

The great private school swindle

ELITE SCHOOLS MAKING MILLIONS IN TAX BREAKS SPECIAL REPORT BY PAUL HUTCHEON

PRIVATE schools in Glasgow have received around £5.7 million in “charitable” tax breaks at the same time as state schools in the city have struggled for funding.

The fee-paying institutions have been liable for £7.4m in non-domestic rates (NDR) since 2012, but they received a near 80 per cent discount over six years.

The total sum, which averages a bill reduction of around £950,000 a year, could fund more than 40 extra probationer teachers annually in the state sector. NDR is a tax levied on non-domestic properties and provides billions of pounds for public services.

A sizeable proportion of the overall income is generated by businesses and third-sector organisations, but charities qualify for the 80 per cent relief.

This means that private schools, which are designated as charities, get a huge subsidy every year. State schools are liable for the full sum, which is paid on their behalf by local authorities.

The Barclay Review, set by the SNP Government to examine the NDR system, reported recently and stated: “Independent [private] schools that are charities also benefit from reduced or zero rates



Private schools in Glasgow have been given discounts to their rates liability of 80 per cent over six years

Photograph: Christopher Furlong/Getty Images

bills, whereas council [state] schools do not qualify and generally will pay rates.

This is unfair and that inequality should end by removing eligibility for charity relief from all independent schools.” However, the Scottish Government has so far refused to endorse the proposal, which

would likely anger wealthy parents.

Figures obtained by this newspaper reveal the full extent of the rates relief enjoyed by private schools in Scotland’s biggest city. Between 2012-13 and 2017-18, seven independent schools benefited from tax breaks on their properties.

Kelvinside Academy, which has capacity for more than 600 pupils, was liable for £788,746 in NDR over this period, but got charitable relief worth £629,464. St Aloysius’ College, a fee-paying Jesuit school, has been charged more than £1.3m since 2012, but received a near 80 per cent discount totalling £1,057,671.

The High School of Glasgow, a co-educational, non-denominational institution, faced a £1,017,536 bill, but got £811,692 off in “mandatory” relief.

Craigholme School, an all-girls establishment in the Pollokshields area of the city, received a reduction of £509,585 from a total bill of £638,644, which covered four properties. Hutchesons’ Grammar, the school of choice for Glasgow’s wealthy elite, had a “gross charge” of £2,251,490 covering the period between 2012 and the current financial year, but enjoyed a £1,796,233 discount. Glasgow

Academy, another popular day school, would have paid £1,381,954 in NDR, but got relief worth £928,783. Glasgow Steiner, which closed this year, was charged £21,226 over two years, but got £16,977 lopped off in mandatory relief.

In February, it was reported that Glasgow City Council, as part of a cost-cutting plan, was being forced to make cuts totalling £5m from the education budget. A council source said schools in the city were “hardly flush” with cash and that the Government could easily end NDR subsidies for private schools.

Jackie Baillie, Scottish Labour’s economy spokesperson, said: “It cannot be right that fee-paying schools, which rake in hundreds of thousands per term from parents, are exempt from VAT and receive charitable relief. At a time when we have teacher shortages in state schools it is wrong to be handing out tax breaks to independent schools. Labour would impose VAT on all private schools, allowing us to spend more on public services, and help close the shocking attainment gap that exists in our education system.”

However, John Edward, director of the Scottish Council of Independent Schools, the voice of the sector, said: “The key point is that schools legally and morally have to do a substantial amount to merit that relief and operate as not-for-profit. This is detailed in the public benefit section in the annual accounts of any independent school on OSCR register.

The findings of the Barclay Review run completely contrary to the charity test the Scottish Parliament required all schools to undertake, would put Scottish education at a competitive disadvantage in the UK and globally, would substantially impact the work schools can do on offering bursaries and other community provision; and would set independent schools aside from all other charities – for no sound legal, political, educational or economic reason.”

A Scottish Government spokesperson said: “The Scottish Government will engage further on the recommendation to levy business rates on independent schools and will confirm the outcome later this year.”

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SCHOOL	FEES	ALUMNI
Kelvinside Academy	up to £12,240 a year	Former Rangers owner Craig Whyte; Lord Livingston of Parkhead
St Aloysius' College	up to £11,871 a year	Comedian Armando Iannucci; late QC Paul McBride
The High School of Glasgow	up to £12,336 a year	Tory MP James Gray, former Scots Makar Edwin Morgan
Craigholme School	up to £12,201 a year	Former Scottish Tory Party leader Anabel Goldie, and TV presenter Kate Heavenor
Hutchesons' Grammar	up to £11,728	Derry Irvine; Carol Smillie; Anas Sarwar
Glasgow Academy	up to £12,023	Tory MSP Jackson Carlaw; Donald Dewar

