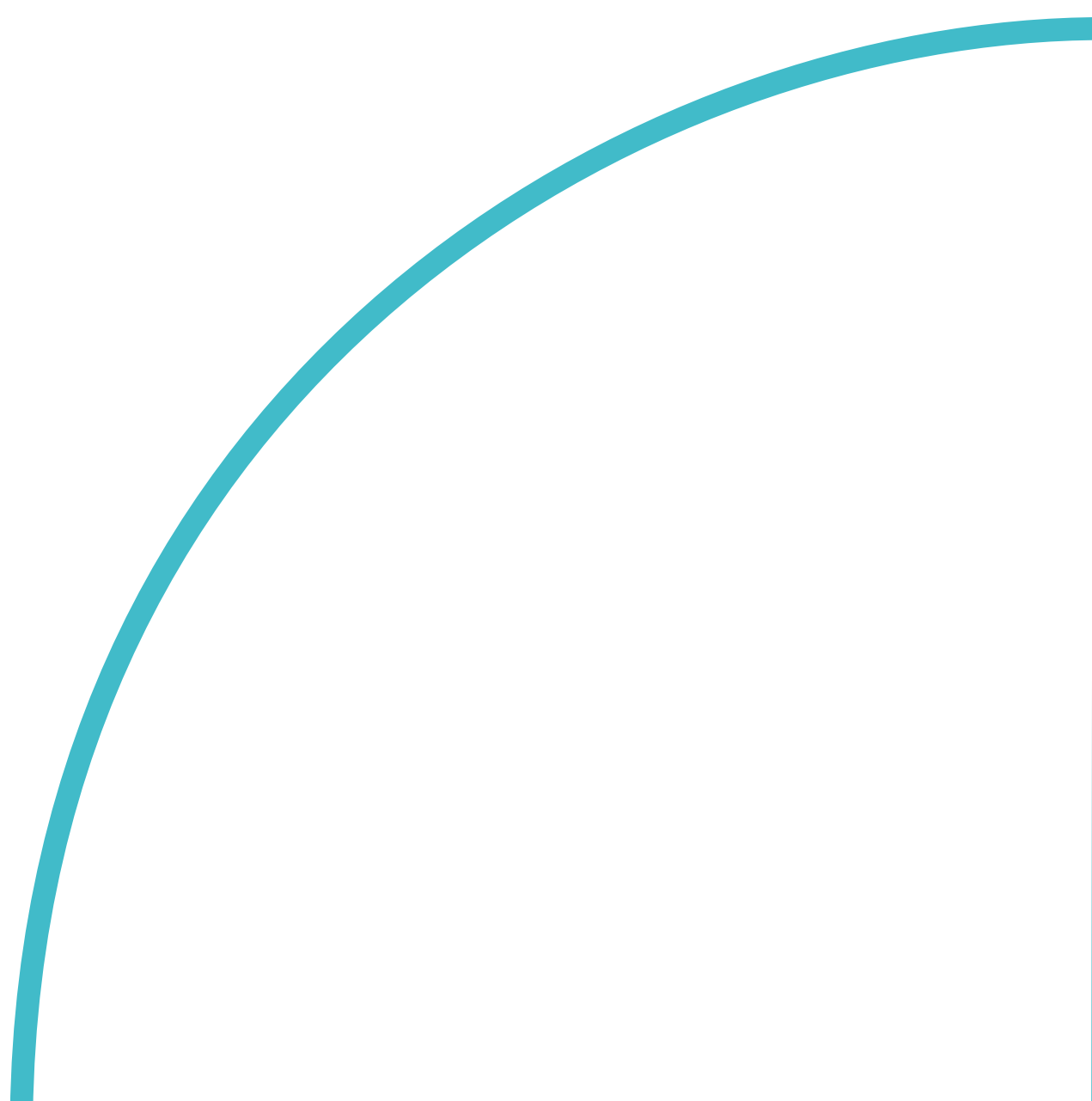


Economic and Fiscal Impact of SCIS Member Schools in Scotland

2024-25

A report for the Scottish Council of Independent Schools (SCIS)
April 2026



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1.

Executive Summary

The Scottish Council of Independent Schools (SCIS) represents **72 independent schools**, who collectively educate **26,360 pupils** and employ **7,440 staff** across Scotland.

In 2024-25 SCIS member schools contributed **£668 million in Gross Value Added (GVA)** to the Scottish economy and supported **10,590 jobs**. These economic impacts arise from the income generated by SCIS member schools and the staff they directly employ, the purchases of goods and services by SCIS member schools, staff employed by SCIS member schools spending their salaries in the economy and investment in capital projects.

