

Report from the Council of Management for the Annual General Meeting of the Angel (Tonbridge) Indoor Bowls Association Limited to be held on Wednesday 23rd November 2022

Overview

Back in 2018, after a number of years of dwindling membership and increasing financial losses, the directors set out a 5 Year Plan to return the club to a sound financial footing. This primarily involved investing in IT and increasing membership numbers to 650.

By the time the pandemic struck in March 2020 the club was on course to fulfil this Plan. But as the potential financial impact of the pandemic became clear, the focus of the directors necessarily turned to ensuring the club's shorter term survival.

Thankfully, as a result of good financial support from the government, various cost-cutting measures, our continued promotional activities and the generosity of our fellow members, the club emerged from the various pandemic lock-downs in a reasonable state. And in the summer of 2021 the directors' focus again reverted to securing the longer term future of the club, with their 5 key priorities for 2022 presented to members at the 2021 AGM. These were ... a) to successfully progress Project 650, b) to finalise the renewal of the club Lease, c) to set out a new club capital expenditure plan, d) to expand Board membership, and e) to consolidate the club's new staffing structure.

Despite substantial progress being made by the club towards these priorities over the year (as further set out later in this report), two material adverse financial impacts emerged in the first half of 2022 that made it impossible for the directors to sign the new club lease without a substantial recalibration of the 5 Year Plan.

These two impacts were... a) a material increase in rent (resulting from the lease renewal, increasing from a flat £18k pa to £27k pa increasing by RPI every 5 years), and b) the substantial increase in operational costs faced as a result of the cost-of-living crisis. The combined impact of these being to increase projected losses to a point where financial reserves would be totally exhausted by Aug 26. At which point drastic action would be required for the club to continue to meet its increased rental obligations.

After consultation with the various club committees, a recalibrated 5 Year Plan was thus identified and agreed by all concerned in July 2022, and the lease finally signed.

If successfully implemented, this recalibrated Plan gets the club back to a cash breakeven position by Aug 2028 and maintains at least £100,000 of reserves in the bank at all times.

The key elements of this recalibrated Plan are set out as an Appendix to this report.

A new combined director & cross-committee club management group was established to jointly own and take responsibility for the implementation of this recalibrated Plan. Progress against the Plan will be monitored by that management group and remedial action agreed and taken if and when necessary. The key risks to the club achieving the Plan have also been identified and are also set out in the Appendix. Progress against the Plan will be reported at future AGM's.

The remainder of this report provides

- a) An update on progress made towards the five director priorities as presented at the 2021 AGM
- b) The directors five proposed priorities for 2023
- c) More detail on the club's financial position
- d) An update on the club's daily operations
- e) Appendix: Latest Club 5 Year Plan

2022 Board Priority 1: Progress towards Project 650

- a) Membership Numbers

A summary of our membership is provided within the Table below.

	July 21 (before 2021 renewals) **	Nov 21 (after 2021 renewals)	Oct 22 (Work in progress)
Full bowling	401	353	372*
Social inc summer	104	111	132*
Juniors	17	10	9
Honorary	12	11	9
Disabled	11	9	8
Family	0	0	1
Total	545	494	531*
Joiners in year	111	70	181
Leavers in year	73	121	144*

* We still have 40 or so more 2022 non-renewals being followed up. If these are all leavers then total membership will fall to c490

* * Due to covid there was no 2020 renewal, figure shown are best approximation to this we have

As we can see, despite recruiting almost 300 members since July 2020, overall membership numbers have remained fairly stable. This is because we have also had a large number of leavers.

This large number of leavers is driven partly by a good portion (around 40%) of the 300 new members deciding that the sport / club wasn't for them, and partly by ill health amongst our more elderly members. With the latter appearing to have been heightened by a delayed pandemic impact; many members deciding not to return to bowling at this renewal, despite hoping to at least years renewal.

