

REPORT PC26.029 Future Venues Management

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Future Management of three community venues:

Old Sarum & Longhedge Community Centre (OSCC – CIO)

Laverstock Village Hall (LVH – Unincorporated Charity)

Hampton Park Pavilion (HPP – Charitable Company)

1. Purpose of this Report

The purpose of this paper is to present Council with an analysis of three strategic options for the future governance and operational management of the parish's community venues.

1. Option 1 – Do nothing (status quo)
2. Option 2 – One single organisation responsible for multiple venues
3. Option 3 - Parish Council direct management of multiple venues

The report draws on specialist VAT, rates, charity-law and governance advice received between 2023 and 2025¹, as well as Action with Communities in Rural England (ACRE) guidance relating to village halls and charitable structures.

As the Council moves toward key decision points, including the end of the LVH lease in March 2027, this report proposes a resolution that aims to deliver a sustainable governance model that protects community access, maintains financial resilience, and reduces risks associated with volunteer-led charities.

2. Background

Current structures

- OSCC operates as a Charitable Incorporated Organisation (CIO) and has historically relied on LFPC grants to support staffing.
- LVH is run by an unincorporated charity with the Parish Council acting as custodian trustee, a high-risk structure due to trustee personal liability, unclear responsibilities, and volunteer capacity.
- HPP is run by a charitable company, with the Chair indicating an intention to step down by end of 2026.

Key pressures

- Difficulty recruiting and retaining trustees for all three venues.
- Increasing governance burden and risk placed on remaining volunteers.
- LVH lease expiry in March 2027 requires a decision well in advance to allow lease negotiations to proceed.
- Potential charity failures could require rapid Council intervention.
- VAT and business rates consequences differ substantially between charity-run and council-run models of venue operation.

¹ Advice has been received from the Parkinson Partnership (2023 / 2024 – a specialist VAT advisor for local councils), Kevin Rose (2025 - LFPC internal auditor), Wellers Law (2025 – solicitors with specialisms in local government and charity law), and Gunner Cooke (2025 – solicitors with specialisms in charity law).

Council's evolving role

The Parish Council already provides professional support through its Venues Officer, handling bookings and venue access. It has provided grant support too, specifically to OSCC, for staffing. This amounted to £10,398 in 2025.

3. Option 1 – Do nothing

This option was included in the July 2025 venues report (PC25.113) but is now considered unfeasible. Predominantly due to the need to renew or renegotiate a new lease for LVH.

The current lease with the Parochial Church Council expires in March 2027. This lease created an unincorporated charity and nominated the Parish Council as custodian trustee.²

Most (74% approx. according to ACRE) village halls in England are unincorporated charitable trusts, managing risks through volunteer committees, while a growing number are moving toward incorporation, e.g. CIOs or Companies Limited by Guarantee (the model HPP uses) to protect trustees from personal liability.³ Unincorporated trusts leave trustees personally liable for contracts and debts. Members are liable for the group's action, may have to meet debts and any legal action against the group will be against members themselves. This means members take on significant risk.

The current member committee at LVH is reliant upon a single member to carry out most of its functions. This is very high risk and places undue pressure on that person. Illness, injury or worse would likely be severely detrimental to the running of LVH. At least for a short period. Perhaps longer if no other current or future (co-opted or elected) member were willing to take on the burden alone.

This committee should be comprised of 6 elected members and 12 representatives from nominated organisations. All members should retire from the committee before each AGM, though can be re-elected. Eight trustees are [registered](#) with the Charity Commission and these appointments date back to 2016 suggesting the governance process has not been followed. The Clerk and LFPC Chair attended LVH's most recent AGM in autumn 2025 and did not witness this resignation and re-election process take place. Approximately six trustees attended that meeting. This feeds into a wider concern that the committee may not be following its governing document in other areas and may not be cognisant of all its other general duties in law.

Issues identified with retaining the current LVH governance model include:

- Apparent failures in governance and difficulty maintaining a compliant management structure.
- Possible non-compliance with health and safety obligations and other operational requirements expected of a modern community facility.
- Personal liability exposure for individual members of the unincorporated charity.
- Chronic difficulty recruiting sufficient committee members to meet the requirements of the governing document, likely linked to the personal risk profile.

² See Appendix 1 – Roles and Responsibilities in Unincorporated Charities, for context.

