

# Private School Policy Reform

## Reform Options for Britain's Private Schools

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### EXECUTIVE SUMMARY

There is increasing concern that the enormous school resources gap – upwards of three to one – between pupils in private schools and those in state schools represents a skewed and inefficient use of our educational resources. Critics have pointed to a democratic deficit as many political, business and civil leaders continue to be exclusively privately educated, despite only 7 per cent of pupils being privately educated. There is a sense beneficiaries of a private education may have only limited understanding of state education and the majority of Britons who attend them. There is also evidence a majority of the public think the private school advantage in Britain is unfair. Yet we know politicians of all parties have not addressed this problem for decades.

Now is the time for change. This report, for the benefit of today's policy-makers, presents six feasible options for resolving Britain's private school question. These options vary in their potential to bring about substantial reform. We also outline the practical issues surrounding each, together with the approximate financial implications for the government's schools budget. Some combinations of options are also possible, which we discuss after looking at them individually.

The first five all involve an imposed change: taxation of school fees, removing private schools' charitable status, contextual admissions to universities and job recruitment, partial integration with the state school system, and nationalisation. The sixth option is the possibility of reform from within.

The pros and cons of each are summarised in the table below.

### Reform Options

	<b>Pros</b>	<b>Cons</b>
<b>1. Taxation</b>	<ul style="list-style-type: none"> <li>• reduces the size of the private sector</li> <li>• raises revenue that can be used to boost the state education budget by about 5 per cent</li> </ul>	<ul style="list-style-type: none"> <li>• relatively minor change to private school numbers, by only about 5 per cent (for VAT at 20 per cent). The resource gap will be marginally reduced. The big problem persists.</li> <li>• the social composition of remaining schools becomes even more socially exclusive</li> </ul>
<b>2. Remove charitable status</b>	<ul style="list-style-type: none"> <li>• symbolic value of redressing the moral contradiction represented by charities for the rich</li> <li>• reduces somewhat the size of the private sector</li> <li>• raises revenue (about £2 billion plus an unknown amount from collecting tax on donations) that can be used to boost the state education sector</li> </ul>	<ul style="list-style-type: none"> <li>• only minor change to pupil numbers. The resource gap will be marginally reduced. The big problem persists.</li> <li>• the social composition of remaining schools becomes even more socially exclusive.</li> <li>• legal challenge possible, but challenge unlikely to succeed</li> <li>• risk of inhibiting the work of other charities</li> </ul>
<b>3. Contextual university admissions and job recruitment</b>	<ul style="list-style-type: none"> <li>• could reduce the size of the sector, conceivably by as much as a half</li> <li>• more equal life chances for all children</li> <li>• for university admissions, builds on something that is already happening</li> </ul>	<ul style="list-style-type: none"> <li>• if successful, a notable cost – up to 3 per cent of the schools budget</li> <li>• would be deemed unfair if pushed too far</li> <li>• the huge, upwards of 3 to 1 per-pupil resource gap remains between private and state schools</li> </ul>
<b>4. Fair Access Scheme (partial integration)</b>	<ul style="list-style-type: none"> <li>• opens up good schools for all</li> <li>• more efficiently uses educational resources</li> <li>• substantially reduces the per pupil resources gap</li> <li>• embedded in education system, hard to reverse</li> <li>• places for expanding school rolls</li> <li>• builds for all parts of society an interest in the education of our children</li> </ul>	<ul style="list-style-type: none"> <li>• requires detailed planning at local and regional levels</li> <li>• political instability might prevent the proportion of state school places being increased after three years</li> <li>• a long-run cost to the government's schools budget</li> <li>• some political opposition from vested interests</li> </ul>

<p><b>5. Nationalisation (full integration)</b></p>	<ul style="list-style-type: none"> <li>• completely opens up good schools for all</li> <li>• more efficiently uses educational resources</li> <li>• reduces the per pupil resource differences down to zero</li> <li>• embedded in education system, hard to reverse</li> <li>• places for expanding school rolls</li> <li>• builds for all parts of society an interest in the education of our children</li> </ul>	<ul style="list-style-type: none"> <li>• an unknown increase in the schools budget, and some unknown compensation costs</li> <li>• a reduction in the educational resources for wealthy</li> <li>• legal obstacles to the transfer of private schools' assets, but only if such a transfer was considered necessary (as opposed to keeping the assets in private ownership while controlling the schools)</li> <li>• moral and legal assertion of the right to start a private school</li> <li>• great political opposition from vested interests including parents</li> </ul>
<p><b>6. Reform from within: mass bursaries and sponsorships</b></p>	<ul style="list-style-type: none"> <li>• partially opens up good schools for pupils from low-income families</li> <li>• Sutton Trust scheme beneficial for very able, low-income pupils</li> </ul>	<ul style="list-style-type: none"> <li>• major practical issues mean substantive reform through bursaries unlikely to materialise</li> <li>• skim-creaming of talent through bursaries could demoralise local schools</li> <li>• only small-scale schemes seem feasible, so no change for the large majority of low-income students</li> <li>• cross-school sponsorships with major transfer of resources unlikely to materialise</li> <li>• resource gap between private and state schools remains</li> </ul>

### **About Private School Policy Reform**

Private School Policy Reform (PSPR) is a new organisation dedicated to finding legal, practical and evidence-based policy recommendations for ensuring private (independent) schools become significantly more accessible to all children. PSPR is openly *pro-reform* of independent schools, but does not claim to know the best route to reform. This report is the first to come from the organisation and will be followed by more; the report and the PSPR website will officially launch on September 19. The six founders of the organisation are: Francis Green, UCL education economics professor; Robert Verkaik, author and journalist; Melissa Benn, author and teacher; David Kynaston, political historian; Jess Staufenberg, education journalist; and Mike Trace, former government advisor on social exclusion and drugs.

### **Acknowledgements:**

We would like to thank barrister David Wolfe QC, public lawyer at Matrix Law, for providing expert guidance on the law which underpins relevant proposals contained in this report.

## 1. INTRODUCTION

This report presents six potential options for addressing Britain's private school problem. The first five all involve an imposed change from outside: taxation of school fees, removing private schools' charitable status, contextual admissions to universities and job recruitment, partial integration with the state school system, and the complete phasing out of private schools. The sixth option is the possibility of reform from within.<sup>1</sup>

Britain's private school problem is economic, political and above all social. Economic because the enormous resource gap – upwards of three to one – between pupils in the private sector and those in the state sector represents a skewed and inefficient use of our educational resources; political because of the palpable democratic deficit as many leaders in our national life (including political life) continue to be privately educated, with only limited understanding of how life is lived (including the schooling aspect) by most people; and social because this situation both entrenches and symbolises a very unequal society, with highly resourced and often socially exclusive private schools.

