EDUCATION NOT TAXATION · EVIDENCE BRIEFING · NOVEMBER 2026

Private Schools for the Wealthy?

State Schools for Everyone Else?

What the evidence really shows about income and school choice

Three out of four children from Britain's highest-income households attend state schools. Meanwhile, independent schools educate children from across the income distribution — not just from the top.

A false narrative now shapes how Britain thinks about independent schools and the families who use them: that the 7% of children attending independent schools are the wealthy few, and the 93% in state schools are everyone else. Alongside it sits a familiar stereotype: that "private school" means Eton.

That narrative has underpinned the argument for VAT on school fees — presenting the policy as a fair way for the better-off to contribute more towards state education. It shapes political debate, public opinion, and media coverage of the sector.

But school choice is not a measure of family wealth. Some independent-school families are wealthy; many are not. Equally, some of Britain's wealthiest families choose state education and face no equivalent tax on that choice.

The 7% figure tells us only how many children attend independent schools. It does not tell us how wealthy their families are. It is a participation statistic, not an income bracket.

Education is a merit good. It benefits society as well as the individual, and it should not be taxed, regardless of a family's income or the school their child attends.

This is no longer simply a misleading stereotype in political debate. Assumptions about the wealth and privilege of independent-school families are influencing decisions that affect children directly — from taxation to access to cultural activities, educational opportunities and employment. When school type becomes a substitute for assessing individual circumstances, the consequences extend well beyond the classroom.

This briefing examines the evidence behind the 7%/93% divide, challenges the assumptions that have shaped the debate, and asks two fundamental questions:

If the objective is fairness — asking those with the broadest shoulders to contribute more — why tax families according to their choice of school rather than their financial circumstances? And if the objective is widening opportunity for disadvantaged children, why use school type as a measure of disadvantage when the evidence shows it is unreliable?

WHAT THE EVIDENCE ACTUALLY SHOWS

→ The 7%/93% split is not a rich/poor divide.

→ Most high-income households choose state school, at the taxpayers' expense, despite their ability to pay.

→ Private-school families span the income distribution — higher income makes private education more likely, but "private-school family" is not an income category.

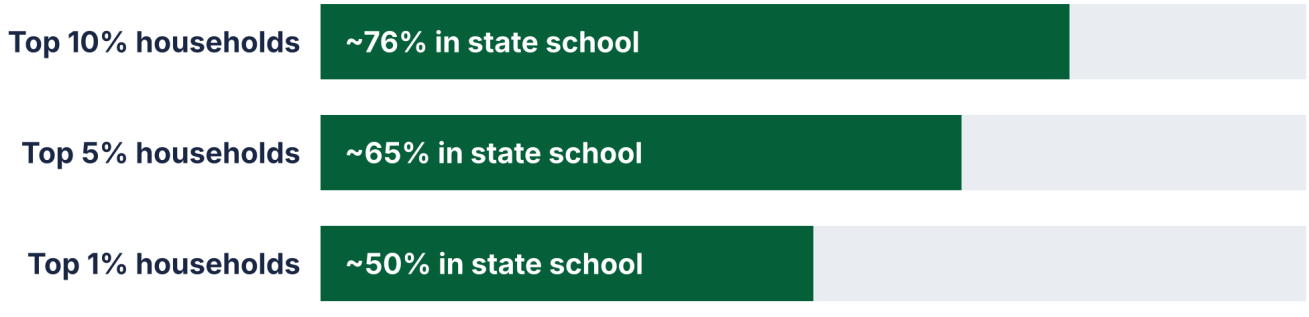
→ Choosing not to use a fee-paying school is not evidence that 93% could not afford one. Many could. They chose not to — for entirely legitimate reasons that have nothing to do with their income.

FACT 1 Most children from Britain's highest-income households are educated in state schools

Despite the stereotypes, around three children from top-income households are in state schools for every one in a private school.

