



# The impact of independent schools on the British economy

A report prepared for the Independent Schools Council

April 2014



Supported by



OXFORD  
ECONOMICS



## Foreword

In the late 1960's, pupils at UWC Atlantic College in South Wales embarked on an unusual lesson. Under the direction of the College's founder headmaster, a former Royal Navy Officer, staff and pupils set about creating a safe and stable inflatable vessel that would withstand the rigours of the Bristol Channel and being dragged over the rocky shingle of the College's foreshore. An inshore lifeboat service was already established at the College, with pupils providing the crew and shore-based support for rescue operations along a stretch of the Bristol Channel.

The initial concept for a new type of lifeboat came from a rigid-hulled inflatable built by College students to compete in Britain's first ever Round Britain Powerboat Race in 1969. From that design emerged the B-Class Atlantic Inshore Lifeboat, named in honour of the school. The Royal National Lifeboat Institution introduced this model into their fleet in 1972 and by August 1993 it had made 15,601 launches and saved 4,717 lives.

The Rigid Inflatable Boat design was never patented by Atlantic College. The College sold the rights to use the design to RNLI for £1, a cheque that was never cashed. The BBC reported in 2011 that valuations of the RIB market suggest an early patent would be earning £15 million annually for the College.

David Stogdon, former RNLI Inspector of Lifeboats, wrote in 1993: "Atlantic College started something which will affect all lifeboat societies in time ... there was a wonderful spirit at the college ... It was largely this spirit which helped us develop the inshore lifeboats round the British Isles."

This anecdote distils so much of what is true about our independent schools. Described by Niall Ferguson in his 2012 Reith Lectures as "the best institutions in the British Isles today", those of us who work in or with our schools know what an exceptional contribution they make, not just to the development of their pupils' minds and spirits, but to British society.

Independent schools are suffused by a culture of contribution. Predominantly charities, they are run by volunteer governors who give their time and expertise freely. They receive no state support for the education they provide and rely almost completely on parental fees to recoup their costs: costs which mostly comprise teachers' salaries, utilities, food and upkeep of premises but which also include financial contributions to the taxpayer through irrecoverable VAT and payroll taxes. Independent schools also increasingly subsidise the cost of their service for low-waged parents, with bursaries funded by the sector now providing the same number of places as under the former assisted places scheme, and valued at over £300 million each year in fee income remitted.

All these elements of a school's cost base must be provided out of income that relies upon parental rather than state contribution. But this self-reliance lies at the heart of independent schools. It is what keeps school leaders grounded in what parents want and value for their children's education. With no shareholders demanding financial returns, not-for-profit schools operate to break even and reinvest any annual surplus

in the school. Their independence means they are free to focus on the child, to nurture and develop his or her unique potential. They equip their pupils not just with knowledge but with skills for life: resilience, compassion, curiosity.

This report captures, through analysis and anecdote, the breadth and scale of the contribution made by independent schools to the British economy. As the CBI noted in their report on British schools last year, education lies at the heart of a sustainable growth strategy and high quality education systems lift output for entire economies. British independent schools are known to be world class: OECD's PISA studies place them amongst the top five performing countries and systems in the world.

Our sector is sometimes described as defensive. But when ISC schools support a contribution of £9.5 billion each year to the nation's GDP and are responsible for almost 1% of all employment in Britain and £3.6 billion in tax receipts annually there should be no need to be defensive. Let this report stand to celebrate the contribution and values of our schools and all those who work so hard to ensure their continued success, teachers and pupils alike.

**Barnaby Lenon**  
**Chairman, Independent Schools Council**

# Contents

<b>Foreword</b>	<b>i</b>
<b>1 Executive summary</b>	<b>3</b>
<b>2 Introduction and scope of the report</b>	<b>6</b>
2.1 Purposes of the study	6
2.2 The independent schools sector	6
2.3 Scope of the report	7
2.4 Measuring the economic footprint of the sector: an introduction to impact analysis	8
2.5 Savings to the taxpayer	9
2.6 The impact of independent schools' educational outcomes	9
2.7 Qualitative contributions to education and society	9
2.8 Structure of the report	10
<b>3 The economic footprint of the independent schools sector</b>	<b>11</b>
3.1 Introduction: the economic impact of independent schools	13
3.2 Direct impact	13
3.3 Indirect impact	15
3.4 Induced impact	18
3.5 Overview: total economic footprint of independent schools	18
<b>4 Savings to the taxpayer</b>	<b>25</b>
4.1 Introduction: savings to the taxpayer	26
4.2 Recurrent education costs	26
4.3 Maintaining the school estate	28
4.4 Capital costs	29
4.5 Administrative and regulatory costs	31
4.6 Total savings to the taxpayer	33
<b>5 The impact of independent schools' educational outcomes</b>	<b>34</b>
5.1 The link between educational attainment and economic growth	35
5.2 Promoting strategically important but vulnerable subjects	36



<b>6</b>	<b>Wider contribution to the publicly-funded education system and to society</b>	<b>39</b>
6.1	Support for academies and free schools	40
6.2	Partnerships with local schools and children	44
6.3	Support for local services and communities	49
6.3.1	Sharing of facilities	50
6.3.2	Cultural hubs	51
6.3.3	Contribution to local service provision	53
6.3.4	Renewal and regeneration	54
6.4	Independent schools as resources and assets for the nation	55
6.4.1	Specialist schools	55
6.4.2	Music and dance schools	57
6.4.3	Custodians of national assets	58
6.4.4	Engines for advances in educational practice	59
6.5	Widening access through scholarships and bursaries	61
	<b>Appendix I – Impact of Boarding at ISC Schools</b>	<b>63</b>
	<b>Appendix II – Impact of Overseas Pupils at ISC Schools</b>	<b>65</b>
	<b>Appendix III – Tax contributions supported by ISC Schools</b>	<b>67</b>
	<b>Appendix IV – Regional effects</b>	<b>69</b>
	<b>Glossary</b>	<b>72</b>

## 1

# Executive summary

## Executive Summary

Oxford Economics were commissioned by the Independent Schools Council, on behalf of their 1,205 schools in Britain, to assess the economic contribution made by those schools annually.

We used standard economic impact modelling techniques to consider the contribution of ISC schools in Britain in 2012 (the most recent year for which data was available) on three bases:

- their contribution to GDP, employment and national tax revenues
- the savings to the taxpayer by not having to provide state-funded education for eligible ISC pupils
- the additional value to the British economy arising from high standards of academic performance by independently-educated pupils.

Our report also considers, without attempting to quantify, other areas of contribution made by ISC schools through their provision of free and subsidised places and their work with schools and communities.

## Contribution to GDP, employment and national tax revenues

- The 1,205 ISC schools in Britain support a £9.5 billion gross value added contribution to Britain's GDP. This is slightly larger than the size of the economy of the city of Liverpool. By way of comparison, it exceeds the BBC's gross value added contribution, estimated recently at £8.3 billion.<sup>1</sup>
- ISC schools support 227,200 FTE jobs across Britain, equivalent to one in every 122 people in employment. Every 2.1 pupils at an ISC school support one person in employment in Britain.
- ISC schools generate £3.6 billion in tax revenues for the Exchequer, equivalent to £133 for every household in Britain.

Projecting these results to the entire independent sector (so as to include those schools which are not ISC schools) produces an estimated gross value added contribution of £11.7 billion to GDP, 275,700 jobs and tax revenues of £4.7 billion.

## Savings to the taxpayer

- The 1,205 ISC schools in Britain educate approximately 470,000 pupils who are entitled to, but do not take up, a place at a state school. This results in an annual saving to the taxpayer of £3.0 billion. This is the equivalent of building more than 460 new free schools each year.<sup>2</sup>

Projecting these results for the entire independent sector produces an estimated annual saving to the taxpayer of £3.9 billion, or more than 590 free schools.

<sup>1</sup> "The Economic Value of the BBC: 2011/12" (Deloitte 2013)

<sup>2</sup> Based on the National Audit Office's estimate of £6.6 million per free school to acquire and convert premises. See "Establishing Free Schools" (NAO 2013)

### Additional value created by high educational performance

- Recent studies have highlighted the link between educational performance and economic output at a national level.<sup>3</sup> Applying those methods to the performance of pupils at ISC schools in Britain results in an estimated additional annual contribution to GDP of £1.0 billion.

The equivalent figure for the entire independent sector is an estimated additional annual gross value added contribution to GDP of £1.3 billion.

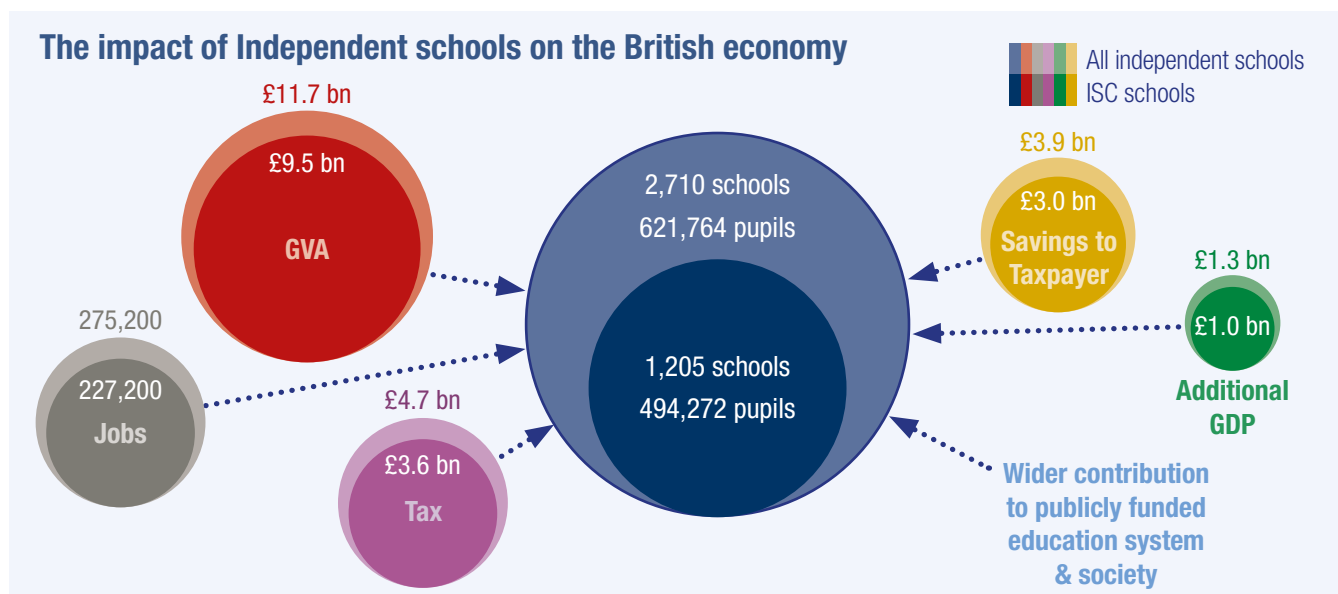
### Wider contribution

- The report describes, without attempting to quantify, other aspects of the contribution made by ISC schools which are likely to have economic impacts. For example, ISC’s Annual Census for 2013 reveals that the value of means-tested bursaries for almost 40,000 children exceeds £300 million annually. More than nine out of ten ISC schools have ongoing partnerships with state schools or their local communities, with benefits flowing both ways.

### Boarding, overseas pupils and regional effects

The results of our analysis can be further split into component parts of the sector. This reveals that:

- Boarders attending ISC schools make an estimated contribution of £2.2 billion to gross value added and support 52,100 jobs and tax revenues of £840 million.
- Overseas pupils attending ISC schools make an estimated gross value added contribution of £713 million to GDP and support 17,300 jobs and tax revenues of £278 million.
- The impact of ISC schools on the regional economy is significantly above the national average, both in terms of jobs supported and gross value added contribution, in the South East, the South West and the East of England.



<sup>3</sup> “First steps – a new approach for our schools” (CBI 2012)



# The economic impact of ISC's 1,205 schools

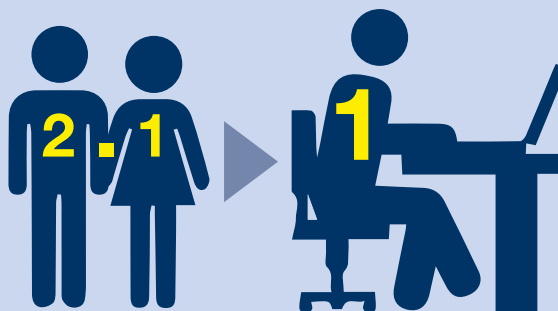
## Contribution to GDP, employment and national tax revenues

- The 1,205 ISC schools in Britain support a £9.5 billion gross value added contribution to Britain's GDP.



By way of comparison, it exceeds the BBC's gross value added contribution, estimated recently at £8.3 billion.

- Every 2.1 pupils at an ISC school support one person in employment in Britain.



- ISC schools generate £3.6 billion in tax revenues for the Exchequer, equivalent to £133 for every household in Britain.



## Savings to the taxpayer

- £3.0 billion in annual savings to the tax payer on non-takeup of state school places, the equivalent of building more than 460 new free schools each year.



## Additional value created by high educational performance

- Educational performance drives a £1.0 billion additional annual GDP contribution.



## 2



## Introduction and scope of the report

### 2.1 Purpose of the study

This study examines the contribution that independent schools make to the British economy. Rather than providing a narrow focus on the benefit that independent schools provide to the 7% of school children that currently attend them, this report seeks to provide a better understanding of the wider economic value that independent schools generate for Britain each year.

The report quantifies three discrete elements of the economic impact of schools within the Independent Schools Council (ISC). First, it uses standard economic modelling to calculate the contribution that ISC schools make to GDP, to employment and to tax revenues. Secondly it assesses the savings to the taxpayer generated by not having to provide state education for the pupils currently attending ISC schools. Thirdly, it measures the additional value to the British economy that is generated each year from the supply to the workforce of pupils achieving the high academic performance associated with independent schools. In addition this study highlights, without quantifying, further areas of contribution made by ISC schools. These include the provision of free and subsidised places and their work with state schools and the wider community.

### 2.2 The independent schools sector

This report examines the impact of the independent schools in Britain that are in membership of ISC associations. ISC comprises eight associations of independent schools, their heads, bursars and governors.<sup>4</sup> According to ISC's 2013 Annual

Census, there were 1,205 independent schools in Britain in membership of the constituent associations of ISC. They educated 494,272 pupils, around 80% of all children who attended independent schools in Britain in 2012/13.<sup>5</sup> We refer to these schools as “ISC schools” in this report. In total, there are just over 2,500 independent schools in Britain, educating around 622,000 pupils.

In Scotland and Wales there are membership associations that are affiliated to ISC that cover a slightly different range of schools. The Scottish Council of Independent Schools (SCIS) represents 71 independent schools in Scotland; 33 of these are also in membership of ISC associations. The Welsh Independent Schools Council (WISC) represents 41 independent schools in Wales; 15 independent schools in Wales are in membership of ISC associations.

---

*“UK education institutions have a noble history, rooted in the charitable impulses of past generations. To this day, many schools, universities and colleges have charitable status. They consider that this is an important part of their identity, and they discharge their obligations willingly and diligently.”*

*International Education:  
Global Growth and  
Prosperity - HM Government*

---

There are many types of school within ISC membership and they are to be found all over the country. ISC schools vary in size from as few as 50 pupils, to as many as 2,000 pupils. The average prep school has around 250 pupils; the average senior school has around 550 pupils. There are pre prep schools, prep schools and senior schools as well as schools that offer education all the way through from age 3 to 18.

The range of ISC schools includes both schools offering single sex and co-educational education as well as both day and boarding schools, with the latter offering a range of either flexi, weekly or full boarding. Some ISC schools are international schools educating overseas students. ISC schools offer a diverse range of education and opportunity. Some schools are selective, some are not, while some are highly specialist, offering excellence in provision for music and dance or for children with special needs. 84% of ISC schools in Britain are not-for-profit, including the 82% that are charities, while 16% are for-profit.

Throughout this report the focus is on ISC schools. The report therefore concentrates on figures for the impact of ISC schools. These are drawn from robust datasets (see 2.3 below). At the end of each section there are figures that extrapolate the impact of all independent schools.

## 2.3 Scope of the report

The report restricts its geographical scope to Britain. This means that it excludes the impact of ISC schools in Northern Ireland, the Channel Islands and the Isle of Man. This is why the report covers the impact of 1,205 ISC schools, rather than all the 1,223 ISC schools covered by the 2013 ISC Annual Census.

The analysis is based on figures for the academic year 2011/12, referred to throughout the report as ‘2012’.

<sup>4</sup> The eight associations include five associations of head teachers, the Girls’ Schools Association (GSA), the Headmasters’ and Headmistresses’ Conference (HMC), the Independent Association of Prep Schools (IAPS), the Independent Schools Association (ISA) and the Society of Heads; The Independent Schools’ Bursars Association (ISBA); the Association of Governing Bodies of Independent Schools (AGBIS); and the Council of British International Schools (COBIS). This report covers those schools that are in Britain and in membership of these associations, with the exception of the four British based COBIS schools.

<sup>5</sup> The differences between those independent schools that are in membership of ISC associations and those that are not is explored in K. DiLemmo, ‘The Others: A Structural and Demographic Portrait of non-ISC Independent Schools’, *Bulletin*, London: ISC (2010)

The figures for the impact of ISC schools are derived from the ‘2013 National Independent Schools’ Benchmarking Survey’ (NISBS).<sup>6</sup> 660 schools completed this survey in January 2013. This report is based on analysis of their anonymous survey returns for the financial, employment and wage data that form the foundation of this report. The findings of the 2012 ISC Annual Census were used to identify how representative of all ISC schools the 660 participants in the 2013 NISBS were. This analysis was then used to gross the figures up to cover all ISC schools.<sup>7</sup>

In order to provide an estimate for the impact of the wider independent school sector in Britain, this report grosses up the results for ISC schools, weighting the figures to take account of the number of pupils, their ages, whether they were day or boarding pupils and the location of the schools.<sup>8</sup>

## 2.4 Measuring the economic footprint of the sector: an introduction to impact analysis

To assess the economic contribution of independent schools to the British economy and its nations and regions, this report examines three channels of economic impact:

- **Direct impacts** – these comprise the economic activity generated at the independent schools themselves.
- **Indirect impacts** – these are the impacts which occur as a result of independent schools’ expenditure on inputs of goods and services from their supply chain.
- **Induced impacts** – these are the impacts which arise from independent schools’ employees and those employed in their direct supply chain spending their wage income on consumer goods and services. The impacts are typically first felt at the retail and leisure outlets close to where independent schools’ employees and the sector’s suppliers’ staff live, but will also ripple out through the supply chains of the businesses selling consumer goods and services.

The three channels of impact are quantified using three metrics. These are:

- **Gross value added contribution to GDP** – this measures the contribution to the economy of each individual producer, industry or sector in the United Kingdom. It is a measure of net output. It is aggregated to form the basis of Gross Domestic Product (GDP) which is the main measure of the total level of economic activity in the British economy.<sup>9</sup>

<sup>6</sup> Crowe Clark Whitehill, (2013), ‘Balancing the books; The national independent schools’ benchmarking survey.’

<sup>7</sup> To scale up from the 660 schools completing the NISBS to all ISC member schools, schools were categorised on the basis of whether they are day schools, boarding schools or both; senior only, junior only, or both; and whether they are based in London or the South East. The NISBS data were used to calculate the average per pupil value of key variables—such as turnover, employment, wages and procurement spend — for each type of school. These averages were combined with the number of pupils in ISC schools that were not included in the NISBS, to calculate the relevant financial variables for each nation and region. The method effectively controls for systematic variations in per pupil turnover, wages and other variables across schools in different parts of the country; and between those that do and don’t have senior pupils and boarders.

<sup>8</sup> A similar method of grossing up was used for non-ISC schools. However, it was necessary to make assumptions when categorising schools owing to a lack of detailed data on school type. Three types of data were used — each nations’ statistical data on the number of senior and junior pupils at independent schools in Britain by region; the Department for Education’s data on the number of independent schools in England that have boarding facilities; and data on the pupil mix at ISC schools—to categorise students at non-ISC schools. We then estimated key financial variables for these schools using the average per pupil values from the NISBS.

<sup>9</sup> References to the rate of growth of the British economy or when it enters a recession are made using GDP.

- **Employment** – this is measured on a full time equivalent basis. So two people working half a week each count as one full time person.
- **Tax revenues** – this is the amount of tax revenue flowing to the Exchequer.

As is standard in economic impact analysis, the impacts are quantified on a gross basis.<sup>10</sup> They therefore make no allowance for what the people and the other resources deployed by independent schools and its suppliers would have contributed to the economy if the independent schools did not exist.

An impact analysis of the economic footprint of the sector is the focus of Chapter 3 of this report.

## 2.5 Savings to the taxpayer

The 468,572 British pupils at the 1,205 ISC schools in Britain are entitled to, but do not take up, a place at a state school. This means that these 1,205 ISC schools represent a saving to the taxpayer. Chapter 4 assesses the costs of the state sector. It calculates the average per-pupil cost to the Exchequer of a place in the state sector and uses this to quantify the saving to the taxpayer represented by ISC schools.

## 2.6 The impact of independent schools' educational outcomes

Successive Governments have pointed to the importance of education to economic growth. The link between educational performance and economic output has been highlighted by a number of recent studies.<sup>11</sup> ISC schools have an outstanding record in educating pupils to the highest academic standards. Chapter 5 explores the extent to which the higher levels of academic attainment for pupils at ISC schools lead to a positive impact on British GDP through the supply of better qualified candidates for the workforce. In addition, Chapter 5 considers the value of the support that ISC schools provide for strategically important but vulnerable subjects, such as maths and science subjects and modern foreign languages.

