



## Summary of Key Discussion Points at Member Information Sessions Held on Thursday 22<sup>nd</sup> September , 2022

### Overview

A total of 63 members and several Council members attended 2 information sessions (2-4pm, 7-9pm) on Thursday 22<sup>nd</sup> September, 2022 in the Clubhouse. Please note that these sessions were for information only and no decisions were taken.

### Key Discussion Points

#### ***Organisation, Governance and Incorporation.***

**Q This governance, organisation and incorporation topic has been brought up within council for many (10-15) years yet no action has been taken so far? Why not?**

Agree that this has been considered in principle before. We were obligated to review this again following the AGM last year. Golfing governing bodies such as Scottish Golf are advocating improved governance and incorporation and are providing assistance on such a transition as more clubs in Scotland move or are considering a move over to a limited company. Furthermore, given the size of the club, the number of employees and the increasing regulation and legislation, incorporation is considered appropriate. Finally, there also appears to be a greater “appetite” for this transition from a Council liability perspective and since our financial position is better than previous years.

**Q. What type of Limited Company is being considered?**

There are 2 types of limited company that could be pursued - limited by guarantee or limited by shares. For a Golf Club limited by guarantee is typically most appropriate. Most recent incorporation example is at Ladybank.

*Note further information will be provided ahead of the AGM. It is likely that the Council will seek Members approval to progress to the next stage in the governance, organisation and incorporation process (appoint legal/tax professionals, potentially £15-20k). It should also be noted that ultimately members would see little change over the current model - this is really about separating the business element from the golfing element. We would hope to manage this work via a small sub group of council and members directing the appointed professionals and communicating with members.*

**Q. Can you confirm that the golf side will be kept separate from the business side?**

Yes this would be the case and it is one of the main drivers for a change in governance and organisation.

**Q. If club becomes incorporated will we still be able to recover VAT and would there be corporation tax implications?. Would there be VAT on member’s fees?**

These are very good questions which will have to be addressed if we progress

**Q. Is there a breakdown of the £15-20k cost?**

At this stage this is just an estimate of the costs associated with legal, tax and land registry fees.

**Q. Are there any downsides to incorporation?**

Other than the cost to set up as mentioned above the only downside would be the extra legislative work to file accounts etc. From a members perspective you should see little change.

**Q. Will club fees increase to cover this cost?**

The budget for 2023 is currently being developed and therefore it's not known if fees will rise specifically to cover this one off cost.

**Q. Will members will become shareholders?**

If the company is limited by shares then members will become shareholders. However, more typical and appropriate for golf clubs is a company limited by guarantee. In a company limited by guarantee members agree to pay a nominal sum (usually £1 each) in the event of the company being unable to meet its obligations.

**Q. How does the link with the Carnegie Trust impact incorporation?**

Recent meeting held with Carnegie Trust and they indicated that they would support the move to incorporation but would obviously require their 'interests' to be protected within any legal framework.

Clarified that the club owns the building, however if land sold 4/7ths of the sale would be taken by Carnegie Trust.

**Q. What organisation would be required to support a limited company?**

There are many different organisational structures that club could adopt (whether we incorporated or not) and these need to be evaluated.

**Q. Would the current council become the Management board?**

In other golf clubs certainly some existing council members have filled board positions partly as a way to help the transition to the new structure. This has all to be evaluated.

**Q. What would be the process of recruiting a board?**

Other golf clubs have formed a separate nomination committee (e.g. made up of past captains) to recruit board members. This has all to be evaluated

**Q. Just like we struggle to get council members on board would we not also struggle to secure board members?**

This is a concern. However, based on experience at other golf clubs filling board positions seems to be easier as it would incur less liability, be more business focussed and provide more continuity.

**Q. Is the experienced, strategic, senior management post referenced in presentation similar to what was tried previously?**

In principle yes, although this obviously didn't work out as planned. This role can be filled by a Club Manager, General Manager or a Director of Golf. The exact post is a function of the size and complexity of the Club and the funds available.