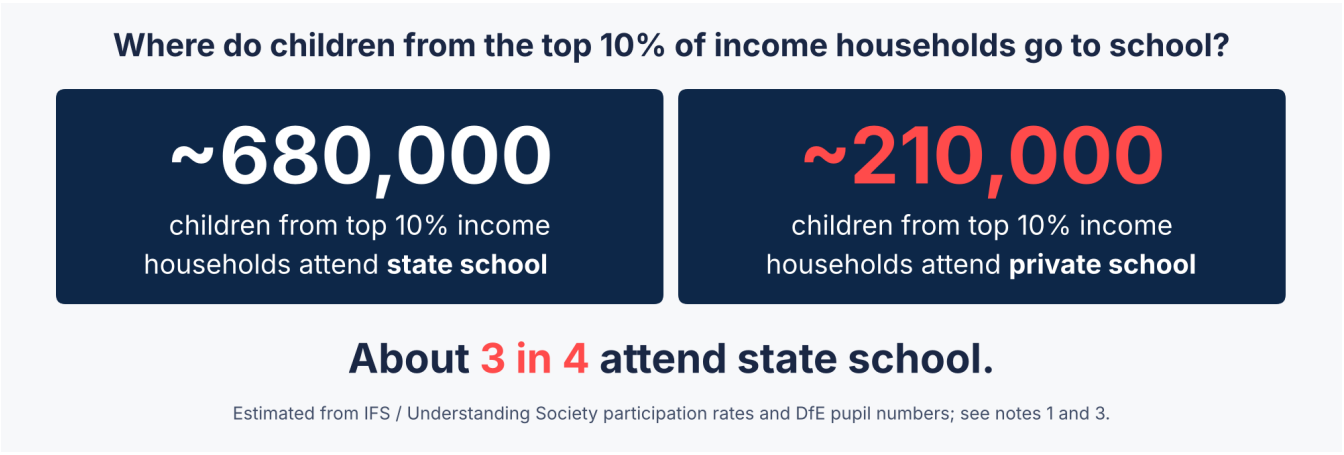
The most recent analysis, by the Institute for Fiscal Studies and published by Oxford University Press, makes the point clearly. Even among the top 10% of households by income — Britain's highest-income households — around three in every four children go to state school. [1] Earlier research from UCL suggests the pattern holds as you go further up the income scale. [2]

Even at the very top of the income distribution, the split is roughly half and half. [2] And because the highest-income group is large in absolute terms, the state sector contains far more children from top-income households than the private sector does. [3]



Top 10%: IFS analysis of Understanding Society, 2011–19 [1]. Top 5% and top 1%: estimated from UCL analysis [2].

> ***The 93% cannot be treated as the "lower income" 93% — it contains the great majority of children from Britain's highest-income households.***



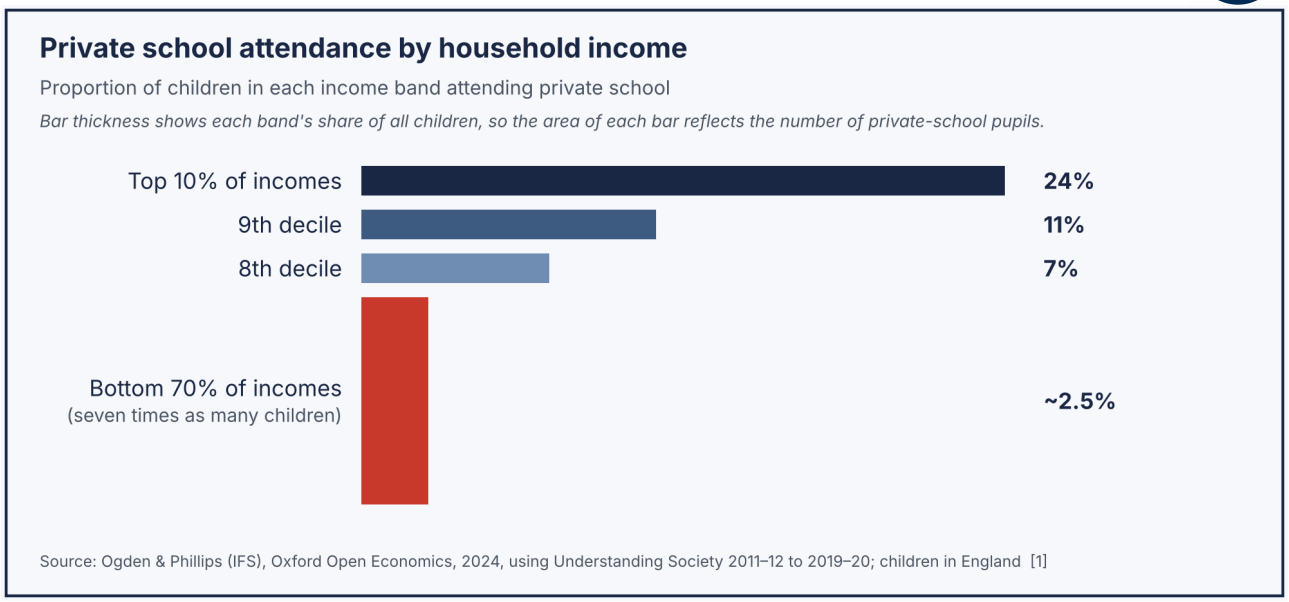
Even among Britain's highest-income households, most children attend state schools. High income does not determine a choice of independent education. VAT on school fees falls on the families who use fee-paying schools — including many who are not among Britain's highest earners.

