

1.0 INTRODUCTION

New guidance has been received from the internal auditor regarding the VAT status of local authority sports and leisure services.

This is following Chelmsford City Council [2020] UKFTT432(TC) where the First Tier Tribunal determined that such services are provided under a ‘special legal regime’ and can be treated as ‘non-business’, providing that does not give rise to significant distortions of competition.

On 26 January 2023, HMRC advised Chelmsford City Council that they will not be pursuing the ‘significant distortion of competition’ argument and accept that local authority sports services can be treated as non-business and outside the scope of VAT.

This means that all the Council’s sport and leisure services are considered outside the scope of VAT, whereas previously they were considered either exempt, zero-rated, or standard rated. This VAT will need to be reclaimed and can be done so for up to the last four years, however to avoid unjust enrichment, the Council will need to attempt to refund any VAT charged to the customer.

2.0 PROPOSAL

We have come up with the following proposal for how we think it is best to manage this process, ensuring that the Council is transparent throughout.

The VAT charged on all sports and leisure services over the last 4 financial years will be calculated from the Council’s accounts and reclaimed from HMRC. This money will be ringfenced in reserves, ready to be refunded to eligible customers.

Starting with our most regular users, we will then begin contacting customers to make them aware of any VAT refund they are due. VAT refunds will be paid to customers via cheque, to help separate the transactions from the rest of the Council’s day-to-day operations.

Going forward, VAT will be need to be removed from the price of all sport and leisure activities, new prices to be agreed are set out in the following section and would come into effect from 01/04/23. As our prices are currently inclusive of VAT, removing it does result in some odd amounts, so all prices have been rounded up to the nearest 10p.

3.0 PRICE CHANGES

	Original 2023/24 Price	Old VAT Rate	New VAT Rate	New Price (Rounded to within 5p)
All Equipment Hire				
Equipment Hire	£2.00	20%	20%	£2.00
Additional Chair/Table Hire	£7.50	20%	20%	£7.50
All Misc Income				
Black Copy	£0.05	20%	20%	£0.05
Colour Copy	£0.10	20%	20%	£0.10
Advertising Board/Banner	£150.00	0%	0%	£150.00
All Outside Bookings				
Outside hire	£150.00	Exempt	Exempt	£150.00
Car Park Hire	£17.50	20%	20%	£17.50
Cross Country 0-99 Runner	£85.00	20%	Outside Scope	£70.90
Cross Country 100-249 Runners	£105.00	20%	Outside Scope	£87.50
Cross Country 250-499 Runner	£140.00	20%	Outside Scope	£116.70
Cross Country 500+ Runners	£175.00	20%	Outside Scope	£145.90
Camping/Caravan (Per Pitch)	£7.00	20%	20%	£7.00
*Bespoke prices for large events		20%	20%	
All Resale				
*Prices determined by wholesale cost		20%	20%	
All Deposits				
*Decided at time of booking		N/A	N/A	
All Minibus Charges				
Price per mile	£1.75	20%	20%	£1.75
GW AWS				
AWS Member	£35.00	20%	Outside Scope	£29.20
AWS Non Member	£40.00	20%	Outside Scope	£33.40
AWS Off-Peak	£22.50	20%	Outside Scope	£18.80
Pay & Play	£3.00	20%	Outside Scope	£2.50

GW Fishing				
Lakes Adult Season	£80.00	20%	Outside Scope	£66.70
Lakes Youth/Senior Season	£44.00	20%	Outside Scope	£36.70
Lakes Youth/Senior Daily	£4.00	20%	Outside Scope	£3.40
Lakes Adult Daily	£7.00	20%	Outside Scope	£5.90
GW Fitness Suite & Classes				
GIG Member	£5.00	0%	Outside Scope	£5.00
GIG Non-Member	£6.00	0%	Outside Scope	£6.00
Indoor Cycling	£5.00	0%	Outside Scope	£5.00
Mothers/Babies Indoor Cycling	£4.00	0%	Outside Scope	£4.00
Exercise Class	£4.00	0%	Outside Scope	£4.00
Virtual Exercise Class	£3.00	0%	Outside Scope	£3.00
Adult Gym Only (Direct Debit)	£32.50	0%	Outside Scope	£32.50
Adult Gym Only (No Commitment)	£40.00	0%	Outside Scope	£40.00
Adult Classes Only (Direct Debit)	£25.00	0%	Outside Scope	£25.00
Adult Fitness Unlimited (Direct Debit)	£45.00	0%	Outside Scope	£45.00
Student Gym Only (Direct Debit)	£22.50	0%	Outside Scope	£22.50
Student Gym Only (No Commitment)	£30.00	0%	Outside Scope	£30.00
Student Classes Only (Direct Debit)	£25.00	0%	Outside Scope	£25.00
Student Fitness Unlimited (Direct Debit)	£35.00	0%	Outside Scope	£35.00
Senior Gym Only (Direct Debit)	£25.00	0%	Outside Scope	£25.00
Senior Gym Only (No Commitment)	£32.50	0%	Outside Scope	£32.50
Senior Classes Only (Direct Debit)	£25.00	0%	Outside Scope	£25.00
Senior Fitness Unlimited (Direct Debit)	£37.50	0%	Outside Scope	£37.50
Senior Platinum (Direct Debit)	£30.00	0%	Outside Scope	£30.00

