

# THE MELFORT CLUB

## Minutes of the 37<sup>th</sup> Annual General Meeting

**Venue:** Zoom Meeting

**Date:** 29<sup>th</sup> July 2020

**Time:** 4.00 pm

### **Present:**

Mr. Martin Tolhurst (*Chairman*), Mr. David Miller (*Finance*), Mr. Calum Jones (*Legal*)

Mr. David Manson (*Properties*), Prof. Kenneth Cochran (*Staff*)

Mr. Simon Shearer (*Co-opted Member*), Sir Tom Troubridge (*Co-opted Member*)

Mrs. Sally Smith (*Co-opted Member*), Mrs. Linda Brown (*Club Manager*)

Miss. Lucy Thornhill (*Sales Manager*), Mrs. Alison Jackson (*Customer Services Manager*)

Mrs. Kirstie Pirie (*Source Marketing*)

Members Present      59 (*Including Top Table*)

Apologies              14

The Chairman opened the meeting and introduced each member of the Committee and the senior management team in attendance.

The meeting was reminded that proceedings were being recorded to assist in the accuracy of the Minutes.

### **1.0 ADOPTION OF 2019 ANNUAL GENERAL MEETING MINUTES AND SPECIAL GENERAL MEETING MINUTES**

The minutes from 2019 Annual General Meeting and Special General Meeting had been circulated to all members prior to the meeting and in the absence of any written questions prior to or comments arising at the meeting they were duly proposed by James Gilchrist, Quarry Cottage week 25, and seconded by Neil Neusten, Farm Cottage 3 week 24.

### **2.0 CHAIRMAN'S WELCOME**

The Chairman thanked those Members in attendance and explained that the virtual meeting was primarily to attend to administrative matters of the Club and that he sincerely hoped that it would be possible to hold a physical meeting later in the year.

Addressing some of the key points from the letter that was sent out accompanying the AGM notice, he was pleased to report that the financial systems were now on track and that the Club's reporting accountants, Chiene & Tait had not raised any issues since taking on their role in 2018. He wanted to thank David Miller for all the work that he had done with them and with Ainsley Smith to get the new accounts systems up and running. The Committee are now receiving regular accounts reporting, debts are under control and the management accounts are more up to date and helpful. David Miller added that the accounts reporting includes quarterly re-forecasting of the budget set for the year which gives a "best guess" of what the outcome for the year will be every quarter.

The Chairman reported that the relationship with the Room at the Top was going well and that the restaurant, after a few turbulent years, seemed to be finally operating as it should be.

The Committee has continued to invest in Melfort generally and in its infrastructure, such as the electricity power supply that was completed in 2019. These investments are a major rea-

son for the consistently high feedback that was received each week from members and visitors alike during the year. The highest feedback scores related to staff and they deserve our thanks and praise for all their efforts.

He thanked Dave Manson for helping Jack Reid settle into his role as Estates Manager. He also thanked Brenda Ritchie and the housekeeping team who have had a big job keeping up with the cleaning demands of the Club, especially the high number of short break rentals that were experienced in 2019.

The Limited company (TMCL) was successfully set up at the beginning of 2020, and thanks went to Calum Jones and to David Miller for setting up the corporate and financial structures required to be put in place and to Linda Brown for managing the detailed implementation of transferring the Club's third party operations to the new company.

Kenneth Cochran was thanked for leading the staff reviews that were well received by all and for assisting Linda Brown in refining the organisational structure during the year.

Rental income from Club controlled weeks continued to increase in 2019 and that trend had continued into 2020 before the closure of the Club due to Covid 19. Member rentals remained larger by value than Club rentals and the Club continued to benefit from the commission it charges on them to the members concerned. Rentals and commission is an important revenue stream for the Club and the Chairman thanked Linda Brown, the staff and Kirstie Pirie for their hard work in securing it.

The Chairman stated that one of his biggest disappointments had been the lack of new membership sales. The Committee was surprised that there had been more sales of permanently owned weeks than fixed term memberships since the exit strategy had been introduced. In 2019 fixed term membership tariffs were refined to ensure that purchasing a membership was a cheaper way to access Melfort than renting, with permanent membership being the cheapest option of all. The launch of this new tariff was affected by both Brexit and the General Election at the end of 2019, and by Covid in 2020.

The 2020 budget includes £130,000 of exit fees but this figure falls to approx. £55,000 in 2021 and the gap must be filled with new membership fees or other means. Because of this a strategic review is being carried out led by Sir Tom Troubridge. Once complete the findings of this review will be fed back to members and part of the review will include how to deal with "lost weeks" for those who have not been able to use their week in 2020 due to Government restrictions.

