

Economic Impact of SCIS Member Schools in Scotland

2022/23

A report to SCIS
8th February 2024





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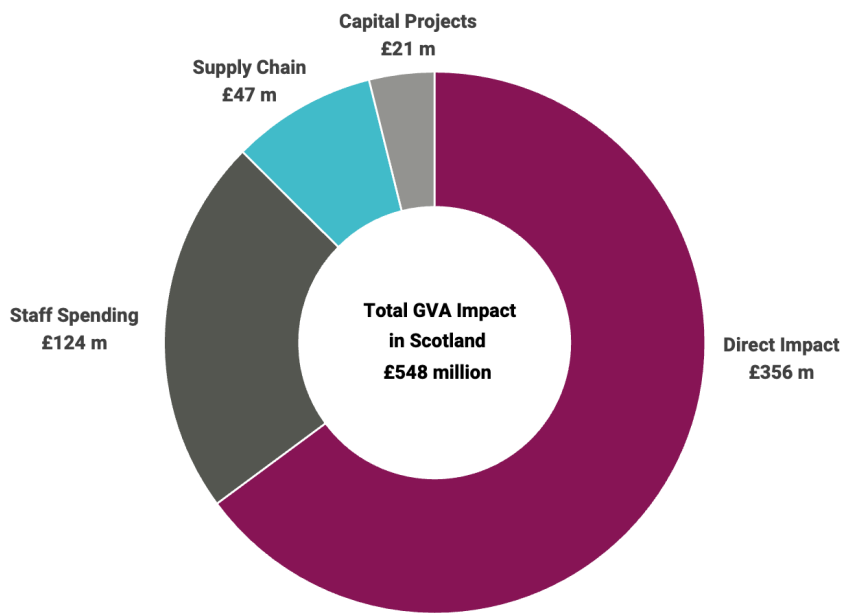
1.

Executive Summary

The Scottish Council of Independent Schools (SCIS) represents **70 independent schools**, who collectively educate **28,870 pupils** and employ **7,630 staff** across Scotland.

SCIS member schools generated **£548 million Gross Value Added (GVA)** (i.e. more than half a billion in GVA) and supported **11,670 jobs** across Scotland in 2022/23. 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.

Figure 1.1 GVA Impact by Source

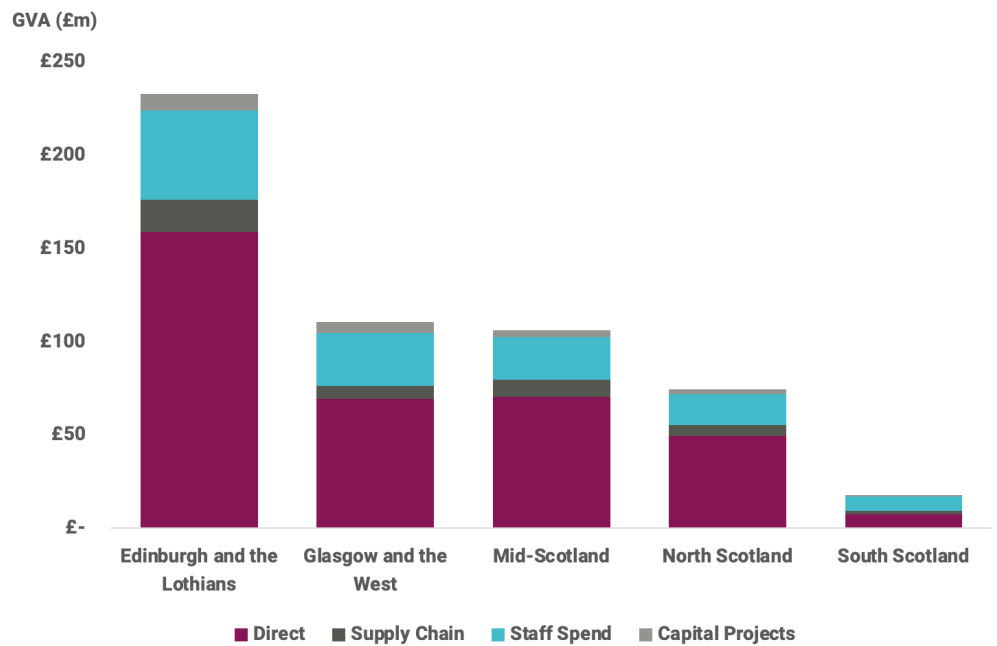


Source: BIGGAR Economics Analysis

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



Figure 1.2 Economic Impact of SCIS Member Schools by Region (£m), 2022/23



Source: BIGGAR Economics Analysis

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 £189 million in 2022/23. 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 2022/23 amounted to £157 million. The total **fiscal contribution** of SCIS member schools was estimated to be **£347 million** in 2022/23.

Beyond their economic and fiscal contribution, SCIS member schools create public benefit. They:

- support widening access to independent school education through the financial assistance they provide, which in 2022/23 amounted to **£56 million**;
- attract pupils from outside Scotland, who contribute an estimated **£38 million** in fees, benefiting Scotland's exports;
- are **an important part of their local communities** working closely with partner organisations;
- use their capacity, autonomy and agility to **develop innovative approaches to education**, including the creation of online education platforms that can be accessed by all; and
- support the Scottish education system by **helping to ensure viability of some key subject areas**, by supporting delivery of education in these less in demand subject areas or subjects where teacher recruitment is challenging.

Underpinning all of this is a commitment to creating public benefit by working in partnership with local authorities, state schools and local community organisations **to deliver public benefits for all.**



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 70 independent schools, who together educate 28,790 pupils across Scotland. This report outlines the economic impact of these schools in 2022/23 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, and where appropriate at regional or local authority level. The reference year for all impacts is the academic year 2022/23. 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 provides a profile of SCIS member schools;
- Section 4 considers the economic impacts of SCIS member schools;
- Section 5 considers the regional economic impacts of SCIS member schools;
- Section 6 outlines the fiscal benefits arising from SCIS member schools;
- Section 7 describes the ways in which SCIS member schools create public benefit beyond their economic and fiscal impacts; and
- Section 8 summarises the main findings of the report.

3.

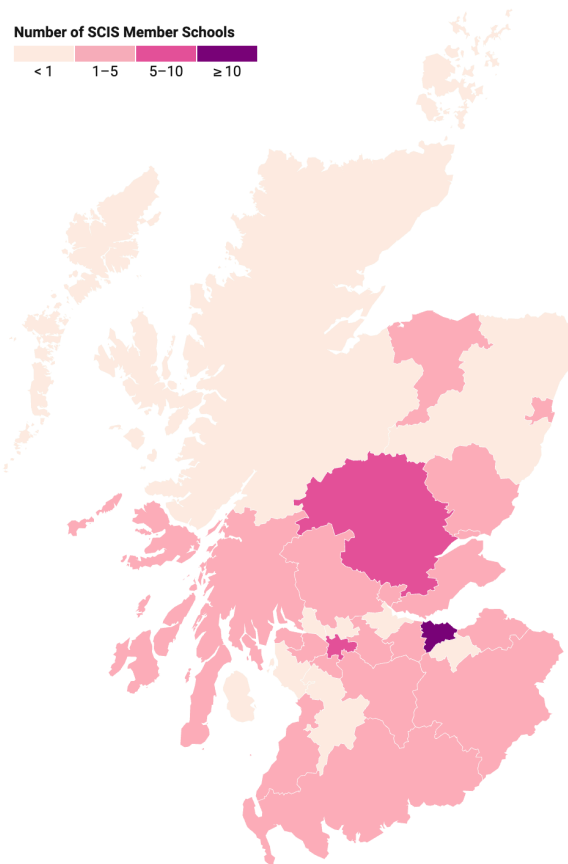
SCIS Member Schools

The 70 member schools of SCIS educate 28,870 pupils and employ 7,630 staff across Scotland.

3.1 SCIS Member Schools

In 2022/23, SCIS had 70 member schools located across Scotland. The local authorities of Edinburgh, Glasgow and Perth & Kinross have the largest share of independent schools.

Figure 3.1 Distribution of SCIS Member Schools



Source: BiGGAR Economics Analysis of SCIS Census Data

3.2 Staff

SCIS member schools employed 7,630 staff in 2022/23, of whom 51% were teaching staff and 49% were support staff. SCIS teaching staff account for 7% of the total



number of teachers employed in Scotland across the state and independent sectors¹.

Figure 3.2 Employment in SCIS Member Schools



Source: SCIS Census

3.3 Pupils

In 2022/23, there were 28,870 pupils at SCIS member schools across Scotland, equivalent to 4% of the Scottish pupil population². For comparison, this is more than the total number of pupils in education in the West Lothian local authority area³.