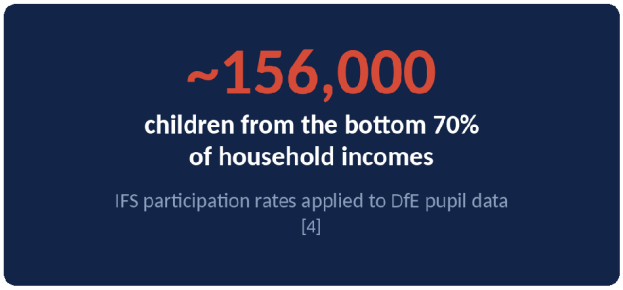
FACT 2 Private-school families span the income distribution

Some independent-school families are wealthy — of course they are, some are paying £40,000 a year or more in fees. No one is pretending otherwise. But the idea that all fee-paying families are wealthy is simply not true and not supported by the data.

The IFS data makes the spread clear. Private-school participation runs across all income groups — not just the top.

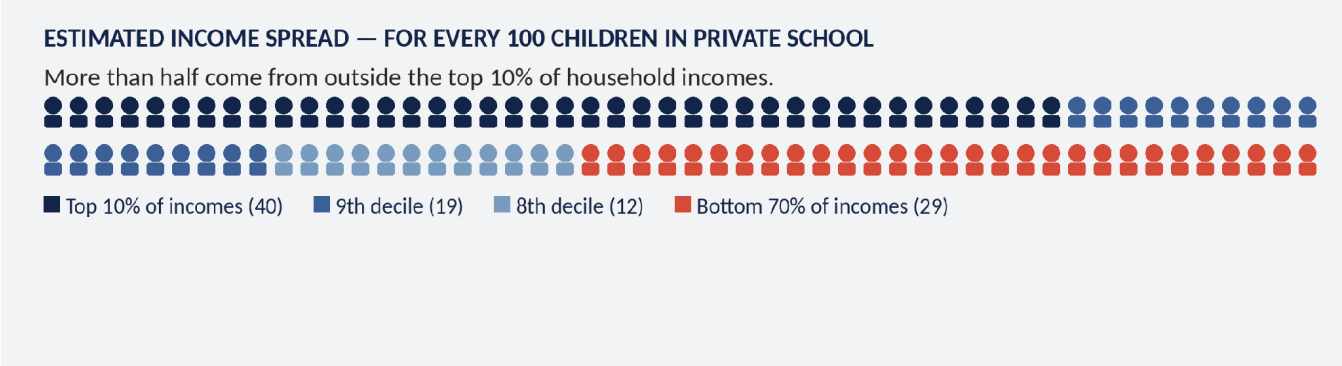
Our illustrative analysis suggests around 156,000 children from the bottom 70% of households by income attend a private school. [4] These are not marginal numbers. They represent families whose circumstances are too often overlooked in this debate.







Green, Anders, Henderson & Henseke (2017), corroborated by Social Mobility Commission (2019). [2]



Illustrative model based on IFS participation rates applied to 2026 pupil data. See note 3.

The threshold for the top 10% is around £71,000 a year for a couple with no children — but rises to around £99,000 for a couple with two children under 14. [6] Reaching the top 1% takes far more still. [7] Even in that group, around half of children are in state schools. [2]

None of this means income is irrelevant. But it is very different from saying the 7% are the richest 7%. They are simply not.

Earlier research puts the share of private-school pupils outside the top income decile at approximately half; our illustrative model, which assumes an equal distribution of children across household-income deciles, produces an estimate of around 60%. The two figures come from different methods and periods — but both point in the same direction: private-school families are not drawn predominantly from the top of the income distribution.