Sadly, the issue has a long and undistinguished history of political inaction. Three might-have-beens stand out. During the Second World War, the coalition's Conservative education minister, Rab Butler, deftly ensured that public schools (as they were still ludicrously called) were excluded from the 1944 Education Act; immediately after the war, reform-minded efforts fell foul of Clement Attlee's close attachment to his old school, Haileybury; and during Harold Wilson's government of the 1960s, Anthony Crosland as education secretary was committed in theory to change but when it came to it fetishised libertarianism over fairness. Then, for a quarter of a century from the mid-1980s, the issue was effectively off the table.

More recently, Labour in 2017 committed itself to imposing VAT on fees, but had no accompanying narrative or analysis about the private school issue as a whole. The Conservatives said they would encourage 100 private schools to 'help run' state schools. None of the other parties announced any manifesto plans for private schooling. And now, Boris Johnson has become the fifth Old Etonian prime minister since the war, heading a cabinet in which virtually two-thirds are privately educated.

Even where they have the will, private schools with very few exceptions lack the financial muscle to permanently transform their intake, through bursaries, from social exclusivity to social diversity.

As we prepare to step into the 2020s, this feels the right time for a government to grasp the nettle. As state schools struggle under a severe funding crisis, the resource gap between the two sectors becomes ever more unbridgeable. Public opinion is ready for change. Asked by Populus in 2018 whether it was 'unfair that some people with a lot of money get a better education and life chances for their children by paying for a private school', 63 per cent agreed (the majority strongly) and only 18 per cent disagreed (the majority weakly).<sup>2</sup> Hundreds of thousands more secondary school places are going to be needed over the next five years. As private schools shrink in the face of reform, the schools will have the resources to help meet the need for our children's education.

As the report works through each reform option, it considers the principle behind it – how far the problem of Britain's private school system will be addressed – and then sets out the practical challenges and financial implications.

## 2. OPTIONS

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<sup>1</sup> This Reform Options document is intended as a living document, not set in stone; it will be updated from time to time in response to comments and developments.

<sup>2</sup> F. Green and D. Kynaston (2019) *Engines of Privilege*, p.199.

## **2.1. Taxation**

### ***Principle***

Taxing private school fees will reduce the demand for private schooling, while raising revenue.

There are two main proposals: one is to charge VAT (at 20 per cent) on fees (as in the Labour Party 2017 manifesto); the other, with greater effect, is the 25 per cent 'educational opportunity tax' proposed in the House of Lords by Andrew Adonis in December 2017. Either will raise substantive sums to augment the state education budget; but neither will make a game-changing difference to the size of the private sector.

Educational inequalities will be reduced in two ways. First, the private school sector will gradually become smaller, as fewer families will be able to afford it. Second, the net resources available to private schools will fall and the extra revenues can be added to the state education budget; so the private-state resource gap will be reduced.

Even though the private school sector will become smaller, it will become yet more exclusive. This will come about mainly because the cost (fees plus tax) will be higher.

An alternative tax on the wealth – both the financial and physical assets – of private schools (with possible different political consequences) would have similar effects. However, this would first mean estimating the value of all schools' assets. It would not impinge directly on parents, but indirectly fees would rise to help pay the tax, while schools might decide to sell off some of their assets. This policy could not be evaluated, and still less carried out, until an audit of private schools' wealth is completed (discussed at end of report). A further, recently proposed alternative is that the tax on private school fees should be stratified among schools, at a rate that increases with how far the school fee exceeds per-pupil spending in state schools; the effect would provide some incentive for schools to lower their fees. We do not discuss these detailed alternatives further here.

### ***Practical issues***

While the imposition of taxes on school fees is in principle straightforward, the drafting will need to be wary of tax avoidance schemes that may emerge. For example, schools might seek to set up organisations delivering other educational activities, such as private tutoring or music lessons – legislators should just be aware this.

Assuming that the policy is successfully implemented, private school numbers will start to diminish. Some schools will get into financial difficulties, and some schools may wish to transfer to join the state sector, while others will just close, leaving pupils in need of schooling and staff in need of redeployment. The education ministries in England, Scotland and Wales will have to be ready for assessing requests to transfer and for dealing with transitional arrangements for pupils and staff. The extent of this need will vary across the country. Such arrangements may become more pressing in some parts of the country than in others.

Levies on private schooling could be quite easily removed by future administrations. Thus, a reform based on taxation alone will not become embedded, ensuring sustained change, unless accompanied by other measures.

### ***Financial implications***

There are 565,000 pupils aged between 5 and 18 attending 2,400 private schools in the UK. The average fee across the roughly 1,300 schools within the Independent Schools Council is approximately £17,800 in 2019.<sup>3</sup> [Statistics are not available for the average fee across all 2,400 private schools in the country]. To estimate the amount of revenues raised by either VAT at 20 per cent or a 25 per cent 'educational opportunity tax', we first make an assumption, that the school fees are not lowered when the tax is imposed.

#### *Value Added Tax*

Thus, a 20 per cent VAT tax on the fees will raise the cost to parents by the same amount, 20 per cent.

Initially, with no reduction in private school numbers (565,000), the revenue raised will be:

$$0.2 \times 17,800 \times 565,000 = \text{£}2.01\text{bn}$$

However, over time (year by year as each new intake changes), some pupils will go to the state sector, who would otherwise have been in a private school. How many would switch? Drawing on an estimate of how far demand is sensitive to fees, calculated by economists at the IFS<sup>4</sup>, the 20 per cent fees increase will eventually reduce demand by 5.2 per cent, amounting to approximately 29,000 pupils moving to the state sector. This will both reduce the tax revenue, and raise the cost of the state education budget; together this amounts to approximately £9,000<sup>5</sup> per pupil, or £263 million in total. This gives a net revenue increase of:

$$\text{£}2.00\text{bn} - \text{£}263\text{m} = \text{£}1.75 \text{ bn, that is, more than 4 per cent of the schools budget.}$$

This is the extra amount raised from tax revenue that the government could then spend on education in the state sector.

#### *'Educational Opportunity Tax'*

With the same assumption, before any reduction in private school numbers a 25 per cent educational opportunity tax will raise initial revenues by:

$$0.25 \times 17,800 \times 565,000 = \text{£}2.51\text{bn}$$

After an estimated 36,700 pupils reduction in demand, the net revenue increase will be:

$$\text{£}2.51\text{bn} - \text{£}332\text{m} = \text{£}2.18\text{bn, more than 5 per cent of the schools budget.}$$

Again, this is the extra amount that government could then spend on education in the state sector.

It could be expected that private schools might lower their fees, so that parents face an increase somewhat less than the rate of tax. If so, this would reduce the above expected changes in school numbers. The private schools would have to reduce their per-pupil spending on education. The exchequer's revenue gains would also be a little smaller.

#### **Summary - pros and cons:**

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<sup>3</sup> This is computed as the 2018 fee in Independent Schools Council (ISC) schools, multiplied by 1.035, an estimate of overall 2018-9 fee increase, reported in the *2018 ISC Census* and the *2019 ISC Census*.

