LOCAL GOVERNMENT AND COMMUNITIES COMMITTEE

CALL FOR VIEWS ON THE NON-DOMESTIC RATES (SCOTLAND) BILL

SUBMISSION FROM CARGILFIELD SCHOOL

Cargilfield School is a co-educational Independent Prep School with a pupil roll of 328 and providing jobs for 68 members of staff in a range of disciplines including teaching staff, early years practitioners, administrative staff, maintenance staff, cleaners and teaching assistants.

The School is a registered educational charity and as part of its charitable purpose, it makes its facilities available to the local State maintained primary school and to other community groups at no cost or in some cases a small nominal charge. The School generates a surplus which is used in these facilities and to fund bursaries and to provide support for the payment of fees to parents who would otherwise be unable to afford for their children to receive an independent school education.

In the School's most recent published accounts for the year 2017/18, the School generated a surplus of £472k of which £308k was retained to fund capital improvements in the School and £164k was used to fund 14 bursaries of which seven were at a level of 90% and above.

The School wishes to expand its bursary provision, however it is currently facing three significant cost pressures which could restrict its ability to do so in the future

- Upward pressure on wages following the recent Scottish government settlement with the Scottish teachers’ unions which awarded a 3% payrise backdated to April 2018 and a further 7% in April 2019
- Upward pressure on pension costs with the School’s contributions to the Scottish Teachers Pension Scheme set to increase by 34% from September 2019
- Proposed removal of 80% charitable relief on business rates from April 2020

The removal of rate relief will cost the School £119k per annum if the proposal is enacted with effect from April 2020.

Against this backdrop and at a time when the School is looking to increase bursary support, it will become increasingly difficult for the School to even maintain its bursary support at current levels. In order to put this in context, the increase in business rates of £119k is the equivalent of providing an additional seven 100% upper school bursaries.

The School believes that the proposal to remove the 80% charitable relief is flawed for the following reasons
- It unfairly singles out 56 out of 24,500 Scottish charities and in doing so creates a two-tier charity sector.

- The additional money raised (estimated at £7m in 2020/21) will be neutralised by the increased costs to the state maintained education sector if as few as one in 30 children currently educated in the independent sector are removed from independent schools back to the state maintained sector as a result of fee increases levied by schools in order to absorb the additional business rates. The financial memorandum to the Bill makes no reference to this risk.

- By making our sports facilities available to our local state maintained primary school and other community groups, the School is contributing to the Scottish Government’s aim to increase physical activity in adults and teenagers by 2030. The School recently invested almost £1m in a new all-weather pitch facility, funded through surpluses generated by the School. The increase in business rates will reduce the School’s ability to continue to invest in these facilities and so to promote health and wellbeing amongst our own pupils and those in the local community.

- One of the main arguments in the Barclay Review was that a ‘level playing field’ should be created to remove the inequity of state maintained schools paying full business rates whereas Independent schools benefitted from 80% exemption. This argument ignores the fact that state maintained schools are fully funded via taxation and the fact that state schools paying full business rates does not raise any ‘new’ money. In claiming that the measure achieves parity between the two sectors, it conveniently ignores the fact that state schools benefit from full VAT exemption whereas independent schools do not and also that stand-alone nurseries, whether commercial or not for profit, benefit from 100% rates relief whereas nurseries within independent school grounds will pay 100%. This Bill therefore fails in its objective of achieving parity between the two sectors.

- The next rating revaluation cycle is due to commence in April 2022, until which time schools will be unable to appeal their valuation, in spite of a proposed 500% increase in business rates. If this measure is to be adopted, it would make sense to align it to the rates revaluation in April 2022 so that schools might have the opportunity to appeal their new rates bills at that time.