³ ACRE Publication – “The English Village and Community Hall Survey 2020”

- Unsustainable reliance on a single individual for most day-to-day functions, creating vulnerability and continuity risk.
- Retaining this organisational model in a renewed lease does nothing to address the parallel risks emerging at HPP, where trustee capacity is also diminishing and at least one key member has expressed the intent to leave.⁴

Taken together, these structural weaknesses mean that simply renegotiating the LVH lease based on the existing unincorporated charity model is not a safe or sustainable option. The Clerk therefore recommends that this approach is rejected.

4. Option 2 – Form a new Parish-wide CIO (with a phased, multi-venue capability)⁵

This is the most complex but potentially most strategic option.

There are two sub-options:

- 2A: Expand OSCC's CIO objects to cover the entire parish
- 2B: Create an entirely new CIO (or CIC⁵) for all venues

Issues with expanding OSCC's objects (2A)

- OSCC's Constitution restricts its area of benefit to Old Sarum. Changing this requires Charity Commission approval.
- OSCC trustees may not wish to assume responsibility for three buildings with differing conditions and risk profiles.
- Amending Articles risks:
 - Mission drift
 - Potential member or trustee resistance
 - Long timeframes with no guaranteed outcome (Commission processing will run into months and is not guaranteed to reach a positive outcome).

Creating a brand-new CIO for all venues (2B)

Description and deployment:

- A new CIO would be formed with objects broad enough to manage one or more venues across the parish.
- The Parish Council would be appointed Sole Corporate Trustee. The Constitution will include byelaws regarding how the PC makes decisions (each Councillor having one vote & conflicts managed as if Councillors are individual trustees). But without Parish Council liability or individual liability unlike an unincorporated charity.

The intended phased pathway after formation is

- The Parish Council and CIO sign a Management Agreement, including a robust conflict-of-interest policy.
- The CIO becomes lessee for a new LVH lease with the PCC (replacing the current unincorporated arrangement).

⁴ Occupancy of HPP is under license. Though no notice period is specified, common law indicates a 60-day period is acceptable. Should the HPP charity give notice, we would be left to deal with the venue directly. One or more HPP's trustees intend to step down by end-2026; doing nothing fails to provide a safe continuity plan and may leave the Council running HPP directly, attracting full business rates and VAT complexity.

⁵ Note that we briefly explored the option of forming a CIC instead of a CIO. Formation is fast (2 weeks) but still leaves venues subject to full business rates, VAT implications and ACRE specifically states that CICs are not suitable vehicles for village halls.

- The Council terminates the current HPP licence and grants a new licence to the CIO, so the venue continues to operate as a charity-run facility. This may occur before a new LVH lease is finalised.
- OSCC remains as it is for now; should OSCC later be unable to continue, the CIO can step in to take on the running of OSCC, providing parish-wide resilience.

Challenges

- Requires a full new constitution and registration. Therefore, is subject to the Charity Commission's timelines and oversight. This process normally takes between four and six months.
- Possibly complex transfer arrangements for LVH (including new lease structure) if the PCC insists on vesting the current endowment provisions into the new lease. I intend to ask the PCC to form a clean, new lease to avoid this outcome.
- Will require clear separation of council and charity functions to avoid conflicts of interest.
- Advice needs to be taken on the use by the Council of the office space in HPP and the potential new space in the redevelopment of the loft. As ACRE warns councils must avoid using charity assets for local authority purposes.
- Increased administration and possible cost overheads to the officer team, especially the Clerk and RFO, to administer the new CIO. Suggest a new employee (venues manager is likely needed) is contracted by the CIO and not the council⁶.
- Any recharge from the Council to the CIO for bookings/admin/management is a VAT-able supply and must be invoiced accordingly. Suggest the management agreement is framed to avoid this or we simply do not recharge for services.
- If the LVH and HPP arrangements are via peppercorn leases/licences to the CIO, the Council should retain the ability to reclaim VAT on related capital works (subject to partial exemption rules).
- If the Parish Council is sole corporate trustee, it must operate clear separations: separate agendas/minutes, separate bank accounts and returns, and documented best-interest tests for the charity. Councillors must commit additional time to meet on CIO matters. Though this can be scheduled to align with Council meeting dates so long as the meetings are kept separate. Also see increased burden on officers stated above.
- Significant set up costs in the first year (see financials below).
- Possible perception that a centralised governing body is not reflective of the individual identities of each venue. This can be addressed by the CIO forming sub-committees for each venue comprised of users of that venue. These sub-committees could provide direction for their respective spaces. Note, this may need a LFPC councillor assigned to each sub-committee.

