

Minutes of the CGLMC Full Meeting Held in the Greenkeeping Sheds on Monday 6th November 2017

Present: P Sawers (Chairman), C Yule, A McArtney, I Frier, A McColgan, J McLeish, J Gilbert, G Paton, K Fraser, D Cheape, L Gordon, B Myles

In Attendance: M Wells (Chief Executive), D McDonald (Finance Manager)

The meeting began at 1900 hours.

1. Apologies:

A McKeown, G Murray, T Healey

a) Any Additional Agenda Items

No items.

c) Declarations of Interest

C Yule declared an interest in one of the Community Benefits applicants, as he was absent for the original Community Benefits sub-committee meeting.

2. Approval of the Minutes of the CGLMC Meeting of Monday 25th September 2017

Amendments: I Frier asked that on Pg 92 item 15, Chief Executive's Report, should say "Scotrail having greater capacity for The Open".

Approved: L Gordon

Seconded: J Gilbert

a) Matters Arising Therefrom:

- i) Hotel weddings parties using the 18th Green, would be covered in the CE's report.
- ii) Update on the Golf Centre and possible discount in the bar/restaurant would be covered in the CE's report.
- iii) K Fraser enquired as to the position with the Trust's business plan. The Chief Executive confirmed that this is ongoing and is referred to within the Chief Executive's report.

3. Greens Business

a) Approval of Minutes of the Greens Meeting of Monday 16th October 2017

Approved: G Paton

Seconded: L Gordon

b) Matters Arising Therefrom:

Road Works

J Gilbert asked if there was a confirmed date for the works starting on the road alongside the Burnside. The Chief Executive confirmed that it would begin on Monday 13th November.

4. Finance Business

a) Approval of Minutes of the Finance Meeting of Monday 30th October 2017

Approved: J McLeish

Seconded: K Fraser

b) Matters Arising Therefrom:

Season Ticket Prices

The Chief Executive summarised the proposed season ticket price proposal from the Finance sub-committee. He explained that the proposal was to freeze the ticket price for 2018, which would compensate for disruption caused from the course closures during The Open. The Chief Executive explained that the Finance committee had recommended that a full audit be undertaken to review season tickets prices for the 2019/2020 season onwards. The Chairman also indicated that there had been discussions of the detrimental impact that the price of a Carnoustie Golf Links season ticket was having on other local courses. She added that there was a recommendation from the Finance sub-committee to close the book and only sell new season tickets to Carnoustie residents for the 2 course 5 day ticket only.

The Trustees approved the following:-

- (i) A review/audit of season ticket and green fee prices be undertaken by the executive.
- (ii) No increase to the season ticket price for 2018/2019.
- (iii) On the provision that the executive can implement without any significant concerns, Carnoustie Golf Links will only sell new season tickets to Carnoustie residents and this must be a 2 course 5 day ticket. This will be implemented from 1st January 2018 until the audit is completed.

Golf Centre Costs

The Chief Executive summarised the consolidated financial position on the new Golf centre build, having undergone a full analysis of commitments which the board had made. This also included clarification on the non-recoverable VAT cost and inclusion of expenditure not previously provisioned within the contract. While this presentation of overall expenditure has risen, all foreseeable elements are now presented appropriately within the budget. K Fraser highlighted that the cost for the supply and installation of the Golf Centre golf simulators had not been included within any projection of the overall building cost. While it was acknowledged that the simulators were being financed through a lease agreement, it was agreed that they should be factored when reporting on the overall building cost.

A McColgan asked that the executive undertake a revenue analysis on the golf simulators to explore potential income that could be generated and used to offset the purchase cost. He also asked that this income be reported in future projections. The board agreed that this should be carried out and the Chief Executive will action this.

5. Pro Shop Business

I Frier informed the Trustees that the C Sinclair and his team had reached £1million in sales for the year and praised their hard work. This was recognised by the board.

6. Remuneration and Reward Business

No matters.

7. Major Projects Business

The Chairman advised that the only Major Project was the Golf Centre and this would be covered fully in the Chief Executive's report.

8. Tournament Business

A McCartney explained that next year's Links Ladies and Men's Championship would include qualification to the R&A's 9 hole event taking place on the Championship course on Saturday 14th July 2018.

A McCartney explained that the Senior Open had sold very well and there were only a few spaces left. This showed that the event is still very popular even although the price has increased.

9. PR Business

L Gordon commented that Carnoustie Golf Links had been mentioned on the front page in various positive articles in the Guide and Gazette recently.

11. Season Ticket

No matters.

12. Community Benefits Business

a) Approval of Minutes of the Community Benefits Meeting of Wednesday 1st November 2017

Approved: P Sawers

Seconded: I Frier

b) Matter Arising Therefrom:

Applications and Awards

G Paton covered the applications that had been granted funds by the Community benefits sub-committee and asked for approval. A discussion took place regarding some applicants that might be regarded as businesses looking for funding. The reasoning behind the grants was explained by G Paton and why some were being offered a donation only.

G Paton explained to the board that the donation to the Carnoustie Community Council for the Christmas lights was made over and above the donation amounts listed.

The Board agreed to approve the following:

- (i) The 14 donations as listed and presented to the board.

Approved: D Cheape

Seconded: P Sawers

13. Environmental Business

No matters.

14. Health & Safety

No Matters.