## 2.7 Qualitative contributions to education and society

ISC schools make further significant contributions to the British economy that are not covered by the analyses mentioned above. Chapter 6 considers these wider contributions. It is not always possible to quantify their economic value so we have provided a qualitative assessment of these contributions. ISC schools are all woven in to their local economies and frequently play important roles in their communities. They have made substantial contributions to education, developing new qualifications and approaches to the curriculum that have led to benefits to pupils at both independent and state schools. ISC schools are also involved with a substantial range of partnerships with state schools and the local communities.

<sup>10</sup> Economic impact analysis is presented on a gross basis as it is not known what the resources would alternatively been used for. Any assumptions made about the alternative uses are therefore open to challenge.

<sup>11</sup> "First steps: a new approach for our schools" (CBI 2012)



## 2.8 Structure of the report

The rest of the report is divided into four further chapters as follows:

- **Chapter 3** focuses on the quantifiable direct, indirect and induced economic impacts of ISC schools and all independent schools on the British economy.
- **Chapter 4** looks at the savings to the public sector from the existence of independent schools.
- **Chapter 5** investigates the contribution to the economy associated with the higher educational attainment of pupils at independent schools.
- **Chapter 6** analyses the contribution independent schools make to the publicly-funded education system and wider society.

In addition, there are four appendices that present some of the data from Chapter 3 in alternative formats:

- **Appendix I** looks at the impact on the economy of boarding at ISC schools. It considers the quantifiable direct, indirect and induced economic impacts of ISC schools measured in terms of the impact on GVA, jobs and tax contributions.
- **Appendix II** analyses the impact on the economy of overseas pupils attending ISC schools. It considers the quantifiable direct, indirect and induced economic impacts of these pupils measured in terms of the impact on GVA, jobs and tax contributions.
- **Appendix III** analyses the total tax contribution supported by the economic activities of ISC schools.
- **Appendix IV** examines how the impact of ISC schools on the economy differs in different parts of Britain and considers the role that ISC schools play in attracting businesses to relocate and invest in the different regions.





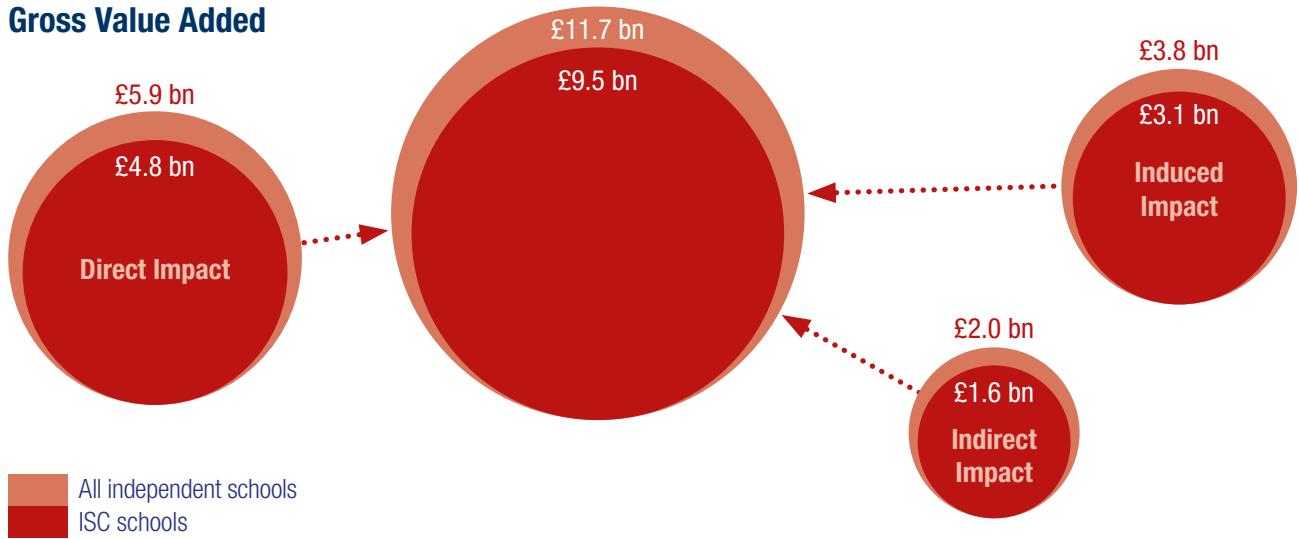
# 3



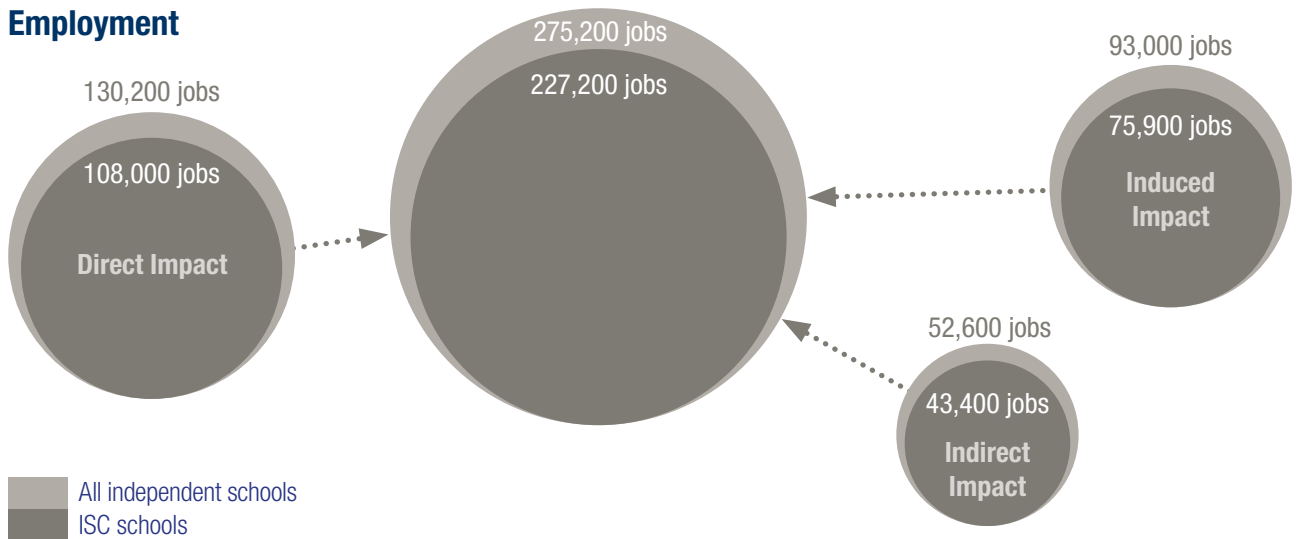
## The economic footprint of the independent schools sector

- In 2012, ISC schools supported a £9.5 billion gross value added contribution to British GDP. This is 0.7% of the British economy's entire output. Alternatively, it is slightly larger in size than the economy of Liverpool.
- This £9.5 billion GVA contribution consisted of a direct contribution of £4.8 billion, an indirect contribution of £1.6 billion and an induced contribution of £3.1 billion.
- In total, ISC schools supported 227,200 FTE people in employment. This means that 1 in every 122 jobs in Britain is dependent in part on ISC schools. Or put another way, the number of FTE jobs supported by ISC schools exceeded the total in the city of Sheffield. This means that one job is supported in Britain for every 2.1 pupils at ISC schools
- In 2012, ISC schools supported £3.6 billion in total tax receipts payable to the Exchequer, equivalent to £133 for every household in Britain or 0.6% of total Government tax receipts for 2012.
- Projecting the results for ISC schools to the independent school sector as a whole suggests a total gross value added contribution to GDP by the sector of £11.7 billion, supporting 275,700 FTE jobs and generating tax receipts of £4.7 billion.

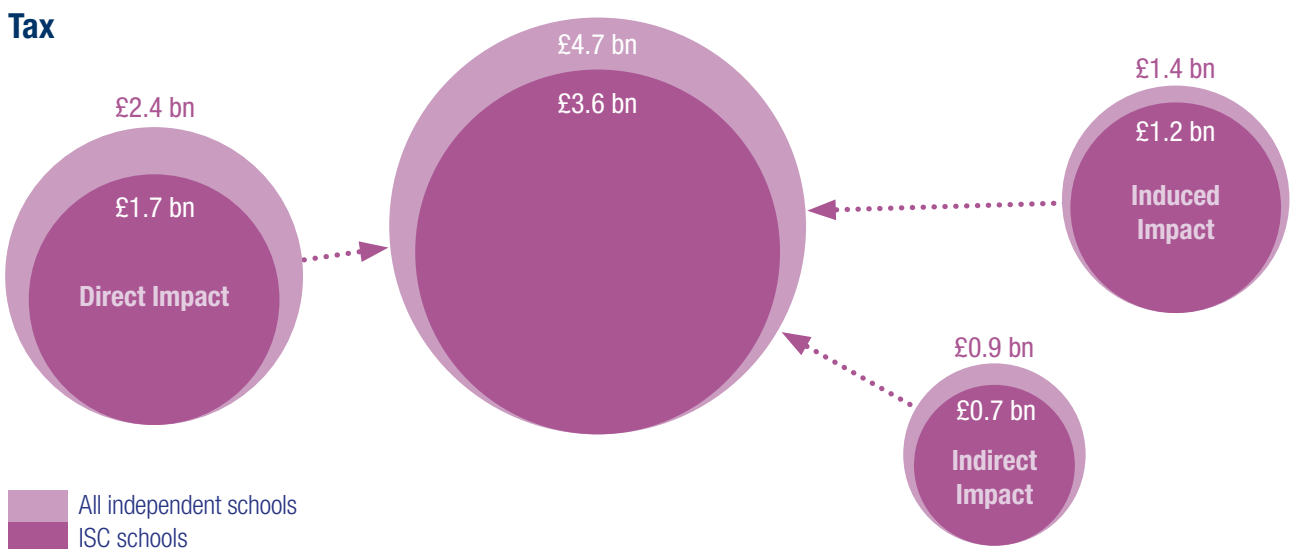
### Gross Value Added



### Employment



### Tax



### **3.1 Introduction: the economic impact of independent schools**

There are three distinct elements to the economic impact of independent schools. First, there is the direct impact. This is the result of economic activity at the schools themselves. Secondly, there is the indirect impact. This is the result of independent schools' expenditure on inputs of goods and services, which generates increased economic activity in their British-based supply chains. Thirdly, there is the induced impact. This is the result of employees of independent schools, and those in their direct supply chain, spending their wages on consumer goods and services thereby generating further economic activity.

While this chapter breaks the footprint of independent schools down into the three channels of direct, indirect and induced impacts, it is also possible to look at other important subsets of the data. This is an approach taken in the appendices to this report. Appendix I considers the particular impact of boarding pupils on the economy. Appendix II considers the impact of overseas pupils at ISC schools along with the spending of their relatives and friends when visiting them. Appendix III considers the total tax payments generated by the economic activity of ISC schools. Appendix IV considers how the economic impact varies regionally and explores the extent to which the local provision of high quality independent schools plays a role in attracting businesses to operate in different parts of the country.

### **3.2 Direct Impact**

The direct impact of ISC schools on the British economy consists of the value that the schools generate in the process of providing educational, cultural and sporting services to the 494,272 pupils that attend them. This report analyses the direct impact of ISC schools using three different metrics. First it calculates their gross value added (GVA) contribution to Britain's GDP. This means that it assesses how much of Britain's GDP can be attributed to the activities of ISC schools. Secondly it calculates how many jobs are supported by the activities of ISC schools. Thirdly it calculates the value of tax contributions to the Exchequer that result from the activities of ISC schools.

This section considers the direct impact of ISC schools taken as a whole, before grossing up the figures to reflect the impact of all independent schools in Britain.

The direct GVA contribution of ISC schools has been calculated using a method called the production approach. This involves subtracting schools' procurement expenditure (the cost of inputs of goods and services that they buy from third parties) from their turnover. The objective is to isolate the value that schools add to the economy, which requires stripping out the cost of their inputs, whose value they cannot take credit for.

#### **Gross Value Added (GVA) of ISC Schools**

In 2012, ISC schools generated turnover of £6.7 billion. They spent £1.9 billion of this on inputs of goods and services from suppliers.

Using the production approach, it is therefore estimated that ISC schools made a direct gross value added contribution of £4.8 billion to the British economy in 2012.

*ISC schools make a direct gross value added contribution to the economy equivalent to the entire value of the UK's film, video and television industry*

This is equivalent to the entire value of the film, video and television programme production industry in the UK.<sup>12</sup>

### GVA of all independent schools

Grossing up for all independent schools, we estimate that they generated turnover of £8.2 billion and spent £2.3 billion on buying inputs of goods and services in 2012. Using the production approach, it is estimated that these schools made a direct GVA contribution of £5.9 billion to the British economy in 2012.

### Employment supported by ISC schools

In 2012, ISC schools employed 108,000 full time equivalent people, made up of 66,300 teachers and 41,600 employees in other roles. This means that ISC schools employ about the same number of people as work in scientific research and development or in the manufacture of chemicals in the UK.<sup>13</sup>

*"I have worked for Giggleswick School for twelve years and they have been my main source of business. They have been really important to me. The recession hasn't really affected us, as working for Giggleswick School has really kept the business going."*

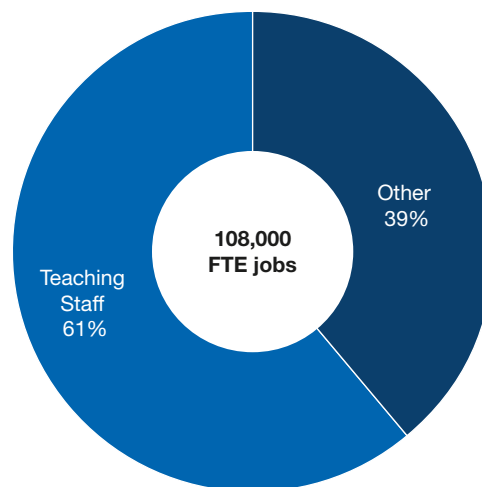
*Mick Lodge, owner and director of Mick Lodge Heating and Plumbing, Settle, North Yorkshire*

### Employment and the local economy

There are many examples across Britain where ISC schools are the largest local employer. Giggleswick School, Settle has 230 employees and is the largest employer in this area of North Yorkshire, where there is little industrial activity or large business. The local paper mill closed down a few years ago and the only other big employer is a dairy.

Even in larger conurbations, ISC schools are significant local employers. Brighton College is the third largest private employer in the city with over 460 staff at their four local schools. In Bristol, where more than one third of all UK owned FTSE 100 companies have a significant presence, ISC schools taken together are amongst the top ten largest employers together with companies like Airbus, GKN Aerospace and Lloyds Bank.

### ISC member schools' employment profile in 2012 (on an FTE basis)



Source: Oxford Economics/Crowe Clark Whitehill (2013)

<sup>12</sup> ONS, (2013), 'Annual Business Survey 2012'. Uses data for SIC code 59 for the Motion picture, video and television programme production, sound recording and music publishing activities industry.

<sup>13</sup> ONS, (2013), 'Annual Business Survey 2012'. Uses data for SIC code 72 Scientific research and development and SIC code 20 Manufacture of chemicals and chemical.

### Employment supported by all independent schools

Scaling up to all independent schools, it is estimated that these schools employed 130,200 full time equivalent people made up of 80,900 teachers and 49,300 employees in other roles, in 2012.

### Tax contributions due to the activities of ISC schools

The economic activity occurring at independent schools generates tax contributions. This includes the income tax payments made by employees, the national insurance contributions paid by employers, employees' national insurance contributions and indirect taxes paid by employees.

In 2012 ISC schools made a direct tax contribution of £1.7 billion to the Exchequer. The different taxes on labour (income tax, employers' and employees' national insurance contributions) accounted for the bulk of this contribution (£1.1 billion, or 67% of the total). This was followed by indirect taxes paid by employees (£554 million, or 33% of the total).<sup>14</sup>

### Tax contributions due to the activities of all independent schools

Scaling up to all independent schools, we estimate that they made a direct tax contribution of £2.4 billion in 2012. Labour taxes accounted for 59% of the total.

---

*“The independent educational sector has represented a significant portion of our construction business over the past few years, amounting to more than £15 million of work (most recently for Central Newcastle High School). This has been particularly welcome against a background of reducing construction spending on educational sector projects in the public sector, which was previously a major part of the business.”*

*Jeff Alexander, Director, Surgo Construction, Newcastle*

---

## 3.3 Indirect Impact

The indirect impact of independent schools on the British economy is the result of the schools' procurement expenditure. This spending on inputs boosts the demand for goods and services along their British supply chain and supports economic activity at these firms. This section estimates the indirect impact of ISC schools and then grosses these figures up to calculate the impact of all independent schools.

### Impact of ISC schools on the British supply chain

To estimate the economic activity that ISC schools support in their supply chains, it is necessary to work out how much they spend on different types of goods and services. In particular, it is necessary to estimate how much they spend on buying inputs from each of the industrial sectors in the Input Output (IO) table for the UK.

Input Output tables present a detailed picture of the inter-sectoral linkages in an economy by reporting how much firms in a particular sector spend on buying inputs of goods and services from other sectors in the economy, and from firms abroad.

An IO table can be used to calculate an organisation's indirect impact as it allows us to track every pound of spending, as it flows from its direct suppliers, to their suppliers, and so on. At each stage, some amount of spending 'leaks' out of the economy, owing to the purchase of imports from firms abroad, while the rest continues to flow through the economy, generating additional economic activity.

The haysmacintyre 'Independent Schools Management Survey' gives detailed analysis of the expenditure patterns at ISC schools.<sup>15</sup> It shows that, on average, teaching costs

<sup>14</sup> These tax payments are attributed to ISC schools as they were facilitated by the wages that schools paid their staff.

<sup>15</sup> haysmacintyre, 'Independent Schools Management Survey 2013'.

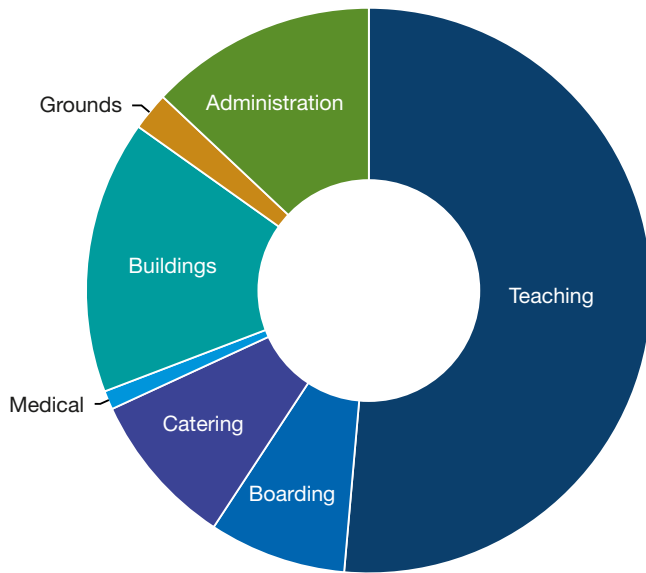


account for over half of ISC schools' total operating costs. This is followed by the cost of maintaining premises, administrative costs and catering costs.

The varied nature of ISC schools leads to different patterns of expenditure across different types of schools. The charts below show how the proportion of total expenditure breaks down in three types of ISC schools: senior schools with both boarding and day pupils; day schools with both senior and junior schools; and junior schools with both boarding and day pupils.