<sup>4</sup> Blundell, R., L. Dearden and L. Sibieta (2010). *The demand for private schooling: the impact of price and quality*. London, Institute of Fiscal Studies. This study estimates that the price elasticity of demand is - 0.26.

<sup>5</sup> The lost tax revenue per pupil that switches is approximately 20 per cent of the average fee (£17,800), i.e. £3560; the per pupil additional cost to the schools budget is approximately £5,500; together these amount to a little over £9,000 per pupil.

Pros:

- *Reduces the size of the private sector*
- *Raises revenue that can be used to boost the state education budget by about 5 per cent*

Cons:

- *Relatively minor change to private school numbers, by only about 5 per cent (for VAT at 20 per cent). The resource gap will be marginally reduced. The main problem of segmented unequal sectors persists.*
- *The social composition of remaining schools becomes even more socially exclusive.*

## **2.2 Remove charitable status**

### **Principle**

Slightly more than half of Britain's private schools are charities<sup>6</sup>, including almost all the biggest and best known schools. The most prestigious, such as Eton and Winchester, were founded centuries ago by Christian and royal philanthropists with the explicit objective of giving a free education to poor children from the local community. None of them wholly perform this function today. Being a charity is financially advantageous for private schools and their parents because local business taxes are reduced by four-fifths, because schools are not taxed on their profits and their capital gains, and because donations by alumni and other individuals are income-deductible. For many, the juxtaposition of charity status with the affluence of private schools is a moral contradiction. Removing this status would have considerable symbolic value, that might lead to further demands for system reform.

Change can go in either of two directions: a) pass legislation to abolish charitable tax relief for all fee-paying schools; or b) tighten the rules to ensure that the public benefit is really substantial.

a) Abolishing charitable tax relief will diminish the implicit subsidies from these tax reliefs. Hence the resources of those private schools that were charities will decline. For some schools their financial viability will come into question, diminishing the size of the private school sector. However, this will not be expected to cut a very large swathe through private schools: most charitable private schools will survive. Those that do will not be legally obliged to deliver any public benefit; the half that are not charities will not be directly affected.

b) Ensuring that large sections of the public really did benefit from private schools could in principle deliver a fairer education system, but only if the benefits were substantial enough to bridge the educational private-state resource gap. The practical issues, however, are very considerable (see below).

Either route would reduce somewhat the size of the private school sector, but the difference would not be large, and the major problem of the private/state educational divide would remain. The schools that remain after the change (most of them) will have become slightly more exclusive.

### **Practical issues**

a) Abolishing charitable tax relief for all fee-paying schools will require new legislation. There is a risk of catching protected schools or other educational charities – for example, those providing care and education for special categories of children. So the law will have to be carefully drafted to avoid this.

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<sup>6</sup> *Charitable Status and Independent Schools*. House of Commons Briefing Paper. Number 05222, 19 September 2017. 2 <http://www.scis.org.uk/facts-and-figures/>



The problem was addressed by the Scottish Parliament which has granted exemptions to some special schools, while pressing ahead with requiring most private schools to pay business rates in full.<sup>7</sup>

b) Educational charities, like all other charities, must demonstrate that they are working for the public benefit. The Charities Act 2011 (a consolidation act) defines a charity as an institution which is established for a charitable purpose and provides a benefit to the public. Charity schools must comply with the rules set out by the Charity Commission which offers guidance on the performance of a public benefit.

The two key principles of public benefit are that there must be an identifiable benefit or benefits, and the benefit must be to the public, or a section of the public. However, there is no statutory definition of what this means and so the definition continues to be interpreted in accordance with existing common law (case law). As of the present, the public benefit interpreted by school leaders amounts to relatively little<sup>8</sup>: bursaries to low-income families are small; figures from the Independent Schools Council (ISC) show that only 1 per cent of private school pupils are schooled for free.<sup>9</sup> Meanwhile, proper 'sponsorships' of state schools by private schools with major transfers of resources are very rare.<sup>10</sup>

The recent history of charity legislation and Charity Commission action illustrates the difficulties of following the route of trying to enforce the delivery of a public benefit. The consistent failure of charity private schools to meet their charitable obligations has prompted the Charity Commission and the government to take only limited action:

*Charity Commission action:* In December 2008 the Charity Commission tightened its rules on what was required of a school to carry out a charitable duty to qualify for charitable tax breaks. Under guidance entitled, Public Benefit and Fee-Charging it stated: "Offering free or subsidised access is an obvious and, in many cases, the simplest way in which charities can provide opportunities to benefit for people who cannot afford the fees". But the private schools' sector thought otherwise and in 2010 the ISC launched an expensive judicial review, seeking an order quashing parts of the Charity Commission's guidance. The Tribunal concluded that, in all cases, there must be more than minimal or token benefit for the poor, but that trustees of a charitable independent school should decide what is appropriate in their particular circumstances. This important qualification allowed private schools to 'mark their own homework' when deciding how they should meet their public benefit obligations.

*Executive action:* The Conservative government under Theresa May paved the way for reform of charitable status for private schools. In September 2016, it proposed that independent schools with capacity should sponsor academies, set up a new free school, or offer more fully funded bursaries. There would be different expectations for smaller independent schools which lacked the capacity and capability to take on full sponsorship. Its consultation paper stated that the government would consider legislation to remove the benefits of charitable status from schools which did not comply,

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<sup>7</sup> <https://www.icas.com/technical-resources/update-on-the-barclay-report>

<sup>8</sup> Wilde, R., F. Green, P. Taylor-Gooby and S. Wiborg (2016). "Private Schools and the Provision of "Public Benefit"." *Journal of Social Policy* 45(2): 305-323.

<sup>9</sup> According to analysis of data from the government's Family Resources Survey shows that £680 was spent on bursaries and scholarships per enrolled student over 2009 to 2015, i.e. about 4 per cent of fees. Henseke, G. et al. (2018) "The income and wealth concentration of private school attendance in Britain", Henseke, G., J. Anders, F. Green and M. Henderson (2018). The income and wealth concentration of private school attendance in Britain. *Workshop on Britain's Private Schools in the 21st Century*. London, UCL Institute of Education.

<sup>10</sup> [https://www.schoolstogether.org/media/5478/partnerships\\_bubbles\\_2019.pdf](https://www.schoolstogether.org/media/5478/partnerships_bubbles_2019.pdf) . In 2018 there were only 27 Academy sponsorships or co-sponsorships excluding via a federation.

but the threat to legislate was later dropped. By September 2017 this option had been ‘rowed back on’ in favour of a conciliatory, voluntarist strategy of encouragement.<sup>11</sup>

*Scotland’s lead:* In 2017 Kenneth Barclay, a former chairman of RBS, was asked by the Scottish government to conduct a review of business rates. He concluded that it was unfair for private schools in Scotland to be granted relief from paying business rates when state schools were not. The relief has been estimated to be worth £225 per pupil per year.<sup>12</sup> His recommendation was taken up and legislation has been introduced to remove this business rates exemption for private schools from next year.<sup>13</sup> This lead has been vociferously opposed by the Scottish Independent Schools Council.

