



Northern Ireland  
Assembly

## Research and Information Service Briefing Paper

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# Rates reliefs for Amateur Sports Clubs: comparative information

This Briefing Paper presents details of reliefs from non-domestic rates for Community Amateur Sports Clubs in the United Kingdom. It also explains the rates exemption for land used for sporting activities in the Republic of Ireland.

**This information is provided to Members in support of their Assembly duties and is not intended to address the specific circumstances of any particular individual. It should not be relied upon as legal or professional advice, or as a substitute for it. A suitably qualified professional should be consulted if specific advice or information is required.**

## Key points

- The Community Amateur Sports Club (CASC) scheme in the United Kingdom (UK) is currently in transition. Her Majesty's Revenue and Customs (HMRC) is introducing new rules. At the same time, central government financial support for the scheme is also changing due to reform of non-domestic rating (sections 1.2.3. and 1.3.3.);
- According to research by the Sport and Recreation Alliance, well over 7,000 sports clubs across the UK received discretionary relief from non-domestic rates in 2012-13 (section 1.3.1.);
- Local authorities in Great Britain use their own to determine eligibility for discretionary rates relief for CASC registered clubs; these criteria vary considerably from authority to authority. The most frequently used criterion relates a club's provision of licensed bar facilities, although such provision does not necessarily prevent the club from receiving relief. (section 1.3.1.);
- Clubs do not necessarily have to own the facilities that they use in order to qualify for CASC status (section 1.2.3.);
- Amateur clubs that share facilities with professional clubs are not automatically prevented from receiving CASC status. HMRC considers applications received from individual sports clubs that share facilities separately for CASC registration (section 1.2.2.);
- CASC clubs are allowed to pay professional members to coach, work in the club, and also – to a limit of £10,000 per club per year – to play (section 1.2.2.);
- Based on the responses to a recent HMRC consultation on the CASC scheme rules, there does not appear to have been significant resistance to the CASC scheme from the hospitality sector. **But there is a current legal challenge under European State Aid rules by the Association of Golf Course Owners (section 1.2.3.);**
- Sports clubs cannot hold both charitable and CASC status. They must be one or the other (section 1.4.)
- In the Republic of Ireland, the exemption from rates for 'land developed for sport' only applies to facilities which do not include a licensed bar (section 2.2.).

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## Introduction

On 7 May 2014, the Committee for Finance and Personnel (CFP) received an oral briefing from Mr Daithí McKay MLA about his proposed Bill to exempt Amateur Sports Clubs from rates in Northern Ireland.<sup>1</sup> During that session, a number of issues arose; this Paper aims to provide information about those issues, and thereby provides support to CFP in its scrutiny of the proposed legislation.

In particular:

- The Community Amateur Sports Clubs (CASC) scheme in Great Britain, including the 20% discretionary rates relief that may be provided to CASCs, and other details on eligibility requirements (section 1);
- The rates exemption on land for sports use in the Republic of Ireland (RoI) (section 2); and,
- The evidence identified by RaISe in relation to wider financial, economic and health-related considerations in connection to the proposed Bill (section 3).

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<sup>1</sup>Official report: <http://www.niassembly.gov.uk/Assembly-Business/Official-Report/Committee-Minutes-of-Evidence/Session-2013-2014/May-2014/Private-Members-Bill-to-Exempt-Amateur-Sports-Clubs-from-Rates-Briefing-from-Mr-Daithi-McKay-MLA/>

# 1. The Community Amateur Sports Clubs scheme in Great Britain.

This section explains the CASC scheme and presents available data on the number of clubs that receive reliefs.

## 1.1. What is the CASC scheme?

The CASC scheme is administered by Her Majesty's Revenue and Customs (HMRC). According to the Economic Secretary to the Treasury, the CASC scheme "*provides generous tax breaks to thousands of grass root sports clubs that give people in their local communities the chance to take part in sporting activities.*"<sup>2</sup>

The scheme was introduced in April 2002. This has enabled many local amateur sports clubs to register with HMRC and benefit from a range of tax reliefs, including Gift Aid. The reliefs are set out below in Box 1 overleaf.

In 2013, HMRC consulted on the CASC scheme. In November 2013, the UK Government published its response to the consultation and set out its intentions to modify the rules. Schedule 21 to *Finance Act 2013* had previously amended the conditions which sports clubs must meet to be registered as CASCs. That Act also introduced powers amend the current rules through regulations.<sup>3</sup> In addition, the UK Government has stated that *Finance Bill 2014* will extend corporate Gift Aid on qualifying gifts of money to charities to gifts of money to CASCs.<sup>4</sup>

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<sup>2</sup>HMRC (2013) 'Community Amateur Sports Clubs: Summary of Responses' available online at:

[https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/260944/CASCs\\_Consultation\\_Response.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/260944/CASCs_Consultation_Response.pdf) (accessed 16 May 2014) (see page 3)

<sup>3</sup><http://www.legislation.gov.uk/ukpga/2013/29/schedule/21>

<sup>4</sup>[https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/264471/21\\_Community\\_amateur\\_sports\\_clubs.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/264471/21_Community_amateur_sports_clubs.pdf) (accessed 20 May 2014) (see page 1)

**Box 1: tax and rates reliefs under the CASC scheme.<sup>5</sup>**

CASCs are companies for tax purposes so their profits may be chargeable to Corporation Tax.

Sports clubs that are registered as CASCs can claim the following tax reliefs:

- exemption from Corporation Tax on profits from trading where the turnover of the trade is less than £30,000 (prior to 1 April 2004 limit was £15,000);
- exemption from Corporation Tax on income from property where the gross income is less than £20,000 (Prior to 1 April 2004 limit was £10,000);
- exemption from Corporation Tax on interest received; and,
- exemption from Corporation Tax on chargeable gains.

In addition relief from non-domestic rates is also available. For CASCs in England and Wales Section 64 of the *Local Government Act 2003* provides the same relief that would be available to a charity (80 per cent mandatory relief) where the CASC property is wholly or mainly used for the purposes of that club and of other such registered clubs. With effect from 1 January 2006, CASCs in Scotland became entitled to the same mandatory 80 per cent rate relief. In Northern Ireland relief is available under *Article 31 of the Rates (Northern Ireland) Order 1977*.

## 1.2. Eligibility

In order to be eligible to register as a CASC, a sports club must:

- be open to the whole community;
- be organised on an amateur basis;
- have as its main purpose providing facilities for, and promoting participation in one or more eligible sports;
- meet the location requirement; and,
- meet the management condition.<sup>6</sup>

HMRC's guidance provides further detail on each of these eligibility requirements. Detail on the contents of this guidance is provided in the following subsections.

