

Heswall Golf Club
Minutes of the Strategic Business Planning Meeting
Wednesday 26th October 2022

Numbers in attendance – 70.

The Chair of Council welcomed everyone to the Meeting and summarised the purpose of the meeting, which was to present a summary of the purpose and context of the Strategic Plan distributed to members by email on 17th October, explain the Club's financial operating context, and seek member feedback on the plan content. He confirmed that some members have already written in or spoken to Council members in person with their views, which have been reviewed and will be incorporated into the plan where appropriate. Following tonight's meeting, any additional feedback will be added to the plan where applicable and redistributed to members prior to seeking adoption by members at the upcoming Club EGM.

Chair of Council then guided members through the presentation which was displayed on screen, and further expanded on the main points as below:

Purpose of the Plan

It is important as a club we don't stand still, and we need to be continually improving what we offer members and visitors, and we can either do that by reactive short-term planning or we can look a little further ahead and proactively plan what we want to achieve over a longer period.

Therefore, the Plan sets out our vision for the club and its future development, with some key strategic objectives. It provides future direction for the club and identifies what we need to do to achieve our vision. In developing the Plan, the views of Council, Senior Staff and importantly, members (including through the recent Members' Survey) have been taken into account. Council will keep this plan under review and remain pro-active with our short/medium/long term planning.

The plan deliberately does not contain specific timelines, funding proposals or financial commitments for the major projects. Progression of those projects will depend on affordability, and the financial climate generally. Implementation of the projects will depend on members' support and agreement. Most importantly, we will be proceeding cautiously, and we will only do what we can afford.

The plan is divided into 5 sections (Foreword, Our Vision, Our Values, Strategic Objectives, Implementation). An excellent suggestion recently received from a club member to include something on Sustainability has already been agreed and will be included in the final draft.

Key Points

Chair of Council then presented some of the key points contained in the Strategic Plan – see attached slide pack for further detail.

Finance

On finance, Chair of Council noted that the club faces significant financial challenges over the next year and, therefore, the Plan recognises the importance of maintaining the continued financial stability of the club – ensuring that the annual income generated covers operating costs, routine capital expenditure, and debt servicing (our current bank loan).

Key actions under the Plan therefore include restricting increases in members' subscriptions only to what is required to safeguard the long-term financial stability of the club, keeping green fees and other charges under constant review, reducing wastage and identifying other cost saving measures (including a proposal to install solar panels to reduce our energy consumption). We will only consider proposing major capital projects when the time is right, and then consider all the funding options available to us.

Chair of Finance, Brian Dhenin, then presented the financial context to members, confirming as above that no major project planning would commence until the Club are assured of a full membership in 2023 and that we have met the budget for the first quarter successfully. He confirms that no commitments have been made currently to any major project, and the subscription proposals recently sent to members in the EGM agenda solely relate to the operating cash required for day to day running of the club in an uncertain financial climate.

The EBIDTA the club needs to achieve is £250-£260K, with our income mainly received from member subscriptions and external green fees. The main outgoing is our bank loan, which is budgeted to be circa £110K in 2023. We also need to ensure that our development fund is built up, allowing a contingency for emergencies.

The bank loan, taken out in 2009 with borrowings of approximately £2 million currently has a balance of approx. £1 million, and we have also still managed to invest approx. £700K in new course equipment over the last year through by the development fund. They have also built in tee improvements to the medium term plan.

With regards to major projects, and the priorities stemming from the members survey, Brian notes irrigation was one of the key themes. However, he also points out that in 2014, members declined the proposal on irrigation. Obviously, the system will be in further disrepair 8 years later, but would still be subject to members approval when brought to a General Meeting.

Several meetings have taken place with our bank in recent months to discuss funding options and rates. Although we are classed as in the 'leisure' bracket, which normally has a policy of 4 x EBIDTA maximum lending, due to our strong relationship they have strongly suggested that they would be willing to offer additional funding, subject to a down payment of 30% from the club. This could either be in the form of an initial separate loan of up to £100K which would not require the total loan to be reconsolidated on a new rate, and then a further loan at a later stage for a period up to 15 years. They also agreed to keep the loan repayments on a similar figure to the current monthly amount over the extended term. Therefore, should we opt to take out either loan for a major project, this would not have any impact on members subscriptions.

Brian closed by confirming that no decisions have been made as of yet on project timelines and costs, and that as and when Council agree each major project, they would be brought to a member General Meeting for approval.

What Happens Next?

Chair of Council confirmed that he would now open the floor to member questions, and any suggestions or feedback would be reviewed with amendments or changes made to the plan prior to the EGM.