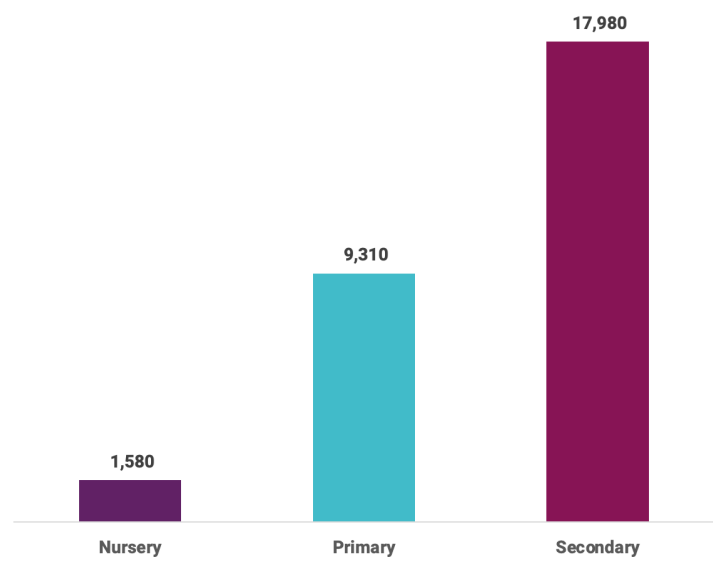
98% of pupils at SCIS member schools attend a mainstream school, with 2% attending a specialist school. Of the pupils who attended SCIS member schools in 2022/23, 62% were in secondary schools, 32% in primary schools and 5% in nurseries (Figure 3.3). 10% of pupils at SCIS member schools were boarders.

¹ Scottish Government (2022), Schools in Scotland 2022: Summary Statistics

² Scottish Government (2022), Schools in Scotland 2022: Summary Statistics

³ Scottish Government (2022), Pupil Census Supplementary Tables

Figure 3.3 SCIS Pupils by Education Level



Source: SCIS Census

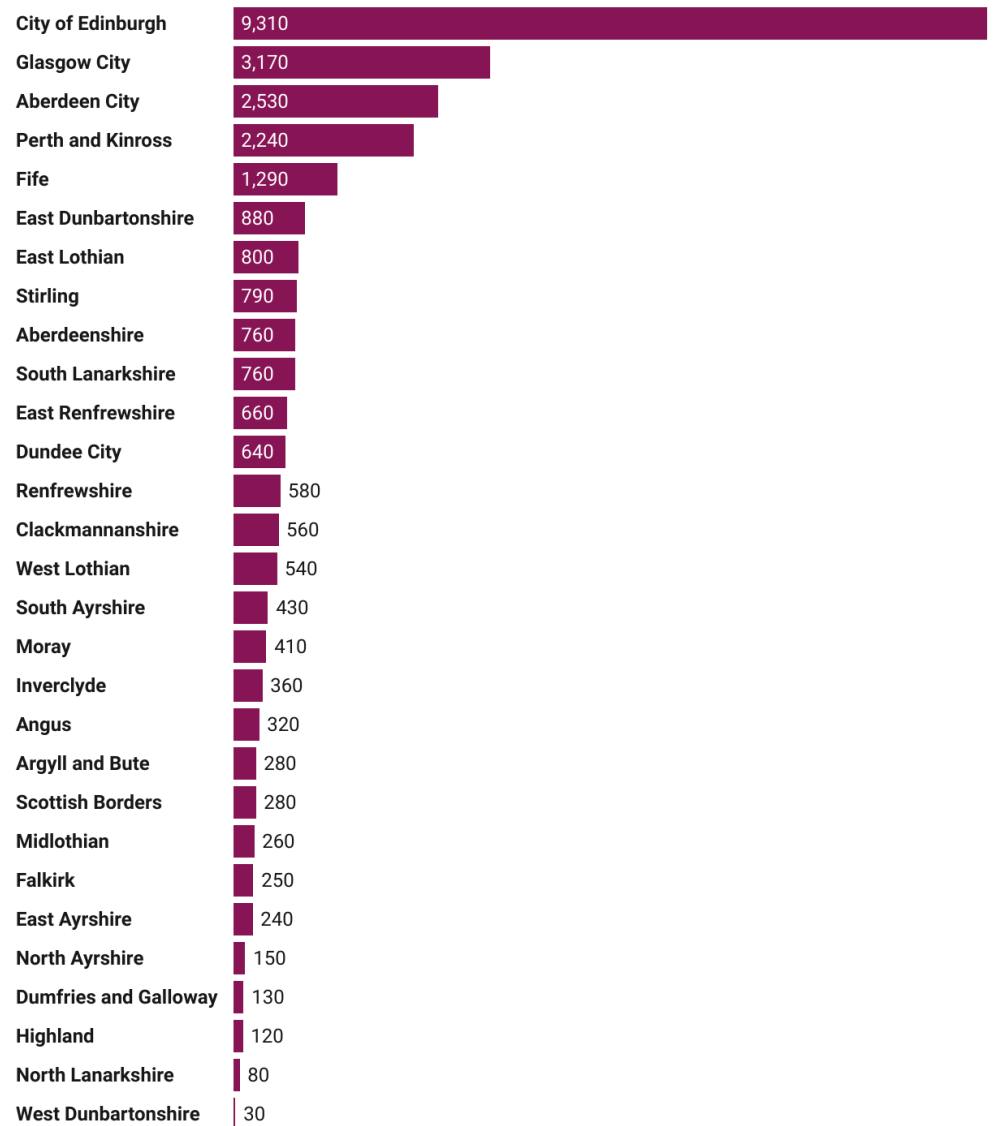
3.4 Distribution of Pupils by Local Authority

SCIS member schools attract pupils from within the local authority area they are located in as well as from surrounding local authorities. Analysis of data provided by SCIS member schools alongside information from consultations and BiGGAR Economics' own analysis made it possible to estimate the distribution of pupils at SCIS member schools by local authority area. This analysis illustrates where pupils attending SCIS member schools live (based on their home postcode), as opposed to the number of pupils attending SCIS member schools in each local authority.

Figure 3.4 provides a map depicting the distribution of pupils by the local authority they live in. Edinburgh has the largest number of pupils attending SCIS member schools, followed by Glasgow.



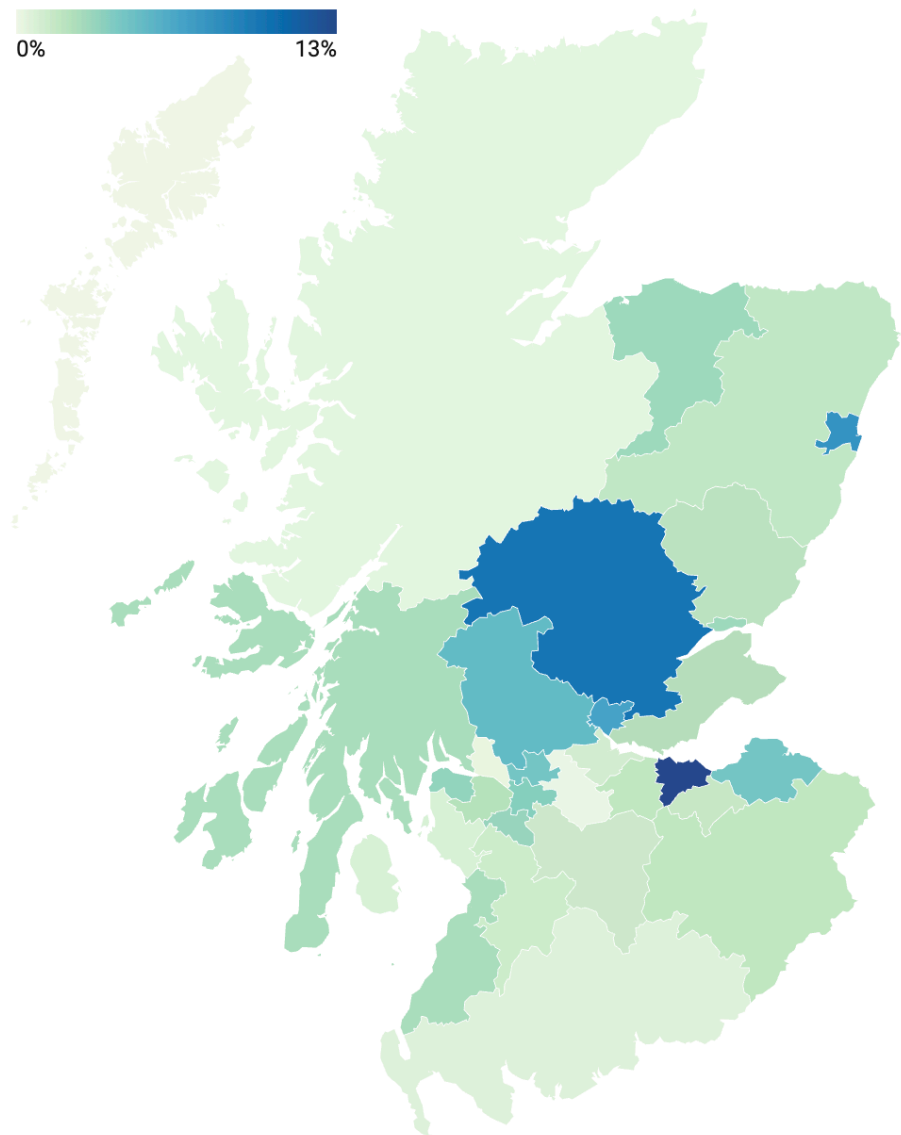
Figure 3.4 Number of SCIS Pupils by Local Authority



Source: BIGGAR Economics Analysis. Note: This is the distribution of SCIS pupils by the local authority they live in. Pupil numbers will not sum to 28,870 due to rounding.

