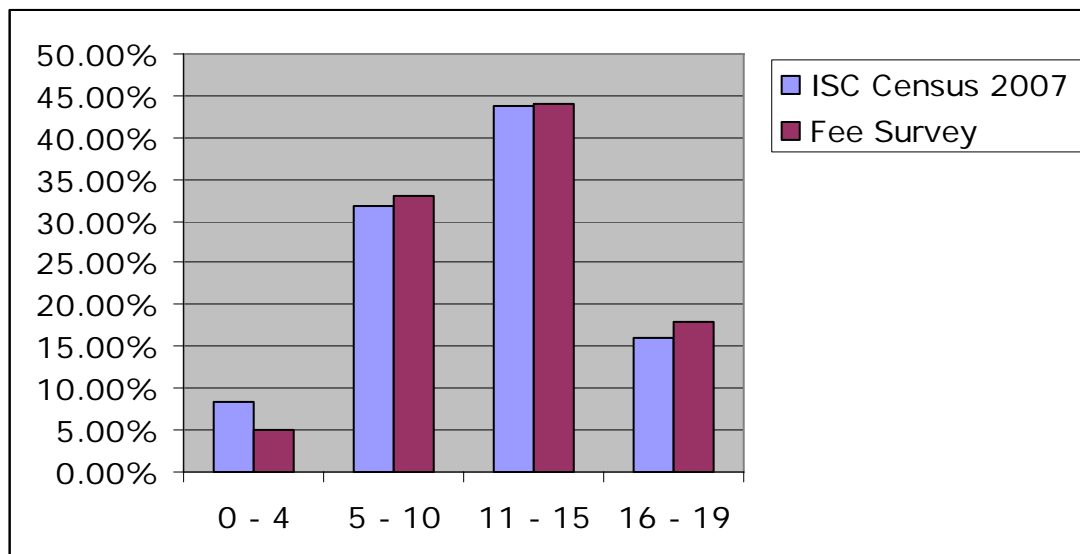
- 899 valid responses were received to the survey.
- The participating parents had, in total, 1,461 children attending 95 independent schools.
- 710 responses came from parents approached to participate by their schools. The 14 schools which contacted their parents in this way broke down as follows:
 - HMC 3
 - SHMIS 1
 - GSA 4
 - IAPS 6
- 189 responses came from parents approached directly by HTC (see 1.3.1 above), whose children attend a total of 81 schools.
- In the entire sample, pupil numbers by school association break down as follows. (Comparable percentages for all 1,276 ISC schools are shown in parentheses³).
 - 36.4% HMC (36.5%)
 - 7.3% SHMIS (5.5%)
 - 21.8% GSA (20.1%)
 - 18.9% IAPS (25.7%)
 - 15.6% ISA (11.9%)
- Of the pupils for whom fees were being paid, 121 (8.3%) were boarders, the remainder day pupils. This is a lower proportion of boarders than in the accredited independent sector as a whole (*ISC 2007 Census: 13.2%*)
- The ages of children in the families that completed the survey are shown in the table on the following page:

³ ISC Census 2007

	Child 1 (No)	Child 2 (No)	Child 3 (No)	Child 4 (No)	Child 5 (No)	Total (Number)	Total (%)	ISC 2007 Census (%)
Base:	899	461	86	11	1	1,461	100	100
Age								
1	-	1	-	-	-	1	0.1%	
2	1	5	1	1	-	8	1%	2%
3	12	9	2	-	-	23	2%	3%
4	28	21	7	-	-	56	4%	4%
5	23	9	2	3	-	37	3%	4%
6	34	19	6	-	1	60	4%	5%
7	35	19	7	1	-	62	4%	5%
8	39	36	4	1	-	80	5%	6%
9	51	31	8	-	-	90	6%	6%
10	67	37	13	2	-	119	8%	6%
11	69	54	6	1	-	130	9%	8%
12	81	40	7	-	-	128	9%	9%
13	81	55	6	2	-	144	10%	9%
14	92	38	4	-	-	134	9%	9%
15	80	41	2	-	-	123	8%	9%
16	70	29	6	-	-	105	7%	8%
17	80	10	3	-	-	93	6%	7%
18	50	7	2	1	-	60	4%	1%
No reply	6	-	2	-	-	8	1%	

(Base: 1,461 – all children referred to in the sample, prompted, single response)

This compares well with the ISC 2007 Census figures on pupils' ages, demonstrating that, in this respect, the survey sample is closely representative of the independent sector as a whole:



These different methods of assessing the range of school and pupils covered by the survey show that, despite being slightly deficient in the number of boarding pupils, the profile of the sample is broadly representative of the independent sector as a whole.

1.3.3 Scope of the Research

- The survey questionnaire was made up of 29 questions, each of which required a tick box response.
- The research covered nine separate and inter-related areas concerning the payment of school fees. No views were sought as to parental perceptions regarding the actual amount of school fees currently charged or or the rate of school fee inflation.
- The nine areas of questioning were:
 - 1 - Family use of independent education
 - 2 - Present, past and future fees payment
 - 3 - Household income
 - 4 - Frequency of fee payment
 - 5 - Use of debt to pay school fees
 - 6 - Use of savings and investments to pay school fees
 - 7 - Receipt of 3rd party help in paying school fees
 - 8 - Impact of paying school fees upon lifestyle choices
 - 9 - Future ability to pay school fees

Notes

- All findings are expressed as a percentage. When they do not total exactly to 100%, this is due to computer rounding or multiple-response answers (i.e. respondents could have given more than one answer)
- 'Unprompted' shows where a response was not prompted on the questionnaire – e.g. an open question
- 'Prompted' shows where respondents were given options to choose from
- Non-responses have been excluded from the findings, due to the survey being "well responded to". The base (i.e. the number of parents responding to each question) therefore may vary according to the number of responses attained for each particular question.

2 Summary findings

2.1 The scale of the commitment

This survey discloses for the first time the extent of the inroads that the payment of school fees makes into family budgets. More than four out of five of the parents surveyed spend up to, and including, 40% of their net income on school fees; 16% of them devote more than 40% to paying for their children's education.

The total *amounts* of fees paid by parents vary widely, depending upon the number of children at independent schools, their ages and whether day or boarding education is being purchased.

Two thirds of respondents are paying school fees of more than £10,000 per annum (including 'extras'), which compares with the overall average independent school fee at January 2007 of £10,712 per annum. Parents who are paying school fees for one child are most likely to be paying fees up to £10,000 per annum, although a substantial proportion (38%) are paying more than this amount per annum. Similarly, 35% of those paying school fees for two children are paying more than £20,000 per annum.

Parents with multiple incomes per household are, understandably, slightly less likely to be spending as high a percentage of their net income on school fees. Thus it appears that these parents are perhaps living more comfortably and within their means than some in single income households. However, there is a continuum of affordability across all households that purchase independent education. Furthermore, assistance from a third party to pay fees is more likely to occur amongst single income households.

Overall, those who are paying termly are more likely to be paying the highest fees, in particular when looking at the percentage paying £20,000+ per annum. Those who are paying monthly instalments are more likely to be paying fees of under £10,000 than those who pay termly or annually.

2.2 How paying school fees influences parents' lifestyle

Three-quarters of the respondents have reduced expenditure in other areas – general household expenditure, holidays, home improvements, car replacement, even pension contributions – in order to meet the demands of school fees. Roughly one respondent in six either does a

second job or does extra overtime to help pay school fees; 12% of their spouses or partners similarly take on extra work.

The survey also makes clear that most parents pay all or most of the cost of their children's school fees out of income. Relatively few add to their domestic debt, either through extending their mortgages or by other forms of borrowing, to help defray the cost. Those who do, however, will typically add 25% to the size of their mortgage, though many will borrow much more than that.

Most, too, will meet the cost of school fees without help from third parties – relatives, employers or charities.

Many parents – more than a third of the respondents – have also clearly depleted their savings. Many of these are also people who have borrowed, either on the value of their property or in other ways. Those who have used, or are using, their mortgage to pay school fees are also more likely to have used, or be using, investments or savings to pay school fees, with almost half (46%) who are using their mortgage also using investments or savings, compared to just over a third (36%) who do not use their mortgage. Even more visible is the relationship between other borrowings and the use of investments or savings to pay school fees. Those who have borrowed in other ways are 20% more likely to have used, or be using, investments or savings to pay school fees.

2.3 Frequency of fee payment

There is some indication that parents use different payment frequencies for different children, with several parents mentioning the use of both termly or monthly fee payment structures. However, the traditional termly fee structure remains the most commonly used.

The survey shows that approximately two-thirds of respondents, contacted through their schools, pay their school fees on the traditional termly fee structure, whereas just over a third pay on a monthly basis. For those respondents who are HTC clients, conversely, the vast majority pay on a monthly basis (as would be expected), although a further quarter still pay on the traditional termly basis.

This suggests that previous estimates of less than 10% of parents using monthly payment schemes, be they provided by commercial organisations or in-house by schools, may be greatly under-estimated and that, in fact, demand for monthly payment schemes to meet the needs of some parents is higher than has been initially considered.

Just over half of respondents (51%) use the school's own **payment scheme**. However, it is not clear whether respondents interpreted this as meaning they paid their fees according to the school's own calendar, or if they used another system of fee payment suggested by the school, such as the monthly fee payment product offered by HTC.

2.4 The less confident fee-payers

What also emerges from the survey is a clear distinction between those families who meet the cost of their children's education with relative ease, who might perhaps be equated with the 61% of respondents who gave a confident "yes" to the question: "Do you think you will be able to continue paying school fees until your children leave school?", and those who face the future with less confidence.