Assuming the plan is adopted, it will remain under review and we will continue to gain member feedback regularly. A full review of the plan would take place annually. Around Spring, Council will assess the financial climate and review whether more detailed proposals for major projects can be progressed, ready for presentation to members.

Member Questions

Richard Larkins asked whether the club has accounted for legacy income. Chair of Finance asked him to clarify whether he was referring to schemes we have utilised such as land loans, but Richard noted that this was relating to member bequests. Chair of Finance confirmed that we do receive the occasional member bequest, such as a very recent donation from the late Patrick Kenney, along with the generous donations made by Stuart Cookson over a number of years, and members sometimes leave their land loan donation to the club in their will.

Bryan Baldwin thanked Council for this presentation, and noted that communication still seems to be a recurrent theme which can hopefully continue to be improved. He also mentioned that it is reassuring that no action will be taken on projects without full consultation with members.

He asked whether the members who attend these type of meetings are considered a fair representation of the membership as a whole, as in his opinion, to ensure a larger demographic of members can have their say, the club should consider remote meetings by zoom or postal vote.

Chair of Council noted that the club constitution currently only allows postal voting for Council roles, however this can be reviewed and taken into account. The full club rules review is already underway, led by Keith Housley, and a number of suggestions have already been received and are in process. He also notes that there are pros and cons to remote meetings or advance postal voting, such as those members not attending in person will not have the full presentation for any proposal and may not be fully apprised of the pros and cons of a proposals, and this could impact their vote.

Bryan Baldwin also mentioned that the clubhouse is very underused, especially upstairs and doesn't generate enough income to justify changes in his opinion. He asked whether the club plan to build up the business before committing to changes. Bryan thanked Martin Andrew for all of his work as Chair of Green, noting the improvements to the course since he took his position.

Chair of House, Alan Jones, responded to confirm that the ground floor is mainly considered a members area, and as such needs to be kept modern and functional to attract members to use the facility. The 1st floor he agrees is very underused and we continue to review options

on utilising this space, such as recent liaisons with local funeral directors. He also agreed that we should ensure a business case is made for any financial outlay. He noted that the membership system will be integrated shortly with our tills, providing further reporting options, and the General Manager, Joanne Lloyd, confirmed that many of these reports are already available for analysis, which allow the club to review patterns such as member card sales and timings.

Chair of Greens, Martin Andrew, thanked Bryan for his kind words, confirming that the improvements are down to the efforts of the Course Manager and his staff, with Martin as Chair of Greens alongside the Greens Committee providing support.

Bryan asked whether drainage work could be linked to the irrigation project as we experienced course flooding during Covid. He noted that, if all of the available funding went to irrigation, would this not cause a problem with the drainage?

Martin Andrew responded to confirm that these are two distinct issues, with the majority of the drainage work able to be rectified and addressed in-house by the Greenkeeping team. For example, holes 17/15/11 are already planned for winter work. However, the irrigation is a specialist project and requires contractors. We have again engaged Adrian Mortram, who is an expert in this field, to provide assistance with this as he did in 2013 when the scheme was rejected. Martin notes that issues raised at that time have only worsened as would be expected. He also mentions that we have 'got by' this year, with Green staff working split shifts which is unsustainable moving forward. Those courses with good irrigation systems show what can be achieved solely due to a good watering system. It was also pointed out, however, that any new irrigation system would only cover tees, bunker surrounds, and greens (including fringes, aprons and approaches) – not fairways.

Bryan Baldwin asked whether, historically, the club feel that we have always spent wisely on projects and asked that Council are mindful of robust procurement and due diligence procedures for future projects. He also noted that there are a lot of skills within the club members that could be utilised when planning for these projects, as well as looking outside the normal Committee structure for assistance.

Brian Dhenin confirmed that all decisions are made in good faith with due diligence carried out for all proposed projects, sourcing multiple quotations and requesting detailed plans, before they are submitted to Council for approval.

Chair of Council also notes that the Strategic Plan specifically mentions improvements in due diligence and assurance, and agrees that lessons should be learned from the past.

Stephen Roberts commented that to attract people in volume, will investment in the facility solely increase these as he believes that, as a club, our rules and regulations automatically limit footfall. He notes that we should look externally to successful venues for good practices and feels that the bar area requires a complete redesign to ~~be~~ achieve its full potential. Any smaller improvement, such as in the spike bar alone, he feels is a waste of money for income generation unless it is viewed solely as an improvement in the environment for members.

He also notes that upstairs is limited by space for larger events and functions unless we look to utilise the snooker room space.

