
RATING ASSESSMENT – CLEMENTS HALL LEISURE CENTRE

1 SUMMARY

- 1.1 Members of the Overview and Scrutiny Committee to consider the outcome of protracted negotiations with the Valuation Office Agency (VOA) on the rating assessment of Clements Hall Leisure Centre and the resultant effect on local authority trading premises across the UK.

2 INTRODUCTION

- 2.1 In 1998 Rochford District Council and three other like minded authorities joined forces to attempt to secure a fairer deal in the assessment of their leisure premises and other similar trading ventures i.e. museums, conference centres and ice rinks.
- 2.2 The support of the Local Government Association was sought and obtained, and two further local authorities joined the management consortium which then comprised:-

Rochford District Council
Torbay Borough Council
Eastbourne Borough Council
Wealden District Council
Bournemouth Borough Council
Derby City Council

- 2.3 The management consortium sought to raise £500,000 from contributions made by local authorities in order to sponsor three cases appealed to the Lands Tribunal.
- 2.4 Two of the sponsored cases were heard in the Tribunal in July 2001 and although the Panel found in favour of the VOA, there was sufficient out-fall from the cases that required the Agency to undertake a fundamental review of how it assessed Leisure Centres. The third case was agreed by Consent Order in early March 2002. In each case the local authority secured substantial reductions in the rating assessment of the subject Leisure Centres.

3 CLEMENTS HALL LEISURE CENTRE

- 3.1 Clements Hall Leisure Centre is the premier centre in this District. It was entered in the 1990 Rating List at £313,000 rateable value. The Head of Service considered this to be too high an assessment and instructed a retained firm of consultant rating surveyors to appeal the assessment.

3.2 When the 1995 Rating List was published Clements Hall Leisure Centre was entered with an assessment of £328,000 and a further appeal was lodged. The Head of Service and consultant Rating Surveyors repeatedly resisted approaches from the VOA to settle the assessment by agreement until the outcome of the Lands Tribunal hearing was known.

3.3 Following the resolution of a, now nationally, agreed formula for Leisure Centres assessments the 1990 and 1995 Rating List appeals on Clements Hall Leisure Centre were settled on 28 March 2002.

4 REDUCTION SECURED

4.1 Reductions were secured on both lists as follows:-

1990 List

£313,000 reduced to £220,000 (with effect from 1 April 1990)

1995 List

£328,000 reduced to £175,000 (with effect from 1 April 1995)

2000 List

£300,000 still under negotiation

4.2 On 3 April 2000 the VOA give written confirmation to alter the lists.

5 FINANCIAL IMPLICATIONS

5.1 The reductions in assessment created an overpayment of Business Rate in the sum of £609,543 together with interest of £169,137. A total of £778,680 which now falls to be refunded to the Council.

5.2 Since the Appeal Fund was created (to which the Council agreed to contribute £5,000) the Council has had some confidence in the likely outcome during the various phases of the appeal. Consequently £550,000 has been built into the current 3 year budget strategy and Members have agreed to earmark up to £250,000 of any residual sum to achieve Leisure related objectives. The full residual sum will therefore be used for this purpose.

6 ROCHFORD'S ROLE

6.1 The Head of Service acted as Vice-Chairman and Treasurer to the Management Consortium which involved the Council incurring printing,

stationery and postage costs associated with secured contributions from 127 local authorities. He also looked after financial management and investment strategy. All of these direct costs have now been reimbursed by the consortium.

- 6.2 In order to participate in the consortium meetings, negotiations, instructing Counsel and attending the Lands Tribunal hearing additional costs of £966 were incurred. There is every likelihood that these costs will also be recovered.
- 6.3 A summary of the Appeal Fund Financial Statement to 31 March 2002 is as follows:-

	£
Local Authority Contributions	483,450
Investment Income	<u>35,274</u>
	518,724
Expenses and charges	<u>486,886</u>
Residual Funds	<u>31,838</u>

- 6.4 It is anticipated that further expenses will neutralise residual funds.
- 6.5 Around 30 of the contributing authorities have expressed appreciation of the Council's involvement in this initiative, an example of which is appended.

7 RECOMMENDATION

- 7.1 That Members of the Overview and Scrutiny Committee note this report, the outcome of which will need to be taken into account in the future development of the Council's budget strategy.

S J Clarkson

Head of Revenue and Housing Management

Background Papers:

None

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Your Ref:

Date: 12 February 2002

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Dear Mr Lucas and Mr Clarkson

LOCAL AUTHORITY RATING CONSORTIUM

Thank you for letting me have a copy of the final newsletter to the contributors to the Consortium, which I received on 4 February. My Council and its rating advisors, Messrs Dixon Webb, will now use the matrix when finally published to reassess the values of our leisure centres and take forward appeals on an individual basis.

I would like to take this opportunity of thanking you for leading the local authority consortium and for the time and trouble which you have taken to guide other local authorities towards the best available settlements, and for achieving the best outcome that was reasonably available.

Yours sincerely

David Baren

For CHIEF ESTATES SURVEYOR

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