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The National Business Rates Revaluation from 1 April 2026 for Golf Venues – Are You Prepared?

This note relates to golf venues situated in England, although many of the principles covered apply across the UK. Late last month, two important events happened: the Valuation Office Agency (VOA), published the new draft rateable values for golf venues effective from 1 April next year; and the 2025 Budget set out details about business rates bills for the next three years.

Business rates have become an increasingly complex and contentious tax over the years. Indeed, following on from last month's events, many in the golf venue sector have been very worried at the potential prospect of whopping increases in business rates bills starting from next April.

The purpose of this note is twofold: i) to cut through some of the complexity and help you understand the fundamental principles of the tax and explain how relevant matters change over time; and to outline the key actions you need to consider taking. It is impossible to cover all eventualities in this note. Hopefully, however, it will help, or get you started, on devising a sound strategy to minimise this tax for your golf venue for the next three years.

<u>The fundamental principles</u>: Underlying every business rates bill are two overarching variables – your property's rateable value and the associated tax rate (known as the 'multiplier'). The former is meant to represent your golf venue's full market rental value at specific points in time, and the latter is a rate set by the Government each year. Your yearly headline bill, before any reliefs or adjustments, is the product of the two. Thus, if your rateable value is £100,000 and the relevant tax rate is 55.5 pence in the £, then your headline rates bill is £55,500 for the year.

Because property market rental values change over time, the Government sets national business rates revaluations every so often. All the rateable values are put in a statutory 'Rating List'. From 1990 to 2010, revaluations were five yearly. However, the 2010 Rating List ended up lasting seven years and the 2017 List lasted six years. The aim is three yearly valuations, which is why we are currently in the 2023 List and the new 2026 List goes live in April next year for a three year term.

The relevant valuation date has always been two years before the Rating List goes live. This is important because the valuation date for the current 2023 Rating List was 1 April 2021, which was during Covid. The valuation date for the 2026 Rating List is therefore 1 April 2024 – which was just before the last general election.

I have been a golf venue valuer for 34 years so have a lot of practical knowledge on their golf venue rental values, and rents have a bearing on the set rateable values. Because of this, over the last 20 years or so, I have acted on behalf of the golf industry at large, and golf venues individually, in looking to minimise their rates bills. I have held 'strategic level' negotiations with the VOA on the national valuation principles for golf venues and have run several golf venue rateable value 'test cases' against the VOA. I have also lodged individual appeals on the VOA's published rateable values (now called 'challenges'). To date, I have settled well over 1,000 golf venue rateable value appeals in England, so I am familiar with the workings of the rating system for golf.

For the 2023 Rating List, we agreed with the VOA, at a strategic level, that because of the effects of Covid, 2023 List golf venue rateable values were to be based primarily on golf venue trading performance pre-Covid (ie their 2019 levels). This was generally a good result for the golf industry at the time.

Moving on in time, golf market conditions (primarily golfer demand) were significantly better as at the 1 April 2024 valuation date than they were just prior to Covid in 2019. The VOA seem to be reflecting this improvement in their draft 2026 Rating List rateable values for golf – hence some substantial increases.

Without doubt, the subsector in golf which has seen the most alarming rateable value increases are those venues built principally around a golf driving range but without an 18-hole course attached. Golfer demand has increased a lot with the introduction of Toptracer, Trackman and Inrange at many golf driving ranges. This has generally improved their trading performance, which in turn improves their perceived market rental value.

Last year in England, the Government collected around £28 billion in business rates. A guiding principle at national revaluations is that the Government should not raise more money in business rates than the year before (after allowing for inflation). Thus, very crudely, if the average of rateable values across England rises by a certain percentage, then the average multiplier should then fall to compensate for the rise.

Indeed, this has happened with the announcements in the Budget last month. Currently, the standard tax rate for properties with a rateable value of £51,000 but less that £500,000 is 55.5 pence in the £, but from next April it falls by 13.5% to 48 pence.

Since the start of Covid, the Government has granted considerable rates relief to the retail, hospitality and leisure sectors. Most golf venues have therefore qualified for this relief in some form. This year's relief is 40%. You need to be aware that this relief is being removed from next April. Instead, retail, hospitality and leisure properties will get 5 pence knocked off their relevant tax rate for at least the next three years. This means that the standard tax rate above for 2026/27 falls to 43 pence, which is 22.5% lower than the current 55.5 pence tax rate.

Thus, if you go back to 'first principles' of 'rateable value times the tax rate equals the yearly bill' – and ignore the substantial retail, hospitality and leisure relief over the last six years – if your current 2023 List rateable value is £100,000 at 55.5 pence tax, your bill this year would have been £55,500. If your new 2026 List rateable value is 25% higher at £125,000, then your headline bill next year, at 43 pence tax, would be marginally lower at £53,750.

The main concern for many golf venues, however, is that they have got used to the previous retail, hospitality and leisure sectors' rates relief in recent years. It is now a shock for some with it being removed from next April. To ease the pain, for qualifying retail, hospitality and leisure ratepayers, the Government has introduced a new 'transitional phasing' scheme.

