

**To: All members of Shaftesbury Town Council's General Management Committee**

Councillors: P Proctor (Chair), A Perkins (Vice-Chairman), Austin, Francis, Jackson, Lewer and K Tippins

All other recipients for information only

You are required to attend a meeting of the Committee to be held at **7.00pm on Tuesday 19<sup>th</sup> January 2016 in the Council Chamber, Shaftesbury Town Hall** for the transaction of the business shown on the agenda below.

**Stephen Holley**

**Town Clerk**

Members are reminded of their duty under the Code of Conduct

**Public Participation**

The Chairman will invite members of the public to present their questions, statements or petitions submitted under the Council's Public Participation Procedure.

Members of the public and Councillors are entitled to make audio or visual recordings of the meeting provided it does not cause disruption or impede the transaction of business. Out of courtesy to those present, the Council requests that intention to record proceedings is brought to the Chairman's attention prior to the start of the meeting.

Agenda Item	
<b>01. Apologies</b>	To receive and consider for acceptance, apologies for absence
<b>02. Declarations of Interest and Dispensations</b>	Members and Officers are reminded of their obligations to declare interests in accordance with the Code of Conduct 2012. The Clerk will report any dispensation requests received.
<b>03. Minutes</b>	To confirm as a correct record, the Minutes of the General Management Committee meeting held on 24 <sup>th</sup> November 2015.
<b>04. Financial Report – Third Quarter 2015/16</b>	To receive financial report for the second quarter 2015/16. Report 0116GEM04 to follow.
<b>05. Payments</b>	To receive list of payments for authorisation. Report 0116GEM05 attached.

Agenda Item	
<b>06. VAT</b>	To receive VAT report and consider registration for VAT. Report 0116GEM06 attached.
<b>07. Electricity Supplier Review</b>	To consider revised quotes for the provision of Electricity to Council properties. Report 0116GEM07 to follow.
<b>08. Snowdrops</b>	In the light of a recommendation from the Recreation, Open Spaces and Environment Committee, to consider taking a more active role in supporting the Snowdrop Festival. Report 0116GEM08 to follow.
<b>09. Budget-Setting 2016/17</b>	To receive and consider information as part of the Budget-Setting process and to make recommendations for consideration by the Council at its meeting on 26 <sup>th</sup> January 2016. Report 0116GEM09 to follow.
<b>10. Community Grant Application</b>	To consider a request from Shaftesbury Youth Club to fund a cooking activity for young people. Report 0116GEM010 attached.
<b>11. Grants and SLA process review</b>	To receive report on the council's grants and SLA process. Report 0116GEM11 to follow.
<b>12. Website Working Group</b>	To consider a recommendation from the Website Working Group for the Council to apply for a .gov.uk domain name.. Report 0116GEM12 attached.
<b>13. Internal Auditor</b>	To consider recommendation of appointment of Internal Auditor for 2016/17 to Council. Report 0116GEM13 to follow.
<b>14. Lions Mouth</b>	To consider the principle of undertaking restoration work on the Lions Mouth drinking fountain on the Gillingham Road. Report 0116GEM14 attached
<b>15. Staffing Budget 2015/16 and use of Overtime</b>	To report on staffing expenditure in 2015/16 to date, and on the use of overtime to cover a vacancy in the Grounds Team. Report 0116GEM15 attached.
<b>16. Officer Report</b>	To receive any correspondence or updates relating to the work of the Committee. Report 0116GEM16 to follow if required.



**Report to a Meeting of Shaftesbury Town Council's  
General Management Committee  
held at 7.00pm on Tuesday 19<sup>th</sup> January 2016  
in the Council Chamber, High Street Shaftesbury**

---

**PAYMENTS**

**1. Purpose of Report**

To receive list of payments for authorisation.

**2. Recommendation**

That the Committee considers the below listed payments for ratification.

**3. Background**

Financial Regulations require that payments are authorised by the Finance Committee or Full Council.

**4. Payments**

<b>Date</b>	<b>Chq No</b>	<b>Supplier/Payee</b>	<b>Amount</b>	<b>Description</b>
15/12/2015	012365	Toogood Property Co Ltd	£2,175.00	Quarterly rent Unit 9c Wincombe
15/12/2015	012366	Shaftesbury Cricket Club	£1,500.00	Community Chest Payment ref FC114
15/12/2015	012367	The Helping Hand Co	£196.43	Litter picking equipment for Hilltop Litter Pickers as agreed R50
15/12/2015	012368	Whitebridge Hire Services	£114.04	Small tools, box of gloves
15/12/2015	012369	Tinknell Fuels	£171.36	Red Diesel for Tractor and equipment
15/12/2015	012370	Anne Crane	£98.75	Spring Bulbs for Queen Mothers Garden
15/12/2015	012371	Lyreco	£261.53	Stamps and stationery November
15/12/2015	012372	BT	£154.56	New broadband line ref new telephone system
15/12/2015	012373	The IT Department	£90.00	Monthly support charge
15/12/2015	012374	Busy Bees	£221.00	Town Hall cleaning December
15/12/2015	012375	Spaldings	£11.58	Bag of rags
15/12/2015	012376	ASL	£87.60	Replace faulty lock at Swimming Pool
15/12/2015	012377	Richard Tippins	£118.80	Travel Claim for attending various civic events
15/12/2015	012378	E G Coles	£45.00	Light assembly for tractor
15/12/2015	012379	NDDC	£4,441.20	Expenses by-election

15/12/2015	012380	Fideliti Childcare vouchers	£127.72	Childcare vouchers December
15/12/2015	012381	Newlands Training	£354.00	Chainsaw course for DB
15/12/2015	012382	Owen Brockway Electricians	£1,110.60	Supply and fix Christmas lights to front of Town Hall
15/12/2015	012383	SLCC	£284.00	Annual subscription
15/12/2015	012384	Spoilt Cheque	£0	
04/01/2016	012385	RBS	£819.60	Annual software support for Allotments, Cemetery and Bookings
04/01/2016	012386	ACE Energy	£146.18	To carry out repair to boiler in Town Hall
04/01/2016	012387	NDDC	£2,000.00	Business Rates Contribution re Barton Hill Carpark
04/01/2016	012388	Dorset Energy Solutions	£15,912.00	Installation of Solar Panels to Swimming Pool as agreed 1115GEM08
04/01/2016	012389	Trade UK (Screwfix)	£159.96	Chainsaw protective clothing and weatherproof electrical box
04/01/2016	012390	Firmsites	£165.00	Quarterly invoice for website hosting
04/01/2016	012391	British Gas	£7.48	Electricity standing charge Barton Hill
04/01/2016	012392	British Gas	£72.49	Electricity Bell St Toilets
04/01/2016	012393	British Gas	£331.87	Electricity Town Hall
04/01/2016	012394	Radii Skatepark Repairs	£325.00	Emergency repairs to skatepark
04/01/2016	012395	Aqua Supplies	£121.97	Cleaning supplies for Town Hall and Bell Street toilets
05/01/2016	012396	Petty Cash	£138.10	Vouchers 152 to 159 refer
05/01/2016	012397	DCC Pension fund	£4,083.41	Pension fund contribution ref December Salaries
05/01/2016	012398	HMRC	£3,987.12	Tax/NI contribution ref December Salaries
05/01/2016	012399	E-on	£135.16	Electricity Swimming Pool
05/01/2016	012340	British Gas	£20.29	Gas Swimming Pool
		<b>Total</b>	<b>£39,988.80</b>	

## 5. Financial Implications

As detailed in the list above

## 6. Legal Implications

Every local council is responsible for ensuring that financial management of the council is adequate and effective and that the Council has a sound system of internal control. Audit and Accountability Act 2014.

