LOCAL GOVERNMENT AND COMMUNITIES COMMITTEE

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

SUBMISSION FROM CRAIG BIRSE-ARCHBOLD

I am writing to contest one of the key recommendations from the Barclay Review, now contained in Section 10 of the Non-Domestic Rates (Scotland) Bill, which is to remove the eligibility to claim charitable relief from domestic rates from mainstream independent schools, from April 2020.

The impact of this would increase the school rates bill by so much that it would have to raise prices, remove bursaries and would lead to a significant number of the school population no longer being able to attend the school due to these unfair cost increases. Apart from this unnecessary upheaval, the mental well-being of a forecast of 1 in 30 pupils from the independent sector would be impacted as well as their families. They would need to be moved to either the state sector or boarding pupils locating elsewhere – this would cost the Scottish taxpayer more than the entire rates increase proposed by the Bill. There is no reference of this at all in the Financial Memorandum.

As the Scottish Council of Independent Schools paper suggests (and key points summarised), substantial rates increase can only be funded by an increase in school fees, sale of school assets and/or a reduction of bursary and facility provision. Scottish Government figures indicate that educating a child in a state-maintained school in Scotland costs on average £6,500 (not including some PFI and other costs). Each child removed from an independent school due to increased fees, whether 20% or 100% paid, will be an additional cost to the taxpayer. In addition, there will be further pressure on class sizes, school buildings, school catchment areas, and teacher numbers and recruitment.

Regarding the rating of sports clubs, the Scottish Government’s policy to continue to support and encourage local authorities to support, affordable community-based facilities that give people the chance to take part in sporting activities thus contributing to (amongst other aims around an active Scotland) the Scottish Government aim to cut physical inactivity in adults and teenagers by 15% by 2030. Despite this policy priority, no consideration has been made of the impact on independent school sports facilities and their access by the wider community, which will be impacted by the changes to relief.

Further points which support the argument to maintain independent school rate relief:
• State school rates valuation is an entirely paper-based exercise.
• No new money is raised each year and the staffing or operation of schools is not affected by rate changes in any way.
• State schools are full funded, including their nominal rates valuation, via central and council taxation, both of which are charged universally.
• State schools receive full VAT exemption as educational bodies, while independent school, exemption is only partial – there has been no debate reflecting this lack of parity.
• Every penny paid by independent schools in rates at 20% is new money raised as taxation each year, primarily from parental fee income. This forms part of the very substantial economic contribution of independent schools, with no tax-payer finance of any kind.
• The discussion of parity does not reflect that parents who pay (in part or full) for their children’s education are adding to the sum of resources available to educate the country’s children, unlike those who can afford to inflate the cost of houses around good state schools who are not only buying access but also depriving others.
• No other charities have been subjected either to the collective public benefit test or the measures proposed by the Barclay Review. Not only are 56 schools being singled out from over 24,000 Scottish registered bodies (including other fee-charging, restricted admission education charities) as well as 180,000 charities in England and Wales.
• The Scottish Government accepted the Barclay proposal to extend 100% NDR relief to all nurseries and early years facilities, whether not-for-profit or profit-making. This, independent school nurseries that are not stand-alone facilities will pay 100% rates while private, profit-making facilities can receive 100% relief.
• The Bill, rightly, exempts special needs schools for the NDR proposals. However, no consideration is made of the disproportionate contribution that independent schools make to support for learning and other additional needs provision.
• The Bill proposes a new three-year cycle of rates revaluation starting in 2022. Nevertheless, the Government proposes removing independent school relief in April 2020. This means that schools will be unable to appeal their valuation despite their bill being increased fivefold. Any consideration of equity would allow schools time to ensure an accurate evaluation before the measure is introduced, as well as much time as possible to prepare for the increase. Bursary commitments are made at least 6 years in advance, and yet this change is planned within a year of the Bill being introduced.

Much commentary over the measures has indicated that independent schools, and their families, can afford to pay for increases in rates relief:
• No consideration is made in any documentation, nor the Financial Memorandum, of the differing impact on different sizes of school. Large schools on a compact site may have a lower rateable value per pupil educated on site than a smaller, residential school.

• No consideration has been made that those on substantial means-tested fee assistance, of 80 or 100%, will also be affected by an increase of fees caused by an increase in the school rates exposure.

• No reference is made to the knock-on effect that a fivefold rate rise will have on community partners and others that uses school premises, facilities and resources – music teaching and rehearsal space, careers events, sports coaching or facilities, other leisure, social or community activities. If independent schools are charged non-domestic rates at the same level as commercial bodies, it will be hard for them to avoid charging out facilities at similar commercial rates.

Figure 1. below highlights some of the main benefits to the Scottish economy by SCIS member schools.

It is shocking to see the proposal to apply this Bill solely to independent schools without recognition of the contribution they make to local communities and economies. From a personal perspective, my daughter has been at independent school for one year and is thriving, both physically and mentally. I worry about the impact that this change could have for her future.

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