



Rating Policy Division
Department of Finance and Personnel
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25 Jan 2016

To Whom It Concerns

NWCN Consultation response - Non-Domestic Rating Policy

North-West Community Network is a community development, membership-led organisation that provides support to the Community & Voluntary sector in the North-West by way of advocacy and representation at various levels, support in terms of dissemination of public policy information and interpretation and a focal point for the sector in the area.

The points below reflect the organisation's position on the range of proposed changes to the Non-Domestic Rating Policy, speaking as a sub-regional network which is also active and prominent at a regional level.

The Network very much welcomes the opportunity to respond to this consultation and looks forward to the voice of non-profit organisations of all types and scale being meaningfully listened to.

Fundamentally, the Network view is that all charities should continue to be exempt from paying rates as the public benefit derived from the work of charities far outweighs any potential revenue.

What changes (if any) should be made to the current level of 100% non-domestic exemption?

None. This charitable exemption is the largest tax relief available to charities and is vital for their continuing work. At a time when charities are receiving less and less public funding the significant risk is that the additional burden of a rates bill could force many charities to close.

There is a focus on the financial profile of charities in Northern Ireland with the aim of assessing whether it would be possible for some organisations to make some contribution (20%) to the overall rating burden. Although 20% of registered charities operate with an income of more than £200,000, the money generated by these charities is used to further their charitable aims. Any contribution that must be made towards rates will take away from the delivery of services for public benefit.

Question 10a - Should a reduced exemption or cap apply to those organisations competing with commercial interests?

The consultation paper states that it could be argued it is appropriate and affordable for organisations that 'compete with commercial interests' to make a contribution to rates.

This definition would include charity shops and nurseries. The model employed by the voluntary and community sector is entirely different than the one used by the private sector, whilst these may be seen as 'commercial' undertakings any surplus generated is used to fund the organisation's charitable purposes.

The voluntary and community sector is increasingly being advised by government that it must explore ways in which to become more sustainable and reduce what is seen as dependency on government grants and project funding through creating social enterprises and other income generating ventures. Many organisations have heeded this guidance and diversified their funding and it is now being suggested this might be unfair competition.

There is an assertion within the consultation document that charity shops lead to a reduction in the overall retail mix. It should also be stated that charity shops are not the cause of the economic downturn of our highstreets but a symptom. Charity shops mainly sell second hand items (diverting over 21,000 tonnes of textile from

landfill) and, again, all of the money made is used to contribute funds to the organisation's overall charitable purposes.

Furthermore, encouraging growth in social capital through the work of charities and voluntary organisations can only help foster economic growth. Charity shops often undertake other functions which bring additional footfall to the high street by holding events and competitions.

It should also be noted that charity shops are not taking leases on properties to the detriment of commercial interests or start-ups as there is currently a high number of vacant properties in Northern Ireland - NI has the highest shop vacancy rate in the UK at 17.3%.

Charity shops also provide other important functions in Northern Ireland including providing employment and volunteering opportunities. These would be at risk should a rates burden be placed upon them.

Question 10b - Should all charity shops pay some rates?

No - charity shops fulfill a very different role to their commercial counterparts. Providing important volunteering opportunities, promoting brand/campaign awareness, additional services and important information.

The impact of a rates bill on charity shops could lead to many being forced to close. A significant proportion of charities reported that an increased rates contribution would lead to a reduction in services.

Question 10c - Should charities have their relief capped so that they do not take over expensive properties simply to help the owner avoid empty property rates?

No. NWCN would be happy to support the department in exploring options to deal with this issue if there is compelling evidence that this is a significant issue. It is a disproportionate response to penalise the entire sector through a change of legislation if enforcement avenues have not been explored.


There is also a genuine risk that this could act as a disincentive to well-intended Landlords from providing property or land to charitable organisations as a donation in kind.

The imposition of a rates bill on charities, at any level, would be a damaging step. The impact of even a 20% rates bill on a charity of any size, would have a significant detrimental influence on their ability to reinvest surplus in their important work.

These views reflect a blend of extractions from recognised sectoral partner organisations, highlighting most keenly those of greatest interest to North West Community Network.

Should further views or clarification be required, you are invited to contact me using information above.

Yours sincerely



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