

Date: 2 March 2015  
Our Ref: 150302 Exemption scheme  
Your Ref:

To: All Licensed Providers

Dear Licensed Provider,

### **Scottish Government's Charities Exemption Scheme**

I write regarding the Commission's expectations of how Licensed Providers should treat customers who are benefiting from the Government's Charities Exemption Scheme's 50% reduction in wholesale charges.

As you are aware, the Government's Charities Exemption Scheme provides for Scottish charities registered with the Office for the Scottish Charity Regulator and Scottish Community Amateur Sports Clubs registered with HM Revenue and Customs with gross annual incomes of more than £200,000 but less than £300,000 to receive a 50% reduction in the wholesale charges paid by their Licensed Providers. MCCP161 introduced a number of changes to enable these discounts to be calculated by the Central System.

The 50% reduction in the wholesale charges is not tied to who was the customer's Licensed Provider at the time of the customer's application to the Scheme. As such, these customers are able to "shop around" like any other customer and take the 50% reduction with them.

While we are not intending to set a formal retail price cap on how much you can charge customers who are receiving this discount, I thought it would be helpful to set out in advance of the first year of the scheme our expectations regarding what actions Licensed Providers should take in order to provide assurance to customers and other stakeholders that charities are benefiting from the Exemption Scheme as Ministers intended. In general, we expect that Licensed Providers will be open and honest regarding the reduction in wholesale charges these customers are benefiting from.

1. When customers are granted the 50% discount, Licensed Providers should tell customers that they are receiving the discount. Licensed Providers should inform their customers how their new retail charges will be calculated.
2. If it is not apparent from their bills, we would expect that Licensed Providers will explain how the 50% reduction in wholesale charges is being passed on should customers request them to do so.

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3. Like the customers receiving the full exemption from charges, customers receiving the 50% discount are still able to switch. We expect that Licensed Providers will inform these customers of this ability. Licensed Providers should also not imply that the Exemption Scheme affects other retailers' ability to offer these customers lower prices and/or different levels of service.

A copy of this letter has been sent to the Scottish Government and will be posted on our website shortly. The information contained in this letter will also be added to Scotland on Tap.

Yours sincerely



**David Walters**  
Head of Competition