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The rateable value of golf courses and their premises:

A response to the Government's Call for Evidence for the fundamental review of Business Rates

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Contents

1. Introduction

The purpose of this paper is to provide a response to the Government's consultation on the fundamental review of business rates on behalf of the golf industry. It has been commissioned by The R&A, England Golf, and the PGA on behalf of the industry group supporters of the All-Party Parliamentary Group for Golf. The research has been undertaken by the Sport Industry Research Centre at Sheffield Hallam University.

The R&A is the world governing body for golf, a responsibility shared with the United States Golf Association (USGA), working collaboratively, but in separate jurisdictions. The R&A's territory is worldwide including the United Kingdom and the USGA has primacy in the United States and Mexico. In the face of the COVID-19 pandemic The R&A, working with the All-Party Parliamentary Group for Golf, assembled a coalition of UK-based golfing bodies. The objective was to ensure that the industry acts as one and in lockstep with government regulation while working to protect an important national asset, the sport of golf. This paper Is a further demonstration of the golf Industry working collectively for the common good of the sport. It provides an overview of how the Industry benefited from the Retail, Leisure and Hospitality Grant Fund, which was a COVID-19 relief mechanism based on rateable values. The paper subsequently proceeds to examine the business rates system, as it applies to golf, and how it might be Improved for the sport following the consultation.

2. The significance of the golf industry

Golf is the UK's most played partner sport with some 1.5m adults playing at least once a week and 3.9m playing at least once a year. Behind these participation statistics lies a significant golf industry serving the needs of domestic golfers and golf tourists.

Economic impact

In 2016 The R&A's report, '*A Satellite Account for Golf in the UK',* revealed that consumer expenditure on golf was £4.3 billion per annum; the golf industry's contribution to the nation's Gross Value Added (GVA) was £2.3 billion; and, the industry provided jobs for nearly 75,000 people. Relative to the sport industry as a whole, golf accounted for 14% of consumer expenditure and 8% of both GVA and employment. In a nation which recognises well over 100 different sports, golf is one of the most significant in economic terms. As a by-product of its economic activity, the golf industry contributes £990m to central and local government in the form of corporation tax, income tax, VAT, and business rates.

In addition to golf's considerable contribution to the economy, there is also strong evidence of golf's wider contribution to the other four outcome areas of the Government's strategy for sport, *Sporting Future*.

Physical wellbeing

Golf is good for physical health and research consistently demonstrates the positive outcomes of walking, including cardiovascular health impacts and evidence around reduced mortality rates. A round of golf on an 18-hole course typically involves 11,000+ 'steps' and provides a significant contribution towards the Chief Medical Officer's guidance for physical activity levels. Evidence also shows that walking whilst carrying clubs has the strongest health benefits. Other research highlights some additional positive health impacts, for example improved balance and co-ordination in older golfers through the golf swing. Golf is an accessible sport for people of all ages, but the health benefits of participation in older age are highlighted in many research papers.

Mental wellbeing

There are two mental wellbeing benefits associated with golf that are well documented: first, improved cognitive function, in terms of concentration, and memory, problem solving; second, reduced stress, particularly through improved mood. Golf also demonstrates a rehabilitation effect both mentally and physically for some people who have experienced strokes or cancer, through both improved cognitive function and through a reduction in stress levels.

Individual development

There is evidence to suggest that golf provides people with positive transferable principles that will be of benefit in other aspects of their lives. For example, the thought processes involved in club choices, shot selection and course management may help to foster mental toughness, resilience, decision making, reasoning and problem solving. These types of outcomes of playing golf are thought to be pre-cursors to character development and moral character.

Community development

The potential of golf to offer feelings of community, social interaction and belonging for people in their leisure time and professionally is evident in the literature, particularly amongst two key demographics: female players and older people. These social impacts are not solely an outcome from participation in golf alone, but occur more broadly through the social side of golf including playing with friends, socialising in the clubhouse, and being involved in golf events as a spectator, participant or volunteer.

