



ADVICE AND GUIDANCE

MEMBERSHIP & GIFT AID

Introduction

All sports clubs are essentially membership bodies that exist for, and because of, the people at the club; members, players and participants. For clubs that use sport as a means of further wider social and community benefit, becoming a two-tier charity with a membership can be a powerful model. By empowering a wide range of people around a specific cause, this model enables clubs to grow stronger, impact society and have a sustainable funding stream.

This article looks at the nuances of structuring a membership for a sports club charity, focusing on managing memberships, membership fees and benefits such as gift aid.

Memberships

The details of a member's rights vary depending on the legal structure of the charity and the charity's membership rules but in general members have the following powers:

- To remove and replace directors/trustees
- To amend constitutional documents
- To approve transactions between company and directors/trustees
- To control any remaining assets when the charity is wound up.

It is often the trustees who have day-to-day control over the charity's operation, therefore the greatest impact a membership can have is the election of charity trustees.

Sports clubs with a two-tier membership (as opposed to a single tier of just Trustees) are likely to also have a separate document governing the terms of membership. The terms of membership should include reference to the following items:

- Who can join?
- Are there any membership criteria?
- What fees are payable?
- What benefits come with membership?
- How long does membership last and how is it renewed?

- In what situation can members be barred or removed?
- How are membership terms reviewed and amended?

Membership Fees

By their nature, charities' memberships need to be open to a sufficient section of the public and their structures ought to be for the public benefit.

When deciding whether a club has fees/costs that represent a 'significant obstacle' you must check:

- Whether the club charges membership fees over £1,612 a year
- If the costs associated with being a member of the club are more than £520 a year
- Where costs associated with being a member are more than £520 a year, whether the club makes a satisfactory provision for those that cannot afford to pay more than this amount

If a club charges any member more than £1,612 a year for membership fees then it would not be considered open to the whole community.

In order to be a more inclusive organisation, you may wish to set membership fees at different levels. For example, you could have concessionary rates (for young people, senior citizens, etc) and gold membership for more affluent members. For special members you could provide extra benefits such as discounts on training or events.

Membership Fees and Gift Aid

One of the main advantages of a sports club becoming a charity is the ability to claim Gift Aid on membership fees, something unavailable to Community Amateur Sport Clubs.

There's a statutory requirement, under Gift Aid, for payments to be gifts. This means that payments that are made to acquire goods or services are not eligible for Gift Aid. However, there are rules within the Gift Aid legislation that

allow charities to provide donors with token benefits, within specified limits, in recognition of their gifts (such as newsletters & other minor perks).

Most membership subscriptions are not gifts, they're made to gain access to the facilities and services provided by the charity, such as training or matches. However, membership subscriptions paid to charities that secure voting rights and the right to attend a charity's AGM are considered gifts provided they do not secure any right to the personal use of any facilities or services provided by the charity.

So, for example, subscriptions to a sports charity are not acceptable if they secured for members the free or discounted use of a golf course or a swimming pool that is not available on similar terms to non-members.

Where a charity separates the part of the membership subscription that simply gives the basic rights of membership and does no more than cover the basic administration costs of the charity, the membership element can be a gift.

A sports charity that charges a basic membership subscription, with additional, variable, training or playing charges depending on the member's standard, could regard the basic membership as a gift. The additional training or playing charges could not be treated as gifts. A charity that charges a

standard membership fee that covers membership and participation could not treat any part of the subscription as a gift if participation in the activities involved personal use of services or facilities.

Practical Tips for Managing Memberships, Payments & Gift Aid

One way to improve the way your club operates is to use a multi-function online membership management tool which makes collecting membership money easier and more efficient.

A lot of sports clubs and teams still collect their membership fees using cheque, cash or standing order. Chasing payments even once every year can often waste a lot of time and it may be worth looking at setting up an automatic payment method such as Direct Debit via a membership management system. Not only does using Direct Debit allow you to avoid waiting for cheques and cash, it also allows you automatically renew memberships every year. It helps your members to stay with the club for longer and reduces admin time for both for them and the club.

Be sure to speak to us about our preferred membership partner, becoming a charity and/or gift aid registration by emailing info@clubdevelopment.scot

OTHER SERVICES:

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Club Development Scotland is a one-stop resource for clubs of any size and scale to help them best govern and develop their activities. While we can't guarantee success on the pitch, we can show you a route to succeed off it as one of Scotland's leading sport club consultants.

Club Development Scotland is a consultancy service offering guidance and support to enable the development of sustainable sport clubs that win for everyone. We bring unrivalled experience in the community sport sector.