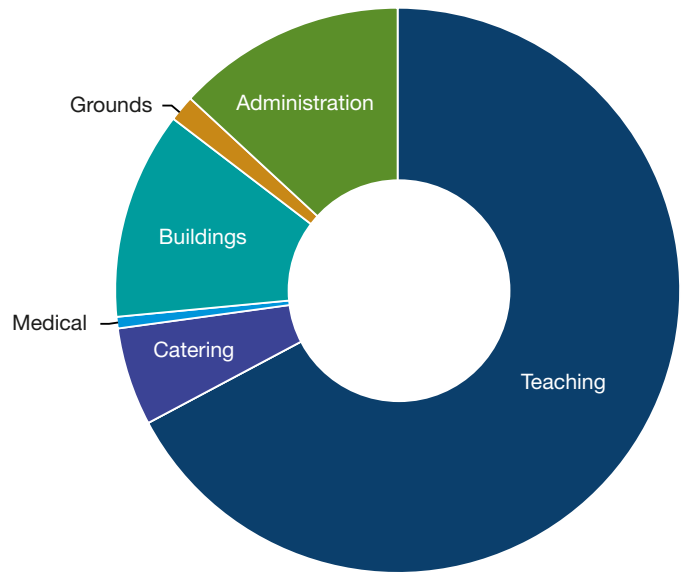
**ISC schools' expenditure pattern**

**Senior Boarding/Day Schools**



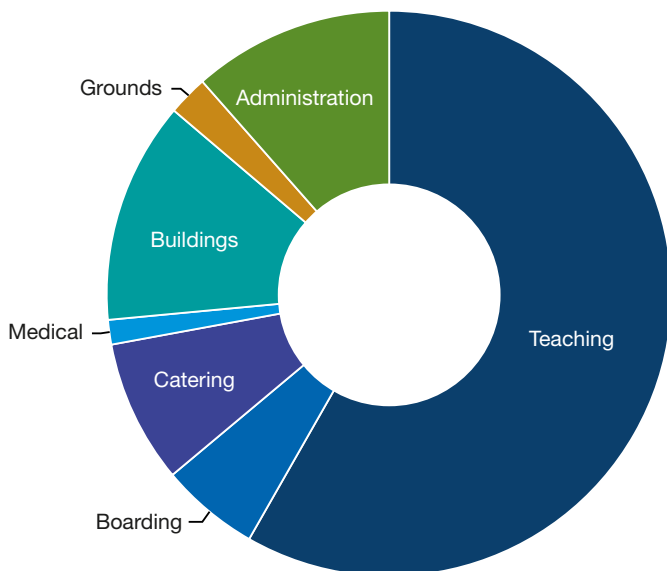
Source: haysmacintyre

**Senior/Junior Day Schools**



Source: haysmacintyre

**Junior Boarding/Day Schools**



Source: haysmacintyre



*“We have worked with The King’s School in Chester for several years, helping it to expand its facilities. Their serial work orders allows us to keep local skilled trades in work thus helping the local economy stay ‘local’.”*

*Mike Jones, Managing Director, Abbots Mead Building Contractor, Chester*

Next, we strip out expenditure on wages from this data, using information on the ratio of staff costs to non-staff costs from the National Independent Schools’ Benchmarking Survey (NISBS). The remaining non-wage expenditure in each of the broad categories above is then matched to the relevant supplying sectors in the IO table.<sup>16</sup>

Combining the final estimates of schools’ expenditure with the multipliers generated from the IO table, we estimate that in 2012, ISC schools’ procurement of inputs of goods and services supported a £1.5 billion gross value added contribution to GDP in their British supply chain.

It is possible to estimate the number of jobs that were supported by this economic activity using labour productivity estimates in each of the industries affected. Using this method, purchases of inputs by ISC schools are estimated to support 39,000 FTE jobs across Britain in 2012. Assuming those people and firms earned average wages<sup>17</sup> and profits<sup>18</sup> for their industrial sector, ISC schools’ purchases of inputs support tax payments of £650 million in 2012.<sup>19</sup> In addition to these impacts, subsistence spending by the 25,700 overseas pupils at ISC schools in Britain and spending by friends and relatives who came to visit them in Britain will have led to further injections of money into the British economy (see Appendix II). These pupils were only in Britain because they were attending ISC schools, so the economic activity that they support constitutes an indirect impact of ISC schools. In 2012 the supply chain impact of expenditure by overseas pupils and their visitors is estimated to have supported a £138 million gross value added contribution to Britain’s GDP, 4,400 jobs and £92 million in tax payments to the Exchequer.



### Impact on the Supply Chain

Feeding half a million pupils is a major undertaking for schools, and a large component of their expenditure. Newcastle-under-Lyme School serves up an average of 1,020 meals a day, with milk purchased directly from a Staffordshire dairy and meat locally reared on Staffordshire farms.

Maintenance and upkeep of premises and buildings is a recurrent and major expense for schools. Few schools need to employ a stonemason but then few schools share the responsibility for upkeep of World Heritage Organisation sites, as The King’s School Canterbury does. But all schools will spend significant amounts each year on routine maintenance: Lancing College, for example, spends around £1 million annually.

<sup>16</sup> To do this, we use data in the ‘Education’ column of the UK’s IO table—this states how much all organisations in the education sector spend on buying goods and services from each of the 123 sub-sectors in the IO table. For instance, the category ‘catering costs’ is aligned with all sub-sectors in the IO table that relate to food and drink. The education column of the IO table is then used to identify each sub-sector’s share of total catering costs. It is therefore possible to draw conclusions about where the expenditure of ISC schools is made. For example, using this method indicates that 25% of schools’ catering expenditure goes to firms and suppliers in the agriculture sector and 6% goes to producers of dairy products. Multiplying these figures by catering’s share of total non-staff expenditure (13%), it is possible to estimate that roughly 3% of schools’ procurement spend went to firms and individuals in the agriculture sector and 0.8% went to dairy producers.

<sup>17</sup> Average earnings data are taken from the ONS’s Annual Survey on Hours and Earnings.

<sup>18</sup> Average profitability for each industry is taken from the ONS’s Analytical Input Output tables.

<sup>19</sup> The ‘indirect’ calculation excludes the impact of spending by ISC schools on fixed capital (£618 million in 2012). This spending is treated as being made out of surpluses rather than as reducing profits, and so is already reflected in full in ISC members’ own direct contribution to GDP

### **Impact of all independent schools on the British supply chain**

Scaling up to all independent schools, it is estimated that their purchases of inputs of goods and services supported a £1.8 billion gross value added contribution to the British economy, 48,000 FTE jobs and £800 million in associated tax payments.

The supply-chain impact of expenditure by their overseas pupils and the pupils' visitors supported a further contribution of £146 million to GDP, 4,600 FTE jobs and £98 million in tax revenue for the Exchequer.

### **3.4 Induced Impact**

The induced impact of independent schools on the British economy is the result of employees at the schools, and those in their direct supply chains, spending their wages on consumer goods and services and thereby generating further economic activity. This sends a further ripple of activity through the economy. This section estimates the induced impact of ISC schools and then grosses these figures up to calculate the impact of all independent schools.

#### **Impact on the supply chain of wage spending supported by ISC schools**

In 2012, ISC schools paid their staff £3.2 billion in salaries. Their expenditure plus that of the 43,400 FTE people whose employment was supported by the supply chains of both ISC schools and their overseas pupils is estimated to support a further £3.1 billion gross value added contribution to British GDP at retail and leisure outlets and in their supply chains.<sup>20</sup> This is the induced impact of ISC schools on the British economy. This spending activity supported 75,900 FTE jobs in Britain. Assuming those people and firms earned average wages and profits for their industrial sector, the wage consumption impacts of ISC member's activities in 2012 support £1.2 billion in tax receipts payable to the Exchequer.<sup>21</sup>

#### **Impact on the supply chain of wage spending supported by all independent schools**

Scaling up to all independent schools in Britain, wage financed expenditure by their employees and those in their direct supply chain are estimated to support a £3.8 billion gross value added contribution to the British economy, 93,000 FTE jobs and £1.4 billion in tax receipts for the Exchequer.

### **3.5 Overview: total economic footprint of independent schools**

The total economic impact of independent schools is made up of the sum of the direct, the indirect and the induced impacts. Taken together they show the size of the overall footprint of the schools.

---

*ISC schools contributed  
0.7% of the British  
economy's entire output*

---

<sup>20</sup> The calculation uses consumption (also known as a Type II) multiplier calculated from ONS (2011), 'Analytical input-output tables'. These show the impacts of the local expenditure by those who derive their incomes from the direct and supply linkage impacts of ISC members and their foreign students. Type II assumes people are paid the mean wage for the industry which they work in using ONS Annual Survey of Hours and Earnings (ASHE) data for 2012.

<sup>21</sup> Tax generated includes indirect tax payments paid by consumers (e.g. VAT and excise tax), based on ONS data published in 'The effects of taxes and benefits on household income, 2010/2011' HMRC (June, 2012).

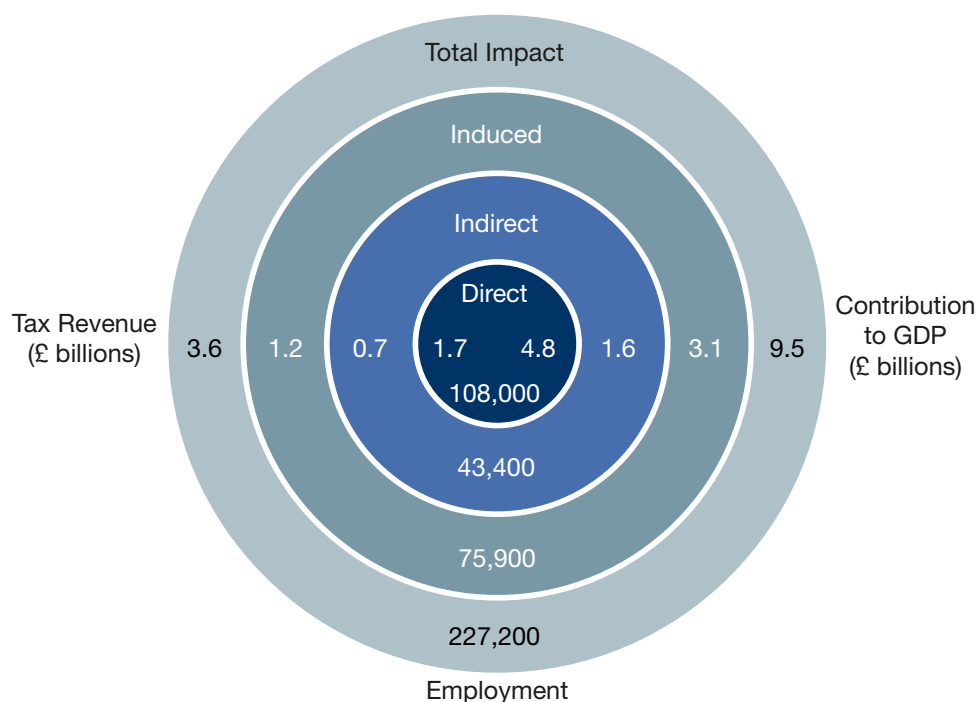
*For every £1 ISC schools contribute to gross value added, they generate another 98p in the rest of the British economy through the supply chain and wage consumption multiplier impacts*

### Total economic footprint of ISC schools

In 2012 ISC schools made a £9.5 billion gross value added contribution to British GDP. This is 0.7% of the British economy’s entire output. Put another way, it is slightly larger in size than the entire economy of Liverpool.

For every £1 ISC schools contribute to gross value added, they generate another 98 pence in the rest of the British economy through their supply chain and wage consumption impacts as well as the expenditure supported by their overseas students. ISC schools have a gross value added ‘multiplier’ of 1.98<sup>22</sup> This is in line with the pharmaceutical industry.<sup>23</sup>

### ISC schools’ contribution to British GDP, employment and tax in 2012



Source: Oxford Economics

*ISC schools are estimated to support 1 in every 122 people in employment in Britain*

In total, ISC schools are estimated to support 227,200 FTE jobs in Britain. This is equivalent to the number of FTE people employed in the city of Sheffield. Alternatively, it is equivalent to 1 in every 122 people in employment in Britain. This means that one job is supported in Britain for every 2.1 pupils at ISC schools.

*ISC schools support tax payments equivalent to £133 for every household in Britain or 0.6% of total Government tax receipts in 2012*

In 2012, ISC members supported tax payments worth £3.6 billion payable to the Exchequer, equivalent to £133 for every household in Britain or 0.6% of total Government tax receipts for 2012.<sup>24</sup>

<sup>22</sup> Gross value added multiplier = (Direct GVA + supply chain GVA + wage consumption GVA) / Direct GVA.

<sup>23</sup> Pharmaceutical industry Type II multiplier sourced from the ONS (2011), ‘Analytical input-output tables’, 2 August.

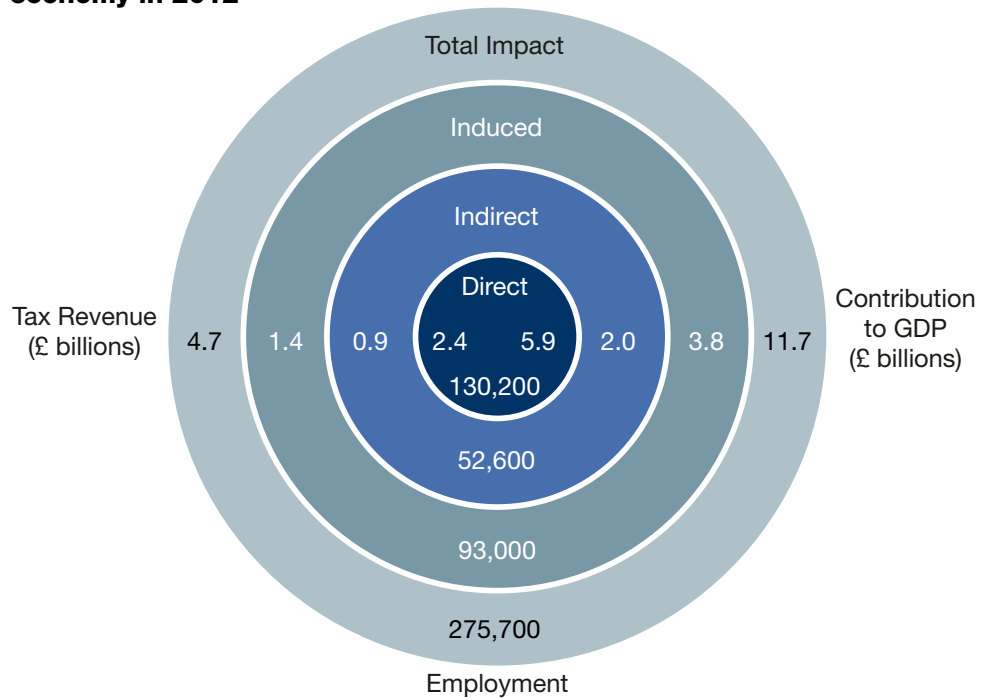
<sup>24</sup> Total tax receipts figures taken as National Accounts taxes for 2011-12 on page 102 of HM Treasury, ‘The Budget 2013’, 20 March.

### Total economic footprint of all independent schools

The results for ISC schools provide the basis for projecting the economic impact of all independent schools in Britain. Independent schools which are not members of one of the constituent associations of ISC educate a further 127,500 pupils, employing roughly 22,200 staff, of whom 14,500 teach, receiving a further £1.6 billion in revenue.

The total gross value added contribution to British GDP made by the independent school sector is estimated to amount to £11.7 billion. This is 0.9% of the output produced by the British economy in 2012. It is about the same amount of the output as produced by all the economic activity in the city of Bristol.

### The independent school sector's total contribution to the British economy in 2012



Source: Oxford Economics

Around 275,700 FTE jobs in Britain are supported by the independent schools sector. This is 1.0% of all in employment in Britain. It is roughly the same amount of FTE jobs as occur in the city of Edinburgh. An additional job is supported in Britain for every 2.3 pupils at independent schools.

The independent school sector supported total tax receipts of £4.7 billion in 2012, equivalent to £1 in every £123 of revenue raised by the Exchequer, or £169 for every household in Britain.



### Bradford Grammar School, Bradford, West Yorkshire

“Bradford is among the 10% most deprived local authority areas and on one measure, income deprivation, ranks as fourth worst in the county.”<sup>25</sup>

Bradford Grammar School is based in a depressed city which suffers from years of under-investment. An independent co-educational day school, it is a significant employer in the area with 250 staff in total. The school has a turnover of £12 million with £7.5 million paid in wages and salaries, with the multiplying effect on local businesses and shops.

In 2012/2013 Bradford Grammar School’s expenditure with local suppliers was: £370,000 with the local bus company, £67,000 with local security firms, £80,000 with the photocopier company, £30,000 with local stationery companies, local builders over £155,000, local architects £12,000, local food suppliers £50,000, furniture £30,000, solicitors £12,000, newsagents £6,000 and window cleaners £6,000.

### Sedbergh School, Cumbria

Sedbergh School is the second largest employer in the Yorkshire Dales National Park and an important part of the economy within the region. The School contributes gross additional annual expenditure locally within and immediately surrounding the town of Sedbergh of £3.6m gross expenditure, equivalent to £1.4m GVA. This equates to the support of 371 jobs locally, about one third of the total workforce in Sedbergh.

The school generates £670,000 annual expenditure through the local procurement of goods and services, an estimated £2.5m (including the multiplier effect) of local annual spend by staff employed at the School and an estimated £621,000 of annual visitor spend locally generated through events and activities run by Sedbergh School during term time but also through holiday related activities delivered outside of term.<sup>26</sup> With regards to visitor spend alone, the School accounts for almost a quarter of all employment in the accommodation sector in Sedbergh.



<sup>25</sup> The State of the District: Bradford District’s Intelligence and Evidence Base 2010, Bradford Observatory

<sup>26</sup> Economic Impact Analysis of Sedbergh School, ERS Research and Consultancy (2010)





### Oundle School, Northamptonshire

Oundle School is synonymous with Oundle town and the two are physically intertwined, with historic school buildings shaping the town. Oundle's population of around 5,500 increases by almost 25% in term time. As the largest local employer, Oundle School employs over 700 members of staff. During July and August the school hosts residential courses for over 1,500 people from the UK and overseas, all of whom use local shops and businesses. Oundle purchases goods and services to the value of £2m locally, with over £750,000 being spent within Oundle town.

*“Oundle School is without doubt an intrinsic part of Oundle town, bringing together education, population and employment. The Town Council has enjoyed a good relationship with the School over many years and recognises the benefits brought by the integration, commercial relationships and community investment.”* Neil Fraser, Chair of Oundle Town Council, Mayor of Oundle

---

***“They provide economic and social benefit to the county and play a key role in the long term sustainability of our two market towns as significant local employers.”***

*Helen Briggs, Chief Executive of Rutland County Council*

---

### Oakham, Uppingham and Rutland

Rutland is the smallest county in England, at 18 miles long but the two main towns, Oakham and Uppingham give their name to independent schools which have a disproportionate impact on the local economy. Both schools spend in excess of £5m and over 1,200 members of staff are employed at both schools. Much of the resulting £23.8m wages bill, which will be invested into the local area through living costs, is certainly a very welcome resource for this small county.

*“Oakham and Uppingham play a major part in Rutland life. Both the schools and their staff and students are valued members of our community. They provide economic and social benefit to the county and play a key role in the long-term sustainability of our two market towns as significant local employers. The council has always worked closely with Oakham and Uppingham School. It is a relationship that has many mutual benefits.”* Helen Briggs, Chief Executive of Rutland County Council





## Building Projects that Benefit the Community



Yarm School in North Yorkshire has recently built the Princess Alexandra Auditorium, a RIBA award winning 800 seat theatre for use by the school and its community. A £20 million project, it took four years to build and is one of the biggest redevelopment projects in the country by an independent school, providing a significant boost for the local building economy. The school paid £3.3 million in VAT and in common with all independent schools, was unable to reclaim any of this, making this a real cost to the school and an additional contribution to the Exchequer.

The development was built by two local North East firms, using builders and tradesmen drawn from nearby Stockton, Darlington, Hartlepool and Middlesbrough, areas where unemployment is high. Over 100 builders and craftsmen worked on site for several years, with the added economic effect of also spending their money in the local town. The school is now in partnership with Strickland and Holt, a Yarm High Street shop, who act as the Auditorium's ticket office in town, providing footfall into the shop and generating a buzz in the community.



## Portsmouth Grammar School

One of the larger co-ed day schools in the country, Portsmouth Grammar School, Hampshire has over 1,530 pupils from Nursery to Sixth Form.

The school is a large employer in the city with over 250 teaching staff. It has an annual turnover of close to £20 million and contract caterers provide over 1,000 meals a day. Listed building status and on-going site development programme means the School is a regular employer of local tradesmen and builders (£500,000 per annum). A current building project is a £4 million brand new Sixth Form Centre, managed by a large contractor with a reputation for employing local builders.

Additional examples of wide ranging local expenditure includes local coach hire companies (approx. £250,000 per annum); cleaning suppliers and stationery (£750,000); and a host of other local suppliers ranging from food and drinks to printing, advertising, dry cleaning, grounds maintenance, hotel accommodation, sports clothing, solicitors and much more besides.



### Impact on the local economy: Millfield School, Street, Somerset

Millfield School is a major employer in the local area and contributes very significantly to the local economy. The School currently has over 1,000 people on the payroll, including 218 full-time teaching staff and 112 part-time teaching staff; and 262 full-time non-teaching staff and 420 part-time non-teaching staff. The School is the largest employer in Street/Glastonbury and one of the largest in the whole region.

Millfield serves an average of 3,300 meals per day at the Senior and Prep Schools. The School purchases many goods and services from local businesses. In total they estimate they spend over £5 million annually directly in the local economy, quite apart from the additional economic impact of employees and pupil spending in the local area. Examples include local coach hire companies (approx. £370,000 per annum); local builders and tradesmen (£1.5-£2.0 million per annum); local garages (£50,000); oil and diesel suppliers (£330,000); local food producers and suppliers (£130,000); cleaning suppliers (£170,000); and a host of other local suppliers ranging from engraving to solicitors to dry cleaning to hotels and many other products and services.





## 4



## Savings to the taxpayer

- ISC schools are estimated to have saved the taxpayer at least £3.0 billion in 2011/12. This is the amount that it would have cost had all the British pupils at ISC schools attended state-funded schools. This is the equivalent of building more than 460 new free schools each year. The equivalent figure for all independent schools' British pupils is £3.9 billion. It is likely the actual savings are higher as conservative assumptions have been applied throughout.
- The majority (82%) of these costs would have been recurrent direct education and tuition costs. These include expenditure on staff, learning materials and catering. These represent savings of £2.5 billion at ISC schools (£3.2 billion for all independent schools)
- Additional maintenance expenditure to cover British pupils currently at ISC schools would have cost the taxpayer an additional £86 million (£111 million for pupils at all independent schools). This figure is a conservative estimate as it does not include the impact of sporadic, though often substantial, spending initiatives in the public sector such as the Building Schools for the Future initiative, which are difficult to quantify on an annualised basis.
- The existence of ISC schools and the capacity they create provides significant savings for the taxpayer, particularly in the current climate where school places are in short supply. It is estimated that the one-off capital saving attributable to the places provided by ISC schools is £11.6 billion, split between the costs

of purchasing land (£6.5 billion) and construction costs (£5.1 billion). For all independent schools, the saving is £15 billion, split between land (£8.4 billion) and construction (£6.6 billion).