Sustainability

In addition to golf's contribution to the *Sporting Future* outcome areas, the golf industry considers sustainability to be a key priority and an important element of the sport's contribution to wider society and the effect the game has on nature and resources. Sustainability is delivered by enduring golf businesses which provide a positive sporting, environmental and social legacy for future generations.

Concessions through the taxation system

Eligible golf clubs can apply for Community Amateur Sports Club (CASC) status, which enables them to qualify for certain tax reliefs, the most significant of which in this context is a mandatory 80% relief in business rates which local authorities have the discretion to increase to 100%. In England some 261 clubs out of approximately 1,800 (15%) have CASC status.

3. Approach

The evidence presented in this paper has been derived from three key sources.

First, we downloaded the data relating to special category 117S (Golf Courses) from the Valuation Office Agency (VOA) section of the government tax service website (tax.service.gov.uk). This exercise yielded 1,882 individual golf course facilities and approximates closely to the England Golf estimate that there are around 1,800 affiliated golf clubs in England. We can be confident that this data download is a snapshot of the population of golf courses in England. In addition, there is a very high degree of overlap between this database and the clubs affiliated to England Golf.

Second, we conducted an online survey of golf clubs in England. The survey link was distributed in a newsletter by England Golf and was also circulated to the membership of the PGA. The survey yielded 364 usable responses. The 364 responses to the survey comprised 262 private members clubs (72%), 81 proprietary clubs (22%) and the remaining 21 clubs were predominantly municipal courses (6%). The survey responses were used to supplement the population data from the VOA by providing details about: turnover; membership numbers; CASC status); and open questions relating to the Government's consultation on business rates. The sample was over representative of private members clubs and under representative of proprietary clubs. In this regard it provides an alternative, but complementary, perspective to consultation evidence submitted by the UK Golf Federation, that primarily represents commercial proprietary clubs.

Third, to contextualise the findings, other research we have conducted previously for the golf sector has been drawn upon, notably *A Satellite Account for Golf in the UK* and other work on the contribution of golf to the Government' s five outcome areas detailed in the strategy for sport, *Sporting Future*. We also draw upon our research from the start of the pandemic which was the subject of the golf industry's response to the DCMS' consultation on its response to COVID-19.

The totality of the data enables us to compare different sizes and types of golf course relative to their rateable values, floorspace, membership and turnover, in order to identify issues that the managers of golf courses in England would like to be raised with Government as part of the consultation on business rates.

4. Section 450 (Golf Courses and Premises) of the VOA guidance

Golf courses and their premises are treated as a 'special category' (117S) within the system of business rates in England and there is specific guidance (Section 450) within the VOA's Rating Manual as to how the rateable values of golf courses are derived. This guidance is applicable to all standalone golf courses and associated buildings apart from certain exempt municipal golf courses. The essence of Section 450 is that it examines golf courses contextually, rather than taking a generic approach to calculating rateable values. The guidance distinguishes between club houses and associated buildings (e.g. pro shops), greenkeepers' accommodation, and the quality of courses. A typical assessment of a golf course for its rateable value is shown for the Hallamshire Golf Course in Sheffield in Figure 1 below.

Figure 1 - The Rateable Value of The Hallamshire Golf Club

Parts of the property

Floor	Description	Area m²/unit	Price per m²/unit	Value
Ground	Golf course	1	£45,000.00	£45,000.00
Ground	Bar	501.2	£35.00	£17,542.00
Ground	Pro shop	54.9	£35.00	£1,922.00
Total		**557.1**		**£64,464.00**

Additional details

Description	Area m²/unit	Price per m²/unit	Value
Store	371	£10.00	£3,710.00
Store	10.4	£10.00	£104.00
Total			**£3,814.00**
Total value			**£68,278.00**

[Source: https://www.tax.service.gov.uk/business-rates-find/valuations/17469676000]

Figure 1 demonstrates how the rateable value of a golf course is based on the course itself, the clubhouse and pro-shop, and the outbuildings. In practice, there is discretion in the price per m^2/unit applied to each of the three components of a golf course depending on variables such as size, region, condition, local competition, nature of the playing surface etc. This discretion is exercised by valuation officers when assessing golf courses.