By providing education for school pupils, SCIS member schools help to reduce the total cost of education to the state, saving the public sector an estimated £224 million in 2024-25. Fiscal benefits are also generated by SCIS member schools through the taxes they pay directly and the taxes they collect on behalf of their employees, which in 2024-25 amounted to £273 million (including £46 million in VAT which became payable on school fees in January 2025, so applied to two of the three terms in the 2024-25 school year). The total **fiscal contribution** of SCIS member schools was estimated to be **£498 million** in 2024-25. It is notable that **VAT accounts for just 17% of the total taxes paid and collected by SCIS members** and only 9% of the overall fiscal contribution.

The sector has experienced a decline in pupil numbers in particular those in Primary 1 (a 13% reduction) and Secondary 1 (a 15% reduction), which will reduce both the economic and fiscal contribution of the sector.

In 2025-26, the VAT collected (£58 million) is expected to exceed the fiscal impact arising from reduced pupil numbers (£48 million), giving a net gain to the public finances of £10 million.

However, in 2026-27, it is expected that the VAT collected will be less than the fiscal impact arising from reduced pupil numbers, giving **a net loss of £16 million to the public finances**. Over time these effects are amplified as the number of pupils leaving the sector compounds, with the net loss to the public finances expected to rise to £181 million by 2037-38.



2.

Introduction

This section outlines the overall approach, including the types of impacts considered.

The Scottish Council of Independent Schools (SCIS) is an educational charity, representing 72 independent schools, who together educate 26,360 pupils across Scotland. This report outlines the economic and fiscal impact of these schools in 2024-25 and updates two earlier studies undertaken in 2014 and 2016.

2.1 Approach

The report considers three main types of impact:

1. **Economic impact of SCIS member schools** – the economic contribution of SCIS member schools from their operational activities, including their income, staff directly employed as well as supply chain spending, staff spending and capital spending;
2. **Fiscal impact of SCIS member schools** – the contribution of SCIS member schools to the public sector from the taxes paid as well as the savings to local authorities from the education provided by SCIS member schools;
3. **Public benefit** – the ways in which SCIS member schools create public benefit beyond their economic and fiscal impacts.

These impacts are considered at national level, for Scotland as a whole. The reference year for all impacts is the academic year 2024-25. All monetary figures are rounded to the nearest million and all employment figures to the nearest 10 jobs.

2.2 Report Structure

The report is structured as follows:

- Section 3 outlines the economic and fiscal impacts of SCIS member schools in 2024-25;
- Section 4 considers the potential future impacts of SCIS member schools;
- Section 5 summarises the main findings of the report; and
- Appendix outlines the economic impact of SCIS member schools in each of the regions in which they are based.



3.

SCIS Impact in 2024-25

SCIS member schools support economic and fiscal impacts in Scotland.

In 2024-25, the 72 member schools of SCIS educated 26,360 pupils and employed 7,440 staff across Scotland. This section outlines the economic and fiscal impact of SCIS member schools in 2024-25. The impacts presented in this section are for Scotland as a whole.

3.1 Economic Impact

3.1.1 Approach to Estimating Economic Impact

Having estimated the economic impact of SCIS member schools several times before, BiGGAR Economics has an established approach and methodology for assessing impacts. Each economic impact was estimated in terms of:

- **Gross Value Added (GVA)** – a measure of the monetary contribution that an organisation adds to the economy through its operations; and
- **Employment** – measured in terms of headcount jobs supported.

The economic impact of SCIS member schools was assessed using the most up to date information available. In most cases this was for the academic year 2024-25 with data provided by SCIS from its annual Census of member schools. Where no data was available for a SCIS member, the economic impact was estimated by scaling the impact according to pupil numbers, based on an average of those who had provided data.

To estimate direct economic impacts, sector appropriate economic ratios for turnover-GVA and turnover-employee were used from the Scottish Annual Business Survey.¹ Indirect and induced impacts (i.e. knock on effects further down the supply chain and increased consumer spending effects) were captured using sector appropriate economic multipliers and adjusting for the study area as appropriate. These multipliers were sourced from the Scottish Government's Input-Output Tables². The economic impacts presented throughout the report are the sum of these direct, indirect and induced effects.

