LOCAL GOVERNMENT AND COMMUNITIES COMMITTEE

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

SUBMISSION FROM ST MARGARET’S SCHOOL FOR GIRLS

Founded in 1846, St Margaret’s School for Girls is the oldest all-through girls’ school in Scotland. We are an independent charitable trust located in the centre of Aberdeen and we warmly welcome girls of all denominations and faiths. We also take boys into our nursery.

We believe that Section 10 of the Non-domestic Rates (Scotland) Bill, which removes eligibility to claim charitable relief from non-domestic rates from mainstream independent schools, is unfair and it promotes inconsistency of treatment of organisations within the charity sector.

Independent schools serve a genuine charitable purpose. At our school more than 10% of our pupils receive bursaries of up to 100% of school fees, which their parents would otherwise be unable to afford. It is also evident that the costs paid for independent education support local communities in Scotland, bringing significant economic benefit, often from other parts of the UK or overseas (in the case of boarding schools). Our school alone employs 87 people.

In addition to providing financial support to less affluent families, independent schools are committed to promoting the quality of education elsewhere. Our school, for instance, shares our playing field with a state primary school which does not otherwise have access to such sports facilities, and we have arranged major careers events open to young people from across the country, focusing on engineering, architecture, construction, business and medicine.

Parents of children pay through their taxes for state education, including those who opt out of the state system by choosing an independent school. The average cost of a state education is more than £6,000 per child. Independent schools facilitate a large saving to the public purse because, without them, the state would have to find places for many thousands of extra children, requiring many additional schools, particularly in municipalities like Aberdeen and Edinburgh. This cost could only be found by placing an additional burden on the taxpayer or sacrificing alternative public services. Most universities are charities and they have a similar status to independent schools. They charge fees for the provision of an education service and the public has a choice on whether they buy this service and where they buy it. Why should independent schools be treated differently? Many professional and other organisations are also charities offering marginal benefit to the wider community, yet they are offered charitable status including rates relief.
Independent schools represent a tiny proportion of the charities in Scotland, yet they have been singled out in isolation for punitive treatment which can only have an adverse impact on the community. This makes the application of charity concessions inconsistent with other charities. It is divisive, splitting charities into separate tiers, isolating a few to receive less favourable treatment than the large majority. If an organisation is deemed fit to be a charity because it provides public benefit, then it should not be treated differently.

All Scottish Independent schools were singled out for assessment of their charitable status by the Office of the Scottish Charity Regulator (OSCR), on the direction of the Scottish Government. This resulted in all of them ‘passing’ the test. Why are we now singled out for special attention when the remaining 25,000 charities receive uniform treatment?

Barclay cites the inconsistency between independent schools and state schools, which do pay notional rates. However, the rates paid for state schools are funded by local government so, in effect, these payments are simply passed from one department of government to another. Independent schools can only find the funds to pay full rates from the fees charged for education.

The additional revenue for payments of full non-domestic rates by independent schools in Scotland is about £7 million. This is a tiny proportion of the overall rates income, which will have a negligible impact on government income, yet the cost is born disproportionately by a small number of people who are already paying out for an independent education, relieving some of the pressure on the public purse. There does not appear to be any tangible public benefit in the removal of charitable relief and this punitive measure seems to be driven by political motive rather than government economics or a pragmatic assessment of charitable purpose.