

**Minutes of the CGLMC Ltd Finance Sub-Committee Meeting  
held in the CGLMC Ltd Office on Monday 17<sup>th</sup> March 2014**

Present: G Murray (Finance convenor), J McLeish, W Thompson, P Sawers, R Reyner,  
A McColgan, A McKeown, H Oswald.

In Attendance: G Duncan (General Manager).

Meeting began 1907 hours.

**1. Apologies**

There were no apologies.

**2. Finance Managers Report**

G Duncan dealt with the Finance Managers Report in D McDonald's absence.

The surplus before tax at the year end is estimated at £320,000. This is almost identical to last year, and therefore the expected surplus after tax is likely to be around £203,000.

The bookings are up from the same time last year, and this gives an optimistic picture for the season ahead. However, G Duncan highlighted that once the book for a particular month is full, no more income can be produced.

G Duncan advised that consideration needs to be made in regards to the potential shortfall in 2015 when St Andrews is closed for 3 weeks and the Amateur Championship is held at Carnoustie. P Sawers advised that she had previously asked for comparative figures from when St Andrews was closed last. G Duncan advised that these figures are available and will be circulated. There was a significant reduction in income during this time previously. G Duncan advised that expenditure can be looked at during this time, but it is difficult to cut expenditure and keep the courses in their current excellent condition.

G Duncan advised the committee that, when CGLMC Ltd took over the running of the courses from Angus Council in 1979, the comparative cost of the 3 course 7 day Season ticket to the Championship visitor greenfee was at a ratio of 8 to 1. That is, the cost of the Season ticket was 8 times the amount of the visitor greenfee. In 1999, the ratio was 4 to 1 and now it was 2.75 to 1. He advised that the ratio was part of the minute of agreement with Angus Council, and, although not necessarily recommending it, returning the current relatively inexpensive Season Tickets back to a ratio of 4 to 1 could bring in a great amount of income.

W Thompson advised that the income has flatlined and expenditure has increased. He suggested that the expenditure may need to be pulled back. A plan for the next 2-3 years needs to be produced. W Thompson advised that there is an increase in machinery, but no reduction in staff. W Thompson agreed that golf at Carnoustie is cheap, but there would be issues with trying to increase the cost of the ticket.

G Murray advised that there are issues with cutting back expenditure on the course. He advised that he had had a lengthy and detailed discussion with Craig Boath in Sandy Reid's absence and that there is very little within the greenkeeping budget that can be cut any further. He also suggested that if expenditure is cut within the greenkeeping budget, it will take longer to improve the courses. G Murray advised that the largest expenditure within the company is on salaries.

H Oswald advised that she has previously raised concerns on the issue of increasing staff salaries when very few other companies are doing the same.

A McKeown advised that the committee need to consider a 5 / 10 / 15 year plan including any major projects.

H Oswald enquired to when the 65+ discount finishes. G Duncan advised that he was not positive, but believed that it was agreed to run for a further 2 years. G Duncan will confirm. There has been a 100% takeup in this scheme and the numbers are increasing all the time.

W Thompson suggested that the discount only be made available to 5 day ticket holders.

W Thomson advised that the expenditure needs to be prioritised, and department managers should be asked their opinion.

A McKeown suggested that another income stream is needed, perhaps with Corporate Tickets.

W Thompson advised that CGLMC Ltd require results on expenditure from the staff, and he suggested that there is the potential to pool hours. G Duncan advised that this proposal was put forward by him and J Philp in the past and had been rejected. G Duncan advised that mixed messages are being given by the committee. He advised that the last staffing decision was an agreement to employ 2 new members of staff.

W Thompson suggested that perhaps the next 3 greenkeepers to leave should not be replaced and hours be pooled over the summer and winter.

A McKeown suggested that the issue be put to department managers and their opinions and any proposals be sought, rather than the committee making decisions on behalf of the managers.

H Oswald highlighted that the CGLMC Ltd directors have the same responsibilities as shareholders.

W Thompson suggested that an 'A' and 'B' budget should be produced. The 'A' budget would be the ideal situation when all income expectations are met, and the 'B' budget would be a pulled back expenditure budget. G Murray said he would consider that proposal, but that he would bring forward the CGLMC Ltd and Carnoustie Links Ltd budgets in due course.

### Pro-Shop Figures

G Duncan advised that the surplus will be around £85,000 this year, which is up from £67,000 last year.

A McKeown enquired to why the surplus has increased so dramatically this year. G Duncan advised that although the surplus is up from last year, it is not up from 2 years ago. This year there seems to be a higher spend per head, and there has also been a movement of the buggy figures giving a more accurate income figure.

A McKeown suggested that an all inclusive fee could be an option for visitors, where they receive added extras over and above just their ticket. R Reyner advised that visitors already receive a small gift with their ticket, and the cost of this is built into the ticket price.

W Thompson suggested that CGLMC Ltd need to look at new markets and consider offers for these markets. He advised that a lot has been done this year and CGLMC Ltd have moved far forward from last year but still need to look forward in a commercial sense.

H Oswald suggested that CGLMC Ltd should consider a Corporate Ticket. G Murray advised that this would mean having to offer a whole package of hospitality that CGLMC Ltd cannot do at this time. W Thompson disagreed that CGLMC Ltd cannot offer a hospitality package and suggested that there are golf clubs that can host this part of the package.