### **Financial implications**

The government stated in 2017 that no estimate has been made of the savings which might accrue from changing the tax status of charitable private schools.<sup>14</sup> It is possible, however, to produce a conservative, lower-bound estimate.

The estimated revenues from imposition of VAT at 20 per cent are £1.75 bn (see Option 2.1). The imposition of 100 per cent business rates – that is, at the same rate as paid by state schools instead of, as now, only one fifth the amount – would bring in between £100m and £150m per year.<sup>15</sup> Together, these two gains amount to something not far short of £2 billion a year, that is, 5 per cent of the schools budget.

Abolishing charity status would also bring an end to tax relief on donations and tax-saving schemes. This would have an unknown dividend. A full audit of private schools would provide a figure for how much tax revenue could be recovered from fee-paying schools that are currently charities, though the estimate would depend on whether donors decided to withhold their money once tax-free status was removed; it is likely that some potential donations to private schools would be halted.

### **Summary - pros and cons**

Pros:

- *Symbolic value of redressing the moral contradiction represented by charities for the rich*
- *Reduces somewhat the size of the private sector*
- *Raises revenue (about £2 billion plus an unknown amount from collecting tax on donations) that can be used to boost the state education sector*

Cons:

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<sup>11</sup> Richard Vaughan, ‘Ministers row back on private school threat’, *The i*, 13 September 2017.

<sup>12</sup> Simon Johnson, ‘SMP’s decision to charge Scottish private schools business rates “will cost taxpayer double”’, *Daily Telegraph*, 17 December 2017.

<sup>13</sup> Kenneth Barclay: ‘Independent (private) schools that are charities also benefit from reduced or zero rates bills, whereas council (state) schools do not qualify and generally will pay rates. This is unfair and that inequality should end by removing eligibility for charity relief from all independent schools. They will of course still retain charitable status and other benefits will continue to flow to them from that status. And Independent special schools will be eligible for disability rates relief where they qualify for this.’ <https://www.gov.scot/publications/report-barclay-review-non-domestic-rates/pages/5/>

<sup>14</sup> PQ 1926 [on Taxation: Private Education], 6 July 2017.

<sup>15</sup> Hilary Osborne and agencies, ‘Private schools to save £ 522m [over five years] in tax thanks to charitable status’, *Guardian*, 11 June 2017. An earlier estimate for 2014 by Labour MP Simon Danczuk put the savings figure at £ 150 million per year.

- *Only minor change to sector: the resource gap will be marginally reduced. The big problem persists*
- *The social composition of remaining schools becomes even more socially exclusive*
- *Legal challenge possible, but challenge unlikely to succeed*
- *Risk of inhibiting the work of other charities*

### **2.3 Contextual universities admissions and contextual job recruitment**

#### ***Principle***

A policy of contextual admissions to university and/or contextual recruitment for jobs puts an obstacle in the way of privately educated students to counterbalance their advantages.

The policy is for universities and employers, when selecting applicants, to take account of social background, including where the applicants have been educated. Simply put, a private school pupil will be expected and required to achieve higher A-level grades or Scottish Highers (or their equivalents in, for example, the International Baccalaureate) than their state school counterparts. After graduation, employers' recruitment could be linked explicitly to job applicants' backgrounds, including their school type.

If access to high-status universities is diminished, it will reduce the demand for private schools. It is hard to estimate by how much. A significant minority of parents choose private schools for non-academic reasons. Even with the most draconian handicaps for university admissions, those that care a lot about the broader set of activities available at private schools would continue to use the sector.

If access to good jobs for the privately educated is diminished, it will reduce demand; by how much will depend on detail.

The result of the reduced demand and smaller size of the private school sector will be that the inequality of the education system will be diminished. The probability of career success for private school students is lowered, and the probability of career success for state schools students is raised. However, the large, upwards of 3 to 1 per-pupil resource gap between the sectors would remain.

#### ***Practical issues***

Contextual university admissions are already happening, partly stimulated by the agenda for increased access for disadvantaged families. However, the scale of this intervention remains limited so far – mostly, one or two grades lower in the offers made to students, with just a few universities going further. Typically, the reduced offer is linked to social background, such as whether children have been in care; whether or not children have been to a private school is sometimes one of the factors considered. The new policy will work by expanding the scale and scope of contextual admissions to all universities, and explicitly linking it to reform of the private school system. Universities will be incentivised or required to take a greater share of state-educated children. The level of handicap given to private school applicants could be varied according to the time spent in private school, so that the applicant who has just joined for the sixth-form years will have less of a handicap than the applicant who had been at private school since the age of seven.

The goal for universities, especially our leading institutions, could be to substantially raise the proportion of state-school educated students admitted to them. A stronger version would be to

declare a target proportion for universities to aim at over a period of time. The choice of target would matter a lot. Some have proposed a 7 per cent target, marginally above the proportion of children currently in private school. Alternatively, the target could be 17 per cent, to match the proportion in private school at sixth-form level. A higher level, 25 per cent, would still bring about real change among the higher-ranking universities.

Universities' admissions cannot be directly dictated by government, but they can be strongly incentivised through funding. The higher the target, the more that universities will have to alter the level of their teaching according to their students' prior achievements at school – some up, some down. Where students' prior achievements come to be lower than before introducing the policy, universities will have to devote more funding for student support.

There will be political resistance from private schools, some universities and some parents, who will argue that strong contextual admissions to universities is unfair for the children concerned. According to a Populus poll, only 30 per cent of the population think that universities should be *required* to take school type into account.<sup>16</sup> Rich students will increasingly go to high-status foreign universities, accelerating a current trend. The resistance, which will be stronger where the targets imposed are higher, will provide a limit to how successful this policy could be.

Contextual recruitment by employers raises more serious practical difficulties. In the public sector, it will be possible to require civil servants and other government agencies to link recruitment decisions explicitly to applicants' backgrounds, including their school status. Yet there is likely to be substantial resistance to this from semi-autonomous government bodies. Private employers could not be directly required to alter their recruitment criteria (as long as they are not discriminatory); however, public sector procurement could be used as a lever to favour employers who could demonstrate a socially-balanced, state-school oriented intake of employees. Many private and public employers have signed up to a 'Social Mobility Pledge' to do so voluntarily.<sup>17</sup>

Education is a devolved policy. A UK wide reform will require recognition that schools, university funding and policy differ across the UK.

### ***Financial implications***

The implications for the government's schools budget will depend on the toughness of the contextual requirements, and their impact on private school demand. The more successful the reform, the greater the impact on the budget. If, at the very outside, as many as a half of private schools were to close or convert to state schools after ten years, the number of state school children will increase by 3 per cent, and thus the schools budget will increase by approximately 3 per cent – in other words, potentially somewhat above £1 billion. This impact on the budget will be gradual over the period of phasing in. The impact will be lower in Scotland than in England because the private school population is relatively smaller, and still lower in Wales and Northern Ireland.