Figure 3.5 depicts the proportion of all pupils (state and independent) in each local authority area that are educated in SCIS member schools. Notably, in Edinburgh 13% of pupils are educated in SCIS member schools. In Perth & Kinross 10% of pupils are educated in the independent sector, while in Aberdeen City this figure is 8%. In Stirling and East Lothian it is 5%.

Figure 3.5 Share of SCIS Pupils in each Local Authority



Source: BIGGAR Economics Analysis. Note: This is the distribution of SCIS pupils by the local authority they live in.



4.

Economic Impacts

SCIS member schools generate economic activity from their day-to-day operations and employment.

The economic impacts generated by the operational activities of SCIS member schools include:

- direct impacts – from the income of SCIS member schools and the staff they employ;
- supply chain impacts – the purchases of goods and services by SCIS member schools;
- staff spending impacts – staff employed by SCIS member schools spending their salaries in the economy; and
- capital spending impact – from SCIS member schools investing in capital projects.

4.1 Approach to 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. For each of the sources of impact identified above, impacts were 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 study assessed the economic impact of SCIS member schools using the most up to date information available. In most cases this was for the academic year 2022/23, with data provided by SCIS from its annual Census of member schools as well as data gathered from SCIS member schools via an online survey created by BiGGAR Economics. This was supplemented with data from the most recently available annual accounts. 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. Additional information to support the analysis was gathered through a consultation process with SCIS member schools.

To estimate direct economic impacts, sector appropriate economic ratios for turnover/GVA and turnover/employee were used from the Scottish Annual Business Survey.⁴ Indirect and induced impacts (i.e. knock on effects further down the supply chain and increased consumer spending effects) were captured using sector

⁴ Scottish Government (2023), Scottish Annual Business Statistics 2021



appropriate economic multipliers and adjusting for the study area as appropriate. These multipliers were sourced from the Scottish Government's Input-Output Tables⁵. The economic impacts presented throughout the report are the sum of these direct, indirect and induced effects.

The impacts presented in this section are for Scotland as a whole. Regional estimates for each of the sources of impact are outlined in Section 5.

4.2 Direct Impact

The direct impact of SCIS member schools is the value they add to the economy in terms of GVA and the employment they directly support. GVA is estimated by subtracting non-staff expenditure (i.e. spending on supplies) from total income.

Based on data provided by SCIS member schools, it was estimated that in 2022/23 SCIS member schools:

- generated a total income of £485 million;
- had a total supply chain expenditure of £129 million; and
- directly employed 7,630 members of staff.

Therefore, in 2022/23, SCIS member schools generated a direct economic impact of £356 million GVA and 7,630 jobs.

4.3 Supply Chain Impacts

Total supply chain spending by SCIS member schools in 2022/23 was estimated at £129 million. This spending generates economic activity by supporting turnover and employment in the businesses where this spend occurs. Based on information provided by SCIS member schools, it was estimated that 90% of total supply spend went to businesses in Scotland.

In order to estimate the impact of this spend in the supply chain, it was necessary to determine the categories of expense the total was spent on. This was based on an analysis of expenditure detailed in the annual accounts of SCIS member schools and indicated that the largest areas of expenditure related to teaching resources (33%), premises (27%), support costs (17%) and catering (10%).

Each broad category of expense was assigned to a sector of the economy using the UK's Standard Industrial Classification (SIC) codes. Sector appropriate economic ratios and multipliers were applied to this spending.

In this way, it was estimated that spending on supplies by SCIS member schools generated £47 million GVA and supported 1,620 jobs in Scotland in 2022/23.

⁵ Scottish Government (2022), Supply, Use and Input-Output Tables 2019



4.4 Staff Spending

The staff employed by SCIS member schools generate economic activity by spending their wages and salaries, increasing turnover and supporting employment in the businesses where they spend.

It was estimated that, in 2022/23, staff costs totalled £329 million across the member schools (inclusive of wages and salaries, social security costs and pension contributions). Based on information provided by SCIS member schools, it was estimated that 100% of staff lived in Scotland. In order to estimate the impact of this spending, it was necessary to consider where spending is likely to occur. Based on previous research undertaken by BiGGAR Economics on the analysis of household spending patterns, it was assumed that 74% of staff spending was retained in Scotland.

Applying economic ratios and multipliers for the household spending sector to this spend, it was estimated the 7,630 staff employed by SCIS member schools contributed £124 million GVA and supported 2,040 jobs in the Scottish economy in 2022/23.

4.5 Capital Spending

SCIS member schools also generate economic activity when they undertake large capital projects, such as investing in new buildings or equipment, which benefits local construction firms, sub contractors and service providers.

Investment in capital projects is likely to fluctuate year-to-year, therefore an average spend per year was estimated using data on investments over the past five years and expected spend over the next five years. Data provided by SCIS member schools indicates that schools spend £35 million annually on average on capital projects. Based on information provided by SCIS member schools, it was assumed that 95% of capital suppliers were located in Scotland. Economic ratios and multipliers for the construction sector were then applied to the spending retained in Scotland.

In this way it was estimated that capital expenditure projects by SCIS member schools generated an economic impact of £21 million GVA and supported 380 jobs across Scotland.

4.6 Economic Impact Summary

The day-to-day operations of SCIS member schools support economic activity and employment. In 2022/23 SCIS member schools:

- had a total income of £485 million;
- employed 7,630 members of staff;
- spent £129 million purchasing goods and services;



- paid staff costs amounting to £329 million; and
- spent on average £35 million each year on capital projects.

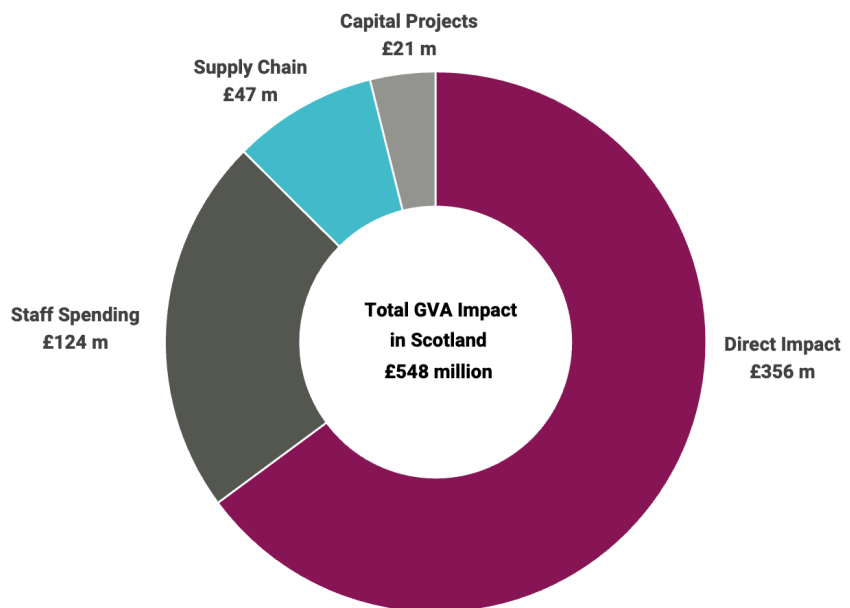
These activities of SCIS member schools were estimated to contribute £548 million GVA and support 11,670 jobs across Scotland in 2022/23.

Table 4.1 Economic Impact of SCIS Member Schools in Scotland, 2022/23

	GVA (£m)	Employment (Jobs)
Direct	356	7,630
Supply Chain	47	1,620
Staff Spending	124	2,040
Capital Projects	21	380
Total	548	11,670

Source: BiGGAR Economics Analysis

Figure 4.1 GVA Impact by Source



Source: BiGGAR Economics Analysis

5. Regional Impacts

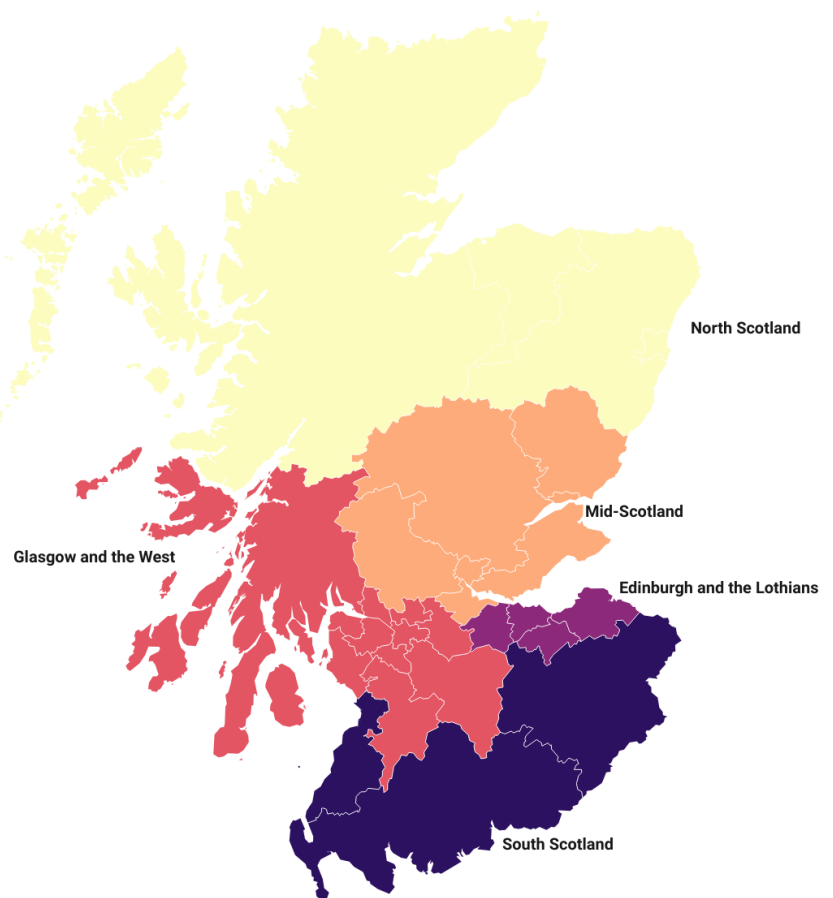
The economic impact generated by SCIS member schools is distributed throughout the regions in which they are based.