3.1.2 SCIS Economic Impact in 2024-25

The day-to-day operations of SCIS member schools support economic activity and employment through the following impacts:

- **direct** – from the income of SCIS member schools and the staff they employ;
- **supply chain** – the purchases of goods and services by SCIS member schools;

¹ Scottish Government (2023), Scottish Annual Business Statistics 2021

² Scottish Government (2022), Supply, Use and Input-Output Tables 2019



- **staff spending** – staff employed by SCIS member schools spend their salaries in the economy; and
- **capital spending**– from SCIS member schools investing in capital projects.

In 2024-25, SCIS member schools:

- had a total income of £644 million³;
- employed 7,440 members of staff;
- spent £174 million purchasing goods and services;
- paid staff costs amounting to £359 million; and
- spent on average £35 million each year on capital projects⁴.

These activities of SCIS member schools were estimated to contribute £668 million GVA and support 10,590 jobs across Scotland in 2024-25.

Table 3.1 Economic Impact of SCIS Member Schools in Scotland, 2024-25

	GVA (£m)	Employment (Jobs)
Direct	424	7,440
Supply Chain	74	1,270
Staff Spending	152	1,600
Capital Projects	19	280
Total	668	10,590

Source: BiGGAR Economics Analysis

3.2 Fiscal Impact

SCIS member schools contribute to cost savings for the public sector and generate tax revenues from the payment of Value Added Tax (VAT), non-domestic rates and employment taxes.

3.2.1 Cost Savings to the Public Sector

If SCIS member schools did not exist, the pupils attending these schools would need to be educated within the state sector. This means that by educating pupils independent schools help to reduce the total cost of education to the state.

The Local Government Benchmarking Framework⁵ suggests that the annual cost of education per child is £8,187 for primary school pupils and £9,957 for secondary school pupils. By applying these cost estimates to the number of SCIS pupils, it is

³ Income data provided by SCIS member schools in the Census includes income from Valued Added Tax (VAT) on school fees. In order to estimate direct GVA, VAT was removed. Turnover figures in annual accounts are normally used for estimating direct GVA and these would normally exclude VAT.

⁴ As average capital spending data is not gathered in the SCIS Census, data provided by SCIS member schools in BiGGAR Economics' 2022-23 study was used, after adjusting for inflation.

⁵ Local Government Benchmarking Framework (2025), National Benchmarking Overview Report 2023-24



possible to estimate that SCIS member schools saved the public sector £209 million in education costs in 2024-25.

This includes an adjustment to exclude specialist schools and nursery pupils (as the costs for these pupils is mostly met by the state). An adjustment was also made to account for the proportion of SCIS pupils that are from outside Scotland. Based on previous studies of SCIS by BiGGAR Economics, this was estimated to be 7% of secondary school pupils.

In addition to the cost of educating school pupils, the public sector has capital costs associated with the building of new schools. Analysis of data on the costs of building new schools indicates that over a three-year period (2023-2025), £420 million⁶ each year on average was spent constructing new schools. This includes local authority capital funding, the Scottish Government's Learning Estate Investment Programme and Scotland Schools for the Future programme.

With around 694,430 pupils' education being funded by the state in 2024 (primary and secondary pupils)⁷, this indicates a capital spend of approximately £605 per pupil. By applying this to the number of SCIS pupils, it was estimated that SCIS member schools saved the public sector £15 million in capital costs.

Taking education and capital cost savings together, SCIS member schools were estimated to save the public sector £224 million in 2024-25.

Table 3.2 Public Sector Cost Savings in Scotland, 2024-25

	Cost Savings (£m)
Education	209
Capital	15
Total Cost Savings	224

Source: BiGGAR Economics Analysis

3.2.2 Taxation

Fiscal benefits are also generated by SCIS member schools through the taxes they pay directly and the taxes they collect on behalf of their employees.

SCIS member schools pay non-domestic rates for the buildings they operate from. SCIS member schools were estimated to pay £11 million in non-domestic rates in 2024-25.

Since the introduction of VAT on school fees, SCIS member schools collected £46 million in VAT. This change came into effect in January 2025 and would have been

⁶ Scottish Government (2026), School Estate Statistics Supplementary Tables 2023-2025

⁷ Scottish Government (2025), School Level Summary Statistics 2024.



applicable to school fees from January to June 2025 (the equivalent of two school terms).

SCIS member schools also generate fiscal impacts through the payment of employment taxes, including national insurance contributions and income tax. An analysis of the annual accounts of SCIS member schools and HMRC income and national insurance calculations was used to determine the share of staff costs attributable to wages and salaries, income tax and national insurance. It was estimated that SCIS member schools contribute £216 million in employment taxes

Table 3.3 Taxation 2024-25

	Value (£m)
Non-Domestic Rates	11
VAT	46
Employment Taxes	216
Total Taxation	273

Source: BIGGAR Economics Analysis

3.2.3 Fiscal Benefits Summary

When the public sector cost savings from the provision of education are added to the taxation benefits they generate, SCIS member schools make a fiscal contribution amounting to £498 million.