End.  
Tracy Moxham  
Finance Officer

**Report to a Meeting of  
Shaftesbury Town Council's General Management Committee  
to be held at 7.00pm on Tuesday 19<sup>th</sup> January 2016  
in the Council Chamber, High Street Shaftesbury**

---

**VAT – PROFESSIONAL ADVICE**

**1. Purpose of Report**

To receive VAT report and consider registration for VAT.

**2. Recommendation**

That the Council becomes VAT registered.

**3. Background**

- 3.1. At its meeting on 3<sup>rd</sup> November, the Council resolved to seek professional advice regarding the Council's VAT position (report 1115FC13 and minute FC96 refers).
- 3.2. PSTax were engaged to review the Council's financial position and future expected activity to provide a recommendation on an actions relating to VAT that might be required, this report is at **Appendix A**

**4. Financial Implications**

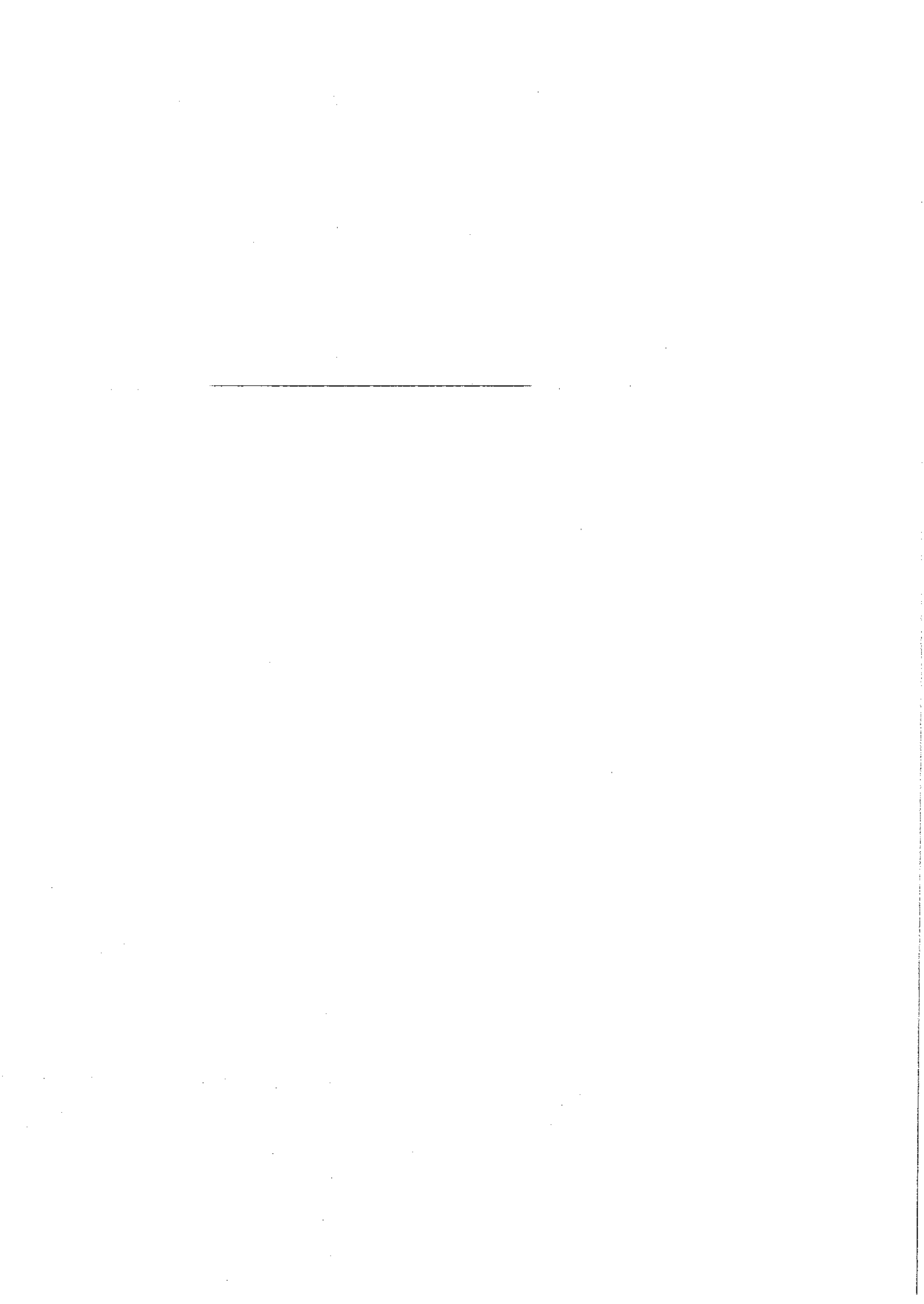
As outlined in the report at Appendix A.

**5. Legal Implications**

The Council is obliged to comply with VAT regulations.

End.

Tracy Moxham  
Finance Officer





PSTAX is a trading style of  
LAVAT Consulting Ltd.  
First Floor  
3 Greenside  
Waterbeach, Cambridge  
CB25 9HW

t 0345 6861321  
w www.pstax.co.uk

FAO Tracy Moxham  
Shaftesbury Town Council  
The Town Hall, High Street  
Shaftesbury  
Dorset  
SP7 8LY

6 January 2015

Dear Tracy

#### **VAT Advice – whether to register for VAT**

Thank you for forwarding all of the documentation relating to Shaftesbury Town Council (“STC”)’s activities so that I could provide advice on whether STC is liable to register VAT or, if not currently liable, whether it *will be* liable to register for VAT when it takes over the management of a swimming pool. I have now reviewed the following documents (sent by email on 30 November 2015):

- Your summary notes for PSTAX
- Income and expenditure reports for 2012/13, 2013/14 and 2014/15 and up to October 2015
- Details of VAT reclaimed for 2012/13, 2013/14 and 2014/15 and up to October 2015

I have also now reviewed the following document (sent by email on 24 December 2015):

- Street Cleansing SLA with North Dorset District Council

#### *Background*

STC has engaged PSTAX (formerly LAVAT) to provide an overview of the VAT implications of its current activities and advise on the impact that its proposal to operate a swimming pool ‘in-house’ will have on its overall VAT position. STC is not currently registered for VAT and claims its input tax directly from Her Majesty’s Revenue and Customs (“HMRC”) via an annual return.

