

 Executive – 26th July 2017		Agenda Item No. 8C
Title	Rural/Urban Capital Improvement Scheme (RUCIS) Application	
For further information about this report please contact	Jon Dawson Finance Administration Manager 01926 456204 email: jon.dawson@warwickdc.gov.uk	
Wards of the District directly affected	Old Milverton & Blackdown	
Is the report private and confidential and not for publication by virtue of a paragraph of schedule 12A of the Local Government Act 1972, following the Local Government (Access to Information) (Variation) Order 2006?	No	
Date and meeting when issue was last considered and relevant minute number	N/A	
Background Papers	RUCIS Scheme details. RUCIS Application file no. 225; correspondence with applicant.	

Contrary to the policy framework:	No
Contrary to the budgetary framework:	No
Key Decision?	No
Included within the Forward Plan? (If yes include reference number)	No
Equality Impact Assessment Undertaken	Yes

Officer/Councillor Approval		
Officer Approval	Date	Name
Chief Executive/Deputy Chief Executive	10.7.17	Chris Elliott
Head of Service	10.7.17	Mike Snow
CMT	10.7.17	Chris Elliot, Bill Hunt and Andy Jones
Section 151 Officer	10.7.17	Mike Snow
Monitoring Officer	10.7.17	Andy Jones
Finance	10.7.17	Mike Snow
Portfolio Holder(s)	10.7.17	Cllr Whiting
Consultation & Community Engagement		
Community Partnership Team and Manoj Sonecha (Active Communities Officer); Copy of report forwarded 29 th June 2017.		
Final Decision?	Yes/No	
Suggested next steps (if not final decision please set out below)		

1. **Summary**

1.1 This report provides details of a Rural/Urban Capital Improvement Scheme grant application by Leamington RFC which incorporates 3 mini-projects:

- Project 1; Install additional floodlighting for third team training pitch to support rugby training/matches, football training and community events throughout the year.
- Project 2: Green Plan to a) install new LED lighting, b) re-location of bar storage cellar to outside the building, c) new heating system to reduce costs for the club overall as part of a RFU green plan.
- Project 3: Replacement of tractor powered mower to be able to maintain playing pitches.

2. **Recommendation**

2.1 It is recommended that the Executive approves a Rural/Urban Capital Improvement Grant from the rural cost centre budget for Leamington RFC of 50% of the total project costs to install additional floodlighting, new LED lighting, new heating system and to re-locate the bar cellar to outside the building and replace the tractor powered mower, as detailed within paragraphs 1.1, 3.2 and 8.1, up to a maximum of £21,525 including vat subject to receipt of the following:

- An updated quote from BeerTech Energy Solutions to reflect the costs as noted in the application
- Written confirmation of a successful application for a Rugby Football Foundation RFF Green Deal interest free loan

As supported by appendix 1.

3. **Reasons for the Recommendation**

3.1 The Council operates a scheme to award Capital Improvement Grants to organisations in rural and urban areas. The grant recommended is in accordance with the Council's agreed scheme and will provide funding to help the project progress.

3.2 This project contributes to the Council's Sustainable Community Strategy as without the rugby club there would be fewer opportunities for the community to enjoy and participate in sporting activity which could potentially result in an increase in anti-social behaviour, an increase in obesity (particularly in children) and disengage and weaken the community. The project will increase opportunity to participate in sporting activity as the additional floodlights for the third team pitch will enable evening activities all year round.

4. **Policy Framework**

4.1 The Rural and Urban Capital Improvement Scheme supports the Sustainable Community Strategy and the cross cutting themes which form the priorities for funding areas as follows:-

- Community Engagement & Cohesion (including Families at Risk)

- Targeting disadvantaged rural locations
- Reducing inequalities

5. **Budgetary Framework**

- 5.1 The budget for the Rural/Urban Capital Improvement Scheme applications for 2017/18 is £150,000 (£75,000 for rural projects and £75,000 for urban projects).
- 5.2 There is £75,000 available to be allocated for Rural/Urban Capital Improvement Scheme Grants from the urban cost centre budget in 2017/18.
- 5.3 There is £75,000 available to be allocated for Rural/Urban Capital Improvement Scheme Grants from the rural cost centre budget in 2017/18. If the application from Leamington RFC of 50% of the total project costs up to a maximum of £21,525 (including vat) is approved, £53,475 will remain in the rural cost centre budget.

As per appendix 2.

6. **Risks**

- 6.1 There are no main risks for this proposal.

7. **Alternative Option(s) considered**

- 7.1 The Council has only a specific capital budget to provide grants of this nature and therefore there are no alternative sources of funding if the Council is to provide funding for Rural/Urban Capital Improvement Schemes.
- 7.2 Members may choose not to approve the grant funding, or to vary the amount awarded.