5.1 Study Regions

Based on the location of SCIS member schools across Scotland, the regional study areas for the analysis were assessed as:

- North Scotland (Aberdeen, Aberdeenshire, Moray and Highland);
- Mid-Scotland (Stirling, Falkirk, Fife, Perth & Kinross, Angus);
- Glasgow and the West;
- Edinburgh and the Lothians; and
- South Scotland (the Scottish Borders, Dumfries & Galloway and South Ayrshire).

Figure 5.1 Study Regions

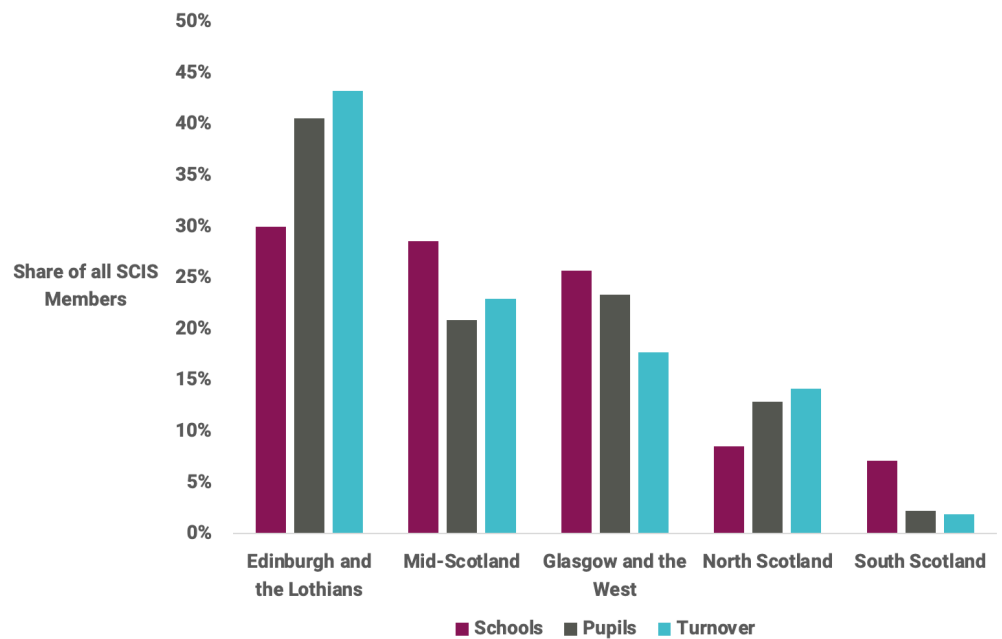


Source: BiGGAR Economics Analysis



Of the total 70 SCIS member schools across Scotland, Edinburgh and the Lothians account for 21 schools (30%), followed by Mid-Scotland (29%) and Glasgow and the West (26%), indicating that the majority of schools are located within the central belt of Scotland. Similarly, SCIS member schools in Edinburgh and the Lothians accounted for the largest proportion of pupils in 2022/23 (41%) and, correspondingly, the greatest share of turnover (43%).

Figure 5.2 SCIS Member Schools, Pupils, and Turnover by Region



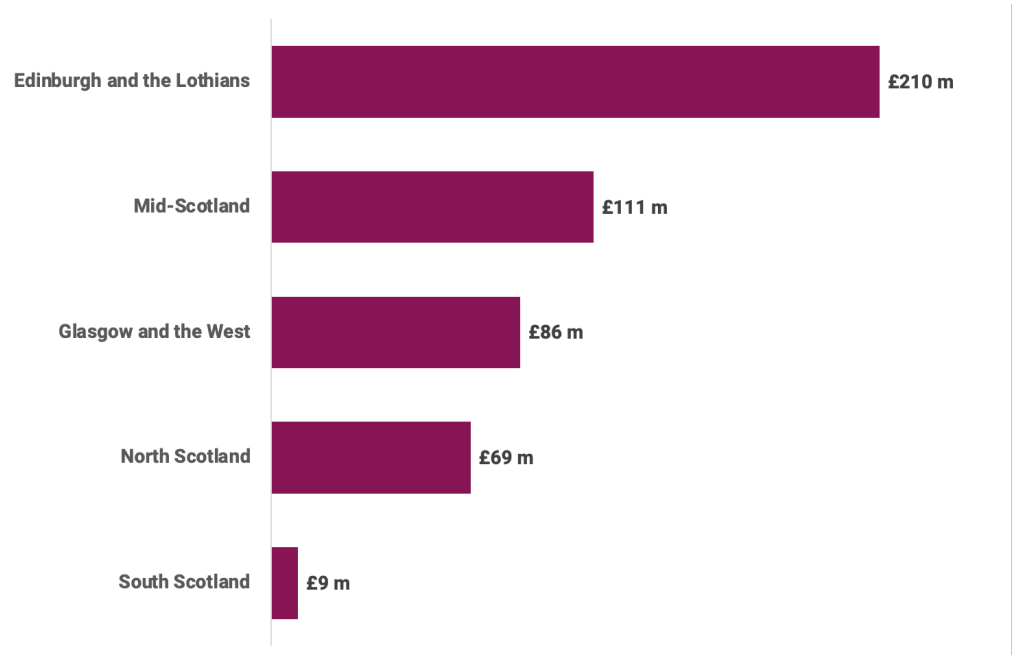
Source: BIGGAR Economics Analysis of SCIS Data

5.2 Direct Impact

Based on information provided by SCIS member schools and analysis of schools' annual accounts, the share of total income (Figure 5.3) and expenditure (Figure 5.5) in each of the study areas was assessed. Employment supported in each area was based on data provided by SCIS on the number of staff employed at each school in 2022/23 and is illustrated in Figure 5.4 below.