### **Summary - pros and cons:**

Pros:

- *If successful, could reduce the size of the sector, conceivably by as much as a half*

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<sup>16</sup> This poll was carried out for the book *Engines of Privilege*. See pp 201-206 for a fuller discussion of contextual admissions to universities.

<sup>17</sup> <https://www.socialmobilitypledge.org/supporters/>

- *more equal life chances for all children*
- *for university admissions, builds on something that is already happening and has secured consensus of approval*

Cons:

- *a notable cost – up to 3 per cent of the schools budget*
- *would be deemed unfair if pushed too far*
- *the huge, upwards of 3 to 1 per-pupil resource gap remains between private and state schools*

## **2.4 Phased partial integration: the Fair Access Scheme**

### *Principle*

Under the 'Fair Access Scheme'<sup>18</sup>, one third (initially) of the new intake at all private primary and secondary schools will become free, state-school places, funded by the government at the same age-appropriate rate that it funds children in all state schools. Thus, the schools will now become partly private, partly state schools. The criteria for allocating these state school places will be determined by government. Importantly, the places will be means-tested. The extent of academic (or other ability) selection will not be permitted to grow, and can be reduced. Possible criteria include: whether children have been in care, and whether they have in the past spent significant time on free school meals.

The schools will, after some years of phasing in, become very much more open; the resource gap between schools will be reduced. Thus educational inequality will become a great deal lower, while much better use is made of the nation's educational resources. The required proportion of state-funded pupils can be increased to a half, then two thirds or more, after the system has bedded in.

The reforms will become part of Britain's educational landscape, not easily reversed by future governments. *All* parts of society will acquire a stake in the education of all our children.

### *Practical issues*

The system will be phased in with each intake, starting at ages 7, 11 and 13. The interlinking of two systems that have been highly segmented until now will require organisation at local/regional level. The density of private schools varies considerably, and the age ranges of many private schools do not always match the normal ranges of primary and comprehensive schools.

The allocation of pupils to 'fair-access' state-sector places in formerly fully private schools will be embedded in the broader system of school choice, as administered locally, governed by the Schools Admissions Code. Expulsions from the reformed schools will also need to be brought under social control.

Initially, the management of transition for low-income children in a partially private school environment will be important. While governance of schools remains independent, schools will provide the necessary pastoral and academic support in transitional phases, and where necessary retrain staff. Schools will be prohibited from requiring the state-school pupils to purchase expensive school uniforms or extras in order to participate in school life.

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<sup>18</sup> See F. Green and D. Kynaston *Engines of Privilege*, Chapter 8.

Either local government, or regional commissioners, will be properly represented on governing bodies, able to ensure oversight for the education and welfare of state sector pupils in each school.

There should be no prohibition on anyone setting up a new private school, but any such new school will have to conform to the above requirements, and provide the same proportion of state-sector places.

The legislation should require the Secretary of State, after three years, to conduct a review with open consultation; and the Secretary of State should have the power subject to conducting that review to raise the proportion of the intake that make up state school places to 50 percent or above. A subsequent review may be ordered three years after that, in which the proportion would be raised further. If there is political instability, however, there is a risk that the initial 33% intake could become entrenched and that a two-tier education system, though far more open than at present, would persist. That is why it will be important to build a consensus of reformers behind this integration reform.

#### *Financial implications*

The funding will be at the same rate that the state pays for all state-school places, as determined by the government of the day. Therefore there are no *direct* implications for the treasury.

Where schools' costs exceed this funding (in the large majority of cases), they will be expected to retrench on luxuries, and/or find the extra resources from within their endowments (including any bursary funds) and from other surpluses. In some schools fees will rise.

Some parents from affluent families will switch to fully-state schools, thus entailing additional costs to the exchequer. This extra cost will accrue only gradually. Eventually, if a third of fee-paying private school pupils switch, this will add approximately two per cent (1/3<sup>rd</sup> of 6 per cent) to the nation's schools budget – amounting to approximately £800 million p.a. in England). However, we already know that many new school places and teachers are going to be needed for the anticipated ongoing expansion of school rolls in the next decade. The costs of opening new schools or extending existing schools will be mitigated by the use of capacity in private schools.

#### **Summary – pros and cons:**

Pros:

- *opens up good schools for all*
- *more efficiently uses educational resources*
- *substantially reduces the per pupil resources gap*
- *embedded in education system, hard to reverse*
- *places for expanding school rolls*
- *builds for all parts of society an interest in the education of our children*

Cons:

- *requires detailed planning at local and regional levels*
- *Con: political instability might prevent the proportion of state school places being increased after three years*

- *a long-run cost to the government's schools budget*
- *some political opposition from vested interests*

## **2.5 Full integration (nationalisation)**

### *Principle*

By phasing out private education altogether in Britain, and absorbing these pupils into the mainstream state system, this country will be able to offer all its children a fair chance in life. All parts of society will acquire a stake in the education of all our children. Wealthy pupils would lose access to high-resourced education, but have access to an upbringing in which they mixed with others in society.

### *Practical issues*

A five-year rolling programme of phasing out private schools will cause the least disruption to the education of pupils already attending private schools. Families will have plenty of time to make plans for their children's continued education in the state sector. Generally, children transfer from private prep schools to secondary private schools at the age of 13/14. Five years will allow pupils already established in their secondary education to finish their education at the same school. Upon the beginning of the first academic year of the programme, places in the lower school year will be taken up by local children until each successive year was replaced by an intake of community children enrolled under the terms of the national admissions code. This pace of change should be feasible, although it is recognised that it will require major changes for long-established educational institutions, with transitional costs of adaptation that will persist beyond the phasing in period.

We will look at two issues; the law, and the transfer of the private school estate.

### **The law**

A general right of access to the education made available by the state is established in our human rights legislation (ECHR Article 2, Protocol 1). But that does not prevent the state from regulating legislation. Every day the government, through legislation, regulates the way education – including in private schools – is delivered in England and Wales. The courts have long held that the state can curtail (grammar schools) or ban (schools which follow extremist programmes) a certain type of education. Private schools are already subject to extensive state control and must be both registered with the government and open to inspection by reference to the “independent school standards” set within a statutory instrument. Those standards could easily be changed by the Secretary of State further to control private education. Nevertheless, one can expect very strong political opposition to nationalisation, asserting a moral right to private education, and pressing a legal case.

To abolish fee-paying schools in the United Kingdom will require primary legislation. Parliament is sovereign and can pass legislation that overrides other matters. For a potential Private Schools Act of Parliament, the definition of school is already well defined in the Education Act 1996.