#### *Recovery of VAT on costs*

Local authorities that are not VAT registered have a mechanism for recovering the VAT that they incur in relation to their non-business activities. Non-business activities are those that a local authority undertakes as part of its statutory function – eg maintaining parks and public open spaces, processing planning applications, refuse collection etc. The VAT recovery mechanism also allows for the recovery of VAT in relation to exempt activities but **ONLY** where this does not exceed a certain limit, currently £7,500 or 5% of total input tax recovered per annum. If this limit is exceeded then none of the exempt input tax can be reclaimed. It is important to note that an unregistered authority has no mechanism to recover VAT relating to its taxable activities (ie those that would be standard, zero or reduced rate if it were registered for VAT).



Usually, a local authority claims back the VAT on all of its costs as a matter of course, but at the end of each financial year must complete a calculation to check that the VAT on costs relating to exempt activities (known as exempt input tax) is below the de minimis limit of £7,500 or 5% of total input tax recovered (whichever is greater). If the de minimis limit is exceeded the local authority is required to repay all of its exempt input tax to HMRC.

The calculation of exempt input tax - otherwise known as the "section 33 calculation" (because of its roots in section 33 of the VAT Act 1994) - identifies the taxable costs, both revenue and capital, incurred by the local authority in a particular financial year, which are attributable to exempt activities. That is, spending which results in the local authority making an exempt supply. A good example of exempt input tax is the VAT on overhead costs – heating, lighting, cleaning, maintenance etc – of a building which is hired out to the public for a fee and is not opted to tax. A model calculation and a more detailed explanation is included in chapter 9 of HMRC VAT Notice 749 "Local authorities and similar bodies".

STC should be monitoring its exempt input tax with a view to confirming that it remains below the de minimis limit.

*Action: STC should undertake a section 33 calculation at the end of each financial year to establish whether its exempt input tax falls below the de minimis limits. Should any immediate risk be identified, or any future capital works be planned to areas that are put to exempt use, STC should consider other options – for example opting to tax the building or leasing the building for a peppercorn.*

#### VAT Registration

The current VAT registration threshold (from 1 April 2015) is £82,000, meaning that a business can generate up to £82,000 of taxable income within a tax year before being required by law to register for VAT.

However, local authorities do not operate under the 'normal' rules and are required to register for VAT if they make any taxable supplies, regardless of their value. In practice though, HMRC will usually allow a certain level of taxable income to be ignored (at HMRC Officer's discretion) where the amount of output tax would be less than £1,000 per annum. Our first action is to consider whether STC is indeed making any taxable supplies and, if so, whether those supplies will cause it to be liable to register for VAT.

It is important to note that supplies which fall to be treated as 'VAT exempt' (exempt supplies) are not taxable supplies and neither are those supplies made by a local authority in its statutory capacity as a public body (which are generally referred to as 'non-business' supplies).

STC's income streams over the past four years have been:

- Precept
- Section 106
- Allotments
- Grants
- Street cleansing SLA
- Leases
- Cemetery
- Street Market
- Café Rent
- Ad-hoc Hire Income (Town Hall)
- General Donations
- Donation for use of recreation site





In addition it is expected that STC will be generating income from the following in the coming year:

- Sale of excess electricity generated by its photo voltaic (PV) panels
- Income from the operation of an outdoor swimming pool
- Verge cutting SLA

Of all of the actual and potential income streams, the items which could potentially be described as 'business' rather than 'non-business' are:

- Ad-hoc Hire Income (Town Hall)
- Café Rent
- Leases
- Street Market
- Street Cleansing SLA
- Verge cutting SLA
- Sale of electricity
- Swimming pool charges
- Donations for use of recreation site

I will examine each of these items individually later in this letter.

#### *VAT exemption for land transactions*

The grant of an exclusive right over land in return for a consideration (ie payment) is exempt from VAT unless the grantor has 'opted to tax' the land (which STC cannot have done as it is not registered for VAT). A right over land can take many forms, for example a formal lease, a licence, a casual letting, a wayleave, easement or right of entry. The important thing to note is that the supply should give the grantee the right to occupy the land to the exclusion of others and the grantor's role should be a passive one.

There are several exceptions to the general VAT exemption for supplies of land, the main ones being the grant of:-

- Facilities for parking vehicles;
- Seasonal pitches for caravans, tents etc;
- Holiday accommodation;
- Fishing or gaming rights, or rights to fell timber;
- Facilities for storage of aircraft, or mooring/storage of a boat or ship;
- Self-storage facilities;
- Facilities for playing sport or participating in physical recreation (\*although see note below).

...all of which should be treated as **taxable** at the standard rate.

\* Sports facilities that are hired out on a regular basis, and which fulfill a number of conditions, can be excepted from the exception to the exemption, meaning that they revert to being exempt.

The conditions for exempting the supply of sporting facilities, as set out in Note 16 to Group 1 of Schedule 9 of the VAT Act 1994, are as follows:

*The grant of facilities is for:*

- a) a continuous period of use exceeding 24 hours; or



- b) *a series of 10 or more periods, whether or not exceeding 24 hours in total, where the following conditions are satisfied-*
- i) *each period is in respect of the same activity carried on in the same place;*
  - ii) *the interval between each period is not less than one day and not more than 14 days;*
  - iii) *consideration is payable by reference to the whole series and is evidenced by written agreement;*
  - iv) *the grantee has exclusive use of the facilities; and*
  - v) *the grantee is a school, club, an association or an organisation representing affiliated clubs or constituent associations.*

If STC makes a supply of **sporting facilities** which does not meet the requirements of (a) and where one or more of the conditions at (b) are not met, the supply will be taxable at the standard rate and STC will be liable to register for VAT.

In light of the above, I return to the income items identified as being potentially 'business' and consider the VAT liability of each:

*Ad-hoc hire Income (Town Hall) and Café rent*

None of the rooms at the Town Hall are specifically marked or equipped for sports and, therefore, any income derived from their hire would not be taxable as a "facility for playing sport" even if used for a sporting purpose. I am therefore satisfied that all of the *general* hire income, including the rent of the café, is exempt.