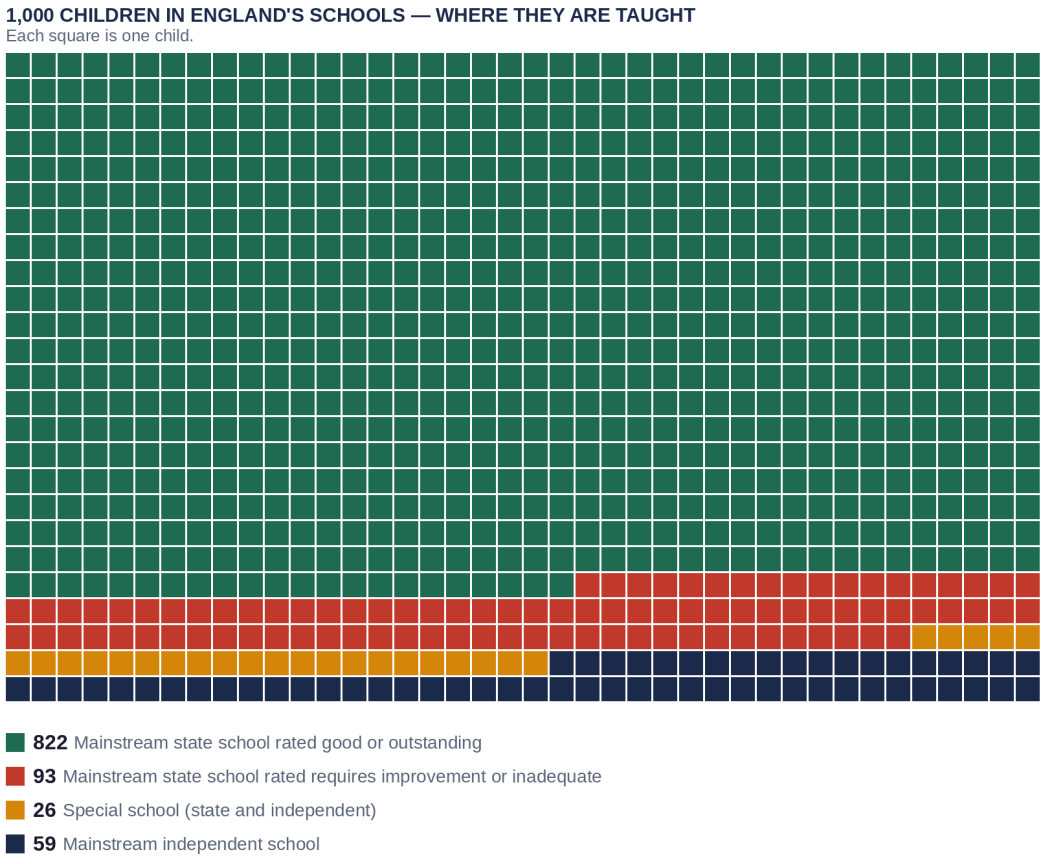
THE INCOME SPREAD — ACROSS BOTH SECTORS

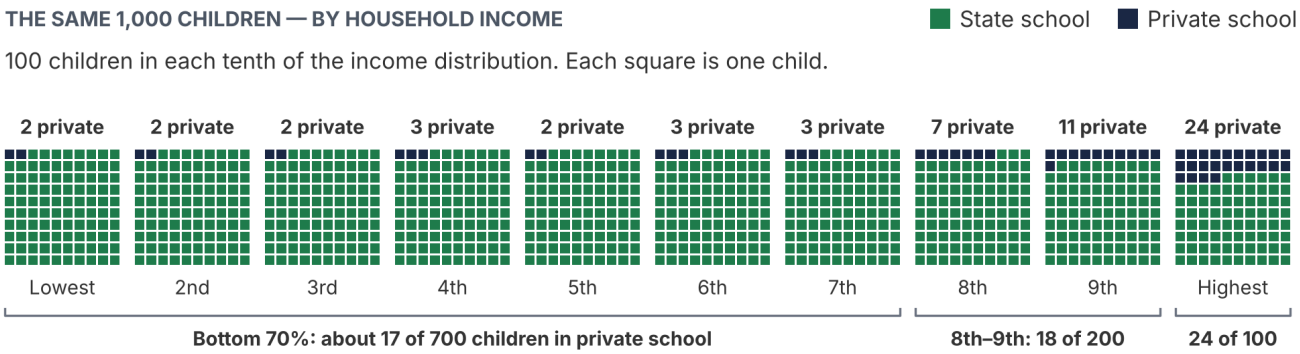
Facts 1 and 2 each make one argument. The following two charts bring them together. Picture 1,000 children representing England's school population, first by school type and then by household income.

