

<b>Briefing for:</b>	Local Government and Communities Committee
<b>From:</b>	Charity Retail Association
<b>Date:</b>	18 July 2019
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## Non-Domestic Rates Bill – Evidence Follow Up

### Introduction

Thank you to the Local Government and Communities Committee for inviting the Charity Retail Association to give evidence on 26 June 2019, regarding ratepayer experiences for the Non-Domestic Rates Bill. We hope Members found our evidence to be useful and informative. Following the Clerk's letter dated 2 July 2019, please find below the information requested for the committee.

### Current Charity Shop Rate Relief

We can confidently say that the mandatory 80% relief received by charity shops allows them to remain an integral part of Scotland's high streets. The additional 20% is currently a discretionary relief decided by individual councils.

We estimate through our own research (May 2019) that 59% of charity shops in Scotland receive full 100% rates relief. This is approximately 554 shops out of 938. This leaves 41% of charity shops in Scotland with none or partial discretionary rate relief.

As highlighted during the evidence session, the charity retail sector faces inconsistent and unpredictable provision of business rates relief. There is a 'postcode lottery' in the discretionary relief available to charity shops.

There is a risk as budgets tighten that local authorities become less inclined to grant discretionary relief to charity shops leaving the sector at risk in some areas of the country. As we know, charity shops are a key player and supporting them through rates relief helps to sustain a vibrant high street, a cleaner environment and better connected communities all alongside a strong and fruitful charity sector.

### The Solution

Providing charity shops with 100 per cent relief would be good value for taxpayers' money.

A rates system for charity shops where full, 100% relief is granted universally would be more beneficial for local authorities, taxpayers and the charity sector.

A key point to consider is that 100 per cent rate relief would be a small part of the overall relief bill yet have a hugely positive impact across different areas. The Scottish Government estimated during its business rates review in 2012 that charity shop rate relief cost £9.3 million (2011-12) in Scotland, equating to 1.7% of the total business rate reliefs awarded.

Local authorities would benefit from a more sustainable high street, lower carbon emissions and reduced landfill waste. For taxpayers, a more consistent system would allow charity shops to thrive in local communities across all areas of Scotland, leaving no city, town or village at a disadvantage. This would open up jobs, volunteer roles, stronger community cohesion and play a part in a local, circular economy. For the charity sector itself, a consistent rates system of 100 per cent relief could assist fundraising and protect shop incomes that go towards vital activities including medical research, tackling poverty, environmental campaigns, public health issues and much more.

## Conclusion

We believe a 100 percent rates relief for charity shops is a viable solution to the inconsistency in the current system. This Bill and further reform is an opportunity to recognise and invest in the contributions made by the charity retail sector in Scotland's economy, environment and society.

Thank you once again to the committee for taking the time to consider our evidence for the Non-Domestic Rates Bill.