As a result, almost 40% of our current active membership has been with us for 2 years or less and our average age continues to fall, hopefully translating into a reduction in leavers in the coming years.

b) Membership Outlook

There are three sides to achieving our goal of increasing net membership by 30 every year; firstly to attract new members, secondly to retain these new members and thirdly to retain existing members.

With regards the first element, as noted above, the club continues to enjoy strong levels of new membership and there is no reason to believe that this cannot be sustained for more years to come provided we remain proactive. We expect the primary driver of this to continue to be our Open Weekends, supported by our local community promotional and social media activities. The club extends a huge debt of gratitude to all our volunteers who make these activities possible, including those fellow members hosting the many Taster Sessions that continue through the year.

With regards the second and third elements, the directors are aware that it requires more dedicated thought and focus. In particular, after a period of stable / dwindling membership, welcoming more than 300 new members in just over 2 years can create a level of change within a club that might be unsettling to some longer term fellow members.

To ensure sufficient focus on the retention of both newer and existing members the directors now seek to expand the board to include a Director with this topic as their primary focus. If any fellow member would be willing to accept this volunteering role please speak with any of the directors.

2022 Board Priority 2: Finalise Renewal of the Club Lease (Bernard)

As some of you will be aware the original lease was only for the rent of the land. The club then built the facilities out of its own funds. As normal with commercial leases, the ownership of the buildings passed to TMBC on expiry (and renewal) of that lease.

After 18 months of hard and frustrating negotiations we arrived at an agreement to renew the lease for 15 years (to April 2037) with no break clauses and rent reviews every 5 years based on RPI.

To arrive at this point we had to engage the services of a surveyor and a solicitor to ensure the club was protected. The cost of this was just over £4k and this is shown in the accounts.

The new lease starts with an annual rental of £27k compared to the old lease of £18k; a substantial increase on our overheads.

Before signing the lease a meeting was held with various club committees to explain fully the situation and agree a 5 Year Plan commensurate with the new rental obligations. It was agreed by all at this meeting to sign the lease.

2022 Board Priority 3: Club Expenditure Plan

Until the club can get back to a sound financial footing any capital expenditure will be restricted to essential items only.

In 2022 the bowling hall lighting was updated. Completed to budget and time over the summer season.

In 2023 the board intends to install new ventilation within the bowling hall. Again timetabled to complete during next summer season.

The only other currently planned capital expenditure is the potential renewal of the bowling hall carpet in 2030. The cost of this has been factored into our recalibrated 5 Year Plan.

2022 Board Priority 4: Expansion of the Board

The board has, in recent years, operated with only four directors. All fulfilling their duties as volunteers. This was increased to five directors in November 2021.

It was a stated aim of the board to increase the number of directors over 2022. Unfortunately this has not yet been achieved. Indeed, we expect to be back down to four directors after the 2022 AGM.

We would thus urgently welcome more volunteer directors.

It should also be noted that, without more directors stepping forward to share the workload, there is a risk of losing the existing volunteer directors who have been in post for a number of years.

To this end, the directors have identified the following roles / responsibilities that require renewed focus and would benefit from additional volunteers and /or directors ...

- a) Bowlr Management (membership, rink diary, leagues & comps set-up)
- b) Health & Safety
- c) Facilities Hiring
- d) Volunteer recruitment & coordination
- e) Member Retention
- f) Bowling Hall Income (Working with all committees to maximise bowling hall usage)
- g) Community & Corporate liaison

2022 Board Priority 5: Consolidate the Club's new staffing structure

The club restructured its staffing during the pandemic. Effectively removing all office based management and staffing roles in order to reduce club costs.

The restructure was consolidated over 2022, with the directors picking up the majority of the administration work previously carried out by office staff, and the new club stewards picking up the majority of the day to day running of the club. We thank our Club Stewards for the role they play.

This new structure works adequately provided there are sufficient volunteers to pick up the administration work. The directors would welcome further volunteers to help with this.

Directors Priorities for 2023

The five top director priorities for 2023 are ...