STC does, however, hire out the Town Hall for weddings and this is an area where HMRC has recently been very active in assessing for VAT on the basis that the grantor of a wedding venue generally provides more than just a right over land but instead supplies a package of services which, when looked at as a whole, equate to a taxable supply.

We would need to consider all of the facts together in order to determine the liability of wedding hire. If you were to say to HMRC that you were hiring out a wedding venue they are likely to automatically say that it should be standard rated, but there have been a number of tribunal cases that give us a steer as to when the hire of a room becomes more than an exempt licence to occupy land. One of the key things will be how it is held out for hire, where it is advertised and whether it is specifically held out as a wedding venue. What other services does the Council provide, for example is there somebody present at the venue on the day of the wedding to facilitate the use of the room, guide the guests to the right place and deal with any issues that might arise? When taken in conjunction with other factors like the beauty and elegance of the venue and the photography opportunities, the above may well lead to the conclusion that it is a facility rather than a room, but HMRC's guidance is a little ambiguous and it seems incongruous to say that it is only when hired for a wedding that it is standard rated but not when hired for a business conference, for example.

*Action: to review all of the relevant facts in order to determine whether the wedding hire should be treated as a taxable supply.*



### *Leases*

You said that STC has granted leases of various land and/or properties which it owns, namely the Football Club Pitch, the Football Club House, the Cricket Club Field, Enmore Green Allotments, the Band Hall and the Bowling Club.

Although some of these are sports facilities each one is formally leased, with the tenant having the permanent right of occupation. These leases therefore meet the criteria for exemption of a sports facility at a) above, namely "a continuous period of use exceeding 24 hours".

The rent of an allotment by a local authority is a non-business (rather than exempt) activity, due to the special legal framework created by the Allotments Act, which governs this provision.

The Band Hall will be exempt, meaning that all of STC's leases are either exempt or non-business. For exempt supplies there is a limit on how much VAT can be recovered on the associated costs. Having spoken to you on the phone it appears unlikely that STC will incur significant expenditure in relation to any of the leased properties as in each case the tenants are responsible for all repairs and maintenance.

### *Donation for use of recreation site*

In your note to PSTAX you stated that STC receives donations for the use of one of its recreation sites. A "donation" is defined as something that is freely given and secures no benefit for the donor, and the VAT treatment of a true donation would be outside the scope of VAT. In this case there seems to be an inference that the donor receives something in return for its donation (ie use of the Council's land) and this would mean it is consideration for a business supply by STC. Even if there is no written agreement between the parties, if there is a verbal agreement that if a party donates 'x' they can have use of 'y' then a supply for VAT purposes has been made. The VAT liability of this supply will therefore have to be considered as to whether it is a licence to occupy or right over land (exempt) or something else.

*Action: STC to consider what these 'donations' are received in respect of and what the correct VAT treatment would be.*

### *Street Market*

According to HMRC guidance (VAT liability index on TISonline.net), the rent by a local authority of a pitch to trade at a market is exempt if it is off-street and non-business if it is on-street. The reason for the different treatment is that, whilst other land owners might decide to set up markets, there cannot be any competition for the on-street provision as only a local authority can grant the right to occupy a space that obstructs a public right of way.

If STC's street market is physically located on the street (as the name suggests) this is non-business and all VAT incurred by STC in relation to operating it can be recovered. If it is off-street it is likely to be exempt unless there is a package of services such as advertising/promotion of the event, providing the stalls, setting up and dismantling, etc, in which case it might be argued that there is a single standard rated supply.

*Action: STC to consider the VAT liability of its street markets in light of the above.*



### *Street Cleansing SLA*

You mentioned that STC has a service level agreement (SLA) with North Dorset District Council ("NDDC") for street cleansing, under the terms of which it receives an agreed level of funding from NDDC. If NDDC is responsible for street cleansing then the fact that STC agrees to carry out the service in return for a consideration suggests a taxable supply by STC. If, however, the responsibility for street cleansing has been formally delegated to STC by NDDC (under Section 101 of the Local Government Act 1972), there would be no supply to NDDC and the receipt of funding would be outside the scope of VAT.

I have now reviewed the SLA between the two parties and can confirm that the responsibility for street cleansing remains with NDDC (there has been no formal delegation) and this means that STC is providing a taxable supply to NDDC. This on its own means that STC is liable to register for VAT, although if this were the only taxable income HMRC might be persuaded to exercise discretion to allow this to be ignored (on the basis that it will simply be reclaimed by NDDC so there is no net loss to HMRC).

I note that the SLA does not mention VAT which, strictly, means that any amounts expressed within the agreement are 'inclusive' of VAT. This would clearly cause a problem for STC if it had to account for VAT out of the amount received from NDDC because it is already operating the service at cost, so to receive any less would put it in a loss-making position. The wording of the agreement aside, I very much doubt that NDDC would be averse to accepting a VAT only invoice for the services provided.

*Action: contact NDDC to alert them that the street cleansing SLA is a contract for taxable supplies and that STC intends to issue a VAT only invoice once it has registered for VAT.*

### *Verge Cutting SLA*

You explained that STC might be entering into a similar agreement with Dorset County Council ("DCC") for the cutting of verges in the town. The same factors should be considered in relation to the new SLA, ie is it a supply of services to DCC (which would be a taxable supply by STC) or is the function of verge cutting being delegated.

*Action: to establish what type of agreement is being proposed between STC and DCC in relation to verge cutting and consider the VAT liability.*

### *Sale of electricity*

You advised that STC has installed photo-voltaic panels which generate electricity for the Town Hall and that any excess is sold back to the grid in order to generate additional income. The income for the feed-in-tariff has not yet materialised but is expected to be in the region of £6,500. The sale of electricity is a taxable supply and this will require STC to register for VAT and raise VAT invoices to the electricity company.

You should ensure that any agreements you enter into at this stage are clearly marked as being exclusive of VAT, so that STC will be able to charge the agreed rate PLUS VAT once it has registered. For example if it has been agreed that £6,500 is due back to STC you would expect to receive the full £6,500 plus VAT of £1,300, rather than accounting for VAT within the amount received and receiving income of just £5,416.66.



*Action: STC to ensure agreements are worded so that it will be able to issue VAT invoices for its supply of electricity and to register for VAT, see below.*

#### *Swimming pool charges*

Your main reason for contacting PSTAX was concern over the impact of taking over the swimming pool and what VAT implications this would have. You mentioned that STC received some grant funding when it first took over the pool and undertook some works to make it functional, claiming VAT of £2,652, before granting a free licence to a community group who operated it for the summer. The grant of a licence to occupy land for which there is no consideration is non-business, meaning that the VAT incurred by STC at that time was fully recoverable.