15. Chief Executive Report

CGLMC Ltd Business Plan and Strategy

The Chief Executive outlined ongoing work around strategy and his intention to present this to the Board in January 2018. He explained that any review and scope will be cognisant of the existing business plan and will be developed before re-submitting to Angus Council by 1st April 2018. The Strategy/Revised Business Plan will broadly take account of Governance, organisational structure review, shaping the future, digital offering, brand, Angus Council lease agreement and long-term security.

The Chief Executive encouraged the Trustees to meet with him to discuss their ideas around next steps for the Trust.

Brand Strategy and Development

The Chief Executive explained that Brand is central to the overall business strategy and that it is essential that we position our organisation appropriately and with consistency, taking advantage of The Open year and establishing a solid foundation for the future.

The Chairman explained that The R&A Chief Executive had recently expressed some concern around the Trust's brand perception and would support any development. K Fraser said he was fully supportive but would have liked a board paper showing the KPI's and risks, to support decision making, which the Chief Executive acknowledged. D Cheape asked the Chief Executive about cashflow and the timeline to implement brand development. The Chief Executive who acknowledged that ideally more time would have been given to develop this piece of work. However, the opportunity which The Open presented was too great to miss and provided an otherwise unaffordable market audience. He added that additional expenditure for brand development had been discussed and recommended for approval to the full board at the recent Finance committee meeting and that it had it had also been verified as affordable by the Trust's accountants.

The Committee agreed to approve:

- (i) the expenditure for a brand strategy and for work to commence as soon as possible.

Approved: P Sawers

Seconded: J Gilbert

Update on the General Build of the New Golf Centre

The board noted the report provided by the Chief Executive within the agenda papers. It was agreed that the Chief Executive would closely monitor build progress to ensure adherence to the revised completion date.

Bar & Restaurant

The Chief Executive updated the board on the current status on the appointment of a bar and catering operator for the new Golf Centre. He summarised the report within the agenda which took the board through the journey of tendering, evaluation and scoring of potential operators and final conclusions by the F&B working team. The conclusion of this evaluation was a recommendation to take the operation in house, supported by a high-profile consultant chef.

The board and the Chief Executive proceeded to discuss in detail the recommendation and explored risks, internal existing capacity and the difference in position from that contained within the original Business Justification Case prepared by CDLH. In particular, the following points were raised;

- I Frier asked for clarification on evening use of the restaurant and where the figures for this were presented within the business plan. The Chief Executive highlighted where restaurant guests were provisioned within the projected income analysis.
- D Cheape asked for clarification on the terms of employment of the consultant chef, which the Chief Executive explained was currently in negotiation, but he would be looking for an initial 3 year commitment with favourable provisions and break clauses for the Trust.
- K Fraser expressed concern over significant changes to the bar and restaurant operation from a 3rd party operator to in-house. He emphasised to the board his opinion of an increased risk that operating this business in-house could present and asked that additional information be provided to the board surrounding risk identification and measures to mitigate this. D Cheape also commented on the risk exchange from the original thinking within the feasibility study and the requirement for this to be fully understood by the board. He also described that the business model as presented included significant volumes of variable costs, to match the proposed income, which would reduce or increase in-line with actual revenue. The Chief Executive agreed with this point and added that various procurement control and labour efficiency systems are to be included within operating procedures in order to provide rigour around cost control.
- K Fraser asked the Chief Executive what the contingency would be if the Golf Centre bar and restaurant operation ran at an operational loss. This point was discussed in-depth with the Chief Executive highlighting that it was likely that any loss would need to be underwritten by the Trust whether operated in-house or via a 3rd party. It is therefore important for the executive to establish an agreed mechanism with the board, should the operation run at a loss in any year. The Chief Executive agreed to present this to the board at the next meeting.
- Further discussion was held around the numbers projected in the business model (as some felt that the forecast could be ambitious). D Cheape suggested that on first glance, the P&L as presented indicated a low level of risk given the percentage target for footfall, plus the conservative price per head average used within the revenue

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projections. The Chief executive agreed with this, but added that as with any business venture, it is impossible to predict fully at what level the new facility will be used by customers.

Several other points around the new in-house proposal were discussed. It was agreed however that a decision to operate a bar and restaurant had been a requirement from the beginning. Since that time, the board had agreed to operate at a level commensurate with the quality of the golf course to complete a premium golfing and visitor experience.

The Board agreed to:-

- (i) To revoke a previous decision to appoint a 3rd party operator.
- (ii) Allow the executive to continue to deliver this operation in-house, rather than with an external provider.

The Chief Executive agreed to present the board with further detailed information on the business model in due course.

Carnoustie Country

The Chief Executive summarised his report with the agenda regarding brand positioning of Carnoustie Country and his subsequent letter to Angus Council. It was agreed that the Chief Executive would update the board on Angus Council response at the next meeting.

Wedding Parties using 18th Green

The board noted the confirmation from the hotel that wedding parties are told not to use the golf course for photographs.

Open 2018

The Chief Executive updated the board on current discussion with The R&A regarding Season Ticket holders Open ticket discount and no re-admission policy. The board asked the Chief Executive to continue negotiations with The R&A and report back.

16. Golf Services

C Yule explained that there had recently been a season ticket holder disciplinary hearing. He said that although we have a complaints procedure there is no complaints policy, but this would now be put in place by Golf Services.

K Fraser asked whether there was season ticket holders terms and conditions that they must adhere to. C Yule said there was and this is displayed on the website.

17. Risk Register

M Wells explained that a Risk Register summary sheet had been produced and that it would now be included in the paperwork for each Full Board meeting for Trustees information.

18. Companies House Matters

No matters.

There being no further matters the meeting closed at 2135 hours.