

**ENHANCED SPORT & RECREATION  
RATE RELIEF FOR UNLICENSED  
COMMUNITY AMATEUR SPORTS CLUBS**

**INITIAL IMPACT ASSESSMENT**

## Policy:

To Increase rate relief on properties associated with unlicensed CACSs from 80% to 100%

## Summary of Impact Screening

| Impact Appraisal                             | Assessment | Full Assessment/Appraisal Required Yes/No | Reason   |
|--|------------|---|--|
| <b><u>Social Impacts</u></b>                 |            |   |  |
| Crime  |            | No  | No impact identified   |
| Community Safety & Victims                   |            | No  | No impact identified   |
| Equality                                     |            | Details provided below                    | No impact identified   |
| Health                                       |            | No  | No impact identified   |
| Human Rights                                 |            | No  | No impact identified   |
| Rural  |            | Details provided below                    | No impact identified   |
| Social Inclusion                             |            | Details provided below                    | No impact identified   |
| <b><u>Economic Impacts</u></b>               |            |   |  |
| Economic Appraisal                           |            | Yes – Details provided below              | The policy involves raising less money from the rating system. Government spending will increase through increases in the de-rating grant to District Councils.  |
| Economic Assessment                          |            | Yes – Details provided below              | Involves changes in the use of public resources as there will now be less revenue recovered from the rating system to use for government spending. Local government budgets will be unaffected by this change.       |
| Regulatory                                   |            | No  | No impact on business. Policy ensures that only those sporting facilities that are unlicensed will benefit. This avoids potential issues around competition with other licensed non sporting facilities e.g. hotels. |
| State Aid                                    |            | No  | No impact identified   |
| <b><u>Environmental Impacts</u></b>          |            |   |  |
| Environmental                                |            | No  | No impact identified   |
| Strategic Environmental                      |            | No  | No impact identified   |
| <b><u>Sustainable Development Impact</u></b> |            |   |  |
|  |            | No  | No material impact identified  |

## Limitations of Analysis

1. The following analysis seeks to examine potential impacts, but it is important to note that there are limitations inherent in using 'designated' characteristics. Chief amongst these is the location factor, which is deduced from the property address. Whilst it is often the case that clubs are situated within the communities from which they draw their membership, this is not always true. Nevertheless, it is the best known indicator in the absence of other data. Furthermore, 'predominant characteristics' are only available and demonstrated at an electoral ward level, which is not necessarily representative of the makeup of the membership of individual clubs.

## Equality

2. Analysis has been undertaken to establish whether the policy change will be more beneficial to a particular community group. This was undertaken at electoral ward level and demonstrates that of those sporting facilities likely to benefit from the policy, 54% are located within electoral wards that are designated as having “Roman Catholic” as the largest percentage of the community.
3. When this is assessed based on those wards with at least 50% of the population being from a particular community background i.e. Roman Catholic or Protestant, the analysis demonstrates that of those properties benefiting, 46% are in wards with a majority from a Roman Catholic background, 38% from wards with a majority protestant and 16% are in wards with no clear majority i.e. no one community background accounts for more than 50% of all residents.
4. No potential impact has been identified for groups based on the other section 75 categories i.e. sex, marital status, sexual orientation, political opinion, race, age or disability.

## Rural Impact

5. An assessment has been carried out to determine whether the policy is likely to be beneficial or otherwise to CASCs located in rural areas.
6. This involved an analysis of whether the properties being impacted are located in urban or rural wards. For the purposes of this analysis, and in the absence of a centralised DARD/cross departmental definition of ‘rural’, the definition of a rural ward has therefore utilised similar methodology to that used for the Rural ATMs policy within DFP.
7. This has shown that 44% of properties benefiting from this policy are located in rural wards i.e. wards where at least 80% of residents are described as living in rural areas.

## Social Inclusion

8. Although it is thought that the policy will not have any significant social inclusion impacts an assessment has been carried out to determine the ward level Multiple Deprivation Measure (MDM) for each property that will benefit.
9. The results of this analysis are presented in the following table:

| <b>MDM score</b>                    | <b>1 - 100</b> | <b>100 - 200</b> | <b>200 - 300</b> | <b>300 - 400</b> | <b>400 - 500</b> | <b>500 - 600</b> |
|-------------------------------------|----------------|------------------|------------------|------------------|------------------|------------------|
| <b>No of properties<sup>1</sup></b> | 63             | 56               | 97               | 95               | 79               | 40               |
| <b>Average MDM</b>                  | 64             | 152              | 252              | 345              | 451              | 537              |

N.B. MDM score of 1 represents the most deprived ward

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<sup>1</sup> The total number of properties benefiting from enhanced relief should only be considered an estimate, as limitations with the data prevent definitive analysis in this regard.

