

## AGENDA ITEM No. 2

CABINET

HEAD OF FINANCIAL SERVICES

02 MAY 2017

REPORT NO. FIN1716

KEY DECISION? YES/NO

### APPLICATIONS FOR DISCRETIONARY RATE RELIEF

#### SUMMARY AND RECOMMENDATIONS:

Cabinet are requested to:

- a) Consider whether to award any Discretionary Rate Relief to the applicants as set out in the report, and
- b) If so, for what period(s).

## 1. INTRODUCTION

1.1 The purpose of this report is to:

- Outline the background and financial implications of Discretionary Rate Relief.
- Consider two new applications for Discretionary Rate Relief.
- Examine the overall budget position for cost impact of Discretionary Rate relief applications for 2017/18.

## 2. BACKGROUND

2.1 Mandatory Relief is available at 80% of the rates payable, and to qualify an organisation must:

- Occupy a property or rating hereditament which is used wholly or mainly for charitable purposes, and
- Be established for charitable purposes only, or
- Be accredited as a community amateur sports club.

2.2 A local authority had discretion to grant “top up” relief of up to the additional 20% to charities that have received the 80% mandatory relief.

2.3 In addition, an authority can grant relief of up to 100% to other ratepayers.

### **3 FINANCIAL IMPLICATIONS**

- 3.1 Since 1<sup>st</sup> April 2013, the Business Rates Retention Scheme has introduced a fundamentally new set of arrangements for dealing with the cost of rates. The cost to the Council of granting any relief is most reliably estimated at being 40% of the value of relief granted. Although the total cost is ultimately determined by a range of factors, such as the Council's total rate receipts measured against its estimated threshold for growth, taking into account any payment levies or safety net contributions payable or receivable.
- 3.2 Appendix 1 shows those charitable organisations that qualify for 80% mandatory relief and which have been granted additional "top up" discretionary relief. The organisations are grouped together under generic headings, and the period of grant.
- 3.3 Appendix 1 also sets out summary details of the non-charitable organisations that are currently in receipt of relief. The appendix includes the value and costs of relief and period of grant.
- 3.4 If Discretionary Relief were awarded to both applications, the financial effect on the Council would be £109,041.

### **4 RISKS**

- 4.1 If 20% Discretionary Relief is awarded to Aldershot Town FC Community Trust, the financial effect on the Council remains relatively low at £127.44 for the year 2017/18.
- 4.2 If 100% Discretionary Relief is awarded to Places for People Leisure Ltd, the overall financial effect on the Council is significant amounting to £108,914. However, 100% rate relief has been awarded on both sites for previous financial year and would be consistent with previous Cabinet decision and the current contractual position (as outlined in section 5.2).

### **5 THE APPLICATIONS**

- 5.1 **Aldershot Town FC Community Trust**  
**Unit 3, 48 Camp Road, Farnborough, GU14 6EP**  
**Billing No. 92086822**



Aldershot Town FC Community Trust is a registered charity that uses sport and football to educate young people and encourage them to live healthy lifestyles.

The Trust advises that its aim is to continue to build links with the local community and ensure that the Trust plays its part in building a bright future in Aldershot and the surrounding areas.

The Trust has recently moved to its new offices in Camp Road, Farnborough having cut links with Aldershot Town FC.

More information about the trust can be found at <http://aldershottownfitc.co.uk/>

As a registered charity, Aldershot Town FC Community Trust is entitled to 80% mandatory relief and this application is for up to 20% discretionary rate relief.

The Trust has been responsible for rates at Unit 3, 48 Camp Road, Farnborough since 12 Dec 2016 and their remaining liability for the year 2016/17 (after 80% mandatory relief is applied) = £74.30 and for 2017/18 = £244.29

If the full 20% discretionary rate relief were to be awarded the financial effect on Rushmoor BC (at 40%) would be:-

2016/17 - £29.72  
2017/18 - £97.72

In their application, Aldershot Town FC Community Trust advise of the following:-

***What are the main objects of the charity?***

The charity's objects are for the benefit of the public generally and in particular, the inhabitants of Aldershot and its surrounding areas:-

- to promote community participation in healthy recreation by providing facilities for the playing of association football and other sports capable of improving health.

- To provide and assist in providing facilities for sport, recreation or other leisure time occupation of such persons who have need for such facilities by reason of their youth, age infirmity or disablement, poverty or social and economic circumstances or for the public at large in the interests of social welfare and with the object of improving their conditions of life, and
- To advance the education of children and young people through such means as the trustees think fit in accordance with the law of charity.

***Outline ways the organisation is involved at local level:***

The Aldershot Town FC Community Trust Report outlines how the trust is involved locally with schools and the community.

**Schools Programme** - The Trust works closely with schools predominantly in Rushmoor, Hart and Surrey.

The programme has been run on a non-profit making basis, with in many cases the opportunity to receive free or heavily subsidised coaching sessions.

During the last year, 21 different schools have received curriculum time coaching from the Trust, 12 schools have received lunchtime coaching and 33 schools have received after school coaching.

**CPD Training** – The Trust has provided CPD training for many staff on Inset days, which has included providing teaching staff with new ideas and practices for coaching football. The training has been designed so that it suits the needs of the teachers and children they have been coaching during school PE lessons.

**Fetes and Fun Days** - The Trust has also assisted schools and community groups with many individual fetes, fun days and sports days.

**The Stay Safe Community Cup** – fourteen local teams participated in the Stay Safe Community Cup. The competition involved a variety of different organisations including Hampshire Police, Rushmoor Borough Council, The Source Café, GBZ, Goru Flyers, Aldershot Boys, Aldershot Town FITC coaches, Domino’s Pizza and 2 Army sides.

