

**Social Enterprise Scotland response to the Barclay Review Of Business Rates in Scotland**

[**www.gov.scot/Publications/2016/07/1239**](http://www.gov.scot/Publications/2016/07/1239)

**The Barclay review group has been set up 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 will report to Ministers in July 2017.**

Social enterprises contribute greatly to Scotland's economy and society (see Social Enterprise in Scotland: Census 2015: www.socialenterprisescotland.org.uk/policy/180). They help build inclusive local communities, boost regeneration, create jobs and seek to solve entrenched social and environmental issues.

This diverse family of business models includes co-operatives, social firms, enterprising charities, community-owned businesses, housing associations, credit unions and more. Our long-term vision is one where social enterprise becomes the standard, normal way of doing business.

With this in mind we believe that reliefs and reductions in Business Rates should be clearly targeted at productive, locally facing and socially beneficial businesses and charities. Alongside initiatives like the Scottish Business Pledge this would boost the drive towards Scotland becoming a world-leading innovator in ethical, productive business and in new economic practice.

One of the key issues facing Scottish social enterprises is inconsistency of approach across Scotland e.g. different local authorities not being able to identify legitimate social enterprises against standard private sector businesses and only recognising those who are, for example, registered charities. Many social enterprises are indeed registered charities but many are e.g. only a Company Limited by Guarantee or a Community Interest Company (CIC) and could therefore be excluded from rates relief. We appreciate that social enterprise can be a complex sector, for example where there is a charitable organisation with trading subsidiaries.

We believe that the current levels of rates relief should be maintained and, wherever possible, extended for social enterprises. We should not underestimate the value of rates relief for very often small, yet vitally important, social enterprises, particularly in rural and remote areas and areas of multiple deprivation. Even a seemingly minor change in the financial circumstances of a social enterprise could create a "make or break" situation. Social enterprises are facing similar pressures to private sector businesses - but with the added major challenge of a clear social and/or environmental mission to fulfil. This thinking should be at the forefront of any changes to the overall system and indeed for those making decisions about individual cases.

Information about Business Rates and eligibility criteria for rates relief should be clear and consistent and publicly available. Social Enterprise Scotland and/or other partners in the sector would be happy to provide advice, information or training on the range of social enterprise business models, in order to ensure consistency and clarity in any revised guidance.

The Scottish Government and local authorities, working in partnership with social enterprise and third sector bodies, should ensure that we build an integrated and progressive taxation system - across the board - that prioritises social innovation, environmental protection, inclusive growth and tackling inequality.

We hope that this response gives a strong indication of the direction of travel we believe is best for our economy and society. We're happy to provide any clarification or further information.

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