### 1.2.1. Open to the whole community

A club is open to the whole community if:

- membership of the club is open to all without discrimination;
- the club's facilities are available to members without discrimination; and,
- any fees are set at a level that does not pose a significant obstacle to membership or use of the club's facilities.<sup>7</sup>

<sup>5</sup>HMRC 'Community Amateur Sports Clubs: detailed guidance notes' available online at: [http://www.hmrc.gov.uk/casc/casc\\_guidance.htm#15](http://www.hmrc.gov.uk/casc/casc_guidance.htm#15) (accessed 16 May 2014) (see sections 12 and 15)

<sup>6</sup>HMRC 'Community Amateur Sports Clubs: detailed guidance notes' available online at: [http://www.hmrc.gov.uk/casc/casc\\_guidance.htm#15](http://www.hmrc.gov.uk/casc/casc_guidance.htm#15) (accessed 16 May 2014) (see section 2)

In relation to fees, there are a number of considerations outlined in HMRC's guidance. The key point is that there are a variety of charges which HMRC takes into account – not just annual subscriptions. Also, the steps a club takes to enable participation by those on lower incomes may be considered – such as the provision of a low-cost club boat at a sailing club, for example. The guidance states:

*Any fees must be set at a level that does not pose a significant obstacle to membership or use of the clubs facilities. This includes all fees taken as a whole and not just annual subscriptions. Some clubs charge an initial joining fee which may be as much as double the annual subscription. These must be considered as well. HMRC also take into account the charges for using the facilities if these are not included in the fees. Some clubs charge a lower annual subscription but charge members when they use facilities. There is also the cost of specialist equipment to bear in mind. This can be an issue where the sport involves expensive kit such as for sailing clubs and horse riding clubs.*

*Clubs involved in very expensive sports that want to register as CASCs need to be able to demonstrate that membership and participation is within the financial reach of the wider community. This might be achieved by using other income to cross-subsidise fees or by the club making club-owned equipment available for use by members at reduced rates.*

*Example. Dinghy sailing does not require significant wealth, but even a basic second-hand boat and safety equipment can cost several hundred pounds. If a club required all members to own their own boats this would present a significant obstacle to membership for many people. However, if the club made a boat and equipment available to members for hire at modest rates this obstacle would be removed.*

*HMRC takes a common sense approach. Most clubs make sensible provision for non boat or horse owning members to have easy access to hire these. Provided that these costs are affordable there would be no problem in accepting that the fees are not an obstacle. Each club has to be considered on its merits. Some clubs charge significantly more than others but this often depends on geographical location and the costs the club have to incur in providing the facilities. It is acknowledged that unwaged persons might well find it very difficult to join certain clubs but provided the club make realistic efforts to accommodate people on lower incomes it is acceptable for them to charge waged persons relatively higher fees.<sup>8</sup>*

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<sup>7</sup>HMRC 'Community Amateur Sports Clubs: detailed guidance notes' available online at: [http://www.hmrc.gov.uk/casc/casc\\_guidance.htm#15](http://www.hmrc.gov.uk/casc/casc_guidance.htm#15) (accessed 16 May 2014) (see section 3)

<sup>8</sup>HMRC 'Community Amateur Sports Clubs: detailed guidance notes' available online at: [http://www.hmrc.gov.uk/casc/casc\\_guidance.htm#15](http://www.hmrc.gov.uk/casc/casc_guidance.htm#15) (accessed 16 May 2014) (see section 4)

### 1.2.2. Amateur status

A sports club is deemed to be organised on an amateur basis if:

- it is non-profit making;
- it provides for members and their guests only the ordinary benefits of an amateur sports club; and,
- its governing document requires any net assets on the dissolution of the club to be applied for approved sporting or charitable purposes.<sup>9</sup>

During the CFP evidence session on 7 May 2014, the issue of payments to professionals by amateur clubs was discussed. According to a recent HMRC consultation document, the CASC scheme allows payments to members for certain duties, such as “*coaching, running the club bar, or as ground staff.*”<sup>10</sup>

In addition, the UK Government accepted that:

*...there may be some advantages in allowing CASCs to **pay a player to play**. Having a well-known professional (for example a retired county player) may inspire and motivate other club members and so further encourage participation in that particular sport. [emphasis added]*

But, HMRC further notes that:

*...any payments to players should not undermine the core requirement that a CASC is an amateur sports club in which players are not paid.*<sup>11</sup>

In its response to the CASC consultation, the UK Government stated that it has decided that ‘modest’ payments can be made to players without altering a club’s amateur status:

*The Government appreciates the wide range of views that sports and individual clubs hold on whether CASCs should be allowed to pay some players to play for the club. The CASC scheme is for amateur clubs and it is important that the ‘amateur’ status is not undermined. However it is clear there are some circumstances when small payments to players may be appropriate and would not undermine the ‘amateur’ status of a club.*

*As a result, the Government accepts that allowing clubs to make modest payments does not compromise the amateur status of a club. The*

<sup>9</sup>HMRC ‘Community Amateur Sports Clubs: detailed guidance notes’ available online at: [http://www.hmrc.gov.uk/casc/casc\\_guidance.htm#15](http://www.hmrc.gov.uk/casc/casc_guidance.htm#15) (accessed 16 May 2014) (see section 5)

<sup>10</sup>HMRC ‘Community Amateur Sports Clubs: Consultation Document’ available online at: [https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/207958/130321\\_Final\\_CASC\\_condoc\\_v3\\_0.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/207958/130321_Final_CASC_condoc_v3_0.pdf) (accessed 16 May 2014) (see paragraph 5.1)

<sup>11</sup> HMRC ‘Community Amateur Sports Clubs: Consultation Document’ available online at: [https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/207958/130321\\_Final\\_CASC\\_condoc\\_v3\\_0.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/207958/130321_Final_CASC_condoc_v3_0.pdf) (accessed 16 May 2014) (see paragraph 5.2)



*Government also appreciates that limiting payments to one player at a time may be too restrictive for many clubs.*

*The Government has decided that clubs will be able to pay a maximum of up to £10,000 a year to players. There will be no restrictions on the number of players, or the amount payable to any individual, within the overall £10,000 limit.<sup>12</sup>*

**CFP may wish to note that the cited passages indicate that clubs may qualify for CASC status even if they pay members for certain purposes, such as coaching or working in the club bar. To a limited degree, members may also be paid to play.**

A further related issue that arose during the evidence session on 7 May 2014 was the treatment of sports clubs that are sharing premises, including professional clubs allowing amateur clubs use of their facilities. HMRC's guidance states that:

*...one club (for example a rugby club) may own and manage the facilities, but allow affiliated clubs to use its facilities.*

*In such circumstances [HMRC] would look at each club separately. Each individual club would need to decide whether to register as CASCs in its own right. The lead club would benefit from mandatory non-domestic rates relief if registered.<sup>13</sup>*

**CFP may wish to note that the cited passage appears to suggest that the rates relief is available to the 'lead club' (i.e. the one that owns the facilities) if it qualifies as a CASC in its own right. CFP may wish to seek legal advice for an authoritative explanation about the application of rates relief in this context**

### 1.2.3. Main purpose

The main purpose of the club must be to:

- provide facilities for; and,
- encourage participation in one or more eligible sport.<sup>14</sup>

HMRC's guidance also addresses a number of considerations in relation to the determination of whether a club's main purpose is sporting or commercial. Firstly it clarifies that a club may use facilities that it does not own. The guidance states:

<sup>12</sup>HMRC (2013) 'Community Amateur Sports Clubs: Summary of Responses' available online at [https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/260944/CASCs\\_Consultation\\_Response.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/260944/CASCs_Consultation_Response.pdf) (accessed 16 May 2014) (see page 22)

