

Discretionary Rate Relief Policy

Appendix 2 – Consultation Responses

1.1 Comment 1:

“Finchley Golf Club is situated in Frith Lane in the Borough of Barnet. The Club has operated as a non-profit-making private members’ golf club for almost a hundred years.

The Club became a Community Amateur Sports Club (CASC) in 2004.

The Club has approximately 450 playing members and 80 social members. The majority of members live in Barnet

Finchley Golf Club is nicknamed “Friendly Finchley” and is well known for its open, inclusive and diverse membership. The Club is open to everyone as members or visitors. We offer a range of affordable membership schemes particularly aimed at young people and beginners. In 2015, we introduced the latest of these schemes “Academy Membership” aimed at encouraging women, who are under-represented in golf, young people and first time players. Every summer our resident professional hosts a summer camp for children and young people who want to learn to play golf.

The Club is proud of its strong community traditions, which is one of the reasons we were accepted as a CASC in the first place.

CASC changes 2015-16

Last year HMRC announced changes to the requirements to qualify as a CASC and gave current CASCs the opportunity to consider if they could continue to meet those requirements.

If clubs wish to remain a CASC, they have until March 31st 2016 to apply to stay in the scheme. If not, they will be de-registered.

The main requirements are:

A cap on annual subscriptions to include all mandatory costs of membership and participation.

A limit on income from non-membership activities (visitor green fees, external events etc).

A new “affordable” category of membership for anyone who can show they are unable to afford the Club’s standard range of fees.

In addition, any Club which is de-registered after March 31st 2016 faces the possibility of being charged Capital Gains Tax on the value of the Club, as it is assumed the CASC disposes of its asset to the Club. HMRC have granted CASCs a “window” until March 31st 2016 to de-register without the risk of CGT.

The Board of Finchley Golf Club has been reviewing its options the stay in or leave CASC.

Staying in CASC

The major benefit of being a CASC is the receipt of 80% mandatory rate relief.

We believe Finchley Golf Club can meet the new requirements to remain a CASC but only just.

However, meeting these requirements presents significant challenges for the Club:

- HMRC have indicated the top subscription rate will not be increased in the future, so the Club would not be able to increase its fees to cover increased costs over the years.
- The Club would not be able to raise additional funds by such means as a levy to pay for much needed improvements to our course and clubhouse. Any such levy would be regarded as part of the subscription fees.

So the Club would face an effective freeze on income for years to come.

Leaving CASC

The Board of FGC has been considering the option of leaving CASC to give the Club greater control over its finances by allowing us to adjust subscriptions and raise funds through levies etc to respond to future needs

However, the single biggest issue of not being a CASC would be the loss of our 80% mandatory rate relief. The Club would also lose Corporation Tax relief.

The total cost of these to the Club is estimated in excess of £50,000 pa from April 2016. That's the equivalent of 33 additional full members at a time when golf membership in London and the UK has been falling for the past decade.

On this basis, leaving CASC is not a viable financial option.

Barnet Council's Discretionary Rate Relief proposals

The council's proposed new discretionary rate relief scheme, approved by the Policy and Resources Committee in December 2015, offers Finchley Golf Club the opportunity to reconsider its options.

The proposal to offer CASCs a two year period of rate relief at 80% if they choose to not to continue as CASCs presented the Club with the opportunity consider the possibilities of raising the additional income required to cover the increase in rates and corporation tax from 2018.

Financial analysis

The Club has carried out a financial assessment covering the next ten years comparing the costs of staying in or leaving CASC

In any scenario the Club will lose out financially, however, leaving CASC, even with two years discretionary rate relief from Barnet, would be almost double the cost of retaining CASC status.

The Club currently just about breaks even each year so there is no scope to absorb extra costs

Finchley Golf Club proposal to Barnet Council

It is clear from the financial analysis carried out that Finchley Golf Club faces substantial losses whichever choice we make but the least worst scenario is to remain in CASC.

Barnet Council's offer of two years discretionary rate relief at 80% offers a short term benefit in leaving CASC, but the costs from 2018, when we will be liable to full rates, are unsustainable and will result in significantly greater losses to the Club than staying in CASC. In an ideal world, the Club would prefer to leave CASC in order to have greater control of our financial future but it would require greater assistance from Barnet Council to help us reach that point.

So, Finchley Golf Club requests that Barnet Council considers a longer period of discretionary rate relief. The Club requests that Barnet Council offers a five year transitional discretionary discount at 80%.

If the request is denied, the Club is currently very reluctantly minded to remain a CASC.

We sincerely hope Barnet Council will consider our proposal seriously and we would be happy to furnish you with any further information you require."

LBB Response:

The two year extension to CASCs that leave the CASC scheme at 1 April 2016, is intended to extend the relief and allow that cushion. Some CASCs may continue to be beneficiaries of discretionary rate relief as they qualify for that in any case. An extension to a relief for 5 years does expose the council to some financial uncertainty, but this is a relief that would not otherwise a loss to the council. The council recognises the impact that this can have on former CASCs and therefore the extension to rate relief at 80% will apply for 5 years from 1 April 2016, or until regulations prevent the council from doing so.

1.2 Comment 2:

"Broadly speaking the policy is welcomed. However there are a couple of points that need to be raised. Firstly the threshold of £1m annual turnover on discretionary relief will still mean that charities who have set contract prices based on present arrangements will see their expenditure increase and make contracts less viable. Secondly it is important that sports clubs are continued to be supported, particularly in the light of reductions in the amount and quality of council facilities. Also not providing support where there is a bar serving alcohol should not apply where the organisation is not for profit."

LBB Response:

Sports clubs are supported where they are registered as CASCs. Those not registered as CASCs but are established as a not for profit organisation, would be eligible to claim discretionary rate relief. The council recognises that sports clubs do make a valuable contribution to the community, but does not view that the council tax payer should subsidise a bar.

1.3 Comment 3:

“I think the policy is fine but I am concerned about how it will work in practice, who will ensure the policy operates fairly?”

LBB Response:

Ratepayers will be able to apply for discretionary rate relief or hardship relief by writing to the business rate team, and by completing a form available on the council's website. Evidence of registration and/or audited accounts will need to be supplied as applicable. Once the application has been made and processed by the business rate team, a recommendation shall be made to the Chief Finance Officer, who would then review the application before confirming the reduction.

1.4 Comment 4:

“Pleased to see that it doesn't include charity shops for additional relief, the proliferation of charity shops in many of Barnet's High Streets seems to be driving out new businesses who can't afford the high rates. Wouldn't it be worth charging lower rates for businesses to allow them to get off the ground.”

LBB Response:

Charity shops who already received 80% mandatory relief are excluded from the policy. The council does have the power to award a discount to stimulate business growth. This is power awarded via the Localism Act 2011. This is not included at this stage but could be an option in a further review.

1.5 Comment 5:

“Barnet's 800-odd community groups and charities, most of which are MICRO organisations run mainly by volunteers, on a shoestring and on donations from the residents of Barnet as well as trusts and foundations should receive 100% rate relief; in the current climate where public support for charities has been cut, where overall funds are shrinking whilst demand is rising, it's a way of supporting the many local groups which are supporting vulnerable residents on the ground, day to day. It is these small, community-based, neighbourhood self-help groups that do a lot of the practical, actual support of residents in need of support.”

LBB Response:

The proposed policy does allow for up to 100% of rate relief to be awarded.