**Possible litigation:** There may be an argument that the curtailment of access to a fee-paying education is incompatible with Convention rights in the Human Rights Act. Lawyers say that the right to a fee-paying education is not clear cut. The issue has never been settled by the courts. Case law has tended to consider the question of the rights of children denied a particular 'religious or philosophical' education, not a fee-paying exclusive education. Finally, there needs to be research conducted

on how Finland was able to integrate the majority of its private schools without breaching the Human Rights Act.

### **Transfer of the private school estate to the maintained sector**

Some of our best known schools first started out as private community schools before being integrated into the state system.

In 1974 Labour required direct grant schools (funded partly by fees, partly by central government) to choose whether to become maintained comprehensive schools or private schools without grant. Of the 174 remaining direct grant grammar schools 51 (two Church of England and the rest Catholic) applied to join the state sector, of which 46 were accepted. More recently a small number of private schools have voluntarily surrendered their independent status to become state academies, with the most well-known example Liverpool College, one of the founding members of the prestigious Headmasters' and Headmistresses' Conference (HMC) which axed its fees to become an academy in 2013. So there already exists a well-trodden route and process for charity schools to join the maintained sector.

These integration models offer policy makers two clear options - a) the transfer of control of the school to the state while leaving the capital estate in the hands of the charitable foundation or b) the wholesale transfer of control and capital estate to the maintained sector.

### *Financial implications*

One of the biggest obstacles to formulating a programme for the nationalisation of private schools is the anticipated cost to the state. This cost has never been calculated before.

**Capital costs:** These are the school buildings, the physical environment used to educate children. For schools that are charities, the transfer to the state of these schools should not incur any additional capital cost. If the transfer follows the voluntary aided or voluntary controlled route then the charity will continue to own the title to the buildings and lands while the education of the children and the schools' admissions policies will be met by the state.

The wholesale transfer model will hand the whole school to the state. Many of the schools are extraordinarily wealthy institutions whose endowment and investments were founded on charters and principles that stipulated they should be spent on poor children. This return of assets would need to be included in the primary legislation.

For private schools that are not charities – probably less affluent than on average – the government will have to recompense private owners, as with any nationalisation. Until an audit is completed (see more on this below), the amount required is unknown.

**Running costs:** The additional cost to the exchequer of educating 560,000 more pupils will be 6 per cent (the proportion of privately educated, British-resident children among the total number of primary and secondary pupils) of the annual education budget for the UK. In 2017/18 the schools budget for pupils aged 5-16 in England was nearly £39 billion. Thus the figure needed to shoulder the additional cost will be approximately £2.3 billion, or more pro rata should future governments choose to increase substantially the per pupil budget for all schools. This cost will be cushioned by the phasing out of private schools over a five year period.

These running costs are subject to some deductions. An unknown, relatively small amount of income will be available from bursary and scholarship endowments. The state already subsidises private schools to the sum of approximately £200 million or more a year, paying the fees of children from military and diplomat families as well as gifted dance and music students attending private schools; children with special education needs at private schools also receive government funding through



Local Authorities, roughly £50 million in 2019.<sup>19</sup> And the state already shoulders the financial burden of teacher training. Thus, the additional net cost of nationalisation to the state will be a little less than the gross cost.

In sum, the full costs of nationalisation are hard to calculate because the size of the endowments held by schools with and without charity status is unknown. A full audit of their net wealth, including their financial endowments, will unlock the true scale of the cost to the state of assimilating the private schools into the maintained sector.

### **Summary – pros and cons:**

Pros:

- *completely opens up good schools for the benefit of the public*
- *more efficiently uses educational resources*
- *reduces the per pupil resource differences right down to those remaining within the state sector*
- *embedded in education system, hard to reverse*
- *provides places for expanding school rolls*
- *builds for all parts of society an interest in the education of our children*
- *wealthier pupils get a more rounded social education by mixing with children from different socio-economic groups*

Cons:

- *an unknown increase in the schools budget, and some unknown compensation costs*
- *transitional adaptation costs to be borne by private schools*
- *legal obstacles to the transfer of private schools' assets to the state, but only if such a transfer was considered necessary (as opposed to keeping the assets in private ownership while controlling the schools themselves)*
- *moral and legal assertion of the right to start a private school*
- *great political opposition from vested interests*

## **2.6 Reform from within: Mass bursaries and sponsorships**

### *Principle*

If the existing private schools were to increase their endowment funds sufficiently, these could largely be devoted to providing means-tested bursaries, open to all to apply, enough to populate at least a third of places with children from low to middle income, non-affluent families. Private schools would thereby become much more open.

The extra demand for private school places could be met through new private schools or an expansion in the number of places at existing ones.

The end result would be a larger, more open private sector, but the enormous resource gap between the private and public sector would be unchanged. The private schools' dominance over places of

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<sup>19</sup> ISC Annual Census 2019.

influence in society would continue, but there would be some increase in social mobility with private schools as the channel through which some children from disadvantaged families could rise.

Very many more sponsorships, with substantive resources devoted by private schools to sponsored state schools, would also use resources more efficiently and reduce the resource gap.

### *Practical issues*

It is possible that some progressive private school leaders, unhappy with the present situation, would come behind a voluntarist strategy to reduce significantly the social exclusivity of private schools. This aim is voiced in public and sometimes repeated in private. However, the intention faces three major issues, which makes it questionable whether reform from within is feasible.

One major problem is that, for a third or more of needy pupils to be on substantial bursaries, the sums of money needed to be privately raised are beyond the scope of all but a few schools. Christ's Hospital school is the leader in the provision of heavily subsidised places, its endowment able to support over three quarters of the schools' total costs. Also, at Eton College, where the endowment runs to over £400 million, several students are admitted for free. A few other all-boys, traditional 'public schools' might have the resources to follow suit; and in some of the secondary schools that were, before the 1970s, 'direct grant' schools (i.e. hybrid private/state schools), leaders are motivated to try to raise substantive funds in the next five years, from their relatively wealthy alumni, in order to re-establish the somewhat more open pupil composition from the days before they became wholly private. But for all other private schools, secondary and primary, any aspiration to fund a game-changing proportion of their places through full bursaries is impossible to achieve.

For a typical school, the funds needed to support a substantial number of non-fee-paying children would be very substantial in an average school. They would be prohibitive for most in a boarding school.<sup>20</sup>

A second vital issue is that, even if schools were successful in raising sufficient endowment funds, they would have an incentive to select bursary-financed children based on prior ability. With no limitations on selective recruitment, affluent secondary schools would, if unchecked, 'cream-skim' children from local state primary, potentially demoralising local schools and causing resentment. The political opposition would be great; it would not be a recipe for a consensus.

A third problem for some schools is that a significant number of fee-paying parents prefer to have their children educated alongside a socially exclusive peer group, this being part of what they are paying for. To that extent, progressive leaders will be inhibited from carrying out their intentions if there is a significant risk of losing fee-paying parents.

