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CASC CONSULTATION QUESTION RESPONSES.

Q1 Are there any other costs from participating in a sport that should be specifically included or excluded? If so, what are your reasons?

England Golf is strongly opposed to the proposal contained in para 4.10 which states that – “the costs associated with membership should include all the mandatory costs that arise as a result of taking part in a particular sport and not just the annual subscription or membership fee.”

There are a range of costs other than membership fees, which are usually incurred by those who wish to play golf. This is a personal choice and these can therefore vary enormously as shown below. It then becomes very difficult to quantify. The introduction of this measure would not simplify the task of clubs or HMRC determining eligibility or compliance within the CASC scheme.

The equipment needed to take part includes;

- golf clubs (£50 second hand to £1,000+),
- golf balls (50p to £3+), gloves, tees etc
- golf shoes (£20 to £100),
- Furthermore a set of golf clubs might also be played with for a number of years. Does this require the annual cost to be calculated over the lifespan of the equipment? How can this be determined?
- Clubs may be rented and these are generally rented from the PGA Golf Professional who always runs a separate business to the club and so the costs of rental are not under the control of the club.
- Individual coaching is at the participant’s discretion and charged by a PGA Qualified coach and is again not under the control of the club.

The overall cost of participation therefore varies according to individual circumstances as well as the regularity of play.

In respect to the CASC scheme, it is our considered and strongly held view that it would be very difficult to include anything other than the club subscription as a sensible measure of participation cost. This should include affiliation fees and any other similar charges but it should not include any estimates for equipment cost.

We understand that the review of CASC is intended to clarify the parameters. In general if anything other than subscriptions are used, this will significantly increase the complexity in the scheme and will require different measures to be introduced for each sport as the “extra costs” vary considerably. Members’ golf clubs are not for profit, provide huge social, health and community benefits and deserve to benefit from the CASC programme, just as much as other sports clubs. There are around 750,000 members in golf clubs with clubs in many communities thus demonstrating that membership is accessible. Including the costs of equipment in addition to membership fees would prove very difficult to assess and may disadvantage golf clubs unfairly.

England Golf feels strongly that the inclusion of costs other than membership fees would be inappropriate and request that such costs are not included in the Costs Associated with Membership.

Q2 Where the costs of participation are high are there any other arrangements clubs could make to enable members to participate fully at a lower cost?

Golf clubs have large areas of land to maintain and so are required to employ staff to manage this. Club houses/facilities also require upkeep and staff. This does impact on fees. Golf clubs



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are significant community assets providing opportunities for people of all ages to play, stay healthy and engage socially. Golf clubs are particularly successful in keeping older members of society engaged in physical activity which impacts directly on the health and well-being of large numbers of people in the community. It is also important to point out that once registered with the scheme clubs then comply with the CASC dissolution clause so no members can benefit.

Golf club fees do vary significantly and those eligible, involved and in the CASC programme are community based clubs which draw membership from their own communities. Traditional golf club annual membership can vary between £300- £1500 depending on the nature of the course and its locations. Some memberships are of course higher than this but the majority of annual membership subscriptions would fall into this range.

Most golf clubs will offer junior membership packages at less than £100 per annum.

Over the past few years many golf clubs have introduced a range of membership packages to make membership more accessible to all members of their community. England Golf is proactively encouraging the development of a range of reduced price memberships such as; junior memberships, flexible memberships, 9 hole memberships and reducing costs for under 25s etc . All of these developments are making golf club membership even more accessible to people on low or modest incomes as outlined in part 4.29.

Golf clubs do of course also allow people to play at their clubs by paying a "green fee" or to pay and play. This would usually be around £15-£40 per person. Golf clubs need to be going concerns to provide this opportunity. Significant changes to CASC, which reduced the involvement of community golf clubs in the scheme, would make it more difficult for local golf clubs to offer these types of low cost pay and play arrangements.