- Administrative and regulatory savings to the taxpayer are very difficult to quantify owing to a dearth of data. The estimates are therefore restricted to the savings to the taxpayer generated by the existence and operation of the Independent Schools Inspectorate, which relieves Ofsted of the additional cost of inspecting ISC schools. This is estimated at a value of £0.7 million for all ISC schools inspected by ISI.
- Taking all these components together produces an estimated annualised cost of a state school place of £6,500 per pupil.

#### 4.1 Introduction: savings to the taxpayer

All British pupils currently at independent schools are entitled to a place at a state-funded school. There are 468,572 British pupils at ISC schools in Britain and approximately 622,000 at all independent schools. If all of these pupils took up their places at state-funded schools this would represent a significant cost to the taxpayer. The independent sector therefore generates savings for the taxpayer by reducing the number of pupils who enter the state-funded education system.

This chapter quantifies these savings by estimating the cost of educating all British pupils at independent schools within the state system. Four categories of cost are assessed – the annual cost of running schools, the cost of maintaining the school estate, the capital costs and the administrative costs. These costs are then taken together and used to calculate the annualised cost of a state school place per pupil. This can then be used to calculate the overall savings to the taxpayer that ISC schools provide each year.

#### 4.2 Recurrent education costs

To estimate the recurrent direct education costs of the state school system,<sup>27</sup> the following datasets have been used:

- The Department of Education's data on the income and expenditure of 1,025 Academies and Free Schools in England in 2011/12 has been used to calculate grant funding per pupil, controlling for differences across regions, phases of education, and whether pupils are at special schools. The rationale for using data on Academies and Free Schools, instead of on Local Authority Maintained schools, is that the former are responsible for a greater share of their activities, so the grants they receive more closely represent their larger recurrent cost to the state.
- The Welsh government's data on local authority education finance by school type (nursery, primary, secondary and special) for 2010/11,<sup>28</sup> and information on pupil numbers from the Welsh schools census.<sup>29</sup> This is used to extrapolate per pupil expenditure from 2010/11 to 2011/12 by adjusting for inflation.

<sup>27</sup> Recurrent direct education costs consist of all government-funded expenditure incurred by schools, besides capital and maintenance spending. In the case of England, data published by the Department for Education on Academies' expenditure indicates that these recurrent costs consist predominantly of tuition-related expenditure (spending on teachers, learning materials and IT; 73%). The remaining 27% consists of spending on premises, catering and back-office costs.

<sup>28</sup> Welsh Government, (2012), 'Key education statistics Wales 2012', May.

<sup>29</sup> Welsh Government, (2012), 'School census results, 2012', 11 July 2012.

- The Scottish government’s data on pupil numbers<sup>30</sup> and the recurrent costs of running schools by phase of education. This is used to extrapolate these figures from 2008/09 to 2011/12 in line with growth in Scotland’s education budget.

The level of detail in the data allows the analysis to control for differences in the cost of education across primary, secondary, nursery and special schools, as well as across Britain’s nations and regions. These vary substantially, from £3,500 per year for a primary student in Wales to £8,270 for a secondary student in inner London to just over £30,000 for a student at a special school in Scotland.

In addition, a number of precautions to control for differences in the prevalence of disadvantaged pupils in the state and independent sectors have been taken, as well as for existing limited government funding for pupils at independent schools. The former is relevant as it determines the cost of the Pupil Premium - a sum paid to schools in England for each student who has been registered for free school meals (FSM) at any point in the previous six years, or who has been looked after by the local authority for more than six months. The analysis first strips out the cost of the Pupil Premium from official data on grant funding. Information from the ISC’s Annual Census on the number of pupils who do not pay any fees at ISC schools (i.e. they are supported by the school by a 100% bursary) is then used as a proxy for FSM eligibility, and combined with the Pupil Premium for those students. With respect to local authorities’ contributions to the cost of educating pupils in the independent sector, data are used from the ISC Census and official data on state funding for nursery pupils to estimate this, and subtract it from the estimate of savings to the taxpayer.<sup>31</sup>

The estimates exclude the cost of services provided directly by local authorities, owing to a lack of data. These services include home to school transport and the assessment provision for students with special educational needs. As a result, the estimates are likely to understate savings to the taxpayers.

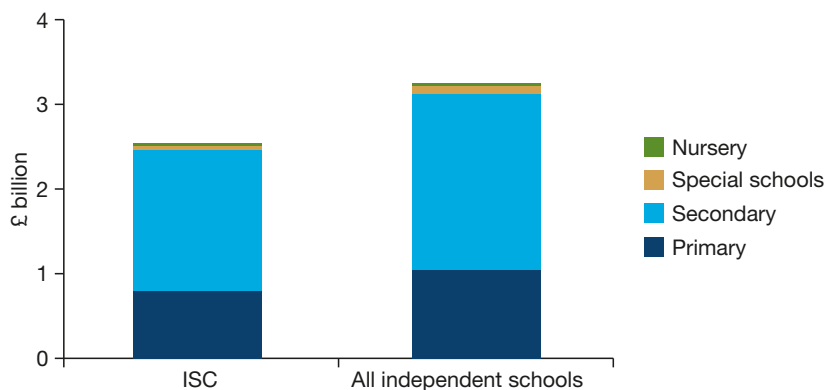
Overall, the calculations indicate that ISC schools saved the taxpayer at least £2.5 billion in recurrent direct education costs in 2011/12. The equivalent figure for all independent schools was £3.2 billion.

---

*ISC schools saved the taxpayer at least £2.5 billion in recurrent direct education costs in 2011/12*

---

**Savings associated with education funding for schools in 2011/12**



Source: Oxford Economics

<sup>30</sup> The Scottish Government, (2013), ‘Summary statistics for schools in Scotland, No.3: 2012 edition’, 11 December, 2012.

<sup>31</sup> It is also worth noting that we do not add on a premium for boarders at independent schools, as it is plausible that they would be day students if they were educated in the state sector.

### 4.3 Maintaining the school estate

The second category of spend assessed is the cost of maintaining the school estate. In England in 2011/12 Academies were eligible for two capital grants – the Devolved Formula Capital (DFC) grant and basic needs funding. The former was provided to all state-funded schools based on a per school sum of £4,000 and a per pupil sum that varied according to the phase of education.<sup>32</sup> Using data on the number of schools and British pupils in the independent sector, the analysis estimates that the DFC would have cost the taxpayer an additional £17 million if it were paid to ISC schools in 2011/12, and £18 million if paid to all independent schools. The £800 million basic needs funding pot was allocated to fund school places in areas that need them most. As it does not make sense to think of this as a per pupil cost, and the capital costs of educating independent schools' pupils in the state sector are accounted for in the next section, basic needs funding has been excluded from the calculations.

Since 2012/13, in addition to the DFC and basic needs funding, the government has put aside a special sum of maintenance funding for Academies. Given that other taxpayer-funded schools receive an equivalent maintenance grant that Academies are not eligible for (including in 2011/12), and that the Academy-specific maintenance grant has been retained in 2013/14, it is appropriate to include it in the estimates of maintenance-related savings. In 2012/13 the amount allocated for Academies was £276 million. This was equivalent to a per pupil sum of £165. Adjusting this for inflation, gives a per pupil sum of £160 for 2011/12 which, multiplied by the number of independent pupils eligible for a state-funded place in that year, translates into savings of £89 million for the taxpayer.

For Scotland, data published by the ONS are used which indicate that in 2010/11 schools spent £72 million on repairs, alterations & maintenance, or £108 per pupil. For Wales, official data on local authority budgeted expenditure at schools<sup>33</sup> are used which indicate that the cost of school improvement was £61 per pupil in 2011/12.

Overall, it is estimated that ISC schools facilitated maintenance-related savings of £86 million for the taxpayer in 2011/12. The figure for all independent schools is savings of £111 million.

There are two caveats to the analysis. It is unclear whether the funds provided to schools on which the estimates are based are sufficient to maintain their facilities to an acceptable standard. Occasional public spending initiatives, such as the Labour government's £55 billion Building Schools for the Future programme, which sought to renew all 3,500 English secondary schools between 2005 and 2020 suggest that they are not, and that this is compensated for by large intermittent injections of cash. The impact of these programmes is difficult to quantify as these do not represent regular flows of funding. However, they should be borne in mind when interpreting the results.

A second issue is the management of funding for schools and the risks that this

---

*ISC schools facilitated maintenance-related savings of £86 million for the taxpayer in 2011/12*

---

<sup>32</sup> This was set at £11.25 for primary school pupils, £16.875 for secondary pupils and £33.75 for students at special schools.

<sup>33</sup> Welsh Government, (2013), 'Local authority budgeted expenditure on schools: 2013:4', 26 June.



poses. A recent report by the House of Commons Committee of Public Accounts<sup>34</sup> has highlighted that, owing to a lack of timely and sufficient funding for new school places, 64% of local authorities were forced to draw on their maintenance budgets in 2012/13 to invest in expanding capacity. By forcing local authorities to defer essential maintenance funding, these deficiencies in funding arrangements are likely to create unnecessary additional maintenance costs in the future.

#### 4.4 Capital costs

The third category of savings comprises those associated with the capital costs of building schools. It would be questionable to include these in the estimates of savings to the taxpayer if there were considerable spare capacity in the state-funded education system. However, this is far from the case. In mid-2012 the government estimated that 256,000 new school places were required in England by 2014/15, and stated that 13% of local authorities in the country has less than the 5% spare capacity deemed essential to give parents some choice over which school to send their children. It also estimates that an additional 400,000 school places could be required in England between 2014/15 and 2018/19.<sup>35</sup> Recent government announcements have allocated substantial additional sums for the provision of more school places: £2.35 billion was announced by the Secretary of State in December 2013 for school places in England.<sup>36</sup>

There are two broad elements of schools' capital costs – the cost of land and the cost of building schools. To estimate the latter, data are used on the costs of setting up Free Schools in England, which have been outlined in a recent report by the National Audit Office (NAO).<sup>37</sup> This choice is dictated largely by the availability of information. The main alternative benchmark comprises the capital allocations under the government's Priority School Building Programme. However, given the propensity for spending overruns – for instance, the NAO notes that outturn costs exceeded the budgeted amount for 60% of schools in the second and third waves of the Free School Programme<sup>38</sup> – there is a strong case for using data on actual spend rather than on allocations.

The NAO reports that the average capital costs under the Free Schools' Programme have been £12,300 per primary school place, £14,800 per secondary school place and £61,000 per place at special schools. On average, the acquisition of land accounted for 22% of these costs. The remaining 78% consisted of the cost of building schools. The former are stripped out to derive estimates of construction costs per place at primary, secondary and special schools.

Using these estimates, it is possible to calculate that the construction-related costs of creating new school places for all British pupils at ISC schools would amount to roughly £5.1 billion. The equivalent figure for all independent schools is £6.6 billion.

---

*The construction-related costs of creating new school places for all British pupils at ISC schools would amount to roughly £5.1 billion*

---

<sup>34</sup> House of Commons Committee of Public Accounts, (2013), 'Department for Education: Capital funding for new school places'.

<sup>35</sup> National Audit Office, (2013), 'Capital funding for new school places'.

<sup>36</sup> <https://www.gov.uk/government/speeches/funding-allocations>

<sup>37</sup> National Audit Office, (2013), 'Establishing Free Schools'.

<sup>38</sup> National Audit Office, (2013), 'Establishing Free Schools'. Page 33.

This is likely to be an underestimate of true cost for the following reasons:

- The NAO observes that average construction costs under the Free School Programme have been roughly 45% lower than under other school building programmes. We have not increased our benchmarks in line with it as the objective is to assess the savings that independent schools generated for the taxpayer in one specific year, as opposed to the broader costs of a state-funded education.
- The benchmark does not control for regional differences in construction costs. Given the large proportion of independent schools that are in London and the South-East – the two most expensive regions – this will not have led to an upward bias in the estimated savings, and may well have had the opposite effect.

To present an aggregate annual cost, this one-off lump sum needs to be converted into an annual flow value. One method of doing this is to use the concept of depreciation – the annual loss in the value of an asset due to wear and tear. There is no specific guidance regarding the typical useful life of a school building. However, a common practice is to assume that buildings have a useful life of 50 years, so lose 2% of their initial value every year. This amounts to a sum of £101 million per year for ISC schools and £131 million for all independent schools.

The second element of schools' capital costs is the cost of the land that they are built on. In practice, state schools may be built on land that it owned by the government or is leased from the local authority at very nominal rates. To reach an arm's length value, therefore, one needs to look not at the annual sums that the government pays to lease land – which may not reflect its market value – but the opportunity cost of that land. This is the value that the government would obtain if it were to rent the land or sell it, instead of putting it aside for schools.

To estimate land-related costs, the analysis draws on the Department for Education's area guidance for schools.<sup>39, 40</sup> This is used to estimate area requirements per pupil, which are then combined with data on the number of British pupils at independent schools to estimate the total land area that would be required to build the new schools. To estimate the market value of this land, data are used on regional land prices published by the Valuation Office Agency (VOA), an executive agency of HMRC.<sup>41</sup> As the VOA's data are for 2011, it is adjusted to 2011/2012 using ONS data on house prices.

Overall, the land required to build state-funded schools for all British pupils at ISC schools is estimated to have a market value of roughly £6.5 billion. The corresponding figure for all independent schools is £8.4 billion.

Data on rental yields – rent for the year as a share of a property's value – are used to turn this into an annualised cost.<sup>42</sup> This indicates that the opportunity cost per year of the additional land required to build schools for all pupils at ISC schools is £355 million. The figure for all independent schools is £461 million.

<sup>39</sup> Department for Education and Skills, (2004), 'Building Bulletin 99: Briefing framework for primary school projects.'

<sup>40</sup> Department for Education and Skills, (2004), 'Building Bulletin 98: Briefing framework for secondary school projects.'

<sup>41</sup> Valuation Office Agency, (2011), Property Market Report 2011.

<sup>42</sup> Rental yields are estimated on the basis of data on the UK commercial property market published in this report: Savills, (2012), 'Market in minutes'.

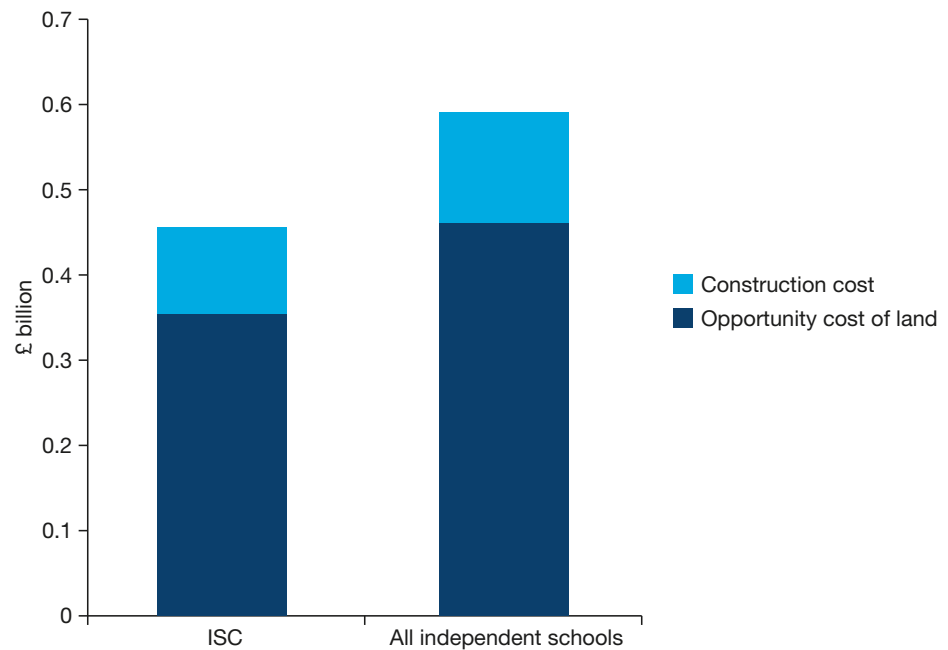
---

*The land required to build state-funded schools for all British pupils at ISC schools is estimated to have a market value of roughly £6.5 billion*

---

In total, annualised capital-related savings are estimated at £457 million for ISC schools and £592 million for all independent schools.

**Savings associated with the capital cost of schools**



Source: Oxford Economics

**4.5 Administrative and regulatory costs**

Independent schools operate within a regulatory framework which provides quality assurance for pupils and parents. But there are notable areas where independent schools do not draw upon state resources, thereby generating savings for the taxpayer. School inspection and teacher induction are two such areas, where the sector has established self-funding organisations which relieve local and central government of these costs. The analysis looks at just one area, that of school inspection for ISC schools in England.



**The Independent Schools Inspectorate**

The Independent Schools Inspectorate (ISI) is approved by the Secretary of State to inspect ISC schools. The inspection remit includes educational provision, early years foundation stage and boarding welfare as well as any follow-up or enforcement work required. These inspections fulfil the statutory requirements for inspection of these schools and no other inspection is required, saving inspection, support and improvement costs that would otherwise have to be provided by Ofsted. ISI is a not-for-profit organisation and it receives no income or other financial support from government or any other publicly funded organisations. Its operations on behalf of the Department for Education are monitored by Ofsted who produce an annual report on the quality of its work. The annual report has consistently recognised ISI as meeting the highest quality rating.



The savings generated by ISC schools using ISI rather than Ofsted are estimated using data on Ofsted’s inspections to calculate the share of its annual costs that can be attributed to state schools; estimating the split between its fixed and variable costs, and then dividing by the number of students in the state sector to get a per pupil value. This approach suggests that, by lowering the demands on Ofsted, ISC schools generate the taxpayer annual savings of £0.7 million.

This represents a fraction of the total administrative costs that would be incurred if independent schools’ pupils were educated in the state sector. There are broader costs associated with the central and local government’s distribution of funding and provision of administrative support to state schools. Even Free Schools, which are supposed to be relatively independent from the state, impose administrative costs on it as the Education Funding Agency is responsible for acquiring premises for them, managing construction and refurbishment and scrutinising their finances and governance.<sup>43</sup> However, these costs are very difficult to quantify owing to a lack of data and the complexity of identifying what share of administrative costs is fixed, and how much varies in line with pupil numbers. In the face of these constraints, the estimate of this final category of savings is far from comprehensive.



<sup>43</sup> National Audit Office, (2013), 'Establishing Free Schools'.

*In total, ISC schools saved the taxpayer an estimated £3.0 billion in 2011/12*

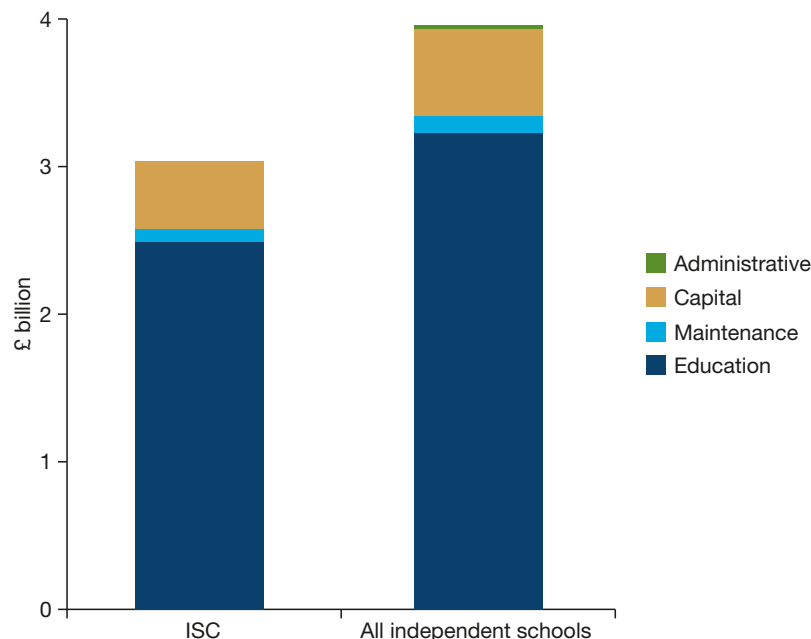
*This equates to a per pupil sum of roughly £6,500*

### 4.6 Total savings to the taxpayer

In total, ISC schools saved the taxpayer an estimated £3.0 billion in 2011/12. This was equivalent to 2.9% of total public spending on education in Britain in 2011/12.<sup>44</sup> The figure for all independent schools was £3.9 billion, equivalent to 3.8% of total public expenditure on education. As discussed above, it is likely that these estimates understate the actual savings that independent schools generate for the taxpayer owing to data-related constraints.

The figures cited above equate to a per pupil sum of roughly £6,500. This is slightly higher than the government’s recent estimate of the average annual cost of educating pupils in the state sector, which it puts at £6,350.<sup>45</sup> The explanation for this difference lies in the fact that this report measures capital costs as the opportunity cost of the land that schools are built on and the depreciation of school buildings, whereas the government’s estimate of capital costs appears to consist of capital-related expenditure that took place in the relevant year. The former variables are of greater relevance to this assessment of the savings that the independent sector generates for the taxpayer. This is because they are not skewed by year-on-year volatility in education-related capital spending; and because they are not restricted to financial costs but also account for the revenue that the government forgoes by allocating public land for schools.