As such, enlarging the scope and prevalence of state school sponsorships by private schools, for some time an aspiration of successive governments, is effectively limited by the resources that private schools would require to deliver a game-changing contribution to sponsored state schools. This limitation largely explains why sponsorships have not been scaled up as hoped for in the past decade. The ISC claims 84 per cent of its schools are in some mutually beneficial partnership with a state school.<sup>21</sup> However its report reveals that in 2018 there were only 27 academy sponsorships or

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<sup>20</sup> Assuming an average private school with 400 pupils, a third going free and the rest paying full fees, with annual cost per pupil £18,000, and generously assuming a real return (net of inflation) of endowment funds in low-risk investments of 2 per cent, means the size of the required endowment fund would be £120 million ( $400 \times 0.33 \times £18,000 / (0.02)$ ).

<sup>21</sup> <https://www.isc.co.uk/about-isc/schools-partnerships-and-charities/>

co-sponsorships excluding via a federation.<sup>22</sup> Furthermore, there is very little objective and transparent information about the amount of resources shared and transferred in these sponsorships. These issues cast serious doubt on whether any significant scaling up of bursaries and sponsorships is likely to happen in the future.

Voluntary schemes on a smaller scale are, however, potentially more feasible. With the Sutton Trust's proposed Open Access Scheme, it is envisaged that about 100 'high-performing' private secondary day schools would sign up to admit all applicants purely on academic merit, with the costs to be made up by government for those unable to pay all, or even part, of the fees. This would partly open up these schools, but help only children of very high ability. Advocates envisage that the cream-skimming effect on local schools would be minimal, though this claim has been contested.<sup>23</sup> The Independent Schools Council (ISC), mindful of their schools' social exclusivity, have also produced a plan for offering 10,000 means-tested free places a year to disadvantaged state school children; the places would be joint-funded, with the state contributing at the same rate as it does for state school pupils of the same age, and the schools finding the rest through their own endowments and general revenues.

Apart from their small scale, there is likely to be strong political opposition on all sides to any voluntary schemes that involve government funding and the schools retaining control over the admission of pupils: such funding would risk being seen as a subsidy to an already-privileged sector.

#### *Financial Implications*

Voluntary reform from within the private schools sector would have no direct costs, but is nevertheless not neutral for the Exchequer. Even if a very large rise in endowments were, against all expectations, to prove feasible, charitable donations are tax-deductible. When those with high incomes donate to a charity, for each £1,000 donated, some £400 (or more, depending on the top rate of tax paid) is deducted from their tax liabilities. Of course, it is possible that the increased donations to private schools' endowment funds would be made at the expense of donations that would otherwise have gone to benefit other charities outside education; in that case, tax revenues for the Exchequer would not be affected, but other charities could experience a reduction in funding.

The direct cost of the very much smaller Open Access Scheme by the Sutton Trust was estimated, in 2014, to be £215 million per annum, with some variability depending on the means-testing of the families whose children would be admitted to the scheme.<sup>24</sup>

#### **Summary – pros and cons:**

##### Pros

- *partially opens up good schools for some pupils from low-income families*
- *Sutton Trust scheme beneficial for very able, low-income pupils*

##### Cons

- *major practical issues mean substantive reform unlikely to materialise*

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<sup>22</sup> [https://www.schoolstogether.org/media/5478/partnerships\\_bubbles\\_2019.pdf](https://www.schoolstogether.org/media/5478/partnerships_bubbles_2019.pdf)

<sup>23</sup> Fiona Millar 'The Sutton Trust's "radical" idea for schools is anything but', *The Guardian*, 12/6/2012.

<sup>24</sup> N. Broughton, O. Ezeji, C. Hupkau, N. Keohane & R. Shorthouse, *Open Access. An independent evaluation*, Social Market Foundation, June 2014.

- *skim-creaming of talent could demoralise local schools*
- *only small-scale schemes seem feasible, so no change for the large majority of low-income students*
- *cross-school sponsorships with major transfer of resources unlikely to materialise*
- *resource gap between private and state schools remains*

### 3. FURTHER PRACTICAL QUESTIONS

In this final section, we consider several overarching issues surrounding private school reform.

#### 3.1 “Phasing”.

The options offered in this document all envisage effects that will be phased in over time. Taxation and contextual admissions/recruitment policies will have some immediate effects on demand, but it will take several years for the full effects to come through. Initial intakes will be affected first. Since most parents are naturally reluctant to move their children once they have started a particular stage of education, the effects on school numbers will build up over five years or more. The two integration options – partial or total – are both intended to be phased in over a period of at least five years, depending on the education stage.

#### 3.2 Combinations

Some combinations of options are possible. Thus, imposition of VAT on school fees could be combined with contextual admissions to universities: together these will have a greater effect on parental demand for private education. This policy combination will share the pros and cons of both.

Combining a fair access scheme with taxation would be problematic. With the former, the school is being opened up, while its resources are stretched and retrenchment of luxuries is required; with the latter, tax bills would reinforce the need for retrenchment of luxuries, but also diminish the size of the school that is being opened up. This would be a difficult balance to achieve (for example, too high taxes might close down a school that is benefiting its low-income children in the state school places).

Combining a fair access scheme with contextual admissions/recruitment would have to deal with some problems. School-type could not be crudely used as a criterion for access to university, since it would handicap low-income students in the fair-access state school places. Social background could still be used for contextual admissions; but if so it would emerge that students of similar academic standing from the same school are offered different access grades to university. This could be divisive within schools, and would need careful management.

#### 3.3 Audit

Over the last six centuries, Britain's private schools have grown from Christian community institutions, funded by local benefactors, to the behemoth multi-million-pound corporations of today. The true scale of their wealth is obscured by a complex mix of charitable endowments and discreet business investments. Along the way, they have also acquired donations and treasures from all over the world.

To discover how far these charitable schools have wandered from the original charters and intentions of their founders there must be an assessment of the legal titles of these historic riches as well as the basis upon which donations are made today.

A proper financial audit should be commissioned **urgently**. This must include all endowments, investment funds, buildings, playing fields and treasures. Only then can we know how much additional (if any) public funds are required for integrating these schools and their pupils into the maintained sector.

#### 3.4 Teacher supply

Over the next five years, many more teachers are going to be required across the nation, even just to retain the same level of staffing per pupil. Evidence suggests there are twice as many teachers per pupil in private schools as in state schools. As a consequence, despite the relatively small number of

pupils, as many as one in six teachers works at a private school. These teachers are recruited, either directly from training, or from state schools (at a net rate of around 2,000 per year), or from elsewhere. While a larger proportion of private than state school teachers have masters degrees, we know some private school teachers do not have formal teaching qualifications.

A successful private school reform programme can contribute to addressing that problem. However, under any reform programme, many private school teachers will find themselves teaching under altered conditions. Schools that transfer to the state sector will bring their teachers with them. We do not anticipate large-scale human resource issues, even though the state and private sector pay arrangements differ. The pension schemes are largely aligned, with most private school teachers being members of the Teachers Pension Scheme. Pay does not diverge greatly.