It should be noted therefore that unlike many sports, golf is accessible to the whole community through the pay and play method, but for this to be offered golf clubs have to be going concerns, they have to have the finances available to maintain the courses and changing and social facilities. Changes to the CASC eligibility as proposed threaten the whole equilibrium of the current offer golf clubs provide to their communities.

Although England Golf feels that the level of the proposed annual cost of £1040 is arbitrary and will prove low for many sports, we consider that most clubs eligible for CASC will have a membership fees structure which provides access to all sections of the community within this price range. The fee structure in most clubs is no longer a simple single flat fee, with people paying higher levels of fees for more access to the course.

It is our view that the figure of £1040 is an acceptable figure for membership fees (but not for full costs of participation – see Q1 above) so long, as it is recognised that each eligible club must either;

- have a fee structure which allows reasonable entry at this level or below or
- allow non-members to play on the course by paying a green fee thereby opening the course to the community

Clubs should not be excluded from CASC for having other membership categories at a higher rate, so long as they do have membership categories at £1040 per annum or less.



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Q3 How should 'full participation' be defined? Do you agree with the proposals above or should the minimum requirements be more or less than those set out above? If so, what would you suggest and why?

Golf courses are, weather permitting, open for play 7 days per week during daylight hours and can be played over 18, 9 or in some cases 4 or 5 holes depending on the players leisure time availability. Much of the golf played on the course is of a social rather than competitive nature with players playing alone or with friends and social groups.

Club competitions are usually open to all club members although sometimes these may be restricted to differing ability levels.

Full participation as defined in para 4.19 to 4.26 is acceptable to England Golf as golf club membership meets these criteria.

Q4 How often should access to a club's facilities be available to members? Should limits be defined differently for individual and team sports, and during different playing seasons? If so, what would you suggest and why?

Golf is a year round sport and golf clubs are open to members usually 364 days a year subject to weather conditions. Members can usually play most days if they so choose.

England Golf does not feel that golf clubs will have any difficulty in meeting CASC criteria around access to playing and club facilities and feels it is for other sports and HMRC to define these parameters.

Q5 What is the appropriate maximum annual membership and participation fee for a club to be considered to be open to the whole of the community? What are the factors that need to be considered when setting the maximum amount?

It should be recognised that golf clubs largely draw their membership (average 500 participants in all membership categories) usually from within a 20 minute drive time of the club and therefore are serving their local community.

In the absence of public grants to sports clubs for the provision of sport to the community, it must also be recognised that the costs of running sports clubs must be covered by the members themselves and these running costs are going up annually each year and not down. Clubs themselves must have the freedom to set fees to meet expenditure.

The costs of utilities and consumables increase annually. Golf is played on courses which are costly to maintain. The capital costs of grass cutting machinery and the salaries of green staff are significant. Courses cover between 50-300+ acres of land and as a benchmark around 70% of club revenue is spent on course maintenance and staff.

The costs of a golf club are significantly different to a badminton club, a tennis club or even a football club. Golf is a huge participation sport and the way the CASC scheme is being presented within these proposals appears not to be recognising that golf is still offering great benefit to the community, is open to all sections of the community but its costs are always going to be greater than the average indoor sports club. In fact the current CASC guidance actually acknowledged that golf clubs do have higher running costs than other sports and we feel that this should continue.

There is a danger that in these proposals HMRC will take actions which will result in reducing the sports club offer to all sections of the community in England, to a small selection of indoor low



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costs sports. These proposals do not represent joined up government thinking to build on the 2012 sporting legacy and attempting to improve the health of the nation.

Club location is also a factor with clubs in SE England have higher costs e.g. salaries to staff. Research by British & International Golf Greenkeepers' Association show that salary scales in the London / SE Regions are circa £4,000 per staff member higher than the rest of the country. With an average of 5 greenkeepers per club this equates to £20,000 additional costs in the SE. National limits on membership costs such as £1040 fail to recognise these regional variances.

For the above reason the majority of golf clubs in SE England will charge higher membership fees, therefore a maximum annual amount of £1040 would immediately create a North / South divide within golf in respect to being able to apply for CASC status.

