

REPORT TO: CABINET MEMBER – LEISURE & TOURISM
CABINET MEMBER – CORPORATE SERVICES

DATE: 24TH FEBRUARY 2010
3RD MARCH 2010

SUBJECT: AWARDING OF DISCRETIONARY RATE RELIEF (DRR) TO
SPORTS CLUBS 2010 – 2015

WARDS AFFECTED: None directly affected

REPORT OF: GRAHAM BAYLISS – LEISURE & TOURISM DIRECTOR
LYNTON GREEN – ACTING FINANCE AND INFORMATION
SERVICES DIRECTOR

CONTACT OFFICER: Tina Pilkington, (Senior Development Manager Sport & Recreation)
(ext 2353)
Lezley Kynaston (Senior Business Rates Officer) (ext 4366)

**EXEMPT/
CONFIDENTIAL:** No

PURPOSE/SUMMARY:

To seek the Cabinet Members' approval for the awarding of Discretionary Rate Relief (DRR) to Sefton Sports Clubs for the next five Council municipal years 2010/11 – 2014/15.

REASON WHY DECISION REQUIRED:

To meet the requirements of the Local Government Finance Act sections 47 & 48 as it applies to organisations seeking Discretionary Rate Relief (DRR).

RECOMMENDATION(S):

It is recommended that the Cabinet Member for Leisure & Tourism;

Agree the proposed levels of DRR to the borough's sports clubs as presented by the Sefton Sports Council Assessment Panel, as set out in Annex B.

It is recommended that the Cabinet Member for Corporate Services:

Approve the award of DRR to the borough's sports clubs as set out in Annex B.

KEY DECISION: No

FORWARD PLAN: No

IMPLEMENTATION DATE: Following the expiry of the "call –in" period for the Minutes of the Cabinet Member-Corporate Services meeting.

ALTERNATIVE OPTIONS:

The Council has an established policy for supporting sports clubs in this way and is obliged under the Local Government Finance Act to consider such requests. However, as it is discretionary policy the Council has the option to decline the requests.

IMPLICATIONS:

If Members were not minded to continue with the policy, there would be a significant detrimental impact on the borough's sports club network. In some instances this could put at risk the future of certain clubs.

In addition there could be a negative reaction from the Sefton Sports Council.

Budget/Policy Framework:

1988 Local Government Finance Act

Financial:

<u>CAPITAL</u> <u>EXPENDITURE</u>	2009/ 2010 £	2010/ 2011 £	2011/ 2012 £	2012/ 2013 £
Gross Increase in Capital Expenditure				
Funded by:				
Sefton Capital Resources				
Specific Capital Resources				
<u>REVENUE</u> <u>IMPLICATIONS</u>				
Gross Increase in Revenue Expenditure				
Funded by:				
Sefton funded Resources	£11,931	£12,926		
Funded from External Resources	£35,973	£38,778		
Does the External Funding have an expiry date? Y/N	When?			
How will the service be funded post expiry?				

Legal:

N/a

Risk Assessment:

N/a

Asset Management:

N/a

**CONSULTATION UNDERTAKEN/VIEWS
FINANCE DIRECTOR**

CORPORATE OBJECTIVE MONITORING:

<u>Corporate Objective</u>		<u>Positive Impact</u>	<u>Neutral Impact</u>	<u>Negative Impact</u>
1	Creating a Learning Community	✓		
2	Creating Safe Communities	✓		
3	Jobs and Prosperity		✓	
4	Improving Health and Well-Being	✓		
5	Environmental Sustainability	✓		
6	Creating Inclusive Communities	✓		
7	Improving the Quality of Council Services and Strengthening local Democracy	✓		
8	Children and Young People	✓		

LIST OF BACKGROUND PAPERS RELIED UPON IN THE PREPARATION OF THIS REPORT

Cabinet Report: Awarding of Discretionary Rate Relief to Sports Clubs 2005/2006 – 2009/2010
Local Government Finance Act 1988 Sections 47 & 48

1. BACKGROUND

- 1.1 At its meeting on January 23rd 1996, the Leisure Services Committee formally adopted a revised policy for the awarding of DRR to the borough's voluntary sector sports clubs. The key principle behind the revised policy was that sports clubs would be rewarded with a percentage of discount based on the impact it had within its community, particularly in the context of 'open access' and alignment to good sports development practices.
- 1.2 The policy allows the Council to award percentage discounts of 25%, 50% and 75%. There is also dispensation for clubs to receive 75% on hardship grounds, particularly for those who have severe financial constraints because of socio economic factors associated with the club's location and/or its membership.
- 1.3 To assist the Finance Director with the administration of the policy (as it applies to sports clubs), officers of the Leisure & Tourism Department take the lead on behalf of the Council. This is done in partnership with Sefton Sports Council who convene a special assessment panel under the auspices of the Executive Committee.
- 1.4 In 2005 the Corporate Resources Cabinet Member agreed to the awarding of DRR to 33 of the borough's clubs for the financial years 2003/4 - 2004/5. It was also agreed that the period for which the award remain in place be extended from two years to five years. That period is now up and the following report outlines the recommendations that officers and the Sefton Sports Council recommend are implemented for the next five years.