Advantages

- Eliminates fragmentation: one governance body, one booking system, shared staff, better economies of scale.
- Provides long-term sustainability and unified strategic oversight.
- Reduces dependence on ageing volunteer base.

⁶ Internal auditor noted that the council would pay employer's National Insurance of £3,000 on a £25,000 salary, whereas a charity would be entitled to claim the employment allowance and not pay anything (if they have no other paid staff).

- Retains charitable status in the operation of one of at least two venues and therefore the associated business rates reliefs, the capacity to apply for restricted grants from third parties (other than the Council), avoids VAT issues that come with commercial organisations. Therefore, lower ongoing overheads than Option 3.

Financial implications

See Appendix 2 for Wellers full quote. Removing some items from that as they no longer apply leaves the fee estimate to be between £8,000 - £9,000 ex-VAT. This excludes the fee to draft / negotiate a new lease for LVH (likely to be in the region of £1,500 ex-VAT).

This estimate includes the costs incurred to dissolve the LVH unincorporated charity but not the production of any necessary final accounts. Dissolution costs and the administration involved to manage dissolving the HPP charity or, at some point in the future, OSCC (should that be necessary) remain with those respective bodies and not the council. The fees indicated in Wellers' quote in this regard can be ignored.

At least one employee, a venues manager, will be needed but should be employed by the CIO. The CIO will likely need to make a grant application to cover this salary and associated costs at least in the first year. Estimated to be around £25,000.

Note that the Clerk has spoken with another Parish about its successful National Lottery Heritage fund application to cover similar costs and will explore this further should this option be chosen.

5. Option 3 – Parish Council runs venues directly

This is the simplest structurally and avoids reliance on volunteers. However, it has severe long term financial consequences. This option involves the Council taking over at least two venues and operating them as local authority assets (not charities).

Challenges

Business Rates

- Council-run venues do not qualify for statutory charitable relief as confirmed by Wiltshire Council's rates officer.
- Also, discretionary relief is only available via the specific routes. Again, confirmed by WC officers. It does not appear that the Parish Council would qualify for any of them thus, full rates will be due.
- Estimated rates approx. £5,000 payable per year for two venues (HPP and LVH)

VAT⁷

- Most room hire is VAT-exempt, but the Council can reclaim VAT only if total exempt input VAT remains below £7,500/year.⁸
- Although the Council must be mindful of the VAT registration threshold, room-hire income is exempt and therefore does not count toward registration. Direct operation of the venues is therefore unlikely on its own to trigger VAT registration. If the Council did register for VAT, hire fees would not necessarily have to rise; charges could be held at

⁷ See Appendix 3 – VAT for further details.

⁸ Note from Internal Auditor: "subject to Occasional Breach provisions."

existing levels on a VAT-inclusive basis, though this would reduce net income. Or we pass the VAT amount through to users. Our IA advises that, in his experience, the latter does not detrimentally affect venue usage.

- The extent to which VAT on repairs, maintenance or capital works is recoverable depends entirely on the lease structure in place. These venues are currently on a peppercorn rent, so this type of expenditure can often be treated as non-business, allowing the Council to recover VAT in full. Whereas if a rent is charged without an option to tax, the Council may be in the same VAT position whether it owns or leases the venue.

Staffing

- A council-employed manager (£25,000/yr) triggers £3,000/yr employers' NI, whereas a charity could claim the Employment Allowance and pay £0 NI.
- Large new workload for Clerk/RFO, including compliance, H&S, bookings, insurance, and public-facing issues. Though likely similar to Option 2.
- Council becomes directly liable for all building management risks and failures.
- ACRE notes that councils must ensure robust risk-management schemes when operating community buildings, given increased exposure.

Advantages

- No reliance on volunteers.
- Governance is simple: one organisation (the Council) runs all venues.
- Offers absolute control over operations.

Disadvantages

- Most expensive option in the long term when considering business rates, VAT, and NIC.
- Reputational risks (Council perceived as monopolising community spaces).
- Removes eligibility for certain grant funding available only to charities.

Summary⁹

If the Parish Council runs LVH and HPP directly:

- A significant proportion of VAT on running costs may become irrecoverable if the Council exceeds the partial-exemption limits or if the lease/operational structure prevents treatment as non-business expenditure.
- Major capital projects could cost 20% more if VAT cannot be recovered.
- Some charges to the public may need to increase.
- Under direct Council management, any operating surplus would accrue to the Council and offset costs such as business rates or staffing. Conversely, any operating deficit would fall on the Council tax base.
- The Council takes on ongoing VAT complexity and financial risk.