8. **Background**

- 8.1 Leamington RFC has submitted a RUCIS application to:

- Project 1; Install additional floodlighting for third team training pitch to support rugby training/matches, football training and community events throughout the year.
- Project 2: Green Plan to a) install new LED lighting, b) re-location of bar storage cellar to outside the building, c) new heating system to reduce costs for the club overall as part of a RFU green plan.
- Project 3: Replacement of tractor powered mower to be able to maintain playing pitches.

The application is for 50% of the total project costs up to a maximum of £21,525 (including vat).

Leamington RFC has committed £2,952 to the project costs from their cash reserves; these funds have been evidenced through their annual accounts and the provision of recent bank statements.

Leamington RFC is registered for vat (registration number 272935339) but will not be reclaiming vat in connection to this project; the award will therefore be inclusive of vat. We have received written confirmation of this from the club dated 25th May 2017 in the names of Chris Davis (Treasurer), John Lyons (Secretary) and John Hodgetts (House Chairman) as follows:

"Advice received from our auditor who also manages our VAT returns for us; our understanding is that we are unable to recover the VAT and there are two factors at play:-

- The working presumption of the Revenue is that grants actually have an element of VAT embedded in them and it is therefore inappropriate to try and claim it back on the expenditure. Paragraph 2.4 of their guidance to sports clubs specifically states that *"We strongly suggest that you budget for irrecoverable VAT when considering your future expenditure particularly when undertaking major projects. Applications for grants should take account of irrecoverable VAT"*
- Paragraph 2.5 goes on to say – *"You may incur VAT on goods or services you will use wholly for the purpose of a non-business activity. This VAT is not input tax and you cannot reclaim it."* Non-business activity as explained to me is non-revenue generating activity and while some of what is proposed will arguably (although it's a tenuous argument) generate income some won't and trying to differentiate between the two and get the Revenue to agree that differentiation is beyond a relatively small Rugby Club.

If you look at the above two points together you will I think appreciate why the VAT is regarded as irrecoverable. We have a good relationship with HMRC (clean VAT spot check 4 years ago which means another is probably imminent) and if there is doubt about recoverability of VAT we err on the side of caution."

This issue has been considered by Council officers who agree it is best for the Club to err on the side of caution. However, the issue will be further discussed with the Club and if any of the VAT is recovered, so reducing the scheme costs, the grant will be reduced in line with normal grant conditions.

An application was made to Old Milverton and Blackdown Parish Council for a financial contribution to the project; whilst endorsing and supporting the club's plans, Old Milverton and Blackdown Parish Council have advised that they are unable to make a financial contribution to the project on this occasion.

Leamington RFC has applied to:

- The Rugby Football Foundation for a £2,500 grant towards the project; this has been agreed, a copy of the confirmation letter dated 5th April 2017 has been received
- The Rugby Football Foundation for a £15,573 RFF Green Deal interest free loan and are now waiting to complete the agreement
- Warwickshire RFU for a £500 grant towards this project; this has been agreed, a copy of the email confirmation dated 11th April 2017 has been received

A planning application was made for project 1 and was approved on 7th July.

Leamington RFC has previously had the following successful RUCIS grants:

- £1,914 (50% of the total project costs) for replacing the drainage / sewage system in December 2010
- £3,013 (50% of the total project costs) for energy saving alterations to the cellar coolers in November 2011
- £36,000 (41% of the total project costs) for refurbishing toilets and changing rooms, building disabled toilets and creating disabled access to the main entrance in February 2014

Leamington RFC and Leamington Netball Club are one legal entity; Leamington Netball Club has also previously had a successful RUCIS grant as follows:

- £30,000 (42% of the total project costs) to build a new courtside facility and raise the height of perimeter fencing in February 2016

With regards to multi-sports organisations, the RUCIS scheme criteria states:

“Multi-sport organisations that are legally one entity but with separate sports activities that are operated and managed independently on a day-to-day basis with separate memberships, committees, volunteers, constitutions and bank accounts;

- Each individual sport organisation can apply for a grant in their own right for a project that is connected to their sport / facilities only. Grants will only be awarded once in a 2 year period.
- If the project is for a shared facility, for example, a clubhouse used by each organisation; providing one of the individual sports organisations has not had a grant within the last 2 years and are prepared to be the applicant, a grant may be awarded. Grants will only be awarded once in a 2 year period.”

Leamington RFC are applying for a grant to install additional floodlighting and purchase a replacement mower which are for the sole use of their sport organisation and improvements to the clubhouse which is also used by the other sports organisations, however, none of the other sports organisations have received a grant towards the shared clubhouse therefore the application meets the scheme criteria noted above. The application therefore also meets the scheme criteria whereby after a successful grant award an organisation must wait for a minimum of 2 years before re-applying for a new grant.

It is therefore recommended that the Executive approves an award of a Rural / Urban Capital Improvement grant to Leamington RFC of 50% of the total cost of the project including vat up to a maximum of £21,525.