Pay As You Go Member	£5.00	0%	Outside Scope	£5.00
Pay As You Go Non Member	£7.00	0%	Outside Scope	£7.00
Pay As You Go Consessions	£4.00	0%	Outside Scope	£4.00
PT Session	£25.00	0%	Outside Scope	£25.00
Membership Card	£2.50	20%	20%	£2.50
*All DD memberships available as annual, 12 months for the price of 10		0%	Outside Scope	
GW Football				
GW Adult Pitch Hire	£62.50	20%	Outside Scope	£52.10
GW Up To U18S Pitch Hire	£40.00	20%	Outside Scope	£33.40
GW Up To U16S Pitch Hire	£35.00	20%	Outside Scope	£29.20
GW Up To U13S Pitch Hire	£30.00	20%	Outside Scope	£25.00
GW Main Hall				
Court Hire Member	£8.50	20%	Outside Scope	£7.10
Court Hire Non Member	£9.50	20%	Outside Scope	£8.00
Aerobic Hire	£18.00	20%	Outside Scope	£15.00
Nifty Fifty Member	£4.00	20%	Outside Scope	£3.40
Nifty Fifty Non Member	£5.00	20%	Outside Scope	£4.20
Unclubable Member	£4.00	20%	Outside Scope	£3.40
Unclubables Non Member	£5.00	20%	Outside Scope	£4.20
Model Club	£5.95	20%	Outside Scope	£5.00
Guest Fee	£2.75	20%	Outside Scope	£2.30
Main Hall Pay & Play	£3.00	20%	Outside Scope	£2.50
Birthday Bonanza Party	£120.00	20%	20%	£120.00
Disco Bonanza Party	£140.00	20%	20%	£140.00
Nerf Wars Party	£130.00	20%	20%	£130.00
U5 Stay & Play	£2.00	20%	20%	£2.00

Full Stay & Play	£3.00	20%	20%	£3.00
Indoor Cricket Off Peak (Whole Hall)	£40.00	20%	Outside Scope	£33.40
Indoor Cricket Peak (Whole Hall)	£60.00	20%	Outside Scope	£50.00
Indoor Cricket Session (45 mins, 1 lane)	£12.00	20%	Outside Scope	£10.00
Bowling Machines Hire (45 mins)	£8.00	20%	Outside Scope	£6.70
Monthly Storage	£10.00	20%	20%	£10.00
GW Memberships				
Centre Member Adult	£30.00	20%	Outside Scope	£25.00
Centre Member Club	£83.40	20%	Outside Scope	£69.50
Centre Member GIG	£20.00	20%	Outside Scope	£16.70
Centre Member Student/Senior	£20.00	20%	Outside Scope	£16.70
Club Membership Monthly	£6.95	20%	Outside Scope	£5.80
JH Hall Hire				
JH Hall Hire (Per hour)	£13.00	0%	0%	£13.00
Monthly Storage	£10.00	20%	20%	£10.00
JH Squash				
Squash Peak	£7.50	20%	Outside Scope	£6.30
Squash Off-Peak	£5.00	20%	Outside Scope	£4.20
QE2 Football/Cricket				
Cricket Pitch Hire	£62.50	20%	Outside Scope	£52.10
QE2 Adult Pitch Hire	£62.50	20%	Outside Scope	£52.10
QE2 Up To U18S Pitch Hire	£40.00	20%	Outside Scope	£33.40
QE2 Up To U16S Pitch Hire	£35.00	20%	Outside Scope	£29.20
QE2 Up To U13S Pitch Hire	£30.00	20%	Outside Scope	£25.00
QE2 Junior Pitch Hire	£25.00	20%	Outside Scope	£20.90
Mini Pitch Hire	£17.50	20%	Outside Scope	£14.60
Monthly Storage (Half Cupboard)	£10.00	20%	20%	£10.00

QE2 Hall Hire				
QE2 Sports Hall Hire (Per hour)	£15.00	20%	Outside Scope	£12.50
Monthly Storage	£10.00	20%	20%	£10.00

3.0 RECOMMENDATIONS

That the Council reclaim the VAT charged on all sports and leisure services over the last 4 years. Keep this money in a separate EMR and begin contacting eligible customers to arrange for it to be refunded to them.

That the Council agree the above price changes to come into effect from 01/04/2023 so that VAT is no longer charged on sports and leisure services.

For more information contact:

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