Analysis of responses to most of the questions about the payment of fees discloses a substantial body of parents who are clearly very stretched by the demands of paying school fees and who, as a result, are equivocal about their ability to continue. For example:

- parents who have a second job or do overtime in order to pay fees,
- parents who have reduced other expenditure in their lives to pay school fees,
- parents who have borrowed either by extending their mortgages or in other ways to pay school fees,
- parents who are being helped in paying school fees by a third party

are all more likely to be paying a **higher** proportion of their net household income on school fees than those who have not.

It is clear, too, that parents who do overtime or who have a second job in order to pay fees are much more likely to be reducing expenditure in other areas in order to pay fees than those who do not do any extra hours.

Furthermore, those parents who do overtime or have a second job in order to pay school fees are the least confident in continuing to pay their child's fees until they leave school. And respondents who pay the highest percentage of their net income on school fees (41+%) are much less likely to have confidence in their continued ability to pay fees until their child leaves school; almost three quarters (73%) of those paying 0-20% of their net income showing a high level of confidence, compared to just a third (33%) of those paying 41-100% of their net income.

2.5 What threatens parents' ability to pay school fees?

Although nearly two thirds of respondents are very confident that they will be able to continue to pay school fees until their children leave school, a significant proportion of respondents (12%) show some doubt in their ability to do so.

As time progresses, understandably the confidence in ability to pay school fees increases. The age of the child does appear to have an impact; as might be expected, as the age of the child increases, so does the confidence in the ability to continue paying fees until the child leaves school. Similarly, those who have the highest number of additional years yet to pay school fees for appear slightly less confident in their continued ability to pay these fees until the child leaves school.

The key perceived threats to parents' ability to pay school fees in the future are:

- Increasing taxes
- Ability to earn
- Job insecurity
- Increasing interest rates

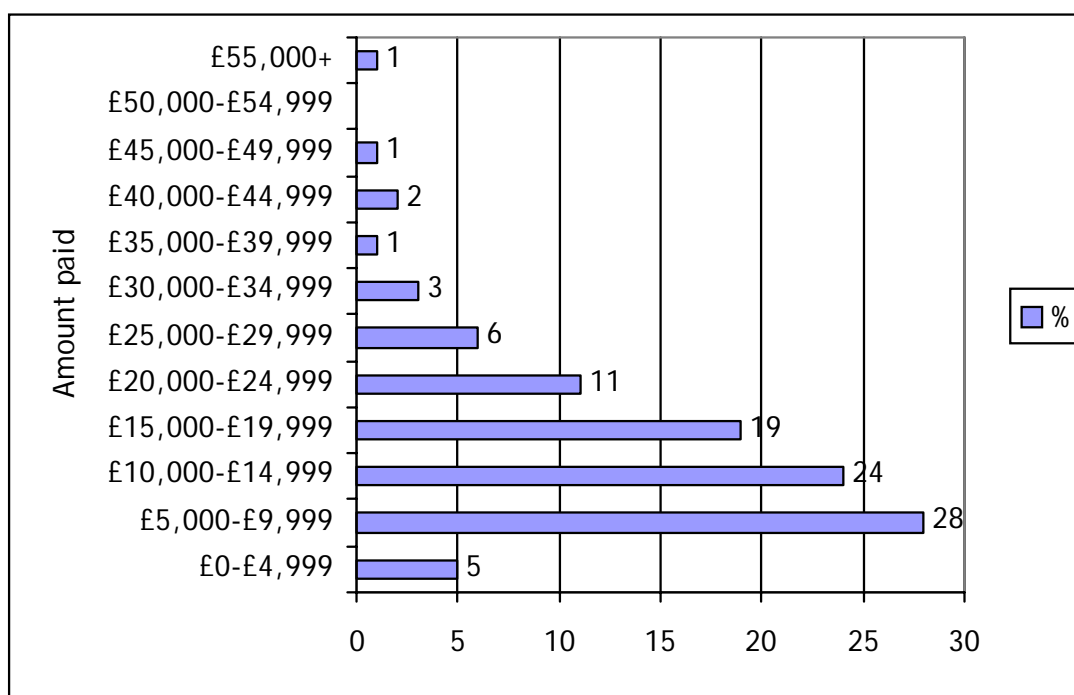
These perceived threats are more keenly felt by parents with more than one child, and by parents with younger children, and concerns progressively lessen as the age of child increases. Conversely, parents with older children appear more concerned about decreasing income and payment of university fees (than those with younger children).

Parents who do overtime or have a second job in order to pay school fees also appear more concerned than those who do not do extra hours regarding increasing taxes, their ability to earn, increasing interest rates and the future payment of university fees. Parents who have reduced other expenditure are much more likely than others to perceive these threats to be increasing taxes, job insecurity and, in particular, increasing interest rates and payment of university fees.

3 The findings in detail

3.1 What total amount of school fees do you pay, including extras, per annum?

The total amounts of fees paid vary quite widely, depending upon the number of children at independent schools, their ages and whether day or boarding education is being purchased.



(Base: 899 – all respondents, prompted, single response)

Two thirds of respondents (68%) pay school fees of more than £10,000 per annum (including ‘extras’). This compares with the overall average independent school fee at January 2007⁴ of £10,712 per annum.

When looking by the **number of children** for whom respondents are paying schools fees:

- 62% of those paying fees for one child only are paying up to £10,000 per annum.
- By contrast, 95% of those paying fees for two children are paying more than £10,000 per annum; 34% are paying more than £20,000 per annum.

⁴ ISC Census 2007

The total amount of school fees paid per annum as analysed by number of children for whom fees are paid is shown in the following table:

Total amount spent on fees per annum	Overall	Number of children's fees paid for (%)				
		1	2	3	4	5
<i>BASE:</i>	899	437	373	76	11	1
£0-£4,999	5	9	1	3	-	-
£5,000-£9,999	28	54	4	3	-	-
£10,000-£14,999	24	32	19	4	-	-
£15,000-£19,999	19	3	41	5	-	-
£20,000-£24,999	11	2	19	20	27	-
£25,000-£29,999	6	1	6	25	9	-
£30,000-£34,999	3	-	5	16	9	-
£35,000-£39,999	1	-	2	4	9	-
£40,000-£44,999	2	-	2	5	9	-
£45,000-£49,999	1	-	-	7	-	-
£50,000-£54,999	-	-	-	-	-	-
£55,000+	1	-	-	8	36	100

(Base: 899 – all respondents, prompted, single response)

By way of comparison, according to the ISC Census 2007, the average fees, as at January 2007, are as follows:

Type	Annual Fee
Boarding	£20,139
Day fee (boarding school)	£11,145
Day fee (day school)	£8,121

Overall there is a higher *mean income per pupil* sourced from boarding pupils.

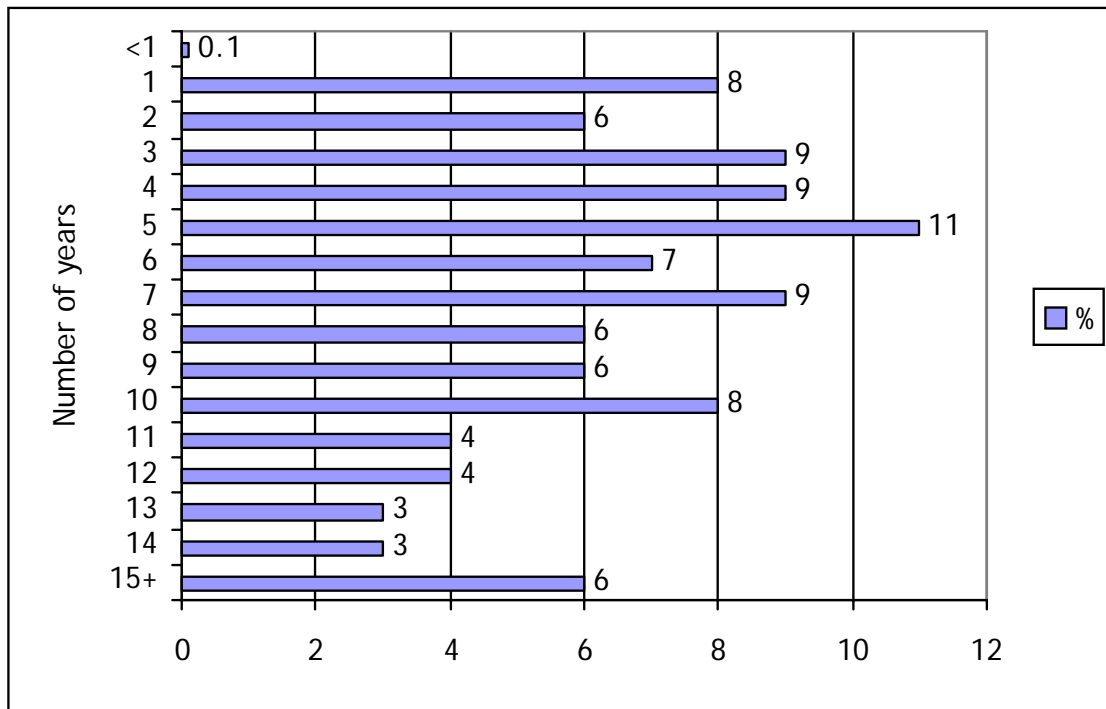
Total amount of school fees paid per annum	Day or boarding pupils (%)		
	Overall	Day	Boarding
<i>BASE:</i>	899	1,303	121
£0-£4,999	5	4	2
£5,000-£9,999	28	20	2
£10,000-£14,999	24	21	2
£15,000-£19,999	19	25	5
£20,000-£24,999	11	15	10
£25,000-£29,999	6	8	10
£30,000-£34,999	3	5	14
£35,000-£39,999	1	1	11
£40,000-£44,999	2	1	15
£45,000-£49,999	1	1	6
£50,000-£54,999	-	-	-
£55,000+	1	1	2