<sup>13</sup>HMRC 'Community Amateur Sports Clubs: detailed guidance notes' available online at: [http://www.hmrc.gov.uk/casc/casc\\_guidance.htm#15](http://www.hmrc.gov.uk/casc/casc_guidance.htm#15) (accessed 16 May 2014) (see Annex 2, paragraph 2.3.1)

<sup>14</sup>HMRC 'Community Amateur Sports Clubs: detailed guidance notes' available online at: [http://www.hmrc.gov.uk/casc/casc\\_guidance.htm#15](http://www.hmrc.gov.uk/casc/casc_guidance.htm#15) (accessed 16 May 2014) (see section 7)

*To become a CASC it's not enough to provide facilities. A club must also promote participation in an eligible sport. Small football clubs for example sometimes use facilities provided by the local authority. Some cycling clubs simply meet up and go riding together. HMRC take a very wide view of the meaning of providing facilities. These don't have to be owned by the club they might hire these. Other clubs which simply organise facilities so that these become available could qualify.<sup>15</sup>*

**CFP may wish to note that the cited passage clearly indicates that clubs may qualify for CASC status whether they own their facilities or rent them.**

There is another element of the 'main purpose' criterion which is relevant to CFP's consideration of the proposed Bill. During the evidence session on 7 May, there was discussion of the treatment of CASCs using premises which include licensed facilities for the sale of food and alcohol in relation to the rates relief.

### **Northern Ireland**

Article 31 of the *Rates (Northern Ireland) Order 1977* makes provision for 'Reduction of rates on certain hereditaments used for recreation'. Article 31(4) provides for an apportionment to be applied in the case of a property that is only partially used for prescribed recreational purposes.<sup>16</sup> In these instances, the 80% reduction in non-domestic rates is applied only to the proportion of the property that is used for prescribed recreational purposes.

### **CFP may wish to seek:**

- 1) legal advice about the scope and application of Article 31; and,**
- 2) a briefing from the Department of Finance and Personnel (DFP) on the practical considerations of the implementation of Article 31 by Land and Property Services in relation to sports clubs in Northern Ireland that also have licensed facilities.**

### **Great Britain**

In Great Britain, the treatment of sports clubs with associated social clubs or other licensed premises differs.

In a recent publication, HMRC explained a number of considerations. In particular, HMRC and the rating authorities will look at the proportion of income that comes from sporting and non-sporting activities. Also, HMRC will examine the number of active members in the relevant sport and the number of social members. HMRC states:

<sup>15</sup>HMRC 'Community Amateur Sports Clubs: detailed guidance notes' available online at: [http://www.hmrc.gov.uk/casc/casc\\_guidance.htm#15](http://www.hmrc.gov.uk/casc/casc_guidance.htm#15) (accessed 16 May 2014) (see section 7)

<sup>16</sup> <http://www.legislation.gov.uk/nisi/1977/2157/article/31>

*The main purpose of the club must be to provide facilities for an eligible sport and encourage participation. HMRC therefore looks closely at a club's income when determining its eligibility for CASC status. If a club generates a disproportionate percentage of its revenue from social activities, such as a club bar, then the club's main purpose may be social and not the promotion of sport.*

*It is also necessary to consider the number of members actively participating in the sport ('participating members') and social members. Where there are as many, or more, social members than those taking part in the sporting activities of a club then the main purpose of the club is social rather than the promotion of sport.*

*CASCs can run social activities and generate income from the social activities. CASCs may also have a separate class of membership for social members. However, CASCs must maintain a balance between the number of members that participate in the sport and purely social members in line with the purpose of the scheme and the generous tax reliefs available. It is important that the main purpose of the club is clearly the provision of facilities for, and promotion of, sport and not as a social club.<sup>17</sup>*

The cited passage highlights the different approach. Whereas in Northern Ireland there is apportionment of rates liability, in Great Britain a CASC is either deemed eligible or ineligible by HMRC based on the consideration of how income is generated, and how many members are participating or non-participating. In relation to rates, there is an additional role for the Valuation Office Agency (VOA).

RaISe contacted the UK Department for Communities and Local Government (DCLG) for further information about how this works in practice. (Members should note that DCLG is responsible for the rates relief element of the CASC scheme whereas HMRC is responsible for the tax elements.) A DCLG official explained that eligibility is determined by VOA on a property-by-property basis. A key element of the determination is whether a property could be occupied by an entity other than the CASC.

The official provided the following explanation:

*[A]s with any ratepayer, a CASC will only be liable for non-domestic rates where it is in rateable occupation of a hereditament.*

*[...] Clubs which engage in more than minimal trading must set up a trading company to separate the trading activities from the core sporting activities. The VOA – who are responsible for valuing properties - must examine the*

<sup>17</sup>HMRC (2013) 'Community Amateur Sports Clubs: Consultation document' available online at: [https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/207958/130321\\_Final\\_CASC\\_condoc\\_v3\\_0.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/207958/130321_Final_CASC_condoc_v3_0.pdf) (accessed 16 May 2014) (see paragraph 3.11)

*property carefully to determine whether a property is capable of separate occupation and therefore whether it can be entered onto the rating list. This assessment is conducted on a property-by property basis.*

*CASC registration provides 80% relief. So where a CASC is liable for business rates it will get the 80% relief. Where the trading company, rather than the CASC, is in occupation it would not be eligible for relief.<sup>18</sup>*

#### **1.2.4. Competition with the hospitality industry**

A final further consideration in relation to licensed premises arose in the CFP evidence session on 7 May 2014. The issue was raised as to whether the hospitality sector views the CASC scheme as unfair competition, if sports clubs can run bars but have reduced rates liability.

In relation to HMRC's recent consultation on the CASC scheme, no responses were received from representative bodies of the drinks trade.<sup>19</sup> Having said this, HMRC is clearly aware of the potential for impacts on competition:

*The Government wants to encourage clubs to raise funds in diverse ways to support sporting activities and accepts it is important to strike a balance between the interests of CASCs to raise extra funds, and the interests of local businesses. CASCs benefit from tax reliefs because they are promoting sport. The CASC scheme should not provide tax reliefs to clubs which are primarily social clubs, and any reliefs should not adversely affect local businesses in the hospitality or service sectors.<sup>20</sup>*

In this context it will be of particular interest to CFP to note that the CASC scheme is currently subject to challenge by The Association of Golf Course Owners (AGCO). According to AGCO's website "On December 17th 2013 we filed our complaint to Europe, asking for the CASC scheme to be withdrawn."<sup>21</sup>

Full details of AGCO's case are set out on its website. It summarises its position in the following terms:

*The European Commission doesn't allow State Aid. Basically forbidden State Aid includes subsidies which distort the market. Subsidies aren't allowed where they give one part of an industry an advantage over another. They aren't allowed if the subsidised party carries out economic activity in competition with others. The State Aid is only unlawful if it produces*

<sup>18</sup> Correspondence from DCLG official, 2 June 2014

<sup>19</sup> HMRC (2013) 'Community Amateur Sports Clubs: Summary of Responses' available online at [https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/260944/CASCs\\_Consultation\\_Response.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/260944/CASCs_Consultation_Response.pdf) (accessed 16 May 2014) (see Annex A)

<sup>20</sup> HMRC (2013) 'Community Amateur Sports Clubs: Summary of Responses' available online at [https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/260944/CASCs\\_Consultation\\_Response.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/260944/CASCs_Consultation_Response.pdf) (accessed 16 May 2014) (see page 39)

<sup>21</sup> <http://agco.org.uk/community-amateur-sports-clubs/agcos-casc-case-to-europe/> (accessed 16 May 2014)

*distortion from one Member State to another. Funnily enough CASC can apply to a club not based in the UK.<sup>22</sup>*

In other words, the AGCO believes that the CASC scheme is incompatible with European State Aid rules. (For further background on State Aid, refer to RalSe paper [30/12.](#))

On 28 May, DFP provided CFP with a background briefing on the proposed Bill. The DFP paper expressed some concern about the level of consultation with the business community. The paper states that “*there is no evidence of any meaningful engagement with the business community*”<sup>23</sup>, but also noted that Mr McKay had undertaken to explore this further.