You said that STC plans to spend more money on the swimming pool but will be operating it in-house in the future. The income from the pool will come from the following sources:

- **Public swimming sessions** – charges for admission will be **standard rated**
- **Swimming lessons** – the provision of education by an “eligible body” (of which a local authority is one) will be **exempt** from VAT
- **Private hire** – the swimming pool is a “sports facility” meaning that any private hires will be **standard rated** unless they fulfil the *criteria for exemption* set out earlier in this letter
- **Fun inflatable sessions** – charges for these sessions will be **standard rated**

It seems likely that the majority of income generated from the operation of the swimming pool will be standard rated, thus rendering STC liable to both register for VAT, and account for VAT on the relevant supplies.

The VAT incurred on costs relating to the swimming pool will be fully recoverable as far as the costs relate to the making of taxable supplies, however if STC makes a mix of taxable and exempt supplies an apportionment will be required to identify the amount of exempt input tax and ensure that STC remains de minimis.

*Action: STC to consider the impact that VAT on part of the swimming pool costs (apportioned based on income) will have on its de minimis limit. If these works are likely to cause a breach of the £7,500 or 5% limits in any one year it should be considered whether it would be more economical to continue with the current model (the pool operated by a community group under a free licence) as this would allow STC to recover all of the VAT without any impact on its partial exemption position. It also means that the income generated from the pool will not be diminished by the VAT, assuming that the community group is not liable to register for VAT.*

#### *Conclusions*

STC is responsible for a wide variety of activities, many of which are ‘non-business’ or ‘exempt’. There are, however, two areas where STC is already making taxable supplies; the street cleansing SLA and the sale of electricity, as well as potentially being required to account for VAT on wedding hire income. As alluded to earlier, HMRC can exercise discretion over whether to enforce VAT registration where a local authority’s taxable supplies are insignificant but in this case we have already identified £9,500 annual income plus £6,500 for the electricity and, with the proposal to take over the swimming pool as well, it seems that the requirement to register for VAT is unavoidable.



To register for VAT an online form can be completed via HMRC's website ([www.hmrc.gov.uk](http://www.hmrc.gov.uk)) or a paper form (VAT1) can be completed. In principle, the date of registration is the date that STC first made a taxable supply, which appears to be the date of the SLA with NDDC, meaning that this is a *belated* application for VAT registration which could result in assessments and penalties. There may be some discretion around this date due to the fact that HMRC does not, as a general rule, require small local authorities to register for VAT where their taxable supplies are insignificant. A letter could be sent to HMRC along with the VAT1 form asking for advice on the date of registration in STC's particular circumstances. PSTAX would be happy to draft the letter and complete the VAT1 form on your behalf although this would incur an additional fee.

Once registered, STC will be entitled to claim back the VAT incurred in relation to **all** of its activities (ie taxable, non-business and exempt) as long as it remains de minimis. Judging by the amount reclaimed in the last few years it is likely that the de minimis limit STC will be working to is £7,500 per annum and that, looking at normal revenue costs, this is very unlikely to be breached.

It is normal practice for local authorities to complete monthly VAT returns because they are usually in a position of receiving repayment from HMRC and it can improve cash flow if the VAT is reclaimed quickly. This may be administratively difficult in a small authority with limited staff time available, so you may prefer to take up the option of quarterly (or even annual) VAT returns, but taking into account that this will mean repayment is significantly delayed.

An annual partial exemption calculation should be carried out in arrears to ensure that the limit has not been breached and careful consideration should be given to assess the impact of any proposed capital schemes so that the effect on the de minimis limits can be minimised.

I hope that this letter is helpful to you in understanding STC's current situation with regard to VAT and actions that should now be taken. Please do not hesitate to contact me should you have any queries regarding my advice or if PSTAX can be of further assistance.

Yours sincerely

Rosie Jones  
Consultant  
07901 655351

**Report to a Meeting of Shaftesbury Town Council's  
General Management Committee  
to be held at 7.00pm on Tuesday 19<sup>th</sup> January 2016  
in the Council Chamber, High Street Shaftesbury**

---

**COMMUNITY GRANT FUNDING**

**1. Purpose of Report**

To consider a request from Shaftesbury Youth Club to fund a cooking activity for young people.

**2. Recommendations**

That the Committee considers a request from Shaftesbury Youth Club for a Community Grant for the provision of a cooking activity for young people.

**3. Background**

- 3.1 A request has been received from Shaftesbury Youth Club for a grant of £300 for the provision of cooking activities.
- 3.2 Some of the children that attend on a Monday and Thursday evenings often don't have a tea, so the Youth Club provide food.
- 3.3 The evening(s) will incorporate as a cooking activity so the young people can make and eat the food.
- 3.4 Food for the young people is currently paid for by the volunteers who run the Youth Club.
- 3.5 Shaftesbury Youth Club were awarded a 2015/16 Community Grant in the sum of £500 towards the cost of funding replacement tables and chairs, payment of which was made in April 2015.