5. The impact of COVID-19 on golf clubs

Research undertaken in April 2020 for The R&A found that the impact of the first six weeks post-lockdown is estimated to have resulted in an 85% reduction in spending on golf, whilst the average reduction in income per club was around £90,000 in the same period.

The greatest financial assistance to the golf industry during the pandemic came from HM Treasury with the creation and implementation of the Coronavirus Job Retention Scheme (CJRS) which supported the 98% of clubs that furloughed some staff and the 78% of club staff that were furloughed. CJRS was worth almost £15m a week to the industry prior to golf's resumption. However, it was not the only support scheme available to golf clubs and this research is particularly focussed on the Retail, Hospitality and Leisure Grant Fund (RHLGF), which created some confusion and dismay linked especially to the rateable value conditions that were applied to determine whether or not a club would qualify for a one-off grant of £10,000 or £25,000.

Using the rateable values from the VOA database, the population of golf courses was divided into three groups:

1. Rateable values up to £15,000 and eligibility for a £10k grant;
2. Rateable values from £15,001 to £50,999 and eligibility for a £25k grant; and
3. Rateable values of £51k plus and ineligible for either grant.

The benefit to golf courses in England is presented in Table 1 and shows that as a whole golf courses received some £21m across the two awards. Overall, 51% of golf courses qualified for an award and 49% did not. Had there been no upper bounds to the rateable value criterion of £51,000, golf courses could have benefited from a further £23m. In both this research and the previous research at the height of the pandemic, the £51,000 rateable value cut-off was deemed to be too low by many clubs on the basis that the majority of their rateable value is based on a lump sum attributable to the course, rather than the earning capacity of internal floorspace.

Table 1 - Retail, Hospitality and Leisure Grant Funds payments to golf courses

		Actual		Potential	
Rateable Value	**No. of clubs**	**RHL Grant**	**Total**	**RHL Grant**	**Total**
Up to £15,000	228 (12%)	£ 10,000	£ 2.280m	£ 10,000	£ 2.280m
£15,001 - £50,999	731 (39%)	£ 25,000	£ 18.275m	£ 25,000	£ 18.275m
£51,000+	923 (49%)	-	-	£ 25,000	£ 23.075m
Totals	1,882 (100%)		£ 20.555m		£ 43.630m

Comments about the RHLGF and its links to rateable value were consistent across the current research and the COVID-19 specific research during lockdown. Some examples are presented below.

> *"Complete frustration that our Rateable Value at £57000 prevented us from applying as the maximum figure was £51000."*

> *"Disappointed we were unsuccessful given that £37500 of our rateable value is made up from the golf course."*

> *"We do not think it is fair ... as our large RV has nothing to do with the continuation/survival of our organisation in light of COVID-19."*

> *"The threshold rateable value for funding was too low bearing in mind most golf clubs have larger premises of which a percentage is made up of storage/workshop/green keepers sheds from where no income is generated."*

The comments above hint at some of the confusion and perceived inequity amongst clubs which the current HM Treasury consultation on how rateable values are calculated will help to address. By contrast, there was considerable positivity amongst the 51% of clubs who received a RHLGF payment as indicated in the quotes below.

> *"Very quick response time and valuable income given lockdown restrictions also coincided with annual subscriptions being due."*

> *"Worked extremely well and provided immediate comfort that, as a small club faced with potentially several months of closure, we had a fighting chance of survival."*

> *"A lifeline for a small club with limited income and loss of visitor green fees during the spring period."*

The business model in golf is based on payment for access to courses in the form of membership or green fees; a hospitality offer via bars and catering in clubhouses; and, a retail offer often in the form of an onsite pro-shop. In this regard golf courses are a combination of retail, hospitality, and leisure businesses. There is a high degree of mutual dependency across the three components. Thus, whilst golf was a prime mover in its return to play on 13th May 2020; non-essential retail (15th June 2020) and hospitality (4th July 2020) were not permitted to reopen until significantly later. Therefore, any recovery by golf courses has been hampered by the lifting of restrictions at different times and the reduced throughput that can be achieved following adaptations to provide COVID-19 secure environments.