Secondly, the DFP paper also highlights the AGCO case and states:

*Until the outcome of this case is known the Minister considers it unwise to proceed with the proposed changes, given the risk of infraction.<sup>23</sup>*

**In light of the AGCO challenge, CFP may wish to seek a view from DFP on the compatibility of the CASC scheme, and the associated Northern Ireland rates relief, with State Aid rules.**

### 1.3. The discretionary 20% relief

It was noted above that under the CASC scheme there is mandatory 80% relief from non-domestic rates in Great Britain. There is also the discretion for the remaining 20% to be relieved by local authorities. During the CFP evidence session on 7 May 2014, it was discussed how the discretion is exercised in practice.

On 2 June 2014, an official in the Department of Communities and Local Government advised RalSe that there are no central criteria applied, and it is up to individual authorities to develop their own policies in relation to rates relief.<sup>24</sup> This approach is consistent with the ‘localism agenda’ through which the UK Government has sought to reform local government funding: the OECD described the prior local government funding system as “*one of the most centralised in the world.*”<sup>25</sup>

<sup>22</sup> <http://agco.org.uk/community-amateur-sports-clubs/agcos-casc-case-to-europe/> (accessed 16 May 2014)

<sup>23</sup> Letter from DFP to CFP, ref CFP/334/11-15, 28 May 2014

<sup>24</sup> Telephone communication with DCLG official, 2 June 2014

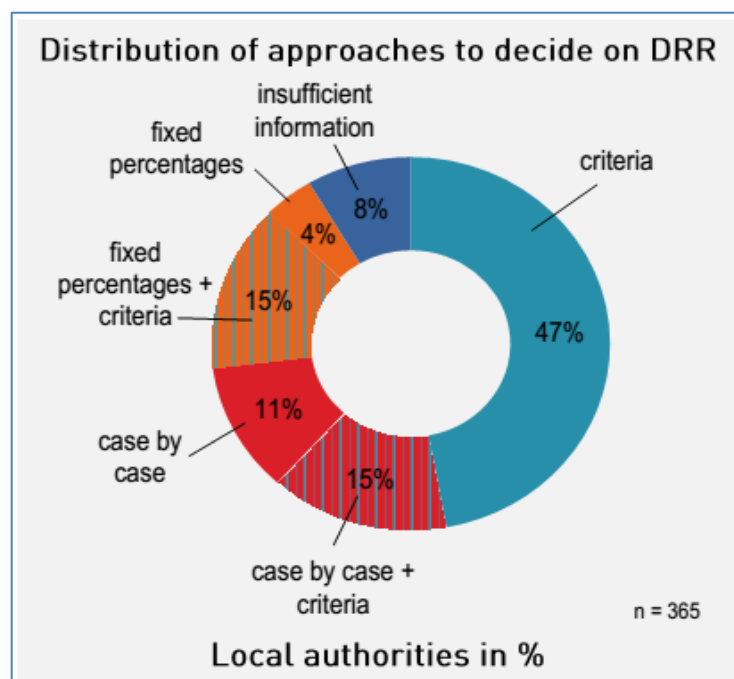
<sup>25</sup> DCLG (2011) Local Government Resource Review - Proposals for Business Rate Retention – consultation Government response, available online at: [https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/8473/20535021.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/8473/20535021.pdf) (accessed 20 May 2014) (see page 4)

### 1.3.1. Local Authority policies

A January 2014 report by the Sport and Recreation Alliance (SRA)<sup>26</sup> published its research findings on discretionary rate relief for sports clubs.

The SRA study included 360 responses to Freedom of Information requests to local authorities across the UK. Responses from Northern Ireland were excluded because the discretionary element of rates relief does not currently apply. The responses showed that for 2012-13, **7,742 sports clubs received discretionary rates relief in Great Britain.**<sup>27</sup> There was a wide range in the number of clubs granted reliefs by different authorities. Some local authorities did not grant any discretionary rates relief at all, whereas one local authority alone granted relief to nearly 300 clubs.<sup>28</sup>

In relation to criteria applied, the main finding was that “*local authorities differ widely in their approach to whether and how much [discretionary rate relief] they grant to sports clubs.*”<sup>29</sup> The range of approaches, and the proportion of authorities that use them, is shown in the figure below:<sup>30</sup>



<sup>26</sup>The Sport and Recreation Alliance is the umbrella organisation for the governing and representative bodies of sport and recreation in the UK and represents more than 320 members - See more at:

<http://www.sportandrecreation.org.uk/about#sthash.FDSdcBqf.dpuf> (accessed 19 May 2014)

<sup>27</sup>HMRC advised RaiSe by telephone that there are approximately 6,000 CASC registered clubs. The additional clubs receiving discretionary relief may be accounted for by the power local authorities have to grant relief to non-CASC clubs. See also SRA report, paragraph 3.3.1.

<sup>28</sup>SRA (2014) 'Discretionary rate relief for sports clubs' available online at:

<http://www.sportandrecreation.org.uk/sites/sportandrecreation.org.uk/files/web/DRR%20report%20final%202014.pdf> (accessed 19 May 2014) (see page 9)

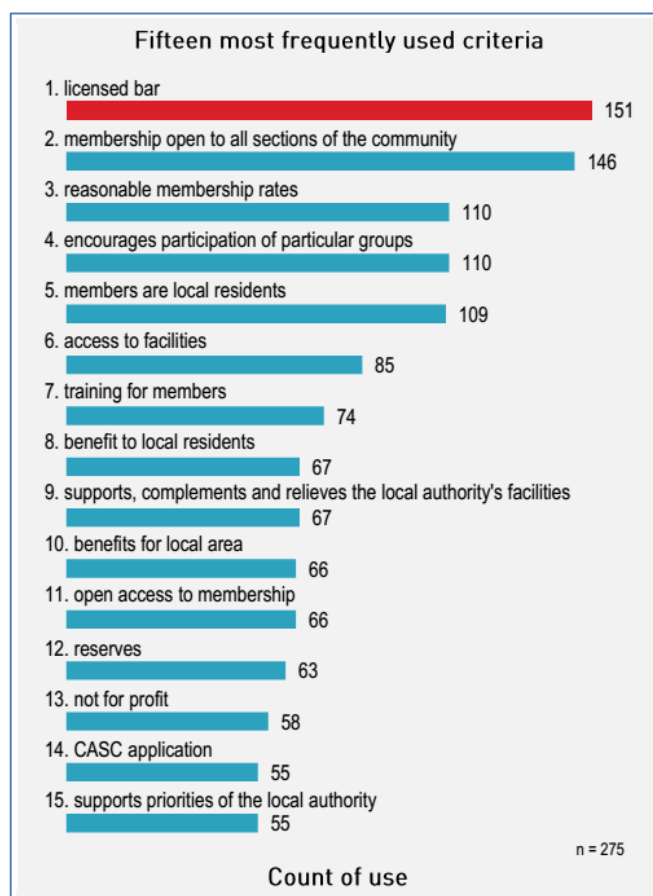
<sup>29</sup>SRA (2014) 'Discretionary rate relief for sports clubs' available online at:

