LOCAL GOVERNMENT AND COMMUNITIES COMMITTEE

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

SUBMISSION FROM CLARE MILLAR

Having reviewed the various documents and arguments in relation to the proposed changes to remove eligibility for non-domestic rates relief from independent schools, I wish to submit feedback and the viewpoint of our own family and experiences, and express my opposition to the proposal.

Our points can be summarised in the following:

1. Economics

From an economic viewpoint, the changes proposed represent more than a large step backward. The thinking behind this raising additional taxes is at best flawed, and at worst simply demonstrates a woeful misunderstanding. Removing eligibility for non-domestic rates relief will only serve to impact families who are currently able to take advantage of schools offering bursaries and other partially funded places. Removing rates relief from schools will mean they need to find additional funding from elsewhere, and it is far more likely that this will be through a combination of increased fees, which the majority of higher earners will be able to bear, but decreased bursaries, which will have a negative impact on the very people who schools have tried hard to open up to. It has been estimated that around 15% of parents overall would not be able to bear the increased fees, which would not only increase the burden on the state sector but will reduce the overall contribution made to the economy by independent schools. Thousands of children benefit each year from fully- or part-funded places – if even a small proportion were forced back to the state system because of reduced funding, this would place extra load on an already massively stretched and underfinanced state system. Furthermore, these independent schools already provide taxpayer savings from pupils who are entitled to a state school place, but do not take it. The fiscal and employment contribution in Edinburgh alone is considered to provide a significant contribution to the rest of Scotland (£150m GVA and 3,500 jobs), with economic arguments and facts clearly set out in the Biggar Economics report http://www.scis.org.uk/assets/Uploads/PDFs/Economic-and-Fiscal-Contribution-of-the-Edinburgh-Independent-Schools-19dec18.pdf

2. The business model for schools

The proposed removal of eligibility for non-domestic rates relief creates a complete disparity in the charity and non-profit model that bodies such as OSCR have tried so hard to make equitable. This results in nothing less than a two-tier charity structure, where some charities may be eligible for rates relief, and some may not. Quite aside from the argument that it seems pointed to be focusing on such a small number of charities within the overall landscape of non-profit organisations, removing rates relief seems unfair and inequitable. Does the review really consider that singling out 52 charities will create the
desired effect of an additional £5m gain? What this is far more likely to do is to damage the structures put in place for charities, create a two-tier charity system where there should be only one, and drive schools towards de-registering as charitable organisations altogether.

3. Social fabric

Perhaps the most damning argument against the review’s proposal is with regards to our social fabric and its overall impact on skills, ambition, culture and economics. To have identified only independent schools for the removal of eligibility for non-domestic rates shows how little is understood of the independent school system. As a family, we own and operate a business, employee a dozen people from the local area, pay all taxes due and are fully self-funded by our business growth. We moved our children from the state school system to an independent school because the provision of services was lacking in the state sector. We opted to pay for our children’s education to give them the best schooling and opportunities to participate in many activities which had been dropped by the state sector due to a lack of funding.

Not to mention that many people like us also moved because the state sector made a decision to drop 10% of the overall school week by closing on a Friday lunchtime – a decision which angered many parents who rightly see this as nothing more than detracting from our childrens’ futures. We are a normal hard-working family and made this decision which has significantly benefited our children. What we have seen over the last few years is a move away from the state sector of people just like us, who stretch and plan their finances to be able to afford an independent school, and many people whose children are unsupported in the state sector. These parents come to the school looking for bursary help and financial assistance - our school offers a very reasonable proportion of places to people who are otherwise disadvantaged by the state sector. This includes children with special needs, who lack appropriate support in state schools, as well as children diagnosed with autism and ADHD, where support is simply not available in certain localities. Like others in the independent sector, our school has a very high proportion of learning support staff who care for all of the children equally, and parental experience shoes that people who have received financial assistance see a massive and positive difference in the behaviours of their children. Our school works hard to nurture all children regardless of background and especially regardless of financial ability. Removing eligibility for non-domestic rates relief will only mean that these bursaries and financial assistance programs are reduced or removed entirely as the school will need to adapt to this change by reviewing its business model. The very people this proposal will have the most major effects on, are the people who the Government is so keen to support in supposedly encouraging social mobility. Far from being a progressive stance, all this serves to do is to create an elitist model of education where only the super rich will be able to afford this, and does as much to transport us back into the 17th and 18th centuries as any Government could have done. The widely publicised suggestion that schools should claim rates relief from their local authorities is laughable. It is the same local authorities who have had to cut budgets within schools in the state sector that have driven so many people towards the
independent sector instead. From a social fabric point of view, this creates nothing but a class structure which I thought Scotland was doing its best to avoid, by apparently encouraging the ability, for anyone, of any class, and any background, to be socially mobile. The impact these schools have – on giving people chances they would not otherwise have had in the state sector, funding this through money saved on initiatives such as rates relief, and reducing the burden on the state sector, should not be underestimated.

By all accounts this seems to be a woefully misunderstood proposal which has serious consequences across all of the three points I mentioned above, and likely more. At worst this seems like a vindictive, pointed, and unnecessary change which is highly negative in social terms, and lacks any economic basis. As a family, we entirely oppose the proposals to remove eligibility for non-domestic rates relief from schools. This small sector works particularly hard to fulfil its charitable obligations, which are one of the most stringent in Europe, and has in itself began to change the face of independent schools through community development, as well as funded and financial assistance to families who would otherwise have lacked support and means to do so. In one fell swoop this proposal would undermine this work, would damage the structures that have, up to now, been so clearly defined for charitable organisations, and would only serve to recreate a social elitism that has absolutely no place in our nation. I for one would like to see a nation which encourages skills, education, economic success, and social mobility, and I think there are far more pressing programs and changes that would offer considerably more benefit than these proposals.