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

I am contributing to this call for evidence as a parent of three children at St Mary’s Preparatory School, Melrose. I am a Chartered Surveyor working in a rural practice in the Scottish Borders and my wife is a rural GP also practicing in the Borders.

As Scottish taxpayers we are dismayed by the proposals to arbitrarily take away the charitable status of 56 independent schools in Scotland in order that the 80% charitable relief for non-domestic business rates can be removed. This appears to be a very targeted politically driven initiative against Scottish Independent Schools that does not achieve parity with state run schools, disregards the advice and recommendations of OSCR and will unfairly affect parents who have exercised a choice to educate children in the independent sector in good faith and with an expectation that the charitable status and reliefs afforded an organisation would be beyond political interference.

Such an expectation is clearly predicated on knowing that St Mary’s School and all other affected independent schools have satisfied the charity test in 2014 under S.28 of the Charities and Trustee Investment (Scotland) Act 2005.

The inconsistency of the proposal provides that only independent schools are affected which supports my view that this is a targeted political manoeuvre rather than sensible fair policy making. 56 schools which are also registered charities are to be affected out of 24,000 registered charities in Scotland which include other fee charging, restricted admission education charities that are not targeted.

We are the beneficiaries of a bursary from the school that has allowed us to consider educating three children at St Mary’s. We rely on that support in order sustain our decision and intent. The introduction of full business rates will have a negative effect of circa £60,000 on the school’s overhead expenditure. Cost savings and increased fees will be the natural consequence which will very likely have a direct impact on bursary’s offered.

Removal or reduction of bursaries will affect the decision of many as to whether the choice/opportunity to educate children in the independent sector would continue.

The lack of time that schools will be afforded to financially plan to accommodate this additional cost will inevitably mean that the additional cost will ultimately be borne by parents out of increased school fees. Pressure to pay increased fees will for some affect decisions as to whether to continue to educate in the independent sector. The sensitivity to additional cost for a significant proportion of parents should not be underestimated.
It is widely understood that if one in third of parents chose to remove a child from the independent sector as a direct financial consequence of this proposal then any financial benefit as a result of introducing 100% NOR would be negated. Any child removed from the independent sector will become a financial burden on the Scottish taxpayer.

Increased overhead running cost could have the other unintended (and unrecognised) consequence of reduced community and charitable engagement. St Mary’s School, by our own experience and as evidenced in the 2014 OSCR report, surpasses its charitable requirements. The school contributes to and engages in the wider community in many ways that is important and highly valued by parents and the community. Any reduction of this activity as a result of the financial consequence of these proposals will be a very genuine loss.

In terms of addressing parity, if that is the intention of this proposal, then there are other measures that should also be addressed to level the field:

- State schools receive full VAT exemption. Independent schools receive only partial exemption. This has not been discussed.
- Whilst on paper state schools may be subject to NOR, the schools are not affected in any way. The rates are removed at source by the local authority and no new revenue/taxation is raised.
- All revenue raised by independent schools paying 20% NOR is new money raised as taxation each year.
- The proposals provide that special needs schools should receive 100% NOR relief. No consideration is given of the disproportionate contribution that independent schools make to learning support and other additional needs provision.
- This proposal is due to take effect two years before the next three year cycle of rates revaluation in 2022. This timing will disallow the opportunity for schools to appeal the valuation and does not allow sufficient time for financial plans to be put in place to meet the additional cost. Parents will inevitably be called upon to pay the additional costs through increased fees.