The nature of the business model for golf courses and the variation in restrictions that they have faced across the components of the product mix, create the argument for further dialogue with Government, notably DCMS, for additional support alongside the arts, professional sport, and public sport and leisure facilities.

6. The wider consultation on business rates

The business rates burden on golf courses

As a starting point for issues relating to the fundamental review of business rates, we examine in Table 2 the contribution made by England's golf courses to business rates paid to local authorities.

Table 2 - The business rates paid by England's golf courses

Rateable Value	Clubs	Average RV	Rates Payable @50.4p	Rates Incurred (Gross)	Estimated CASC relief	Net Rates Paid
Up to £15,000	228	£ 9,027	£ 4,549	£ 1,037,271	£207,454	£829,817
£15,001 - £50,999	731	£ 34,490	£ 17,383	£12,706,807	£2,033,089	£10,673,718
£51,000+	923	£ 89,031	£ 44,872	£41,416,704	£4,970,004	£36,446,700
Totals	**1,882**	**£ 58,259**	**£ 29,363**	**£55,160,782**	**£7,210,548**	**£47,950,234**

Using the VOA database of golf courses, we estimate that £55.16m is the gross amount of rates incurred by golf courses in England assuming a multiplier of 50.4p is applied to each £1 of rateable value. However, because of the 80% mandatory rates relief available to Community Amateur Sports Clubs, the amount incurred needs to be discounted for the 261 clubs with CASC status. The total of the value of the CASC status relief is around £7.21m, which in turn means that the net rates paid by golf courses is approximately £47.95m per annum. This is an important piece of context for understanding the scale of the business rates burden on golf course, which will be developed later.

Business rates relative to key metrics (1): Size as measured by floorspace

Using the VOA database for all golf courses, Table 3 illustrates the average business rates incurred per metre square of floorspace.

Table 3 - Rates payable per m^2 of floorspace.

Rateable Value	Average Floorspace m2	Average RV	Rates Payable @50.4p	Rates Payable per m2
Up to £15,000	192	£ 9,027	£ 4,549	£ 24
£15,001 - £50,999	466	£ 34,490	£ 17,383	£ 37
£51,000+	786	£ 89,031	£ 44,872	£ 57
Totals	**581**	**£ 58,259**	**£ 29,363**	**£ 51**

There are two key points of note from Table 3. First, smaller clubs appear to be at an advantage with rates payable of £24 per square metre, which is the lowest in the sample. Second, as clubs become larger there are diseconomies of scale relative to smaller clubs as demonstrated by rising business rates per square metre. The principal cause of these variances is that as clubs get larger their quality is perceived to be higher and this is reflected in the rental income they are assumed to be able to attract by the VOA. However, even for clubs of roughly the same scale, the rateable value that is attached to the golf course itself can have a significant impact on the rates payable per square metre. This point is well illustrated by comparing two similar sized golf courses, Hallamshire Golf Club and Dore & Totley Golf Club as shown in Figure 2.

Figure 2 - Hallamshire Golf Club v Dore & Totley Golf Club

Hallamshire Golf Club, Redmires Road, Sheffield, S10 4LA

Floor	Description	Area m²/unit	Price per m²/unit	Value
Ground	Golf course	1	£45,000.00	£45,000
Ground	Bar	501.2	£35.00	£17,542
Ground	Pro shop	54.9	£35.00	£1,922
Total		**557.1**		**£64,464**