- 1) Successful progress against the recalibrated 5 Year Plan
- 2) Consolidation of the new cross-committee club Management Group
- 3) Expansion of the Board
- 4) Implementation of the key new 'member retention' & 'volunteer coordination' director roles
- 5) Bowling Hall ventilation

Club Financial Position

The club made an overall loss for the year to Aug 2022 of £18,562. This compares to a previous year loss of £38,734 and a budgeted loss of £40,675.

With the depreciation charge of £17,204 removed, the net cash loss for the year to Aug 2022 was £1,348. This compares to a previous year net cash profit of £513 and a budgeted net cash loss of £20,675.

The primary drivers of the reduced net cash loss cf budget (c. £19k) were;

- a) lower than expected income from the bar (c. -£10k)
- b) lower than expected rent net of related professional fees (c. +£7k),
- c) lower than expected maintenance costs (c. +£7k) and
- d) receipt of a Government Grant (c. +£15k).

The lower than expected bar income is attributed to covid. The lower than expected rent is due to the club benefiting from an extended period of 'old' (lower) rent whilst negotiations went past our

actual lease renewal date. The lower than expected maintenance costs are covered later in this report.

By comparison, the projected net cash loss for the year to Aug 23 (after removing depreciation charge and after bowling hall lighting and ventilation costs) is c. £40k.

The Club's income for the year to Aug 22 was £156,465, with a gross profit (before administrative expenses and grants) of £126,629. This compares to a previous year income of £72,113 (covid impacted) and a previous year gross profit of £68,784 (covid impacted).

The running costs for the year to Aug 22 were £160,332. This compares to previous year running costs of £126,303 (covid impacted) and a budgeted running cost of £180,075. The actual running costs were reduced cf budget due to our lower than expected rent (as noted above) and our lower than expected maintenance costs (as noted above).

Whilst the Balance Sheet remains relatively strong it is imperative for the club to return to an annual cash positive situation as soon as possible. Without doing so the club will need to take further remedial action in order to continue meeting its rental obligations. The 5 Year Plan this is forecast to achieve this by 2028.

The directors firmly believe that the club has the quality of facilities and determination and energy within our membership needed to achieve this Plan. They do acknowledge, however, that it will require significant efforts from many of our members.

Daily Operation of the Club

a) Building & Grounds (Keith)

Consistent with the club's position on capital expenditure, until reverting to a more sound financial footing the directors will exert caution in any discretionary spending on our building and grounds. As a result, there are limited discretionary spending plans for 2023. Installation of improved ventilation in the bowling hall being a notable exception.

Total spending on building maintenance over the 12 months to Aug 2022, was £4,514. This compares to a budget of £12,000. Note this excludes the cost of the recent bowling hall lighting replacement which will be in our 2023 accounts.

b) Office, including banking, receipts and payments, payroll and accounts (Bernard)

The majority of this work (banking, receipts and payments, salary & pensions and vat returns) is carried out by volunteer directors.

The exception is accounting records, annual budgets, analysis for Companies House, Statutory Returns, Quarterly Accounts and Year End Accounts. These tasks are carried out by Shenstone Consulting Ltd and Hilden Park Accountants for a combined annual fee of £7,000 per annum.

c) Health & Safety / Emergency Processes

The Board is committed to providing for the health and safety of staff, fellow members and visitors to the club. This is managed day to day by the Club Steward supplemented by various volunteers. All necessary steps have, and continue to be, taken to make the club as safe as possible.

With regards emergency flood procedures, the position remains the same - whilst we believe the club is doing all it can to alleviate the impact of a further flood we cannot prevent its occurrence. The reality is that it may be matter of 'when' rather than 'if', and our focus must be on minimising the impact as and when it occurs.

d) IT including Bowlr, social media and club website (All)

The Board continues to maximise the use of IT in order to run the club as efficiently as possible.

Our recent investment in the Bowlr system (membership, rink diary, leagues and competitions management) continues to prove worthwhile. In particular it provides for any number of volunteers to access club systems from home. Enabling more volunteers to be involved here. There are a number of Bowlr modules we have not yet taken up and these will be reviewed on an ongoing basis.