(Base: 1424 – all valid responses for all pupils mentioned in the survey)

3.2 Excluding the current year, for how long have parents been paying fees?

The number of years that respondents have been paying school fees for is wide-ranging. Although 44% of respondents have been paying school fees for 5 years or less, 28% have been paying fees for 10 years or more

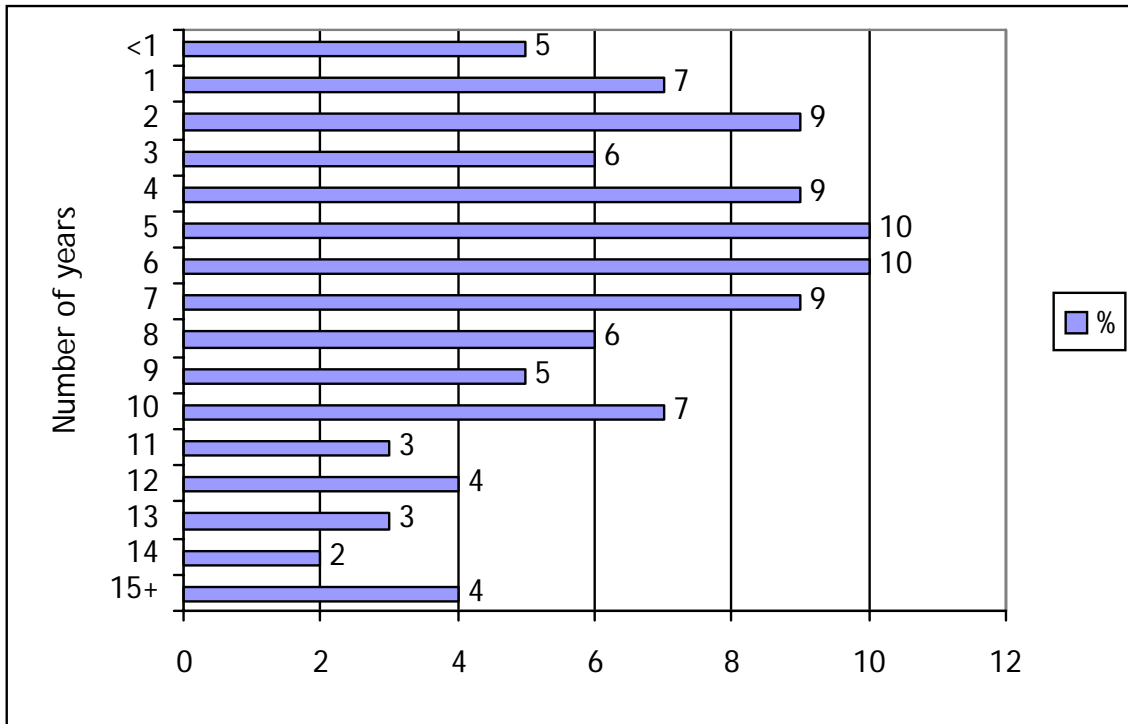
The distribution of periods is as follows:



(Base: 890 – all valid responses, prompted, single response)

3.3 Including the current year, for how many more years do you expect to pay school fees?

Again, the number of years respondents expect to be paying school fees for in future is wide-ranging. 46% expect to pay fees for another five years or less and 23% expect to pay fees for another ten years or more.



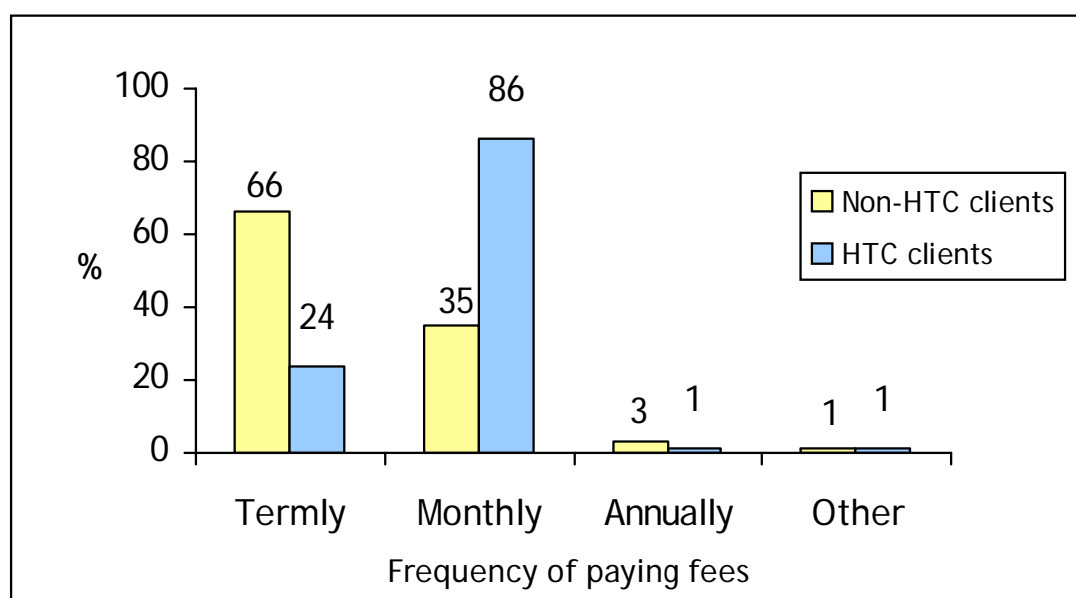
(Base: 895 – all respondents, prompted, single response)

3.4 How frequently school fees are paid

When looking at frequency of paying school fees, a clear distinction is to be made between those respondents contacted through schools and those clients of HTC, contacted direct.

The survey shows that two thirds (66%) of the 677 respondents who were contacted via their schools, pay their school fees on the traditional termly basis, whereas about a third (35%) pay on a monthly basis. Only 4% of respondents pay their fees annually or on another basis.

For the 189 HTC clients, conversely, the vast majority (86%) pay on a monthly basis (as would be expected).



(Base: 899 – all respondents, prompted, multiple response)

It will be noted that the percentages in this table add up to more than 100 (HTC clients: 112; non-HTC clients: 105). Some respondents ticked more than one box in response to this question, suggesting that parents may use different payment methods for different children in the family, where, for example, children are attending different schools (some of which may not offer monthly payment options).

3.5 Do you use the school's own payment scheme?

Just over half of respondents (51%) use a payment scheme provided by their child's school. However, it is not clear whether respondents interpreted this as meaning they paid their fees according to the school's own calendar, or if they used another system of fee payment suggested by the school, such as the monthly fee payment product offered by HTC.

However, analysis of the respondents to the question about the frequency of fee payment shows that overall, respondents paying school fees on a monthly basis are significantly more likely to be using a school's own payment scheme than those who are paying termly.

Whether use school's own payment scheme	Overall	Frequency of paying fees (%)			
		Annually	Termly	Monthly	Other
BASE:	896	23	507	415	10
Yes	51	57	34	72	60
No	49	44	65	28	40

(Base: 896 – all valid responses; prompted, multiple response)

3.6 Did you pay any of the school fees as a lump sum in advance?

Only a small minority of respondents (12%) have paid any of the school fees as a lump sum in advance.

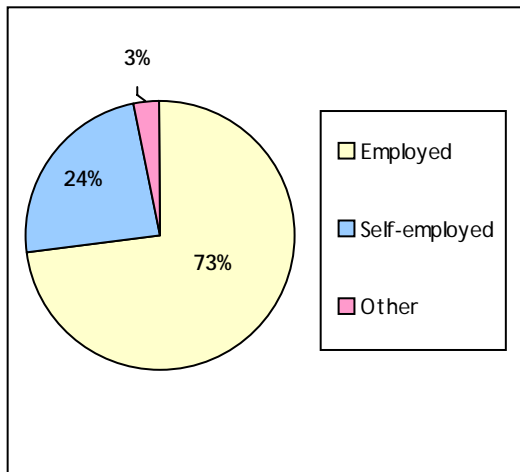
3.7 What is your employment status?

Almost all (97%) of "Parent 1" respondents work, on either an employed or self-employed basis.

Of the total, this breaks down into 73% of Parent 1 respondents are employed and 24% self-employed. A tiny minority of "Parent 1" respondents (3%) are not employed and so can be assumed to be retired or not financially dependent upon work.

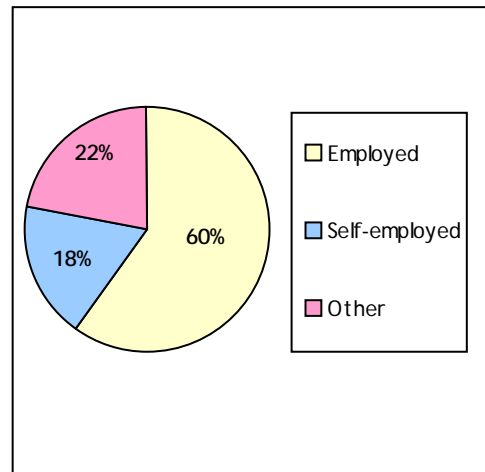
In contrast, 78% of "Parent 2" respondents work, being 60% employed and 18% self employed.

