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Room T3.40  
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Edinburgh  
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In 2014 Scotland Welcomes the World



26 October 2014

*Dear Maureen*

## SCOTTISH WATER: EXEMPTION SCHEME

Further to my letter of 21 August 2014, I understand that a number of enquiries have been received on the more detailed rules and application procedures to be followed by charities and Community Amateur Sports Clubs when applying for the Exemption Scheme.

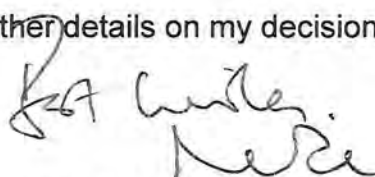
The Government has been working with regulators, Licensed Providers and Scottish Water on the finer points of the Scheme and I can now confirm that I have agreed the detailed rules. These are designed to:

- Make the Scheme simple for applicants;
- Ensure fairness to all customers; and
- Prevent unfair competition between charities and small businesses.

The rules are attached at Annex A and will be available on the Government's website and provided as part of the application pack.

I can also confirm that the application process is still under development. However, to manage the many applications, the process will be staggered. The 2015-16 Scheme will be open in the first instance to new beneficiaries in January 2015. Those eligible beneficiaries of the existing scheme will continue to be exempt from charges in 2015-16. They will be contacted directly by their Licensed Providers in January 2015 to advise them of the transition arrangements that will apply from April 2015 and of the renewal arrangements that will be used to establish the correct level of support in 2016-17.

I would be pleased to provide further details on my decision to the Committee should that be helpful.



NICOLA STURGEON

## SCOTTISH WATER – CHARITIES EXEMPTION AND REDUCTION SCHEME

### Detailed Rules

The detailed rules are intended to strike a balance between charities needing support with the payment of water charges and the businesses and taxpayers that provide the financial assistance.

Principle 1: Make the Scheme simple and clear for applicants.

- Exemption or a reduction in charges will only be granted for the financial year for which the application is made.
- Applications to the Scheme must be submitted annually and, no later than 31 March of the financial year in which support is sought, so that qualification can be retested and information regarding the charity or Community Amateur Sports Club (CASC) is kept up to date.
- An application must be submitted in respect of every property that is connected to public water and/or sewers and occupied by a charity or CASC to carry out its day to day activities. Support will not be given where a charity leases property it owns to another organisation on a commercial basis.
- For charities, income information will be sought from the Office of the Scottish Charity Regulator's records.
- For CASCs, accounts relevant to the application year must be submitted.
- New charities or CASCs for which accounts are not available must supply a budget or business case as submitted as part of their application for charitable status. Support will be provided from the date on which the charitable or CASC status is awarded.

Principle 2: Ensure fairness to all customers.

- Exemption or a reduction in charges in a given financial year will be based on the charity/CASC's accounts for its financial year that ended before 1 July of the previous year (charities have 9 months in which to submit their accounts). So, support in 2015-16 will be based on accounts for an accounting year ending up to and including 30 June 2014.
- For charities, financial support will not be granted until the relevant accounts have been submitted and verified by OSCR.
- Exemption will be revoked with immediate effect where charity or CASC status is lost or removed by the relevant regulator.

Principle 3: Prevent unfair competition between charities and small businesses.

Charities and CASCs will not be eligible for exemption where one or more of the following conditions are met:

- Possesses a permanent alcohol licence;
- Operates one or more charity shops and other premises used for the purposes of retailing new or second-hand merchandise;
- Operates a café which is open to the public and operated on a full-time basis to generate income (occasional cafés and canteens to support the work of volunteers are not included).