England Golf has some difficulty in the setting of a national figure, because of the regional variations in the costs of operating a golf club. How do HMRC view this area as it will effect many sports and will be a key area if these proposed changes are implemented?

It is our view that whilst the figure of £1040 is acceptable in general terms for membership fees, there should be some staggered flexibility to take into account geographical economic differences (but not for full costs of participation – see Q1 above) so long as it is recognised that each eligible club must either;

- have a fee structure which allows reasonable entry at this level or below or
- allow non-members to play on the course by paying a green fee thereby opening the course to the community

Clubs should not be excluded from CASC for having other membership categories at a higher rate, so long as they do have membership categories at £1040 per annum or less.

Q6 Should the maximum annual amount be higher or lower than £1,040? If so what should the maximum annual amount be and what are the reasons for your view?

It is our view that the figure of £1040 is an acceptable figure for membership fees (but not for full costs of participation – see Q1 above) so long as it is recognised that each eligible club must either;

- have a fee structure which allows reasonable entry at this level or below or
- allow non-members to play on the course by paying a green fee thereby opening the course to the community

Clubs should not be excluded from CASC for having other membership categories at a higher rate, so long as they do have membership categories at £1040 per annum or less.

Q7 Should the maximum amount be updated in future years? If so how?

The costs of running golf clubs is increasing annually not decreasing and so these costs must be reviewed periodically. It appears that this figure is an arbitrary figure and so a review of the level after the first 12 months of the new scheme would be appropriate. Once the level is set we would propose an inflationary increase in line with RPI.

Q8 Where a club needs to charge a higher fee because the overall costs of participation are higher than the maximum amount what provisions should clubs put in place for those on low and modest incomes?



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This will most certainly apply to golf, because of the high costs of maintaining and operating golf courses relative to other sports.

England Golf holds the view that clubs eligible for CASC must offer membership schemes which provide good access to playing and social facilities for £1040 or less, but that clubs should not become ineligible if they also choose to offer membership packages where the costs are greater than this. Golf clubs already offer different categories of membership to suit different needs and also offer pay and play facilities which are very accessible.

England Golf would be supportive of a recognition within the scheme that some memberships in a CASC golf club may be in excess of £1040, but that clubs wishing to be involved in CASC in the future should be required to evidence accessible membership packages.

Q9 to Q12 – Payment to players

These questions are not applicable to England Golf nor amateur golf clubs in England as all clubs are governed by the Rules of Amateur Status as set down by the sport's World Governing Body. No golf clubs pay the players within the club.

Q13 Do you consider 2 hours travelling in each direction (4 hours total) to be acceptable reasonable daily travel to a match? If not, what would be acceptable reasonable daily travel to and from a match and why?

Players within golf clubs do not usually receive travel or subsistence payments for playing. Travelling time for matches would not usually exceed 4 hours.

Q14 Are the arrangements proposed above clear and flexible enough for clubs to operate or do you feel that there are more appropriate alternatives? If so, what is your proposal and why?

See above.

Q15 What limits should there be on overnight stays? For example should hotel costs be capped by amount per night? What limits would you suggest?

Golf clubs do not usually pay the overnight costs of players, but may do so in exceptional circumstances when players reach the final stages of national competitions.

England Golf feels that it may be helpful to set reasonable limits to this but it will be for sports where this is more of an occurrence to offer guidelines.

Q16 Should there be an annual limit on how much a club can spend.

England Golf recognises that the needs of sports will vary considerably and within sports it will vary according to the level of competitions being played. Limits should be set at levels which avoid misuse or misrepresentation but should not prohibit or restrict the competitive programmes of otherwise eligible clubs.

Q17 What type of tours would be acceptable? Are domestic and overseas tours acceptable or should there be restrictions? If so, what restrictions would you recommend and why?