The event is designed as a way of bringing the community together and was organised by the trust with Rushmoor Borough Council’s Anti-Social Behaviour Officer.

With the tournament proving so successful, it is hoped the competition will become an annual event bringing the people in Aldershot and Farnborough together.

**Soccer Schools** – the Trust delivered holiday coaching courses in Farnborough and Aldershot and surrounding areas in the last year. All participants received coaching from qualified coaches, opportunity to play in small-sided games, certificates and gift packs, and match tickets.

**Shots tots** – the Trust runs tots soccer coaching sessions for children aged between 2.5 – 5 years of age. These sessions use fun football related games to develop the participating children’s ABC’s (Agility, Balance and Co-ordination).

**Disability Programme** – the Trust, in partnership with Rushmoor Mallards and RU Able 2 formed a pan disability team that competed against various Football League community sides.

***What purpose does the organisation use the premises and facilities?***

For office and administration centre. Used for meetings with stakeholders and partners.

***How would an award of relief to your organisation benefit the local community?***

We are heavily involved with the community, schools, the disabled, those with special educational needs etc.

We have lost £25,000 funding from the National League and also revenue from NCS courses due to the trust being excluded from the Recreation Ground by Aldershot Town FC.

We have reserves in our account to last this year and no more. If we are forced to close the Trust, those we serve within the community will suffer. We are therefore having to reduce our overheads as much as possible.

## 5.2 Places for People Leisure

**Farnborough Leisure Centre, Westmead, Farnborough, GU14 7LD**  
**Aldershot Pools Complex, Guildford Road, Aldershot, GU12 4BP**  
**Billing No. 92067538 / 92067547**



Places for People Leisure Ltd are a property management, development and regeneration company. They had previously acquired the company DC Leisure – a leisure management contractor that manages around 100 leisure facilities on behalf of 28 local authorities.

The sub-contractor has been changed from Leisure and Community Partnership to Places for People Leisure Ltd.

Leisure and Community Partnership were previously awarded 100% Discretionary Rate Relief. Cabinet approved the transfer of the management of this contract from Leisure and Community Partnership to Places for People Leisure Ltd in November 2012. At that time, Places for People Ltd indicated that they were applying to obtain charitable status. No application for revised rate relief was considered at the time of the transfer of ownership due to the pending charity status application. The rationale for this was that charitable status affected the amount of automatic relief that would be granted without requiring Cabinet consideration and the financial effect would be borne both locally and by the central rating pool held by Government.

On 16 January 2007, a report went to Cabinet and it was resolved that Leisure and Community Partnership Ltd (LCP) would take over the running of the

Farnborough Leisure Centre and Aldershoot Pools complex. In the same report it was agreed that 100% Business Rates relief would be awarded for 2007-08, and each subsequent year for the duration of the contract, albeit on the basis that Places for People would become a registered charity and therefore receive 80% mandatory relief and 20% discretionary relief.

The report also indicated that in the event that Business Rate Relief is withdrawn, then the contract would revert back to its current state. I.e. Rushmoor Borough Council would be responsible for payment of the business rates.

After a protracted process, Places for People Leisure Ltd were advised in 2014 not to proceed with their application for charitable status. Also during this period, the way in which business rates is accounted for and shared between tiers of government had fundamentally changed with the introduction of the business rates retention scheme. In light of these factors Places for People were awarded 100% discretionary rate relief on both sites in Farnborough and Aldershot. This relief expired on 31 March 2017, which coincided with the end of the 2010 rating list. Mandatory rate relief was not appropriate due to their decision not to seek charitable status.

The current contract for Places for People is due to expire on February 2019 and a tendering process is being drawn up for a new contract.

**Farnborough Leisure Centre** – the Business Rates payable for the financial year 2017/18 is £172,653.39. Assuming relief is granted, the financial effect on Rushmoor would be £69,061.36.

**Aldershot Pools Complex** - the Business Rates payable for the financial year 2017/18 is £99,632. Assuming relief is granted, the financial effect on Rushmoor would be £39,852.80.

In light of the issues surrounding the contract it is recommended that 100% Discretionary Relief be awarded until the end of the current contract.

#### **BACKGROUND DOCUMENTS:**

1. Local Government Finance Act 1988, Section 47.
2. Non-Domestic Rating (Discretionary Relief) Regulations 1989 (SI 989 1059).
3. Dept of the Environment Practice Note – Non-Domestic Rates, discretionary rate relief, issued 1989.
4. Full application case file in respect of the applicants.

#### **CONTACT DETAILS:**

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Total 20% Top Up Relief	47,220.54									
Total 20% CASC Relief	3,803.26									
Total Sports and Non-Profit	3,145.50									
Total Discretionary Rate Relief	54,169.30									
<b>Total Cost to RBC</b>	<b>21,667.72</b>									

**New Applications**

**Discretionary Relief**

Billing Number	Organisation	Address	RV	Yearly Rates	MR%	% Award	DR%	Amount of Aw Effect on RBC		
9209059	Aldershot Town FC Community Trust	Unit 3, 48 Camp Road, Farnborough	2,550	371.52	80	297.22	20	74.30	29.72	2016
9209059	Aldershot Town FC Community Trust	Unit 3, 48 Camp Road, Farnborough	2,550	1,221.45	80	977.16	20	244.29	97.72	2017
9206753	Places for People Leisure Limited	Farnborough Leisure Centre, Westemad	352,500	172,653.39	0	-	100	172,653.39	69,061.36	
9206754	Places for People Leisure Limited	Aldershot Pools Complex	208,000	99,632.00	0	-	100	99,632.00	39,852.80	
<b>Total</b>								<b>272,603.98</b>	<b>109,041.59</b>	