If the venues are run through a properly structured independent body (e.g. a CIO) then VAT recovery is usually much more efficient. Financial risk is significantly lower. Long-term maintenance and improvements are substantially cheaper.

⁹ See Appendix 3 for detail on VAT rules.

6. Comparative Summary

Factor	Option 1 – No change	Option 2 – Single Organisation (CIO)	Option 3 – Council Direct Management
Business Rates	Charity relief (0–20% payable)	Charity relief (0–20% payable)	Full rates payable (£5–10k/yr)
VAT Complexity	Low	Medium–High	High (risk of registration)
Governance Risk	Low	Medium	High (Council carries all risk directly)
Legal Complexity	Medium	High	Low
Reliance on Volunteers	High	Low / None	None
Long-term Sustainability	Low	High	Uncertain
Set-up Burden	None	Very High	Low

7. Officer Observations

- Advice strongly suggests that council-direct operation is the most expensive option long-term, particularly due to business rates and VAT exposure.
- Advice also suggests that a single CIO across all venues is the most strategically coherent model but comes with the most legal and structural complexity.
- The Council must weigh financial pressures against governance risk and organisational capacity.
- The LVH lease deadline (March 2027) requires that Option 2 or Option 3 be progressed by mid-2026 to allow for legal work and CIO registration (if chosen).
- Although Option 2 involves a significant up-front cost to the 2026/27 budget, this cost should be weighed against an annual cost of at least £5,000 in business rates alone.

8. Recommendations (Draft)

Council is asked to:

1. **Note** the three options and the benefits/risks associated with each.
2. **Resolve** to allow the Clerk to proceed with Option 2B – creation of a new CIO and set up management agreement, etc. - by contracting Wellers to carry out the work. Estimated cost £9,000 ex VAT. Though may exceed this as per Wellers' quotation detailed in Appendix 2.
3. **Resolve** to allow the Clerk to contract further professional advice (likely from Wellers for coherence / coordination across resolved actions) up to the sum of £2,000 ex VAT for the lease negotiation work for LVH.

APPENDIX 1 – ROLES AND RESPONSIBILITIES IN UNINCORPORATED CHARITIES

This appendix details the two key functions carried out by organisations or individuals involved in unincorporated charities. So, it defines the roles and responsibilities that exist in LVH where LFPC is the custodian trustee and the membership / management committee are personal trustees of the charity.

1. Custodian Trustee (or Holding Trustee)

A custodian trustee is usually a corporate body (e.g., The Official Custodian for Charities, a custodian trustee company, or a parish council) appointed to hold the legal title to property/land and investments on behalf of the trust.

Duties and Responsibilities:

- **Holding Title:** Safely holding title deeds, land, and investments in their name on behalf of the trust.
- **Executing Documents:** Signing documents, such as sales, leases, or transfers of land, strictly upon the lawful instructions of the Managing Trustees.
- **No Active Management:** They do *not* participate in day-to-day management, operations, or decision-making.
- **Protection of Assets:** Acting as a "safe box" to protect the capital of the trust, preventing losses from breaches of trust by the management team.
- **Liability Limitation:** Generally, they have no liability for the management decisions of the committee, provided they act only on instructions.

Note: If they become aware of a serious breach of trust, they may be required to intervene, but their role is generally passive.

2. Management Committee (Managing Trustees)

The Management Committee (or Managing Trustees) consists of individuals responsible for the daily running, administration, and decision-making of the charity.

Duties and Responsibilities:

- **Day-to-Day Management:** Running the charity's daily operations, managing assets, and making decisions.
- **Financial Control:** Ensuring bank accounts have proper, safe systems, with at least two signatories. They must ensure all money owed to the trust is collected.
- **Compliance & Governance:** Acting in accordance with the governing document (trust deed or constitution – often the lease as it is the document that forms the charity).
- **Liability:** Managing Trustees are personally and collectively responsible and liable for the charity and its assets.
- **Property Maintenance:** Ensuring any property held by the Custodian Trustee is maintained in good condition and insured.
- **Acting in Best Interests:** Making decisions in the best interests of the trust, not personal gain.
- **Reporting:** Keeping proper accounting records and reporting them regularly to all trustees.