<http://www.sportandrecreation.org.uk/sites/sportandrecreation.org.uk/files/web/DRR%20report%20final%202014.pdf> (accessed 19 May 2014) (see page 14)

<sup>30</sup>SRA (2014) 'Discretionary rate relief for sports clubs' available online at:

<http://www.sportandrecreation.org.uk/sites/sportandrecreation.org.uk/files/web/DRR%20report%20final%202014.pdf> (accessed 19 May 2014) (see page 14)

In its examination of local authority policies, the SRA identified 77 different criteria. The fifteen most frequently used criteria are shown in the following chart:



This chart shows clearly that the most frequently used criterion relates to the existence of a licensed bar attached to the sports club under consideration. But, **it cannot be assumed that the existence of a licensed bar automatically prevents a club from receiving discretionary rates relief.**

For example, the SRA report provides an example of one authority which:

*...grants 75% [discretionary rates relief] to all sports clubs that are open to all sections of the community and do not run a bar. If the premises contain a bar, [discretionary rates relief] is reduced to 25%.<sup>31</sup>*

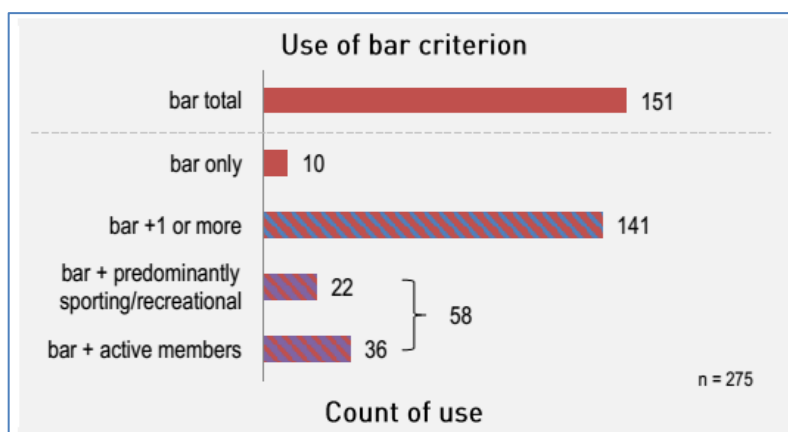
Of the 151 authorities that listed a licensed bar as one of their criteria, 141 also used other criteria, as shown in the figure below:<sup>32</sup>

<sup>31</sup>SRA (2014) 'Discretionary rate relief for sports clubs' available online at:

<http://www.sportandrecreation.org.uk/sites/sportandrecreation.org.uk/files/web/DRR%20report%20final%202014.pdf> (accessed 19 May 2014) (see page 14)

<sup>32</sup>SRA (2014) 'Discretionary rate relief for sports clubs' available online at:

<http://www.sportandrecreation.org.uk/sites/sportandrecreation.org.uk/files/web/DRR%20report%20final%202014.pdf> (accessed 19 May 2014) (see page 16)



RaISe contacted the SRA to seek further clarity on the application of the ‘licensed bar’ criterion. In reply, the SRA stated that the 151 listed are local authorities:

*...which use it as some kind of criterion when making the decision - but it could be that they exclude them altogether, allow them some but not all of the 20% DRR or may simply bear the fact in mind when making a decision.<sup>33</sup>*

### 1.3.3. UK Government ‘match funding’

During the CFP evidence session on 7 May 2014, the issue of ‘match funding’ of local authority discretionary reliefs by the UK Government was discussed.

Under the *Localism Act 2011* local authorities in England and Wales have the power to grant discretionary rates relief to **any** local ratepayer (i.e. not just CASC registered sports clubs).<sup>34</sup> In a document published by the Department of Communities and Local Government (DCLG), there is the following reference to funding discretionary reliefs:

*Whilst **councils would need to meet the cost of any discount from local resources**, they may decide that the immediate cost of the discount is outweighed by the long term benefit of attracting growth and jobs to their area.<sup>35</sup>[emphasis added]*

The non-domestic rating system in Great Britain is however extremely complex. This partly because there are different tiers of authority – i.e. unitary, county council, district council, London borough and Greater London Authority. The cost of providing reliefs depends on the type of authority concerned. Also, the non-domestic rating system has recently been reformed.

<sup>33</sup>Correspondence from SRA official, 19 May 2014

<sup>34</sup> House of Commons Library Standard Note SN/PC/06210 ‘Business rates: discretionary reliefs’ available online at: <http://www.fsb.org.uk/092/assets/discretionary-business-rates.pdf> (accessed 19 May 2014 (see page 2)

<sup>35</sup>DCLG (2011) ‘A Plain English Guide to the Localism Act’ available online at: [https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/5959/1896534.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/5959/1896534.pdf) (accessed 19 May 2014) (see page 6)



Until April 2013, non-domestic rates were pooled and shared out amongst authorities on the basis of a formula grant. From April 2013, authorities in England keep up to half of business rate growth in their area by splitting non-domestic rate revenue into the 'local share' and the 'central share'. The central share is redistributed to councils in the form of revenue support grant in the same way as formula grant. Local share tax base growth is retained within local government.<sup>36</sup>

Under the new system, local authorities were required to estimate total estimate income from non-domestic rates for 2013-14. From this total, certain allowable deductions were made. Allowable deductions included the costs of collection and also the cost of providing discretionary rates reliefs. This calculation set the baseline for the local and central shares of non-domestic rate revenue.<sup>37</sup>

This baseline was adjusted to ensure, in principle, that no authority was worse off so that councils do not gain or lose "solely due to revaluation."<sup>38</sup>

Under the previous non-domestic rates system a local authority received back 25% of the 20% *discretionary* relief from central government. Central government also funded all of the 80% *mandatory* relief.