Parent 1



(Base: 894 – all valid responses; prompted, single response)

Parent 2

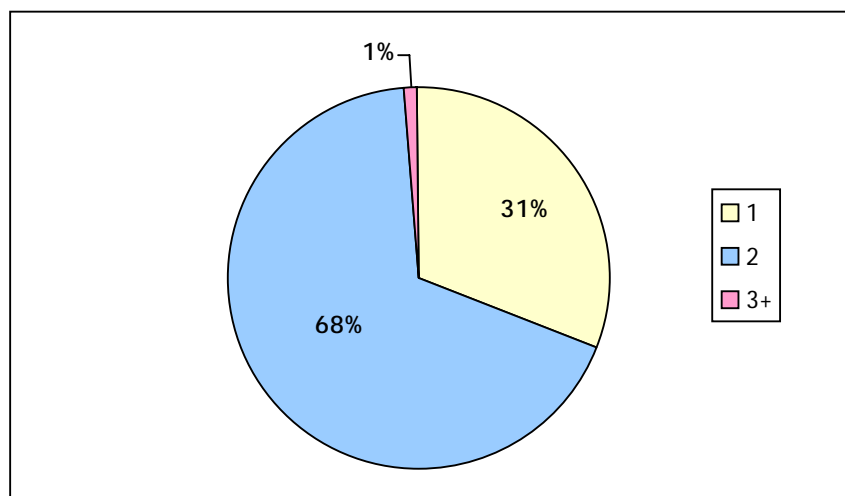


(Base: 899 – all respondents, single response)

The number of self employed parents compares with national figures⁵, that show, of all of those in paid work, (29.939 Million) 86.7% are employed and 13.3% are self employed. This suggests that more affluent business owners and entrepreneurs are more strongly represented amongst the purchasers of independent education than in the population as a whole.

3.8 Home many incomes are there in your household?

Over two thirds of respondents live in households with at least two incomes.



(Base: 893 – all valid responses, prompted, single response)

⁵ Office for National Statistics Monthly Digest August 2007

3.9 Do you do overtime or have a second job in order to pay school fees?

16% of respondents (Parent 1) do overtime or have a second job themselves in order to pay school fees. It is interesting to note that the amount of school fees paid per annum does not appear to have a significant impact on whether parents do overtime or have a second job in order to pay school fees.

12% of respondents cited that their partners (Parent 2) have a second job in order to help supplement income to pay fees.

It should also be noted that those who are least confident about their continued ability to pay school fees until their child leaves school are roughly twice as likely to be doing overtime or have a second job in order to pay school fees.

		Parent 1: Whether will be able to continue to pay fees until children leave school (%)		
If do overtime/have second job to pay fees	Overall	Yes	Possibly	Possibly not/No
BASE:	883	544	236	103
Yes	16	9	23	36
No	84	91	77	64

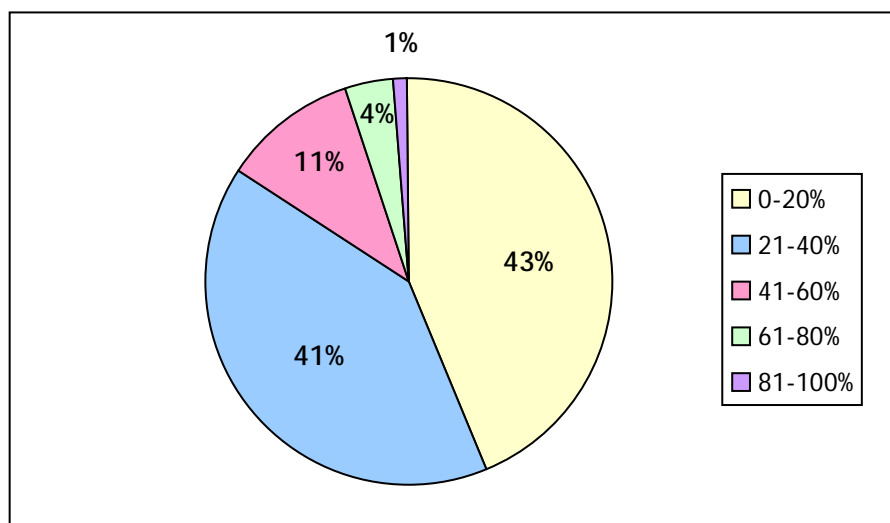
(Base: 883 – all valid responses; prompted, multiple response)

		Parent 2: Whether will be able to continue to pay fees until children leave school (%)		
If do overtime/have second job to pay fees	Overall	Yes	Possibly	Possibly not/No
BASE:	765	489	198	75
Yes	12	7	19	23
No	88	93	81	77

(Base: 765 – all valid responses; prompted, multiple response)

3.10 Approximately what percentage of NET income (ie after tax etc) is spent on school fees?

The large majority of the sample (84%) spending up to, and including, 40% of their net income on school fees and 16% are paying 41% - 100% of their income on fees. Of these respondents 4% are paying 61%-80% of their net income on fees and 1% claim to be spending 81%-100% of their net income on fees.



(Base: 876 – all valid responses, prompted, single response)

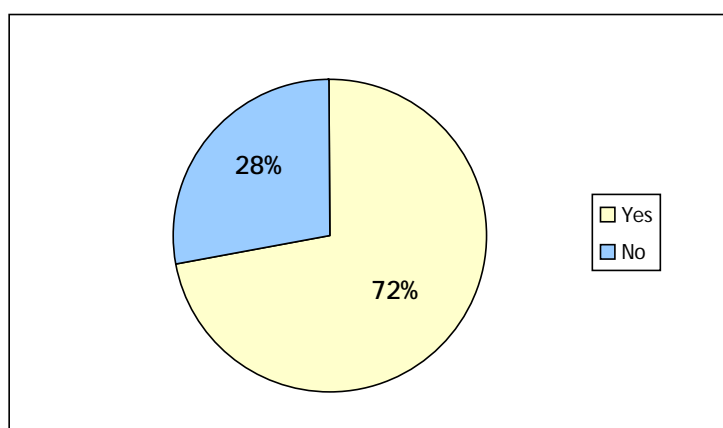
When looking at these figures by net household income, we can see that those who are paying lower amounts of school fees per annum are spending a lower percentage of their net household income on fees. Those paying £25,000 or more per annum on school fees are more likely to be using a higher percentage of their net household income on fees.

	Overall	Total amount of school fees paid including 'extras', per annum (%)				
		£0-£9,999	£10,00-£14,999	£15,000-£19,999	£20,000-£24,999	£25,000 +
BASE:	876	288	209	168	93	116
% of net household income spent on fees						
0-20%	43	60	53	36	23	17
21-40%	41	33	38	49	54	45
41-60%	11	5	7	10	16	28
61-80%	4	2	2	4	5	8
81-100%	1	-	0.4	2	2	2

(Base: 876 – all valid responses, prompted, single response)

3.11 Have you reduced other expenditure to pay school fees?

Nearly three quarters of respondents have reduced other expenditure to pay school fees.



(Base: 897 – all valid responses, single response)

Further analysis makes it clear that parents who do overtime or who have a second job in order to pay fees are also much more likely to be reducing expenditure in other areas in order to pay fees than those who do not do any extra hours.

	PARENT 1: If do overtime or have a second job in order to pay fees (%)		
	Overall	Yes	No
BASE:	885	142	743
If reduced other expenditure to pay school fees			
Yes	72	92	68
No	28	9	32

(Base: 885 – all valid responses, single response)

	PARENT 2: If do overtime or have a second job in order to pay fees (%)		
	Overall	Yes	No
BASE:	764	90	674
If reduced other expenditure to pay school fees			
Yes	72	94	67
No	28	6	33

(Base: 764 – all valid responses, single response)

Those who have used, or are using their mortgage to pay school fees are also more likely to be reducing expenditure in other areas of their lives than those who have not used their mortgage, with 89% of those who have used their mortgage having made cut-backs in comparison to 71% of those who have not used their mortgage.

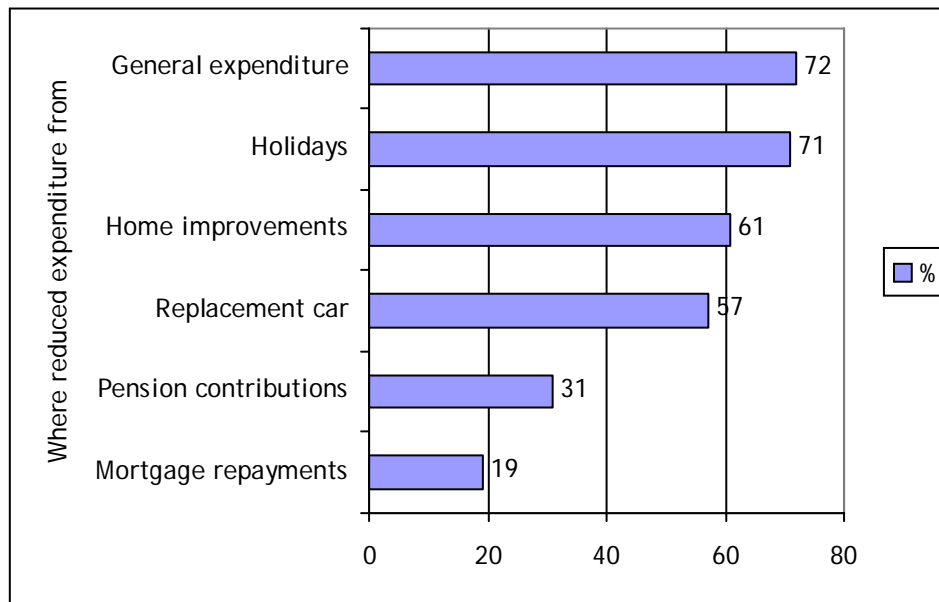
Parents who use, or who have used, investments or savings to pay school fees in the past are also more likely to have made cut-backs in other areas to pay for school fees, being 20% more likely than those who have not used investments or savings to have reduced expenditure in other areas.