10. This analysis indicates that the benefits of the policy are spread across a wide spectrum of wards from the most deprived to the least deprived.

## **Economic Appraisal/Assessment**

11. Given that this policy will impact on public resources it is considered that an economic appraisal/assessment is necessary. However given that the total cost of this policy is likely to be around £500k and no more than £750k, (which is in the context of a non-domestic rating system that generates £600m), the following analysis is presented bearing in mind the principle of proportionate effort.

### Strategic Context

12. This policy will impact on the use of Article 31 of the Rates (Northern Ireland) Order 1977, subject to prescribed criteria. It will impact on DFP's use of a new regulation-making power to increase the level of rate reduction under Article 31 from 80% to 100% in circumstances set out in the Regulations.
13. This is likely to apply to hereditaments<sup>2</sup> in which intoxicating liquor is not being sold.

### Need

14. The need for this policy change has been driven by a desire to assist Community and Amateur Sports Clubs in the delivery of wider public benefits. The original intention of granting 80% relief was to help CASCs with the promotion of physical recreation as well as their contribution to health care. It is thought that increasing this relief to 100% will assist further in this regard.
15. It is however, unclear to what extent this policy change will result in increased demand or participation for activities provided by CASCs, however all else being equal, it should provide CASCs with more resources to promote and support their activities.
16. The level of deadweight associated with this policy is unknown. However it would appear reasonable to assume that the increased support will not result in increased participation or public benefit for all CASCs. Indeed for some, it may simply mean that they will not have a rates bill and therefore will not have to raise the revenue to pay it or others may decide to pass the benefit onto its members through e.g. lower membership fees.

### Objectives

The overall objectives of the policy are as follows:

- a) To increase the level of relief provided to CASCs through the rating system. It is expected that this will apply to rates bills from [subject to outcome of consultation
- b) To prevent unfair competition with other sectors within the business community by ensuring only unlicensed premises can benefit.

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<sup>2</sup> The legal term for properties that are assessed for rates

## Constraints

- a) Regulations have to be in place by September 2016 as per section 1 of the Rates Amendment Act.
- b) Regulatory – the final policy to be taken forward should not create issues of unfair competition with the business community.

## Options

17. Alternative policy proposals were considered as part of the consultation exercise undertaken as part of the Rates (Relief for Community Amateur Sports Clubs) Bill which fell at second stage on 20th October 2015.
18. The current option and legislative process seeks to take forward aspects of the Rates (Relief for Community Amateur Sports Clubs) Bill that the Department considers had significant merit and rectify those parts that lead to concerns being raised for stakeholders and other departments, notably that it would have applied to sporting facilities with alcohol licences that compete directly with e.g. hotels for functions & weddings etc.
19. Given the process outlined above, it is apparent that alternative options have been considered, with the current policy proposal now representing the preferred option.

## Costs & Benefits

20. When considering the cost of this policy change it is important to first of all consider who will bear the burden of the cost.
21. Currently all “revenue forgone” through sport & recreation relief represents a cost to central government. This is despite the fact that the revenue forgone relates to regional as well as district revenue. However as councils are compensated for S&R through the de-rating grant, central government (DOE) will end up paying for the “district” element, with the remainder being paid or forgone for by central government for regional services.
22. Current cost estimates of the policy change costing no more than £750k to central government are based on an assessment of those hereditaments that currently receive 80% relief on 100% of their NAV. This will represent approximately £375k of revenue forgone from the rating system, with the remaining £375k likely to be the increased cost to the DOE’s de rating grant.
23. This represents an average saving of around £1,000 to clubs, though this ranges from just a few pounds to around £15,000.
24. Benefits are anticipated to result from the policy in relation to helping CASCs maintain or increase levels of participation in the sports concerned. A beneficial financial outcome cannot be assessed but it is anticipated that this should lead to benefits in areas such as improved health of participants as well as enhanced social cohesion.

## Risks

25. The main risk originally identified with this policy was that it could increase the competitive disparity between sporting facilities with bar areas and other businesses that seek to engage in similar activities e.g. pubs, hotels, wedding venues etc.
26. This risk has been eliminated as the enhanced relief will not apply to those sport & recreational hereditaments that have a liquor licence.
27. There is also a risk that those sport & recreational hereditaments that are entitled to relief will not be aware of the scheme and therefore not apply. The Department will be advising Sports NI so that relevant sporting bodies can be advised and then communicate with individual clubs. The information will also be included on the LPS and RPD websites.

#### Management & Monitoring

28. Rating Policy Division will be responsible for taking forward all legislative changes to facilitate this policy change. Rating policy division will also liaise with LPS in order to ensure all aspects of the policy change can be practically implemented.