

From: Secretary <secretary@peeblesgolfclub.com>
Sent: Friday, June 19, 2020 7:06:24 AM
To: Tatler, Robin (Councillor) <Robin.Tatler@scotborders.gov.uk>
Subject: RE: Peebles Common Good Fund

CAUTION: External Email

Hi Robin

I hope you are well.

As agreed, I said I would revert to you in June to give you an update on how the club was faring during the crisis.

I have attached an updated spreadsheet that provides a "Best Estimate" for the current year (through to 30 Nov 2020) and a high level forecast for the next three years.

At a high level, our "Best Estimate" for 2020 has improved markedly, with the forecast deficit reducing from £97k to £43k against our original budget deficit of £31k.

Whilst we are very pleased with this and the response from our members, which has been heart-warming and fantastic, we still require the support of our major stakeholders as we navigate our way back to a position of sustainable viability.

The Board has asked me to make a formal request to the Peebles Common Good Fund for the following: -

- Waiver of the next two quarterly payments (due July and October 2020).
- A reduction in our annual charge as follows: -
 - 2021 – 20% reduction
 - 2022 – 15% reduction
 - 2023 – 10% reductionTo be clear, the proposal is that we would resume payment of the rent (at the reduced level) on a quarterly basis with the first payment due in January 2021

I explained the context to our current situation and the Board's strategy in my emails dated 26 & 31 March 2020 (part of this email trail) and these remain valid. We are dealing with a dynamic situation that has driven changes to both our forecast income and expenditure and I would draw your attention to the following points, which should help you interpret the attached spreadsheet and the rationale for our request.

- Compared to our previous "Best Estimate", our income has benefitted from two key sources of income: -
 - Increased membership from both existing and new golfers post the return of golf. People would appear to be returning to golf and we are clearly benefitting from being one of the few sports that can be played safely whilst the country remains in partial lockdown. It has been great to see the return of some younger adults, who have taken the view that football and rugby will not be returning any time soon. Our challenge will be to retain them next year when these other sports are back on the agenda. Whilst the new membership activity is encouraging, we are still forecasting a shortfall of 8% to our 2020 budget number for subscription income.

- We raised over £11k from our Members' Appeal Fund. This fund sought contributions from members whilst the country was in full lockdown. The appeal was specifically aimed at those, who had retained full pay or pension on the basis that, with limited options for discretionary spending, they would have extra cash in their pockets. The appeal more than exceeded our expectations and demonstrates the importance of the golf club in the lives of our local members.
- The increased income above has been offset by a reduction in bar and visitor income, reflecting the need for social distancing for some time to come – i.e. it will take longer than expected for these income streams to return to normal. The other variances are relatively small but are spread across our cost base reflecting the evolving landscape.
- Based on a deficit of £43k, we will have enough cash reserves to see us through to our next renewal in March 2021. However, there will be a real need for the Board to agree a realistic and achievable budget that starts to rebuild our cash reserves. In practice, this means a budget that delivers an end result much closer to a break even position.
- The “2021-2023 P&L” tab illustrates forecast financial performance over the next 3 years based on a number of assumptions. Key points to note are: -
 - The starting point on line 4 is our budget loss for 2020. We have used this as it reflects our current operating model against a normalised year. There is already some stretch in this budget figure, as compared to 2019, it assumes increased income from our bar and visitor activity. This reflects our ethos as a community based club and our decision last year to open the clubhouse facilities to the general public. We have one of the best (and cheapest) function venues in Peebles and we want to build a business that supports a variety of functions from celebratory dinners to parties and from funerals to ultimately weddings.
 - We have then set against this figure a variety of targeted cost savings (lines 6 to 23). This produces a net deficit on line 25 – i.e. the forecast net deficit for 2021 is £40,655. This level of deficit is unsustainable and the only other lever we can pull is to increase member subscription rates.
 - The table incorporating lines 43 to 57 outlines a potential fee structure over the next three years that would be required in order to reduce the deficit to a more manageable level and ultimately return the club to profitability in 2023. Line 36 highlights the positive impact the proposed fee increases have on the bottom line – i.e. the deficit in 2021 is forecast to improve from £40,655 to £12,510.
 - The key risk here lies in the proposed level of fee increases (i.e. between 12-15% in year one for our full adult and senior membership). On the back of several years of price increases, this is not an easy sell and we risk losing a proportion of our membership, which would then risk the future of the club through a lack of cash generation. Whilst the proposed fees compare well with our peer group, there has always been a strong resistance to price increases. Peebles Golf Club is a “broad church” and whilst a sizeable element of our membership would support and could afford a material price increase, there is an equally sizeable element that would resist. We need to bear in mind that local employment does not pay well and with the post Covid-19 economic recession, some of our members could find their employment status and earning capacity under threat.

So in summary, we have a fantastically supportive core membership that has really come to the fore during this crisis, not only in financial terms (Members' Appeal Fund) but also in terms of volunteering support across the course. Together with our modern clubhouse, we have a great facility that benefits both local residents and the wider economy of the town by being an attractive visitor destination.

We are working hard and making good progress in securing the short term future of the club and this will buy us time to present a revised operating model to the members that steers a path towards a sustainable future. However, selling and delivering this plan is not without risk and the club has limited scope to underachieve against future budgets.

We do not make our request to you lightly. However, as a key stakeholder, we believe that your support over the short term will help the club recover from this global crisis and secure a sustainable future that is a benefit to all concerned.

As always, the Board and I am happy to answer any queries you may have.

Kind regards

Alan Frain
Secretary

Peebles Golf Club Committee



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