Table 3.4 Fiscal Benefits, 2024-25

	Value (£m)
Cost Savings to the Public Sector	224
Taxation	273
Total Fiscal Benefits	498

Source: BIGGAR Economics Analysis

3.3 Public Benefit

3.3.1 Widening Access

SCIS member schools provide financial assistance in the form of bursaries and scholarships to pupils, making it easier for pupils of varied backgrounds to attend an independent school and widening access to the sector.

The level of financial assistance provided to individual pupils varies greatly and can (in some cases) represent anything up to 100% of the total fee. Support can take several forms including bursaries, scholarships and discounts and may be means tested or non-means tested.



In 2024-25, SCIS member schools provided £65 million in financial assistance, of which almost 60% was in means-tested assistance. This benefitted 6,865 pupils, which suggests that the assistance provided per assisted pupil is equal to £9,400. This represents a quarter of the pupils (26%) educated by SCIS member schools and 10% of the total income received.

3.3.2 Exports

The teaching excellence of SCIS member schools helps to attract students from the rest of the UK and internationally. Pupils from outside Scotland who attend SCIS member schools therefore contribute to Scotland's exports and its current account balance.

Previous studies for SCIS indicate that 4% of pupils are international students, 80% of whom are boarders. This would mean that in 2024-25, there were an estimated 1,050 international pupils, of which 840 are boarding students and 210 are day pupils. Applying the average fee for a boarding pupil and a day pupil would indicate estimated export earnings of £43 million.

3.4 Potential Impact of SCIS in 2024-25

Since the previous study in 2022-23, pupil numbers have fallen by 9%. Had pupil numbers remained constant there could have been 28,650 pupils at SCIS member schools in 2024-25.

On this basis, the economic impact of SCIS members in 2024-25 could have amounted to £727 million GVA and 11,510 jobs in Scotland. Had pupil numbers remained constant, the economic impact of SCIS member schools in 2024-25 could therefore have been around £58 million higher in terms of GVA and could have supported an additional 900 jobs. Fiscal benefits could have amounted to £491 million in 2024-25.



4.

Potential Future Impact of SCIS

This section considers the potential future economic and fiscal impact of SCIS member schools.

4.1 Projected Pupil Numbers

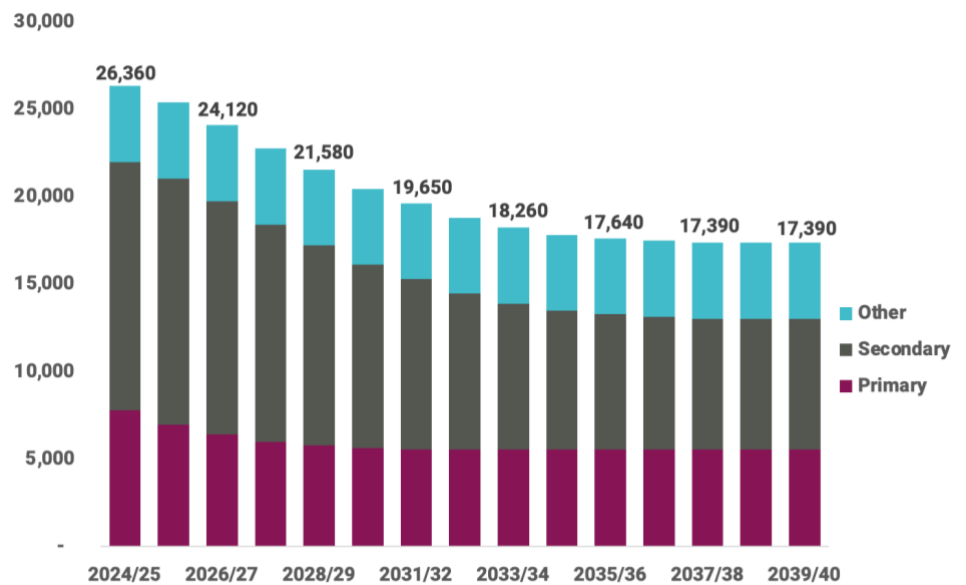
To illustrate the potential impact of SCIS member school schools in the future, a 15-year time period (2024-25 to 2039-40) has been considered. The analysis is underpinned by the following key assumptions:

- primary 1 pupil numbers remain constant at 2024-25 levels. There were 791 P1 pupils in 2024-25 and this is projected to remain the same for each subsequent year in the analysis. The analysis therefore assumes there is no growth or decline in Primary 1 pupil numbers over time;
- the analysis follows these pupils each year as they move through primary and then secondary education (and therefore assumes no pupils leave);
- in 2024-25, in S1 459 pupils joined SCIS member schools in addition to the pupils moving from P7 to S1. The analysis assumes this pattern continues each year.
- nursery, boarders and special school pupil numbers were assumed to remain constant.