### **3. Staff Upgrades**

G Duncan advised that a member of staff had been recommended for a salary upgrade above the reference point. As was the normal procedure, this had to be approved by the Finance committee and full board. G Duncan provided details of the member of staff and the reasons for the recommendation.

G Duncan advised that the way in which the salary structure works is that there are 7 steps in each salary band. Step 4 is described as the Reference point and is the position and salary that is seen as the appropriate level for a member of staff carrying out their job as required. Staff normally start at step 1 and G Duncan has the authority to move staff from steps 1 to 4. If a member of staff is seen to be performing exceptionally well, then a recommendation can be made to move them up to step 5, 6 or 7. Committee approval is required for any such increase.

A McKeown enquired to why this upgrade has been recommended. R Reyner advised that the member of staff is considered to have consistently performed at a high level. G Duncan advised that there is no pressure from staff for these upgrades, and this recommendation is simply following procedure. G Duncan advised that staff are well paid and appreciative of this fact. P Sawers enquired to whether this proposal had come about due to a very good appraisal. G Duncan advised that this was correct.

W Thompson suggested that the member of staff be kept on the same salary band, but a bonus be awarded for the excellent work and commitment shown this year. He further advised that by giving a bonus rather than a salary increase, the member of staff would still be rewarded for his hard work this year but there would be no commitment for coming years and no increase to the pension payments.

H Oswald recommended that CGLMC Ltd review the bonus and upgrade system as a whole.

A McColgan advised the committee on the salary upgrade system in place at the University. He advised that a proposal would have to be put forward to a panel before an upgrade could be considered. He advised that they are difficult to get approved.

A McColgan further suggested that it would be unfair to the member of staff concerned if the committee decided to change the rules now when others before him have been awarded an upgrade rather than a bonus. He advised that he would be in favour of giving the upgrade and then reviewing the system.

A McKeown advised that he would be in favour of a bonus payment.

A McKeown asked whether there were any issues in offering a bonus payment, and he asked for confirmation that it was not against any other policies. G Duncan advised that there were no issues with offering a bonus payment rather than an upgrade.

W Thompson suggested that a bonus payment be awarded and advised that this upgrade can be reviewed in the future.

R Reyner advised that all of the staff in the department concerned have worked hard, and enquired to whether they would be entitled to an upgrade. G Duncan advised that there were no recommendations to upgrade these salaries.

R Reyner advised that the current salary system that is in place is in depth, and has been in place for many years. He advised that, prior to the system being introduced, there had been many long committee discussions on salaries and the current system had resolved that.

P Sawers advised that very few people are recommended for a salary upgrade.

H Oswald then proposed that the member of staff be given a one off bonus payment, and this was seconded by A McKeown.

R Reyner proposed that the salary upgrade be given to the member of staff as recommended and this was seconded by A McColgan.

The proposals were put to a vote:

H Oswald's proposal – 6 votes (H Oswald, A McKeown, G Murray, J McLeish, P Sawers and W Thompson)

R Reyner's proposal – 2 votes (R Reyner and A McColgan)

It will be recommended to the full board that the member of staff be given a one off bonus payment.

H Oswald suggested that in future, exceptional service should be awarded by a bonus, and not a salary increase. She also suggested that the upgrade and bonus structure be reviewed. G Duncan suggested that the wage structure is functional, and that the committee needs to consider how salaries year on year are increased in relation to cost of living. The bonus system could be more tailored.

#### **4. Any Other Competent Business**

W Thompson enquired to whether there was any feedback from Henerson Loggie in regards to the VAT payment. G Duncan advised that there was not yet any feedback. He believes that the matter may have been referred to Henderson Loggies insurers. W Thompson asked that a formal letter be forwarded to Henderson Logie to request an update. G Duncan will organise this.

#### **Artificial Greens**

R Reyner advised that the Pro-Shop Committee have discussed the option of artificial greens for the new 6 hole short course and asked for approval from the Finance committee for the spends should they be agreed by the full board.

He advised that there were 2 options of artificial greens:

Option 1 – 1 green at a cost of £7,000.

Option 2 – 6 greens at a cost of £42,000 (approx).

G Duncan advised that the greens committee have recommended that the area be turf only.

W Thompson suggested that there should be 3 plans for this area – Plan A - turf only, Plan B – artificial grass on one hole, Plan C – artificial grass on all 6 holes if the course proves to be popular.

R Reyner suggested that there will be volume play on the course if it is open to all players.

W Thompson advised that he objected to a £42,000 spend at this time, and was also under the impression that the course was only open to juniors, not anybody else.

G Murray stated that if agreed by the full board, a £7,000 spend on one hole would be acceptable.

W Thompson suggested that Plan A should be the first option and Plan B the second.

#### Junior Convenor

G Murray advised that he would not support a payment of £3,000 to pay a Junior Convenor as this is already part of the Head professional's salary.

W Thompson suggested that CGLMC Ltd need to look at how the Junior programme is run.

It was previously agreed to relieve the Junior Convenor of his duties and pass the duties onto the Head Professional, along with the salary. A McKeown suggested that if the Head Professional is being paid to do this role, he must carry it out or his salary for this role should be removed.

W Thompson suggested that funds for Junior golf need to be re-aligned.

It was suggested that a Junior Convenor would report to the Head Professional who would be the Junior Convenor Manager.

There being no other competent business, the meeting was then closed at 2040 hours.

KS