Of the 100 children from the highest-income tenth, 76 are in state schools and only 24 are in private schools. Of the 59 children in private schools across all 1,000, 24 come from the top tenth, 18 from the next two tenths, and around 17 from the bottom 70% of the income distribution.

Where England's children are educated

Illustrative breakdown using data from different reporting periods; not a single observed snapshot. [8]





Source: participation rates from Ogden & Phillips (IFS), Oxford Open Economics, 2024, Figure 13 [1].
Figures for the bottom seven tenths are read from the published chart; together they average about 2.5%.

Set two groups side by side. Of the 1,000 children, 76 come from the highest-income households and attend state school. 59 children from across all income groups attend private school — including 35 who come from households outside the highest-income 10%. The education of those 35 children is subject to VAT, while no equivalent VAT is charged on the state education of the 76. That is not fair.

> ***Being a fee-paying family does not make you one of the wealthy few. And being wealthy does not make you a fee-paying family. School type is simply not a reliable indicator of a family's income.***

HOW MODEST AND LOWER-INCOME FAMILIES AFFORD INDEPENDENT SCHOOLS — AND WHAT THOSE SCHOOLS ACTUALLY ARE

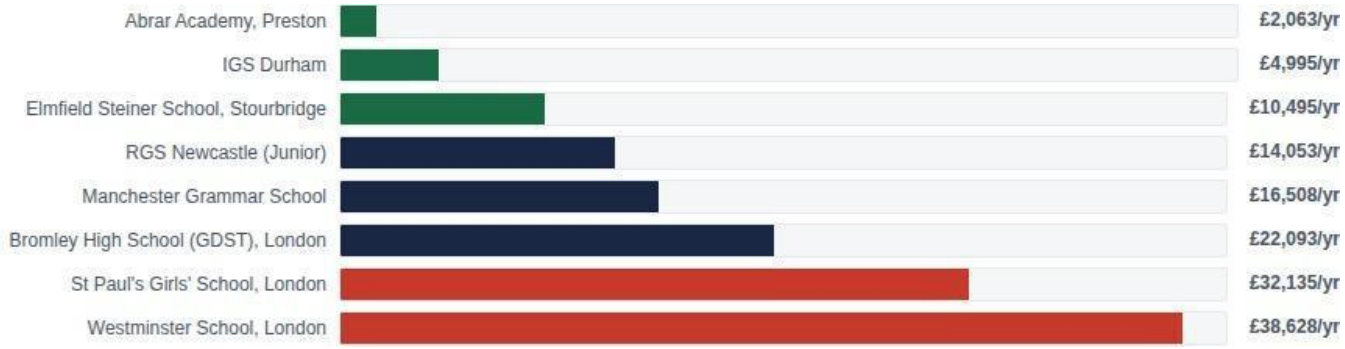
It is not uncommon for members of the public — or ministers — to conclude: "I can't afford private school fees, so everyone who does must be rich." The evidence does not support that conclusion. But before examining how families on more modest incomes access these schools, it is worth being clear about which schools we are talking about.

Don't assume "private school" means Eton

The independent sector encompasses more than 1,600 mainstream schools across England — local day schools, faith schools, grammar schools, Montessori and Steiner schools, performing arts schools, sports schools, sixth form colleges, bilingual schools and cathedral choir schools, as well as boarding schools. The small number of elite boarding schools that dominate public perception like Eton, Rugby, Cheltenham Ladies' College are not representative of the sector. Only around 8% of independent-school pupils attend these internationally recognised boarding schools. The majority of families use schools that are not dissimilar from an excellent state comprehensive or a grammar school. A significant proportion use local community faith schools catering to the specific needs of their community.

Fees range from around £2,000 a year at a small faith foundation to £40,000 or more at a nationally recognised boarding school. A child at a modest Steiner school in a market town and a child at Eton are counted in the same 7%. The label tells you nothing about the school — and nothing about the family. Eton itself awarded £10 million in bursaries last year; 89 boys paid no fees at all. [15]

Illustrative annual day-school fees, excluding VAT. [10]



So how do families on more modest incomes afford these schools?