***Course Development (CDP) and Winter Plans***

*Note that any significant changes to the course will be referred to members for approval*

**Q. What is the rationale for removing the 15<sup>th</sup> bunker?**

It was advised that the bunker at right of 15<sup>th</sup> fairway isn't a substantial hazard or a feature that can be seen from the tee. Significant work would be required to make this bunker an appropriate hazard and a feature. Alternative option being proposed would be to fill in this bunker and provide a copse of trees to the right of the bunker as a hazard. Another option raised by member at meeting was to make this a grass bunker. A member also stated that the 15<sup>th</sup> bunker would be easier to get out of than the proposed copse of trees. Removing this bunker will also reduce the maintenance requirement. Further work will be carried out on the options and rationale for this bunker.

**Q. Has the previous consultant report (Howard Swann) been considered in the updated CDP?**

Yes this report was reviewed and considered when updating the CDP

**Q. The 13<sup>th</sup> hole bunkers should be considered more of a priority than bunker at 15<sup>th</sup> or the 2<sup>nd</sup>, or 9<sup>th</sup> front bunkers.**

The 13<sup>th</sup> hole bunkers are considered the priority. The exact modifications required are proving difficult because of the steep face and slope. Advice is being taken from Gleneagles. The 13<sup>th</sup> bunker work will be an extensive project. Decision deferred pending further consideration.

**Q. What is rationale for converting the 16<sup>th</sup> hole 2 spectacle bunkers into 1?**

Currently if ball is in the right hand bunker you have to play a shot over another bunker to get onto the green which is considered 'unfair'. Proposal is to convert these 2 spectacle bunkers into 1, keeping left hand one and approx. 2/3rd of right hand bunker.

**Q. Is there still a plan to remove the trees with the white spots in order to help the green/tee areas as they are conifers and not indigenous?**

It was advised that trimming will continue this winter and the green staff will take down what they can but focus will be on specific trees in the CDP and any dead/dangerous trees. Nevertheless, there is a need to develop a longer term tree management plan in which these white spotted trees would be considered.

**Q. Would not like tree between 8th green and 9th tee to be removed as it provides some privacy/protection to ladies tees?**

Removal of this tree is recommended to improve condition of the 9th tee (analogous to improvement of ladies tee at 7th after conifers were removed).

**Q. Are the conifers at back of 9<sup>th</sup> tee to be removed to improve the 9<sup>th</sup> tee?**

They are not currently planned to be removed but are to be trimmed

**Q. Can we trim trees on left hand side of 13th & 16th holes as these branches are prohibiting tee shots?.**

It was advised that this will be covered in the annual tree trimming programme

**Q. It was recommended that the 1<sup>st</sup> tee must be fully redone if extending as the full surface needs to be levelled.**

This will be reviewed by the Greens Committee

**Q. Bunkers should be a priority before tees and decision on which bunker styles we want/need throughout the course to be developed. Rollover bunkers are too much maintenance as sand**

**spray kills the turf. Recommended bunker style should be proposed at AGM for members to endorse.**

This will be reviewed by the Greens Committee

**Q. Will all bunkers be filled with the new sand?**

Ultimately yes as the old style sand is no longer available. Bunker sand will gradually be replaced in phases during maintenance and top ups.

### **Catering**

*Note that further enquiries underway about catering – with 2 further possibilities being pursued. However, if caterer cannot be secured will be looking at Stephens type food over Winter period with event caterer being used for prize giving.*

**Q. Do we not already have a public license in place as previous caterer had visitors by using a '£1' temporary social member fee?**

Based on feedback from the caterers being interviewed opening to the public will be required to make the catering provision at the Club more robust and attractive. Initial investigation suggests a cost of £900+ for such a license. Not clear if previous arrangement is still appropriate but will be reviewed. It is likely that the Council will seek approval at AGM to obtain a public license.

**Q. How would we market catering to entice members to utilise facility and “buy into it”?**

To ensure a good sustained catering offering it is essential that members buy into it and support it!. In discussions with caterers being interviewed they all say that “their food speaks for itself” and they build up the clientele based on word of mouth. However, we would have to work in partnership with the caterer to market via social media, community outreach...