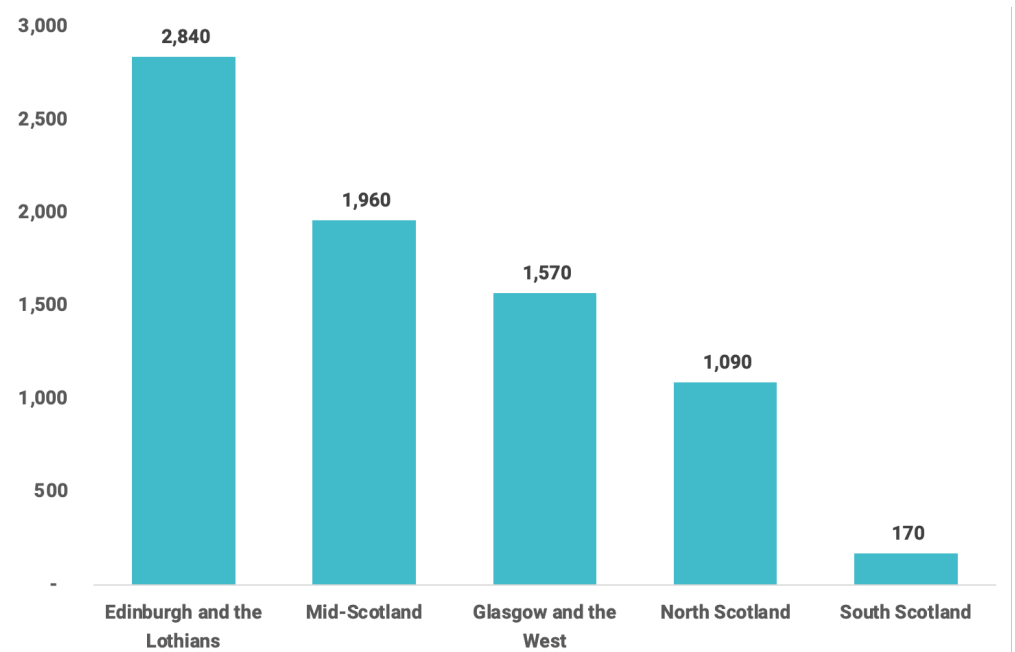


Figure 5.3 SCIS Member Schools Income by Region, 2022/23



Source: BiGGAR Economics Analysis

Figure 5.4 SCIS Member Schools Employment by Region, 2022/23



Source: BiGGAR Economics Analysis

5.3 Supply Chain Spending

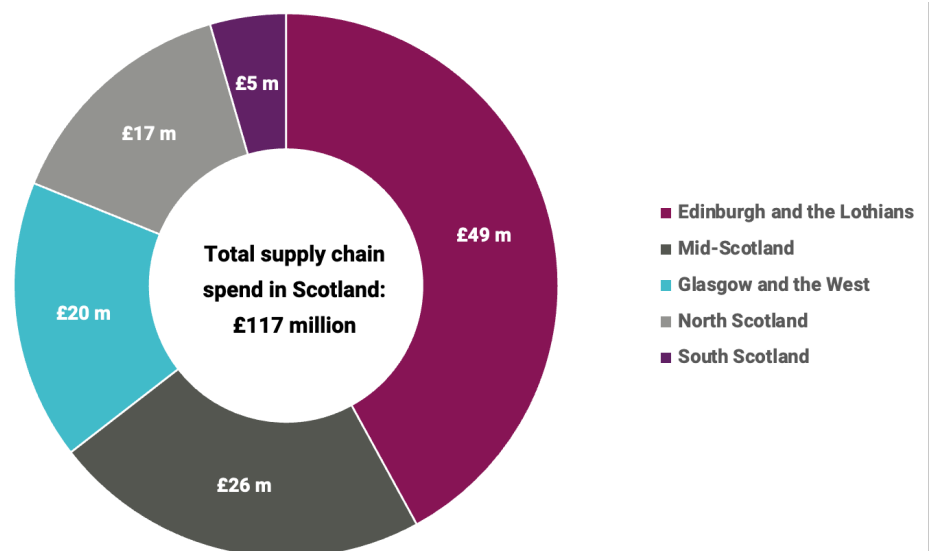
In order to estimate the impact of supply chain spending across the regions, it was necessary to determine where schools are likely to purchase their supplies from. It is

unlikely that each school will only purchase supplies from the region in which it is based, therefore each member school supports supply chain activity across each of the regions, contributing to the total impact across the Scottish economy.

Based on consultations with SCIS member schools it was estimated that, on average, 54% of supply chain spend went to businesses located within the region the school was located in. However, this varied considerably across the regions. For example, the share in Edinburgh and the Lothians was around 80% and in Glasgow and the West, 60%.

The share of spend retained in each region was then applied to the total supply chain spend by each of the schools to assess the expected turnover in each of the study areas. Figure 5.5 outlines the value of supply chain spending by SCIS member schools in each of the study regions.

Figure 5.5 SCIS Member Schools Supply Chain Spend by Region, 2022/23



Source: BIGGAR Economics Analysis

The categories of spend and method of calculating the economic impact associated with supply chain spending was the same as that for Scotland as a whole.

5.4 Staff Spending

The economic impact of staff spending depends on where staff spend their salaries, which in turn depends on where they live. As some staff may live in another region to the one in which they work in, it was necessary to determine, on average, the share of staff that live in the region in which they are employed.

Consultations with SCIS member schools indicates that on average, 89% of SCIS staff live in the region in which they are employed. As with supply chain spending, this varies from region to region. In the case of Edinburgh and the Lothians, Glasgow



and the West, and Aberdeenshire and Moray, 98% of staff lived in the region in which they worked.

The proportion of staff living in each study area was then applied to the total estimated staff costs paid by schools in each location (based on SCIS data) to determine the total salaries paid in each region. The total value of salaries going to staff living in each of the study areas is shown in Figure 5.6.

Figure 5.6 SCIS Member Schools Staff Costs paid by Region, 2022/23



Source: BIGGAR Economics Analysis

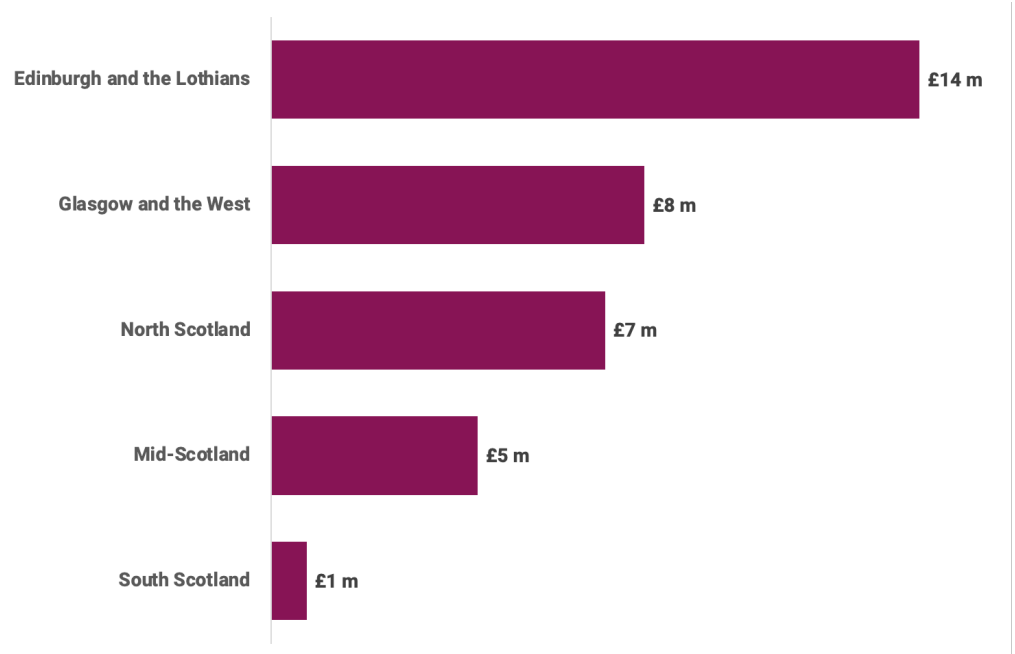
The same method of assessing the economic impact generated by staff spending for Scotland as a whole was applied to the expected spend in each of the regions.

5.5 Capital Spending

To estimate the regional impact associated with capital spending of SCIS member schools, the total estimated capital spend of all schools in 2022/23 was apportioned to each region based on the share of pupils located at schools in each of those regions. Capital spending includes capital projects such as new and refurbished buildings as well as the purchase of equipment and other capital goods. As with supply chain spending, not all of the capital suppliers will be located in the region the school is based in. Information provided by consultees suggested that, on average, 75% of capital spend is retained within the region.



Figure 5.7 SCIS Member Schools Average Annual Capital Spend by Region, 2022/23



Source: BiGGAR Economics Analysis

5.6 Regional Economic Impact Summary

A summary of the inputs described in the preceding sections is provided in Table 5.1 below. They form the basis for estimating the regional economic impact of SCIS member schools.

Table 5.1 Summary Regional Economic Impact Inputs, 2022/23

	Staff	Income (£m)	Supply Chain (£m)	Staff Costs (£m)	Capital Spend (£m)
Edinburgh and Lothians	2,840	210	49	138	14
Glasgow and the West	1,570	86	20	68	8
Mid-Scotland	1,960	111	26	72	5
North Scotland	1,090	69	17	46	7
South of Scotland	170	9	5	7	1

Source: BiGGAR Economics Analysis

Following the approach outlined above and in Section 4, it was possible to estimate the economic impact of SCIS member schools in each region. It was estimated that in 2022/23, SCIS member schools generated:

- £234 million GVA and supported 4,410 jobs across Edinburgh and the Lothians;



- £113 million GVA and 2,460 jobs across Glasgow and the West;
- £107 million GVA and 2,760 jobs across Mid-Scotland;
- £76 million GVA and 1,640 jobs across North Scotland; and
- £18 million GVA and 380 jobs across the South of Scotland.

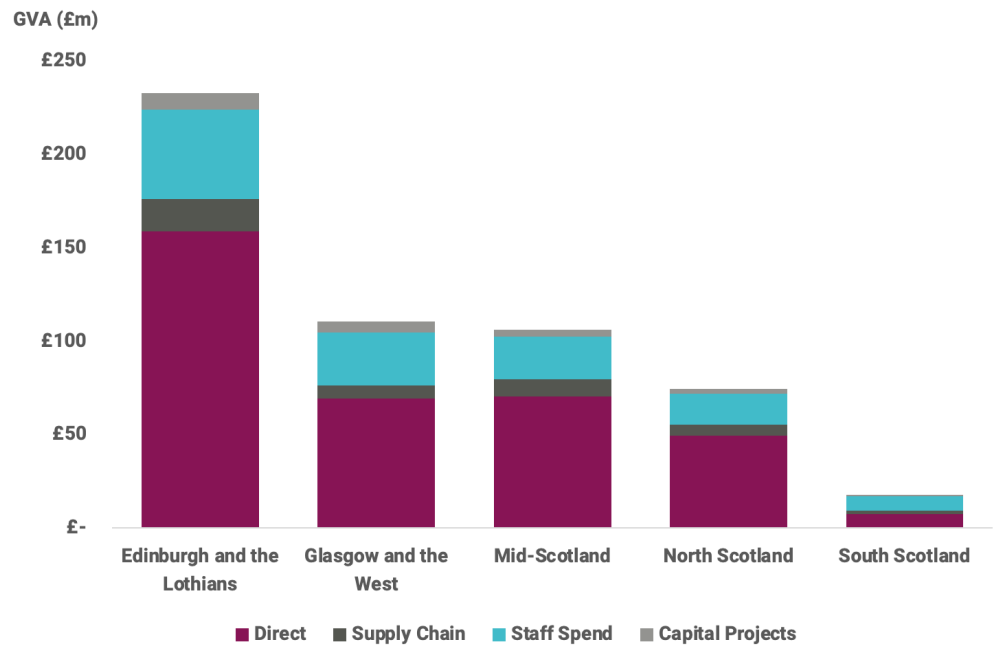
Table 5.2 Economic Impact of SCIS Member Schools by Region, 2022/23

	GVA (£m)	Employment (Jobs)
Edinburgh and the Lothians	234	4,410
Glasgow and the West	113	2,460
Mid-Scotland	107	2,760
North Scotland	76	1,640
South of Scotland	18	380

Source: BIGGAR Economics Analysis

A breakdown of the impacts in each region by type of impact is provided below.