Key Distinction: The Management Committee manages the charity; the Custodian Trustee holds the property. The Management Committee tells the Custodian Trustee what to do with the property.

Summary Table of Differences

Feature	Custodian Trustee	Management Committee
Role	Holds legal title (land/investments)	Manages daily affairs/decisions
Day-to-Day	None	Full responsibility
Liability	Low (only if acting improperly)	High (personally/collectively liable)
Authority	Acts on Management instructions	Directs the Custodian Trustee
Ownership	Title vested in them	Manages on behalf of the trust

APPENDIX 2 – WELLERS FEE ESTIMATES FOR WORK INVOLVED IN ESTABLISHING A NEW CHARITY

Note that these estimates were provided with a view that the Council take on the costs for dissolution of all the charities and that the lease for OSCC would need to be transferred now. That is no longer part of this report's recommendations, but I leave the quote as is for reference.

Work Item	Estimated Fees (excl. VAT)
Draft CIO Constitution (objects expanded to entire parish; PC as sole corporate trustee with bye-laws on decision-making and conflicts).	£2,000 – £2,500
Apply to Charity Commission to register the CIO (incl. s.298 application) and submit conflict-management details (re: Property Management Agreement).	£2,000 – £2,500
Vesting declaration: transfer assets from OSCC (1161414) and LVH (1022283) to the CIO (no permanent endowment references; HPP to wind up and donate net assets).	£2,500 – £3,000
Assignment of lease from PC→OSCC to the CIO (“as is”, to manage conflicts).	£500 – £1,000
New HPP Licence: PC → CIO (separate from the Property Management Agreement).	£850 – £950
Property Management Agreement (PC to undertake specified executive functions for the CIO).	£850 – £1,500
De-register LVH with Charity Commission.	£500
Strike off HPP with Companies House (DS01) and de-register with the Charity Commission.	£1,000

Grand total (incl. VAT): £12,240 – £15,540

In this proposal, we have made a number of specific assumptions and for clarity we have excluded a number of matters from the scope of work. These assumptions and exclusions are very important as our pricing is based on them. Please note:

- 1) If the assumptions and exclusions listed below are not correct, you must let us know immediately.
- 2) If the work requires changes so that the assumptions and exclusions are no longer correct, our pricing is likely to be affected but we will notify you in a timely manner and discuss your options with you.

ASSUMPTIONS

- 1) The CIO Constitution is being drafted on the basis of our firm's template subject to the provisions referred to above and that there will be no substantial amends to the Constitution and a maximum of two 'turns' of the Constitution if there are any minor amends needed;
- 2) The assets of OSCC, LVH and HPP are greater than their liabilities and all entities are solvent;
- 3) The PC will terminate the existing Licence with HPP and HPP are not formally merging with the new CIO, they are winding up in any event and donating their net assets to the new CIO on the basis that their object will be compatible with those of the new CIO;
- 4) None of the Charities have any employees, as the transfer of their employment contracts will be subject to TUPE and so additional fees would be applicable;
- 5) You do not have any 'live' contracts which need novating;
- 6) You will obtain a final set of accounts for both LVH and HPP stating a 'nil' balance (representing that all assets have been transferred to the CIO). The scope of our instruction in relation to HPP will be to submit form DS01 to Companies House only and this will not be a formal liquidation;

EXCLUSIONS

- 1) Any protracted correspondence with the Charity Commission outside our firm's reasonable expectation.
- 2) Any accounting or tax advice in relation to the Charities.
- 3) Drafting the new Lease between the PCC and the CIO in relation to LVH. This will need to be quoted for separately by our Property Department (to give a vague idea this may be in the region of £1,500 plus VAT, but again, to be confirmed in due course).
- 4) Providing an entirely bespoke CIO Constitution which differ substantially from our firm's template (subject to the bespoke provisions listed above).
- 5) Anything else not specifically identified in the section entitled "Scope of Work" above.
- 6) Dealing with any incidental or subsidiary transactions.

APPENDIX 3 – VAT

Local Councils operate under special VAT rules set out in Section 33 of the VAT Act 1994, which allows them to reclaim VAT on non-business activities and, subject to limits, on exempt business activities, even if they are not VAT registered. Claims are made using the VAT126 process. Guidance is provided in VAT Notice 749: Local authorities and similar bodies, which explains the distinction between business and non-business activities.