Under the new system local authorities will receive half of the 80% *mandatory* relief and half of the 20% *discretionary* relief from central government. According to Richard Baldwin, a tax specialist who does work for the SRA, this means that, in effect, the cost to local authorities of providing rates relief to CASCs has increased. In a paper provided to RaiSe, he explained that:

*...clubs will continue to receive mandatory relief but the local authority contribution to this and any DRR the local authority grants will be 50%. This compares with a total contribution by the local authority if the club had full rates relief previously of 15% ( i.e. 75% of 20% DRR with no contribution on the mandatory element). CASC and charity status will thus be prima facie less attractive to local authorities (although they can do little about it) because extra funding may be needed from local ratepayers to fill the funding gap.[...] local authorities may feel that the extra cost of granting DRR is not affordable since they are already contributing to the mandatory relief which they have no choice about.*<sup>39</sup>

<sup>36</sup>Local Government Association (2013) 'Business Rate Retention' available online at: <http://www.local.gov.uk/documents/10180/11531/The+story+so+far+-+business+rate+retention.pdf/2175c47c-6916-4b93-add8-c2201db60482> (accessed 2 June 2014) (see page 1)

<sup>37</sup>Local Government Association (2013) 'Business Rate Retention' available online at: <http://www.local.gov.uk/documents/10180/11531/The+story+so+far+-+business+rate+retention.pdf/2175c47c-6916-4b93-add8-c2201db60482> (accessed 2 June 2014) (see page 2)

<sup>38</sup>Local Government Association (2013) 'Business Rate Retention' available online at: <http://www.local.gov.uk/documents/10180/11531/The+story+so+far+-+business+rate+retention.pdf/2175c47c-6916-4b93-add8-c2201db60482> (accessed 2 June 2014) (see page 3)

<sup>39</sup> E-mail correspondence from Richard Baldwin 19 May 2014

For the purposes of CFP's consideration of the proposed Bill, it may be sufficient to note that the funding of non-domestic rates relief for CASCs in England has recently changed with impacts on CASCs. Depending on the amount of relief the CASC got at the time of the change to the new system, the cost borne by the local authority may change.

Either way, clubs will still receive the 80% mandatory relief. But the effect of the change to the system is that – for sports clubs which were not registered before the change – the incentive for local authorities to award new discretionary reliefs has been reduced. This is because – from April 2013 onwards – the local authority contribution to discretionary relief has reduced from 75% to 50%. But, at the same time, the local authority contribution for mandatory relief has increased from zero to 50%.<sup>40</sup>

For CFP, of course, the changes to non-domestic rating in England may be of interest. But, if the proposal to exempt CASCs entirely from non-domestic rates were adopted by the Assembly, a local decision on who would pay for it would be required.

One consideration may be that, if the Assembly passed legislation to exempt CASCs from non-domestic rates, local government in Northern Ireland would see a reduction in revenue. In this context, it may be instructive to note that under industrial de-rating – an Executive policy to assist manufacturing – Northern Ireland's councils receive compensation from the Executive for revenue foregone.<sup>41</sup>

**CFP may wish to consider whether the Executive, or local government in Northern Ireland, should bear the cost of the exemption from non-domestic rates for CASCs in the proposed Bill.**

#### 1.4. Charitable status

According to a recent HMRC publication:

*The CASC scheme is different from charitable status and clubs can choose between the two. Clubs that want to benefit from the full range of charity reliefs and exemptions can, if they meet the requirements, decide to apply for charitable status, instead of applying for CASC recognition.*<sup>42</sup>

Further detail is provided in HMRC's guidance:

*A registered CASC cannot be recognised as a charity for tax purposes. However, it is open to any sports club which is not a registered CASC to apply to the Charity Commission or other charity regulator to be registered as a charity as an alternative. Clubs proposing to seek charitable status*

<sup>40</sup>E-mail correspondence from Richard Baldwin 19 May 2014

<sup>41</sup>[http://www.doeni.gov.uk/index/local\\_government/local\\_government\\_funding.htm](http://www.doeni.gov.uk/index/local_government/local_government_funding.htm)

<sup>42</sup>HMRC (2013) 'Community Amateur Sports Clubs: Summary of Responses' available online at [https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/260944/CASCs\\_Consultation\\_Response.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/260944/CASCs_Consultation_Response.pdf) (accessed 16 May 2014) (see page 41)

*should not apply for CASC status. Where HMRC are satisfied that a club is entitled to be registered they have no option but to register upon receiving an application. Where for example a club makes an application to be a CASC having already been registered as a charity HMRC would have to register the club if satisfied that it meets all the requirements of the CASC scheme. This would mean that the club would no longer be entitled to be a charity under the [Charities Act] 2006.<sup>43</sup>*

In Northern Ireland, an amateur sports club may apply to the Charity Commission for Northern Ireland (CCNI) for charitable status under the *Charities Act (Northern Ireland) 2008*.<sup>44</sup> Section 2 of that Act defines 'charitable purpose' by a way of a list that includes "*the advancement of amateur sport*".<sup>45</sup> The club also has to pass a 'public benefit test'.

The CCNI states that there are two elements of public benefit:

1. *Benefit*: *This is about the benefit flowing from the charity's purposes.*

*For a charity's purposes to satisfy the benefit element of public benefit, that benefit must have three key features, it must:*

- *flow from the charity's purposes*
- *be capable of being demonstrated*
- *be beneficial, not harmful.*

2. *Public*: *This is about who may benefit from the charity's purposes.*

*For a charity's purposes to satisfy the public element, the benefit which may flow from those purposes must:*

- *be to the public or to a section of the public*
- *not provide a private benefit to individuals unless this benefit is incidental.*<sup>46</sup>

If a sports club chooses to apply for charitable status rather than register as a CASC, it may obtain a number of additional reliefs. The tax reliefs available under charity legislation are beyond the scope of this paper. For the purposes of this paper, it is sufficient to note that in relation to non-domestic rates liability a sports club may choose

<sup>43</sup>HMRC 'Community Amateur Sports Clubs: detailed guidance notes' available online at: [http://www.hmrc.gov.uk/casc/casc\\_guidance.htm#15](http://www.hmrc.gov.uk/casc/casc_guidance.htm#15) (accessed 16 May 2014) (see section 11)

<sup>44</sup><http://www.legislation.gov.uk/ni/2008/12/contents>

<sup>45</sup><http://www.legislation.gov.uk/ni/2008/12/section/2>

<sup>46</sup> CCNI (2013) 'The public benefit requirement' available online at: [https://www.charitycommissionni.org.uk/Library/pdf\\_documents/20140402%20Public%20benefit%20requirement.pdf](https://www.charitycommissionni.org.uk/Library/pdf_documents/20140402%20Public%20benefit%20requirement.pdf) (accessed 16 May 2014) (see page 11)

either route, **but not both**.<sup>47</sup> Which mechanism best suits an individual club is likely to depend on its particular circumstances.

The next section of this Paper considers the rating liability of sports-related land in the Republic of Ireland.

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<sup>47</sup> HMRC 'Community Amateur Sports Clubs: detailed guidance notes' available online at: [http://www.hmrc.gov.uk/casc/casc\\_guidance.htm#15](http://www.hmrc.gov.uk/casc/casc_guidance.htm#15) (accessed 16 May 2014) (see section 11)

## 2. Rates exemption for land for sports use in the Republic of Ireland

This section looks at the non-domestic rates exemption for land developed for sport in the Republic of Ireland (RoI). There are additional exemptions in relation to Value Added Tax (VAT). Because VAT is not devolved to Northern Ireland, the focus of this section is on rates.

### 2.1. The Valuation Act 2001

The *Valuation Act 2001* (the 2001 Act) makes provisions for non-domestic, or business, rates in RoI. For purposes of this Note, Section 3 of the Act states:

*“land developed for sport” means outdoor surfaces used for sporting purpose (including football pitches, tennis courts, race courses and golf courses, but not including fixed buildings and structures)<sup>48</sup>*

At Schedule 4 to the 2001 Act – specifically paragraph 1 - ‘land developed for sport’ is made exempt from rates.