Dore & Totley Golf Club, Bradway Road, Sheffield, S17 4QR

Floor	Description	Area m²/unit	Price per m²/unit	Value
Ground	Golf course	1	£30,000.00	£30,000
Ground	Lounge	324.7	£35.00	£11,365
Ground	Locker room	103.2	£26.25	£2,709
Ground	Kitchen	7.46	£26.25	£196
Ground	Pro shop	69.36	£35.00	£2,428
First	Locker room	44.8	£26.25	£1,176
Total		**550.52**		**£47,874**

Whilst both clubs have highly comparable areas (557m^2 v 551m^2) there is a considerable variation in the rates attributable to the actual golf courses, with Hallamshire having a rateable value of £45,000 compared with £30,000 for Dore and Totley. In the case of Hallamshire, the rateable value per metre squared is £116 whereas for Dore & Totley it is £87. Assuming a multiplier of 50.4p per £1 of rateable value the actual business rates paid by each club would be £59 and £44 per square metre respectively. This difference was sufficient for Dore & Totley to qualify for a £25,000 RHLGF award, whereas Hallamshire with a rateable value of over £51,000 was ineligible. Survey respondents highlighted concerns with the methodology by which rateable values are derived in their qualitative comments shown below.

> *"The adjacent Rugby Club includes a rateable value of £750 per pitch and this can accommodate 74 players at a given period. The Golf Club has a rateable value of £40,000 and can accommodate 96 players at a given period. The valuation of the golf facility is 40 times more than the rugby facility per player capacity."*

> *"The current Rateable Value appears excessive when compared to other business and also inconsistent with other Clubs in the surrounding area. Treating the course and Members area of the Clubhouse separate to any Commercial Operation - i.e. Bar & Catering and Professional Shop as separate entities would be a fairer assessment."*

> *"A level playing field for all clubs throughout the authorities."*

> *"Separate the Business rates for the clubhouse and the course. This would have allowed us to claim for the hospitality grant while the clubhouse was in lockdown as other pubs, clubs and restaurants did."*

Whilst these comments are largely made in the context of COVID-19 relief, they are also relevant to the fundamental review of business rates. For most clubs, the course itself is the largest component of the rateable value and it is essential that this value is derived fairly and applied consistently. Golf courses themselves have a relatively fixed income earning potential and it is the ancillary facilities such as bars, catering and retail outlets that generate proportionately larger amounts of income relative to their space.

In reviewing the rateable values applied to golf courses, whilst relief is available for public good in the form of CASC status; for clubs without CASC status there should be discretion to recognise the contribution made to public good such as maintaining public rights of way; environmental sustainability initiatives; and contributions to the *Sporting Future* outcome areas.

Business rates relative to key metrics (2): Membership

Golf club membership has declined in recent years as people who might traditionally have become club members have opted instead for the flexibility of pay and play options on a variety of other courses, which in turn have sought to bolster their own declining income by offering pay and play. This point is acknowledged by the VOA in its analysis of the golf industry. The net effect of this situation is to place an increased burden of rates on a smaller pool of members. The additional data provided by the online survey of clubs enables further insight into how business rates impact on membership levels as shown in Table 4. Our figures are based on total adult members from the 364 clubs that responded to the survey.

Table 4 - Rates payable per member

Rateable Value	Average Membership	Average RV	Rates Payable @50.4p	Rates Payable per Member
Up to £15,000	172	£ 9,027	£ 4,549	£ 26
£15,001 - £50,999	335	£ 34,490	£ 17,383	£ 52
£51,000+	515	£ 89,031	£ 44,872	£ 87
Totals	**446**	**£ 58,259**	**£ 29,363**	**£ 66**

In Table 4 the rates payable per member increases dramatically from £26 per member in clubs with low rateable values to £87 per member in the clubs with rateable values over £51,000. This point reflects the notion that there is only so much capacity a golf course can sustain and those with higher rateable values recover their costs by passing them on to their membership in the form of higher fees, which can be taken as a proxy for quality. Although Section 450 of the VOA Rating Manual makes the case for rateable values being based on rental values and rejects the use of other measures, there is support within golf clubs for looking at rateable values on the basis of industry-specific measures such as membership or turnover. As highlighted by one club:

