

Public Petitions Committee
Thursday 8 October 2026
4th Meeting, 2026 (Session 7)

PE2236: Transfer administration of mandatory charitable rates relief to independent third sector processes

Introduction

Petitioner Tommy Reid

Petition Summary Calling on the Scottish Parliament to urge the Scottish Government to transfer the administration of mandatory charitable rates relief from local authority non-domestic rates departments to an independent, third sector-led or community focused system. This will ensure that applications from volunteer-led charities are considered with a proper understanding of how voluntary organisations operate, rather than through a narrow revenue collection and enforcement lens.

Website <https://petitions.parliament.scot/petitions/PE2236>

1. This is a new petition that was published on 29 July 2026.
2. A full summary of this petition and its aims can be found at **Annexe A**.
3. Every petition collects signatures while it remains under consideration. At the time of writing, 18 signatures have been received on this petition.
4. A SPICe briefing has been prepared to inform the Committee's consideration of the petition and can be found at **Annexe B**.
5. The Committee seeks views from the Scottish Government on all new petitions before they are formally considered.
6. The Committee has received submissions from the Scottish Government and the Petitioner which are set out in **Annexe C** of this paper.

Action

7. The Committee is invited to consider what action it wishes to take.

Clerks to the Committee
October 2026

Annexe A: Summary of petition

PE2236: Transfer administration of mandatory charitable rates relief to independent third sector processes

Petitioner:

Tommy Reid

Date published:

29 July 2026

Petition summary:

Calling on the Scottish Parliament to urge the Scottish Government to transfer the administration of mandatory charitable rates relief from local authority non-domestic rates departments to an independent, third sector-led or community focused system. This will ensure that applications from volunteer-led charities are considered with a proper understanding of how voluntary organisations operate, rather than through a narrow revenue collection and enforcement lens.

Previous action:

I have written to MSPs across Scotland setting out the dispute with Glasgow City Council over mandatory charitable rates relief for premises used to store and distribute aid to vulnerable people. I have also contacted Scottish Government Ministers (including Ivan McKee and John Swinney) and received responses confirming that local authorities alone administer relief and that the Government will not intervene.

Background information:

The current system places the administration of mandatory charitable rates relief with local authority non-domestic rates departments operating in a revenue and enforcement culture. This leads to lengthy processes and enforcement action against volunteer-led charities qualifying for 80% mandatory relief under the Local Government (Financial Provisions etc.) (Scotland) Act 1962.

Moving to an independent, third sector-led process would allow assessments to be carried out with a better understanding of how voluntary organisations operate, reducing the burden on volunteering communities.

Volunteer Scotland's April 2025 report shows formal volunteering in Scotland is in crisis. Administrative demands disproportionately burden volunteers who contribute during evenings and weekends, while local authorities use multiple paid officers. This creates unnecessary barriers for small volunteer-led charities.

Annexe B: SPICe Briefing



Scottish Parliament
Information Centre
Ionad Fiosrachaidh
Pàrlamaid na h-Alba

Briefing for the Public Petitions Committee on petition PE2236: Transfer administration of mandatory charitable rates relief to independent third sector processes

“Calling on the Scottish Parliament to urge the Scottish Government to transfer the administration of mandatory charitable rates relief from local authority non-domestic rates departments to an independent, third sector-led or community focused system. This will ensure that applications from volunteer-led charities are considered with a proper understanding of how voluntary organisations operate, rather than through a narrow revenue collection and enforcement lens.”

Background information

Non-Domestic Rates (NDRs) are an important source of income for local authorities. In 2026-27, local authorities will raise around £3.5 billion in NDR income, approximately 19% of all local government's general revenue funding.

There are a whole range of reliefs available to non-domestic rates payers, with [charity relief](#) being one of the largest in terms of total relief value. Registered charities (listed on the register maintained by the Office of the Scottish Charity Regulator OSCR) and other organisations of social benefit such as sports, theatre, arts clubs etc. can qualify for both mandatory and discretionary relief of up to 100% of rates liability.

Charities must apply for relief to their local council. It is for local authorities to determine whether a property is occupied wholly or mainly for charitable purposes.

The main legislation covering NDR charity relief is the [Local Government \(Financial Provisions etc.\) \(Scotland\) Act 1962](#). Eligible properties are entitled to 80% mandatory charity relief which is funded by the Scottish Government. Local authorities also have discretion to ‘top up’ this relief to 100%.