Based on these assumptions, pupil numbers could decline from 26,360 in 2024-25 to 17,390 in 2039-40, with the greatest decline in secondary school pupils. This projected change in pupil numbers over time is illustrated below.



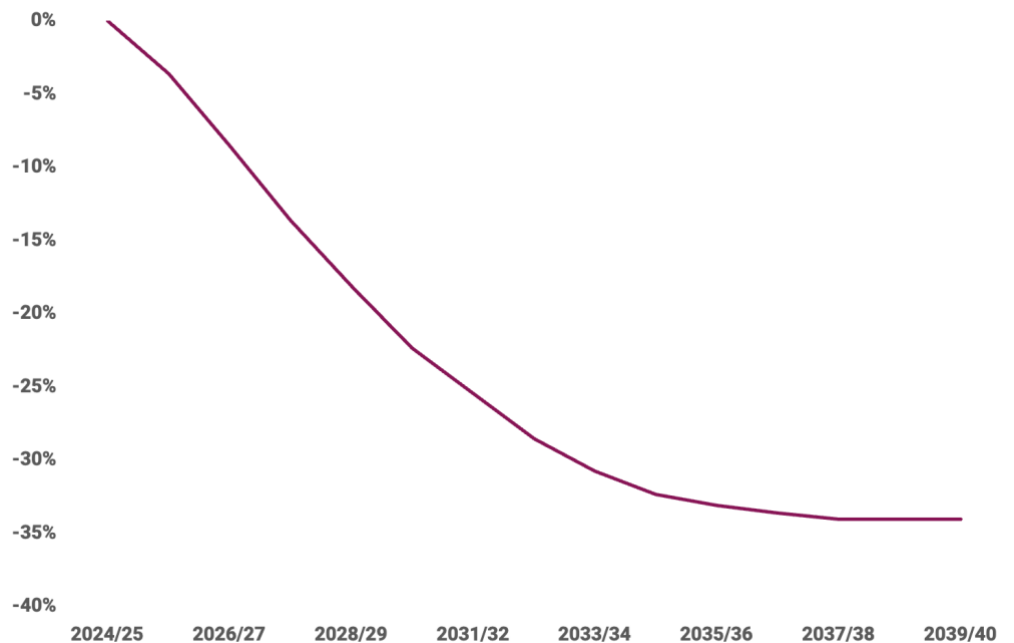
Figure 4.1 Projected Pupil Numbers



Source: BIGGAR Economics Analysis

Figure 4.2 shows the percentage change in pupil numbers over time, compared to 2024-25. Between 2024-25 and 2039-40, pupil numbers could decline by 34%. This compares with a projected decline of pupil numbers in state schools of 12.5% by 2040⁸.

Figure 4.2 Projected Change in Pupil Numbers (rebased to 2024-25)



Source: BIGGAR Economics Analysis

⁸ Institute for Fiscal Studies (February 2025), Scottish school spending, teachers and pupil numbers



