



Craighall Castle
Blairgowrie
Perthshire
PH10 7JB
Tel: 01250 833101
Email: info@castlewater.co.uk

Charities Exemption Scheme

The Scottish Government has announced a new scheme which will replace the previous exemption scheme for charities from April 2015, which helps charities and Community Amateur Sports Clubs (CASCs) with the cost of their water and waste water bills.

As a licensed provider of water services, Castle Water is able to administer the exemption scheme for any customers which qualify. Charities should complete the application form (click here) and return it to info@castlewater.co.uk.

How the Scheme Works

From April 2015, support will be available to charities registered with the Scottish Charity Regulator (OSCR) and CASCs with an income below £300,000. There are a few exceptions. Charities and CASCs will not be eligible for support where one or more of the following conditions are met:

- the charity holds a permanent alcohol licence to sell alcohol at the premises;
- the premises is a charity shop or other premises used for the purposes of retailing new or second hand merchandise;
- the premises operates as a café which is open to the public and operated on a regular basis to generate income. This excludes canteens that have been provided by the charity to support its own volunteers;
- the organisation is a Local Authority or an Arms-Length External Organisation (ALEO) which organisations that can be used by councils to deliver services.

The old scheme ceases on 31 March 2015 and this scheme replaces it. Those organisations that are already eligible under the current arrangements will be exempt from charges in 2015-16 and **do not** need to apply to receive support during 2015-16.

The application process for the new scheme is open to new entrants. Potentially eligible charities and CASCs may want to ensure relevant accounts have been prepared and, in the case of charities, submitted to OSCR to ensure they can receive support from April 2015.

Successful organisations will receive support from 1 April, 2015, as long as the application is received by 31 March 2016 and it meets the scheme requirements.

What to do

Read the notes and FAQs, download the application form, complete, sign and return it to info@castlewater.co.uk, and we will process your application.

Please note: if you are already covered by the exemption scheme, you do not need to apply for the 2015-16 year in respect of those premises already covered by the exemption. For other premises, please complete a form.

Application forms are available **here** or on our website www.castlewater.co.uk, for customers of Castle Water. If you are not a customer of Castle Water, you can contact us **here**

Scottish Government Charities Exemption Scheme

(Frequently Asked Questions published by the Scottish Government, January 2015)

What is the exemption scheme?

The Scottish Government has announced the detailed requirements for a new scheme which will provide exemption from water and wastewater bills to charities registered with the Scottish Charity Regulator (OSCR) and Community Amateur Sports Clubs (CASCs) from 1st April 2015.

There are specific criteria that must be met in order to be eligible for exemption, set out in letters to the Infrastructure and Capital Investment Committee.

This scheme will replace the existing exemption scheme. All organisations that are eligible for the existing scheme will automatically be exempt from charges in 2015-16.

Organisations that qualify for the scheme will receive full or partial exemption from water and wastewater charges for 12 months (from 1 April to 31 March the next year), provided they continue to be a charity or CASC. Organisations will need to apply to be in the scheme each year, and this means that an organisation that is not successful in one year may qualify in the future.

When should organisations apply?

All organisations that are eligible for the existing scheme will automatically be exempt from charges in 2015-16. If your organisation is eligible for the existing scheme you do not need to take any action at this stage and your licensed provider will contact you over the next few months.

For those that are not eligible for the existing scheme, the new scheme opened for applications in January 2015 and details of the application process are available on licensed providers' websites. Organisations will need to submit applications to their licensed providers and will receive full or part exemption from charges from April 2015, provided a successful application is received by March 2016.

Am I eligible?

The exemption scheme has qualification requirements and is not available to all customers. Support will be available to charities registered with OSCR and CASCs that have gross annual income below £300,000.

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

- a permanent alcohol licence is held, other than an occasional permission under the Licensing (Scotland) Act 2005 or its predecessors; or
- the premises is a charity shop or other premises used for purpose of retailing new or second hand merchandise; or
- the premises operates as a café which is open to the public and operated on a regular basis to generate income; or
- the organisation is a Local Authority or an Arms-Length External Organisation (ALEO).

Eligible organisations will receive support from the 1st April 2015, as long as the application is submitted to Scottish Water by 31st March 2016 and meets the scheme requirements.

The following definitions are intended to help you decide if your organisation is not covered by one of the excluded categories:

- Permanent Alcohol Licence - A premises licence under Part 3 of the Licensing (Scotland) Act 2005
- Café – a café or food retail outlet which is open to the public with the primary purpose of selling food and/or beverages for consumption either on or off the premises. This exclusion does not relate to situations where premises are used for occasional coffee mornings or bake sales, or where facilities have been set up by a charity to be used by its volunteers.

