

County Armagh Golf Club Savings Implementation Plan

Update for Members
Wednesday 18th June

Context

- The first Moore Grimley report in 2012 highlighted the significant financial challenges faced by the club
- From 2008 - 2012 income fell by 14.5 % but expenditure only fell by 4%

Year	Income	Expenditure
2008	£524,985	£512,617
2009	£501,659	£522,370
2010	£476,641	£502,496
2011	£482,374	£535,443
2012	£448,570	£492,382

Context

- In 2013 Council established a Savings Committee to review all aspects of expenditure and income in the club.
- The Savings Committee report aimed at reducing costs and generating additional income was approved by Council in September 2013.

What Council said it would do

- Restructure the office, reduce costs and establish better financial controls
- Reduce Bar costs
- Reduce Course costs
- Change the Professional's role and reduce his retainer
- Reduce clubhouse costs
- Develop a new approach to marketing/increase income
- Deliver an estimated annual savings of £68,000.

Restructure and Reduce Office Costs

- Office Manager made redundant.
- Financial management, payroll and invoicing outsourced.
- Recruitment of a part time clerical assistant underway.
- Office procedures and practices reviewed .
- New arrangements put in place in for procurement and financial management.
- Estimated savings (year 1 £4,000) Annual (£9,000)

Course Savings

- Review of working hours schedule completed.
- Introduction of annualised hours to reflect the business needs of the club.
- Abolition of double time and introduction of revised weekend working hours.
- New contracts signed to reflect revised working arrangements.
- Estimated savings (Year 1 £3,000) (£11,000 per annum)

Reduce Bar Costs

- Bar Manager took voluntary redundancy.
- New management/bar committee arrangements.
- Senior Bar Person Post identified and recruitment underway.
- Capping of staff hours to reflect business needs.
- Clearer stock control/purchasing arrangements and management targets.
- Increase the gross profit to 48% (achieved 49% by April).
- Estimated savings (Year 1 none because of restructuring costs) (Per annum savings £20,000).

Professional

- Revised contract including pay on performance targets.
- Reduced retainer.
- New marketing role for golf and societies.
- The club is on target to deliver increased income from societies/green fees in 2013/14.
- Future savings per annum £2,000 plus additional income generation.

Marketing and Income Generation

- Marketing Sub Group established.
- Entertainment Programme reviewed.
- New Membership options promoted.
- Membership research planned in the coming weeks.
- Potential new income generation projects – classics; gala ball; 40th Anniversary of Clubhouse/Course May 2015 – we need your support.
- New sponsorship proposals being considered for 2015.

Reduce Clubhouse Costs

- Savings of £12,000 were achieved in 2012/2013.
- The switch from oil to gas saved £7,000 per annum.
- Further savings in this area will be minimal.

Highlights 7 months to 30 April 2014

Expenditure Area	Actual	Budget
Clubhouse		
Bar Turnover	£123,706	£126,000
Bar Surplus	£60,608	£59,500
Margin	49%	47%
Bar Wages	£46,691	£33,833
Overheads	£44,777	£44,687
Total	£91,467	£78,520
Course Income		
Subscriptions	£224,950	£250,000
Others	£27,729	£50,808
Total	£252,679	£300,808

The story so far

- The establishment of the Savings Committee in 2013 put a real focus on the need to reduce costs, with an immediate impact.
- The operating deficit fell from £43,812 in 2012 to £10,656 in 2013, despite a reduction of £22,000 in subs.
- In 2013 the clubhouse deficit fell by £29,000 as a result of bar wages falling by £5,500, power, repairs and miscellaneous by £16,000 and the bar surplus increase of almost £12,000.
- Estimated savings of £7,000 in 2014.
- Future estimated savings £42,000 per annum.

Projected End of Year Financial Position (End of April Estimate)

Estimated overdraft at 30 Sept 2014

£77,231

Estimated overdraft at 31st January 2015

£120,000

The cost of being in debt

- Estimated interest charges for 2014 are £8,500.
- That is a cost of approximately £20 on everyone's sub (based on 400 units).
- There is no flexibility to develop the club or deal with contingencies.

Conclusions

- The need to reduce our debt remains the No1 priority.
- We have much stronger financial management information but we don't have reserves/emergency funds.
- Costs have been cut and further reductions may have to be considered. Members should have confidence that additional revenue will not be wasted.
- Need to focus on income generation.....
 - i) new memberships;
 - ii) increase in subscriptions/levy;
 - iii) additional green fee/society income;
 - iv) sponsorship; and
 - v) major fundraising drive.

Council does not have all the solutions and we need members support.

Questions