Figure 5.8 Economic Impact of SCIS Member Schools by Region (£m), 2022/23



Source: BIGGAR Economics Analysis



6. Fiscal Benefits

SCIS member schools contribute to cost savings for the public sector and generate tax revenues from the payment of non-domestic rates and employment taxes.

6.1 Cost Savings to the Public Sector

6.1.1 Cost of Education

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 Framework⁶ suggests that the annual cost of education per child is £6,325 for primary school pupils and £7,898 for secondary school pupils. By applying these cost estimates to the number of SCIS pupils, it is possible to estimate that SCIS member schools saved the public sector £179 million in education costs in 2022/23.

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.

6.1.2 Capital Costs

In addition to the cost of educating school pupils, the public sector has capital costs associated with the building of new schools.

Over the past 10 years, the Scottish Government has spent almost £2 billion constructing or refurbishing 117 state schools across the country as part of its Schools for the Future programme.⁷ This equates to an annual spend of £180 million. Local authorities also allocate funds for the construction of new schools. Analysis of data on the costs of building new schools indicates that over a three year period (2020-2022), local authorities spent on average £88 million⁸ each year constructing new schools. Together, this is an estimated annual capital cost of £268 million.

⁶ Local Government Benchmarking Framework (2023), National Benchmarking Overview Report 2021-2

⁷ Scottish Government, (2021), Capital Spend on Education Facilities, <https://www.gov.scot/publications/foi-202100223842/>

⁸ Scottish Government, School Estate Statistics Supplementary Tables 2022-2020



With around 698,050 pupils' education being funded by the state in 2022 (primary and secondary pupils)⁹, this indicates a capital spend of approximately £380 per pupil. By applying this to the number of SCIS pupils, it was estimated that SCIS member schools saved the public sector £10 million in capital costs.

Capital Costs

If the independent sector ceased to exist, all of the SCIS pupils would need to be accommodated within the state sector. Many schools across the country are already operating beyond 100% capacity and therefore would struggle to provide the necessary space for additional pupils, resulting in a requirement for new schools to be built. The analysis described here illustrates the scale of capital spend that could be required.

In 2022/23, there were 26,880 primary and secondary SCIS pupils¹. To accommodate the 8,990 SCIS primary pupils, 46 new schools would be required given the average primary school in Scotland has a capacity of 195² pupils. Analysis of data on the costs of building new schools in Scotland over the last 3 years, indicates the average cost of a new primary school is £12.3 million³. This would imply a capital cost of £565 million to accommodate SCIS primary school pupils in new schools.

Similarly, the 17,890 SCIS secondary pupils would require almost 21 new schools to be built, as the average secondary school in Scotland has a capacity of 860 pupils. The average cost of a new secondary school is £34 million, leading to a capital cost of £707 million.

Taken together, that would imply a £1.3 billion capital cost for the public sector.

¹ This figure excludes pupils at specialist schools, nursery pupils and pupils from outwith Scotland.

² Scottish Government (2022), Pupil Census Supplementary Statistics. ³ Scottish Government School Estate Statistics Supplementary Tables 2022-2020

6.1.3 Total Public Sector Cost Savings

Taking education and capital cost savings together, SCIS member schools were estimated to save the public sector £189 million in 2022/23.

⁹ Scottish Government (2022), School Level Summary Statistics.



Table 6.1 Public Sector Cost Savings in Scotland, 2022/23

	Cost Savings (£m)
Education	179
Capital	10
Total Cost Savings	189

Source: BIGGAR Economics Analysis

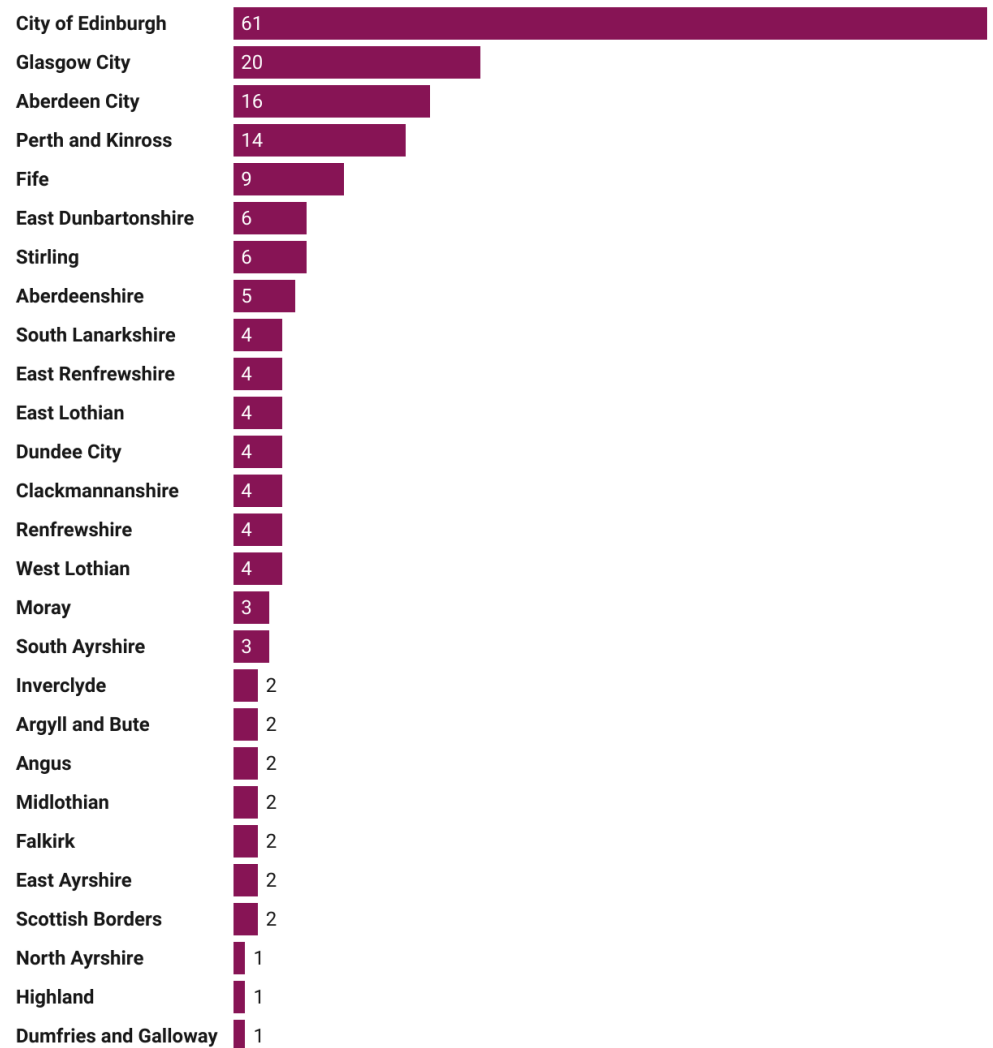
6.1.4 Public Sector Cost Savings Across Local Authority Areas

The public sector cost savings will vary across local authorities, depending on the geographic spread of SCIS pupils. This spread is unlikely to be the same as the number of pupils attending SCIS member schools in each local authority as some pupils may live in a separate local authority from the one in which the school they attend is located. An analysis of the estimated number of pupils living in each local authority area was provided in Section 3.4.

The total savings to each local authority area was assessed by applying the number of pupils living in the area (Section 3.4) to the education (Section 6.1.1) and capital costs (Section 6.1.2) per pupil. The findings of this analysis are shown in Figure 6.1. The largest cost savings are in Edinburgh (£61 million), Glasgow (£20 million), Aberdeen (£16 million) and Perth and Kinross (£14 million).



Figure 6.1 Public Sector Cost Savings per Local Authority (£m), 2022/23



Source: BiGGAR Economics Analysis. Excludes Orkney, Shetland and Western Isles. North Lanarkshire and West Dunbartonshire also excluded as values are less than £0.5 million.

