I write to outline our significant concerns regarding the proposals that have been suggested to remove business rates relief with regards to independent schools in Scotland. As well as being counterproductive to the education of young people in Scotland and in direct contradiction of the findings from the OSCR Review of educational charities, the proposal is almost certain to produce the unintended consequence of a greater cost to exchequer than the income it seeks to raise.

Relief on business rates is provided to Scottish independent schools under the terms of the Charities and Trustees Investment (Scotland) Act 2005. All of the Scottish independent schools have been assessed by the demanding and thorough charity test and have been found to provide significant public benefit in their core purpose of providing ‘the advancement of education’. This issue has been scrutinised over recent years by OSCR and it is clearly inequitable to single out one group of educational charities and treat them differently from others, including Scottish universities.

Each year means tested fee assistance of more than £30 million is provided by the Scottish independent schools and this would be directly threatened by the loss of business rates relief that is afforded under this proven educational charitable status. This would directly and negatively affect Scotland’s least wealthy families and children who are provided with an outstanding education in the independent schools they attend. In short, the removal of rates relief would greatly diminish the ability of Scottish independent schools to offer means tested financial support to lower income families. This is clearly and manifestly unfair to them.

Independent schools currently account for the education of 4.1% of Scottish children and young people, which in areas of Scotland can be as high as 34% of the school population. They add £247 million per annum to the public exchequer, with £455 million added of Gross Value Added each year to the Scottish economy. The educational attainment of Scottish independent schools is very high and adds significantly to the Scottish workforce and progress of young people in Scotland annually. Over 10,600 jobs are supported by Scottish independent schools. The independent sector operates at no cost to the taxpayer and yet provides huge benefit for the nation.

For every place provided at a Scottish independent school there is a saving of £6,525 per pupil at secondary level and £4,667 per primary pupil to the public purse. Altogether the independent education sector provides a cost saving to Scottish taxpayers of £156 million each year for places saved at maintained primary and secondary schools in Scotland. The significant and unprecedented increase in costs to independent schools through charging full business rates would endanger these savings and force additional costs to the public purse at a time that Scotland can ill afford. Any resulting rise in school fees due to an increase in business rates would place an added burden on Government and Local Authorities to provide additional places in local authority maintained schools from pupils who are forced out of
independent school places. In Aberdeen City 15% of all pupil places are provided by the independent sector, rising to 21% at secondary level.

In summary, independent schools make a vital and important contribution to the provision of a high quality education to the young people of Scotland. A wide and diverse group of young people access these opportunities at Scottish independent schools and this would be significantly threatened by these proposals. The direct costs to the Scottish taxpayer, and on educational budgets at national and local levels, would be greatly increased due to the likely loss of places for pupils at independent schools. Scottish independent schools also provide many wider contributions to the strength of the Scottish teaching profession, assisting the SQA examination system, providing high quality professional development and many wider benefits to Scotland.

We would therefore ask that the suggested proposals that are directed at independent schools are not enacted by the Scottish Government as they would be very harmful to the nation. At Robert Gordon’s College we have worked very hard over very many years to provide means tested financial assistance through an extensive Bursary programme. This would be threatened by such a move.