



Shaftesbury Town Council

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To: Members of Shaftesbury Town Council (EFC), Councillors Hollingshead (Chair), Chase (Vice Chair), Brown, Cook, Hall, Lewer, Loader, Proctor, Tippins, Welch and Yeo.

You are summoned to a meeting of the Extraordinary Full Council for the transaction of the business shown on the agenda below. To be held at 8.40pm or immediately following the Planning and Highways Committee meeting on **Tuesday 27 April 2021** [online at Zoom.us](https://www.zoom.us/j/83158771547). Meeting ID: 831 5877 1547

All other recipients for information only

Councillor Andy Hollingshead, Mayor and Chair of Shaftesbury Council
21st April 2021

Public Participation

Due to the current government coronavirus response, the Town Council will be meeting online. Members of the public are encouraged to submit their questions or comments under 'Public Participation' in advance of the meeting to the Chairman and these will be made available to all Councillors. Members of the public may also link in to observe the meeting using the details above. ([Local Government Act, 1972 s.100](#))

Online Meeting Arrangements

The Chairman will host the meeting, attendees will be muted and councillors invited to speak in turn at each agenda item in line with Standing Orders Rules of Debate, Councillors may raise their hand to indicate that they wish to speak at other times. ([The Local Authorities and Police and Crime Panels \(Coronavirus\) \(Flexibility of Local Authority and Police and Crime Panel Meetings\) \(England and Wales\) Regulations, 2020](#))

The 7 principles of public life

Selflessness, Integrity, Objectivity, Accountability, Openness, Honesty and Leadership

([Committee on Standards in Public Life, 1995](#))

Agenda

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| 1 | APOLOGIES | 3 |
| | To receive and consider for acceptance, apologies for absence (1 min)
(Local Government Act, 1972 s.85) | |
| 2 | DECLARATIONS OF INTEREST | 3 |
| | To declare any interests relating to the business of the meeting and receive any dispensation requests from the Clerk. (1 min)
(Shaftesbury Town Council Code of Conduct, 2019) | |
| 3 | 3G OPTION TO TAX RESOLUTION | 4 |
| | To consider an option to tax the land at Coppice Street leased to the Football Club (15 mins)
(Shaftesbury Town Council Financial Regulations, 2020) | |
| 4 | SPINE ROAD | 6 |

To consider the Planning and Highways recommendation and agree next steps
pertaining to the Spine road report (15 mins)
(Shaftesbury Town Council Financial Regulations, 2020)

(End)

Anticipated meeting end time 9:15pm

1 Apologies

To receive and consider for acceptance, apologies for absence
(Local Government Act, 1972 s.85)

(1 min)

1.1 Background

1.1.1 The Council (including committees) should approve (or not) the reason for apologies given by absent councillors. If a council member has not attended a meeting of the council (or its committees) or has not tendered apologies which have been accepted by the council (or committee), for six consecutive months, they are disqualified.

2 Declarations of Interest

To declare any interests relating to the business of the meeting and receive any dispensation requests from the Clerk.

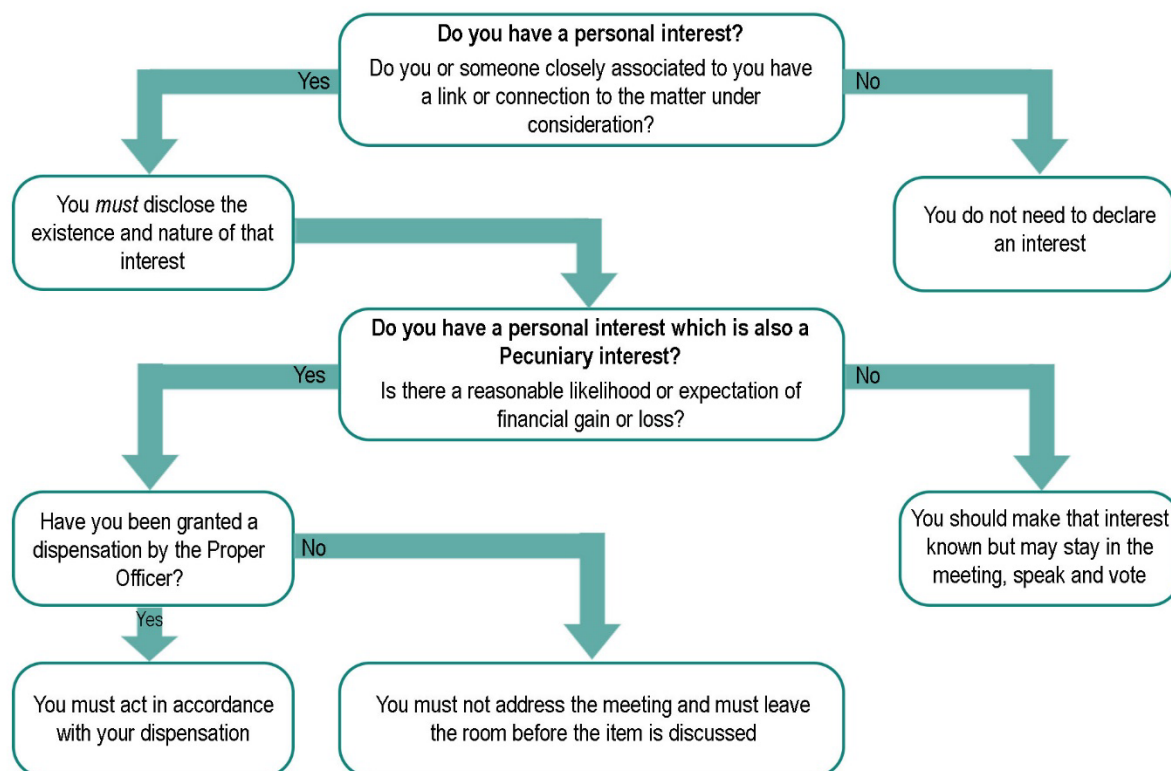
(1 min)