Yet, even in schools that do not transfer, teachers will have to work without some of the luxuries of very small class sizes. There are potential mismatches of their skills with the needs of the wider pupil population. Moreover, private school teachers will have an additional task of managing the transitional phase for pupils. Therefore, as a practical matter it is recognised that direct reforms (with either partial or complete integration) should be phased in over years; and during this period adequate training should be provided for addressing skills mismatches. There should be transitional arrangements, allowing experienced but non-qualified teachers to teach state school children. The need for a phasing in process and gradual change for teachers is a consequence of the current division of private-state in the educational landscape.

In the absence of a major reform – for example, if all that changed was a removal of charity tax relief – an additional option for eliminating indirect state subsidy of the private sector would be to require all private schools (whether or not charities) to compensate the state when they hire a qualified teacher within ten years of the training ending; schools could be exempted if they contributed substantively to teacher training.

This recommendation will, however, be redundant if there is a partial or total integration of the private into the state sector (options 4 or 5).

### 3.5 Foreign pupils

Currently one in twenty pupils at Britain's private schools come from non-British families with parents who live abroad; the proportion varies around this average, with a few schools taking many more foreign pupils, rather changing the cultural dynamic in these cases.<sup>25</sup> The largest group is from Hong Kong and mainland China. Many will go on to English-speaking universities, though not always in Britain. British education is, in effect, a successful export industry. Foreign pupils in British schools can bring welcome cultural diversity.

The treatment of foreign students may require particular attention in localities where there is a high concentration. Nevertheless, in principle continuity can and should normally be maintained. When the private school system is reformed, foreign pupils should remain as welcome as now. In the event of taxes being imposed, they will be subject to the same rates as British fee-paying pupils; if contextual admissions are to be used by universities, the grade differentiations will apply to foreign privately educated children; in the Fair Access Scheme, fee-paying foreign students will count, just like fee-paying British students, when computing the number of state school places for each private school's intake. In the event of a phased-in full integration or nationalisation of private schools, foreign pupils without parents paying taxes in the UK can still be made welcome in Britain's schools where there is capacity and in return for a full cost-covering fee. Managing the balance between domestic and foreign pupils is, and will remain, up to each school's leadership.

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<sup>25</sup> An approximately similar number of pupils are the children of foreign nationals resident in Britain.

These considerations do not apply to international schools located in Britain, where none of the pupils are British – often, language schools or schools where the language of instruction is not English. In any reform they need not be expected to become partly or wholly integrated with the state education system, though this could be altered if rich British-nationals were to switch to international schools based in Britain. If taxes are to be imposed on school fees, however, these will apply also to international schools, though government may need to consider any arguments why pupils at international schools should be exempt. Similarly, should charitable tax exemptions be removed from private schools, the presumption should be to also remove these from any international schools that are charities.

### 3.6 Boarding

In the 1960s the Newsom Commission, charged with finding a way of phasing out private schools, became obsessed with the demand for boarding education. Fuelled by the children of British parents working abroad, including army officers, and by the presumptions of the middle class, a ‘public school’ education was normally also a boarding education, even for children not far from home. Now, only 13 per cent of private school children are boarders, and a proportion of these places are taken up by the children of foreign parents who do not live in Britain. Very few schools (among ISC schools, just 12) are purely for boarders.

There is, too, a small need for boarding education for children from low-income and middle-income ordinary backgrounds, currently catered for by a limited number of state-funded boarding schools.

Whatever options for reform are adopted, the needs of boarders will require consideration. More capacity will be available for children in need of boarding, including some children currently in care. Under the Fair Access Scheme, private boarding schools in each region and locality will become available for low and middle income children from a wider range of locations than the day schools. Where schools’ numbers dwindle, for example if taxation is imposed on school fees, some boarding schools will close or become state schools offering boarding. Some boarding capacity may become redundant and, over time, be transformed for other purposes.

However, in the light of the Newsom Commission fiasco half a century ago, it bears emphasising that any practical issues surrounding boarding are secondary details, not deal breakers.

### 3.7 Specialist schools

Almost two per cent of all school-age children attend a special school, the vast majority under a statement Education Health and Care (EHC) plan. In the UK there are 1,256 special schools and 351 pupil referral units catering for children with learning and physical difficulties and challenging behaviour.<sup>26</sup> Many are privately run and fee-charging.<sup>27</sup> They provide an important care and educational resource for families with challenged children and are widely used by local authorities to manage this need.

Any reform of the private school sector will have to be carefully drafted so as not to have a deleterious impact on protected schools, for example, those providing care and education for special categories of children. Any reform of the private school sector must take account of the impact on special schools.

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<sup>26</sup> Department for Education 2016/17

<sup>27</sup> There are over 70 Non-Maintained Special Schools (NMSS) approved by the Secretary of State for Education under Section 342 of the Education Act 1996 as independent special schools. To become approved, NMSS have to be non-profit making, have demonstrated that they operate to a level at least equivalent to state maintained special schools and their day to day running is controlled by a governing body, the articles and instruments of which will be agreed by the Secretary of State.

However, many more children with special needs are educated in mainstream state and private schools partly funded by the SEND programme.

One reform outcome might be that the bigger private schools brought into the maintained sector are well suited to accommodating facilities for these children. This may represent better value for money.<sup>28</sup> Private special schools charge as much as £70,000 a year, nearly twice as much as Eton.<sup>29</sup>

## Conclusion

This is the first time that a full menu of options for ensuring Britain's private schools are significantly more accessible to all children has been drawn up. Although we do not recommend one route in particular, we are clear that certain options have limited potential to significantly reform the sector. Policy makers will have to be bold if they wish to reduce the vast educational resources gap for our wealthiest and least wealthy pupils. Now we respectfully call on all political parties, large and small, to develop policies regarding reform of the private schools sector and, if helpful, use this document as a reference guide.

Finally, we urgently call for the government to instigate a full financial audit of the private schools sector, both those with and without Independent Schools Council membership. Until a full analysis of assets, land, endowments and donations and more is undertaken, any financial calculations will be at best working on partial data, thereby hindering good policy-making.

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<sup>28</sup> <https://www.nasschools.org.uk/wp-content/uploads/sites/9/2014/08/NASS-Cost-Comparison-Report-October-2012.pdf>

<sup>29</sup> <https://schoolsweek.co.uk/private-special-school-places-cost-480-million-per-year/>



## Recent books on Britain's private schools

David James and Jane Lunnon (editors). *The State of Independence. Key Challenges Facing Private Schools Today*, Routledge.

Melissa Benn. *Life Lessons: the Case for a National Educational Service*, Verso.

James Brooke-Smith. *Gilded Youth: Privilege, Rebellion and the British Public School*, Reaktion.

Francis Green and David Kynaston. *Engines of Privilege: Britain's Private School Problem*, Bloomsbury.

Robert Verkaik. *Posh Boys: How the English Public Schools Ruin Britain*, Oneworld.