#### Total annual savings to the taxpayer in 2011/12



Source: Oxford Economics

<sup>44</sup> HM Treasury, (2013), ‘Public Expenditure Statistical Analyses 2013’.

<sup>45</sup> House of Lords Debate, 4 December 2013, c 232.



# 5



## The impact of independent schools' educational outcomes

- The higher academic attainment of pupils at ISC schools contributes an estimated £1.0 billion per year to the UK's GDP once these pupils enter the job market.
- The impact of all independent schools adds an estimated £1.3 billion per year to the UK's GDP.
- Pupils at independent schools are more likely to study mathematics, the sciences and modern languages than those at state schools. This helps to produce skills that are vital to Britain's future growth prospects, but that are in short supply.

---

*“There is solid evidence to support the view that education lies at the heart of a sustainable growth strategy.”*

*CBI, “First steps: A new approach for our schools”*

---

This chapter outlines how the high quality of education provided at independent schools has an important positive impact on GDP. Pupils attending independent schools achieve a higher average level of attainment than pupils in the state sector. There is a link between educational attainment and economic growth. Therefore, the higher levels of attainment at independent schools can be associated with higher levels of economic growth. Independent schools equip their pupils for the workplace by imparting skills and knowledge that are sought after by employers and which generate significant economic benefits for Britain. This is particularly true in the case of the greater emphasis that independent schools place on ‘strategically important and vulnerable’ subjects (SIVs). Subjects such as maths, science subjects and modern foreign languages are more likely to be taken by pupils at independent

schools than by pupils at state schools. Having a strong supply of pupils who have studied and been taught well in these subjects is crucial for the British economy. The teaching of these subjects at independent schools therefore helps to prop up the supply of scarce but vital skills.

## 5.1 The link between educational attainment and economic growth

The rapid integration of the global economy and the rise in competition from emerging markets has compounded the challenges that Britain faces in boosting its competitiveness. In this context, its skilled workforce is a major asset that sustains its attractiveness to investors. This point has been widely acknowledged, including by the CBI,<sup>46</sup> and the Department for Business, Innovation and Skills (BIS). A recent report by the latter highlights that the sectors that represent the greatest opportunity for Britain – those that are set to grow rapidly and in which Britain has a comparative advantage – are those whose “success will be driven by science and technology, high levels of skills and creativity.”<sup>47</sup> These factors underline the importance of the high educational standards of Britain’s independent schools.

---

*“Education today is your economy tomorrow.”*

*Andreas Schleicher, Deputy Director for Education and Skills, OECD*

---

Recent research on the causal link between academic attainment and economic performance permits the speculative estimation of the contribution that this makes to GDP. Much of this research explores the link between standardised test scores – notably those on the OECD’s Programme for International Student Assessment (PISA), which tests 15-years olds in dozens of countries on Reading, Mathematics and Science – and GDP growth, using cross-country regressions. One recent paper estimated that raising PISA scores on maths and science in every EU-27 country by 25 points (or a ¼ standard deviation) would contribute €35 trillion (in net present value terms) to the EU’s economic output over the lifetime of a child born in 2010.<sup>48</sup>

To estimate the economic impact of independent schools’ educational performance, the analysis draws on the results of a paper published by the OECD in 2010.<sup>49</sup> The authors use data on standardised test scores and economic performance in 23 OECD countries between 1960-2000 to explore the impact of educational attainment on growth.<sup>50</sup> They find that a one standard deviation improvement in scores on maths and science tests, equivalent to 100 points on the PISA scale, was associated with an increase of 1.74 percentage points in annual average per capita GDP growth within their sample. As the model used is linear, the results apply equally in the opposite direction – a 100 point deterioration in PISA scores would be associated with a 1.74 percentage point decline in annual growth.

The UK’s independent schools have consistently outperformed state schools on all three components of the PISA tests. Using data on test scores in 2009 and 2012, together with information on the share of British pupils at independent schools, it is possible to estimate how the UK as a whole would have performed on PISA if pupils at ISC schools got the same test scores as those at state schools. In this

<sup>46</sup> CBI, (2012), ‘First steps – a new approach for our schools’.

<sup>47</sup> BIS, (2010), ‘Supporting analysis for “Skills for Growth: The national skills strategy” ’.

<sup>48</sup> Hanushek, E, and Woessmann, L, (2012), ‘The Economic Benefit of Educational Reform in the European Union’.

<sup>49</sup> OECD, (2010), ‘The High Cost of Low Educational Performance: The long-run economic impact of improving PISA outcomes.’

<sup>50</sup> The model controls for differences in GDP per capita in 1960 and years of schooling.

scenario the UK's scores on maths and science would have been 3.9 points lower, on average. The OECD's findings indicate that this would translate into a decline of 0.07 percentage points in per capita GDP growth, equivalent to an output decline of £1.0 billion in 2012. Extending this analysis to all independent schools would have meant that the UK's scores on maths and science would have been 4.8 points lower, translating to a decline of 0.08 percentage points in per capita GDP growth, equivalent to an output decline of £1.3 billion.

### PISA test scores

	Mathematics	Science	Reading
<b>2012</b>			
UK independent schools	569	592	577
UK state schools	489	510	495
OECD average	494	501	496
<b>2009</b>			
UK independent schools	546	583	553
UK state schools	490	510	492
OECD average	496	515	496

Source: OECD

There are three caveats to these results. First, there is inevitably some uncertainty surrounding the precise figures as there is no consensus on the best way to model economic growth.<sup>51</sup> Secondly, the methodology used explores the link between improved performance in PISA tests and increases in GDP growth, without looking for causes of improved performance. There will be factors other than the quality of education provided by independent schools that affect pupil performance. Thirdly, PISA does not differentiate between the performance of pupils at ISC schools and other independent schools. This means that the same level of performance is assumed for pupils at both. Previous research indicates that this might underestimate the performance of pupils at ISC schools.<sup>52</sup> Despite these caveats, it is clear that the performance of pupils at independent schools make a significant positive contribution to the British economy.

## 5.2 Promoting strategically-important subjects

A second channel through which independent schools contribute to the UK's skills base is via their relative emphasis on subjects classified by the Higher Education Funding Council for England (HEFCE) as 'strategically important and vulnerable' (SIV). These consist of science, technology, engineering, mathematics, modern foreign languages and quantitative social sciences. The HEFCE deems these subjects vital to the UK's competitiveness and its international relations. However, their supply is either weak or falling, jeopardising the UK's growth prospects.

<sup>51</sup> In addition to disagreement over the best way to model growth, there is a risk of omitted variable bias (the possibility that a variable that has been left out of the model is driving the observed link between GDP growth and academic attainment.) There is also some uncertainty surrounding the results because a past relationship (in this case for the period 1960-2000) is being used to make inferences about the current link between skills and growth.

<sup>52</sup> K. DiLemmo, 'The Others: A Structural and Demographic Portrait of non-ISC Independent Schools', *Bulletin*, London: ISC (2010)



*“It has long been the case that the independent schools sector delivers proportionately more students with better STEM related A-levels than the state sector. Without these well qualified applicants many university STEM courses would face serious recruitment difficulties.”*

*Professor Sir Michael Sterling, former Vice-Chancellor of the University of Birmingham and former Chairman of the Russell Group*

The shortage of skills in science, technology, engineering and mathematics (STEM) has been starkly highlighted by the latest education and skills survey by the CBI and Pearson.<sup>53</sup> Almost two in five of the firms who responded to the survey said that they face difficulties recruiting staff with STEM skills. Shortages were particularly acute in manufacturing, engineering, hi-tech/IT and the science sector. Furthermore, 41% of the employers surveyed said that recruiting STEM-qualified staff is likely to become more difficult over the next three years.

### Difficulty recruiting individuals with STEM skills by sector

(% of employers who report difficulties)

	People to train as apprentices	Technicians	Graduates
Manufacturing			
<b>Currently</b>	17	24	17
<b>Next three years</b>	13	26	15
Construction			
<b>Currently</b>	19	8	12
<b>Next three years</b>	15	35	4
Engineering, hi-tech/IT & science			
<b>Currently</b>	15	29	26
<b>Next three years</b>	30	39	32

Source: CBI

Data on A-level exam entries in England highlight that independent schools play a disproportionately large role in supporting the supply of these skills. In 2013, the share of pupils at independent schools who sat A-levels in further maths was 10.8%, compared to 4.1% at all other schools in England. Similarly, 18.6% did A-levels in physics, compared to 11.2% of pupils at other schools.

### Proportion of pupils sitting selected subjects at A-level in 2013, by school type

Subject	Independent schools	State schools & FE Colleges	Ratio
Other Modern Foreign Languages	9.7%	1.7%	5.8:1
Spanish	5.5%	2.0%	2.7:1
Further Mathematics	10.8%	4.1%	2.7:1
French	8.1%	3.1%	2.6:1
German	2.6%	1.3%	2.0:1
Physics	18.6%	11.2%	1.7:1
Mathematics	45.9%	28.6%	1.6:1
Chemistry	25.3%	17.0%	1.5:1
Biological Sciences	26.0%	21.3%	1.2:1

Source: Independent Schools Council / Department for Education

<sup>53</sup> CBI, (2013), ‘Changing the pace – CBI/Pearson education and skills survey 2013’. The survey is based on responses from 294 employers that together employ 4.9% of workers in the UK.



The quality of A-level results also tends to be higher in the independent sector, raising the likelihood that pupils will go on to study these subjects at university. For instance, 31% of A-level maths entries from independent schools were awarded an A\* in 2013, compared to 16% of entries from other schools. This table highlights that a similar pattern prevailed for the other SIV subjects.

**Proportion of entries awarded A\* or A grade at A-level in 2013, in SIV subjects by school type**

Subject	Independent schools		State schools	
	% awarded A*	% awarded A or A*	% awarded A*	% awarded A or A*
Further Mathematics	40.6	70.1	23.2	53.0
Mathematics	29.3	63.3	14.2	39.0
Physics	17.0	47.9	8.2	27.9
German	13.1	62.6	5.6	33.5
Other Modern Foreign Languages	16.1	59.0	11.3	43.6
Biological Sciences	17.1	49.2	6.7	25.1
Chemistry	15.2	52.3	6.9	30.0
Spanish	13.2	55.4	5.1	30.2
French	11.4	56.7	4.7	33.5

Source: Independent Schools Council / Department for Education





# 6



## Contribution to the publicly-funded education system and society

- Independent schools undertake a wide range of activities to serve and support those beyond their fee-paying constituency, with more than nine out of ten ISC schools partnering schools or their local communities.
- They collaborate extensively with state-funded schools. This takes the form of support for free schools and academies, structural partnerships with state schools and a range of informal partnerships that encompass academics, drama, sport and music.
- Many independent schools are at the heart of the cultural life of their local communities. A large number of schools also contribute to local service provision and undertake projects that support the renewal and regeneration of the local area.
- In 2012/13 ISC schools provided over £623 million of bursaries and other financial assistance to over 166,000 children. Just under 40,000 of these pupils were on mean-tested benefits.

This chapter looks at the range of activities undertaken by schools across Britain which have an impact far beyond their school gates. No attempt has been made to quantify in financial terms the aggregate contribution and whilst this may be something for consideration in a subsequent study, in many ways the breadth and scale of the activities can only be appreciated by considering individual projects in their own contexts.

This chapter considers the range of contributions under the following loose headings:

- Support for academies and free schools
- Partnerships with local schools and children
- Support of local services and communities
- Independent schools as national resources and assets
- Widening access through bursaries and scholarships

## **6.1 Support for academies and free schools**

Academies and free schools are state-funded schools which have a degree of independence in their manner of operation. They are funded via taxpayer contributions under the terms of a funding agreement with the Secretary of State. Academies do not need sponsors, but a large number of independent schools have entered into arrangements to play a significant role in their establishment and development, as the following table demonstrates.



**ISC schools partnering academies/free schools (not exhaustive)**

Academy/Free school	Independent School partner(s)
Blackbird Academy Trust (Windale School, Pegasus Primary School, Orchard Meadow)	Dragon School
City Academy Norwich	Norwich School
Crest Boys' Academy	Highgate School
Crest Girls' Academy	Highgate School
Desborough College	Radley College
Folkestone Academy	The King's School, Canterbury
Harris Westminster Sixth Form Academy	Westminster School
Hartsbrook E-Act Free Primary School, Tottenham	Highgate School
Holyport College	Eton College
Knole Academy, Sevenoaks	Sevenoaks School
London Academy of Excellence	Brighton College, City of London Boys' School, Eton College, Highgate School, Caterham School, Forest School, Kings College Wimbledon and Roedean
Marlowe Academy	The King's School, Canterbury
Marsh Academy	Tonbridge School
Messing Primary School	New Hall School
Midhurst Rother Academy	Winchester College
New Islington Free School	Manchester Grammar School
Oasis Brightstowe Academy	The Red Maids' School
Ormiston Venture Academy	Gresham's School
Sarum Academy	Bryanston School
Swindon Academy	Marlborough College
The Bourne Academy	Canford School
The John Wallis Church of England Academy	Benenden School
The Taunton Academy	Queen's College, Taunton
Theale Green	Bradfield College
Wellington Academy	Wellington College
Wren Academy	Berkhamsted School

Source: Department for Education/Independent Schools Council

The focus has often been on sponsorship of academies and free schools and for some independent schools this has been the right fit, often as a natural extension of their existing work in partnership with local schools. Many more ISC schools have focused instead on understanding and then working to meet the real needs of partner schools.



### **West Newcastle Academy**

The West Newcastle Academy is a one-form entry primary school set up on the west side of Newcastle, an area of significant need. In helping set up this free school, The Royal Grammar School in Newcastle were asked to offer expertise and experience by a local charity, Kids and Us, that deals particularly in areas of social and educational alienation. The Head of RGS and his deputy were part of a team meeting regularly to put the bid together, including attending the final interview with the Department for Education that led to the success of the bid. Now the school is up and running with 28 children in one reception class, RGS is continuing to work in partnership in areas where West Newcastle Academy identifies need, ranging from RGS sixth formers helping with reading to the RGS bursar assisting the school's business manager.

---

***“We are proud to be part of a very significant educational innovation that’s having real impact on a seriously deprived part of the city.”***

***Bernard Trafford, Head, RGS Newcastle***

---

### **Universities Access Scheme**

Twelve schools in Kent, together with the Sutton Trust and Fitzwilliam College Cambridge, are piloting a new and innovative Universities Access Scheme to help academically able students from low and middle income backgrounds in local academies successfully apply to top ranking universities in the UK.

The scheme, launched June 2013, is being run through a group of six academy schools collectively with their independent school sponsors, including Folkestone Academy (King’s School, Canterbury), Marsh Academy (Tonbridge School), Skinner’s Kent Academy (The Skinners’ School), Knole Academy (Sevenoaks) and the John Wallis Church of England Academy (Benenden). These schools are part of The Kent Academies Network, a collaboration of schools sharing a commitment to serve the educational needs of local young people.

Students from low and middle income backgrounds in Year 9 will be selected based on their potential and begin a four-year programme of support. In each year the students will spend one week at Easter and one week in the summer away from their own school on a residential course in one of the participating independent schools. These courses will give students the opportunity to strengthen their knowledge of core subjects, develop new skills and interests, engage with like-minded young people, be coached by inspirational teachers and experience a range of enrichment and extracurricular activities in, for example, art, music, literature, drama and science.

The scheme’s ultimate goal is to enable young people to make successful applications to top UK universities, including Oxford and Cambridge. Students will also benefit from e-mentoring and an online curriculum with learning mentors – undergraduates from Fitzwilliam College, Cambridge, and teachers from the participating schools.



---

*“The schools of King Edward VI should be rooted in the communities that they serve and be responsive to the nature of those communities. In particular, all of the schools are committed to making themselves as accessible as possible to all pupils, whatever their background or circumstances.”*

*The King Edward VI Foundation*

---

Beyond this list of sponsor/co-sponsor schools and academies is a much wider group of federations of independent schools with embedded links to academies and, indeed, other state-funded schools. The King Edward VI Foundation, for example, comprises within one foundation two independent schools, five grammar schools and one sponsored academy. There are almost 7,000 pupils educated in the Foundation’s eight schools.

### Teaching School Status

King Edward VI High School for Girls was the only independent school, in the first cohort of teaching schools in 2011, to be granted teaching school status. This entitles it to lead the training and professional development of staff on employment based routes across a group of over 20 schools in the Birmingham area, both state and independent. It also works with other partners including at least one university, to deliver high quality support for teachers and leaders at all stages in their careers.

Inspectors described the key strengths of the partnership as including:

- Consistently outstanding outcomes for trainees including high completion rates
- High rates of progression to employment and subsequently to posts of significant responsibility
- Rigorous recruitment and selection of high calibre trainees
- High quality placements , with a strong focus on subject knowledge development

Teaching School Status complements the school’s existing range of partnership activities with state schools, which include working with thousands of local primary school children in workshops and master classes, opening up weekly enrichment classes in music, drama and languages and providing extensive Sixth Form and GCSE master classes in Maths, Spanish, French and Chemistry.

Other federations of schools which bring together more than 120 schools across the sectors include:

- Harpur Trust (Bedford Academy, Bedford Girls’ School, Bedford Modern School, Bedford School and Pilgrims Prep)
- Seckford Foundation (Beccles Free School, Ixworth Free School and Saxmundham Free School and Woodbridge School)
- Woodard Foundation (19 independent schools and 22 state schools)
- GDST (24 independent schools and two academies)
- United Learning (45 schools including 11 independent schools).

Another form of federation of independent and state school can be found in the Livery Companies, many of which provide long-standing examples of collaboration across different institutions. They include:

- Mercers’ Association (see box)
- Skinners Company (Skinners’ Academy, Skinners’ Kent Academy and Tonbridge School)



- Haberdashers Company (Haberdashers' Aske's Knights Academy, Haberdashers' Aske's Hatcham College, Haberdashers' Aske's Crayford Academy, Abraham Darby Academy, Haberdashers' Aske's Boys' School and Haberdashers' Aske's School for Girls)
- Drapers Company (The Drapers' Academy and Bancroft's School)
- City of London Corporation (City of London Academy Southwark, City of London Academy Islington, City of London Academy Hackney, City of London Boys, City of London Girls, City of London Freeman's School, St Paul's Cathedral School)
- Society of Merchant Venturers (Colstons' Girls' School, Merchants' Academy, Colstons' School)
- Merchant Taylors' Company (Wallingford Schools Academy, Merchant Taylors' School (Sandy), Merchant Taylors' School (Crosby), Merchant Taylors' School for Girls (Crosby), St John's School (Pinner), King's School Macclesfield)
- Leathersellers (Colfe's, Prendergast Hilly Fields College, Prendergast Ladywell Fields College and Prendergast Vale College)
- Grocers (Oundle, The Elms School, Mossbourne Academy and Henry Box School)

### **Mercers' Association**

The Mercers' Association of Schools and Colleges dates back to 1509 when St. Paul's School was founded. The Mercers' Company has progressed to build up a portfolio of schools in which it has a direct interest. Long-standing associations are through trusteeship, or the involvement of Mercers in founding a school or college (as with the St. Paul's Schools, Colet Court, Abingdon, Collyers, Dauntseys and Peter Symonds).

More recently, the Mercers were founding sponsors of new schools through the City Technology Colleges programme (Thomas Telford School), and Academies programme (Hammersmith, Madeley, Sandwell and Walsall Academies). Other members have joined the association through their links with other aspects of the Company's activities in London (Bute House, the Hall School, the Royal Ballet School, Holy Trinity & St. Silas and Culloden Primary Schools). At the last count, over 14,000 students attended schools and colleges in the group.

## **6.2 Partnerships with local schools and children**

The Independent Schools Council's annual census for 2013 reveals that 81% of ISC schools, a total of 997 schools, have ongoing partnerships with state schools. Most collaborate in more than one area, ranging from support in key curriculum areas to co-curricular drama, sport and music enrichment activities. These partnerships go well beyond a superficial engagement and include the seconding of academic staff, attendance by state school pupils at lessons at independent schools, the joint hosting of music and drama events and the exchange of knowledge, experience and expertise across schools. Increasingly, partnership models are developing which see groups of schools coming together to share strengths and improve standards and outcomes for all children across all partner schools.

### ISC schools' partnerships with state schools

Type of partnership	Number of schools	Share of total (%)
Academic	522	43%
Drama	380	32%
Music	568	47%
Sporting	843	70%
Other	437	36%
Any	997	81%

Source: Independent Schools Council Census

*“The Partnership is at the heart of our school. I am passionate about it. We are always thinking about our partner schools and how we can collaborate with them through exchanging ideas and sharing good teaching practice.”*

*Marion Gibbs, Headmistress,  
James Allen’s Girls’ School*

### Southwark Schools’ Learning Partnership

The Southwark Schools’ Learning Partnership was set up in October 2003 by its two Directors, Dr Irene Bishop CBE, Head of St Saviour’s & St Olave’s CE School and Mrs Marion Gibbs CBE, Head of James Allen’s Girls’ School. It involved nine original schools, three independent (Alleyn’s, Dulwich College and James Allen’s Girls’) and six maintained. Its state school members have changed a little over time and the current state partners are: Bacon’s College, The Charter School, Kingsdale, Ark All Saints Academy, St Michael’s College, Bermondsey, St Saviour’s & St Olave’s CE School and Walworth Academy.