A further relevant rates exemption in the 2001 Act is found at paragraph 15 of Schedule 4 which concerns properties that are used as ‘community halls’. ‘Community halls’ are defined in section 3 of the 2001 Act as:

*“community hall” means a hall or a similar building, other than the premises of a club for the time being registered under the Registration of Clubs (Ireland) Act, 1904, which—*

*(a) is not used primarily for profit or gain, and*

*(b) is occupied by a person who ordinarily uses it, or ordinarily permits it to be used, for purposes which—*

*(i) involve participation by inhabitants of the locality generally, and*

*(ii) are recreational or otherwise of a social nature;<sup>49</sup>*

In its interpretative provisions, the 2001 Act does not define ‘recreational or otherwise of a social nature’. **To clearly understand the scope of this legislative provision, legal advice could be sought on how the relevant case law defines it.**

Moreover, the definition of ‘community hall’ under the 2001 Act – as cited above - specifically excludes premises registered under the *Registration of Clubs (Ireland) Act*

<sup>48</sup> <http://www.irishstatutebook.ie/pdf/2001/en.act.2001.0013.pdf> (section 3)

<sup>49</sup> <http://www.irishstatutebook.ie/pdf/2001/en.act.2001.0013.pdf>

1904 (1904 Act), (which includes provisions relating to the sale of liquor in clubs).<sup>50</sup> This means the Schedule 4, paragraph 15, rates exemption extends only to ‘community halls’, i.e. halls or similar buildings **not** registered under the 1904 Act, which are **not** used primarily for profit or gain, and are occupied by persons who ordinarily use it, or permit its use, for recreational or social purposes involving participation of inhabitants of the locality.

In essence, this means the above-proscribed registered halls or similar buildings, with clubs licensed to sell alcohol, are rateable in their entirety, not just the club part normally used for the sale of alcohol.

Hence the rating exemptions outlined appear to be narrowly proscribed – refer to the extract in following subsection for greater detail on this point..

## 2.2. Rating of licensed premises

The relevant question in the Oireachtas and ministerial response rating of licensed premises are outlined here: :

***Deputy Brendan Smith** asked the Minister for Public Expenditure and Reform if he will clarify the situation in relation to the valuation process and valuation office under his remit; if he will further clarify the rateable base in relation to a sports club with a members bar operating under the Clubs Act, but with a declining membership and bar turnover and if valuation is based on the size of grounds and buildings, current day value of grounds and building, portion of building used as bar on a full-time basis or part-time basis, for example, a multi-purpose hall, membership numbers, bar turnover and if options to reduce rateable valuation can be outlined and statement made on the matter with specific reference to bar turnover, membership, reducing size of bar or even eliminating same and if such are allowable in an application to reduce valuation.*

***Minister for Public Expenditure and Reform (Deputy Brendan Howlin):** The Commissioner of Valuation is independent in the exercise of his duties under the Valuation Act 2001 and the making of valuations for rating purposes is his sole prerogative. The statute does not accord me as Minister for Public Expenditure and Reform any function in this regard.*

*The Valuation Act 2001 provides for the exemption from rates of land that is developed for sport such as playing pitches, land on golf courses, tennis courses, etc. The Act also provides for the exemption from rates of “Community Halls”. To be classified as a Community Hall, the premises need to be used for purposes which are not for profit or gain and involve participation by inhabitants of the locality generally and are used for*

<sup>50</sup><http://www.irishstatutebook.ie/1904/en/act/pub/0009/print.html>

*purposes which are of a recreational or otherwise of a social nature. Many sports clubs achieve exemption from rates on their property under this provision. However, the Valuation Act 2001 specifically excludes the premises of a club registered under the Registration of Clubs (Ireland) Act 1904 from this provision. Therefore, the premises of such a registered club is rateable. **Essentially, this means that clubs licensed to sell alcohol are rateable. It is important to point out that this provision has the effect of making all premises occupied by the club rateable and not just that part of the premises normally used for the sale of alcohol.** The premises of a club which ceases to be registered under the Registration of Clubs (Ireland) Act 1904 will no longer be rateable.*

*The sale of alcohol is a commercial activity and a licensed sports club is competing with other commercial licensed premises, all of which are rateable. Therefore, in equity, exemption from rates can only be achieved by the cessation of the club's registration under the 1904 Act.*

*Revision of valuation is the mechanism used to maintain the existing local authority valuation lists. It is used to add new properties to the list, to amend the valuation of altered properties and to remove demolished or defunct properties from the list. The valuations of commercial properties, including sports clubs, are determined by reference to the values of similar types of properties in the same local authority area to ensure, in so far as it is possible, that they are all treated in a fair and equitable manner. Therefore, rising or falling property values have no impact on valuations determined at revision.<sup>51</sup> [emphasis added]*

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<sup>51</sup>Official report, 1 March 2012, <http://debates.oireachtas.ie/dail/2012/03/01/00096.asp> (accessed 19 May 2014)

### 3. Financial, economic and health-related considerations

During the CFP evidence session on 7 May 2014, there was some discussion of the financial implications of the proposed Bill.

Mr McKay stated:

*We tried to get some figures from the Department of Finance and Personnel, but few are coming back. One that we did get was from 2010-11 for rates paid by clubs with relief. That figure was £1.4 million, and it would have included non-community and amateur sports clubs in general. I have been on to the Department a number of times about that, and that is the extent of its knowledge of that. I do not know whether there is a difficulty in identifying sports clubs and getting that precise figure.*

*If it is the case that we are talking about costs between £1 million and £2 million, I do not think that that is a big cost in the context of the Bill.<sup>52</sup>*

#### **CFP may wish to further explore the projected costs with DFP.**

The following sub-sections briefly raise some wider socioeconomic and health-related considerations which may be of interest to CFP.

#### 3.1. Economic importance of sport

There are few up-to-date figures relating to the contribution of sport to the Northern Ireland economy. The Department of Culture Arts and Leisure and Sport NI's Northern Ireland Strategy for Sport & Physical Recreation 2009 – 2019 *Sport Matters* provided some estimates for the contribution of sport to the local economy.