- Retail outlet – a shop or warehouse which has the primary purpose of selling new and/or recycled or donated goods to customers either directly or via mail order.
- ALEOs are arm’s-length external organisations that can be used by councils to deliver services. ALEOs are companies, trusts and other bodies that are separate from the Local Authority but are subject to local authority control or influence. Control or influence can be through the council having representatives on the board of the organisation, and/or through the council being a main funder of shareholder of the organisation. The full definition is available in an Audit Scotland report at http://www.audit-scotland.gov.uk/docs/local/2011/nr_110616_aleos.pdf

What level of exemption am I eligible for?

The level of support depends on the level of an organisation’s income and whether it is already exempt under the existing scheme. If the organisation is not currently exempt but qualifies for exemption under the new scheme, it will receive the following support.

Income	Support provided to Charity / CASC from 1 April 2015
Up to and including £200,000	Exempt
More than £200,000 up to £300,000	Support equivalent to 50% off wholesale charge
£300,000 and over	No support

The arrangements are a little more complex for those that currently qualify for the existing scheme since it also depends on if the organisation is a charity or CASC.

The following transitional support will be provided to charities and CASCs that are in the existing scheme during 2015-16, 2016-17 & 2017-18.

Income	2015-16	2016-17	2017-18
Up to and including £200,000	Exempt	Exempt	Exempt
More than £200,000 up to £300,000	Exempt	Support equivalent to 50% off wholesale charge	Support equivalent to 50% off wholesale charge
£300,000 and over	Exempt	Support equivalent to 50% off wholesale charge	No support

If the organisation is in the current scheme but is not a charity or CASC, the level of support will reduce from April 2016 and it will receive no support from April 2018, as shown below.

Income	2015-16	2016-17	2017-18
Up to and including £200,000	Exempt	Support equivalent to 50% off wholesale charge	No support
More than £200,000 up to £300,000	Exempt	Support equivalent to 50% off wholesale charge	No support
£300,000 and over	Exempt	Support equivalent to 50% off wholesale charge	No support

Who will support me with my application?

Licensed Providers will provide support to their customers through the application process and review the submitted materials before sending them on to Scottish Water to make the final decision on whether the organisation is eligible for relief.

My organisation is not a charity or CASC – can it still qualify for exemption?

If an organisation is not a charity or CASC, but thinks that they could qualify and then benefit from the support offered by the scheme, they should contact their local Third Sector Interface for advice on how to become a charity or CASC. Contact details are available at: <http://www.scotland.gov.uk/Topics/People/15300/Localism/> and at <http://www.vascotland.org/>.

Further information about becoming a charity is also available from the Office of the Scottish Charity Regulator. <http://www.oscr.org.uk/about-scottish-charities/becoming-a-charity/>.

What do I need to submit with my application?

The application will need to contain evidence that the occupier of the premises is a registered charity with OSCR or CASC with HMRC **and** may need to include evidence of its gross annual income as explained below.

Charities will be required to provide their Scottish Charity Number as evidence of their charity status. We will confirm CASC status by cross-checking details that are made publically available by HMRC.

For evidence of income, charities' financial information will be checked against the Scottish Charity Register.

Because there is no publically available register of income for CASCs, accounts for the relevant financial year will need to be submitted by any CASC that is applying for the scheme. Accounts or a summary of income and expenditure should be provided along with an extract from the organisation's constitution, which identifies the financial records they are required to keep, signed by the office bearer with financial responsibility within the organisation.

Licensed Providers will not return any documents so only copies should be submitted. This information will only be used for assessing eligibility for the scheme, will be handled in confidence and will not be disclosed to other parties.

What happens if an organisation loses its Charity or CASC status?

When a charity no longer has charitable status or a CASC loses its status it will be removed from the exemption scheme from that date.

What happens for organisations that don't have accounts?

If the organisation is not required to keep accounts, a summary of income and expenditure should be provided along with an extract from the organisation's constitution, which identifies the financial records they are required to keep, signed by the office bearer with financial responsibility within the organisation.

New charities or CASCs which don't yet have accounts for the relevant financial year will need to make a declaration of expected income along with a copy of their budget or business case.

Support will be provided from 1 April 2015 or the date on which the charitable or CASC status is awarded if it is after April 2015.

The application form should be signed by the office bearer with financial responsibility within the organisation.

What is my organisation's Gross Annual Income?

'Gross Annual Income' is the total annual income received for the relevant financial year being used to support the application (and declared by the Office of the Scottish Charity Regulator (OSCR) for charities or HMRC for CASCs) prior to the deduction of any expenditure for the premises. This will include all income, donations and grants received and you cannot make any deductions for donations made by your organisation to charities or money paid to parent bodies.

What set of accounts should I use in my application?

Accounts for the most recent financial year ending up until 30 June for the following April's exemption year should be used in the application process. The following table provides a summary of the first couple of year's accounting year ends that should be used in the new scheme. Thereafter the consecutive year's accounts should be applied.

