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Derek Mackay MSP  
Cabinet Secretary for Finance and Constitution  
The Scottish Government  
St. Andrew's House, Regent Road  
Edinburgh  
EH1 3DG

*Derek Mackay*

**Barclay Review of Business Rates**

Thank you for the opportunity for the Chair of SCIS and me to meet with you and your staff on 7 September, to talk through some of the issues raised by the Barclay Review. We attended your statement to Parliament on 12 September, and noted your decision to seek further engagement and consideration on the proposal relating to independent schools. We are ready to provide any additional information you may require, and would be happy to arrange visits to, or a meeting with, a selection of our schools to hear some of the issues outlined at first hand.

**Special schools**

The majority of complex additional support needs schools in Scotland – state and independent – no longer cater for one physical disability or impairment. The roll of schools such as The Royal Blind School, Craighalbert or Donaldsons' has fallen substantially in recent years as a result. Those pupils would expect to receive mainstream education.

As such, special schools deal with a range of issues, of which an impairment or recognised disability may be one, but almost all deal with behavioural, emotional and social needs. These conditions fall outside the category of a recognised disability or protected characteristic, and therefore would not be in receipt of the disability rates relief mentioned in the Barclay Review – which applies primarily to residential accommodation people who are ill, to training facilities, welfare services or workshops for disabled persons.

**OSCR and public benefit**

We have heard concerns from some quarters outside of the school sector that the removal of the principal aspect of charitable relief would render charitable status itself diminished, under question for the schools and at a disadvantage within the UK. Legal questions have been raised as to the creation of a sub-category of 50 charities separate from the other 24,000 or so in Scotland. While some lobby groups seek to deny the work of independent schools, the sector has worked with OSCR to make the public benefit test both rigorous and transparent.

61 Dublin Street, Edinburgh, EH3 6NL, Scotland

 0131 556 2316  [office@scis.org.uk](mailto:office@scis.org.uk)  [www.scis.org.uk](http://www.scis.org.uk)



All of our schools now detail the extent of their public benefit provision in their audited accounts, which are also submitted to OSCR. I have attached the most recent of these I have received, from a school in Edinburgh, as one indication of the range of academic, facility, personnel and other co-operation that charitable status both enables and requires. Schools would be required to off-set any substantial rise in non-domestic rates against these activities, including the provision at free or reduced rates of facilities, teaching and non-academic specialist staff.

### **UK perspective**

The UK Government appears to have dropped proposals to formally alter charitable status and/or relief to independent schools, focusing instead on increasing partnerships with state-maintained schools, free schools and academies. At present, Scotland's schools rightly undergo the challenge of a public benefit test that schools elsewhere in Britain do not, while Northern Ireland's schools are predominantly low/no-fee faith institutions or grammar schools, which offer no means-tested assistance. As such, the ability of schools to attract teachers and pupils from far afield to Scotland depends on their ability to compete, both in terms of costs as well as the academic and pastoral offer. (As you will know, the decapitalisation rate for education properties is currently lower in England.)

### **Forward planning**

One of the issues that schools have raised is the budgetary planning and rating exposure of schools. School planning cycles are obliged to extend well beyond valuation periods. For instance, commitments to families of means-tested fee assistance – for pupils entering S1 – are by necessity for at least 5 years, often 6. An unforeseen rise by 80% in non-domestic rates would have a disproportionate and immediate effect on schools. This is exacerbated by the estates to be rated, many of the buildings of which are under strict listing conditions, accompanied by substantial outdoor playing field provision.

The independent sector has always sought to contribute to the prospects for Scotland's young people, the wider learning economy and Scotland's profile internationally. In the case of independent schools in Scotland, the advancement of education is palpably and demonstrably being delivered. The sector remains committed to working with the Government, state-maintained schools and public bodies to advance Scottish education as a whole.

*Yours sincerely*  


John Edward

Director, Scottish Council of Independent Schools

[john@scis.org.uk](mailto:john@scis.org.uk)