3.12 What has the reduced expenditure been from?

Of those respondents who have reduced other expenditure to pay school fees, most have made cut-backs from:

- o General expenditure (72%)
- o Holidays (71%)

Home improvements (61%) and replacement cars (57%) are also likely to have been foregone in order to pay school fees



(Base: 650 – all respondents who have reduced other expenditure to pay school fees, prompted, multiple response)

3.13 Have you used, or are you using, your mortgage to pay school fees?

A small number of respondents (9%) have used, or are using, their mortgage (i.e. by extending their mortgage or re-mortgaging) to pay school fees.

Those who pay the highest total amount of fees per annum are more likely to have used, or be using, their mortgage to pay school fees, in particular, those paying £15,000 and above per annum, where between 13% and 15% have made use of their mortgage to help. As might be expected, very few respondents paying less than £10,000 per annum on school fees need to use their mortgage to pay school fees.

		Total amount of school fees paid including 'extras', per annum (%)				
	Overall	£0-£9,999	£10,000-£14,999	£15,000-£19,999	£20,000-£24,999	£25,000+
BASE:	890	293	213	168	98	120
If used mortgage to pay fees						
Yes	9	5	8	15	13	13
No	91	95	92	85	86	87

(Base: 890 – all valid responses; prompted, single response)

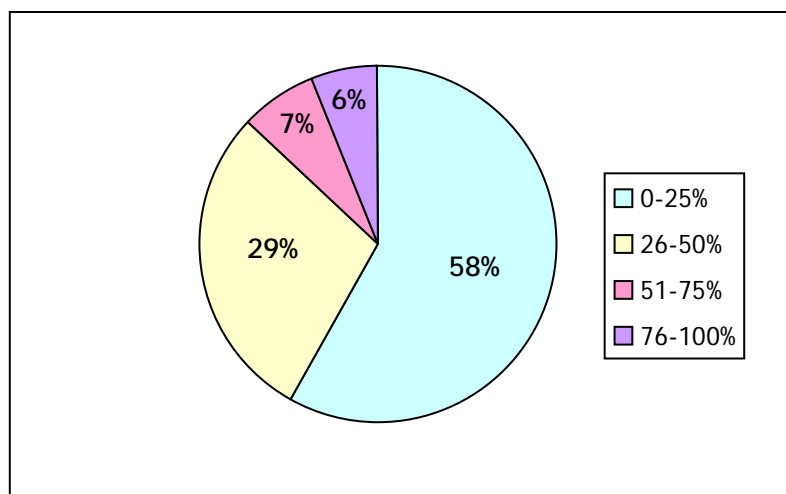
Multiple borrowing appears to be a necessity for some, with results showing that there is a relationship between borrowing in other ways and use of a mortgage to pay school fees. Over a third (36%) of those who had borrowed in any other way also used their mortgage to pay fees.

	Whether borrowed in any other way to pay fees (%)		
	Overall	Yes	No
BASE:	881	105	776
If used mortgage to pay fees			
Yes	9	36	6
No	91	64	94

(Base: 881 – all valid responses; prompted, single response)

3.14 If yes, by what percentage have you, or will you, increase your mortgage?

Over half of respondents who have used, or are using, their mortgage to pay school fees have increased, or will increase, their mortgage by up to, and including, 25%. A further 29% expect to borrow, or are borrowing, up to 50% more.



(Base: 84 – all respondents who have increased, or planning to increase, their mortgage; prompted, single response)

3.15 Have you borrowed in any other way to pay school fees?

A slightly higher proportion (12%) of respondents have borrowed in some other way, as opposed to a mortgage, to pay school fees.

There is some indication that parents who are paying the highest amount of school fees per annum are slightly more likely to have borrowed in other ways (as opposed to their mortgage) in order to pay school fees. This is most noticeable for those paying £20,000+ per annum. Those who pay less than £5,000 per annum are the least likely to have borrowed in other ways to pay school fees.

		Total amount of school fees paid including 'extras', per annum (%)				
	Overall	£0-£9,999	£10,000-£14,999	£15,000-£19,999	£20,000-£24,999	£25,000-£29,999
BASE:	880	289	211	167	95	118
If borrowed in any other way to pay fees						
Yes	12	12	12	9	14	17
No	88	88	88	91	86	83

(Base: 880 – all valid responses; prompted, single response)

It is those parents who feel the least confident about their ability to continue paying school fees until their children leave school (i.e. those who think they will not or possibly not) are more likely to have borrowed in other ways in order to pay school fees. Conversely, those who feel the most confident to continue to pay their fees are the least likely to have borrowed in the past.

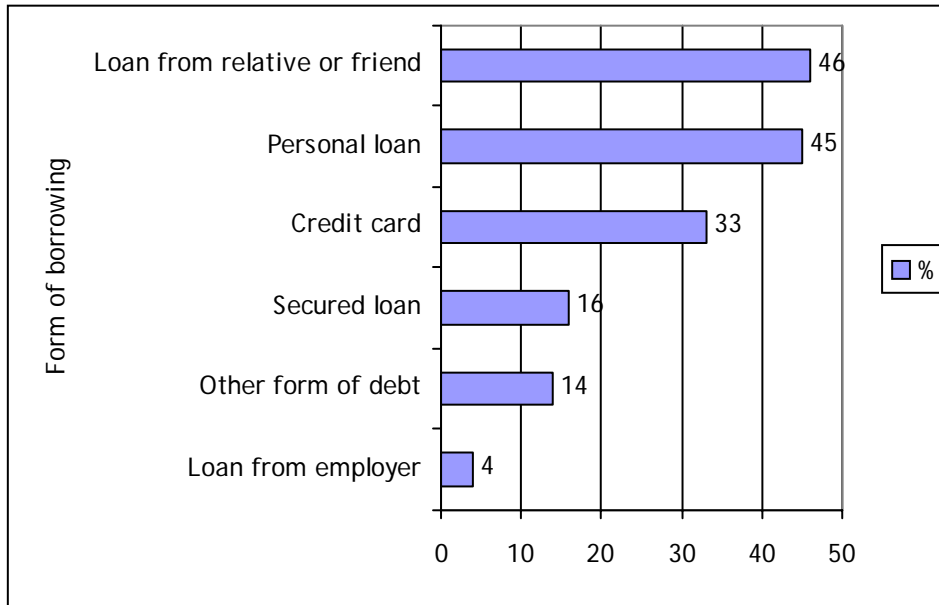
		Do you think you will continue to be able to pay school fees (%)		
	Overall	Yes	Possibly	Possibly not/No
BASE:	883	541	237	105
If borrowed in any other way to pay fees				
Yes	12	8	12	30
No	88	93	84	68

(Base: 883 – all valid responses; prompted, single response)

3.16 If so what form has this borrowing taken?

Respondents who have borrowed money have typically done so through:

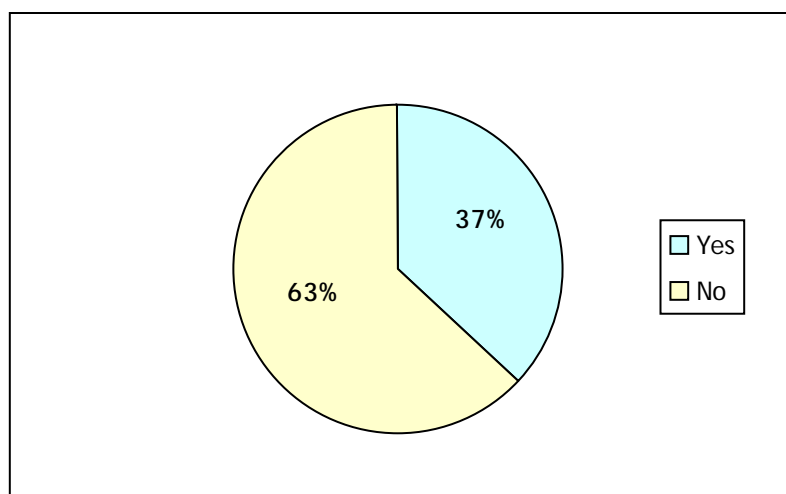
- A loan from a relative or friend (45%) OR
- A personal loan (45%) and,
- to a lesser degree, borrowing with credit cards (33%)



(Base: 105 – all respondents who have borrowed in any other way to pay school fees, prompted, multiple response)

3.17 Do you, or did you in the past, pay school fees using investments or savings?

Over a third of respondents have paid, or are currently paying, school fees using investments or savings.



(Base: 894 – all valid responses; prompted, single response)

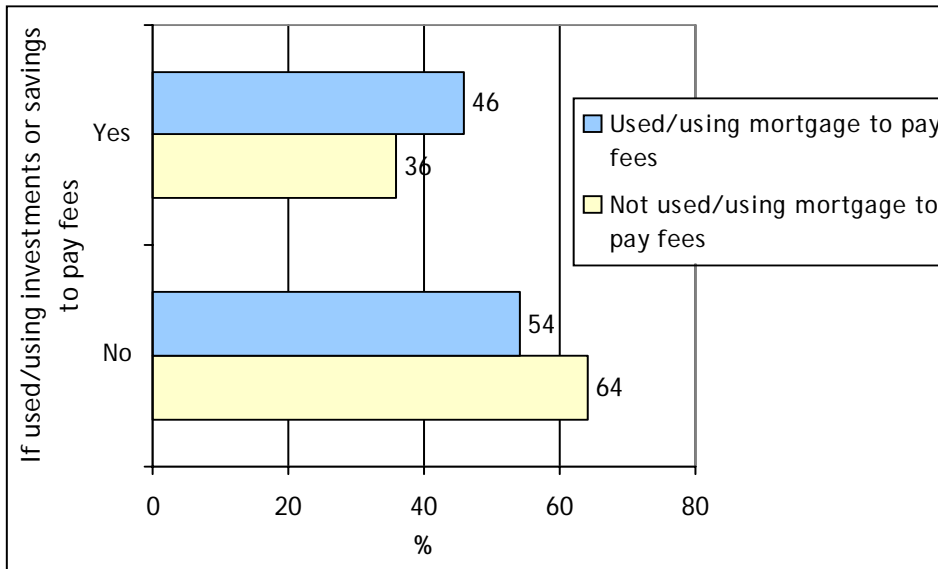
There appears to be an increased likelihood of using, or having used, investments or savings as the number of children paying fees for increases, with only a third of those with one child using investments or savings and 41% of those with two or more children using investments or savings.

