LOCAL GOVERNMENT AND COMMUNITIES COMMITTEE
CALL FOR VIEWS ON THE NON-DOMESTIC RATES (SCOTLAND) BILL

SUBMISSION FROM ANONYMOUS

I write in response to the proposals before the committee to remove the mandatory non-domestic rate relief from Independent Schools.

I understand that the reasoning behind these proposals is to redress the perceived inequity between independent schools and their state maintained counterparts due to the fact that only the independent sector is currently in receipt of rates relief.

There are several obvious flaws in the logic behind this proposal. Firstly, state school rates evaluation is largely a paper exercise, with no money removed from these schools' budgets to pay for these rates. Furthermore, state schools are fully state funded, via central and local council taxation which are both universally charged. Money raised from the independent school sector in rates is therefore "new money" from taxation (currently 20%) is in addition to that already raised from parents from universally charged taxation. Independent schools are, therefore, already contributing financially.

Secondly, it is clear that substantial increase in rates will need to be funded by increase in school fees. Whilst, superficially, this may seem to be a business concern for the school (and a financial concern for parents of children attending independent school) it would be naive to think there would be no wider implications. Parents choosing an independent education for their children are already meeting their obligations in regards to central and locally taxation; and by paying fees are contributing to wider economic benefits from the taxation raised via the school fees. Furthermore, their children are not using the school place they would be entitled to- thereby freeing up further resources- there is, therefore, a net gain in economic terms for each child in the independent sector.

The Barclay Review raises the concern that inequality is caused by parents "buying access" to privilege via paying for an independent education and are disadvantaging other children. There is no mention of those parents who can afford to buy property in catchment areas for the best schools- usually inflating house prices in these areas- another way of "buying access" to a good education. However, there is no recognition of the net contribution made by parents who pay fees, in addition to other tax obligations, and do not use state resources. It is unclear why one form of "buying access" (which does in fact deprive others of access to the best local schools by pricing lower income families out of the local housing market) is more politically acceptable than paying for an independent education, especially when the latter frees up resources.

Even ignoring this ideological point, there is a strong financial case to be made against these proposals. It is obvious that every child removed from the independent sector due to a rise in fees will have a knock on implications for the wider education budget. Indeed, figures suggest that even if only 1 in 30 children currently attending independent schools in Scotland were removed and entered state maintained
schools or moved to independent schools elsewhere in the UK this would cost more than is projected to be raised each year by the proposed rates increase. To this figure would need to be added the additional pressure placed on state school places and the cost implications of this. Independent schools also provide employment and financial support for business in their local community and the impact of reduced budgets may be felt in the local community too. Therefore, if this proposal is truly aimed at improving things for state school pupils and the wider education budget it would seem that this issue needs to be addressed. Failure to do so does rather lead to the conclusion that reducing inequity between sectors is, in fact, a smokescreen for an attack on the independent school sector for ideological and/or political reasons.

Further inequalities not addressed by the proposals include the fact that private nurseries (which are profit making enterprises) will be exempted from these proposals, whereas early years provision in independent schools will not. Many other institutions are eligible for relief due to charitable status are also fee-charging, and are “for profit” organisations and yet Independent Schools are singled out in these proposals. In addition, state schools are exempted from VAT whereas independent sector is not. If improving equity between the sectors really is the goal of this proposal, it would seem negligent not to look at these areas of concern.

The proposal also fails to take into account the public-benefit test which has led to a substantial (three-fold) increase in means-tested bursaries. The goal of this was to widen access, and the calculations for each school were based on school budgets which would be significantly negatively impacted by the proposed rates increase. There is no mention of recalculating these and adjusting each schools obligations to reflect this changing economic reality. Nor is there any mention of the impact upon children in receipt of such assistance- who by definition are most likely to be unable to meet any increase in fees.

It is true that seeking to reform tax regulations, nor with seeking to redress genuine inequalities. But this has to apply to everyone within those regulations and should not single out one group. Any changes should also look closely at the wider implications of any proposals and these should be clearly explained and justified. It is hard to escape the conclusion that the real aim behind these proposals are not to simply reduce inequality between state and independent school sectors but rather to actively disadvantage the independent school sector- perhaps with the aim of reducing (if not removing) the number of parents choosing an independent education for their child. This is a ideological goal, and whilst one I would strenuously disagree with, is a valid ideological viewpoint. It would be welcome of the Scottish Government would be completely transparent if their desire is to reduce or try to eliminate the independent school sector in Scotland.