

ABERDEEN CITY COUNCIL

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| COMMITTEE: | Education & Children's Services |
| DATE: | 2nd June 2016 |
| DIRECTOR: | Gayle Gorman |
| TITLE OF REPORT: | Interim Report on Review of Bookings and Lettings |
| REPORT NUMBER: | ECS/16/027 |
| CHECKLIST RECEIVED: | Yes |

1. PURPOSE OF REPORT

To inform Elected Members of the progress of the current review of bookings and lettings procedures for school and community facilities, and to request approval to adjust the charges for sports bookings, to better reflect the requirement to charge Value Added Tax for these bookings.

2. RECOMMENDATION(S)

It is recommended that the Committee:

(i) Notes the content of this report, in respect of the progress of the current review of bookings and lettings procedures for school and community facilities;

and

(ii) Approves the proposal to adjust the charges for all sports facility bookings, so that it is made clear to customers that the charges for sports facilities are exclusive of VAT, and to provide clear guidance to customers on how to claim eligibility for exemption from VAT charges.

3. FINANCIAL IMPLICATIONS

The cost associated with employing a consultant to undertake the review of bookings and lettings is being met jointly by Education & Children's Services and the Communities, Housing & Infrastructure Service, and is being funded from within existing revenue budgets.

If the recommendation to adjust the charges for sports bookings is accepted, any applicable VAT charges would be passed on to the

customer. There would be no negative impact on Council finances as a result. In the majority of cases, bookings and lettings customers will be exempt from VAT charges, and there would therefore be no financial implications for the Council in these cases.

5. BACKGROUND/MAIN ISSUES

5.1 Review of Bookings and Lettings Procedures

On 18th February 2010, a report was presented to the Education, Culture and Sport Committee which outlined a number of recommendations following a review of the bookings and lettings procedures for the use of sports and educational facilities. The approval of those recommendations led to a number of improvements in the way in which the bookings and lettings programme was operated.

In the time since the review of procedures in 2010, a number of changes have taken place within the Council, including the creation of Sport Aberdeen, which now administers the bookings and lettings programme on behalf of the Council. In addition, community centres, which are available to let alongside school buildings, are now the responsibility of a separate service. Officers and stakeholders involved in the bookings and lettings programme have therefore identified a number of further improvements which could be made to the procedures, to reflect the way in which the process is now managed.

Officers within Education & Children's Services are working with colleagues from Communities, Housing & Infrastructure, which is responsible for the community centres, to undertake a further review of the current bookings and lettings procedures. This has included the appointment of an external consultant, to review all of the work that has been undertaken to date in this area, and to speak to a wide range of stakeholder groups, before producing a report with recommendations on further improvements which could be made to the bookings and lettings procedures.

The consultant began work on this project on 15th March 2016, and is due to produce the final report in June/July 2016. It is officers' intention to use this report to produce recommendations on further improvements to the bookings and lettings procedures for school facilities, to be presented to the Education and Children's Services Committee meeting in September 2016.

To date the consultant has undertaken interviews with a range of stakeholders, including officers from both Council services, and with colleagues from Sport Aberdeen. From this work a number of areas of focus for the review have been identified. These include:

- The bookings process from the customer's point of view, and ensuring consistency of service
- Ensuring adequate staff cover in buildings to allow lets to go ahead
- The need for clear policies and guidance on application approval procedures and charging categories

Further work to be undertaken by the consultant over the coming three months will therefore include:

- Establishing a recommended definition of a let
- Setting recommended criteria for lets
- Setting recommended priorities for lets
- Recommending the optimum locations to be made available for lets
- Recommendations on the process for administering lets
- Recommendations on arrangements for staffing buildings to allow lets to take place
- Recommendations on a charging structure for lets

Final recommendations on improvements to the bookings and lettings procedures will be presented to Committee at its meeting in September 2016.

5.2 VAT charges for sports bookings

There is a requirement by HM Revenue & Customs for the standard rate of VAT to be applied to charges for the letting of sports facilities, for sports related activities. Due to the complexities of the rules relating to this, charges for sports lettings in Aberdeen City schools were initially deemed to be VAT inclusive.

VAT charges apply only to sports lettings – i.e. lets which involve sports activities and which take place at a purpose-built sports facility. HM Revenue and Customs has a pre-defined list of what constitutes a sports activity. Sports facilities are defined as spaces with specific sport related design features, or where sports equipment is provided as part of the let. Purpose built school games halls and gyms would be included within this definition, whereas a school assembly hall would not.

Sports lettings can be exempt of VAT charges if certain criteria are met. These exemptions would apply to schools, clubs and associations which make a let booking for ten or more separate sessions. The majority of groups which use sports facilities in Aberdeen City schools as part of a let would qualify for exemption from VAT charges.

Officers have reviewed the current arrangements for advertising the charges for sports bookings, and have identified the need to make the VAT charge requirements more explicit in the let application form, in order to comply with HM Revenue & Customs requirements.

The proposal, therefore, is to request that Sport Aberdeen advertises the current scale of charges for sports facilities as VAT exclusive, from August 2016 onwards, and that it provides clear guidance to groups on how they can claim exemption from the VAT charges.

When submitting their let application form, groups would include a separate VAT charge exemption form, along with the necessary evidence to show that they are exempt from the charges. This would ensure that the price for their let does not include an additional charge for VAT.

If the proposal is approved, the necessary changes to paperwork would be introduced to coincide with the new bookings and lettings programme starting in August 2016.

There is no proposal to make any changes to the basic level of charges within the bookings and lettings programme at this time. The scale of charges will be considered under the current review of bookings and lettings, and any recommendations for changes to the charges would be presented to the Committee as part of the wider report following the completion of that review, in September 2016.

Officers felt that it would be prudent to introduce changes to the confirmation paperwork relating to VAT charges for bookings commencing in August, ahead of the recommendations on the wider bookings and lettings review, as the new lettings programme commences in August, and new block bookings for the year are confirmed at this time. Introducing the changes later, once the block bookings are under way, would most likely create confusion for customers.

6. IMPACT

6.1 Corporate

Aberdeen the Smarter City

- (i) We will promote and improve opportunities for physical activity and sport to enable Aberdeen's citizens to lead more active, healthier lives
- (ii) We will enhance the physical and emotional wellbeing of all our citizens by offering support and activities which promote independence, resilience, confidence and self-esteem.
- (iii) We will promote and improve opportunities for physical activity and sport to enable Aberdeen's citizens to lead more active, healthier lives
- (iv) Working with our third, public and private sector partners, we will provide opportunities for lifelong learning which will develop knowledge, skills and

attributes of our citizens to enable them to meet the changing demands of the 21st Century.

- (v) Again, working with partners, we will create a City of Learning which will empower individuals to fulfil their potential and contribute to the economic, social and cultural wellbeing of our communities.
- (vi) We will aim to have a workforce across the city which has the skills and knowledge to sustain, grow and diversify the city economy.

6.2 Equality and Human Rights implications

A full Equality and Human Rights Impact Assessment has been submitted for this report.

7. MANAGEMENT OF RISK

If the proposal to make changes to the advertising of charges for sports lettings is not approved, then the Council may be deemed to be non-compliant with HM Revenue & Customs requirements concerning VAT charges for sports lettings.

8. BACKGROUND PAPERS

There are no background papers associated with this report.

9. REPORT AUTHOR DETAILS

Andrew Jones
Service Manager, Assets & Finance
Tel: (01224) 523042