

[redacted]

From: [redacted]
Sent: 11 January 2018 11:04
To: [redacted]
Subject: RE: FOI

2 of 4

From: [redacted]
Sent: 09 June 2017 12:41
To: [redacted]
Cc: [redacted]; [redacted]; [redacted]
Subject: RE: Business rates and charities - suggested response to Marianne

Sounds good –thanks

[redacted]

[redacted]
Charity Law and Volunteering Team
Third Sector Unit
0131244 [redacted]

From: [redacted]
Sent: 09 June 2017 09:00
To: [redacted]
Cc: [redacted]; [redacted]; [redacted]
Subject: RE: Business rates and charities -suggested response to Marianne

[redacted]

Thanks
[redacted]

From: [redacted]
Sent: 08 June 2017 16:09
To: [redacted]
Cc: [redacted]; [redacted]; [redacted];
Subject: RE: Business rates and charities -suggested response to Marianne

Hi [redacted]

Thanks for your email.

Just to clarify that we aren't advocating the removal of charitable status from any groups, we were just pointing out that the approach being proposed would introduce a 2 tier system which we are not convinced is desirable or justifiable.

In your response you noted that there is precedent for a 2 tier system elsewhere within the UK where some types of charitable recipient are not able to receive charity relief – do you have any more information on what types of charities are exempt from the relief?

[redacted]

Thanks

[redacted]

[redacted]

Charity Law and Volunteering Team
Third Sector Unit
0131 244 [redacted]

From: [redacted]

Sent: 08 June 2017 10:43

To: [redacted]

Cc: [redacted]; [redacted]; [redacted]

Subject: RE: Business rates and charities - suggested response to Marianne

Hi,

Thanks for your comments

I've separately spoken to education, sports and culture colleagues to pick up the breadth of those who may be impacted if this recommendation is made by the group and accepted by Government.

The groups remit would limit them from recommending removal of charitable status from private schools as it is outwith the scope of their remit, so they have instead suggested that charity relief be removed.

I've noted your point about 2 tier charities, but there is some precedent for this elsewhere already within the UK where some types of charitable recipient are not able to receive charity relief.

[redacted]

[redacted]

Thanks

[redacted]

From: [redacted]
Sent: 08 June 2017 10:21
To: [redacted]
Cc: [redacted]; [redacted]; [redacted]
Subject: RE: Business rates and charities - suggested response to Marianne

Hi [redacted]

Thank you for your email, we appreciate the chance to feed in our views.

We do have some concerns that the first proposal to remove rates relief from [redacted] and independent schools would have some unintended consequences for the charitable sector in Scotland. I have noted these below, but happy to discuss in person if that would be helpful.

- At present all OSCR registered charities are treated equally and are entitled to the same reliefs and benefits. Removing rates relief from 2 types of organisations would be the first time we have departed from this and it would essentially create a 2 tier system for charities. We are not convinced that this would be desirable and it could be difficult to justify. It is worth bearing in mind that independent schools have already been the subject of a specific thematic review by OSCR, and have either (re-) met the charity test or have made the adjustments required to allow them to do so. In other words, their charitable status has already been the subject of greater scrutiny than that of other charities, [redacted]. Removing rates relief would mean that, despite this, we were creating a class of charities who receive less favourable treatment than others.
- It is not clear what the grounds for exemption would be. How would you take ALEOs and independent schools out of the definition of who qualifies for relief, without capturing other charitable organisations that share similar characteristics ([redacted] Is there a clear rationale for singling out

[redacted] and independent schools? (For example - it is noted that universities do not make a contribution to local council services, why would they not get their relief reduced?)

- It sets a precedent for differential treatment of other types of charitable organisations further down the line. [redacted]
- We are aware that there may be an appetite to remove rates relief from ALEOs and independent schools (and indeed that SCVO argued for this when they met the review team), but this is, of course, part of a wider campaign aimed at challenging the charitable status of these organisations. If the real issue is whether these organisations should be charities in the first place, this would be better addressed by looking at, and potentially amending, the charity test in the 2005 charity act, rather than subjecting them to what is essentially a financial penalty - addressing the issue in this way would avoid many of the unintended consequences mentioned above.

These are our initial thoughts and it is something we would ideally want to discuss with OSCR – perhaps you could let us know when it would be appropriate for us to do so.