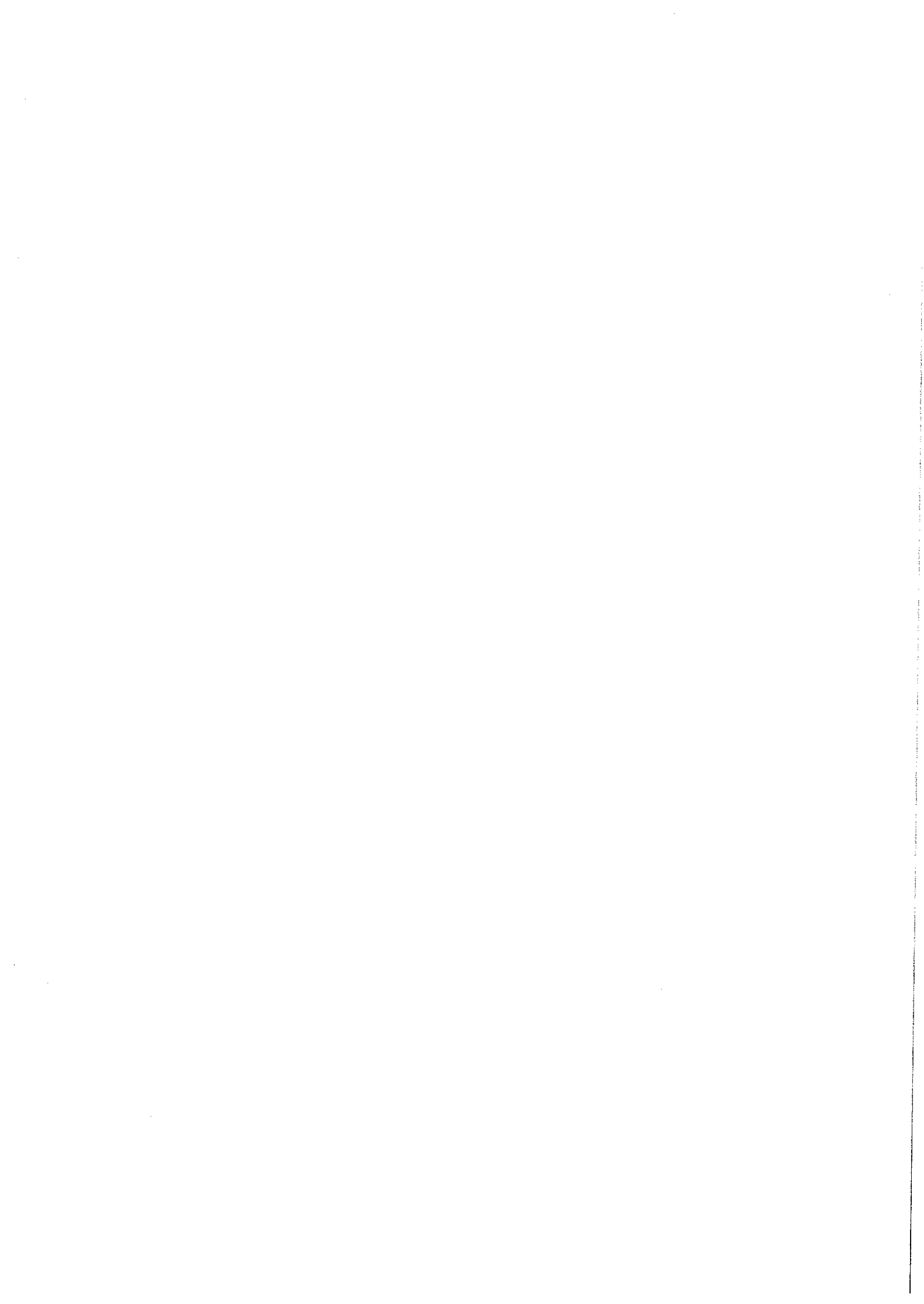
**4. Financial Implications**

Community Grants Budget for 2015/16.

**5. Legal Implications**

None arising directly from this report.

End.  
Barbara Carter  
Compliance and Information Officer





**Report to the Meeting of Shaftesbury Town Council's  
General Management Committee  
to be held at 7.00pm on Tuesday 19<sup>th</sup> January 2016  
in the Council Chamber, Town Hall, High Street, Shaftesbury**

---

**WEBSITE WORKING GROUP**

**1. Purpose of Report**

To consider a recommendation from the Website Working Group for the Council to apply for a .gov.uk domain name.

**2. Recommendation**

3. That the Committee resolves to apply for the .gov.uk domain name shaftesbury-tc.gov.uk, through Firmsites as approved registrar.

**4. Background**

- 4.1. The Website Working Group has investigated the Council having a .gov.uk domain name. An application is required to be submitted and approved by Central Government's Naming and Approvals Committee (NAC) by an approved registrar.
- 4.2. Firmsites, who host the Council's website, is an approved registrar with the Government's Joint Information Systems Committee (JISC).
- 4.3. Following the recommended format for a town council, the Council's domain name would be Shaftesbury-tc.gov.uk
- 4.4. The Council would have exclusive rights to it's .gov.uk domain name. The Council would not own the domain name outright and periodic renewals have to be undertaken to retain the right to use it. Upon approval of the domain name, NAC would expect that, if an organisation's content is currently hosted on a non public sector domain, the content would be migrated to the .gov.uk domain within a reasonable timescale, usually three months.
- 4.5. The current website would be required to meet the standards set by the NAC prior to application being made and the Council will have to accept those terms and conditions.
- 4.6. The cost of registration is £80 for the first two years, and £40 for subsequent two year periods.
- 4.7. The current domain name cost is £20 per two year period, and would need to be continued to enable links to email and website addresses to ensure continuity.

**5. Financial Implications**

£80 for the first two years from the General Running Costs - IT Software budget.