Relevant financial accounts for initial 3 years of New Exemption Scheme

Support provided between	Based on Charity's/ CASC's accounts for
1 st April 2015 and 31 st March 2016	Its most recent FY that ended prior to 1 July 2014.
1 st April 2016 and 31 st March 2017	Its most recent FY that ended prior to 1 July 2015.
1 st April 2017 and 31 st March 2018	Its most recent FY that ended prior to 1 July 2016.

Why is there a year's 'time lag' in the financial information used to apply?

Despite there being a slight time lag between accounts and the year to which exemption applies, by using the most recent set of accounts (until 30th June preceding the exemption year), all charities and CASCs will have sufficient time to apply for exemption before the start of the year. In the event that their income rises above the scheme limits, it also ensures that they have sufficient time to financially plan for a future loss of exemption in the subsequent exemption period.

Our application has been rejected using the relevant accounts. However the income for the most recent set of accounts is below the scheme limits. Can we apply to get into the scheme now using those most recent accounts?

The short answer is yes you can apply for the scheme, but as shown in the relevant financial year relationship below, you will be applying for exemption in a later year rather than the current year.

Relevant financial accounts for initial 3 years of New Exemption Scheme

Support provided between	Based on Charity's/ CASC's accounts for
1 st April 2015 and 31 st March 2016	Its most recent FY that ended prior to 1 July 2014.
1 st April 2016 and 31 st March 2017	Its most recent FY that ended prior to 1 July 2015.
1 st April 2017 and 31 st March 2018	Its most recent FY that ended prior to 1 July 2016.

Provided the organisation retains its charity or CASC status, support will be provided for the full year (1 April to 31 March) even if the more recent accounts, submitted to OSCCR or HMRC during the support year, indicate that revenue during the organisation's most recent financial year is above the scheme limits (£200k and £300k). These more recent accounts will be used to determine the appropriate level of support in a subsequent year.

To be fair to other customers and taxpayers who are meeting the costs of the scheme, a charity or CASC which has been excluded from support because its revenue in the relevant year was beyond the scheme limits, will not receive support until the start of the next support year, even if more recent accounts, submitted to OSCCR or HMRC during the support year, show income within the scheme limits.

My organisation operates at multiple premises – does this affect my application process?

Support will be provided in relation to all premises that are occupied by a qualifying charity or CASC that does not have a permanent alcohol licence, is not involved in retailing, does not operate as a café or is not a Local Authority or an Arm's Length External Organisation. Separate applications should be made for each premises.

Support will not be provided in relation to a property that is owned by a qualifying charity or CASC but which is occupied by another organisation. The occupying organisation may apply for the scheme if it is a charity or CASC.

My application has been accepted – what happens next?

If your application is accepted you will receive full or partial exemption from 1 April 2015. Any payments that you have made for services you have used since April 2015 will be refunded.

Because the scheme requires organisations to apply every year, you will need to submit an application form for the scheme for 2016-17. You can make that application once your accounts for the relevant year are ready. To qualify for the scheme in 2016-17 your application must be received by March 2017.

What can I do if I disagree with Scottish Water's decision?

If an application is rejected, it will be because the premises is in one of the excluded categories, or the organisation's gross income is more than £300,000. This will be explained in writing in the response. However, if you think a mistake has been made, the application should be resubmitted explaining which of the reasons provided is factually wrong and why.

Will the eligibility criteria change during the life of the scheme?

In line with Ministers' policy, the new scheme is to be reviewed in 2017-18.

What should existing exempt customers do for 2015-16?

Customers who are already exempt under the existing scheme do not need to take any action at this stage.

Licensed Providers will contact their customers that qualify for the current exemption scheme to confirm that they will be continue to be exempt throughout 2015-16 and to explain what they will need to do to apply for exemption in 2016-17.

What happens if I don't receive a water bill?

You may not be receiving a water bill for a number of reasons. If you are not receiving a bill you may not know who your licensed provider is.

You may not receive a water bill if you are in the existing exemption scheme. You should be aware that you are in the current scheme because you will have received a confirmation letter at some stage in the past. If you are in the existing scheme you will automatically be exempt from charges in 2015-16. Your licensed provider will write to you soon to explain what you need to do next, but you don't need to do anything to get support in 2015-16.

Another possible reason for not receiving a water bill would be if your water charges are included in your rent. If they are included in the rent then you cannot benefit from the scheme, unless you are the occupier of the property and become directly responsible for the water bill.

If you are not receiving a water bill, but your water charges are **not** part of your rent and you are **not** in the current exemption scheme, then you may not have a licensed provider. You can contact Castle Water at info@castlewater.co.uk and we can check your status for you.

Successful organisations will receive support from the 1 April 2015, as long as the application is received by Scottish Water by 31 March 2016 and it meets the scheme requirements.