4.2 Potential Future Economic Impact

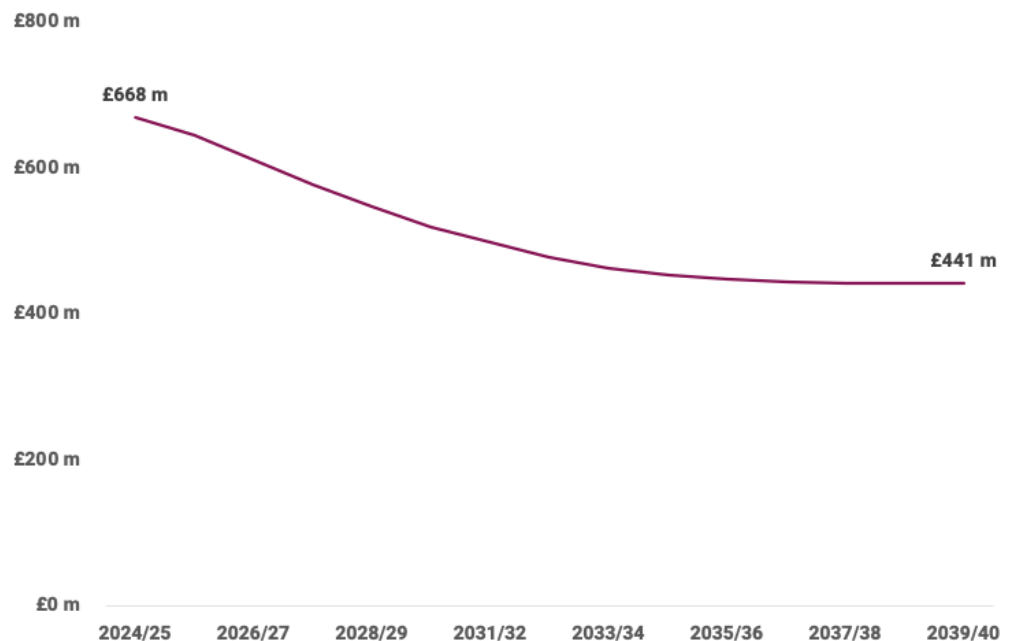
Assuming there are 17,390 pupils at SCIS member schools in 2039-40, the total economic impact is projected to be £441 million GVA and 6,980 jobs in Scotland, a decline of around 34% since 2024-25. This is equivalent to a £227 million fall in GVA and 3,610 jobs lost over the 15 years.

Table 4.1 Economic Impact of SCIS Member Schools in Scotland

	2024-25	2039-40
GVA (£m)	668	441
Employment (Jobs)	10,590	6,980

Source: BIGGAR Economics Analysis

Figure 4.3 GVA Impact Over Time



Source: BIGGAR Economics Analysis

4.3 Potential Future Fiscal Impact

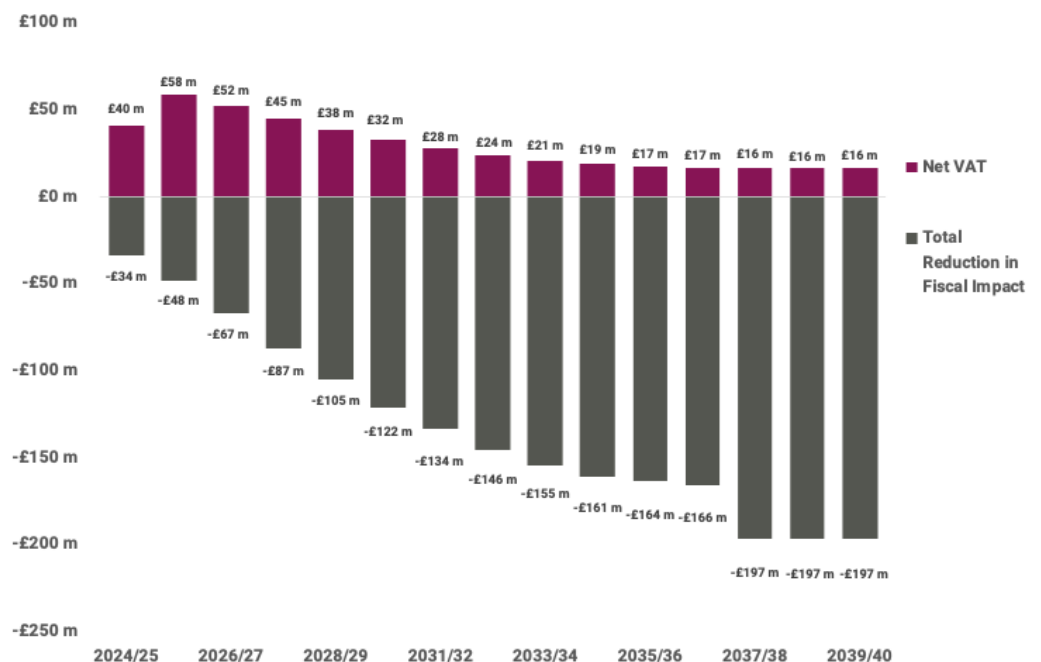
The reduction in pupil numbers over time also has implications for the potential fiscal impact generated by SCIS member schools. Declining pupil numbers means pupils leaving the independent sector and the cost of educating those pupils is then borne by the public sector. Note that the analysis presented below assumes that some of the decline in pupil numbers in the independent sector (just over a quarter) reflects demographic trends and so the calculation of the cost of educating pupils in the public sector takes account of this.