(Shaftesbury Town Council Code of Conduct, 2019)

2.1 Background

2.1.1 Members and Officers are reminded of their obligations to declare interests in accordance with the Code of Conduct 2019. The Clerk will report any dispensation requests received

2.1.2 Where a matter arises at a meeting which relates to a councillor's interest, the councillor has the responsibility of declaring that interest in accordance with the adopted code of conduct. (Shaftesbury Town Council Code of Conduct, 2019)



3 3G Option to Tax Resolution

To consider an option to tax the land at Coppice Street leased to the Football Club (15 mins)
([Shaftesbury Town Council Financial Regulations, 2020](#))

3.1 Summary

- 3.1.1 Professional VAT advice has been sought by an expert to advise on the best way to maximise VAT recovery with the 3G project. Please refer to the full report [which can be accessed here:](#)
- 3.1.2 The council could make a formal Option to Tax (see Appendix1 and VAT Notice 742A) on the site, as it is commissioning the construction directly. This is a decision by the council that all future use of the site will become taxable. VAT must then be charged on any lease, so the council is able to reclaim any VAT incurred because the costs relate to taxable business activities
- 3.1.3 The land is leased to Shaftesbury Football Club for a 30-year term. The current lease is in the process of being revoked and will be replaced by a new lease albeit the terms and conditions will remain unchanged. The key issue for automatic permission for the Option to Tax to is that any VAT- exempt lease agreement ends. This will be incorporated into the new lease where appropriate.
- 3.1.4 The option to tax will only apply to charges made by the council, such as rent. Any charges made to hirers by a tenant (the club or other operator) would not be affected by the council's option to tax.

3.2 Financial Implication

- 3.2.1 Although local councils can reclaim VAT incurred on their non-business activities under Section 33 of the VAT Act 1994, this only applies to services provided for free or provided under a specific statutory regime (such as allotments and cemeteries).
- 3.2.2 Where a council supplies goods and services (including the use of premises) in return for any form of payment, this is a business activity for VAT purposes (Section 5, VAT Notice 749 -Local Authorities and Similar Bodies) and a council must generally follow the same rules as any other business.
- 3.2.3 VAT at the standard rate of 20% will be due on the construction work and associated professional fees. With a budget of around £530,000 (3g costs and car park 2 costs) the VAT will be about £106,000

3.3 Legal Implication

- 3.3.1 The area of VAT law which specifies the supplies of land and buildings that are exempt from VAT is Group 1 of Schedule 9 to the Value Added Tax Act 1994. The law detailing the option to tax is found in Schedule 10 to the Value Added Tax Act 1994.
- 3.3.2

3.4 Risk

- 3.4.1 Refer to the VAT full report which highlights the 3G VAT implications in sections 10 to 20 and Car Park VAT implications in sections 24 to 27.

3.5 Recommendation

- 3.5.1 The council resolves to submit Form 1614A to HMRC with the option to tax the land at Shaftesbury Football Club.

3.6 Reason for Recommendation

- 3.6.1 The council making an option to tax on the site, commissioning the construction and leasing it to a third party seems the simplest approach to maximise VAT recovery as advised by the VAT expert.

4 Spine Road

To consider the Planning and Highways recommendation and agree next steps pertaining to the Spine road report (15 mins)
([Shaftesbury Town Council Financial Regulations, 2020](#))

4.1 Summary

- 4.1.1 In January 2021 Full Council resolved to engage the services of Terence O'Rourke at the cost of £1,750 to investigate the issues and potential solutions for the completion of the Spine Road. The report including appendices was presented to the Planning and Highways committee in March 2021. [\[click here\]](#)
- 4.1.2 At the March 2020 meeting the Planning and Highways committee RESOLVED to recommend to Full Council to work with the statutory authorities and other agencies to find ways to manage the historic issues and work on a potential solution.
- 4.1.3 The Council needs to resolve on the course of action required to progress this long-standing issue.
- 4.1.4 Section 4 in the report refers to a number of conclusions that the council may want to consider. These are shown on page 6 of the Spine road report.

4.2 Financial Implication

- 4.2.1 None arising from this report

4.3 Legal Implication

- 4.3.1 The list of legislation and statutory instruments relating to planning are numerous and extensive. The Town Council is not the planning authority and therefore decisions taken on this item do not need to be taken under the auspices of specific planning legislation. The Council has the power to do anything that will facilitate the discharge of its duties. (Local Government Act, 1972 s.111) _

4.4 Risk

- 4.4.1 None arising from this report

4.5 Recommendation

- 4.5.1 The Council agrees the next steps arising from the Spine Road report

4.6 Reason for Recommendation

- 4.6.1 A wider debate with Full Council is needed to agree the course of action required.