The Partnership was formed with aims for staff and students from schools in both sectors to work together to develop innovative practice and to share and broaden their experience in order to improve teaching and learning in their schools, to raise student achievement by enhancing students’ involvement in their own learning and by helping teachers to develop models of highly effective teaching. In practice this involves sharing ideas and practice on lessons from Art and Geography to Latin and Science; sharing university preparation and mock interviews; projects raising aspirations for students through careers and HE events across the partnership; running citizenship, environmental and community action as well as sports, drama and music events.





### Dorchester Areas Schools Partnership

Sunninghill Prep School is part of the Dorchester Area Schools Partnership and carries out activities and initiatives with 18 other local state schools.

“It works at every level of the school. The goal is to improve the educational outcome of all the children across the partnership. We share activities and facilities to help support literacy, sport and music. Our children can join choirs, orchestras and teams across the group, which takes each activity to a new level. We work closely with senior schools to help our pupils make the transition up with enrichment days and staff across the partnership can share ideas, training and discuss best teaching practice. It works financially too. As a group we can pool IT provision and support and get better deals on purchasing.” Andrew Roberts-Wray, Headmaster Sunninghill Prep School

### Sheffield High School – Cool to Be Clever Project

Most of Sheffield High School’s partnership work focuses on raising the aspirations of children who live in areas of social and economic deprivation. The Cool to Be Clever Project identifies some of the brightest but most socially and economically disadvantaged Year 4 children in Sheffield and provides early intervention, support and mentoring to enable them to maximise their potential. Over three years, it aims to give parents confidence in university as a realistic option for their children. It helps them see that, through education, they have real choices in life. The 28 selected children meet together termly for events at Sheffield University, covering topics such as science, entrepreneurship, law, social sciences and architecture. When they reach Year 6, the participating children will continue to access the university’s pre-existing outreach programme for secondary age pupils.

Participants are primary schools in the South East Sheffield Education Learning Partnership, Sheffield High School and Sheffield University. The school provides and pays for a project teacher/co-ordinator who spends up to four hours off timetable each week undertaking outreach work. In addition, Sheffield High School Year 10 students act as individual mentors to the participating primary school children.





## Highgate Partnership Teaching

Highgate School is committed to sharing its human, intellectual and physical capital with local schools and organisations. The scope and scale of its partnerships have continued to expand over the last few years. This year there are the equivalent of four full-time teachers working on partnership teaching projects. The focus is on Mathematics, Physics and Chemistry, providing pupils with rich educational experiences so that they are inspired to choose these subjects at A-level and beyond. The School provides curriculum support and continuing professional development wherever such work is both desired and useful so that, when pupils do choose to study these key subjects, they experience high quality teaching and learning.

Specific commitments include:

- Leading a programme of weekly Mathematics enrichment activities in numerous primary schools and at Key Stage 3 in secondary schools.
- Supporting Heartlands High School in the teaching of GCSE Astronomy for the first time; working with Northumberland Park School to develop their provision of Physics GCSE as they branch out into triple science; working with the Crest Academy in Brent on both GCSE and A-level, and at Parliament Hill School to explore how best to bring mathematics into A-level Physics teaching.
- Teaching Further Mathematics to pupils from across London who cannot access such teaching in their own schools, and running training courses for primary school teachers to help them develop mathematical reasoning in primary school children.
- Supporting the Crest Academy to enhance their Chemistry curriculum and increase the quantity and quality of practical work their pupils get to do, both at GCSE and at A-level.

---

***“Independent and state schools have much they can do for and usefully learn from one another. We recommend that the Government re-introduce targeted seed corn funding to encourage the establishment of sustainable partnerships.”***

*Education Select Committee, “School Partnerships and Cooperation”*

---

The picture that emerges is one of close interaction between the two sectors, to the benefit of both. An Ofsted assessment published in 2005 of the independent/state schools’ partnership (ISSP) programme, which was set up by the Department for Education and Skills in 1998 to fund collaboration between the two sectors, but discontinued in 2010, declared that the program delivered value for money and that the majority of partnerships were very effective in realising their objectives. The report noted that collaboration between independent and state schools allowed pupils from very different backgrounds to interact in a positive environment, enabled high-quality professional development for teachers and support staff in the state sector and contributed to more engaged and creative classroom and extra-curricular provision. It also noted that many partnerships under the ISSP continued beyond their funding period owing to strong commitment amongst schools.<sup>54</sup>

More recently, a report by the Education Select Committee has noted that collaboration between the two sectors increases access to minority subjects for pupils at state schools. Based on a wide array of oral and written evidence, it concludes that “independent schools and state schools have much they can do for and usefully learn from one another” and recommends that the government reintroduce targeted funding to encourage further, more sustainable partnerships between state and independent schools.<sup>55</sup>

<sup>54</sup> Ofsted (2005), ‘Independent/state school partnerships’

<sup>55</sup> House of Commons Education Committee (2013), ‘School Partnerships and Cooperation’ Volume I, page 41.



### **Independent/State School Partnership**

Credit must go to the Independent/State School Partnership scheme for delivering enormous but largely unsung benefits to huge numbers of pupils across state and independent schools. The ISSP scheme was first announced by the then Minister of State for Education, Stephen Byers, at the Girls' Schools Association Conference in November 1997, when he stressed the 'vital role' of the independent sector within the education system. Over the dozen years of operation, more than 350 projects, involving around 1,400 schools, received funding of around £14 million. Each grant application round was oversubscribed. Non-government funding came from, amongst others, The Sutton Trust and Sir John Beckwith, Chairman of Youth Sport Trust. The last bidding round covered the period 2007 to 2011. 23 projects in total were funded with over £4 million, with a specific focus on gifted and talented children, increasing university application from children from disadvantaged backgrounds and raising attainment and participation in maths, science and/or languages.

---

*“The project over four years has brought funding of some £200,000 to Bolton providing Continuing Professional Development to the large majority of science and physics teachers in the local area.”*

*Philip Britton, Headmaster,  
Bolton School Boys' Division*

---

### **Supporting the teaching of Physics to all Bolton's children – the Ogden Teaching Fellow**

In 2010, Bolton School initiated the idea for a full time physics teacher based at the School, who also works in 17 local secondary schools, jointly funded by the School, the Institute of Physics and the Ogden Trust. The Ogden Teaching Fellow has worked with teachers across 13 of the 17 secondary schools in Bolton in the four years of the project. Pupils from those schools have been involved in various science and physics related events as well across that time.



### The Blackwater Consortium

The Blackwater Consortium has gone from strength to strength in the past twelve years. It consists of nine primary schools including Maldon Court Prep School and an Academy school with 2,000 pupils. The aim of the Consortium is to provide the highest level of education through the collaboration of professionals across the schools. Maldon Court works closely with all the schools to exchange best teaching practice, share ideas and offer insight into what an independent school does. The Consortium has a Local Delivery Group which aims to identify and share best practice, achieve economies of scale in purchasing and best value. They share training days, have joint staff development, discuss changes in education, behaviour and discipline and analyse data across the schools with the goal of raising standards across the group. The children are brought together to share and experience across the curriculum from history projects to music festivals and even school councils.

---

*“It is a unique opportunity for pupils of St Martin’s school to have access to state of the art facilities and teaching which raises aspiration.”*

*Sue Lovecy, Acting Head of St Martin’s School*

---

### Medical Science faculty at Moreton Hall

In 2013 Moreton Hall opened a new £1.4m Centenary Science Centre with a unique Medical Science Faculty, which is now being used by the local community, allowing an estimated 500 pupils from neighbouring state schools to benefit.

Moreton Hall is partnered with Keele University and local state schools, most significantly St Martin’s School, to raise the aspirations of young scientists, encouraging them to pursue career options in the Sciences and science or medical degrees. Moreton Hall acts as the central hub in the scheme, running regular extension lessons to stretch and challenge the local state school pupils, as well as providing a programme of lectures, practical sessions and visits by staff and scientists to further enrich learning for all pupils.

The Science Centre includes six purpose-built teaching laboratories with one of the labs specifically designated for the teaching of medical science. It is equipped to give pupils access to university-level practical learning through their school years, such as gene cloning and working with immobilised enzymes.



## 6.3 Support of local services and communities

Appendix IV focuses on the economic contribution that independent schools make to the local and regional economies in which they are situated – through local purchases of goods and services by the school and their employees. But there are many other ways in which independent schools have a direct impact on their communities. Four overlapping themes are highlighted: sharing of facilities; cultural hubs; contribution towards local service provision; and civic regeneration.

### 6.3.1 Sharing of facilities

There is a long tradition of independent schools opening up their facilities for local communities to use. The Independent School Council's annual census for 2013 reveals that 88% of ISC schools, a total of 1,075 schools, are involved in facility sharing and hosting community events. This is largely unchanged over a ten year period when ISC last conducted its 'Good Neighbours' survey in 2003. The Good Neighbours report grouped shared facilities under three headings: 'Curriculum', 'Sporting and PE' and 'Other'. It revealed that classrooms and music rooms were the most popular of the 'Curriculum' facilities, with art rooms and ICT facilities not far behind; sports halls, swimming pools and games pitches were the most commonly used of the 'Sporting' facilities, with extensive use also made of gymnasias and tennis, squash and badminton courts. Within the 'Other' facilities, school grounds and catering facilities were shown to be used most, with theatres not far behind. The range of purposes for which outside groups used independent school facilities was very wide: music facilities were loaned or hired to private music teachers for their own pupils, classrooms were made available for local courses, pitches used for professional and amateur teams to coach local children, theatres made available for music and dance as well as for drama and grounds offered as a venue for community events. Provision was overwhelmingly either free (in 28% of schools), at nominal rates (27%) or cost (27%).



#### Bradford Grammar School

Bradford Grammar school has gone one step further and opened its campus to host another school: the Bradford Chinese School. Established in 2011, the school aims to educate children between 5 and 15 who are interested in learning the Chinese language and in developing an understanding and appreciation of Chinese culture. The school now has six classes and one adult class, providing an excellent and systematic education to more than 70 pupils. The school also provides art classes, teaching traditional Chinese brush painting by a professional art teacher.



#### The King's Recreation Centre, Canterbury opened by the King's School.

King's School, Canterbury has opened a Recreation Centre from which the community really benefit. It provides an outstanding sport and leisure service for King's School and over 3,360 members of the public. The care and training at the Recreation Centre is of a high standard and has been awarded as a Centre for Excellence for Cancer and Stroke patients and is part of a GP Referral Scheme. GPs can refer patients to the Centre to work on fitness or rehabilitation with two trainers who have spearheaded this service for the community. The Centre also offers swimming lessons to 1,000 people a week, from babies to senior citizens. Charitable organisations such as the Charlton Athletic Group for adult mental health use the Recreation Centre and local sports groups regularly use the sports hall for practice.



---

*“Giggleswick is immensely important to the life of the community. It offers a real cultural lifeline to people who would otherwise not have these opportunities open to them.”*

*Raymond Jones, Vice Chair of Giggleswick Parish Council*

---

---

*“Without the facilities provided by The Dixie Grammar School, the cultural life of Market Bosworth would be drastically diminished.”*

*John Wood, Headmaster, Dixie Grammar School*

---



---

*“The festival couldn’t function without the schools.”*

*Three Choirs Festival development director, Deborah Liggins*

---

### 6.3.2 Cultural hubs

Opening up facilities is more than lending out the occasional sports pitch: many independent schools are at the heart of the cultural life of their local communities, opening up their facilities for regular screenings of movies in towns where there are no cinemas or theatres, hosting adult and children dance classes or the local Rotary Club, brass bands or community orchestras. Some schools provide broadband facilities for the local community or host the web servers of local charities. And some independent schools are even responsible for major international arts festivals, attracting tens of thousands of visitors into towns and cities and providing invaluable cultural enrichment.

#### Dixie Grammar School

In a small market town such as Market Bosworth (population just over 2000), The Dixie Grammar School is very much at the cultural heart of the community. The local fine arts society holds its monthly meetings in the school hall. The School is also used regularly by Market Bosworth Festival for cinema screenings, professional theatre and music production and an annual art exhibition. Many other groups also meet regularly in the School.

#### Three Choirs Festival

The Three Choirs Festival, held annually since the early eighteenth century and rotating between the three cathedral cities of Gloucester, Worcester and Hereford, is one of the world’s oldest classical choral music festivals. The Cathedral schools in each town, The King’s School, Gloucester; the King’s School, Worcester and the Hereford Cathedral School are fundamental to the Festival taking place, opening up all their facilities to the Festival and providing training to the younger choristers.

The festival attracts 25,000 visitors, with ticket sales of £400,000. The centre-piece within this week-long festival is the choral concert each evening in the cathedral accompanied by resident symphony orchestra, the Philharmonia Orchestra. Programmes combine the established favourites of the British classical choral tradition with works drawn from a broader, more international musical canvas, and supported by daytime programmes of chamber music, recitals, theatre, lectures, masterclasses and exhibitions all held around the schools premises.

“The festival couldn’t function without the schools.” says Three Choirs Festival development director, Deborah Liggins. “They offer so much from venues, theatres, practice rooms, dressing rooms, facilities, changing rooms, meals for our audience and car parking for over 800 artists including the Festival Chorus, visiting choirs and our resident symphony orchestra, the Philharmonia Orchestra. The three cathedral choirs form the backbone of the festival with choristers from each school a key component. Evensong is sung every night in the cathedral with an annual live broadcast on BBC Radio 3 adding a unique spiritual element to this 300 year old festival.”



*“Portsmouth Grammar School is our major sponsor and stakeholder. The Festivities couldn’t happen without its support.”*

*Samantha Worsey,  
Portsmouth Festivities  
general manager*

## Portsmouth Festivities

Portsmouth Grammar is the co-founder and principal sponsor of the town’s Portsmouth Festivities, a ten day festival in June, celebrating arts, culture and heritage in the great waterfront city. Headmaster James Priory is the Chairman of the Festivities.

Now in its 15th year, the Portsmouth Festivities have developed a reputation for providing high quality large and small events with professional artists in the city’s unique venues. Some events have hundreds of performers and thousands in the audience. Events take place across the city, from Gunwharf Quays, Portsmouth Dockyards to Portsmouth Grammar School itself in the school’s David Russell Theatre and Gatehouse Studios.

The School provides major venues for events, housing the Festivities office and offering marketing, design, financial and IT support. Pupils and teachers at the school participate in drama groups, choirs and writing productions, as well as providing front of house staffing.



*“The King’s School are our biggest sponsor – we wouldn’t have a festival without them.”*

*Rosie Turner, Canterbury  
Festival Director*

## Canterbury Festival

King’s School is a major sponsor of Canterbury Festival, Kent’s International Arts Festival, the largest festival of arts and culture in the region, and one of the most important cultural events in the South East. The Festival attracts an audience of 70,000 people of all ages to over 200 free and ticketed events, drawn from across Kent, London and the South East and runs for two weeks in late October to November every year. King’s School lend major venues enabling the Festival to reach thousands of people and become a major draw to the turn to visitors from all over the world. The Festival sells between 40,000 and 50,000 tickets a year.



© Tim Stubbings

### 6.3.3 Contributing to local service provision

In the Foreword to our Report, the Chairman of ISC relates the story of the development of inshore RIB lifeboats by pupils at UWC Atlantic College and subsequent gift of the intellectual property to the RNLI. This is an extraordinary, but not exceptional, story. In the 2003 ‘Good Neighbours’ report, describing services for the local community, the authors almost had to admit to defeat in relaying the responses from 895 ISC schools:

“the list is too varied to admit categorisation. One school allows a path across school land to avoid a main road with no pavement, another restores the church bells, another seconds its groundsman to tend the local cricket pitch, another offers its premises as an Emergency Centre in case of a local disaster. One makes a local museum out of a war-time shelter, another holds a sculpture trail in its grounds at which artists from all over the country exhibit their work and which is open to the public free of charge ... one school undertakes to clear the local pond and another provides a millennium pathway for the disabled through its woodland. Several schools have an eco group: one helps to clear land, ponds, lakes, etc., another does conservation work in the local hills and surrounding area overseen by the British Trust for Conservation Volunteers. Some schools are involved in Neighbourhood Watch schemes; others have established coaching partnerships with their local sports clubs; one has developed a link with a nautical training corps. One school, occupying what English Heritage describes as “a site of national importance”, maintains the historic fabric as part of its work and admits approximately a thousand visitors annually to the house and gardens either free or at cost. Another is restoring, in association with English Heritage, a well house in its grounds which provided Hampton Court Palace with water in the reign of Henry VIII.”



#### The Twelve Services of Gordounstoun

Pupils from Year 11 upwards are expected to take part in one of the twelve Services on offer at the Senior School. Included amongst these services are:

- Canoe lifeguards, providing a search and rescue capability for local rivers and coastline;
- Coastguard Service, forming part of the Moray Sector and working closely with local teams to provide a Search and Rescue capability for the area;
- The Gordonstoun Fire Service, a volunteer unit of Grampian Fire and Rescue Service, on call 24 hours a day throughout term time and responding to about 50 calls each year in the local area; and
- Mountain Rescue, assisting the Police with searches and evacuations in the Grampian Region and the mountains of the North.



### The Herefordshire County Music Hub

Following local Government cuts the music provider for Herefordshire was unable to maintain the long standing tradition of a residential Easter Course for young Herefordshire musicians which up to 200 children and young adults had benefitted from for many years. There was no funding or support available, but after doing a feasibility study, the Governors at Hereford Cathedral School were happy to support the initiative to run a self-financing course. Registrations for this Easter Course have now exceeded the 100 mark, and once again Herefordshire children can have the benefit of a residential music course.

#### 6.3.4 Renewal and regeneration

There are many examples of independent schools playing a leading role in renewal and regeneration, in both rural and urban areas. In many cases, the projects undertaken by the schools will constitute the largest redevelopments in the area, contributing not only valuable employment to local businesses and drawing in funding from other external agencies but also providing lasting benefits. Schools are also increasingly involved in pioneering environmental projects, recognising the role that they have to play in educating the next generation in socially responsible development.

### Newcastle-under-Lyme School in Staffordshire

Newcastle-under-Lyme School is playing a big part in efforts to regenerate this struggling North Staffordshire town. “We’re trying for resurgence along with former pottery giants Wedgwood and Royal Doulton. There’s lots of goodwill locally,” says Headmaster Nick Rugg, “but our catchment area is a challenging one.”

They aim to purchase a substantial amount of goods and services from local businesses. In total they estimate they spend almost £500,000 annually directly in the local economy, quite apart from the additional economic impact of employees and pupils spending in the local area.

The School shares its sports facilities with local football and hockey clubs and opens its pool to the local community. The School has also entered into a joint venture with Badminton England and following a refurbishment of changing rooms and facilities, have now been designated a badminton Centre of Excellence, offering classes to the community.

The School is keen to support the town and works closely with the Newcastle-under-Lyme Business Panel to come up with ways to encourage visitors to the town. “The School have done much to encourage footfall into the town, with performances at the Limelight Festival in May, theatre in the round at the shopping centre and Choir performances at the Dickensian Christmas market, ” says Newcastle-under-Lyme’s Business Development Officer, Trudi Bernard. “It has attracted a lot of publicity and crowds to the town. It is an invaluable relationship.”

---

*“The School have done much to encourage footfall into the town. It has attracted a lot of publicity and crowds to the town. It is an invaluable relationship.”*

*Trudi Bernard, Newcastle-under-Lyme Business Development Officer*

---



### High School of Dundee to redevelop historic Post Office

In Dundee, the High School has acquired the historic Post Office building in the Meadowside area. The Rector of the High School, Dr John Halliday, comments, “This is a thrilling development for the High School. We were very excited to be able to take up this opportunity to purchase the old Post Office. Dating from 1898, it is one of the most well-known and distinctive buildings in the city centre. It reflects our dedication to the welfare of the city of Dundee as a whole at this exciting time in its history. At the High School of Dundee we firmly believe in the future of Dundee and wish to make a substantial contribution to ensure that the Meadowside/city centre thrives as a complement to the well-publicised waterfront project.”



## 6.4 Independent schools as resources and assets for the nation

The education and opportunities provided by independent schools for their pupils are world class. But there are significant wider impacts, which we have not measured in economic terms but which all form part of the impact of the independent sector on British life. We highlight four overlapping themes: independent schools as a resource of specialist educational provision; world-class music and dance provision; custodians of national assets; and engines for advances in educational practice.

### 6.4.1 Specialist schools

ISC's Census highlights the degree to which ISC schools make specialist educational provision for those in need. There are around 65,000 pupils at ISC schools identified with SEN, the most common being dyslexia, and more than 500 schools with one or more pupils with a statement of SEN. At the extreme end of need, a small number of ISC schools cater wholly or mainly for statemented pupils. In doing so they provide essential specialist provision which is hard to find elsewhere: a single ISC school can have children from over 25 local authorities at any point in time.



---

*“Special independent schools in Scotland are crucial to ensuring that children with special educational needs receive the best teaching and care that is available to them. 60% of children currently in specialist residential placements in Scotland are learning in our independent special schools. Without them children would not have access to these expert provisions.”*

*Stuart Jacob, Principal of Falkland House School, Fife, which specialises in the education of boys who require additional learning support*

---

---

*“Independent schools for children with special educational needs play a hugely important role in the country’s educational landscape. The schools provide centres for specialist expertise and skills and are also able to offer places to local authorities, who may not be in a position to fund an entire specialist school for the children in its area.”*

*Barry Huggett, Headmaster of More House School, Frensham*

---

In Scotland, research from ISC’s affiliated organisation, the Scottish Council of Independent Schools, has demonstrated the significance of specialist provision at independent schools across Scotland. In Dumfries and Galloway, Fife, Perth and Kinross, Renfrewshire and West Lothian, independent schools educate more than 25% of all pupils attending special schools, with independent schools in Dumfries and Galloway and Perth and Kinross accepting more than 40% of all pupils requiring specialist provision.<sup>56</sup>

### **Special needs and teacher training**

More House School, Frensham is the largest school in the country catering for children with language, literacy and social communication difficulties. The 454 students, aged 8 to 18 are supported by specially trained teachers and therapists to access a wide curriculum and achieve success at GCSE and A level.