While our comments focus on the impact on the charitable sector generally, I think colleagues in Local Government and Learning Directorate should also be consulted as they would be able to provide more detailed comments on the unintended consequences on their sectors. [redacted], so I would suggest sharing your email with them.

[redacted]

Thanks

Claire

[redacted]
Charity Law and Volunteering Team
Third Sector Unit
0131 244 [redacted]

From: [redacted]
Sent: 06 June 2017 15:56
To: [redacted]
Cc: [redacted]; [redacted]
Subject: Business rates and charities

Hi,

I'm currently secretary to the Barclay review, which is an external group who have (for the past year) been reviewing business rates in Scotland under the following remit.

“to make recommendations that seek to enhance and reform the business rates system in Scotland to better support business growth and long term investment and reflect changing marketplaces.”

The group's recommendations must be revenue neutral, so if they wish to use money to support economic growth through reduced business rates, they must find this money by increasing rates take elsewhere in the system

The Barclay group is due to report end July (they are still finalising recommendations) but its likely they will recommend some changes to charity business rates relief awarded.

Claire and I have spoken about this work previously (in relation to SCVO and criticism at LG Committee last month)

One thing that has been mentioned by stakeholders is that the current structure of relief awarded to charitable institutions impacts on competitiveness.

In particular, the following points have been made to the Barclay group

- [redacted]
- Private schools pay zero or at most 20% rates, whereas state schools pay full rates
- [redacted]

The Barclay group have received submissions from and met with SCVO and several other charities.

Not to pre-empt the actual outcome, but the Barclay group may recommend the following to Ministers next month-

1. There are no plans to remove or reduce charitable relief from properties that are occupied by OSCR registered charities (including charity shops), except for private schools and [redacted] (who should have relief entitlement moved)
2. [redacted]

The changes above (with the exception of 2) all require primary legislation, so assuming SG accepted them and chose to implement them, they are longer term reforms. However, they do free up money which would be used to reduce rates in ways that would support the wider economy (given the groups revenue neutral remit they have had to look at ways of raising revenue in order to 'spend' this elsewhere to recommend options that will drive economic growth).

I wanted to give you the heads up before recommendations go to Ministers and are published, but also hope to hear your views on any unintended consequences ?

I am just along in 3G and am happy to chat over the above.

Thanks

[redacted]

Secretary to Barclay Review

3G North, Victoria Quay, EH6 6QQ

Scottish Government

tel: 0131 244 [redacted]

[\[redacted\]@gov.scot](mailto:[redacted]@gov.scot)

~~Exempt?~~
OK to release.

[redacted]

From: [redacted]
Sent: 16 August 2017 13:22
To: [redacted] Macdonald R (Roddy); Mitchell E (Elinor); [redacted] Watson AA (Andrew); [redacted]
Cc: Barclay review of rates
Subject:

BARCLAY REVIEW OF BUSINESS RATES

Please be aware this is for information only. There is NO opportunity to comment on or influence the recommendations of the external group.

Most of you will be aware from earlier exchanges / meetings that the external Barclay Review Group have been looking at reforms to business (non-domestic) rates in Scotland.
They did so under the following remit - "to make **revenue neutral** recommendations that seek to enhance and reform the business rates system in Scotland to better support business growth and long term investment and reflect changing marketplaces."

This email is to alert you to that publication will be **on 22 August** (10.30 am planned) and to give you advance sight of the detail as , should the SG accept all recommendations there may be implications for your policy area and/or your stakeholders.

Many of their recommendations are about fairness and ensuring that a business or organisation offering the same goods/ services is treated the same for tax purposes, regardless of where it is geographically located or whether it is in the public or private sector.

The group make a number of recommendation on rates which cross over onto other policy areas, some of which are significant. This is a lengthy report so I've tried to flag areas most relevant, although for context you may also wish to read the Executive Summary (pages 1-14)

Sections relevant to your policy areas include -

- Agriculture - see pages 79-82
- Nurseries - see page 45

Independent schools - see page 73
Universities (accommodation outside term time and commercial use) – page 73-74
Sports facilities- see pages 71-75 (ALEOs) 78 and p82-83
Valuation appeals reform and Tribunals Scotland– see pages 63-65
Role of the Assessors (wrt valuations only)- see pages 55-57
Charities – pages 70- 76
Hotels (tourism)/ licensed trade – 68-69, p116
Renewables – pages 47-48 (mention only)
Listed property (if empty) – pages 76-78
Digital economy – pages 113-4

You are invited to note the attached for information only. The group are independent of Scottish Government and on publication the SG will determine how, if and when to action the recommendations.