To give you an idea as to how the scheme works for the golf sector, most 2026 List rateable values fall between £25,000 to £250,000, and most will be getting the current 40% rates relief. I will therefore focus on the transitional rules for this range for three scenarios – Golf Venue A, Golf Venue B and Golf Venue C – where their rateable values have increased by 30%, 50% and 250% respectively to show the effect on their yearly rates bills.

The transitional relief caps are as follows: for rateable values between £20,001 and £100,000 – 15% for 2026/27, 25% (+inflation) for 2027/28, and 40% (+inflation) for 2028/29. For properties with rateable values over £100,000, the caps are 30% for 2026/27, 25% (+inflation) for 2027/28, and 25% (+inflation) for 2028/29.

<u>Golf Venue A</u>: Its current 2023 List rateable value is £30,000. This has increased by 30% to £39,000 for the 2026 List. Its 2025/26 bill is £30,000 x 0.499 (the current 'small property' multiplier) x 0.60 (the 40% relief) = £8,982.

The bill for 2026/27 is then the lower of:

- The headline calculation of the new rateable value (£39,000) times the relevant tax rate (in this case 5 pence below the 'small property' multiplier of 43.2 pence, so 38.2 pence) which equals £14,898; or

- 15% increase on £8,982 which equals £10,329 – so this is the amount payable.

The following year's bill, 2027/28, will be £10,329 plus 25% plus inflation from the prior year. If I take inflation at 3% then the bill will be £13,299.

<u>Golf Venue B</u>: Its current 2023 List rateable value is £100,000. This has increased by 50% to £150,000 for the 2026 List. Its current bill for 2025/26 is £100,000 x 0.555 (the current 'standard property' multiplier) x 0.60 (the 40% relief) = £33,300.

The bill for 2026/27 is then the lower of:

- the headline calculation of the new rateable value (£150,000) times the relevant tax rate (in this case 5 pence below the 'standard property' multiplier of 48 pence, so 43 pence) which equals £64,500; or

- 30% increase on £33,300 which equals £43,290 – so this is the amount payable.

The following year's bill, 2027/28, will be £43,290 plus 25% plus inflation from the prior year. If I take inflation at 3% then the bill will be £55,736.

<u>Golf Venue C</u>: Its current 2023 List rateable value is £50,000. However, it has more than doubled to £125,000 for the 2026 List. Its current bill for 2025/26 is £50,000 x 0.499 (the current 'small property' multiplier) x 0.60 (the 40% relief) = £14,970.

The bill for 2026/27 is then the lower of:

- the headline calculation of the new rateable value (£125,000) times the relevant tax rate (in this case 5 pence below the 'standard property' multiplier of 48 pence, so 43 pence) which equals £53,750; or

- 30% increase on £14,970 which equals £19,461– so this is the amount payable.

The following year's bill, 2027/28, will be £19,461 plus 25% plus inflation from the prior year. If I take inflation at 3% then the bill will be £25,056.

To help fund the transitional relief scheme, the Government is adding 1 pence in the £ to the relevant tax rates for 2026/27 bills on properties where no transitional relief applies.

I now turn to actions that you can consider taking to make sure you are well prepared for the changes. There are two things within your direct control on business rates. They relate to: i) budgeting wisely, and ii) appealing your rateable value, if needed. The rest, regarding business rates, is largely out of your control or influence.

Regarding budgeting, make sure you are aware of how your rates bill at your golf venue might increase in the next three years so you can budget accordingly without a 'nasty shock' down the line. This extra tax, along with the other tax increases levied on businesses in recent years, could significantly affect your trading 'bottom line' and cashflow – so being prepared to absorb the increase over time will be critical for some.

Secondly, if your rateable value has increased significantly with the 2026 rates revaluation, you can consider appealing it. Fundamentally, you will need to demonstrate that the increase is too high in relation to your golf venue's perceived market rental value as at 1 April 2024.

Appeals can be lodged after 1 April when the new List goes into force. You can lodge an appeal (a 'challenge') yourself, or you can appoint a specialist in the area to do it for you. Indeed, you may already have an adviser acting on your behalf in this respect.

If you do not have an adviser and you wish to appoint a firm, just be careful who you appoint. Whilst there are some excellent professional advisers out there on the topic of business rates, the sector has been blighted with 'scammers' in recent years claiming to save you thousands in business rates, with some wanting upfront fees when, really, they know little about the topic. I suspect many of you have been bombarded with such spam emails.

Legitimate advisers in this area should be members of at least one the following professional bodies – RICS (Royal Institution of Chartered Surveyors), IRRV (Institute of Revenues Rating and Valuation) and RSA (Rating Surveyors' Association). They should also comply with 'The Rating Code of Practice', which has been drawn up by leading rating specialists at these bodies.

Lodging an appeal on your rateable value is usually a 'slow burn' process and can typically take anything from 6 months to two years to settle. However, if you do get a reduction, then any rates refund is normally backdated to the start of the Rating List with statutory interest added to the eventual refund. In the past some of the business rates savings in the golf sector on appeal, over the life of the relevant Rating List have been substantial, often running into tens of thousands of pounds.

If you need any further information on your rates situation, then feel free to contact me on 07951 587303 or mark@smithleisure.com.

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