



**SUPPLEMENTARY BUDGET REQUEST – SQUASH CLUB STAMP DUTY
REPORT OF DEPUTY CHIEF EXECUTIVE (CORPORATE DIRECTION)**

WARDS AFFECTED: ALL WARDS

1. PURPOSE OF REPORT

- 1.1 To obtain formal approval of a supplementary budget required to fund the Stamp Duty Land Tax associated with build of the new squash facility for Hinckley Squash and Racket Club as endorsed by Council on 1st July 2014 (Agenda item 11).

2. RECOMMENDATION

- 2.1 That Executive approves a supplementary budget of up to £50,000 to fund the Stamp Duty Land Tax (SDLT) due with regards to the Hinckley Squash and Racket Club development.

3. BACKGROUND TO THE REPORT

- 3.1 Following Council approval on 1st July 2014, Hinckley and Bosworth Borough Council will fund the land acquisition and construction costs of a new squash facility for Hinckley Squash and Rackets Club (HSRC). The cost of this scheme will be financed by the Compulsory Purchase Order (CPO) payments due to HSRC for moving from their current site as well as £110,000 of HSRC's own cash. In both cases, the funds have been passed to Hinckley and Bosworth Borough Council to expend and therefore the scheme is included as fully funded in the Programme.

- 3.2 The contracts for the transaction (Heads of Terms) were signed by all parties on 14th November 2014. The scheme has a 40 week build programme and is expected to be completed by summer 2015. On completion the Council will grant a 125 year peppercorn lease to the HSRC, after which the land and building will be transferred to HSRC for a nominal sum.

- 3.3 The arrangement for build and subsequent lease of the new development will mean that the lease to be granted to Hinckley Squash and Racket Club (HS&RC) will be liable for Stamp Duty Land Tax (SDLT). As part of the Heads of Terms, Hinckley and Bosworth Borough Council agreed to fund these costs up to a maximum of £50,000. These costs would be met from the VAT that was saved as a result of Hinckley and Bosworth Borough Council spending Compulsory Purchase Order (CPO) monies on behalf of HS&RC.

- 3.4 The point above was endorsed by Council in the report dated 1st July 2014 with the intention that a supplementary budget would be sought once the agreements were signed.

- 3.5 On this basis, it is requested that a supplementary budget of up to £50,000 be approved to fund the cost of the SDLT upon grant of lease. Currently, and based on build cost, this liability is estimated to be £39,465.

4. FINANCIAL IMPLICATIONS [KP]

- 4.1 The supplementary budget will be financed from the General Fund, through the mechanisms of the VAT reclaim (Revenue Contributions to Capital Outlay).

- 4.2 All supplementary budgets between £25,001 - £50,000 must be approved by Executive as outlined in Financial Procedure Rules.

5. LEGAL IMPLICATIONS [EH]

5.1 The legal liability with HMRC for payment of the SDLT will rest with HS&RC however the council is contractually obliged, under the agreement for lease, to cover the SDLT as set out in the body of the report. This is in addition to the SDLT payment due on the purchase of the freehold of the site.

6. CORPORATE PLAN IMPLICATIONS

6.1 This scheme supports the Corporate Plan objective for regenerating the economy and improving physical activity of residents in the Borough.

7. CONSULTATION

7.1 Not applicable

8. RISK IMPLICATIONS

8.1 It is the Council's policy to proactively identify and manage significant risks which may prevent delivery of business objectives.

8.2 It is not possible to eliminate or manage all risks all of the time and risks will remain which have not been identified. However, it is the officer's opinion based on the information available, that the significant risks associated with this decision / project have been identified, assessed and that controls are in place to manage them effectively.

8.3 The following significant risks associated with this report / decisions were identified from this assessment:

Management of significant (Net Red) Risks		
Risk Description	Mitigating actions	Owner
None		

9. KNOWING YOUR COMMUNITY – EQUALITY AND RURAL IMPLICATIONS

9.1 This scheme will assist in ensuring services are accessible to the general public.

10. CORPORATE IMPLICATIONS

10.1 By submitting this report, the report author has taken the following into account:

- Community Safety implications
- Environmental implications
- ICT implications
- Asset Management implications
- Human Resources implications
- Planning Implications
- Voluntary Sector

Background papers: Heads of Terms

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