As might therefore be expected, there is also an increased likelihood of using, or having used, investments or savings as the total amount of school fees paid per annum also increases.

	Overall	Total amount of school fees paid including 'extras', per annum (%)				
		£0-£9,999	£10,000-£14,999	£15,000-£19,999	£20,000-£24,999	£25,000+
BASE:	890	290	213	168	98	121
If use, or have used, investments/savings to pay school fees						
Yes	37	28	39	36	44	47
No	63	72	61	64	56	53

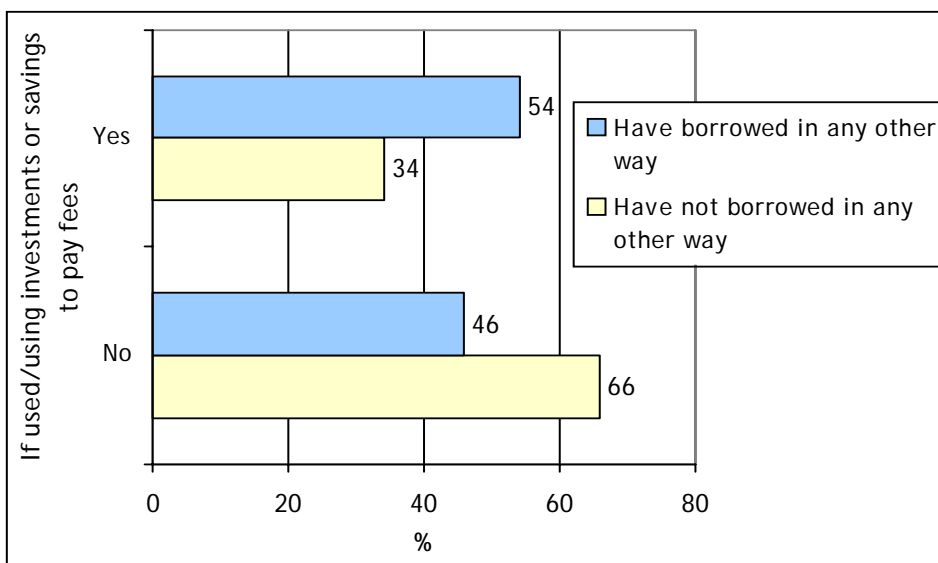
(Base: 890 – all valid responses; prompted, single response)

Those who have used, or are using, their mortgage to pay school fees are also more likely to have used, or be using, investments or savings to pay school fees, with almost half (46%) who are using their mortgage also using investments or savings, compared to just over a third (36%) who do not use their mortgage.



(Base: 890 – all valid responses; prompted, single response)

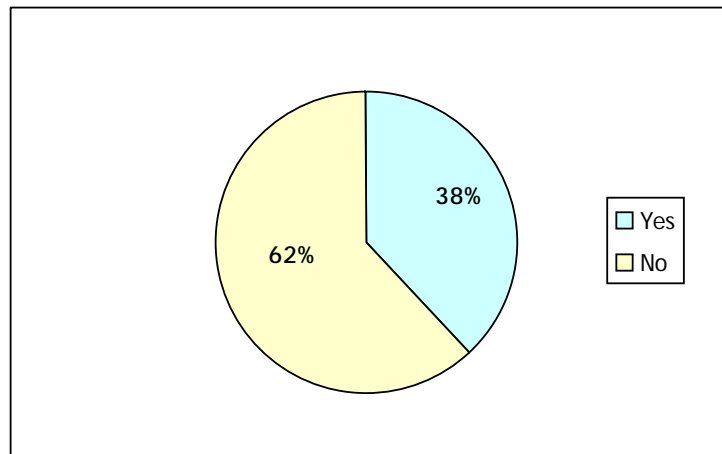
Even more visible is the relationship between other means of borrowing (as opposed to a mortgage) and the use of investments or savings to pay school fees. Those who have borrowed in other ways are 20% more likely to have used, or be using, investments or savings to pay school fees.



(Base: 882 – all valid responses; prompted, single response)

3.18 Did you plan to do this before you had to pay school fees?

Nearly two thirds (62%) of the respondents who have paid, or are currently paying, school fees using investments or savings had **not** planned to do this before they had to pay school fees.

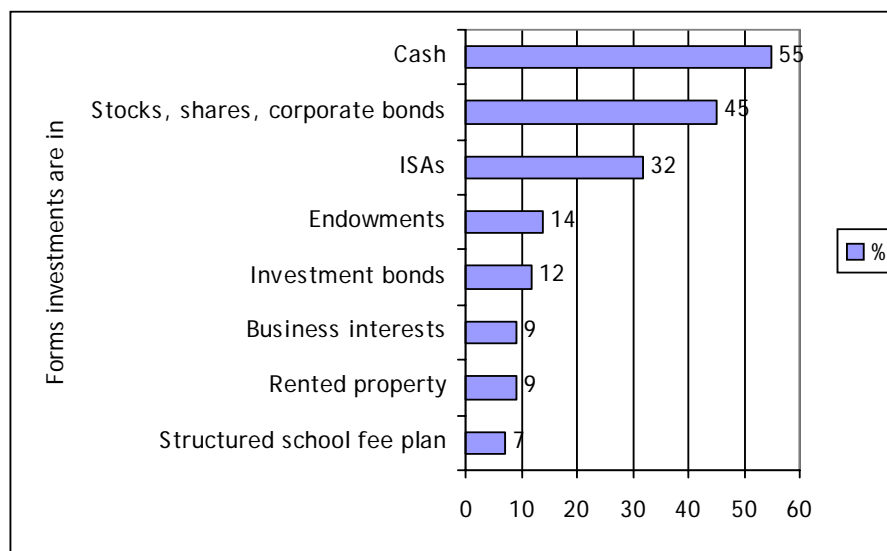


(Base: 327 – all respondents who pay, or have paid, school fees using investments or savings; prompted, single response)

3.19 What form of investments are these?

The investments or savings that parents are most likely to have used, or be using, to pay school fees with are most likely to be in the form of:

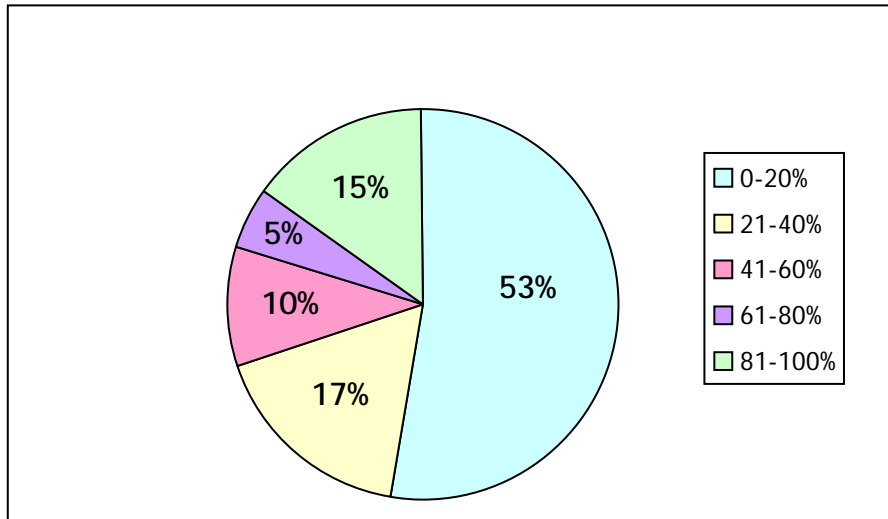
- Cash (55%);
- Stocks, shares, corporate bonds (45%);
- ISAs (32%)



(Base: 324 – all respondents who pay, or have paid, school fees using investments or savings, prompted, multiple response)

3.20 Approximately what percentage of your school fees are, or were, paid from these sources?

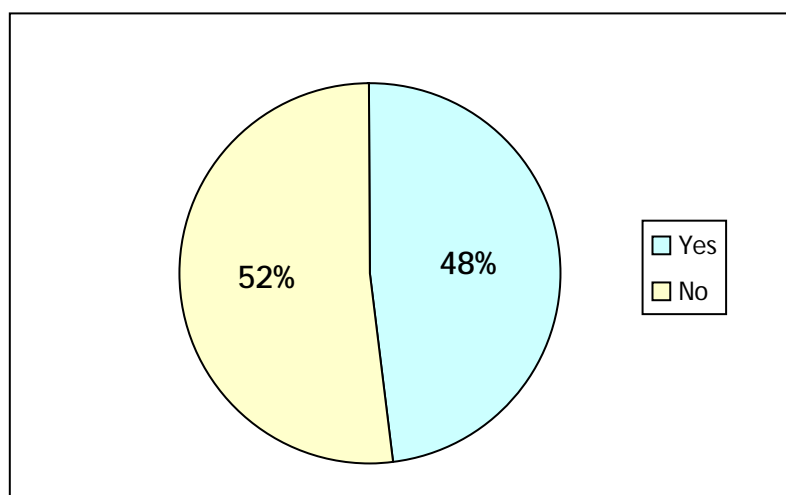
Just over half (53%) of respondents paid for up to 20% of school fees from their investments or savings. However, a fifth of respondents have used more than 60% of their savings to pay school fees.