> *"Maybe a club's rateable value should be based on membership size and turnover."*

Furthermore, there is also support for recognising the instrumental value of golf in terms of its contribution to wider social concerns and the contribution the sport can make to addressing them. This point is reflected in the following quote:

> *"Those supporting health and wellbeing should be exempt. We have a national obesity crisis, yet those businesses that are providing health and fitness, gyms and sports clubs, etc. get treated the same as any other business."*

Finally, there is a case for wider transparency about the process of setting business rates within the sector so that managers are more aware of the reliefs that are available to them and the implications these might have for the way in which they run their operations.

Business rates relative to key metrics (3): Turnover

As a final key metric, we look at the significance of business rates as a proportion of turnover. Using turnover data from the 364 contributing clubs, it is possible to assess the scale to which business rates impact on golf businesses. The relevant data are shown in Table 5.

Table 5 - Rates payable as a proportion of turnover

Rateable Value	Average Turnover	Average RV	Rates Payable @50.4p	Rates Payable as a % of Turnover
Up to £15,000	£ 116,143	£ 9,027	£ 4,549	3.9%
£15,001 - £50,999	£ 384,932	£ 34,490	£ 17,383	4.5%
£51,000+	£ 916,204	£ 89,031	£ 44,872	4.9%
Totals	**£ 723,835**	**£ 58,259**	**£ 29,363**	**4.1%**

Across the spectrum of golf clubs, business rates represent approximately 4.1% of turnover and this proportion varies from a low of 3.9% for clubs with low rateable values to 4.9% for those with rateable values over £51,000. The picture is one of diseconomies of scale whereby the larger clubs pay an increasing proportion of their turnover on business rates. This point again reflects the capacity constraints of golf courses and the premium which appears to be placed on perceived quality.

At between 3.9% and 4.9% of turnover, business rates may appear to make a relatively minor call on a golf club's overall turnover. However, the margins of operating golf courses are thin. Members' clubs exist primarily for the benefit of their members and tend to aim to break even. A positive return of between 0% and 2.5% of turnover would be viewed as successful financial performance in pre-pandemic days. In practice, any surpluses tend to be reinvested in course improvements, buildings and equipment. Furthermore, the cost structure of golf courses is almost entirely fixed, and businesses are highly sensitive to reductions in income as it is not possible to flex fixed costs in the short term as a response to declining income. Strong feelings were expressed by respondents about the basis for calculating business rates as demonstrated in the quotes below.

> *"Rateable value should be based on turnover rather than internal square meterage.''*

> *"Business rates should be based on turnover and or employees not area."*

> *"More account of the turnover should be considered, rather than the land and size of clubhouse."*

> *"Rateable Value should relate to income; size alone does not reflect the appropriate fee an organisation can afford."*

> *"We spent several years appealing against an unrealistic rating assessment, eventually we settled prior to the appeal being heard. The original valuation was based on the quality of the course with no account being taken of the business constraints of a 9 hole course i.e., the maximum number of members/players that can be accommodated is less than half that of an 18 hole course. No account was taken of the RV's of 9-hole courses outside the local District Valuer's area, no consistent national approach. Eventually we were able to negotiate with an officer who understood golf!"*

There is not necessarily unity of opinion amongst all golf clubs and there is a notable tension between the business rates relief available to some private members clubs but not proprietary clubs as demonstrated by the quote below, which is consistent with the submission made by the UK Golf Federation.

> *"It is very hard to run a business when adjacent courses get huge discounts on rates or don't pay any rates at all. Often members clubs get a discount on their rates reducing their cost base while our club, which caters for a very broad range of members, pay much more. That plus the VAT paid by us but not members clubs create a very unequal playing field."*

The essence of the sentiments above is a plea for business rates to be based on the realities of what a golf course can afford linked to its actual financial performance, rather than the notional value that a primarily recreational asset might be able to achieve in rent on an open market.

