

KEY DECISION?
YES

ALDERSHOT POOLS COMPLEX – DISCRETIONARY RATE RELIEF

SUMMARY AND RECOMMENDATIONS:

SUMMARY

The Council recently awarded a contract to Places for People Leisure to operate the Aldershot Pools Complex for up to a 4 year period starting on 1 April 2021. As the occupier of the premises, they will be liable for the payment of Business Rates for the whole premises which would be recharged to the Council through the newly awarded contract unless any relief of rates is awarded.

Places for People Leisure was awarded 100% Discretionary Rate Relief by Cabinet at their meeting on 2nd April 2019 until the end of the previous contract that expired on 31 March 2021.

The purpose of this report is to seek a new award of Discretionary Rate Relief in favour of Places for People Leisure in line with the new leisure management contract to 31 March 2025.

RECOMMENDATIONS

Cabinet is recommended to award 100% Discretionary Rate Relief to Places for People Leisure to 31 March 2025 in line with the new agreement with them.

1. INTRODUCTION

1.1 The purpose of this report is to:

- Outline the background and financial implications of Discretionary Rate Relief; and
- Consider awarding Discretionary Rate Relief for Places for People Leisure in line with the new contract awarded to them for the management of the Aldershot Pools Complex.

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 has 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. APPLICATION FOR RELIEF

- 3.1 Places Leisure is a property management, development and regeneration company. The group leisure company (Places for People Leisure) is a large leisure operator that manages around 100 leisure facilities on behalf of numerous local authorities. Places Leisure are not considered a registered charity but a not for profit organisation. Therefore, Places Leisure are not entitled to 80% Mandatory Charity Relief and this application is for 100% Discretionary Rate Relief.
- 3.2 After extensive negotiation, Places Leisure have been awarded a contract to operate the Aldershot Pools Complex on the Council’s behalf.
- 3.3 The financial arrangements set out in the new contract is referred to as a cost + model, which essentially means that the Council will meet the net cost of operating the Aldershot Pools Complex and pay an overhead to Places for People Leisure for doing so. As such, whilst the cost of Business Rates would be for Places for People Leisure to bear, the Council would ultimately fund it.
- 3.4 As the Council would ultimately fund the Business Rates through the contract, it makes sense and is simpler for the Council to award the maximum Discretionary Rates Relief to Places for People Leisure as has been the case for several years.

4. IMPLICATIONS

FINANICAL IMPLICATIONS

- 4.1 Since 1 April 2013, the business rates retention scheme has introduced a fundamentally new set of arrangements for dealing with the costs of business rates. The cost to grant any relief is most reliably estimated at being 40% of the relief granted. Although the total cost is ultimately determined by a number 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.

- 4.2 The remaining 60% of the costs will be met by Central Government (50%), Hampshire County Council (9%) and Hampshire Fire and Rescue Authority (1%), under the Business Rates Retention Scheme.
- 4.3 The Business Rates payable in respect of the Aldershot Pools Complex for the financial year 2021/22 is £106,496 . Assuming full discretionary relief is awarded, the cost to the Council would be £42,598. This amount is allowed in the budget for 2021/22
- 4.4 The additional cost to the Council of not awarding full discretionary relief would be £63,898 which is not included in the budget for 2021/22.

Legal Implications

- 4.5 The recommendation to award relief follows falls within Section 47 Local Government Act 1988.

5 RISKS

- 5.1 Given the structure of the contract with Places for People Leisure, if Cabinet decide not to award full rate relief for the Aldershot Pools Complex, the cost will simply be passed back to the Council.

6. CONCLUSIONS

- 6.1 In conclusion, Cabinet is asked to award the maximum 100% Discretionary Rate Relief until 31 March 2025 in line with the new agreement with Places for People Leisure.

BACKGROUND DOCUMENTS:

1. Local Government Finance Act 1988, Section 47.
2. Non-Domestic Rating (Discretionary Relief) Regulations 1989 (SI 989/1059).
3. Office of Deputy Prime Minister "Guidance on rate reliefs for charities and other non-profit organisations, issued December 2002.

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