(Base: 319 – all valid responses for those who pay, or have paid, school fees using investments or savings; prompted, single response)

3.21 Will this fee payment source continue for the foreseeable future?

Almost half of respondents using these investments or savings to fund payment of school fees (48%) think this payment source will continue for the foreseeable future, but just over half do not.



(Base: 326 – all valid responses for those who pay, or have paid, school fees using investments or savings; prompted, single response)

3.22 Are you helped in paying school fees by a third party?

The large majority of respondents (87%) do **not** have any help to pay school fees from a third party

There is some indication that those who pay the highest amount of fees (£25,000+) per annum are slightly more likely to have help in paying school fees by a third party, although differences are marginal.

	Overall	Total amount of school fees paid including 'extras', per annum (%)				
		£0-£9,999	£10,000-£14,999	£15,000-£19,999	£20,000-£24,999	£25,000+
BASE:	891	292	212	169	98	120
If helped in paying school fees by a third party						
Yes	13	14	10	9	13	20
No	87	86	90	91	87	80

(Base: 891 – all valid responses, prompted, single response)

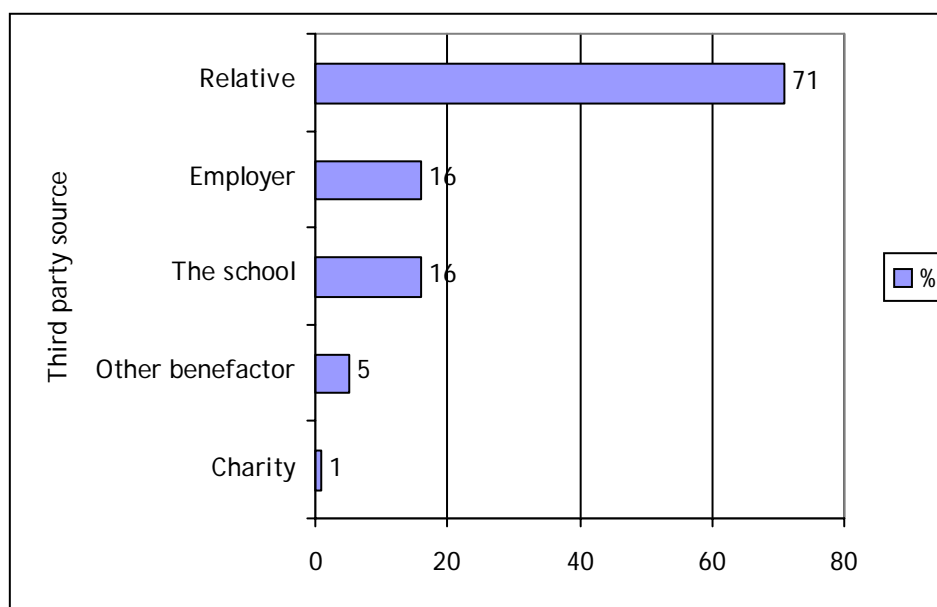
There is also an indication that those who spend the highest percentage of their net income on fees (41+%) are also more likely to have assistance in paying school fees.

		Percentage of net income spend on fees (%)		
		0-20%	21-40%	41-100%
BASE:	874	385	356	133
If helped in paying school fees by a third party				
Yes	13	13	9	22
No	87	87	91	78

(Base: 874 – all valid responses, prompted, single response)

3.23 If yes, who is this third party source?

The majority of respondents (almost three quarters) who are helped by a third party to pay fees are helped by a relative. 16% are assisted by an employer and a further 16% by the school itself.⁶



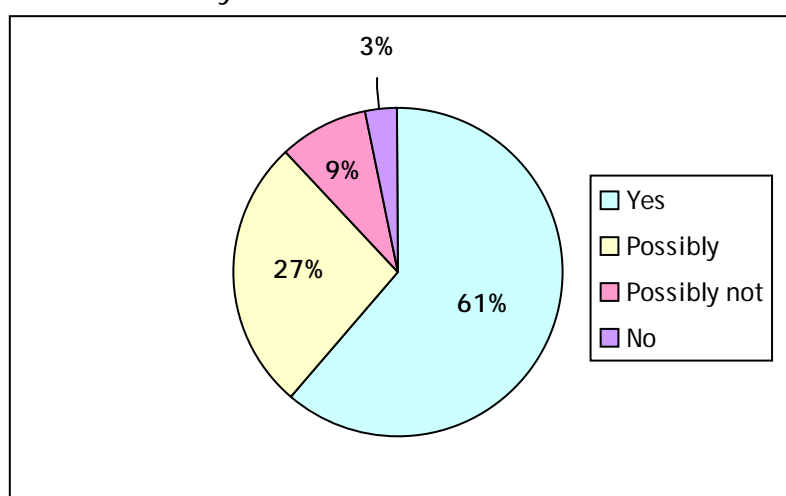
(Base: 116 – all respondents who have help paying school fees by a third party; prompted, multiple response)

⁶ This latter figure suggests that only a little over 2% of respondents are in receipt of some form of fee assistance from their pupils' schools. This figure is well below all other global estimates for the proportion of parents receiving assistance through scholarships, bursaries and other forms of fee remission. The ISC, for example, reports that nearly a quarter of all pupils receive some form of assistance from the school. It is likely, therefore, that some respondents have not included fee remissions of this kind in their response to this question.

Most respondents (81%) who are helped by a third party are confident that this assistance to pay fees will continue for the foreseeable future.

3.24 Do you think you will be able to continue paying school fees until your children leave school?

Although six respondents out of ten (61%) are very confident that they will be able to continue to pay school fees until their children leave school, the remainder showed some degree of equivocation. More than a quarter (27%) said they would “possibly” be able to continue and 9% of respondents show some doubt in their ability to do so. A small number (3%) were clear that they would not be able to continue.



(Base: 895 – all valid responses; prompted, single response)

The number of children paying school fees for does not affect parents’ perceived abilities to continue paying school fees until their children leave school. However, the age of the child does appear to have an impact; as the age of the child increases, so does the confidence in the ability to continue paying fees until the child leaves school.

		Age of child (%)				
		0-3	4-7	8-11	12-16	17-18
If think will be able to continue paying fees until child leaves school	Overall	0-3	4-7	8-11	12-16	17-18
BASE:	1458	32	215	419	634	158
Yes	61	34	42	61	65	84
Possibly	27	47	43	27	24	8
Possibly not	9	13	13	10	9	7
No	3	6	3	3	1	-

(Base: 1458 – all valid responses for each child referred to in the survey; prompted, single response)

Those parents who do overtime or have a second job in order to pay school fees appear less confident in continuing to pay their child's fees until they leave school. Those who do not do extra work are almost twice as likely to be confident in their continued ability to pay fees, than those who do overtime or have a second job.

		Do overtime or a second job to pay school fees (%)	
		Yes	No
If think will be able to continue paying fees until child leaves school	Overall		
BASE:	883	142	741
Yes	61	35	67
Possibly	27	39	24
Possibly not	9	21	7
No	3	5	2

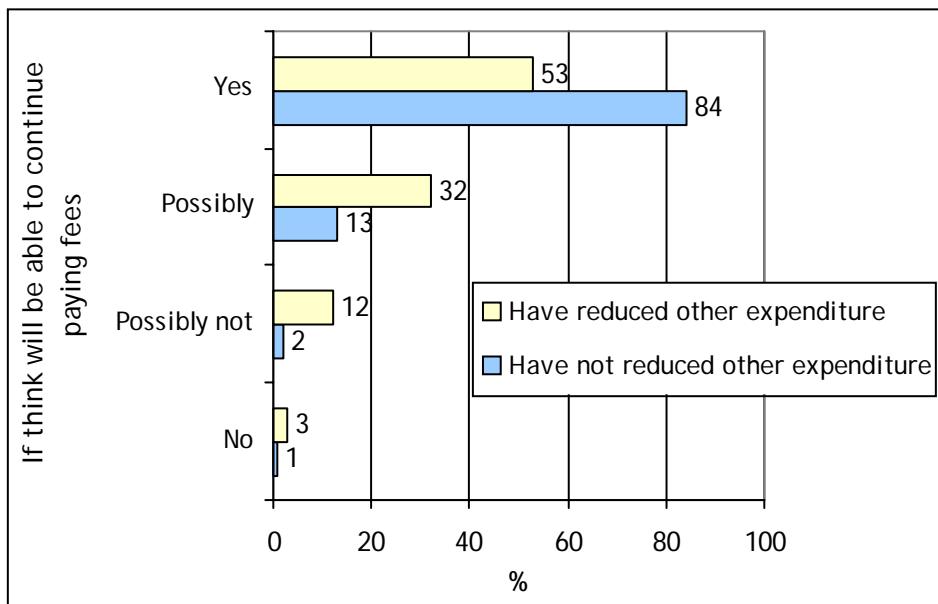
(Base: 883 – all valid responses; prompted, single response)

Respondents who are paying the highest percentage of their net income on school fees (41+%) are much less likely to have confidence in their continued ability to pay fees until their child leaves school, with almost three quarters (73%) of those paying 0-20% of their net income showing a high level of confidence, compared to just a third (33%) of those paying 41-100% of their net income.

		Percentage of net income spent on fees (%)		
		0-20%	21-40%	41-100%
If think will be able to continue paying fees until child leaves school	Overall			
BASE:	873	385	355	133
Yes	61	73	59	33
Possibly	27	20	28	44
Possibly not	9	5	10	20
No	3	3	3	3

(Base: 873 – all valid responses; prompted, single response)

Those who have reduced other expenditure to pay school fees also show less confidence in their ability to continue to pay school fees until their child leaves school, than those who have not had to reduce other expenditure.