[Scottish Government statistics](#) show there were 11,470 mandatory charity relief awards in 2025, at a cost of £223 million. Almost 9,000 discretionary reliefs were awarded, at a cost of £34 million.

Appeals process

Organisations can challenge a decision about a non-domestic rates relief award (e.g. refusal to award the relief). They should firstly contact their local council and ask for an internal review. Councils will review eligibility again and decide if they'll award the relief or not. Should the organisation still disagree with the council's decision they can ask for a judicial review. However, [the Scottish Government highlights](#) “there can be significant costs involved in a judicial review”

Scottish Government reviews of NDR

In 2016 the Scottish Government asked Kenneth Barclay to chair a review into the non-domestic rates system in Scotland. The group's [report was published in 2017](#). Although the review looked at charity relief, it did not include anything about the process facing third sector organisations. Instead, it focussed on examples where reliefs were awarded incorrectly, as well as charitable reliefs for ALEOs and independent schools.

On the matter of enforcement, Barclay was keen to *strengthen* local authority debt recovery powers, to bring NDR in line with council tax.

Before summer recess, the [Scottish Government announced](#) the creation of an independent panel to undertake a rapid review of the outcomes of the 2026 NDR revaluation. This, according to the Scottish Government, “will look at improvements to the ratepayer experience but there are no current plans to revisit the administration of the system itself”.

Greig Liddell
Senior Researcher
14 September 2026

The purpose of this briefing is to provide a brief overview of issues raised by the petition. SPICe research specialists are not able to discuss the content of petition briefings with petitioners or other members of the public. However, if you have any comments on any petition briefing you can email us at spice@parliament.scot

Every effort is made to ensure that the information contained in petition briefings is correct at the time of publication. Readers should be aware however that these briefings are not necessarily updated or otherwise amended to reflect subsequent changes.

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Annexe C: Written Submissions

PE2236/A: Transfer administration of mandatory charitable rates relief to independent third sector processes

Scottish Government written submission, 23 September 2026

Does the Scottish Government consider the specific ask[s] of the petition to be practical or achievable? If not, please explain why.

The Scottish Government does not consider the specific ask of the petition to be practical or achievable.

NDR is a tax on property – the non-domestic equivalent of Council Tax (which pre-Poll Tax was actually called Domestic Rates) - and an integral component of the Local Government Settlement. While Scottish Government sets NDR policy including tax rates and reliefs, local authorities are responsible for the administration and collection of NDR, including billing. All reliefs are administered by local authorities reflecting their local knowledge and expertise.

Charity relief has existed in some form since 1962. Registered charities are eligible for 80% mandatory relief which councils can top up to 100% at their discretion. This is only if their property is mostly used for charitable purposes. This could be by the charity occupying the premises, or by other charities. Councils can also offer up to 100% discretionary relief on properties used by other not-for-profit organisations. To qualify, the purpose of occupation must mainly be charitable or otherwise philanthropic or religious or concerned with education, social welfare, science, literature or the fine arts. Whether a property meets this qualifying criterion is a matter for the relevant local authority to determine.

Transferring those responsibilities, which ultimately determine a property's statutory tax liability, to an independent, third sector-led or community focused system would be unprecedented and introduce significant financial and policy risks. As a minimum, extensive and likely complex legislation to establish the necessary accountability and assurance framework would therefore be required, and significant additional costs would inevitably be incurred.

Mandatory charity relief benefited 11,470 properties as at 1 June 2025 and is forecast to cost £233 million in 2026-27. The cost of the relief is fully funded by Scottish Government through the operation of the Non-Domestic Rating Account. Local Authorities have no direct financial stake in whether an award is made or not and therefore the premise of the petitioner's argument is unsound.

What, if any, action is the Scottish Government currently taking to address the issues raised by this petition, and is any further action being considered that will achieve the ask[s] of this petition?

The administration of the Non-Domestic Rates system is a matter for local authorities in accordance with the statutory framework established by the Scottish Parliament.

Scottish Ministers are committed to a comprehensive review of Non-Domestic Rates and Reliefs including improvements to the ratepayer experience but there are no current plans to revisit the administration of the system itself.

Is there any further information the Scottish Government wish to bring to the Committee's attention, which would assist it in considering this petition?

Historically charity relief has unfortunately been used to facilitate tax avoidance. For example, charities taking on disused warehouses to be used superficially for storage or advertising allowing those properties to cease claiming Empty Property Relief and claim charity relief which is likely to be more generous.