Unlike most businesses, which normally only have to register for VAT when taxable turnover exceeds the registration threshold (£90,000 in 2026), local authorities are in a different legal position. In principle, making taxable supplies can create a liability to register even below the normal threshold. However, HMRC's published operational practice is not to enforce registration unless output tax exceeds approximately £1,000 per year (equivalent to about £5,000 of taxable income at the standard 20% rate).

Laverstock & Ford Parish Council is not VAT registered because its taxable business activities (such as newsletter advertising) are currently small enough that output tax remains below HMRC's enforcement threshold, avoiding unnecessary administrative burden while remaining compliant with HMRC practice.

Most Council activities are non-business, carried out under statutory powers for public benefit without charge. Examples include maintaining play areas, emptying litter bins, and providing public open spaces. Under Section 33, VAT incurred on these activities can normally be reclaimed, reducing costs to local taxpayers.

1. Room hire is normally VAT-exempt - but that restricts VAT recovery

Most room hire for community use is VAT-exempt. That means:

- The Council would not charge VAT on most hire fees.
- However, VAT on the costs of providing those rooms (cleaning, heating, repairs, utilities, maintenance, equipment, etc.) becomes what is known as "exempt input tax".

Under Section 33 of the VAT Act 1994, local authorities can only recover VAT on exempt and non-business activities if the total amount is considered "insignificant" under the partial exemption rules.

In practice this means:

- Exempt input VAT must be less than £7,500 per year across the whole Council, AND
- It must also be less than 5% of the Council's total VAT incurred.

If either of these tests is failed, the VAT relating to exempt activities becomes irrecoverable.

If the Council operates two venues directly, the VAT on day-to-day running costs alone (cleaning, heating, electricity, repairs, servicing, minor works, etc.) is very likely to push the Council over these limits, meaning that none of that VAT can be reclaimed. This effectively adds 20% to a large proportion of the venues' operating costs.

2. Direct operation increases the risk of VAT registration and added charges

Although room hire itself is usually VAT-exempt, not all venue income is exempt. Some income is normally VAT-taxable, for example:

- Commercial activities
- Ticketed events
- Some fitness or exercise classes
- Some forms of equipment or staff hire
- Some types of private functions, depending on how they are structured

Local authorities are in a different position to charities and companies. In law, councils can be required to register for VAT if they make taxable supplies, even if turnover is below the normal registration threshold (although HMRC often applies this in practice only where VAT due is material). In any event, if taxable income grows significantly, VAT registration becomes unavoidable.

Once registered:

- VAT must be charged on all taxable supplies.
- This increases prices to the public by 20% on those activities.
- It also creates additional administration, accounting complexity, and risk, particularly because of partial exemption calculations and annual VAT adjustments.

By contrast:

- A CIO or charity is not a Section 33 body and follows normal VAT rules.
- It only has to register if its taxable turnover exceeds the VAT threshold.
- This gives much more control and flexibility over VAT exposure.

3. Capital works and major repairs become much more expensive under direct Council operation

If the Council operates the venues directly:

- VAT on major works (new boilers, roofs, kitchens, refurbishments, play equipment, etc.) will usually be standard-rated at 20%.
- If the building is mainly used for exempt room hire, that VAT becomes exempt input tax.
- If the Council is over the partial exemption limits (see section 1), all of that VAT becomes irrecoverable.

This can make a dramatic difference to project costs. For example:

Heating replacement at LVH: £40,000

VAT: £8,000

If the Council is over the partial exemption limit: that £8,000 is lost

Under a different structure (e.g. a CIO holding the building under a peppercorn lease) then the Council's expenditure can often be treated as non-business under Section 33. This can allow full VAT recovery, provided the structure is set up correctly and HMRC conditions are met.

This difference alone can amount to tens or hundreds of thousands of pounds over the life of the buildings.

4. Why specialist advisers consistently warn against councils running halls directly

Specialist local-authority VAT advisers (including Parkinson Partnership) repeatedly advise councils not to operate community buildings directly unless there is no alternative, because:

- It exposes the council to partial exemption traps
- It increases the risk of irrecoverable VAT on both revenue and capital
- It increases the chance of VAT registration and higher charges to users
- It makes long-term asset management significantly more expensive

Important note

VAT in this area is highly technical and highly sensitive to structure. Before any final decision is made, the Council should take specialist VAT advice on the exact model being proposed.

However, the direction of travel from HMRC and specialist advisers is very clear: Direct council operation of community buildings is usually the worst possible structure from a VAT point of view.