1. **They choose a lower-fee school.** A sector-wide average tells us little about what an individual family pays.
2. **They receive a bursary.** Many independent schools award means-tested bursaries that significantly reduce fees. Around 1 in 5 families outside the top income decile receives some financial support. [11] More than a third of pupils at ISC schools receive some help with fees. [9]
3. **They use income and wealth that has already been taxed.** Families pay from savings, accumulated wealth or family contributions — money that has largely already passed through the tax system. VAT on school fees is a further levy on money that has, in most cases, already been taxed once.
4. **They prioritise it.** Fewer holidays. A smaller home. Two households on the same income will make different spending choices. Some families devote a substantial share of what they have to education and spend less elsewhere. That does not mean every family on the same income could — or would — make the same choice.
5. **The state pays, in whole or in part.** The Music and Dance Scheme, the MOD's Continuity of Education Allowance, and local authority SEN funding together account for thousands of places. [12]
6. **A parent works at the school.** Many independent schools offer heavily discounted places to staff children — a recognised employment benefit across the sector.
7. **They make different housing choices.** If the Government wishes to tax wealthy parents to support state schools, "private school fees" is a blunt instrument that misfires. Consider two hypothetical families on identical incomes. One buys a home near an outstanding state school — a decision that may, over time, generate a capital gain, as homes in sought-after catchment areas can command a significant premium. [13] The other pays school fees — money spent, not invested. That second family saves the taxpayer the cost of a state school place. VAT on school fees falls on the second family, not the first. It does not tax wealth. It taxes a spending decision.

	Fee-paying family	Catchment-area family
Household income	The same	The same
Choice made	Pays school fees	Buys near a good state school
State school place used	No — saves the taxpayer ~£8,580 a year [5]	Yes
Potential capital gain	Fees paid are not an investment asset	Home premium near outstanding schools [13]

THE CONCLUSION

This paper set out to examine a single assumption: that the 7% of children in independent schools are Britain's wealthy few, and the 93% in state schools are everyone else. The evidence does not support it.

The 7%/93% split tells us which schools children attend. It does not divide Britain into rich and poor. Most children from Britain's highest-income households are inside the 93%, not the 7%.

And the 7% includes families from across the income distribution — making it work through lower-fee schools, bursaries, family contributions and different spending choices, alongside children whose places are funded by the state.

The argument that VAT is fair because the "wealthy 7%" should pay more for the other 93% starts from a false premise. School type is not a reliable guide to a family's income, wealth or circumstances. The policy raises, at best, what The Economist has called "a piffling sum" — while causing real disruption to families who do not fit the caricature. [14]

Our illustrative analysis suggests around 156,000 children from the bottom 70% of households by income attend a private school.Separately**, evidence considered in the judicial review recognised that significant numbers of those affected by VAT were from lower-income households, including some receiving benefits.** [16] The debate has rendered them invisible — counting them among the wealthy 7% while ignoring that they exist at all. They are not a rounding error. They are real families, making real sacrifices, whose choices this policy has made harder.

But the case against taxing education does not depend on how wealthy those families are.

Education is a merit good. It benefits society as well as the individual. Taxing a family's decision to pay for their child's education is wrong in principle, regardless of whether that family is wealthy or struggling. Even if every independent-school family were wealthy, that would not change the principle: education should not be taxed.

The evidence in this briefing exposes an additional problem with the policy. It is not simply a tax on education, which we oppose in principle; it is a tax imposed on the assumption that choosing independent education is a reliable indicator of wealth. The evidence shows that assumption is mistaken.

But whether a parent is wealthy or not is beside the point. If people want to justify this particular tax by invoking a homogeneous 'wealthy 7%', they should at least confront the evidence about who those families actually are.

We call on the Government to reinstate the VAT exemption on independent school fees, to commission a full and independent review of the policy's impact on families, schools and the public finances, and to base future policy on evidence rather than assumption.

We also call on public bodies, employers and other institutions to review policies that use school type as a proxy for wealth or privilege, and to ensure that access and opportunity are determined by genuine need rather than assumptions.

Families who pay for their child's education are not just spending their own money — they are saving the taxpayer £8,580 a year.