England Golf is unsure why the CASC legislation needs to be concerned with this level of detail and feels it may be difficult for clubs and HRMC to be involved in monitoring these aspects. Any legislation should be broad and not too restrictive.



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Q18 Should members who are on tour be required to play a certain amount of hours or days either in training sessions or playing matches? If so, how many hours or days should players be involved in these activities? Or should the requirement be that only a certain number or proportion of days in any tour should be non-playing days?

England Golf is unsure why the CASC legislation needs to be concerned with this level of detail and feels it may be difficult for clubs and HRMC to be involved in monitoring who plays for how long on a tour. This should stay outside of any legislation.

Q19 Should there be an annual limit on how much a club can spend on tours in regards to travel and subsistence in any given year?

This would not usually affect golf clubs and it will be for other sports to comment on the detail of this proposal.

Q20 Do you agree that at least 50% of a CASC's full members should be participating in the club's sport? Should the percentage of participating members be higher or lower? If so, what amount would you propose and why?

Golf Club social membership is generally circa 10% of the total membership usually made up of ex-participants who still wish to remain connected to the club. A number of these members still support the club in various roles e.g. committee, marshalling, volunteering etc.

England Golf could accept that at least 50% of a CASC club's full members should be participating in the club's sport.

England Golf feels it would be difficult for clubs and HMRC to monitor the actual playing time and the calculation should be made according to whether members pay a playing members fee or social members fee.

Q21 How often should a member participate in a sport or a clubs sporting activities in order to be deemed a participating member rather than a social member?

England Golf feels it would be difficult for clubs and HMRC to monitor the actual playing time and the calculation should be made according to whether members pay a playing members' fee or social members' fee.

Q22 Are there other ways in which to define a member and a non-member? If so, what would you suggest?

England Golf feels it would be difficult for clubs and HMRC to monitor the actual playing time and the definition should be according to whether members pay a playing members' fee or social members' fee.

Q23 Do you agree the definitions of a guest proposed in paragraph 6.9 of Chapter 6? If not what alternatives would you suggest and why?

A "guest" is well used an understood term within golf. Members of golf clubs can sign in guests to the club to play golf with them on that occasion and to enjoy the facilities of the club for that occasion.

Guests can also be visiting groups or societies or visiting teams.

Individual guests and societies will pay a fee to the club, although this will usually be a reduced guest fee.



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England Golf would not support the introduction of this definition of a guest and the requirement for guests to play free of charge within a club is neither desirable nor possible.

Q24 What are the pros and cons of each of options 1 to 4?

England Golf supports the principle that clubs should have the potential to raise some income from its facilities to help offset the significant costs of providing community sport. England Golf however would also recognise the issues of unfair competition if the level of this activity is not capped.

Option 1 – This may appear to be a simple option but would require clubs to differentiate between member and non-member income in food and beverage for example and could be administratively burdensome. Not simple either as often participant insurance requires visitors to be classed as temporary members for the duration of their time at the club.

Option 2 – This is a possible option, but England Golf would welcome a fuller analysis of the percentage and absolute level. For a large members club, meeting the needs of the community and absolute level of £100k per annum may be a low percentage figure.

England Golf considers that the definitions of Sporting and Non Sporting definitions at 7.19 and 7.20 are reasonable.

We would welcome 7.21 definition of a guest being removed.

Option 3 – This is also a possible option subject to appropriate levels being set in each category. England Golf would favour percentage rather than absolute levels.

Option 4 – England Golf would not welcome this option.

Q25 Which option should the Government consider adopting? What are your reasons?

England Golf recognises the requirement to limit the non-sporting income within CASC clubs and to avoid unfair competition within communities in hire of facilities.

England Golf would welcome option 2 or 3 subject to the levels being set at an appropriate level which recognises the significant costs of running a large community golf club such as a golf club. We also feel that it may be better to operate the scheme based on averages over 2 or 3 years rather than strictly annual costs where they may be a spike because of 1 or 2 events.

Q26 Are the suggested thresholds set at the right level? Should they be increased or decreased? What are your reasons?

