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**REPORT TO: MORAY COUNCIL ON 29 JUNE 2022**

**SUBJECT: APPLICATION FOR DISCRETIONARY NON-DOMESTIC RATES  
RELIEF: MORAY SPORTS FOUNDATION**

**BY: DEPUTE CHIEF EXECUTIVE (ECONOMY, ENVIRONMENT AND  
FINANCE)**

**1. REASON FOR REPORT**

- 1.1 To consider Moray Sports Foundation's application for a discretionary award of Non-Domestic Rates relief for its premises.
- 1.2 This report is submitted to the Council in terms of Section III (B) (11) of the local authority's Scheme of Administration relating to the administration of the levy, collection, payment and recovery of Non-Domestic Rates.

**2. RECOMMENDATION**

**2.1 The Council is invited to consider:**

- (i) the application, on its individual merits, from Moray Sports Foundation for an award of discretionary Non-Domestic Rates relief for its premises at Moray Sports Centre, Linkwood Road, ELGIN, IV30 8AR; and**
- (ii) if such an award is made, the amount of rates relief to be awarded, up to a maximum of twenty *per cent* of the net rates bill.**

**3. BACKGROUND**

- 3.1 A registered Scottish charity which occupies a property in furtherance of its charitable objectives is entitled to a mandatory award of eighty *per cent* rates relief. Only charities which are registered with the Office of the Scottish Charity Regulator (OSCR) are entitled to an award of this relief.
- 3.2 In terms of Section 4(5) of the Local Government (Financial Provisions *etc.*) (Scotland) Act 1962 rating authorities have powers to grant additional discretionary rates relief in respect of premises:
  - (a) occupied by charities and used for charitable purposes;
  - (b) occupied for the purposes of organisations which are not established for

profit and whose principal aims are charitable and are otherwise philanthropic or religious or concerned with education, social welfare, science, literature or the fine arts; or

- (c) occupied for the purposes of a club, society or other organisation not established or conducted for profit and which are wholly used for the purpose of recreation.

- 3.3 Members have previously delegated resolution of some applications for discretionary relief to officers. At a meeting of the former Policy and Resources committee on 23 March 2005 a decision was taken to delegate applications from organisations which promote the welfare of vulnerable persons and applications from groups which benefit the community.
- 3.4 At a meeting of the former Policy and Resources committee on 12 February 2019 Members decided that the local authority would no longer make an award of discretionary rates relief to charity shops. In light of the financial constraints facing the Council, there may be a need to review more widely any further exclusions from discretionary rates relief.
- 3.5 The application for discretionary rates relief from Moray Sports Foundation lies outwith the powers delegated to the Head of Governance, Strategy and Performance at 9 (31) of the local authority's Scheme of Delegation. Its disposal reverts, therefore, to this committee. . An early decision by Council will enable the annual Non Domestic Rates bill for 2022/23 to be issued timeously to this organisation.

#### **Applicant**

- 3.6 Moray Sports Foundation is a registered Scottish Charity (SC046059). Its objects are to develop, manage and provide facilities for recreation to the public in Moray to improve their lives; to promote and provide training in the skills relevant to employment in the fields of sports, recreation and leisure; and to promote, establish and operate schemes of a charitable nature for the benefit of the community within Moray.
- 3.7 Moray Sports Foundation currently occupies premises at Moray Sports Centre, Linkwood Road, ELGIN, IV30 8AR, which is described on the Valuation Roll as a Sports Centre.
- 3.8 These premises are in charitable occupation, so there is an entitlement to eighty *per cent* mandatory rates relief.

#### **Financial Cost of Relief**

- 3.9 The rateable value of the premises at Moray Sports Centre, Linkwood Road, ELGIN, IV30 8AR, for which an award of some discretionary rates relief is sought is £407,000.
- 3.10 Moray Sports Foundation has occupied these premises since 1 July, 2019, and will be entitled to receive an award of eighty *per cent* mandatory rates relief.
- 3.11 Moray Sports Foundation has not previously paid rates due to entitlement when it was first completed to an award of rates relief under the terms of the

Business Growth Accelerator, which exempts new properties from the payment of rates for a twelve-month period, and to entitlement in 2020-21 and 2021-22 to 100% relief under the Scottish Government's Retail, Hospitality, Leisure and Aviation relief scheme. The latter scheme terminates on 31 March 2022, resulting in Moray Sports Foundation becoming liable for the payment of rates.

- 3.12 The net 2022-23 Non-Domestic Rates payable in the coming year by Moray Sports Foundation for the premises at Moray Sports Centre, Linkwood Road, ELGIN, IV30 8AR, for which an award of discretionary rates relief is sought is £42,653.60.
- 3.13 The cost of making any grant of discretionary rates relief would jointly fall on the Scottish Non-Domestic Rates 'pool' and Council Tax-payers in Moray. The national pool would fund seventy-five per cent of such an award and the balance would accrue as a financial burden to the local authority to be funded directly by local Council Tax-payers.
- 3.14 The cost to the local authority's Council Tax payers of funding the maximum award of discretionary rates relief would be £10,663.40.
- 3.15 The Council has awarded discretionary rates relief to other sports centres in Moray. Moray Sports Centre's income for 2021 was £734,000 per OSCR returns.

#### **4. SUMMARY OF IMPLICATIONS**

##### **(a) Corporate Plan and 10 Year Plan (Local Outcomes Improvement Plan (LOIP))**

No council/community planning priority implications for the local authority arise from the content of this report.

##### **(b) Policy and Legal**

The Council's policy on discretionary Non Domestic Rates relief has evolved over time, as indicated in paragraphs 3.3 and 3.4 in this report. A further review of the policy is proposed and this will be brought forward as part of the financial planning process for the 2023/24 budget. Meantime a decision on this application is required in order to process the NDR liability for 2022/23.

##### **(c) Financial implications**

*Corporate Management Team Additional Expenditure Warning*

*When the Council approved the budget for 2022/23 on 22 February 2022 (paragraph 3 of the Minute refers) it balanced only by using reserves and one-off financial flexibilities. The indicative 3 year budget showed a likely requirement to continue to make savings in the order of £20 million in the next two years. All financial decisions must be made in this context and only essential additional expenditure should be agreed in the course of the year. In making this determination the committee should consider whether the financial risk to the Council of incurring additional expenditure outweighs the risk to the Council of not*

*incurring that expenditure, as set out in the risk section below and whether a decision on funding could reasonably be deferred until the budget for future years is approved.*

If Members choose to exercise their discretionary powers to make an award of rates relief, this would create an ongoing financial liability which would accrue against the revenues raised in future years from Council Tax-payers. If the maximum amount of relief was awarded this would create a gross recurring cost of approximately £11,000 *per annum* in future years, which would increase in line with any increase in the rates poundage set by the Scottish Government.

**(d) Risk Implications**

No risk implications for the local authority arise from the content of this report.

**(e) Staffing Implications**

No staffing implications for the local authority arise from the content of this report.

**(f) Property**

No property implications for the local authority arise from the content of this report.

**(g) Equalities/Socio Economic Impact**

No equalities implications for the local authority arise from the content of this report.

**(h) Climate Change and Biodiversity Impacts**

No equalities implications for the local authority arise from the content of this report.

**(i) Consultations**

No consultation has been carried out in the preparation of this report.

**5. CONCLUSION**

- 5.1 This report has laid before Members of this committee the application by Moray Sports Foundation for an award of discretionary Non-Domestic Rates relief for its premises and the cost to the local authority of funding such an award.**

Author of Report: James Taylor, Taxation Manager.  
Background Papers:  
Ref: SPMAN-1293278629-674