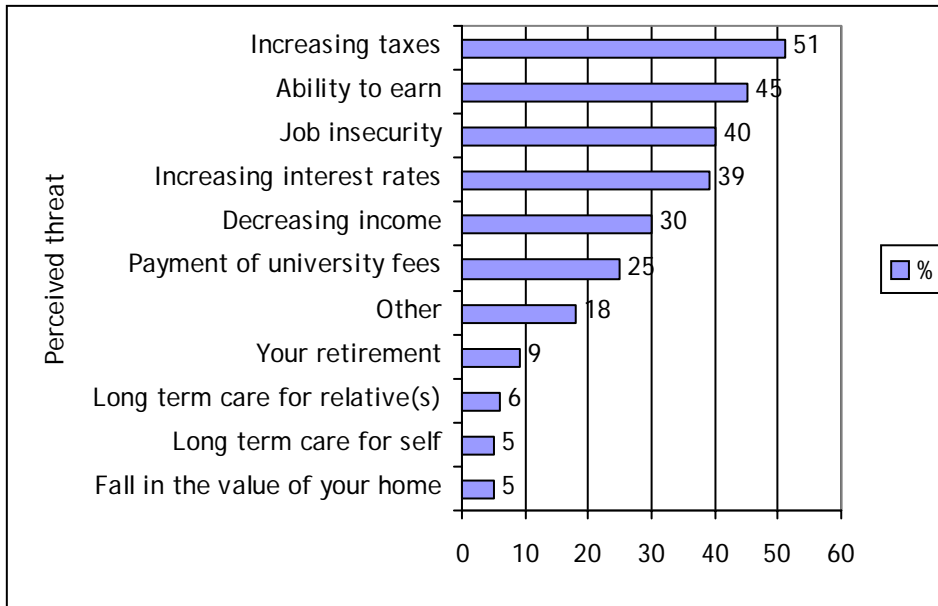
(Base: 894 – all valid responses; prompted, single response)

Again, a similar overall trend is found when looking at these results by use of investments or savings to pay school fees, with two thirds of those who have **not** used investments or savings showing the highest level of confidence in their continued ability to pay fees (compared to just over a half of those who have used investments or savings). However, this factor does appear to have somewhat less influence than those discussed above.

3.25 What do you think threatens your ability to pay school fees in the future?

Key perceived threats to parents' perceived ability to pay school fees in the future are:

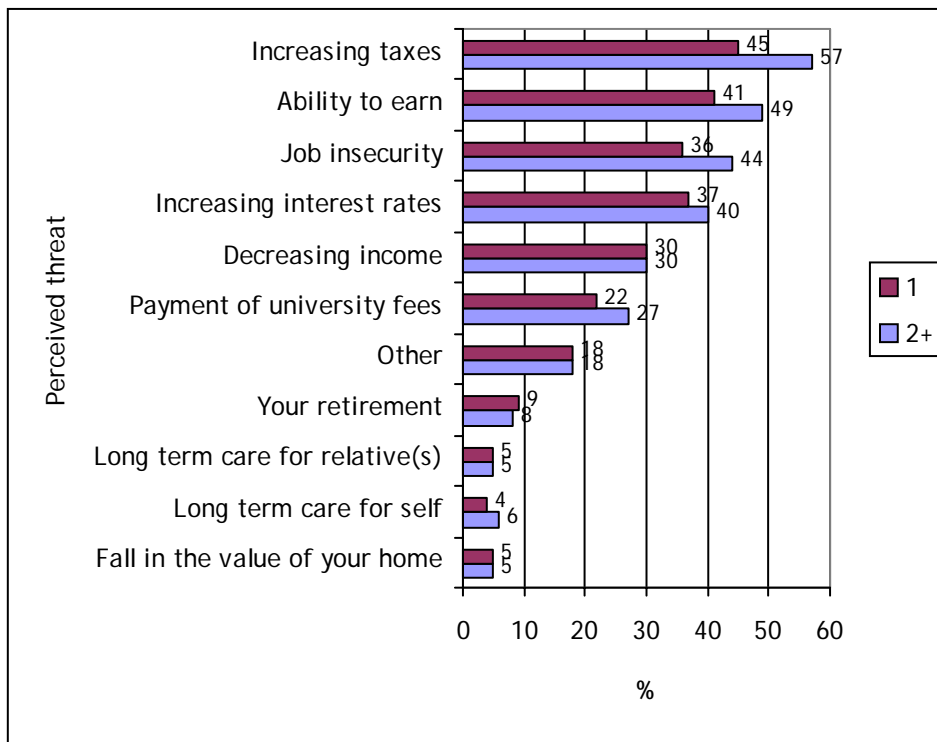
- Increasing taxes
- Ability to earn
- Job insecurity
- Increasing interest rates



(Base: 819 – all valid responses; prompted, single response)

Parents with more than one child are slightly more likely to feel most key factors are a threat to their ability to pay school fees than those with one child only, particularly

- Increasing taxes
- Ability to earn
- Job insecurity



(Base: 818 – all valid responses; prompted, single response)

Increasing interest rates are greater concerns for parents with younger children, and their concerns progressively lessen as the age of child increases. Conversely, parents with older children appear more concerned about decreasing income and payment of university fees (than those with younger children).

4 The questionnaire

- 1 How many children's school fees do you pay?
(Please tick the right box)
- | | | | | |
|---|---|---|---|---|
| 1 | 2 | 3 | 4 | 5 |
|---|---|---|---|---|
- 2 What ages are these children?
(Please write in the right box(es))
- | | | | | |
|-----------|-----------|-----------|-----------|-----------|
| 1st Child | 2nd Child | 3rd Child | 4th Child | 5th Child |
|-----------|-----------|-----------|-----------|-----------|
- 3 Are they day or boarding pupils?
(Tick as relevant)
- | | | | | | |
|-------|--|--|--|--|--|
| Day | | | | | |
| Board | | | | | |
- 4 What total amount of school fees do you pay, including 'extras', per annum?
- | | | | | | |
|-----------|-----------|-----------|-----------|-----------|-----------|
| £0-£5k | £5k-£10k | £10k-£15k | £15k-£20k | £20k-£25k | £25k-£30k |
| | | | | | |
| £30k-£35k | £35k-£40k | £40k-£45k | £45k-£50k | £50k-£55k | £55k plus |
| | | | | | |
- 5 Excluding the current year, for how many more years do you expect to pay school fees?
- | |
|--|
| |
|--|
- 6 Including the current year, for how many years have you been paying school fees?
- | |
|--|
| |
|--|
- 7 How frequently do you pay your school fees?
(Tick all that are relevant if you use more than one method of payment)
- | | |
|----------|--|
| Annually | |
| Termly | |
| Monthly | |
| Other | |
- 8 Do you use the school's own payment scheme?
- | | |
|-----|--|
| Yes | |
| No | |
- 9 Did you pay any of the school fees as a lump sum in advance?
- | | |
|-----|--|
| Yes | |
| No | |
- 10 What are your employment statuses?
(Tick all that apply)
- | | | | | | |
|----------|-----------|--|----------|-----------|--|
| Parent 1 | Employed | | Parent 2 | Employed | |
| | Self Emp. | | | Self Emp. | |
| | Other | | | Other | |
- 11 How many incomes are there in your household?
- | | |
|----|--|
| 1 | |
| 2 | |
| 2+ | |
- 12 Do you do overtime or have a second job in order to pay school fees?
- | | | | | | |
|----------|-----|--|----------|-----|--|
| Parent 1 | Yes | | Parent 2 | Yes | |
| | No | | | No | |
- 13 Approximately what percentage of net income (ie after paying tax) is spent on school fees?
- | | | | |
|-------|--------|--------|--------|
| 0-20% | 20-40% | 40-60% | 60-80% |
| | | | |

14 Have you reduced other expenditure to pay school fees?
(If No, please go to question 15)

Yes	
No	

15 If yes, has the reduced expenditure been from:

Holidays	
Home Improvements	
General Expenditure	

Pension Contributions	
Mortgage Repayments	
Replacement Car	

16 Have you used, or are you using, your mortgage to pay school fees?
(If no please go to question 17)

Yes	
No	

17 If yes, by what percentage have you, or will you, increase your mortgage? (please tick)

0-25%	25-50%	50-75%	75-100%

18 Have you borrowed in any other way to pay school fees?
(If no please go to question 19)

Yes	
No	

19 If yes, what is this borrowing?

Personal Loan	
Secured Loan	
Credit Card	

Loan from Relative or Friend	
Loan from Employer	
Other form of debt	

20 Do you, or did you in the past, pay school fees using investments or savings?
(If no please go to question 24)

Yes	
No	

21 Did you plan to do this before your had to pay school fees?

Yes	
No	

22 What form are these in?

Stocks, Shares, Corporate Bonds		Structured School Fee Plan	
Cash		ISAs	
Rented Property		Investment Bonds	
Business Interests		Endowments	

23 Approximately, what percentage of your school fees are, or were, paid from these sources?
(Please tick relevant box)

0-20%	20-40%	40-60%	60-80%	80-100%

24 Will this fee payment source continue for the foreseeable future?

Yes	
No	

25 Are you helped in paying school fees by a third party?
(If No, please go to question 27)

Yes	
No	

26 If yes, who is this third party source and what percentage of fees do they pay?

Relative		%
Employer		%
Charity		%
The School		%

Other benefactor		%
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27 Will this fee payment assistance continue for the foreseeable future?

Yes	
No	

28 Do you think you will be able to continue paying school fees until your children leave school?

Yes	
Possibly	
Possibly Not	
No	

29 What do you think threatens your ability to pay school fees in the future?
(Tick all that apply)

Increasing Interest Rates	
Long term care for self	
Long term care for relative(s)	
A fall in the value of your home	
Other	

Increasing Taxes	
Job Insecurity	
Ability to earn	
Decreasing income	
Your retirement	
Payment of University Fees	