As SCIS member schools reduce their costs in order to be financially viable and fewer teachers are employed, employment taxes are likely to decline. Fewer pupils in the independent sector also reduces the public sector VAT gain from school fees. Over time these effects are amplified as the number of pupils leaving the sector compounds.

However, some public sector fiscal gain would continue as the pupils remaining in the independent sector continue to contribute VAT through the school fees that are paid. SCIS member schools would continue to pay non-domestic rates, employment taxes and save local authorities money from the pupils they continue to educate.

The analysis considers these effects over time and models the interplay between the public sector net gain in VAT and the reduction in fiscal impact. This suggests the public sector net VAT gain is highest in 2025-26, which is the first year in which a full year of VAT on school fees will be collected (as the VAT change was applicable to only two terms out of three in 2024-25.) After this, as pupil numbers decline and the decline compounds, the net VAT gain reduces and the fiscal impact of SCIS member schools also falls.

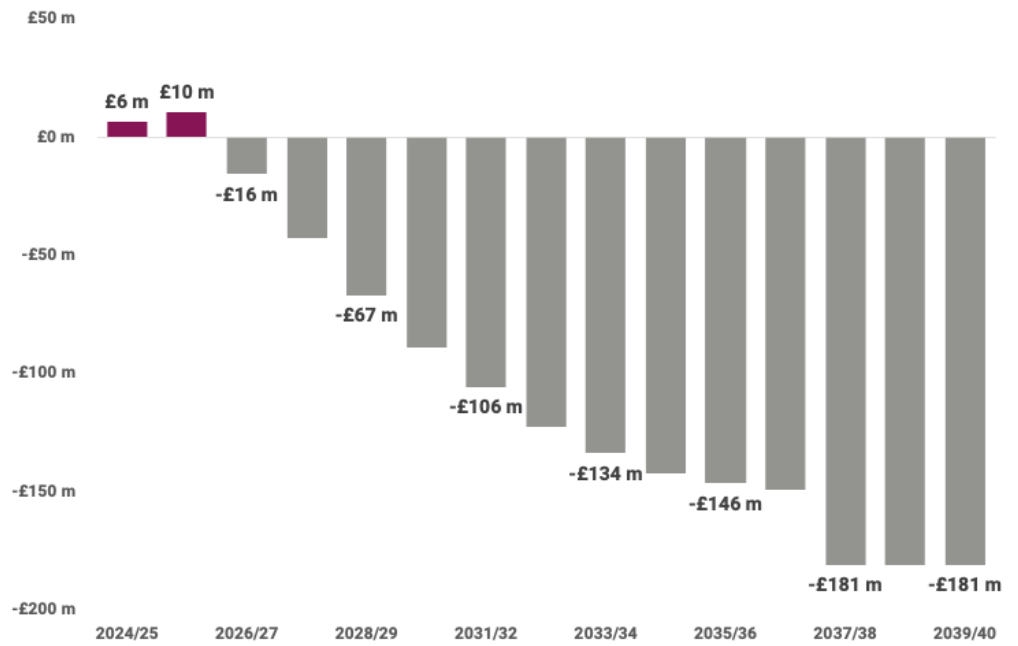
Figure 4.4 Net VAT vs Reduction in Fiscal Impact, 2024-25 to 2039-40



Source: BiGGAR Economics Analysis

The difference between the net VAT gain and the reduction in fiscal impact, is the net public sector fiscal impact. As Figure 4.5 illustrates, from 2026-27 onwards there is a net cost to public finances. This is estimated at £16 million in 2026-27, rising to £181 million by 2037-38.

Figure 4.5 Net Public Sector Fiscal Impact



Source: BiGGAR Economics Analysis

5. Summary

SCIS member schools make a significant economic and fiscal contribution in Scotland.

