



## BUSINESS RATES – CLUBS FIGHT BACK

By Nigel Fletcher who, at the time of writing was Associate Director of DTZ Debenham Tie Leung, looks at the way golf clubs can fight back against ever increasing rate bills.

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For many clubs, the month of March represents a turning point as winter recedes, days lengthen and the weather improves. Sadly, these benefits coincide with the arrival of the annual business rate bill. There is no doubt the business rate system treats golf clubs harshly, especially in relation to other sports.

### Unfairness

Despite paying astronomic wages, premiership football clubs have cunningly agreed a deal with the Valuation Office, which typically fixes their rate bills to a maximum of 2 or 3% of turnover. In contrast, non-profit making golf clubs often pay five or six times more in real terms. Clearly something is terribly wrong with a system producing such terrible anomalies in rate payments between amateur and professional sports.

The sheer number and variety of golf clubs mean that it is unlikely a national Premiership type deal can be agreed for golf, but any club that feels its annual rate bill is a burden can and should take action now.

Back in the 1990's, DTZ helped the Central Council for Physical Recreation raise the issue of rate bills for sports clubs with the Treasury. CCPR were given a categorical assurance from the Treasury Minister that under no circumstances should rate bills for any sports club be a burden, golf included. This remains the case today.

### What is a burden?

Any golf club that feels it's rate bill is too high should take action to get it reviewed. As a useful general rule, if the rateable value applied to a club's property is more than 10-15% of turnover, the situation should be reviewed.

The rating system tries to treat both "members clubs" and "profit making clubs" in the same way, and in doing so fails both sectors. Many rating assessments are based upon limited evidence and often fail to take into account the different circumstances and nature of each club.

Members clubs frequently find themselves a level of liability that bears no relation to their financial position, with no account taken of increased competition, ageing membership, static bar takings and changing society bookings. Profit making clubs face similar challenges, but additionally find their facilities attract much higher levels of rates than the rest of the leisure industry.

## **Government help**

There is no doubt the government has tried help reduce the effect of rates on amateur sports clubs. In the late 1990's, CCPR and DTZ lobbied the government to reform the system of discretionary relief by giving sports clubs the same 80% mandatory relief given to charities.

The government rejected this approach in favour of the establishment of Community Amateur Sports Clubs. Sadly, the CASC rules relating to ownership of property assets are a disincentive to most golf clubs joining the scheme. Despite press speculation about the future of the council tax and local government funding, business rates are here to stay for the foreseeable future.

Many Secretaries are resigned to ever increasing rate bills. But clubs should not just accept the liability they are given. One club in Humberside approached DTZ for help recently and the resulted in a 30% reduction in rates!

It is possible to reduce rates to manageable levels and with a bit of knowledge and determination, real results can be achieved.

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