

SRF Response to Voluntary Sector concerns re: Rates

- Concerns about the timing and basis of any rating revaluation, particularly if the Scottish Executive plan to abolish the council tax proceeds. Planning in a climate of uncertainty is very difficult, particularly when the Local Authorities (as contractors) can give out both the exemptions and the contracts.

Reply: The timing of the 2010 Revaluation is known and, currently, there are no plans to alter this. The reference to the issue of contracts is unclear.

- Sorting out the issues around water charges exemptions, preferably by giving a statutory exemption for *all* rates liabilities in respect of properties occupied by charities registered with the Office of the Scottish Charity Regulator (OSCR). It needs to be taken into account as it was unconsciously removed for the rating system by the creation firstly of independent water companies, then Scottish Water.

Reply: Scottish Water advised that the concerns raised in respect of water charge exemptions were to be incorporated into a wider consultation on water charges which the Scottish Government were about to commence.

- Need to standardise local authorities' variable powers of granting relief to charities, which impacts on national organisations, who do not always experience consistent decisions from the 32 Scottish rating authorities, producing uncertainty for financial planning and making it much more difficult for the sector to invest in certain local authorities' areas.

Reply: It was assumed that that Council procedures will be consistent in relation to the granting of mandatory relief (80%). There will, however, be variations in practice for discretionary relief because individual Councils will apply the discretion as they see fit and how it aligns with their corporate aims. It has to be appreciated that Councils, or more correctly council taxpayers, partly fund the cost of discretionary awards. R Benn confirmed it was the intention of the Scottish Government to allow such discretion.

- Uncertainty in Local Authority practice where the authority grants the use of pro bono rent free occupation of premises that are available too often because of their condition; but are much less clear whether rates exemptions will apply, because of the short-term nature of occupation.

Reply: Rent-free periods were outwith the remit of the group and the concerns re exemptions were not fully understood.

- The lack of portability of exemption - because they are property specific, when a charity moves to new premises in the same local authority area, they do not take the exemption with them, but have to reapply. This inhibits moves designed to improve client services, improve access for those with disabilities, improve staff or client security/anonymity, increase administrative efficiency/effectiveness. There is a case for full portability based on the OSCR registration if the move is within the same local authority area.

Reply: Decisions on rates relief including charities are based on the use of the particular property concerned, therefore it does not follow that all properties occupied by charities will necessarily receive relief (there is case law on this). This is the reason why separate application is needed i.e. charities are required to confirm that the properties are being wholly or mainly occupied for charitable purposes.

- Reliefs have two elements - 80% mandatory relief and 20% discretionary relief. With the improved accuracy of the OSCR register, the drop in the total number of organisations qualified to ask for rates exemptions (some 25%) and the mix of properties occupied by the sector (with a strong bias towards the very low end of the rates banding spectrum), is this not time to move towards automaticity for rates as well as water charges i.e. if you have an OSCR registration, you are delivering public benefit, therefore you receive 100% relief automatically and the Scottish Executive equalises the payment in its Rate Support Grant settlement annually? There would be very substantial savings in ending the current expensive and complex system and the associated Rating Appeals machinery involvement for charities as well.

Reply: See above re requirement for individual applications.

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