Bryan Baldwin (Chair of Snooker) agreed that he would support a change for the snooker room if a business case could be made for any relocation.

Chair of Council confirmed that, as a members' club, we need to have a strong focus on the member experience, therefore it had been proposed in the Strategic Plan that the priority would be the lower bar areas initially.

Richard Larkins asked whether the procurement process be issued to members prior to presenting any major project, such as by a zoom meeting. He also asked whether the bank would agree to draw down loans rather than individual loans, and asked what the review regularity is for the plan.

Chair of Council noted that using Zoom or similar is a good idea for a consultative meeting, and confirmed his prior statement that the main review for the Plan will be annual. In between, when there is progress to report to members on projects, this will also be duly provided.

Brian Dhenin noted that, if we take up the bank loan, we can draw down on the facility, however the overall rate would then be subject to change whereas a separate loan does not require this.

Howard Williams asked whether money received from subscriptions could be utilised to offset the loan, as we must receive a substantial amount of monies upfront annually.

Joanne Lloyd noted that many members are now on direct debit, which reduces the up-front payments. Brian Dhenin will liaise with the Treasurer on this point.

Graham Dixon queried the money spent this year on machinery, as he does not believe members were consulted on this spend. He also questioned the subscription increases in the current climate, and asked whether this rise is connected to planning for major projects. Brian Dhenin confirmed that the machinery items and costs were detailed to members individually in the previous year's EGM and approved by members with no objections. This was spent from the development fund and was required as per our routine machinery replacement schedule in agreement with the Course Manager, Greens Committee and Council.

Chair of Council also confirms that the subscription increases, although for discussion at the EGM, are purely to fund the day to day operations of the club with a small surplus (if any) to grow the development fund. The Treasurer will present the Finances fully at the EGM.

Bryan Baldwin asked to reinforce his earlier point that the club should ensure as many members as possible can attend and vote at General Meetings, especially when discussing items such as those raised by Graham Dixon.

Keith Housley confirmed that the email requesting members confirmed their attendance at this evenings meeting, was to ensure that, should we exceed capacity on numbers wishing to attend we consider an alternative venue as we have done in the past. All members are encouraged to attend each meeting, and Keith Housley notes that higher number of members generally attend for larger decisions. He agrees that Council should always bring major expenditure items to members for approval, and that zoom could be a consideration.

Simon Banks notes that he voted against irrigation in 2014, but has changed his opinion on this recently with the realisation of the impact on course conditions and grass.

Martin Andrew confirms that greens, tees and surrounds will be covered but not the fairway areas. However, the plan is to get the turf and grass as healthy as possible for members to have the best chance to play year round.

Ray Parsons asked whether we will require a new borehole if we go ahead with the irrigation project.

Martin Andrew confirmed that work is underway on the current borehole to assess whether it is sufficient for our means, the tank capacity will also need to be addressed.

Chris Hornsby asked whether the club needs to be realistic about what we can achieve such as visitor income levels, when we are primarily a members club. He also notes that we should not underestimate how difficult 2023 may be financially, and not commence any projects until we have clarity on this point.

Chair of Council confirmed that we will only move forward with projects when the time is right.

Neil Moulden mentioned that he feels the strategic plan is missing objectives for targets, along with detail on how these objectives are measurable.

Richard Larkins noted that he doesn't feel the document makes sufficient mention of the importance of the Golf Professional and his team to the club.

David Stonley noted that, considering we are a members club, and we do not have a guarantee that the bank will provide financing, has the club considered internal funding such as life membership.

Chair of Council and Chair of Finance agree that all proposals will be considered for funding when moving forward with project planning, with any type of fundraising internally considered.

John Heath noted that circa 2004/5, he was part of a group tasked to review options for fundraising, and they provided approximately 14 different suggestions, a number of which were taken up. He is happy to share these with Brian Dhenin.

He also notes that the club need to look at developing funds in different ways so that when projects come up, the money is already in place to fund. He confirms he had previously spoken to other members regarding individual donations, which had a good degree of success at the time. He believes there is a lot of goodwill in this club which Council need to tap into more.

Brian Dhenin confirms that projects will not commence until the relevant funding is in place. He notes that the club is in a strong position, but to continue to improve we need to invest in development.

Richard Larkins asked why the Finance Committee minutes are not available to members. Brian Dhenin notes that there are often sensitive items discussed at Finance, but the Treasurer provides a report monthly for members on Finance in the Council minutes.

Chair of Council closed the meeting by thanking members for their time and feedback, and confirmed that all comments will be reviewed and a final draft of the plan will be issued shortly prior to the upcoming EGM.