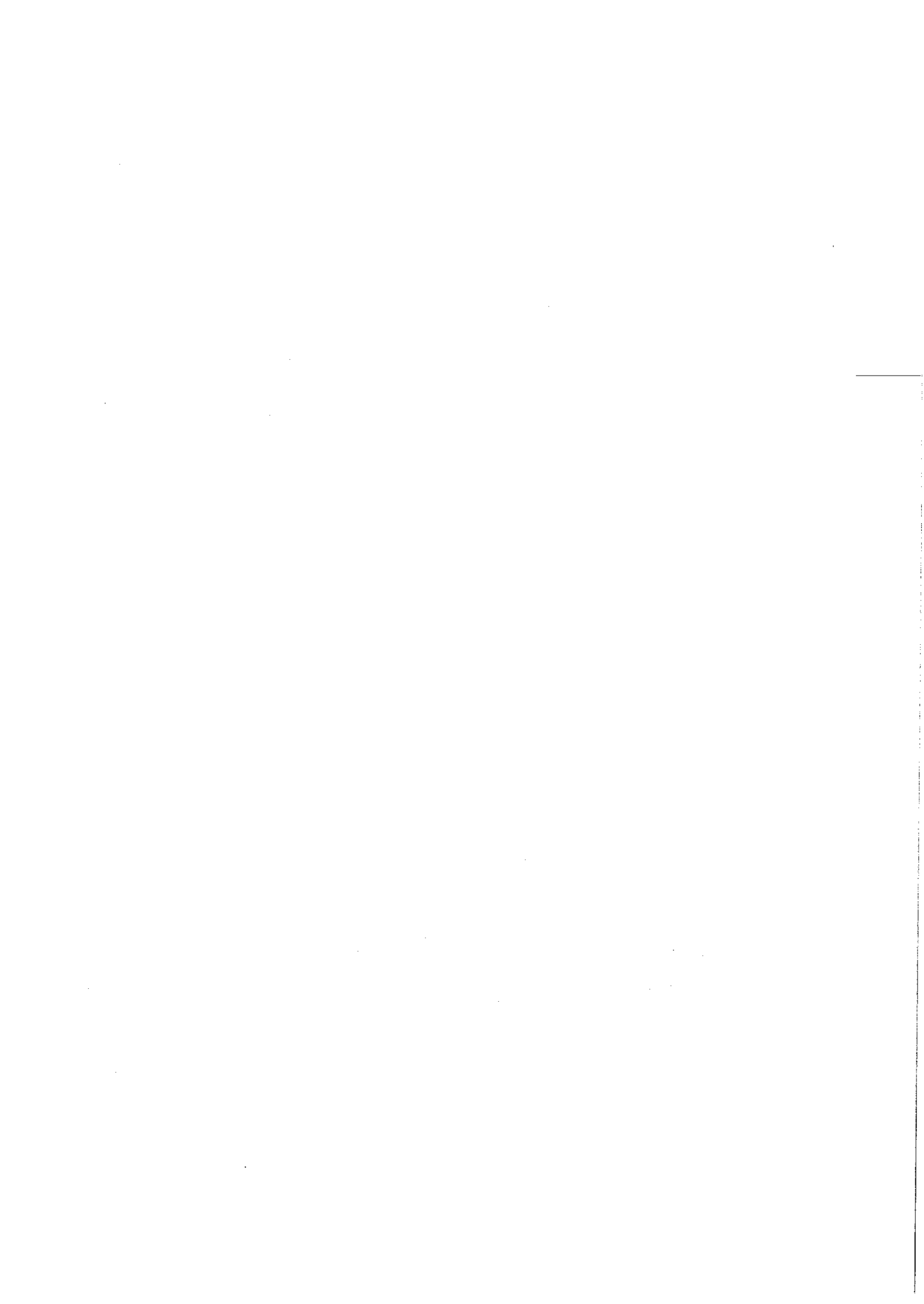
**6. Legal Implications**

None arising directly from this report.

End.

Barbara Carter

Compliance and Information Officer



**Report to a Meeting of  
Shaftesbury Town Council's General Management Committee  
to be held at 7.00pm on Tuesday 19<sup>th</sup> January 2016  
in the Council Chamber, High Street Shaftesbury**

---

**LIONS MOUTH**

**1. Purpose of Report**

To consider the principle of undertaking restoration work on the Lions Mouth drinking fountain/water trough on the Gillingham Road.

**2. Recommendation**

That the Committee considers in principle its preference for the future of the Lions Mouth drinking fountain / water trough, from the following options:

- (a) To continue to press the County Council to fulfil its responsibilities.
- (b) To undertake 'one off' repair work, on the understanding that the County Council remains liable in the future
- (c) To seek the transfer of the ownership of the Lions Mouth to this Council, with a commuted sum to offset the cost of ongoing maintenance
- (d) (any other option proposed)

**3. Background**

- 3.1 The Lions Mouth drinking fountain/water trough is in the ownership of Dorset County Council. It was formerly in the ownership of the Hine family. This Council has a copy of a letter from the County Council dating from 1998, in which it accepts the responsibility for its maintenance (**Appendix A**). Currently, the Lions Mouth is no longer in working order but it has been suggested that the Council should pay for its restoration and to bring it back into working order.
- 3.2 Officers have already requested the County Council to maintain the Lions Mouth, drawing attention to its current poor state of repair.
- 3.3 Mr. Roger Booth (a former Mayor) has informed the Council that his father in law, the late Gordon Hine (another former Mayor) gave the Lions Mouth to Dorset County Council. Mr Booth recalled also that the water is fed from a cistern on the other side of the slip road. He was concerned a child might fall in so he had a load of rubble tipped into the cistern.
- 3.4 If the trough is to be restored to working order the cistern would need to be excavated to clean out the pipes and get water flowing and the pipework checked and restored.

**4. Risks and Mitigation**

- 4.1 It is acknowledged that the Lions Mouth is of local interest and has historic importance. The Town Clerk would normally instruct the Grounds Team to undertake the minor repair of assets owned by this Council without reference to the Council or one of its Committees or alternatively, for more expensive work, seek quotes from contractors and put them to the Council or a Committee for consideration. On this

occasion, the Committee is requested to first approve the principle of undertaking work to the Lions Mouth, because of the following Officer concerns:

- (a) the Lions Mouth is not an asset owned by the Town Council
- (b) it is not in a location easily or safely accessed by visitors
- (c) it is a redundant feature, i.e., it has been left in its current state because it no longer fulfils its intended function (providing water to passing horses and travellers) and it is not an item of equipment that delivers one of this Council's existing services
- (d) it is on a fast stretch of highway near a corner, so the Council might not wish to have its staff working on it, as we do not have experience of undertaking similar work
- (e) the County Council has already undertaken responsibility for it
- (f) if the Council agrees to undertake the restoration work, it will set a precedent for the County Council to continue neglecting it on the assumption that the Town Council will routinely 'pick up the tab' for repairing liability (a concern shared by the Internal Auditor)

4.2 However, the Council often acquires assets from other parties. Acquiring the Lion's Mouth could be seen as no different, with the Town Council seeking to ensure the ongoing care of an asset of local interest. If the Council were to acquire ownership of the Lions Mouth (as opposed to undertaking one off restoration while it remains under the ownership of the County Council) it would justify ongoing financial commitment. That would be at least partly offset if the Lions Mouth were to be transferred along with a commuted sum for maintenance, in a similar way to land and play equipment transferred from the District Council and developers.

## 5. Financial Implications

As the Lions Mouth is not an asset owned by the Council, and in the absence of any previous resolutions on the principle of committing expenditure on the Lions Mouth Officers have not yet researched (a) the cost of present repair or (b) whether the County Council would pay a commuted sum for ongoing maintenance. If the Committee approves the principle of committing the Council to the Lions Mouth somehow, Officers will either investigate the relevant costs and seek quotes, or the potential for a commuted sum, and report back to allow a final decision.

## 6. Legal Implications

The Council has the General Power of Competence.

End.  
Stephen Holley  
Town Clerk

**Report to a Meeting of  
Shaftesbury Town Council's General Management Committee  
to be held at 7.00pm on Tuesday 19<sup>th</sup> January 2016  
in the Council Chamber, High Street Shaftesbury**

---

**STAFFING BUDGET 2015/16 AND USE OF OVERTIME**

**1. Purpose of Report**

To report on Staffing expenditure in 2015/16 to date, and on the use of overtime to cover a vacancy in the Grounds Team.

**2. Recommendation**

- 2.1 That the report be considered and the savings against the Salaries Budget welcomed.
- 2.2 That the Committee considers the current arrangements for overtime and either resolves that they are satisfactory or, if it believes that any form of additional control would be appropriate, makes such recommendation to the Council.