Please be aware that the recommendations or other contents of the report cannot be discussed externally until after 10.30 on 22 August.

Attached is a near final proof (under embargo until 22 Aug)



SCT0717566504-...

Handling-

On day of publication **Mr Mackay will lead the response** and a statement will issue from him welcoming the report and noting that the Scottish Government will consider the contents and respond quickly.

Thank you

[redacted]

Secretary to Barclay Review

3G North, Victoria Quay, EH6 6QQ
Scottish Government
tel: 0131 244 [redacted]
[redacted]@gov.scot

[redacted]

From: [redacted]
Sent: 21 August 2017 13:33
To: Hicks C (Clare); [redacted]
Subject: FW: Barclay review of rates

Clare

For information (text from page 73 below for ease). [redacted]

LG colleagues will come to us if they require any input to any lines following publication. [redacted]

4.120 Independent (private) schools that are charities also benefit from reduced or zero rates 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. They will of course still retain charitable status and other benefits will continue to flow to them from that status. And Independent special schools will be eligible for disability rates relief where they qualify for this.

4.121 Universities are also charities and able to claim charity relief. The core functions of universities including education and research and development should continue to be eligible for charitable relief to reflect their key role in supporting economic growth through education of the workforce and supporting innovation.

[redacted]
Policy Officer

*Empowering Schools Unit | People and Infrastructure Division | Learning Directorate | 2A South | Victoria Quay | EH66QQ
Aonad Cumhachdachadh Sgoiltean | Daoine agus Bun-structair | Buidheann-Stiùiridh an Ionnsachaidh | Raon 2-A Deas | Cidhe
Bhictòria EH6 6QQ
[\[redacted\]@gcv.scot](mailto:[redacted]@gcv.scot) | [redacted]*

From: [redacted]
Sent: 21 August 2017 13:02
To: Cabinet Secretary for Finance and the Constitution
Cc: First Minister; Deputy First Minister and Cabinet Secretary for Education and Skills; Macdonald R (Roddy); Mitchell E (Elinor); Watson AA (Andrew); Campbell B (Bridget); [redacted]; Cabinet Secretary for Communities, Social Security and Equalities; Cabinet Secretary for Culture, Tourism and External Affairs; Cabinet Secretary for Economy, Jobs and Fair Work; Cabinet Secretary for Health and Sport; Cabinet Secretary for Justice; Cabinet Secretary for the Environment, Climate Change and Land Reform; Cabinet Secretary for the Rural Economy and Connectivity; Minister for Public Health and Sport; Minister for Childcare and Early Years
Subject: Barclay review of rates

BARCLAY REVIEW OF BUSINESS RATES (EMBARGOED UNTIL 9.30am 22 AUG)

Cabinet secretary for Finance and the Constitution

**Copy First Minister
Deputy First Minister
Cabinet Secretaries (all portfolios)**

Please be aware contents are embargoed until 9.30 am on 22 August.

You will be aware that the external Barclay Review Group have been reviewing business (non-domestic) rates in Scotland for the past year.

They did so under the following remit “to make revenue neutral recommendations that seek to enhance and reform the business rates system in Scotland to better support business growth and long term investment and reflect changing marketplaces.”

This email is to alert you that publication of their report will be **at 9.30 am on 22 August** and to give you advance sight of the report under embargo.



SCT0717566504-...

The group make 30 recommendation on rates which cross over onto many policy areas. This is a lengthy report so I've tried to flag areas most relevant, although for context you may also wish to read the Executive Summary (pages 1-14).

Sections relevant to specific policy areas include -

Agriculture - see pages 79-82

Nurseries - see page 45

Independent schools - see page 73

Universities (accommodation outside term time and commercial use) – pages 73-74

Sports facilities- see pages 71-75 (ALEOs) 78 and p82-83

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Charities – pages 70- 76

Hotels (tourism)/ licensed trade – 68-69, p116

Renewables – pages 47-48 (mention only)

Listed property (if empty) – pages 76-78

Digital economy – pages 113-4

Handling-

Shortly after publication, Cabinet Secretary for Finance will issue a short statement welcoming the report, noting that the Scottish Government will consider and respond quickly.