A number of provisions in the NDR (Scotland) Act 2020 were intended to target this abuse. Local authority's current powers would still be required as part of their role in targeting such tax-avoidance schemes.

Non-Domestic Rates Team, Local Government and Analytical Services Division

PE2236/B: Transfer administration of mandatory charitable rates relief to independent third sector processes

Petitioner written submission, 24 September 2026

1) The Scottish Government's response to the petition, PE2236/A frames the issue as "financial stake" and "avoidance risk"; the petition concerns process and decision-making.

PE2236/A states that local authorities have "no direct financial stake" in whether mandatory charity relief is awarded and concludes that the petitioner's premise is unsound. That sentence may be true of the 80% cash line (funded through the Non-Domestic Rating Account), but it does not address the petition's core point: who determines the statutory test, by what process, and with what safeguards against enforcement running ahead of determination.

It is also incomplete as a description of incentives. If mandatory relief is not awarded, the council's billing and recovery function will collect the full charge from the charity. Even where the 80% element is nationally funded in accounting terms, refusal or delay of relief has a direct cash consequence for the applicant and is experienced as a revenue outcome at the point of collection.

The petition is not a claim that councils' "pocket" the forecast £233 million if they refuse an award. It is a claim that a mandatory entitlement can be rationed in practice through administrative burden, evidential escalation, and enforcement sequencing.

2) "Local knowledge and expertise" do not explain the cross-council procedural similarity being reported. PE2236/A relies on the proposition that reliefs are administered by local authorities reflecting "local knowledge and expertise." The difficulty is that the same sequence is being reported across otherwise independent councils, including unannounced external visits; snapshot photographs treated as

proof of non-use; delayed or refused disclosure of the material relied upon; and recovery action while an application remains undetermined.

That similarity is not explained by local knowledge. It is consistent with a shared administrative environment: common fiscal pressure, common professional training, and common recovery tools.

The point is not conspiracy. It is that procedural barriers can converge across councils even where each council is formally independent.

3) Entitlement vs discretion: “determine” is not the same as “withhold.” PE2236/A states that whether a property meets the criterion is “a matter for the relevant local authority to determine.” Determination of fact is necessary. It is not a discretion to refuse the 80% once those facts are met. Section 4 of the Local Government (Financial Provisions etc.) (Scotland) Act 1962 creates an entitlement where premises are occupied by a charity and used wholly or mainly for charitable purposes: <https://www.legislation.gov.uk/ukpga/1962/9/section/4>

If those two conditions are satisfied, the relief is a right, not a favour. The council’s task is to check the facts. It is not to invent extra tests, delay the award, or treat the 80% as optional because a snapshot from the street looked quiet.

The Scottish Government’s own published Non-Domestic Rates legislation and relief material continues to use that statutory wording and states that the mandatory relief is not time-limited: <https://www.gov.scot/publications/non-domestic-rates-legislation/>

The petition’s concern is that the statutory test is being displaced by extra-statutory proxies (for example, daily footfall, retail-hours opening, pavement-visible signage, or commercial occupancy packs) which are not prescribed by the 1962 Act.

4) Anti-avoidance powers should not become the template for volunteer-led charitable use PE2236/A correctly notes historic “empty warehouse” avoidance and the purpose of provisions in the Non-Domestic Rates (Scotland) Act 2020. However, the petition concerns the opposite error: treating volunteer-led, intermittent, upstairs, event-based, or space-giving charitable use as non- use because it is not continuously visible from the street.

Warehouse schemes manufacture occupation to reduce liability. The petition concerns the denial of charitable use based on snapshots and external appearance, rather than a purposive inquiry into charitable activity over time.

PE2236/A’s “further information” for the Committee is confined to the cost of relief and to historic avoidance. It does not describe the ordinary case the 1962 Act was written for: a registered charity using premises for its objects. A system explained only as a fraud-control function will treat genuine, less visible charitable use as a risk to be refused, not as an entitlement to be assessed.

What the petitioner asks the Committee to seek:

1. Confirmation that mandatory 80% relief is an entitlement under section 4, not a local discretion, once the statutory test is met.

2. A statement on whether recovery action should wait until that test has been completed.
3. Consideration of an independent or third-sector process for the “wholly or mainly used” inquiry, even if billing and collection remain with local authorities.
4. Confirmation that anti-avoidance powers aimed at empty-warehouse schemes are not treated as the template for assessing volunteer-led, intermittent or space-giving charitable use.

I remain willing to give evidence.