NOTES AND SOURCES

1. Ogden, K. & Phillips, D. (2024). 'The distribution of public service spending.' Oxford Open Economics, 3 (Supplement 1), i1209–i1261 (IFS Deaton Review). https://doi.org/10.1093/ooec/odae007. Figure 13: even among the top income decile, around three in four children attend state school. These figures replace the 20.4% rate from Henseke et al. (2021).
2. The approximately-half finding is from: Green, F., Anders, J., Henderson, M. & Henseke, G. (2017). 'Who chooses private schooling in Britain and why?' UCL Institute of Education Working Paper. Corroborated by Social Mobility Commission (2019), State of the Nation 2018–19, p.34. The 2021 update — Henseke, G., Anders, J., Green, F. & Henderson, M. (2021). 'Income, housing wealth, and private school access in Britain.' Education Economics, 29(3), 252–268 — confirms the pattern holds and reports that only half of those in the top 1% send their children to private school.
3. For illustrative modelling, we assume children are distributed equally across household income deciles. Applying this assumption to 8,920,227 pupils (DfE, January 2026) gives approximately 892,000 children per decile. 892,000 × 76% state = ~678,000; × 24% private = ~214,000. These are modelled figures, not observed counts.
4. ~156,000: derived by applying the ~2.5% participation rate for the bottom seven deciles (note 1) to 70% of 8,920,227 pupils, assuming equal distribution of children across deciles (see note 3). This is an illustrative modelled estimate, not a measured population count.
5. DfE School Funding Statistics 2025–26, published 29 January 2026 (explore-education-statistics.service.gov.uk). Total per-pupil funding for 2026–27: £8,580. This is the Government's own published rate; it is what it costs the state to educate one pupil in a state school today. ENT VAT Impact Analysis (educationnottaxation.org/vat-impact-analysis/) applies this rate to observed pupil movements and finds the annual cost to the state exceeds the Government's own projected peak revenue from the VAT measure.
6. ONS, Effects of Taxes and Benefits on Household Income, FYE 2024. The income bands rank all households — not only families with children — by net equivalised income (household income after tax, adjusted for household size). Approximate net income needed to reach the top 10% by household type: single adult, no children £48,000; lone parent with one child under 14 £62,000; couple, no children £71,000; couple with two children under 14 £99,000; couple with two children aged 14 or over £118,000. Figures derived by applying OECD equivalence scale values to the £71,000 couple benchmark.
7. IFS analysis of the incomes of the top 1% (ifs.org.uk/publications/9193): net household income needed to be in the top 1% in 2015–16 was £179,800 for a couple with two children under 14.
8. DfE, Schools, pupils and their characteristics, January 2026: 8,920,227 pupils; 560,300 in independent schools (6.3%). ENT analysis gives ~523,000 mainstream independent pupils. Ofsted split as at 31 August 2024.
9. ISC Census and Annual Report 2026: 526,611 pupils at 1,455 schools; 183,705 (34.9%) receiving fee assistance; 36,676 on means-tested bursaries.
10. All fees verified from each school's own published fees page, net of VAT.
11. Henseke et al., 2021, Table 4. Only 1 in 5 families outside the top income decile receives financial support; average bursary awards cover approximately 35% of fees.
12. Music and Dance Scheme: 1,041 pupils at ISC schools (ISC Census 2026). Continuity of Education Allowance: cost £95 million (2024–25 MoD data); pupil count 4,324 (2021–22 MoD data — most recent published). LA funding: 12,635 pupils at ISC schools (ISC Census 2026).
13. Yopa (2025), house prices near state schools by Ofsted rating: average £359,000 near outstanding schools vs £243,000 near inadequate schools. Commercial research, not an official statistic.
14. The Economist, 'The impact of taxing British private-school fees starts to show', 4 June 2026. https://www.economist.com/britain/2026/06/04/the-impact-of-taxing-british-private-school-fees-starts-to-show
15. Eton College Consolidated Accounts 2024–25: total financial aid £10,061k; 300 pupils (22% of boys) received fee reductions; 89 paid no fees. Published July 2026 at etoncollege.com.
16. ALR and others v Chancellor of the Exchequer [2025] EWHC 1467 (Admin). Para 67: claimants' submission that a Treasury submission to the Chancellor and Chief Secretary recognised 25% of affected households fall in the bottom half of the household income distribution, equating to approximately 159,000 pupils. Para 120: the court accepted as fact that 'significant numbers of those affected were in lower-income households and some were in receipt of benefits.' Judgment published 13 June 2025. https://www.judiciary.uk/wp-content/uploads/2025/06/ALR-and-others-v-Chancellor-of-the-Exchequer-private-schools-VAT-judgment.pdf