**3. Background**

- 3.1 In January 2015 the Council set its Precept for 2015/16. Predicted gross expenditure for all items under the Personnel/Salaries budget was £239,297. Partially offsetting that as Salaries income was £9,800 in respect of the Street Cleaning SLA with NDDC, so the cover sheet for the Budget and Precept showed the net Salaries budget as £229,497. The incoming Clerk was requested to review each budgetline (without affecting the Precept figure) and proposed increasing Staff Training from £500 to £1000. That amendment was approved when the overall Budget was reviewed by the General Management Committee on 10<sup>th</sup> March 2015 and again by the Council on 30<sup>th</sup> March 2015. Consequently, the Council started 2015/16 with a budget for gross Salaries expenditure of £239,797, or £229,997 net of the NDDC SLA income.
- 3.2 Subsequent to setting a final Budget, the Council vired £4,900 for Town Hall cleaning (June 2015) reducing the gross Salaries expenditure figure to £234,897. It also resolved to use the £9,800 income from NDDC Street Cleansing and allocate it to Cemetery work (November 2015). Effectively that was another virement out of Salaries, so the gross expenditure Salaries budget the figure for 2015/16 is now £225,097.
- 3.3 Staff were paid at the agreed scales in their contracts and as Budgeted. No national or local pay rises have been agreed and no internal promotions implemented in 2015/16. All payments have been properly accounted for within the office, referred to GEM or the Full Council for approval and counter-signed by two Councillors
- 3.4 Following satisfactory appraisals for all staff below the Clerk salary increments were awarded in accordance with Contracts of Employment. These were allowed for when the Budget was calculated. The Clerk has yet to have his Appraisal for 2015/16, but this is in hand with the HR Committee. To produce the figures below payment of an increment for the Clerk has been assumed.

3.5 Allowing for the incremental payments to all members of staff, the prediction for end of the year Salaries is £226,675. Council can now boast savings of £13,122 against the Budget as it was approved in March.

3.6 Against the Budget as subsequently amended, there is an anticipated overspend of £1,578 – but the two virements (£4,900 plus £9,800) should be taken into consideration as good news, in that they were effectively mid-year savings which allowed for an additional £14,700 to be spent on service delivery.

### 3.7 Staff Changes

There have been no changes to the Office Team in 2015/16. However, the Grounds Team started the year with a vacancy for a seasonal Groundsman and, within two months, lost a full-time Groundsman. The full-time position has been filled and the seasonal post has remained vacant. The details are explained below.

### 3.8 Vacancy for Groundsperson

- 3.8.1 The Council lost its part-time seasonal Orderly (street cleaner) in December 2014. The post was employed for 28 hours per week for six months in the Summer/tourist season and 18 hours per week for the other six months. In March the Council's part-time Gardener (10 hours per week) advised that he would be leaving. Consequently, on 30<sup>th</sup> March 2015, the Human Resources (HR) Committee took the opportunity to merge the two part-time posts into one seasonal post. The resolution left the details for the Town Clerk and the Head Groundsman. The agreement reached was to employ someone for 6 months at 37 hours per week and 6 months at 30 hours per week.
- 3.8.2 As the result of this new post being created a new member of the Grounds Team was recruited. However, between the Committee decision and the appointment, a full-time (i.e. non-seasonal) member of the Grounds Team left the Council at the end of May, so the opportunity was taken to employ the new employee in the full-time position.
- 3.8.3 The above changes have led to a considerable improvement in the Grounds Team's productivity. There was and still remains a vacancy for a seasonal Groundsman. The job was advertised and someone recruited in the summer, but withdrew his interest due to a sudden change of personal circumstances. The job was then offered to the next candidate, but the offer had to be withdrawn by the Council on discovering that the appointee had provided false information in his application and at interview. The Office was about to advertise again but by that time the Head Groundsman was of the view that the post could be gapped for the remainder of winter given (a) the improvement in productivity and (b) use of overtime. The Clerk agreed, as this would bring a saving.
- 3.8.4 Given the expected takeover of new Allotments and other parcels of S.106 land in 2016 both the Clerk and Head Groundsman still want to fill the vacant 30/37 hours post in time for the 2016 season.
- 3.8.5 The Recreation, Open Spaces and Environment Committee was advised of the creation of the 30/37 hours post at its meeting in April. At its meeting on 2<sup>nd</sup> June 2015 it was advised that the Clerk had authorised overtime at a time when it was down to 50% strength (two out of four) and that the cost was offset by the current vacancy in the team. As explained in section 3.8.3 above, one new Groundsman was

employed shortly after the June meeting, but one vacancy remains held open until the start of the next Financial Year.

### 3.9 Overtime

A schedule showing overtime incurred during the summer of 2015 is attached at **Appendix A**. It shows a saving of £6.945 against the salary for the vacant Groundsman post.

### 3.10 Achievements Arising from the Use of Overtime

3.10.1 The Grounds Team was able to assist with work at the Swimming Pool in preparation for opening, and thereafter, saving considerably against commercial labour. One notable task was a thorough clean and re-paint. Another was the construction of a shelter or surround for the Reception desk.

3.10.2 The Grounds Team was given an award for its work by Shaftesbury in Bloom during the autumn.

3.10.3 The Bench Refurbishment programme was completed by the end of the summer season.

3.10.4 A number of compliments have been received by the Office by phone and email.

### 3.11 Controls on Overtime

3.11.1 This Council has never set a specific budgetline for overtime within the overall Salaries budget. Historically, the Clerk authorises overtime within the levels of the overall Salaries Budget. The Finance Officer advises that this has been custom and practice for many years.

3.11.2 It is also the established practice for overtime to be authorised by the Clerk without higher reference. This allows for prompt decisions on the allocation of additional resource, i.e. it avoids having to wait several weeks for a suitable Council or Committee meeting. However, recent advice from Auditors is that some form of prior approval at Council or Committee level would be desirable

3.11.3 The Staff Handbook says in the section 'Overtime and Time of in Lieu'

"The Grounds team staff shall submit completed time sheets to the Town Clerk on a weekly basis for verification of their overtime.

The Town Clerk shall calculate any payments due."

3.11.4 The Clerk employed overtime by the Grounds Team using his delegated authority to employ a Groundsman and the associated budget.

3.11.5 Other than what is outlined above, the Council has not applied any other controls over the use of overtime. The Committee might wish to consider recommending to the Council either that it confirm that the current arrangements for overtime are satisfactory, or that additional controls would be appropriate. In either case, the Council should amend its Financial Regulations to ensure clarity.

4. **Financial Implications**

As outlined in the report.

5. **Legal Implications**

As outlined in the report.

End.  
Stephen Holley  
Town Clerk



**Schedule of Overtime Paid**

	April	May	June	July	August	Sept	Oct
Head Groundsman	£ 207.00	£ 475.20	£ 680.80	£ 297.00	£ 163.35	£ 504.90	£ 683.10
Senior Groundsman	£ 761.30	£ 515.20	£ 631.13	£ 602.60	£ 110.40	£ 138.00	£ 680.80
Groundsman				£ 227.23	£ 119.20	£ 297.38	£ 298.00
Monthly Totals	£ 968.30	£ 990.40	£ 1,311.93	£ 1,126.83	£ 392.95	£ 940.28	£ 1,661.90

**£ 7,392.59**

£ 14,338.00 Salary for Seasonal Groundsman post held open / unsuccessfully recruited since 1st April

£ 7,392.59 Total paid in overtime to date

£ 6,945.41 Saving achieved