Investigation of some 200 ex-students aged 22 to 35, found only two unemployed and many had gone on to higher education, some were running their own companies and there was an entrepreneurial/creative thread in their career choices. This is considerably better than the national statistics for that age group and definitely very good outcomes for former students with special educational needs..

Over 190 of the current students are local authority placements and although those authorities have to pay fees for each placement, they do not have the capital cost of setting up appropriate schools in their own catchment area and investing in therapists and specialist teachers which is a considerable saving to their education budgets. Acknowledging the need for ongoing support through A-level courses, the school gives discounts to LAs of 10% for each year a student has been in the school up to a maximum of 50%.

More House has supported and trained at its own expense more than 20 teachers through GTP and PGCE programmes in the last five years, at a cost of around £100,000. The staff offer special courses for teachers in mainstream schools who wish to learn more about special needs and how these may be supported in the classroom. These are delivered at little or no cost to the attendees. A large conference is taking place at the school in May this year and the school is currently investing heavily in online training which will soon be available to a worldwide audience.



<sup>56</sup> <http://www.scis.org.uk/assets/Uploads/Facts-and-Statistics/2012-Local-Authority-comparisons-by-region2.pdf>

### 6.4.2 Music and dance schools

In 1978, the Calouste Gulbenkian Foundation surveyed the state of specialist music education and the training of professional musicians. It was largely as a result of the recommendations in that report that the Music and Dance Scheme was set up in 1981. The MDS schools today comprise: the Royal Ballet School, Elmhurst School for Dance, Tring Park School, Chetham's School of Music, Wells Cathedral School, the Purcell School, Yehudi Menuhin School, the Hammond School and St Mary's Music School in Edinburgh.

---

*“One of the things that should make you proud to be British. We are alone in the world in boasting a network of specialist music schools, offering general full-time education integrated with intensive instrumental training.”*

*The Daily Telegraph, 2012*

---

The requirement for early training, in particular the primary development of the physical and intellectual disciplines required of dancers and musicians, is recognised by many to be greater than for some other forms of artistic endeavour. The MDS enables exceptionally talented children between the ages of 8 and 19 from all backgrounds to receive a good academic education alongside the best specialist music and dance/ballet training available. By designating certain schools as “centres of excellence”, financial and human resources can be concentrated. This has a number of benefits: children benefit from close association with similarly gifted children who provide the stimulus of competition and example; pupils from all over the country have access to an extended teaching day and to practice facilities within the environment of the school; timetabling can take account of the individual requirements of the pupil and the need for orchestras, choirs and performances to be integrated with other parts of the school curriculum; and distinguished practitioners can be attracted to teach and/or take masterclasses.



© Brian Slater

#### The Royal Ballet School

The Royal Ballet School is one of the world's greatest centres of classical ballet training which for generations has produced dancers and choreographers of international renown, including Margot Fonteyn, Kenneth MacMillan, Lynn Seymour, Anthony Dowell, Darcey Bussell and Jonathan Cope.

And now there's a new generation making its mark on the world stage, all of whom trained at the Royal Ballet School – Lauren Cuthbertson, Steven McRae, Edward Watson, Christopher Wheeldon and Liam Scarlett to name but a few.

The Royal Ballet School's mission is to train and educate outstanding classical ballet dancers for The Royal Ballet, Birmingham Royal Ballet and other top international dance companies, and in doing so to set the standards in dance training, nationally and internationally. Royal Ballet School alumni currently make up 70% of the Royal Ballet Companies.

Admission to the School is based purely on talent and potential, regardless of academic ability or personal circumstances, and 90% of current students rely on financial support to attend the School – up to 184 places for UK or EU based students are supported by the DfE's Music & Dance Scheme.

The School offers an eight-year carefully structured dance course, aligned with an extensive academic programme, giving the students the best possible education to equip them for a career in the world of dance. Over the past seven years, 100% of the school's graduating students (around 30 per year) have been offered professional contracts in companies around the world.

*“While many other schools in the UK provide excellent music and dance training and education, none is quite on a par with the eight independent specialist music and dance schools. They have a daily curriculum that resolutely revolves around musical or dance practice, education and training. Through the training at these schools, Britain is proud to have developed world class musicians and dancers who are at the forefront of their art and attract millions of visitors every year to our shores.”*

*Jessica Ward, Principal, Elmhurst School for Dance and Vice-Chair of the Music and Dance Schools Heads Group*

### Tring Park School for the Performing Arts

Tring Park is at the forefront of performing arts education and provides a specialist education for talented young people, regardless of means or background, who have a passion for Dance, Drama, Musical Theatre or Music. The school has 330 pupils aged 8–19, with approximately two thirds boarding. Tring Park put on a show every week in term time, which is open to the public, providing entertainment locally. Many of their alumni are now on the West End stage, perform in internationally known ballet companies and on television.

The school also has a strong commitment to theatre education in the community. They reach a total of 4,851 young people and run a total of 423 events including workshops, Days of Dance, Musical Theatre Summer courses, Taster Days and the Nutcracker Weekend. After school and on Saturdays they also offer over 400 local children classes at the Classical Ballet Academy, Tring Park Associates and Kickstart.

#### 6.4.3 Custodians of national assets

Many independent schools are part of the fabric of the nation’s history, and continue to play an important role in preserving cultural heritage and icons at no cost to the taxpayer.

### Stowe School

In 1989 Stowe School handed over 750 acres of landscaped ground with 40 listed temples and monuments to the National Trust with a large endowment. Eight years later, the Stowe House Preservation Trust was created to raise funds for an ambitious six phase restoration plan of the Grade 1 listed property. During the course of the project Stowe School, having carried the responsibility of the stewardship of one of Europe’s great houses since 1923, continues to inhabit and use the house and supports the restoration trust. In total, the house and gardens welcome around 130,000 visitors each year.







### King's School, Canterbury

The King's School, Canterbury owns and occupies a significant proportion of two of the three Canterbury World Heritage Sites designated by UNESCO in 1989. These sites are a centre of considerable importance in Britain's cultural and religious heritage and the designation World Heritage Site recognises the very special historic nature of the land and buildings within the precincts and St Augustine's.

The School works in close partnership with the Dean and Chapter of Canterbury, Canterbury Christ Church University, the Parochial Church Council of St Martin's Church and English Heritage who, together with the School, enjoy joint ownership/occupation of the sites. The status of these sites places enormous responsibility on the School, together with its co-occupants for the maintenance and upkeep of the buildings and grounds which are open to the public, pilgrims and visitors from all over the world.

#### 6.4.4 Engines for advances in educational practice

Independence brings with it the freedom to innovate. Independent schools can point to many areas where they have acted as incubators or catalysts for significant developments which benefit all pupils, not just those at independent schools. Below we consider the role that independent schools played in the development of new qualifications: the International GCSE, the International Baccalaureate, the Pre-U and the Extended Project Qualification.

##### *International GCSEs*

The International GCSE (IGCSE) was developed by the University of Cambridge International Examinations in 1985 and championed in England by independent schools, which were not affected by a Government restriction preventing state schools from offering IGCSE qualifications in key subjects. This restriction was lifted in 2010 and increasing numbers of state schools have turned to IGCSEs, a qualification likened to the old O-level, featuring less coursework and more emphasis on exams sat at the end of two years. Figures from the two main exam boards running IGCSEs – Cambridge International Examinations and Pearson Edexcel – show that 2,677 schools offered IGCSE in 2013, with most entries now in the state system.

##### *International Baccalaureate*

The International Baccalaureate (IB) was founded in Geneva in 1968 as a non-profit educational foundation. The development of the IB Diploma Programme relied on a small number of schools based around the world that assisted in trialling the examinations. In the UK, North Manchester High School for Girls and UWC Atlantic College participated in these trial examinations. These schools laid the path for the qualification now followed by international and state schools, which today comprise almost half of the schools offering the IB Diploma Programme.



---

*“The IBD’s unifying philosophy has resulted in the development of a qualification which offers a strong academic focus balanced by the community service requirement.”*

*Paula Holloway, Principal,  
St Clare’s Oxford*

---

## St. Clare’s Oxford

St. Clare’s, Oxford has a worldwide reputation as an expert in providing the International Baccalaureate Diploma (IBD). They have been teaching the IBD longer than any other school or college in England; there are only 13 other institutions in the world who have taught the IBD for longer.

Alec Peterson, a governor at St. Clare’s in the 1970s, was one of the most influential people in establishing the IBD. The International Baccalaureate Organization describe him as one of the ‘visionaries’ behind the qualification and he encouraged the College to start teaching the Diploma. Accordingly, in 1977 St. Clare’s started offering the IBD. They considered that, as an international college, the IBD was the right qualification for the type of students they catered for.

The current Principal of St. Clare’s, Paula Holloway, considers the IBD to be “important for students owing to its unifying philosophy which underpins the whole programme. Over the years this has resulted in the development of a qualification which offers a strong academic focus but which is also balanced by the community service requirement.” For St. Clare’s, the IBD is viewed as a wide-access qualification as it was never meant to be a qualification for very ‘clever’ young people only.

Separately St. Clare’s has a training arm called the ‘IB Institute’. They run courses for teachers throughout the year and also during the summer holidays. Twelve teachers from St. Clare’s have been trained to run workshops by the IBO and, as practitioners, they provide a high level of training. They also have tailor made courses to suit the needs of individual schools. Teachers from both the maintained sector and the independent sector attend and benefit from these courses.



## Pre-U

Cambridge Pre-U was launched in September 2008, for first assessment in 2010. The qualification first came together after a number of independent schools approached Cambridge International requesting a curriculum that was intellectually exciting, high quality, stretching for the more able and which omits the AS-level element.

Currently, 150 schools offer the Pre-U qualification in total. Approximately 55% of these are independent schools and 45% are state schools.

---

*“The EPQ takes the girls a step further forward in their sixth form studies, bringing them even closer to undergraduate standards of research, independent thinking, and presentation skills.”*

*Gillian Low, Head Mistress,  
Lady Eleanor Holles School*

---

### **Extended Project Qualification**

The Extended Project Qualification (EPQ) has grown rapidly in popularity in recent years and is much valued by universities for promoting research skills and independent learning. It was pioneered in England by Rugby School and other independent schools which have played a significant role in developing the course and training other schools.

#### **The Lady Eleanor Holles School**

Up to two thirds of sixth form pupils at The Lady Eleanor Holles School in Hampton, Middlesex take the Extended Project Qualification with 50% or more achieving an A\*. For these 5,000 word extended essays, girls have researched subjects as diverse as ‘Invisibility Cloaks’ and ‘Women’s Literature in Medieval Japan’.

## **6.5 Widening access through scholarships and bursaries**

Bursaries and other forms of financial assistance with fees are well-established features of the independent sector and form another category of its public contribution. The total value of fee remissions in 2012/13 exceeded £620 million, of which more than £300 million comprised means-tested bursaries and hardship awards. Over 166,000 pupils receive some financial assistance with their fees from their school, of whom almost 40,000 children are on means-tested bursaries. Almost 5,000 children paid no fees at all due to the financial assistance of their school – a significant contribution from the independent sector to widening access. By way of comparison, in 1998 at the high point of the Assisted Places Scheme, 40,331 pupils were assisted financially. In other words, ISC schools are now supporting – from their own resources – almost the same number of children who benefitted from state support provided under the Assisted Places Scheme.



#### **The Arnold Foundation: a bursary scheme achieving so much more than simply helping out with school fees**

In 2003, the Arnold Foundation was established to offer fully funded places to young people who would particularly benefit from a boarding school education but who are unable to afford the fees. Where necessary Arnold Foundation support includes the cost of extras, for example uniform, laptop, essential books, trips, and travel to and from school. All its fund-raising is directed at providing transformational opportunities for young people. “We are not interested in using bursaries simply to cherry pick the brightest children from maintained schools,” says Patrick Derham, Head Master, Rugby School. “Instead we want to help those who stand to gain the most from boarding and who can become role models and leaders in their communities. We do not advertise for pupils but work principally in partnership with educational charities in inner-city areas that are experienced at dealing first-hand with the very real issues of social exclusion and underachievement and who share our commitment to raising aspirations. Our two most established alliances are with IntoUniversity which helps young people from poor homes go to university and Eastside Young Leaders’ Academy which aims to nurture leadership potential in an effort to improve the life chances of young African and Caribbean boys.”

*“The educational excellence of the independent schools sector is widely acknowledged. What is less understood is their deep contribution to society around them. I re-engaged with Rugby School, where I had been a pupil 40 years earlier, when I understood the Head Master’s powerful ambition to re-energise the School’s strong tradition of service through the provision of full Boarding Bursaries to disadvantaged children.*”

*“We will have over 40 such boarding pupils in the School in September 2014. Over 100 children will have benefited from these boarding places and nearly 10 per cent of pupils will now receive fully funded boarding or day places.”*

*Robert Swannell, Chairman, Marks and Spencer Group PLC; Chairman of Governors, Rugby School*

“Our partner organisations share our belief that long-term pastoral engagement with young people and their families is crucial to improving performance and raising aspirations. The majority of Arnold Foundation pupils are from a single parent family, and may have to contribute to running the household, or live in cramped and noisy accommodation where it is difficult to study. Boarding at Rugby liberates them from these constraints and provides them with the support and encouragement they need to achieve their full potential.”

### **Christ’s Hospital: the largest provider of bursaries in the UK**

Christ’s Hospital spends almost £16 million each year on bursaries. Out of its 870 pupils, 683 pay less than half the full boarding fee and 125 boarders pay nothing at all.

Zoë Palmer joined Christ’s Hospital at age 11 in 1989. Living next to a big housing estate in Hackney, she really appreciated the rural beauty of the School campus. On arrival at Christ’s Hospital, a phrase spoken by the Chaplain really made an impression on her ‘for those to whom much has been given, much will be required’.

She has taken this literally and now spends her working life giving back to the community she originally came from. She has founded an environmentally focussed social enterprise set up to work with young people at risk of social exclusion in Hackney. The Golden Company brings ‘a little bit of nature into the big city for the people who live in Hackney.’ She is also co-presenter on ‘Fierce Earth,’ a science series for CBBC.





## Appendix I: The Impact of Boarding at ISC schools



This Appendix outlines the economic contribution to the British economy supported by boarding at ISC schools. The numbers below represent one subset of the overall economic impact of ISC schools, presented in Chapter 3.

The ISC's Annual Census reveals that in 2012 there were 69,700 boarders at ISC schools in Britain. They accounted for 14% of all pupils at ISC schools. Roughly 17% were studying at schools that cater almost exclusively to boarders. The rest were at schools with a mix of day and boarding pupils

Using the methods outlined in Chapter 3, we estimate that in 2012, **boarding at ISC schools supported a £2.2 billion gross value added contribution to the British economy, 52,100 jobs and £840 million in tax revenue for the Exchequer.**<sup>57</sup>

This represented 23% of the total gross value added contribution of ISC schools to the British economy in 2012. Boarders support a disproportionately large contribution to the economy as schools provide them with additional services compared to day pupils. This, in turn, means that schools generate greater value, hire more staff and spend more on buying inputs of goods and services for each boarding pupil than for the equivalent day pupil.

<sup>57</sup> To isolate the economic impacts supported by boarders at ISC schools, we estimated per pupil values of key financial variables (such as turnover, wages and intermediate consumption) associated specifically with boarders. As in chapter 3, our starting point was the financial data in the NISBS. For the 18% of boarders who were at boarding schools, we calculated these per pupil values from the NISBS data controlling for whether schools were senior, junior only or both; and whether they were in London/the South East or other GoRs. For the 82% of boarders who were at schools with a mix of day pupils and boarders, we calculated scalars to derive boarder-specific per pupil values, from the per pupil values for all students. These scalars were based on the weighted average of boarding fees and the weighted average of fees for all pupils. They ranged from 1.2 to 1.8 for different types of schools.



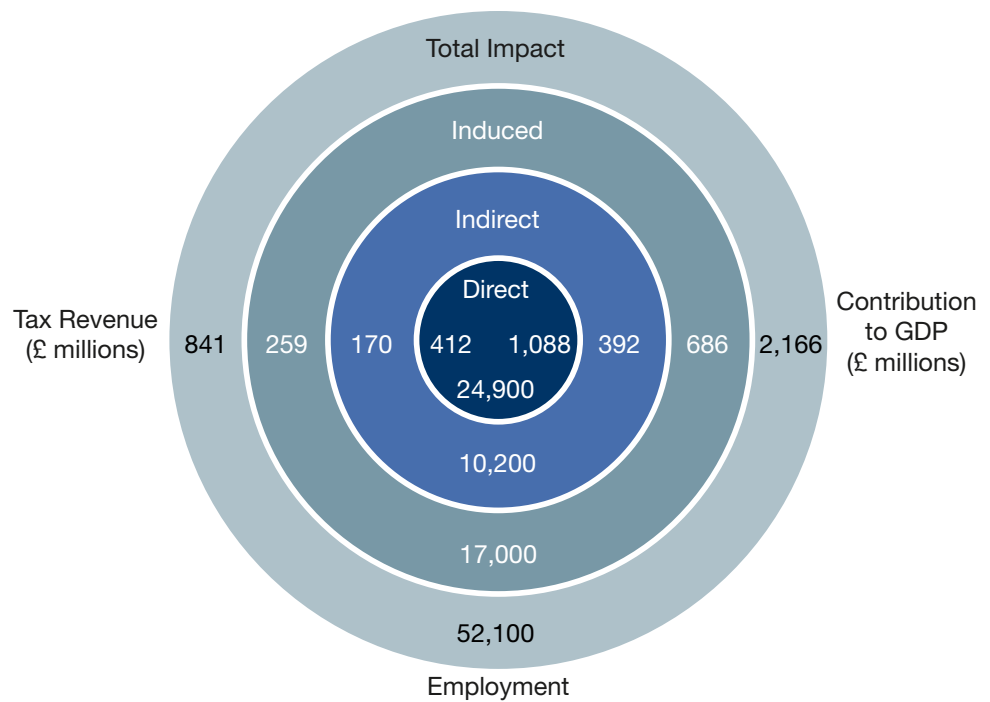
*“Boarding schools have a significant additional impact on their local economies beyond that of day schools. As they offer 24/7 care of their pupils, that means extra pastoral care as well as more meals and laundry services. They offer many different kinds of employment other than academic, from building and grounds maintenance to domestic and administrative posts. In some rural locations, boarding schools will be the principal employer, with the local economy actually dependent on the school’s fortunes.”*

*Hilary Moriarty, National Director, Boarding Schools’ Association*

The total impacts cited above arise from three channels – ISC schools’ operations (direct impacts), their purchases of inputs of goods and services from suppliers based in Britain (indirect impacts), and the consumer demand that is generated when their employers and staff in their direct supply chains spend their wages (induced impacts).

Analysis of the split between the three channels of impact shows that in 2012, the **direct economic impact** of boarding at ISC schools amounted to a GVA contribution of £1.1 billion, 24,900 jobs and £410 million in tax payments. The **indirect impacts** supported by boarding amounted to a GVA contribution of £390 million, 10,200 jobs and £170 million of tax revenue. Finally, the **induced impacts** supported by boarding at ISC schools amounted to a £690 million GVA contribution to British GDP, 17,000 jobs across the country, and £260 million in tax revenue for the Exchequer.

**The economic impact of boarding at ISC schools in 2012**



Source: Oxford Economics

## Appendix II: Impact of Overseas Pupils at ISC Schools

This Appendix explores a second subset of the impacts presented in Chapter 3 – the economic contribution supported by the 25,700 overseas pupils that ISC schools attracted to Britain in 2012. Data on where overseas pupils come from indicates that the largest group were from Hong Kong (22% of the total), followed by mainland China (15%), Germany (8%), Russia (8%) and Spain (5%).

The economic impacts supported by overseas pupils at ISC schools arise from **three main sources** – the **fees** that they pay to ISC schools; all **other spending** that they undertake while in Britain; and the **expenditure of their friends and relatives** who come to visit them while they are at school.

In 2012 overseas pupils at ISC schools paid an estimated £685 million in tuition fees. They will have made further payments to schools for extra-curricular activities. We estimate, that in providing services to their overseas pupils, ISC schools made a direct GVA contribution of £358 million to the British economy, employed 8,400 people and supported £137 million in tax payments to the Exchequer. Accounting for the supply-chain (indirect) and wage consumption (induced) impacts of this activity, we estimate that **the fees paid by overseas pupils at ISC schools supported a £713 million GVA contribution to the British economy, 17,300 jobs and £278 million in tax payments in 2012.**

---

*“Our independent school sector has been attracting students from all over the world for decades.”*

*International Education:  
Global Growth and  
Prosperity - HM Government*

---

The second channel of impact comprises the living expenditure of overseas pupils at ISC schools. This can be attributed to ISC schools as their pupils would be unlikely to be in Britain if not for their attendance at these schools.

