LOCAL GOVERNMENT AND COMMUNITIES COMMITTEE

CALL FOR VIEWS ON THE NON-DOMESTIC RATES (SCOTLAND) BILL

SUBMISSION FROM CHARITY RETAIL ASSOCIATION

Introduction to the Charity Retail Association

We are the primary membership organisation for charity shops in the United Kingdom. We are the only body in the United Kingdom that represents the interests of charity retailers. Our members run more than 8,900 shops between them.

The charity retail sector promotes charitable causes and an environmentally sustainable retail experience.

Charity shops make a vital contribution to our communities, economy and environment:

- Charity retail is the biggest source of volunteer opportunities in Scotland with 22,000 people currently volunteering in the sector
- Last year charity retail contributed over £270m to charitable causes in the UK
- Over 2,000 staff are employed in Scotland’s charity retail sector – stable and sustainable local jobs
- Charity shops help to attract footfall to high streets and keep them thriving
- As a result of charity retail, 330,000 tonnes of textiles out were kept out of landfill, reducing the UK’s carbon emissions by nearly 7 million tonnes

Response

Overall programme of NDR Reform and the Barclay Review

The Charity Retail Association is satisfied that the Barclay Review has not recommended to compromise the 80 per cent charitable rate relief for charity shops in Scotland. The current rate reliefs have delivered so much for Scotland and charity shops, and removing these would have had huge financial implications for individual charity shops, resulting in significant numbers of shop closures.

The Barclay Review emphasised that trading subsidiaries of a charity are not entitled to rates relief. This is a missed opportunity which ignores the complexities within the trading subsidiary system. Many charities prefer to operate their retail chains through a trading subsidiary, seeing this as an efficient means of ring-fencing funds and managing risk. Charity trustees are not always retail experts and many prefer to delegate this responsibility to a suitably skilled board of directors on the subsidiary.
Question 13. Do you have any other comments about the Bill? In particular, is there anything not in the Bill concerning non-domestic rates that should be in the Bill?

Trading Subsidiary Charity Shops

The Bill provides an opportunity to ensure all charity shops can benefit from the relevant relief support schemes. By whichever means a charity shop decides to set up its business model, its primary purpose – to raise money for charity – is the same. The Bill should ensure that all charity shops are eligible for rate relief.

Rates Relief Solution

Offering business rates relief to charity shops already represents great value for money to the taxpayer. The system contributes to a viable network of charity stores which raise millions every year for charitable causes. These causes range from running local hospices, to funding pioneering medical research, to combatting poverty. However, as this representation will also demonstrate, the current system can also be complex to administer for both Councils and charities, and in some cases lead to a postcode lottery.

In common with other charitable property, shops automatically receive an 80 per cent relief on their bill, with the local authority able to give a discretionary reduction of the remaining 20 per cent.

Unfortunately, only around 1 in 7 of shops actually receive this additional benefit, and this can lead to anomalous situations where small charity shop chains have shops only streets apart but receive different rates relief.

The Charity Retail Association believes that with one simple reform – namely an increase of the mandatory rate relief element to 100 per cent for charity shops in Scotland – these issues could be overcome and the sector would be freed to make an even bigger contribution to the Scottish economy, society and environment.

This would also remove a layer of bureaucracy from the relationship between councils and charities. At present, administrating the process of discretionary rate relief – with applications, appeals and adjudications – can be a time consuming and costly task for local councils.

The Bill presents an opportunity to make this change to help to support the charity retail sector which holds a key high street presence as well as being a prominent player within the circular economy.
Conclusion

The Charity Retail Association is pleased that mandatory relief for charity shops has been protected which assists the sector in continuing to generate social value in communities across Scotland. This Bill however, presents an opportunity to go a step further to support the sector with a rates relief increase for all charity shops.