**Q. Have you considered a partnership type model with the caterer?**

Several models were considered. Preference at this stage was to replicate the existing franchise arrangement and gauge interest. Partnership type model is possible (and works at other clubs) although at a cost to the club – we will further review models as required.

**Q. Why have catering hours being very limited recently and not adhered to?, Marketing could be better.**

It was agreed that there have been issues recently – partly related to lack of demand. A key consideration for any new caterer would be to fulfil the required hours.

**Q. Why can we not have longer hours especially on Opens?**

Think that we did have longer hours for key Opens. Also understand we did try to open earlier on other occasions but there was no demand. This will be a consideration for any new caterer.

**Q. It was suggested that the kitchen should be moved downstairs as soon as possible. Also suggested that upstairs dining room be used as a bar for members when functions downstairs.**

As detailed in the repurposing of snooker room options relocating the kitchen downstairs would incur a very significant cost. More importantly all the caterers interviewed wanted to better utilise the dining room (which they considered a ‘catering’ asset) and in this case the kitchen location is appropriate. As they pointed out if we relocate the kitchen downstairs and still use the dining room we have the same problem in reverse!. What was discussed was that a small satellite type kitchen downstairs to serve golfer type fayre would potentially be beneficial. This will be further considered.

**Q. Why can catering not be provided from 8am-8pm?**

It was advised that this hasn't been feasible from an economic perspective as demand was not sufficient. Hopefully with new caterer, and potential for opening to the public like other clubs, longer hours will be viable.

**Q. Why is the 'halfway house' not functioning? Why can't we have food on the 9<sup>th</sup>/10<sup>th</sup>?**

Unfortunately we have had problems with reliability of phone used for the 'halfway house'. If demand exists then perhaps food at 9<sup>th</sup>/10<sup>th</sup> could be appropriate like that provided on the Pro day.

***Repurposing of 'Snooker Room'***

*Note that although several options for the 'snooker room' were discussed and presented it was advised that council are not progressing any change or members approval until catering provision has been secured as a pre requisite for securing catering might be provision of a 'satellite' type kitchen downstairs.*

***Other Topics - Building***

**Q. Have we received a quote for lime washing and masonry repair?**

It was advised that estimate was finally received within last few weeks at approx. £110k (includes scaffolding). It was hoped that we could receive another estimate but there are only 4 qualified contractors for this work in Scotland and most are booked until late 2023 and were not willing to provide an estimate. Plan would be to fund this from development fund (£100k). Earliest start date would be Spring 2023 with work carried out in 3 phases – north and east side of building are highest priority for repair.

**Q. Can the spiral staircase be improved – cleanliness, safety?**

It was advised that we are currently obtaining a quote for a deep clean and restoration of the staircase.

**Q. Can Historic Scotland offer financial support for the building masonry repair and limewash?**

We applied to Historic Scotland for a support grant. They recently replied and unfortunately this type of work is considered maintenance and does not qualify for a grant!.

**Q. Have you investigated using Keim products as an alternative to lime washing?. Product is cheaper and lasts longer.**

This option was not known to the Council. However, brief look indicates this could be a good option as it does appear to be considered acceptable by Historic Scotland. This will be investigated further.

**Q. What is status of upstairs flat project?**

It was advised that club was quoted £150-250k for full refurbishment to be in working order for tourist accommodation. There are also health and safety implications with overnight occupation and access, so project on hold for now. Also doubts about potential income that could be secured.

**Q. How will the energy costs be impacted by recent cost increases?**

It was advised that likely increase of £15k-£20k per year from £30k to £45k per annum. However, club on fixed term 3 year contract at good rate and will receive further financial business help from government that has just been announced in regards to the energy cap.

### ***Other Topics - Insurance***

It was advised that we have had a rebuild valuation for the Building as required by our insurers as this has not been carried out for several years. The rebuild valuation has increased the value to be insured from £2m to over £7m. This has significantly increased our annual insurance cost (+£20k).

### ***Other Topics – Irrigation***

It was also advised that we have recently received a quote for replacement of the irrigation system (main headers, laterals to tees and control system) for approx. £250k. Additional quotes are being pursued. The club will probably look to finance this over several years.

NJD/MB

October 2022