Our member communications strategy also continues to focus on digital channels (email, website, social media), reverting to costly postage processes only where necessary.

Currently, all digital communications are carried out by the volunteer Directors (website, social media, emails). This does create significant key-man risk for the club and it would be great if other members were willing to get involved in this voluntary work.

e) Bar & Catering (Bernard)

The bar is ably managed by our Club Steward, Paul Buss, and operates well. It is valuable source of income and we look to maximise its usage wherever possible.

Carl & Sam continue to ably run the restaurant under the club's franchise arrangement. The club actively supports the franchise arrangement and the working relationship between the two parties remains strong. We encourage all fellow members to support our restaurant wherever they can.

f) Facilities Hiring

We have quality facilities and they are a potentially valuable source of income; both directly in themselves and due to the knock on impact on bar & restaurant income. The directors are, however,

conscious of the need to balance being a 'members only' club with the need to maximise this as an income source.

It is likely we could do more to generate income here, and this is another area that would benefit from the focus of an additional director.

g) Sponsors (Paul)

The club continues to seek new sponsorship avenues as an additional source of income.

Post lockdowns, we have a number of changes to our sponsors and ongoing discussions.

h) Club Committees

We thank all volunteers who resource the various club committees.

The committees are operating well and there are no issues to report here. In particular, we note both the Bowling Committee's successful consolidation of the previously separate winter and summer committees, and the successful rejuvenation of the club's social committee (which had temporarily disbanded).

i) Staffing (Bernard)

The overview of this report covers consolidation of our new staffing structure. The Club Stewards operate well and there are no staffing issues to report here.

j) Volunteers

We express a huge debt of gratitude to all fellow members who contribute to the running of the club in any way. This includes, for example, those carrying out office duties, grounds maintenance, carpet hoovering, opening and closing the club, organising our bowling activities, organising our social activities, running taster sessions, compiling newsletters, volunteering at our open weekends, hosting our promotional events ... and so on. Our club would not run without these volunteers.

As you will be aware we are always in need of more volunteers. To this end, the directors have identified the following areas that would particularly benefit from additional volunteers ...

a) Bowlr Administration (membership, rink diary, leagues & comps set-up)

b) Organising local community promotional events

c) Club Sponsors - liaison & administration

d) Website administration & content management

e) Office administration (purchases & receipts, etc)

f) Local Corporate liaison re sponsorship, facilities hiring & corporate events

k) Insurance (Bernard)

We confirm the renewal of our insurance policy with a minimal increase in premium and no change in cover and/or conditions. It should be noted that we have an excess of £20k in respect of flooding. Alternative quotes were obtained but all demanded much higher flood related excesses.

Appendix

The Club's recalibrated 5 Year Plan was agreed by the directors and club committees in July 2022.

If successfully implemented, this recalibrated Plan is projected to get the club back to cash breakeven by 2028 and maintain at least £100,000 of reserves in the bank at all times.

There are 7 key elements to this recalibrated Plan ...

- 1) To increase membership subs by £5 every other year, starting Aug 22
- 2) To increase rink fees by the 50p per full session every other year, starting Aug 23
- 3) To increase net membership by 30 every year, plateauing at 650 in August 2026
- 4) To increase both going forward bar margins and bar usage per member by 5% from 2023
- 5) To increase going forward bowling hall usage per member by 5% from 2023
- 6) To reduce the club's energy usage by 10% from 2023
- 7) To put sufficient cash aside each year to fund renewal of the bowling hall carpet in 2030

Key risks to the Plan being achieved have been identified as ...

- a) Insufficient volunteers to drive the club forward and resource required activities
- b) Insufficient growth in our membership (whether due to a) above or otherwise)
- c) Higher than expected inflation over the next 5 years (which was assumed to be 4%pa and which now directly impacts the club's rental obligations as well as other costs)
- d) Unexpected material capital expenditure (eg to recover from a further major flood)