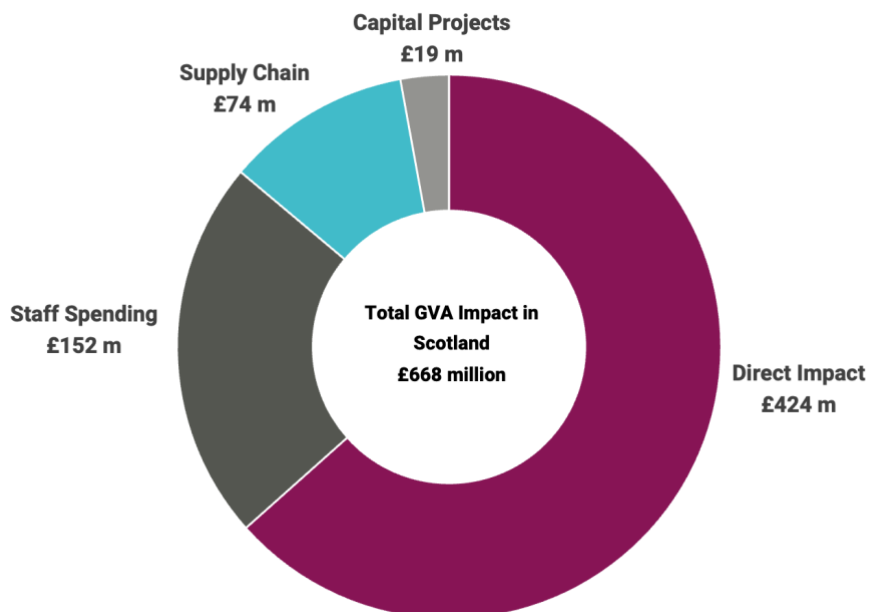
In 2024-25, SCIS member schools had an estimated economic impact of **£668 million GVA** and **10,590 jobs** in Scotland. This impact is from the operational activities of SCIS member schools – the income they generate and the staff they directly employ; the goods and services they purchase; the spending of their employees; and investment in capital projects.

Table 5.1 Economic Impact of SCIS Member Schools in Scotland, 2024-25

	GVA (£m)	Employment (Jobs)
Direct	424	7,440
Supply Chain	74	1,270
Staff Spending	152	1,600
Capital Projects	19	280
Total	668	10,590

Source: BIGGAR Economics Analysis

Figure 5.1: GVA Impact by Source



Source: BIGGAR Economics Analysis



SCIS member schools also make a fiscal contribution through public sector cost savings from their provision of education and the taxation benefits they generate. The fiscal contribution of SCIS member schools was estimated to be **£498 million** in 2024-25.

Table 5.2 Fiscal Benefits, 2024-25

	Value (£m)
Cost Savings to the Public Sector	224
Taxation	273
Total Fiscal Benefits	498

Source: BIGGAR Economics Analysis

The latest data on pupil numbers includes a reduction of 13% in Primary 1 pupils and 15% in Secondary 1 pupils, which would be expected to result in further decline in pupil numbers in SCIS as these year groups move through the schools. If there were no further changes in Primary 1 and Secondary 1 intakes, this could result in a 34% reduction in pupil numbers by the late 2030s.

The reduction in pupil numbers over time has implications for the fiscal impacts. Declining pupil numbers means pupils leaving the independent sector and the cost of educating those pupils is then borne by the public sector. As SCIS member schools reduce their costs in order to be financially viable and fewer teachers are employed, employment taxes are likely to decline. Fewer pupils in the independent sector also reduces the public sector VAT gain from school fees.

In 2025-26 (the first year in which a full year of VAT on school fees will be collected), the VAT collected (£58 million) is expected to exceed the fiscal impact arising from reduced pupil numbers (£48 million), giving a net gain to the public finances of £10 million.

However, in 2026-27, it is expected that the VAT collected will be less than the fiscal impact arising from reduced pupil numbers, giving **a net loss of £16 million to the public finances**. Over time these effects are amplified as the number of pupils leaving the sector compounds, with the net loss to the public finances expected to rise to £181 million by 2037-38.



6.

Appendix: Regional Impacts

The economic impact of SCIS member schools is distributed throughout the regions in which they are based.

Table 6.1 Pupils & Staff by Region, 2024-25

	Pupils	Staff
Edinburgh and Lothians	10,820	2,880
Glasgow and the West	6,060	1,730
North Scotland	3,430	910
Mid-Scotland	5,470	1,780
South of Scotland	570	140

Source: BiGGAR Economics Analysis

Table 6.2 Economic Impact of SCIS Member Schools by Region, 2024-25

	Edinburgh and Lothians	Glasgow and the West	North Scotland	Mid-Scotland	South Scotland
Direct Impact					
GVA (£m)	186	50	99	82	7
Employment	2,880	1,730	910	1,780	140
Supply Chain Impact					
GVA (£m)	25	21	9	13	1
Employment	440	360	150	230	10
Staff Spending					
GVA (£m)	66	32	18	26	9
Employment	650	360	200	290	100
Capital Spending					
GVA (£m)	8	4	3	4	<1
Employment	110	60	40	60	10
Total Economic Impact					
GVA (£m)	285	108	128	126	17
Employment	4,080	2,510	1,300	2,350	260

Source: BiGGAR Economics Analysis

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