England Golf would suggest that these should be based on researched evidence, but feels that 40% may be reasonable. Also important to highlight that clubs are not for profit therefore any non-member or non-sporting income/profit is in effect re-invested back into the club to help subsidise ongoing costs.

Q27 If none of the options is suitable, why is this the case? What alternative options would you suggest and why?

Not applicable.



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Q28 What would be the one-off or ongoing administrative costs in meeting the options? Please provide details of these.

It would not be envisaged that clubs would have an issue with separating their income streams as they should do this in the preparation of accounts and tax returns. With options 1 or 2 clubs would likely have to move non-member or non-sporting income into a separate trading subsidiary company causing more administration, costs and VAT complexities.

Q29 Should the Government allow companies that are wholly owned by a CASC to be able to make qualifying Gift Aid donations to the CASC that owns the company? Please give reasons for your view?

This would seem to go against the previous CASC rules that did not allow CASCs to have corporate trading subsidiaries. We would not see many golf clubs taking this route as the administration would be considerable and can only see it being tax neutral.

Q30 Should the Government consider extending this to all types of company? If so why?

No.

Q31 Do you agree that the exemptions on trading activities and rental income should be increased to £40,000 and £25,000 respectively? If not, what figures would you suggest and why?

Any increase would be welcomed but we would have thought that the limits should tie in in some way to the thresholds put into any Income Condition Test.

Q32 Any other suggestions and comments on improving the CASC Scheme.

England Golf considers that these proposals will not significantly improve the scheme and are generally not helpful in either building on a London 2012 legacy nor bringing clarity to the CASC scheme. We feel many will lead to the scheme being more burdensome for the volunteers who usually run community clubs and will bring added complexity to the monitoring. We would also like to see the new legislation adopt the definition of amateur that HMRC use in other tax legislation.

We feel that it should be much easier for a club that may have been previously unincorporated to incorporate and remain within the scheme. We are actively encouraging clubs to do so but it would often seem to be the case that they have to then re-register for CASC.

The proposals still retain unhelpful tax penalties and charges in respect to the Capital Gains Tax charge. We consider that this should be removed going forward as the Registration Process will be rigorous enough to not need this. The tax charges have been a barrier to Golf Clubs applying and will remain as a major obstacle to many genuine Community Clubs with facilities wishing to join.

Next Steps

Existing Clubs – England Golf agrees with the process as set out in 9.3 to 9.7.

Applications on Hold – England Golf feels that all applications that were submitted under the existing rules if qualifying should be accepted and 80% relief given, as the delays caused by the legal challenge of Radlett Tennis Club (some could be up to 12 months+) are not the fault of those clubs now applying.



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Clubs should then be given the proposed 12 month period to review any changes to the CASC criteria and if considered non-compliant have the ability to withdraw at no financial penalty as per existing clubs.

Other points relevant to golf but not covered in the CASC Consultation questions.

England Golf recognise that nearly half of our affiliated clubs are automatically ineligible to join the CASC scheme as they are proprietary owned clubs.

England Golf also recognises that the tax and especially the rates concessions CASC clubs receive, do impact on the competition between clubs to attract and retain members and that some member clubs are also acting as competitors to more commercial companies in areas of non-sporting activity.

England Golf recognises the concerns which have been made by the UK Golf Course Owners Association, who we recognise as representing the interests of proprietary golf clubs in the country.

Golf club membership across the country has been in decline for some time with approaching a 15% fall in numbers over the last 7 years. The perception that golf is exclusive, elitist and expensive is outdated and a majority of clubs can demonstrate that they draw from their local community. The CASC scheme has been running for nearly 10 years and over that time a considerable number of clubs have joined and benefitted from the tax and rates benefits. For these benefits to be withdrawn at a time when other economic and climatic factors are hitting all golf clubs hard, would be a most untimely and unhelpful development. It may well force several golf clubs out of business. This is not in the best interest of golf development, health improvement, community and social development and London 2012 legacy.