Minutes of the Finance Sub Committee Meeting held in the CGLMC Limited Office at 20 Links Parade on Tuesday 3rd May 2016

Present: G Murray (Finance Convenor), A McColgan, T Healey, P Sawers, H Oswald, J McLeish, A McKeown.

In Attendance: G Duncan (General Manager), D McDonald (Finance Manager)

Meeting began at 1900 hours.

1. Apologies

A MacKenzie, C Yule

2. Declaration of Interest

There was none.

3. Income & Expenditure Figures

D McDonald presented the Income and Expenditure figures and explained that the Pro Shop had out-performed the budget and that the profit had been gift-aided up to CGLMC Ltd.

The Management Committee year to date figure is slightly over budget, this was due to the Amateurs, Seasonal Staff and the new Administration role.

There were late invoices submitted for the year overall for Junior Golf.

Professional fees were higher than budget, but lower than 2014/15. The main professional bodies providing services were Thorntons, Henderson Loggie, Henderson Black, IT Consultants, STRI, David Wren Architect and MF Planning.

Caddie Master Expenditure is slightly over budget this is due to new caddie bibs being required.

The mobile telephone cost increased due to the use of the Pin position software on mobile telephones. D McDonald said the contract had been switched from BT to Vodafone from April 2016 on a 2 year deal.

Office costs were over budget due to the new server, consultancy fees and improving the security on PCs and servers.

Also included in the figures was the bad debt of £27,440.

P Sawers asked if the VIP was a gross profit of 10%. D McDonald informed her that it is because the system backdates and reports previous sales from members to VIP. It is an anomaly with software.

H Oswald asked if this could be fixed as it would make reporting incorrect.

J McLeish asked how long it backdates, especially if VIP was only started in December for example. D McDonald replied it was within the same financial year and all previous would show under VIP.

P Sawers asked if all credit with Henderson Loggie had be used. D McDonald said that £9000 had remained at the start of the financial year, but it had been used during the year.

A McColgan enquired about the gain on sale of assets. D McDonald replied that it was the sale of surplus greenkeeping equipment which was not suitable for trade-in.

A McColgan asked, regarding the Professional Fees and the companies involved, whether it would be time for a review. G Murray said it had been some time since a review had been done and it would be the correct as the audit partner and main legal contact were both retiring soon.

4. <u>Salary Recommendations</u>

G Duncan referred the committee to the report on Staff Salary Recommendations. He explained that the existing system required Trustee approval for any increase above the reference point of the salary bands. It had been agreed previously by the full board that individual names should not be brought forward, only the amount of the increase.

G Duncan said there were 4 employees who had been recommended for a salary increase, at a total cost of £4100 plus pension.

A McColgan asked what criteria was used to determine whether an employee was to be put forward for an upgrade.

G Duncan said that it was up to the individual manager, who would make a recommendation following the appraisals.

A McColgan asked if there was a method within the appraisal system to ensure that all staff were evaluated against the same set of performance criteria.

G Duncan said this was not in place. He said that the whole salary system, along the setting up of a Reward and Remuneration sub-committee was the subject of an ongoing review by Lorna McGregor which would be reported back to the Trustees shortly.

H Oswald enquired what happens if the individual is already at the top of the salary banding. G Duncan replied they would not be eligible for a further increase and they would need to rely upon promotion.

A McKeown said that the system that was in place was the only method that could be used until a new system had been presented to, and agreed by the full board.

A McKeown proposed that the increases as recommended in the Board Report on Staff Salary Recommendations be approved. This was seconded by J McLeish.

The Finance Sub-committee then recommended for approval that:-

i) 4 staff be upgraded to the next level on the salary band at a cost of £4100 plus associated pension costs.

5. Board Report on Financial Procedures

Following discussion, it was agreed that clarification was required from A Reid as to whether the proposed system would meet his needs and also to ensure that the system provided the necessary level of security.

G Murray agreed this matter should be deferred until the next Finance meeting, when A Reid could attend if necessary.

6. Board Report on Delegated Powers

Approval was sought to grant authority to Trustees to authorise expenditure over £150,000. Expenditure of this size would require to be authorised by 2 out of the 3 office bearers (Chairman, Vice-Chairman or Finance Convenor as explained in the Board Report on Delegated Authorisation for Expenditure in excess of £150,000).

This was approved by T Healey and seconded by A McKeown.

The Finance Sub-Committee then recommended for approval that:-

i) Delegated powers to authorise expenditure over £150,000 be granted to 2 office bearers acting jointly. The office bearers being 2 from Chairman, Vice-Chairman and Finance Convenor.

7. Monitor of Capital Expenditure Projects

G Murray explained that the proposed Golf Centre extension would require a further budget allocation as the original budget for professional fees had now been used. This was supported unanimously.

G Murray explained that, if the project went ahead, these costs would be capitalised.

The Finance Sub-Committee then recommended for approval that:-

i) A further budget of £75,000 be allocated to the proposed Golf Centre extension project.

8. Recommendation of Visitor Green Fees for Approval by Full Board

A report was presented regarding the setting of visitor fees for the 2017/18 season with two options available.

Option 1 was a straight increase and option 2 involved moving toward making the VAT inclusive for third party bookings.

P Sawers had concerns that the saving in option 2 would be retained by the tour operator and not passed on to the golfer.

G Duncan said we currently subsidise other courses when a golfer books via a tour operator. Other venues charge a much higher green fee, so the Carnoustie green fee reduces the overall tour price to the golfer.

A McKeown said he would opt for Option 1 in the short term, but the VAT matter was important and advice should be sought from a VAT expert as to the options available.

T Healey proposed option 1 as detailed in the Board Report on Visitor Price Proposals and this was seconded by P Sawers.

The Finance Sub-Committee then recommended for approval that:-

i) the visitor green fees for 2017/18 be £175 for the Championship course and £46 for the Burnside and Buddon Links courses. Prices for the 2 course, 3 course and shoulder periods were also recommended as detailed in the report.

9. Review Company Risk Register

G Duncan said that following a meeting with Angus Council, the process of creating a Risk Register has begun. Some sample reports were supplied and G Duncan said the completed document should be available for the next Finance meeting.

P Sawers pointed out that that Trustees should not be detailed as the responsible person. These should be staff members. G Duncan agreed, and said the document would be updated to reflect that.

A McKeown said it has to be a real and meaningful document that can be used strategically.

G Murray asked for this to come back to board for approval.

10. Review of Golf Club Facility Fee

T Healey and P Sawers both declared an interest.

After discussion, J McLeish proposed that an increase be recommended. This was seconded by H Oswald.

The Finance Sub-Committee then recommended for approval that:-

ii) the facility fee paid to the Caledonia and Carnoustie Golf Clubs should be increased to £2750+VAT each per annum. The agreement should be extended until 31 December, 2017 and the new fee should take effect from Jan 1, 2016.

There being no other competent business the meeting closed at 2005 hours.