6.2 Taxation

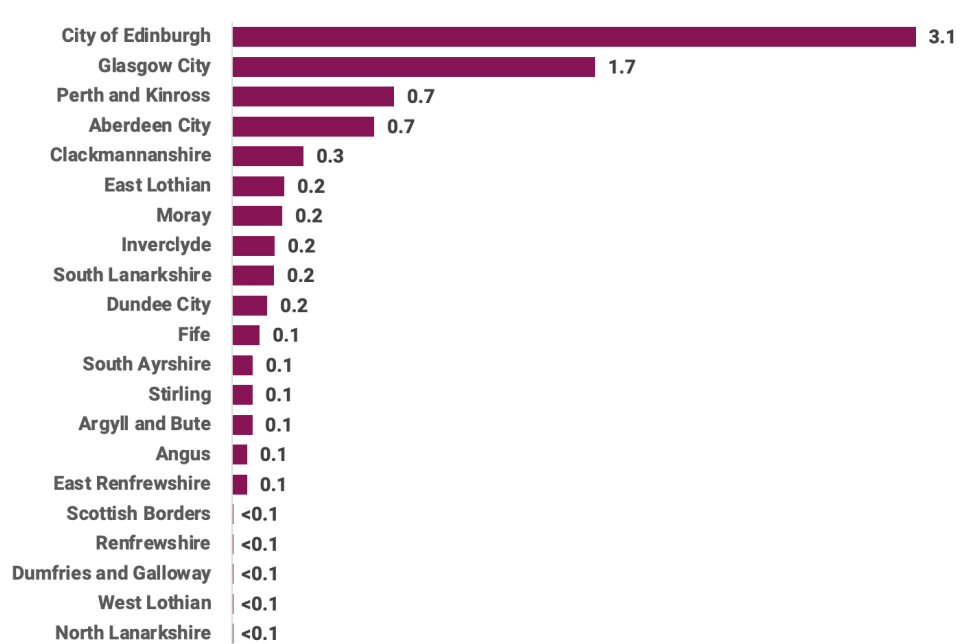
Fiscal benefits are also generated by SCIS member schools through the taxes they pay directly and the taxes they collect on behalf of their employees.

SCIS member schools pay non-domestic rates for the buildings they operate from. Analysis of data provided by SCIS member schools indicates that SCIS member schools paid an estimated £8 million in non-domestic rates in 2022/23.

The location of each school determines how much of this total goes to each of the local authority councils. This breakdown is shown in Figure 6.2.



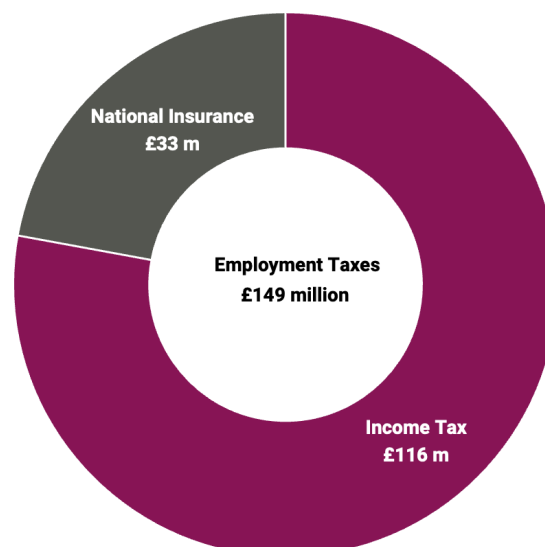
Figure 6.2 Non-Domestic Rates Paid by Local Authority (£m), 2022/23



Source: BIGGAR Economics Analysis

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 £149 million in employment taxes (Figure 6.3).

Figure 6.3 Employment Taxes 2022/23



Source: BIGGAR Economics Analysis



Taken together, the taxation benefits considered indicate that SCIS member schools contributed an estimated £157 million in fiscal benefits.

Table 6.2 Taxation 2022/23

	Value (£m)
Non-Domestic Rates	8
Employment Taxes	149
Total Taxation	157

Source: BiGGAR Economics Analysis

6.3 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 £347 million.

Table 6.3 Fiscal Benefits 2022/23

	Value (£m)
Cost Savings to the Public Sector	189
Taxation	157
Total Fiscal Benefits	347

Source: BiGGAR Economics Analysis



6.4 VAT on School Fees

This section considers the implications from VAT being applied to school fees.

Implications of VAT on School Fees

Based on a conservative assumption of average fees for an independent primary school of around £13,800 and £15,700 for a secondary school, would suggest that total fees raised by SCIS member schools could be around £366 million. On this basis, it would appear that the additional revenue that could be generated for the public sector from VAT at 20% being applied on these fees amounts to an estimated £51 million (after taking account of VAT paid on supplies which is currently irrecoverable by the schools but would be offset if VAT on fees was introduced, reducing the net additional VAT collected to an estimated 14% of fees).

However, there are likely to be behavioural changes. An increase in school fees could make independent school education unaffordable for those currently at the margin leading them to leave the independent sector and look to state sector education. If that were to happen, the cost of educating those pupils would be upon the public sector. There would also be a reduction in the wider fiscal contribution of the sector.

A 13% drop in SCIS pupil numbers (a decrease of 3,190 pupils) would more than wipe out the gains in revenue from VAT, by reducing the projected VAT collected (by £7 million, to £44 million), reducing the other taxes paid and collected by the sector (by £20 million) and due to the cost of education now borne by the public sector (£24 million).

On that basis, a behaviour change that led to a reduction of more than 13% in the pupil numbers as a result of VAT on fees, would result in a net cost to the public finances.

Furthermore, any reduction in the scale of the independent sector would have further negative economic and fiscal impacts, since it would also likely lead to reductions in employment and other sources of economic benefit, including bought in supplies of goods and services.



7.

Public Benefit

Beyond their economic and fiscal contribution, SCIS member schools create public benefit in numerous ways.

SCIS member schools are registered charities and to maintain their charitable status they have to demonstrate consistently, that they are exclusively charitable (i.e. not for profit organisations) and are providing a public benefit. This section discusses the many ways in which SCIS member schools create public benefit.

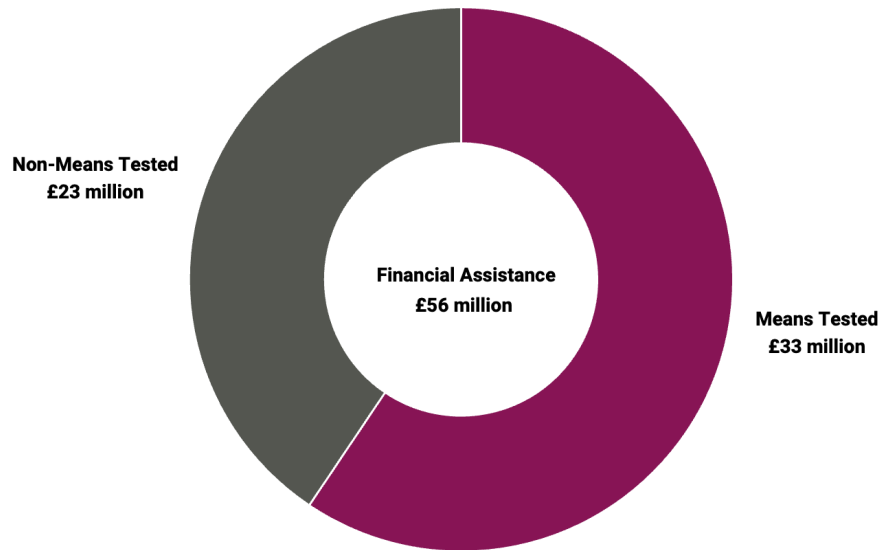
7.1 Widening Access

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 2022/23, SCIS member schools provided £56 million in financial assistance, of which almost 60% was in means-tested assistance. This benefitted 6,430 pupils, which suggests that the assistance provided per assisted pupil is equal to £8,650. This represents 22% of the pupils educated by SCIS member schools and 11% of the total income received.

Figure 7.1 Financial Assistance, 2022/23



Source: SCIS

A breakdown of financial assistance by regional study area is provided in the table below. The region that provides the largest amount of financial assistance is Edinburgh and the Lothians, accounting for 36% of financial assistance provided and 41% of pupils supported.

Figure 7.2 Financial Assistance by Region, 2022/23

	Means Tested Assistance (£m)	No. of Pupils Assisted
Edinburgh and the Lothians	11	760
Glasgow and the West	6	540
North Scotland	6	420
Mid-Scotland	10	840
South of Scotland	1	90
	Non-Means Tested Assistance (£m)	No. of Pupils Assisted
Edinburgh and the Lothians	10	1,640
Glasgow and the West	2	470
North Scotland	4	520
Mid-Scotland	6	1,010
South of Scotland	<1	150

Source: BIGGAR Economics Analysis



7.2 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 2022/23, there were an estimated 1,220 international pupils, of which 1,025 are boarding students and 250 are day pupils. Applying the average fee for a boarding pupil and a day pupil would indicate estimated export earnings of £38 million.

7.3 Role in Local Communities

SCIS member schools are an important part of their local communities. They do not operate as isolated, remote organisations and instead are embedded within their local communities, working closely with partner organisations.