Thank you,

[redacted]

Secretary to Barclay Review

3G North, Victoria Quay, EH6 6QQ

Scottish Government

tel: 0131 244[redacted]

[redacted]@gov.scot

Cabinet secretary for Finance and the Constitution

**Copy First Minister
Deputy First Minister
Cabinet Secretaries (all portfolios)**

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<< File: SCT0717566504-1_Barclay_p2.pdf >>

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Handling-

Shortly after publication, Cabinet Secretary for Finance will issue a short statement welcoming the report, noting that the Scottish Government will consider and respond quickly.

Thank you,

[redacted]

Secretary to Barclay Review

3G North, Victoria Quay, EH6 6QQ
Scottish Government
tel: 0131 244 [redacted]
[redacted]@gov.scot

[redacted] Subject:

FW: Barclay review

From: [redacted]
Sent: 24 August 2017 09:29
To: [redacted]; [redacted]
Cc: [redacted]; [redacted]; [redacted]; [redacted]; [redacted]; [redacted]; [redacted]
Subject: FW: Barclay review

[redacted]

I got invited to join SCVO's conference call with the sector to hear their reaction to the Barclay review, but I had another meeting so couldn't dial in. However [redacted] has provided a read out below which you may wish to be aware of ...

Sarah, as mentioned yesterday I am happy to catch up in more detail if it would be useful.

Thanks

[redacted]

[redacted]
Charity Law and Volunteering Team
Third Sector Unit
0131 244 [redacted]

From: [redacted] [[mailto:\[redacted\]@scvo.org.uk](mailto:[redacted]@scvo.org.uk)]
Sent: 24 August 2017 09:14
To: [redacted]
Subject: Re: Barclay review

Hi [redacted]

Sorry I never got in touch with you, I ended up being stuck in meetings all day yesterday! I gave you a call earlier this morning but there was no answer, if you want to call me back later, please feel free.

[redacted]

SCVO welcomes the changes to private schools and ALEOs and this is in-line with our written submission. The only point that has caused any issues for our members is around enforcing compliance around subsidiary trading arms of charities. However, we will not be contesting this as it isn't a change, but rather enforcing existing policy. We aren't clear how many organisations this will affect at present.

[redacted]

Overall, everyone we've spoken to is really happy with the report which is great news. The conference call was really positive and people were happy that they'd been engaged in the process of review.

Hope that helps but, as I say, happy to discuss.

Best wishes

[redacted]

From: [redacted]@gov.scot <[redacted]@gov.scot> _____
Sent: 23 August 2017 17:37:49
To: [redacted]
Subject: Barclay review

Hi [redacted]

Just thought I would check in to see how the phone conference went yesterday and what the general reaction to the review recommendations were? I saw the article in TFN, but if there were any other reactions that you think it would be helpful for us to be aware of, please just get in touch.

Thanks

Claire

[redacted]
Charity Law and Volunteering Team
Third Sector Unit
0131244 [redacted]

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Tha am post-d seo (agus faidhle neo ceanglan còmhla ris) dhan neach neo luchd-ainmichte a-mhàin. Chan eil e ceadaichte a chleachdadh ann an dòigh sam bith, a' toirt a-steach còraichean, foillseachadh neo sgaoileadh, gun chead. Ma 's e is gun d'fhuair sibh seo gun fhiosd', bu choir cur às dhan phost-d agus lethbhreac sam bith air an t-siostam agaibh agus fios a leigeil chun neach a sgaoil am post-d gun àil.

Dh'fhaodadh gum bi teachdaireachd sam bith bho Riaghaltas na h-Alba air a chlàradh neo air a sgrùdadh airson dearbhadh gu bheil an siostam ag obair gu h-èifeachdach neo airson adhbhar laghail eile. Dh'fhaodadh nach eil beachdan anns a' phost-d seo co-ionann ri beachdan Riaghaltas na h-Alba.

[redacted]
Policy Officer (Charities) / SCVO

Direct Dial: [redacted]
Mobile Phone [redacted]
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