The Chairman ended his welcome by informing those members present that the reopening of the Club on the 11<sup>th</sup> July had gone well and he offered his congratulations to Linda Brown and the relaunch sub-committee comprising Simon Shearer (as Chairman), Sally Smith, Kenneth Cochran, Linda Brown, Lucy Thornhill and Kirstie Pirie..

### **3.0 Financial Statement for the year ended 31st December 2019**

On behalf of the Finance Sub-Committee David Miller made some comments on the 2019 accounts.

He drew attention to the explanatory notes on the comprehensive statement of income that had been circulated with the accounts to members. The main highlights being the contribution of rentals net of increased housekeeping costs, the cost of replacing the restaurant tenants and the electricity sub-station, which while future proofing the requirements of the club did cost more than expected. Along with some other costs the effect was that having budgeted for a small surplus the Club made a loss of just under £40,000.

Commenting on the statement of the financial position he explained that at the end of 2018 there was a member's deficit of £25,000 so a budgeted surplus was intended to reduce this in 2019. Due to the £40,000 loss the deficit became £65,000. The budget for 2020 was for a £75,000 surplus to eliminate the deficit and leave a small profit of £10,000. 2020 has turned into a year like no other in the Club's history but primarily down to the Government's furlough scheme the Club appears to be on track to achieve the budgeted surplus although much of this is dependent on the continued strong post-lockdown rental market.

The 2019 Accounts were proposed by Brian Dent, Walled Garden 8 week 3, and seconded by Alma Cadzow, Melfort Cottage week 8.

## **4.0 Questions and Answers**

### **4.1 Mr. & Mrs. Gilchrist, Quarry Cottage**

Will the club be able to invoice 2021 annual maintenance fees at a 5% VAT rate?

#### ***Committee Response***

We are seeking advice on this. The VAT relief is for "accommodation". Maintenance fees of a private members club designed to meet the maintenance and management costs of the club rather than the right to occupy the cottages may not qualify.

### **4.2 Mrs. Marston, Beechwood House & Walled Garden 10**

Will Category B of the Exit Strategy, which is currently suspended, be reinstated in the coming years to aid members who wish to exit their memberships? A fair Exit Strategy would be one which was not just a one-time option, but open to members on more than one occasion in any 5/10 year period, as members personal situations change?

#### ***Committee Response***

As set out in recent correspondence with members, the business plan, approved by members in 2017, was predicated on some 300 memberships being taken back bringing the total under the Club's control to around 400 weeks. This has been the case. The Club has achieved the expected third party rental in-come from these weeks (about half of the lost maintenance fees once the exit fees have been exhausted) but not the target for recruiting new members (permanent and term memberships taking up the other half). It is unlikely that Category B exits will be re-offered before that situation improves or a new plan is agreed with members.

### **4.3 Mrs. Vanbergen, Melfort Cottage, Pier House 2, Walled Garden 4, 10 and 11**

Following media reports - both on TV, in newspapers and at The First Minister's Daily Briefings - Has Melfort Village been in contact with Visit Scotland regarding future tourism to Scotland and can the Chairman and Committee confirm that the interests of non-Scottish Members will be protected?

#### ***Committee Response***

We have been in regular contact with Visit Scotland and all of the main tourist and self-catering bodies in our sector during the pandemic. We see no reason for the Scottish Government to take a biased view against non-Scottish members but we cannot predict what might happen in the event of a serious difference in infection and death rates on either side of the geographic border.

### **4.4 Mr. Vanbergen, Melfort Cottage, Pier House 2, Walled Garden 4, 10 and 11**

Can the Chairman confirm whether a local authority grant was applied for via Argyll & Bute Council, in line with the rest of the UK local authorities?

***Committee Response***

The Club was not entitled to apply for such grants as it does not pay business rates.

**Mr. Vanbergen** continued...

Were any of the grants for capital equipment expenditure applied for?

***Committee Response***

The Club was not entitled to apply for such grants as it does not pay business rates.

**Mr. Vanbergen** continued...

In order to reduce the financial burden, were the majority of the staff furloughed?

***Committee Response***

All but 3 members of staff were furloughed.

**Mr. Vanbergen** continued...

Have the rental charges from today (15th July) been reduced by 15% in line with the Chancellor's recent announcement with reference to the temporary VAT reduction?

***Committee Response***

The reduced 5% VAT rate will apply on all rentals invoiced or charged for during the period of temporary VAT reduction. The Club is not obliged to pass on the 15% reduction to renters and nor will it, in the interest of members, unless market forces dictate otherwise.