2. INTRODUCTION

- 2.1 During October 2009 all existing recipients of DRR were contacted and invited to reapply for the next five year period. A total of 24 clubs responded. The reason for the reduction from 33 is partly due to clubs opting for CASC status, as they now receive mandatory relief. A number of clubs have unfortunately folded and others have simply chosen not to apply. Clubs who have not applied have been invited to do so on a number of occasions by officers. Following the completion of application forms, interviews were undertaken with all clubs during January to assess their applications in more detail and in all cases, clubs were asked to justify their request further.

The criteria which the clubs are invited to meet is set out in Annex A. Particular reference is made to the requirements for receiving 75%, which focus on what the clubs do to impact on community sports development programmes, and adopt good practice in club operations.

- 2.2 Sefton's approach to DRR has been used for many years as a exemplar model for other Local Authorities to follow and is regarded as an excellent way for both clubs and Council to get the best value out of the policy.

3. INTRODUCTION OF COMMUNITY AMATEUR SPORTS CLUB (CASC) STATUS

- 3.1 Community Amateur Sports Club (CASC) is an initiative which was introduced by the Inland Revenue (April 2002), in accordance with the Finance Act 2002 Schedule 18, to provide benefits to voluntary sports clubs through a reduction of taxation. The initiative allows clubs to benefit from a range of tax reduction benefits, which include;

- The provision of Mandatory Rate Relief (80%),
- Gift Aid and relief from Corporation Tax where the turnover of trade is less than £30,000 p.a.

- 3.2 The CASC initiative has had a positive impact within Sefton with 15 clubs opting to transfer over to CASC status since its introduction. Officers continue to actively promote the scheme to all clubs, particularly as there is a financial benefit to the Council, as Mandatory Rate Relief is financed directly from the Treasury through the National Non Domestic Rate Pool.

4. RECOMMENDED AWARDS FOR 2010/2011 – 2014/15

- 4.1 With the transfer to CASC and the change in circumstances for certain clubs, 23 club applications were duly considered by the assessment panel. The table set out in Annex B provides full details of what each club has been recommended to receive. The following provides an overview of the panel's recommendations:

Applications:

No of applications received	23
No of applications received presented for approval	23

Percentages:

No. of clubs @ 25%	7
No. of clubs @ 50%	6
No. of clubs @ 75%	9
No. of clubs @ 75% (hardship)	1

4.2 Notes to Recommendations

- (i) The following clubs are recommended to receive an increase in their discount due to their commitment in complying more fully with the eligibility criteria.

- Blundellsands Tennis Club (from 50% to 75%)
- Campion Lawn Tennis Club (from 25% to 50%)
- Marine Football Club (from 50% to 75%)
- Southport Cycling Club (from 50% to 75%)

(ii) The following clubs failed to meet the criteria for the amount that they are currently in receipt of, therefore the amount requested has been reduced.

- Netherton Park Sports & Social Club (50% - 25%)
- Maghull Football Club (50% - 25%)

(iii) The Following Clubs are not currently in receipt of rate relief and have met the relevant criteria for the amount awarded.

- Hesketh Golf Club (25%)
- Southport Old Links Golf Club (25%)

5. FINANCIAL IMPLICATIONS

5.1 The cost to the Council of granting discretionary rate relief to the clubs in 2010/2011 – 2014/2015 will be **£12,926.17**, based on the recommended percentages. These costs can be accommodated within the Council's budget for discretionary rate relief. This will probably increase in line with inflation each year. This is summarised as:

Total rates due for all clubs (2010/2011)	£104,679.63
Cost of awarded relief for all clubs	£51,704.95
Total cost to Sefton	£12,926.17

The remainder of the cost (£38,778.71) will be met from the NNDR pool.

5.2 In addition, most of the clubs will also be eligible to apply for the small business rate relief that will start on 1st April 2010. Once those applications have been determined, the relief, which can be as much as 50%, will be applied to the rate bills. This will in turn reduce the cost to the Council of granting discretionary rate relief.

5.3 In future years the cost will increase depending on the new rates payable based on the National Rating Multiplier. It is estimated that this will increase in line with inflation. However, this will be offset by the application of small business relief and also savings if more clubs apply for CASC status.

6. FUTURE DEVELOPMENTS

6.1 As in previous years clubs will be monitored to ensure they maintain their commitment to the principles behind the policy. Clubs who fail to do so will face the prospect of having their award reduced or removed entirely.

6.2 Your officers and Sefton Sports Council officials will continue to promote Community Amateur Sports Club (CASC) status to clubs as a way of reducing the cost of the DRR policy to the Council.

7. RECOMMENDATION(S):

It is recommended that the Cabinet Member for Leisure & Tourism;

Agree the proposed levels of DRR to the borough's sports clubs as presented by the Sefton Sports Council Assessment Panel, as set out in Annex B.

It is recommended that the Cabinet Member for Corporate Services:

Approve the award of DRR to the borough's sports clubs as set out in Annex B.