*Sport and physical recreation are already net financial contributors to the economy and their economic value is firmly established. The most recent available figures (2006/07) in Northern Ireland show that spending on sport has contributed £452 million per annum to the economy or 2.0% of Gross Domestic Product. Sports events alone generated a direct economic benefit of almost £8million per annum in 2003/04 and 2004/05.<sup>53</sup>*

*Sport Matters* went on to note that the economic value of sport manifests itself in different ways: through consumer spending and employment, and also through the

<sup>52</sup>Official report, 7 May 2014 <http://www.niassembly.gov.uk/Assembly-Business/Official-Report/Committee-Minutes-of-Evidence/Session-2013-2014/May-2014/Private-Members-Bill-to-Exempt-Amateur-Sports-Clubs-from-Rates-Briefing-from-Mr-Daithi-McKay-MLA/>

<sup>53</sup>DCAL (2009) 'Sport Matters' available online at: [http://www.dcalni.gov.uk/sport\\_matters.pdf](http://www.dcalni.gov.uk/sport_matters.pdf) (accessed 19 May 2014) (see Appendix 1)



work of sports volunteers. In 2010, it was estimated that about 9% of adults in Northern Ireland give up their time to volunteer in sports.<sup>54</sup>

In 2010, the Department of Culture Arts and Leisure and Sport NI's publication *Economic Importance of Sport in Northern Ireland* found that:

*£688m was spent by consumers on sport-related goods and services in 2008 in Northern Ireland. Consumer expenditure on sport as a percentage of total expenditure is estimated as follows:*

*Northern Ireland: 2.8%*

*England: 2.3%*<sup>55</sup>

The research also found that:

*Sport related activity adds £638.6m to the Northern Ireland economy, corresponding to almost 2.3% of total value[GVA] added in the region; and, 17,900 people are employed in sport related employment, corresponding to 2.3% of total employment in the region (assuming total in employment 791,000).*<sup>56</sup>

Of course, any contribution to the economy made by amateur or grass roots clubs in Northern Ireland will only be partly influenced by the impact of non-domestic rating. There are a wide range of other considerations that may have an influence, including:

- other government strategies to increase physical activity and public health, such as bike-to-work schemes;
- the multiplier effects of high-profile events such as the Giro d'Italia and the Irish Open; and,
- the impact of participating in sport on the build-up of social capital and soft employment-related skills such as leadership and teamwork.<sup>57</sup>

### 3.2. Health-related aspects of sport

Participation in sport can help people avoid certain health problems such as obesity and diabetes. It can also help promote better mental health.<sup>5859</sup> (For further information on sport and mental health, refer to RaISe paper [198/12](#))

<sup>54</sup>Sport NI (2010) The Northern Ireland Adult Sport and Physical Activity Survey' available online at: <http://www.sportni.net/NR/rdonlyres/92BCC8C0-0AC6-4E06-B87A-772FCB10E90A/0/SAPASReport.pdf> (accessed 3 June 2014) (see page 85)

<sup>55</sup>Sport NI (2010) <http://www.sportni.net/NR/rdonlyres/A2647166-506E-4F79-A4B9-FE8844C9DB42/0/EconomicImportance.pdf> (accessed 20 May 2014) (see page 2)

<sup>56</sup>Sport NI <http://www.sportni.net/NR/rdonlyres/A2647166-506E-4F79-A4B9-FE8844C9DB42/0/EconomicImportance.pdf> (accessed 20 May 2014) (see page 3)

<sup>57</sup>SRA (2012) 'Game of Life: how sport and recreation can help make us healthier, happier and richer' available online at: <http://www.sportandrecreation.org.uk/gameoflife> (accessed 19 May 2014) (see page 101).

In relation to physical health, a 2012 estimate of the cost of obesity alone in Northern Ireland has put the impact at:

- Costs of treating obesity £3m;
- Lost earnings due to premature death £22m;
- Lost earnings due to illness £47m;
- Total economic cost 2007-08 £350m; and,
- Indirect Costs of overweight and obesity estimated to be £7.4 billion.<sup>60</sup>

It has also been noted that “*the current Programme for Government allocates £7.2 million over 3 years to tackle obesity / implement the Fitter Future for All framework.*”<sup>61</sup>

It may also be of interest to note that a 2012 All-Ireland study in on the costs of obesity concluded (among other things) that:

*The findings on the cost of overweight and obesity highlight the need for significant investment in research to examine the influence of fiscal and other Government policies on consumer purchasing and their impact on overweight and obesity, including, for example, risk-benefits assessment of taxation that supports healthy eating and active living and subsidies for healthy food such as fruit and vegetables.*<sup>62</sup>

There is also some support in the literature for an evidence-based linkage between sport and social outcomes. At a recent Knowledge Exchange Seminar at the Northern Ireland Assembly, Hassan and Hughes stated:

*For all the underlying scepticism and caution however, in the main there appears to be an emerging, credible body of literature reporting an association between organised youth sports and positive health-related, educational and social outcomes. This is specifically the case in relation to youth with lower capabilities for participation due to economic, cultural or social features, as sports are viewed as an opportunity to engage such vulnerable young people in a leisure context, not only in terms of participation in sports but also across a range of related activities (Haudenhuyse, Theboom and Skille, 2014). For example, in a recent*

<sup>58</sup>SRA (2012) 'Game of Life: how sport and recreation can help make us healthier, happier and richer' available online at: <http://www.sportandrecreation.org.uk/gameoflife> (accessed 19 May 2014) (see page).

<sup>59</sup>Hassan and Hughes(2014) 'Briefing paper for KESS' available online at: [http://www.niassembly.gov.uk/Documents/RalSe/knowledge\\_exchange/briefing\\_papers/series3/hassan060314.pdf](http://www.niassembly.gov.uk/Documents/RalSe/knowledge_exchange/briefing_papers/series3/hassan060314.pdf) (accessed 20 May 2014)

<sup>60</sup>Source: presentation to Health Communication Research Conference 30 March 2012, available online at: <http://www.socsci.ulster.ac.uk/comms/healthcommunicationconference/presentations/Cheryl%20Flanagan.pdf> (accessed 19 May 2014) (see slide 2)

<sup>61</sup>Source: presentation to Health Communication Research Conference 30 March 2012, available online at: <http://www.socsci.ulster.ac.uk/comms/healthcommunicationconference/presentations/Cheryl%20Flanagan.pdf> (accessed 19 May 2014) (see slide 5)

<sup>62</sup> Safefood (2012) 'The cost of overweight and obesity on the Island of Ireland: Executive summary' available online at: <http://www.safefood.eu/Publications/Research-reports/The-cost-of-overweight-and-obesity-on-the-island-o.aspx> (accessed 19 May 2014) (see page 16)

*British cohort study, Feinstein et al. (2005) found that for vulnerable groups, sport club attendance at the age of 16 years reduced the chances of social exclusion outcomes at the age of 30 years.<sup>63</sup>*

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<sup>63</sup>Hassan and Hughes(2014) 'Briefing paper for KESS' available online at: [http://www.niassembly.gov.uk/Documents/RalSe/knowledge\\_exchange/briefing\\_papers/series3/hassan060314.pdf](http://www.niassembly.gov.uk/Documents/RalSe/knowledge_exchange/briefing_papers/series3/hassan060314.pdf) (accessed 20 May 2014) (see page 3)

## 4. Concluding remarks

This Paper has presented information pertinent to a range of issues discussed during the CFP evidence session on 7 May 2014 in relation to the proposed Bill.

The points raised in section 3 of the Paper underscore the importance of sport generally. But there have been recent changes to the way the CASC scheme operates in Great Britain that may warrant further consideration. Specifically:

- The AGCO legal challenge to the CASC scheme in relation to European State Aid rules;
- The provision by sports clubs of licensed facilities. This in effect excludes clubs with such facilities from the rates exemption in the Republic of Ireland. In Great Britain, there may be an impact on eligibility for discretionary rates relief, depending on individual local authority policies; and,
- The central government funding for CASC scheme reliefs has changed, shifting more of the cost burden from central to local government. CFP may need to come to a view on whether the cost of the additional rates revenue foregone in proposed Bill should be borne by Northern Ireland's district councils or by the Executive.