The Chairman explained that there had been two questions submitted the day before the AGM by Mr. Neusten of Farm Cottage 3. The first question related to the high telephone and internet costs and whether the Club could use Voice over Internet Protocol, an internet based telephone system to reduce costs. The Chairman explained that this had been looked into in the past but due to the lack of reliable mobile and internet signal it was not thought to be the best system for Melfort; however the Committee will keep this in mind when the time comes to renew the contract for telephone systems. He also explained that the high telephone and internet costs mainly relate to the cost of supplying the cottages with internet access. The second question related to charging those who pay by credit card as these incur a charge to the Club. The Chairman explained that this was illegal so not something that the Club could do.

**5.0 Election of the Committee**

The Chairman explained that as noted in the AGM Notice sent to all members Calum Jones and himself were due to retire in 2020 but were happy to offer themselves for re-election (in the Chairman's case to serve until the Committee had appointed a new Chairman). Bill Cleghorn retired in December of 2019. David Miller, Dave Manson and Kenneth Cochran were elected in 2019 so were not due to retire in 2020. The Chairman introduced the co-opted members of the Committee and let the Members know that the Committee recommended their formal election to join the Committee. He asked those members present to vote by way of a Zoom Poll. The result was an overwhelming majority in favour of all the proposals.

## 6.0 Strategic Review

Tom Troubridge gave a summary of the strategic review that is being carried out by a sub-Committee consisting of himself, David Miller, Sally Smith and Kenneth Cochran. He explained that the last review carried out in 2017 gave rise to the exit strategy and its implementation. There are now 400 weeks controlled by the Club. Currently Melfort operates as a 70% membership and 30% rental business and if the Club wants to get back to being 80-90% membership then the Committee need to find out why more new membership sales are not being generated and what can be done to encourage them including by members' recommendation.

He went on to explain that while the rental business had gone well in 2019 the Club controlled a disproportionate number of low to mid-season week season weeks so the review is considering whether the Club is providing all the facilities that the business needs to attract these rentals. The review is also looking at the cost base of the business, this included reviewing staff and maintenance costs although it is difficult to reduce maintenance costs without diminishing standards.

He finished by explaining that the review sub-committee were also looking at how the Committee can help members who have lost their weeks due to the closure of the Club because of Covid restrictions in 2020. The majority of weeks lost were mid to high season weeks but it would be impossible to replace weeks like for like so the Committee were looking at offering mid to low season replacement weeks or a credit for an exchange company. The poll that had been carried out for those members who had lost a week returned results of about a third each for a replacement week, an exchange credit and no replacement week to aid the Club. The Committee is looking at the affordability, the practicality and fairness of offering replacement weeks. It was very much hoped that the results of the review could be presented to members by way of a face to face meeting later in the year if allowed.

## 7.0 AOB

The Chairman formally ended the meeting and thanked the Committee, the staff at Melfort and Kirstie Pirie for all of the hard work that been carried out during his time as Chairman. He thanked those members who had taken the time to attend the meeting and asked if there were any questions to round off the meeting -

## 8.0 Informal Q&A

**Peter Ball**, *Blacksmiths Cottage*

I would like to promote an enormous vote of thanks to all of the Committee for dealing with everything on behalf of the Members.

**Martin Neale**, *Farm Cottage 3*

It has been very useful to be able to attend a Melfort meeting without having to make a 600 mile round trip and I would hope that when a face to face meeting is allowed that would will still allow people who want to, to be able to attend remotely.

**Committee Response**

Good suggestion and we will look at whether this is possible.

**Mike Pringle, Quarry Cottage**

Has any consideration been made to whether those people who have lost weeks would be willing to pay a small amount for a replacement week to cover costs?

**Committee Response**

This is a good idea and we have given some thought to this. The basic principal the sub-committee are working towards are some weeks being available in the low season, perhaps with a very modest charge to cover the extra cleaning costs now incurred by the Covid regulations. This is certainly an idea that we will revisit as part of our strategic review.

**Donald Cameron**

What where the Club doing to attract younger members? Is the Club not offering enough extras?

**Manager Response**

This is something we are working on at the moment. Together with Kirstie Pirie we are trying to attract activity providers to collaborate with. There is an unfortunate pattern that we find providers who offer activities at Melfort which are popular and then their business grows and they can no longer offer us the service. To counter this in 2020 the Walled Garden centre block was upgraded to include an Xbox games console which was proving to be very popular with younger guests but it is very difficult to get the right balance of providing up to date extras without changing the ethos of Melfort.

**Gina Marston, Beechwood House & Walled Garden 10**

With younger generations I think without a clear exit strategy B young people will struggle to justify a lifetime commitment.

**Committee Response**

This is why we introduced Fixed Term membership.

**Final Comments**

Members present thanked the committee for all they have done to date and in dealing with the impact of the Covid-19 pandemic on the club.