Data on how much overseas pupils at ISC schools spend on living expenses are not available. We estimate this on the basis of data collected by BIS (2013)<sup>58</sup> on the income and expenditure of students at higher educational institutions (HEI). We control for age by stripping out items that school pupils are too young to purchase. For the 88% of overseas pupils that board, key items of expenditure include transport, clothes and mobile phone bills. For the 12% that are day students, the main items are housing, food and transport. Overall, we estimate that overseas pupils at ISC schools spent £114 million on living expenses in Britain in 2012. Including its multiplier impacts, this **expenditure by overseas pupils supported a £123 million GVA contribution to British GDP, 3,570 jobs and £77 million of tax revenue.**

The third channel of impact consists of expenditure by overseas pupils’ friends and relatives who come to visit them in the UK. These visitors spend money on goods and services – including accommodation, recreational activities and retail – in the areas they visit. Using visitor expenditure data by nationality from the ONS International Passenger Survey, we estimate that overseas pupils’ visitors spent £50 million in Britain in 2012. Incorporating the indirect and induced impacts of this activity, we

<sup>58</sup> BIS, (2013), ‘Student income and expenditure survey 2011/12’.

estimate that **spending by overseas pupils’ visitors supported a £53 million GVA contribution to GDP, 1,760 jobs and £31 million in tax receipts in 2012.**

**Combining these impacts, we estimate that overseas pupils at ISC schools supported a total GVA contribution of £890 million, 22,700 jobs and £385 million in tax payments in Britain in 2012.**

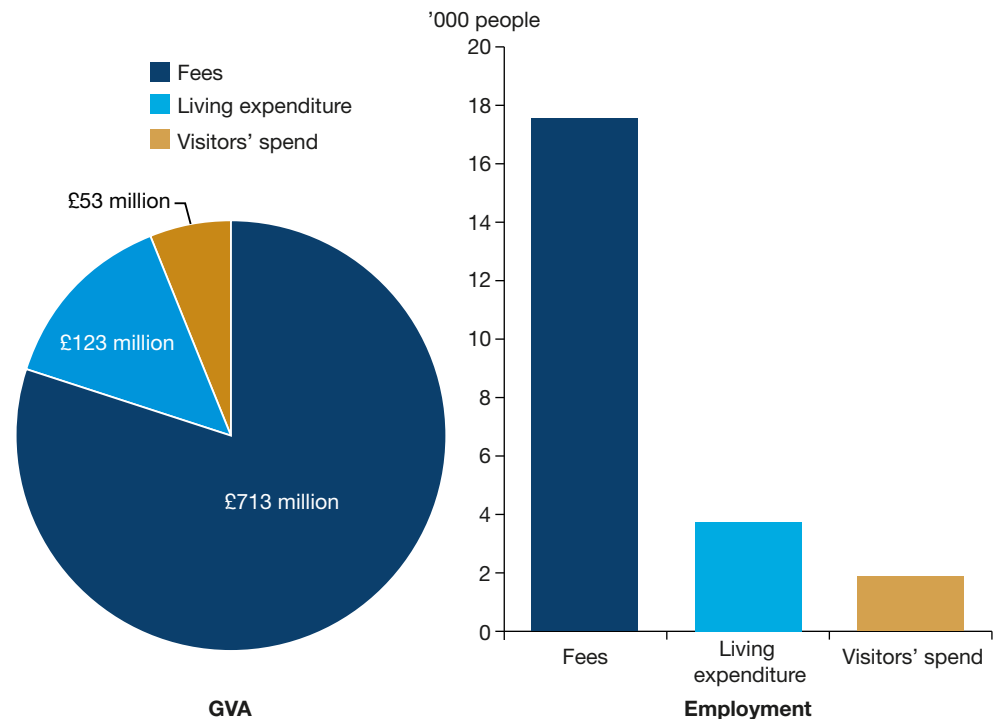
In addition to these impacts, overseas pupils’ attendance at ISC schools brings subsequent benefits for British HEIs.<sup>59</sup> An ISC survey carried out in 2011 found that 77% of overseas students leaving ISC schools went on to study at universities in the UK. This equates to roughly 6,700 entrants per year from ISC schools, whose expenditure on tuition fees and living costs provides an added boost to the British economy.

Overseas pupils’ presence at ISC schools also generates certain intangible benefits, such as boosting the exposure of home students at ISC schools and promoting the use of the English language and Britain’s soft power.

*“There are huge economic advantages for Britain. In addition to fees, students spend in local shops and restaurants on clothes and food, and support local taxi firms. When their families and guardians come to visit, they take holidays within the UK. Students want to come to us as a stepping stone into the top schools and universities in the world. And, as important, they build up invaluable affection for our country and culture which, when they return home, will give us an influence money can’t buy.”*

*Caroline Nixon, Principal, Taunton School International.*

**Total economic impact supported by overseas pupils at ISC schools in 2012**



Source: Oxford Economics

<sup>59</sup> BIS, (2013), ‘International Education – Global Growth and Prosperity: An Accompanying Analytical Narrative’.

## Appendix III:

# Tax contributions supported by ISC schools

In 2012 ISC schools supported a total tax contribution of roughly £3.6 billion to the Exchequer. The vast majority of this (97%) was supported by the operations of ISC schools. The remaining 3% was supported by the subsistence spending of their overseas pupils, and expenditure by the latter's friends and relatives while visiting them in the UK.

Four types of tax are included in these estimates – corporation tax, income tax, national insurance contributions and indirect taxes paid by people whose jobs are supported by the operations of ISC schools. Irrecoverable VAT payments by ISC schools on the goods and services that they purchase are not included in these estimates, owing to a lack of data. However, this amount is likely to be significant. The numbers, therefore, present a conservative estimate of the tax contribution supported by ISC schools.

In line with the other impacts discussed above, there are three channels through which ISC schools contribute to tax revenue in Britain:

- **Direct impacts:** ISC schools pay employers' national insurance contributions. Schools that do not have charitable status also pay corporation tax. Furthermore, the schools' employees pay income tax, national insurance and indirect taxes on the goods and services that they consume. These fall under the direct impact of ISC schools as they result from the employment that ISC schools provide. In 2012, ISC schools contributed **£1.7 billion** of tax revenue through this channel.
- **Indirect impacts:** These consist of the taxes paid by the schools' suppliers, their employees, and the firms in their supply chains as a result of the custom that they receive from ISC schools. Tax revenue supported by the indirect impact of ISC schools amounted to **£740 million** in 2012.
- **Induced impacts:** These comprise the taxes paid as a result of the wage consumption impacts of ISC schools' employees and those employed in their direct supply chain. The tax revenue supported by ISC schools' induced impact amounted to **£1.2 billion** in 2012.

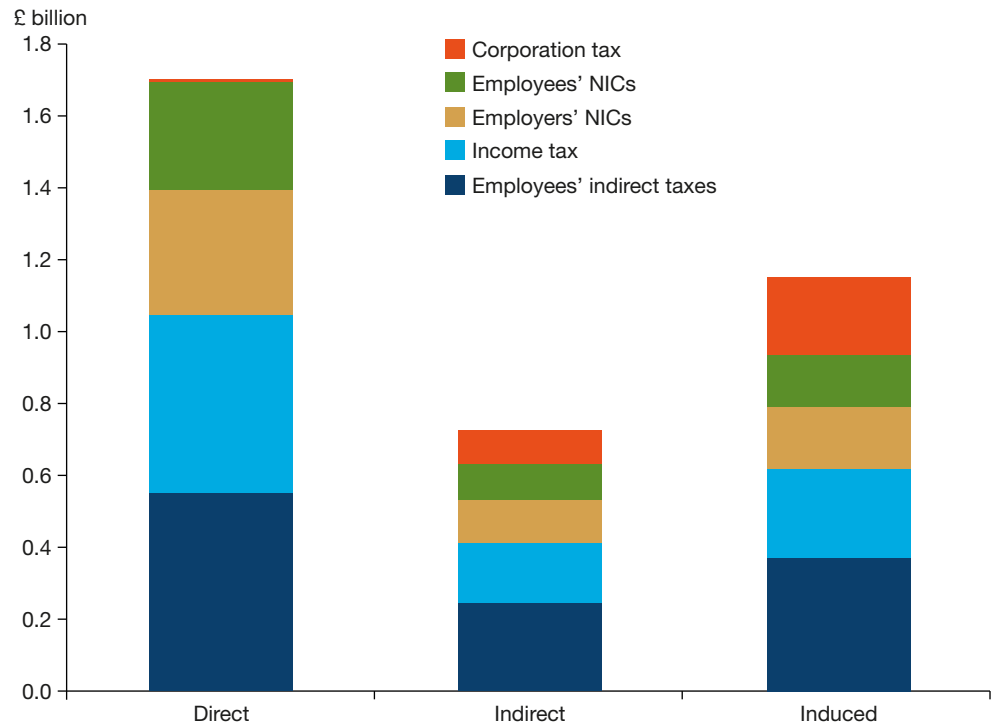
Tax revenue supported by ISC schools can also be dissected by type of tax:

- **Corporation tax:** In 2012 ISC schools supported corporation tax payments worth **£311 million**. The vast majority of these payments (£304 million, or 98% of the total) came from the indirect and induced impact of ISC schools.
- **Income tax and national insurance (NI) contributions:** The income tax and NI contributions supported by ISC schools in 2012 amounted to **£2.1 billion**. Just over half of this (£1.1 billion, or 54%) came from the schools and their employees. The rest consisted of payments by firms in ISC schools' supply chains and their employees (18%); and firms that received the custom of schools' employees and those in their supply chains (27%).



■ **Employees' indirect tax payments:** ISC schools supported indirect tax payments worth an estimated **£1.2 billion** in 2012. Indirect taxes paid by ISC schools' employees comprised 47% of this impact (£554 million). The rest comprised indirect taxes paid by employees of firms in the schools' supply chains (£246 million), and those whose employment was supported by the consumer spending of schools' employees and staff in their direct supply chains (£373 million).

**Tax payments supported by ISC schools in 2012**



Source: Oxford Economics

## Appendix IV: Regional effects



This Appendix breaks down the total impact of ISC schools as presented in Chapter 3 into the component nations and regions of Britain. It also explores where ISC schools might be having a disproportionate impact on particular regions.

The table on page 71 shows the number of schools and pupils in each area and the total impact of these schools (direct, indirect and induced) in terms of gross value added contribution to GDP, employment and tax revenues. Unsurprisingly, in regions where there is a larger number of schools and/or a greater percentage of pupils at ISC schools, the effect of ISC schools is largest. So in the South East, for example, where 10% of school-age children attend one of 342 ISC schools, these schools collectively support £2.9 million GVA, 68,300 people in employment and tax revenues of £1.1 billion. This equates to 1.5 per cent. of the total GVA of the South East region. Compared to the national average GVA of all ISC schools of 0.7%, this means that ISC schools in the South East make a significantly above-average contribution to the regional economy, with each pupil being responsible for a GVA of £22,223 annually. The same is true of ISC schools in the South West (1.0% of GVA and a per pupil contribution of £21,594) and the East of England (0.9% and £17,465 respectively).

This is not to dismiss the contribution of ISC schools in other regions, however. In Wales, for example, there are only 6,100 pupils attending 15 ISC schools, and yet they support a GVA contribution of £110 million, 3,200 people in employment and tax revenues of £40 million. Notably, the ratio of pupils to employment supported in Wales is the same as in the South East, with every 1.9 ISC pupils in the region supporting one job.<sup>60</sup>

Although we have not been able to split the data below the regional level, we are aware of significant local effects that would be revealed by further local analysis. Scotland is a case in point. For this report, we have based our calculations on data available to us collected on ISC schools, of which there are 33 in Scotland educating 25,100 pupils, or 3.7% of all school-aged children. These schools are also in membership of the Scottish Council of Independent Schools (SCIS), which represents a larger total number of independent schools in Scotland, comprising around 31,000 pupils or 4.5% of the total pupil population attending more than 70 independent schools. This makes the independent sector represented by SCIS equivalent in pupil numbers to the seventh largest Local Authority in Scotland. And analysis by SCIS for 2012 reveals the significance of independent schools in particular Local Authority areas, with SCIS pupils in mainstream secondary independent schools representing a quarter of all pupils in Edinburgh, 24% in Clackmannanshire, 18% in Aberdeen, 17% in Perth and Kinross and 12% in Glasgow.<sup>61</sup>

<sup>60</sup> Due to the absence of data on non-ISC schools, we have not been able to include independent schools in Wales which belong only to the Welsh Independent Schools Council (WISC) in this study. There are currently 41 independent schools in membership of WISC. Our conclusions therefore inevitably underestimate the contribution to GVA, employment and tax revenues of independent schools in Wales.

<sup>61</sup> <http://www.scis.org.uk/assets/Uploads/Facts-and-Statistics/2012-Local-Authority-comparisons-by-region2.pdf>

Ms Margaret Clarke  
Principal  
Hamilton College  
Bothwell Road  
Hamilton  
ML3 0AY

Margaret Mitchell BA LLB MSP  
Member for Central Scotland  
The Scottish Parliament  
Pàrlamaid na h-Alba  
Impact Study - ISC Oxford Economic Survey

5 February 2014

Dear Sir,

I write regarding the above and to confirm how important the contribution of Hamilton College has been to the Lanarkshire economy over the last 30 years. The college has I consider made an outstanding contribution both in terms of Educational Attainment and its wider involvement in the local community.

Year on year, since its initial conception in 1983, the college has increased its intake of pupils from 278 to the present day, matched with increasing members of staff and considerable investment to its facilities.

Today, Hamilton College employs 103 staff members, 90% of whom live in the Lanarkshire area. Furthermore, whilst the college has some pupils who travel from the south side of Glasgow and the Central belt, the majority of its 550 pupils (plus 42 in the Nursery) live in Lanarkshire.

In addition to this, Hamilton College assists some of the local state secondary schools when they are not able to offer a particular subject to study at Advanced Higher Level. In the years from school session 2009-10 typically there have been four students from local state secondaries attending Advanced Higher French, History and Modern Studies Classes.

Furthermore Hamilton College not only provides excellent education for children and young people within a caring Christian ethos but also promotes the value of health awareness. This is evidenced by the fact it was the first independent school to receive the Gold Health Promoting School Award. The school has also received Green Flag accreditation as an eco-school.

More generally the College has proved to be an asset to the wider community which is also welcome to use its excellent facilities in the evening and weekends. The pupils are involved in many charitable activities and at Christmas 2013, they decided to organise, collect and donate one ton of food to Hamilton District food bank.

In conclusion having visited the College on numerous occasions over the last 12 years, I have no hesitation in vouching for the immense contribution and positive difference this college has made to the local economy.

Yours faithfully,



Margaret Mitchell MSP

*“King’s attracts highly paid, professional families to live in the Chester area. We know that parents relocating to Cheshire will have as their second concern after a job offer has been made, the decision of where to send their children to school. The King’s School’s reputation on the national stage is often an influential pull to encourage families to choose Chester and the surrounding region to buy their home.”*

*Chris Ramsay, Headmaster, The King’s School, Chester*

Similar localised effects are observed in many of the case studies set out elsewhere in our report, with ISC schools often constituting either the single largest employer, or collectively with other schools representing the largest type of employer, in local areas.

Looking at employment at the regional level, we found that ISC schools have a disproportionately greater impact on their local labour markets in three regions. Across Britain, ISC schools support 227,230 people in employment, which equates to 0.7% of total employment. But in the South East, the South West and the East of England, ISC schools support a higher proportion of employment relative to the size of the labour markets in those regions: 1.5%, 1.0% and 0.9% respectively.

Finally, although not capable of quantification, the high standard of education available at ISC schools is recognised locally and regionally as a strong factor attracting inward investment. Many regional development agencies, chambers of commerce and other inward investment agencies focused on encouraging businesses to relocate specifically mention the availability of high quality independent schools as one of the key attractions. This is a regional expression of what is recognised at the national level also: that the quality and reputation of British independent schools are powerful factors in attracting global talent and investment. In the Government’s recent industrial strategy for education, “International Education: Global Growth and Prosperity”, independent schools are listed first amongst the strengths of the UK: “The UK has a number of truly international educational brands, many of them with a long tradition behind them. Our independent school sector has been attracting students from all over the world for decades.”

**Regional data splits**

	Raw numbers		Regional impact analysis			Key indicators					
	ISC schools	ISC pupils	GVA (millions)	Employment	Tax (millions)	% pupils in region	Pupils: jobs ratio	% regional GVA/GDP	% regional employment	GVA per pupil	Savings to taxpayer (millions)
East of England	145	58,600	£1,020	24,800	£370	6.4%	2.4 : 1	0.9%	0.9%	£17,465	£350
East Midlands	60	24,800	£450	11,600	£160	3.6%	2.1 : 1	0.5%	0.5%	£17,925	£140
London	219	88,700	£1,760	32,400	£740	6.8%	2.7 : 1	0.6%	0.6%	£19,870	£680
North East	21	10,100	£140	4,000	£50	2.6%	2.5 : 1	0.3%	0.3%	£14,264	£60
North West	86	37,500	£530	14,400	£200	3.5%	2.6 : 1	0.4%	0.4%	£14,212	£220
Scotland	33	25,100	£450	11,400	£160	3.7%	2.2 : 1	0.4%	0.4%	£17,952	£180
South East	342	132,000	£2,940	68,300	£1,110	10%	1.9 : 1	1.5%	1.5%	£22,223	£760
South West	130	48,500	£1,040	28,400	£390	6.4%	1.7 : 1	1.0%	1.0%	£21,594	£300
Wales	15	6,100	£110	3,200	£40	1.3%	1.9 : 1	0.2%	0.2%	£17,542	£30
West Midlands	94	36,900	£600	16,300	£220	4.1%	2.3 : 1	0.6%	0.6%	£16,239	£200
Yorkshire	60	25,400	£440	12,500	£170	3.1%	2.0 : 1	0.5%	0.5%	£17,493	£140
<b>TOTAL<sup>62</sup></b>	<b>1,205</b>	<b>494,300</b>	<b>£9,500</b>	<b>227,230</b>	<b>£3,600</b>	<b>5.3%</b>	<b>2.2 : 1</b>	<b>0.7%</b>	<b>0.7%</b>	<b>£19,223</b>	<b>£3,045</b>

Source: Oxford Economics

<sup>62</sup> Numbers may not add up owing to rounding.



## Glossary

**Devolved Formula Capital (DFC) grant** is capital funding that is available to state-financed schools calculated on a purely formulaic basis.

**Direct impacts** comprise the economic activity generated at the independent schools themselves.

**Free school meals (FSM)** are the meals some children get free of charge if their parents receive certain social security payments.

**Full time equivalent (FTE)** is a measure of employment that controls for how long each person works. So the number of full-time equivalent people equals the number of people employed on a full-time basis plus the number of people employed on a part-time basis converted to a full-time basis on the length of hours they work.

**Gross value added (GVA)** measures the contribution to the economy of each individual producer, industry or sector in the United Kingdom. It is probably easiest thought of as the value of an output (goods or services) produced less the value of inputs used in that output's production process.

**Gross domestic product (GDP)** is the measure of economic activity which captures the value of goods and services that the UK produces during a given period. It is the indicator typically used to describe the rate of growth of the UK economy and when it enters recession. GDP is calculated as the sum of GVA plus taxes on products less subsidies on products.

**Indirect impacts** are the economic activity which occurs as a result of independent schools' expenditure on inputs of goods and services from their British supply chain.

**Induced impacts** are the economic activity which arises from independent schools' employees and those employed in their direct supply chain spending their wage income on consumer goods and services. The impacts are typically first felt at the retail and leisure outlets close to where independent schools' employees and the sector's suppliers' staff live, but will also ripple out through the supply chains of the businesses selling consumer goods and services.

**Input-Output tables** show a balanced and complete picture of the flows of goods and services between sectors in the economy for a specific year.

**Multipliers** show the knock on impacts on the rest of the economy from independent schools operations through their spending on inputs of goods and services and the expenditure paid for by those who derive their wages from independent schools or supplying independent schools.

**Pupil premium** is the additional funding given to publicly funded schools in England to raise the attainment of disadvantaged pupils and close the gap between them and their peers.

**Recurrent education costs** consist of all costs incurred by schools, besides capital and maintenance spending.



**OXFORD**

Abbey House, 121 St Aldates  
Oxford, OX1 1HB, UK  
Tel: +44 1865 268900

**LONDON**

Broadwall House, 21 Broadwall  
London, SE1 9PL, UK  
Tel: +44 207 803 1400

**BELFAST**

Lagan House, Sackville Street  
Lisburn, BT27 4AB, UK  
Tel: +44 28 9266 0669

**NEW YORK**

5 Hanover Square, 19th Floor  
New York, NY 10004, USA  
Tel: +1 (646) 786-1879

**PHILADELPHIA**

303 Lancaster Avenue, Suite 1b  
Wayne PA 19087, USA  
Tel: +1 610 995-9600

**CHICAGO**

980 N. Michigan Avenue, Suite 1412  
Chicago, Illinois, IL 60611, USA  
Tel: +1 (312) 576-7050

**LOS ANGELES**

2110 Main Street  
Santa Monica, CA 90405, USA  
Tel: +1 (310) 310-4596

**SINGAPORE**

Singapore Land Tower, 37th Floor  
50 Raffles Place  
Singapore 048623  
Tel: +65 6829 7068

**PARIS**

9 rue Huysmans  
75006 Paris, France  
Tel: + 33 6 79 900 846

**SYDNEY**

Level 4, 95 Pitt Street  
Sydney, 2000  
Australia  
Tel: +61 (0)2 8249 8286