SCIS member schools provide access to their facilities. This includes access to sports facilities for the general public and for community groups, as well as school facilities being used for community events, music and drama clubs, meeting spaces for local community groups and charities and language schools. Albyn School, for example, hosts one of the largest Polish Schools in the UK, which takes place on its premises every week. Similarly, Kelvinside Academy's facilities are offered to a North African language school which 300 people attend weekly. A survey of SCIS member schools undertaken as part of this study, found that 117,400 members of the public accessed facilities at SCIS member schools in 2022/23.

SCIS member schools also work in co-ordination with local authorities to deliver services that would not otherwise be possible. For example, Dollar Academy works in partnership with Clackmannanshire Council, to enable children in the area to learn how to swim. The Learn to Swim programme has 70 children attending weekly and a primary five swimming programme for school pupils in the local authority also takes place there. As the only pool in the council area, this is of vital importance.

SCIS member schools also support the maintenance and management of community space. The Erskine Stewart's Melville Schools are in the seventh year of a partnership agreement with the City of Edinburgh Council to manage and maintain Arboretum Playing Fields, in exchange for the restoration of the previously derelict pavilion and guaranteed continuing access by local clubs and schools free of charge.

In addition, a wide variety of volunteering activity is supported by pupils, including as volunteer tutors at learning hubs helping pupils from other schools with homework, volunteering at various community projects and working with organisations to support children with special educational needs. Volunteers are an important asset for charitable organisations as they help support activities that would not be possible



without their involvement. In 2022/23, pupils at SCIS member schools volunteered around 85,000 hours. These volunteering activities are arranged by SCIS member schools and require staff resources. It was estimated that 600 staff at SCIS member schools were involved in supporting volunteering activity, dedicating around 10,000 hours in 2022/23.

These examples provide a snapshot of the activities of SCIS member schools in their local communities and are by no means a comprehensive list.

7.4 Innovative Approaches to Education

The independent sector has the capacity and autonomy to innovate in education delivery. They have the agility to adopt new approaches and test assumptions around standard ways of doing things. This means the independent sector can play a unique role in addressing challenges in the education system, by for example, piloting initiatives that can be adopted by the state sector if there is evidence of success or by creating new education platforms that the state sector can access.

One example of this is Gordonstoun, which has trialled and then implemented a change in the way phones are used at school after noting a positive impact on students from the change. Pupils are not allowed the use of phones during the school day and are asked to hand them into staff overnight. While recognising the importance of technology, the school has taken this approach to help young people manage the distractions associated with phones and thereby help them achieve their full potential in the classroom. Subsequently, there has been discussion at government level around the banning of phones in schools.

Several SCIS member schools have also dedicated financial resources and staff time to developing valuable, innovative educational resources for pupils across Scotland. The thinkfour digital platform developed by The Glasgow Academy is one example of this. Collaborating with expert film makers, thinkfour has developed 1,070 four-minute videos to support pupils with their learning for Higher exams. It is open access, free to use and was created to support pupils and their parents in their learning across Scotland. The initiative won the 2022 TES Award for Best Use of Technology.

Dollar Academy has developed the Futures Institute (FIDA) which is available free of charge to learners and teachers across Scotland. There are 17 interdisciplinary projects, co-designed with experts from industry and universities and aligned with one of the UN Sustainable Development Goals. The programme encourages students to apply critical thinking and creative problem solving to tackle real-world issues. There are 720 learners directly using FIDA and 50 state school partners who use the material for their pupils.

RGC Online is an education programme developed by Robert Gordon's College. The school has worked alongside tech industry experts and academic leaders from Robert Gordon University and Massachusetts Institute of Technology, to develop the



online, live-taught programme. It offers SQA-accredited Higher Computing Science and Higher Applications of Mathematics, including for students who cannot access the subjects at their local school, as well as tech-focused modules, designed to equip young people with the skills required for future roles in tech, including artificial intelligence, data science, cyber security, game design and entrepreneurship.

These three initiatives have involved a £1.5 million investment by the SCIS member schools leading them and illustrate how SCIS member schools are investing in innovation in education delivery and in doing so benefitting the education sector as a whole.

7.5 Viability of Subject Areas

The independent sector has a role in the Scottish education system in helping ensure viability of some key subject areas. The independent sector has more than its per capita share of candidates in several traditionally academic subjects, such as Latin, helping to keep them viable. Many SCIS member schools share Higher and Advanced Higher classes in these subject areas with students from local state schools who cannot access these subjects at their school, at no cost to the pupils or their schools. SCIS member schools also host the examinations in these subject areas to allow pupils to gain the relevant qualifications.

These subjects are not offered by the state sector because of the lack of a critical mass of students in each subject area, which at individual school level makes it unfeasible. However, if the independent sector also did not offer these subjects, they would disappear from teaching in Scotland altogether.

George Watson's College has been instrumental in the delivery of the Swire Chinese Language Centre Edinburgh which works in 26 state schools and reached 2,770 pupils in 2022/23. The Centre accounts for up to 30% in some years of all Chinese language qualifications gained by pupils in Scotland. This 10-year programme has helped boost Chinese language qualifications in Scotland by providing access to learning Chinese to students in state schools who would not otherwise have had the opportunity. As an independent school, George Watson's College has been able to establish this Centre with external funding that has been drawn in and without its involvement would not otherwise have taken place.

One major benefit of the scheme has been the way that teachers formerly employed by George Watson's College have moved to be employed by local authorities once the critical mass of pupils learning Mandarin Chinese reached the level which made the subject sustainable in state schools. This is a long-term impact which would not have been have happened at all without this partnership established by George Watson's College.

A further example is the Edinburgh Computer Science and Engineering in Schools (ECSES) programme which works to provide young people with access to computer science and engineering. In doing this, it seeks to tackle the challenges schools face



in recruiting and retaining teachers of Computer Science. The ECSES programme builds on partnership activities in relation to computer science taking place between George Watson's College and partner state schools, where Computer Science teachers from the school have worked with colleagues in partner schools to build both knowledge and confidence of the subject and to provide pupils with direct input into their learning. The programme has recently secured external funding to recruit a Computer Science teacher and provide primary teacher input to work across partner schools, supporting their work to embed Computer Science in the curriculum and to grow their own Computer Science teaching capacity.

7.6 Working in Partnership with Local Authorities

Many of the activities described in this section would not be possible without co-ordination and partnership with local authorities and demonstrate the value in working together.

In addition to this, SCIS member schools also play an important role in supporting the Scottish Government's aim of providing 1,140 hours per year of funded early learning and childcare to all three- and four-year-olds in Scotland. This significant expansion in nursery provision (previously 600 hours per year) would not be possible by local authorities alone as they do not have the capacity to provide this level of provision. In 2022/23, SCIS member schools provided 1,580 pupils with nursery education, helping to enhance capacity for nursery provision in Scotland.

The role of specialist schools in the independent sector is also important, with many focused on particular needs. It would not be viable for the state sector to have one of each type of specialist school in each local authority, so the specialist schools in the independent sector are an important part of the overall education system.

These examples demonstrate the benefits of co-ordination with local authorities, and that working in partnership together can bring significant benefits for all.

7.7 Public Benefits Summary

Beyond their significant economic and fiscal contribution, SCIS member schools create public benefit in a number of ways.

SCIS member schools support widening access to independent school education through the financial assistance they provide, which in 2022/23 amounted to £56 million. They also attract pupils from outside Scotland, who contribute an estimated £38 million in fees, benefiting Scotland's exports.

SCIS member schools are embedded within their local communities working closely with partner organisations. In addition, they have a level of autonomy and capacity that the state education sector does not have. This gives SCIS member schools the opportunity to take innovative approaches to delivering education, benefitting the



education sector as a whole. SCIS member schools also help ensure the viability of academic subjects.

Notably, the activities and examples provided in this section are not exhaustive. SCIS member schools are diverse and are all involved in creating public benefit in numerous ways, only some of which have been mentioned here.



8.

Summary and Conclusions

SCIS member schools make a significant economic and fiscal contribution in Scotland and create public benefit through the

In 2022/23, SCIS member schools had an estimated economic contribution of **£548 million GVA** and **11,670 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. A summary of these impacts is provided below.

Table 8.1 Economic Impact of SCIS Member Schools in Scotland, 2022/23

	GVA (£m)	Employment (Jobs)
Direct	356	7,630
Supply Chain	47	1,620
Staff Spending	124	2,040
Capital Projects	21	380
Total	548	11,670

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 £347 million in 2022/23.

Table 8.2 Fiscal Benefits, 2022/23

	Value (£m)
Cost Savings to the Public Sector	189
Taxation	157
Total Fiscal Benefits	347

Source: BIGGAR Economics Analysis

Beyond their significant economic and fiscal contribution, SCIS member schools create public benefit in a number of ways. SCIS member schools:

- support widening access to independent school education through the financial assistance they provide, which in 2022/23 amounted to **£56 million**;



-
- attract pupils from outside Scotland, who contribute an estimated **£38 million** in fees, benefiting Scotland's exports;
 - are **an important part of their local communities** working closely with partner organisations;
 - use their capacity, autonomy and agility to **develop innovative approaches to education**, including the creation of online education platforms that can be accessed by all; and
 - support the Scottish education system by **helping to ensure viability of some key subject areas**, by supporting delivery of education in these less in demand subject areas or subjects where teacher recruitment is challenging.

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