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

SUBMISSION FROM DUNCAN THOMSON

The following questions/observations, that are no particular order, hopefully lay out my belief that the risks of adopting this policy are very short sighted.

**Target Group**

Why are targeting such a narrow group of institutions (about 50 out of over 2400 charities)?

Why are you not making this review applicable to:

- To all private educational establishments
- To all Universities – which are allowed to benefit from similar charitable allowances
- To all charities of any sort
- To all state schools

But you fudge the issue of them paying rates by not making a cash movement. Thus you are comparing apples and oranges. Where does this fit with Nursery schooling? Are private nursery schools included? What about nursery school offering within the structure of a private school?

If private nurseries still get the benefit, then suddenly when the children are 5, the parent is forced to pay substantially higher fees if staying within a private school set up?

Will private nurseries feel the impact and start to close putting pressure on state facilities? What about boarding schools? Or boarding houses within private schools?

**Legal**

Are you opening yourself up to a discrimination charge in the courts by making a very specific discriminatory change to a policy (stats show this policy will apply to around 50 charities out of over 24,000 charities)?

Will charitable trustees feel compelled to challenge the case in the courts due to their inability to confirm to the charitable trust deed?
Parents

Do parents then look to move out of Scotland to gain those educational benefits and security of transition (from nursery if applicable) of education for their children? What about parents who want to remain in Scotland but work commitments mean they use boarding facilities? Will they be forced to leave Scotland taking their skills with them? Will children, having moved away, not return thus depriving a future Scotland of their skills?

Parents chose to put their children through private education at great cost to themselves thus removing that financial liability from the state. Why would the state risk employing a strategy with the risk that if forces parents to remove them from the private system (which they pay totally for – as well as paying the state for their education through general taxation!) into the state where they will generate no extra income, but force the state to incur great costs that will have to be funded?

Charitable good

If you force private schools into a corner, they will become less charitable. They will cut back their offer to help train/teach the state teachers, to cut back their offer to help in the exams marking etc, to cut back their access to their facilities (school and sports), to cut back on their bursaries and other charitable activities, to cut back on teaching specialist subjects to state children.

Wider Economic Impact

Is this policy:

- Forcing the private schools to cut back on staffing levels?
- Forcing schools to cut back on the courses they offer, to the detriment to the education of the future Scottish workforce
- Forcing up unemployment
- Forcing up the state social security bill as staff are made unemployed
- Forcing teachers to move elsewhere in the UK therefore draining the Scottish population of highly skilled people
- Potentially forcing schools to close and thus reduce your rates income
- The knock on impact to the wider business community that benefit from work from/with the private schools could be significant:
  - Increased unemployment
  - Increased social security bill
  - Loss of rates as business close
  - Increase in bad debts
• Forcing families to move from Scotland to seek the same school offering offered elsewhere in the UK

Thus depriving Scotland of a highly skilled workforce who make a positive contribution to the state finances.

Denying Scotland the skills those children would bring to the Scottish education as they grow up into adults and participate in the general workforce

OSCR impact

How does this leave OSCR’s ability to apply charity law across various charities? Will schools look to recoup this fee by say increasing fees they charge for the state to use their facilities – can the state school afford that? Will they want to? Does that then compromise the school’s charitable status? Do the schools switch to being corporations and withdraw all charitable activity to the economy?

SWOT analysis

Have you done a fully calibrated SWOT analysis of this policy proposal? Will the tax raised be offset by the increased cost of pupils moving to the state system, not to mention the risk of schools closing/reducing staff etc? Will you see schools that have to meet charitable good tests switch from providing that benefit to Scotland, to other countries? Will those charities re-direct their charitable monies to areas which this “discriminatory policy into other charitable good areas on the “right side” of the dividing line? What strengths to the Scottish economy have you identified in adopting this policy? Are they net payers or receivers of VAT?

Government Finances

Where are the Scottish Government and their already stretched finances going to find the cash to incorporate the extra children that will inevitably be forced to switch from the private system to the state system? Where will they source the extra teachers, buildings, grounds, sports facilities etc? How are you going to explain the required increased impact on state finances to the wider population who currently benefit from parents in effect “gifting the cost of their kids education” to the state for free?

Government policies

How does the risk of private schools withdrawing access to state schools (and the public) from their facilities align with government policy on:

• Providing a highly qualified population to support Scottish businesses?
• Making Scotland an attractive place for new businesses to start or move to Scotland?
• Creating a fitter and more active population?
• Getting girls more involved in sport, given private schools offer far more facilities and sports for girls?
• That the population are free to make choices
• That diversity is a good thing

Other

Why do you believe that this very small group of charities deserve such vindictive treatment? Why, when they are such centres of excellence and a huge benefit to the whole of Scotland and their children, are making them the target of this policy? When you believe that private schools to be elitist, why are you taking policy decisions that will inevitably make them more elitist?

Forcing private schools to hike their fees to cover this will make them even harder to afford. Parents who cannot afford it will not attend or leave. The schools will have to cut back some of their charitable good. They may well withdraw access to their facilities to state schools, local families, local charities etc.

Thus you force them to become even more elitist and accessible only to the very few.

Summary

I believe that this policy proposal is discriminatory. I believe that a full and detailed SWOT analysis would very quickly prove that the economic case is very poor. I also believe that the social case would be very poor. I believe that impact could be quite significant, particularly in education, but also in the wider social circle.

I believe that the risk is that a highly skilled element of the population would look to move taking their skills and their children with them thus depriving the Scottish economy of that benefit now and in the future. I believe it will severely compromise the charitable good that the schools offer. I believe it will make the schools that survive even more elitist – clearly again the aims of the Scottish governments aims.

All the above help the wider state and wider population.

All this policy does is counter all these good and positive attributes private schools offer.
I hope that the government see fit to halt this very poor piece of policy, and praise the benefits that this part of the Scottish education system offer to the Scottish economy.