7. Conclusions

We conclude our analysis by responding directly to three Tranche 1 questions (questions 1, 2, and 9) posed in the Business Rates Review Call for Evidence; and by providing recommendations for how the golf sector can work constructively with Government to ensure equity and transparency within the system of business rates.

Tranche 1 questions

Q1 How well do current reliefs and exemptions deliver their intended outcomes and satisfy the principles of good tax design? What changes would you suggest to the system?

The principal relief available for golf clubs is Community Amateur Sports Club status. Our research indicates that around 15% of golf clubs have CASC status and these are drawn exclusively from private members clubs. This is a relatively small reach into the overall market. In Table 2 we illustrate how golf clubs incur around £55.16m in business rates and receive mandatory relief of around £7.21m. As only a minority of clubs qualify or chose to apply for CASC status, the implication is that the process is too difficult for most clubs to navigate successfully. Further research is required with eligible golf clubs to identify what the barriers to CASC status are and how they might be overcome to enable more clubs to qualify for 80% mandatory rates relief. The outcomes of this process might be better guidance for clubs considering CASC status as well as alterations to the criteria for eligibility to enable more to benefit.

Q2 How can reliefs be targeted more effectively? How can reliefs and their administration be simplified?

There is extensive evidence of the value of golf to the Government's required outcomes from sport and to sustainability. It is highly likely that these wider social benefits accrue regardless of the ownership status of a golf club. As proprietary clubs operate to make a profit, they are ineligible for CASC status. One method of recognising the wider value of playing golf and the contribution made to sustainability would be to reduce the lump sum rateable values that are charged for the actual playing facilities of golf clubs. This is one of the three components of a golf club's rateable value alongside the clubhouse and greenkeepers' facilities. Such an action would recognise the social value of golf but would not prevent fair business rates from being levied on the more commercial aspects of operations such as bars, catering and retail.

Q9 What are your views on introducing additional multipliers that vary by geography, property value, or property type?

The use of additional multipliers is an alternative approach to our response to question two above. The difference is that there is a danger that the use of additional multipliers creates additional complexity in the administration of business rates and would increase the burden on both the VOA and businesses. By contrast, enabling rates relief through the lump sum attributable to playing areas would be simpler, more objective and more easily understood. Variable multipliers would also be inconsistent with the notion that golf courses deliver wider social value regardless of who uses them and where they are located.

Working constructively

To improve the system of business rates as outlined in the Call for Evidence, it is likely that greater gains will be made by working at an industry level through representative bodies, rather than in a piecemeal fashion. The conversation with Government needs to be at the level of Special Category 117S in the system of business rates and not at the level of individual clubs.

Whatever the outcome of the consultation, it is important that the industry perceives the derivation of business rates as fair and transparent in a way which accurately reflects the nature of the golf industry. Clear guidance as to how clubs can access and take advantage of the various reliefs such as CASC status should be provided by Government and endorsed by representative bodies to enable more clubs the opportunity to benefit.

The golf industry representative bodies have an important role to play in lobbying Government for greater understanding of golf's wider contribution to society and sustainability, which in turn should be reflected in the sector's tax treatment.

Golf's representative bodies also have an important role to play in the relationship with the Valuation Office Agency. The VOA conducts its own research on Special Categories in the system of business rates which is used to inform the assumptions that are used to derive rateable values. For the benefit of the golf sector as a whole, there is merit in those charged with representing golf's interests contributing to the VOA's research and providing current sector-specific knowledge to the process.

In an increasingly data rich digital environment, different data sources such as the VOA database and the Government's database of CASCs should be linked. The navigation and functionality of these databases should also be improved to enable benchmarking across the sector, to reduce anomalies and to produce a test of reasonableness for those wishing to query their business rates.

Finally, the golf industry prides itself in being a 'good corporate citizen' committed to the highest levels of governance and scrutiny in its custody of the sector. It therefore extends the hand of friendship to Government and its agencies to work constructively with them for the betterment of golf whilst remaining responsible and sustainable contributors to public finances.

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