

SENE VALLEY

FOLKESTONE & HYTHE GOLF CLUB LTD

Blackhouse Hill

Folkestone

Kent CT18 8BL



Dear Member,

24th March 2020

As the unprecedented events of the current crisis unfold around us with ever increasing impact, I am writing to you to update you on the financial impacts to the club, and the steps that we are taking to mitigate them:

1. With the closure of the clubhouse and the course following yesterday's announcement, we will be putting the following measures into effect with regards to subscriptions:
 - Direct Debit: Please contact the office by email should you wish further payments to be cancelled. We will require Direct Debits to be reset up and authorised before you play once the course reopens. Should you continue to make payments through the interruption you will receive the same considerations as members paying in advance with regards to reimbursements.
 - Members paying in advance: We will take steps to ensure that you are reimbursed over a period of time to be determined, for the time that we are closed.
 - Cotton Members paying in advance: The time available for you to use your credits will be extended to take into account the period that the course was closed.

The above considers a relatively short period during which the course will be closed (the PM suggested 3 weeks!). Should we be closed for considerably longer we will review the arrangements and in the event let you know immediately, although the principle remains that we will attempt as far as possible to ensure that all members are treated equally from a financial standpoint.

2. During this period we will be continuing to maintain the course as far as is allowed by the restrictions on movement, and the availability of staff due to self-isolation (we currently have two members of the greens staff, and one member of clubhouse staff who are in isolation). While the course is closed, only essential work will be carried out that will ensure that we can quickly recover once restrictions are lifted. For example, the frequency of mowing will be reduced and will be aimed at preserving the course, rather than presenting it in the best condition for immediate play

3. It is our intention to protect the jobs of our contracted staff throughout the business interruption, and we will be seeking to take advantage of the government's job protection scheme, which was announced last week, to ensure that as far as possible our full time staff are retained on full pay. The details of this are still being clarified by the government, so while this is our intention at the moment, the situation is fluid and could change.

4. All other discretionary spend, including further purchases of supplies or machinery for the course, has been put on hold until the club is back to full operations again. We remain committed to the programme of improvements for the course that were outlined during Lee's presentation to members recently, but these will need to be delayed while we secure the cashflows of the club.

It does not take a chartered accountant to realise that the financial impact of a prolonged closure of the club is likely to be severe, and we have already been affected by the weather closures during the early part of the year, which gave rise to shortfalls in bar, dining and green fee revenues. The interruption to all revenues during the closure while maintaining essential spends, salaries and some course maintenance will stretch the club's cashflows significantly.

Fortunately, the club has a reasonably healthy bank balance and I am confident that with some help from the government, some strict cost control, and some patience and support from you, our members, the club can survive this crisis and come out thriving on the other side.

The initiatives announced by the government are all being pursued and, as mentioned above, have helped to shape some of our decisions. Many of you will have read about the initiatives, but I have set them out below for ease of reference, together with how they affect us:

1. Coronavirus Job Retention Scheme: HMRC will reimburse 80% of furloughed workers wage costs, up to a cap of £2,500 per month. To be eligible, the employee must be put completely on furlough. Reduced hours, or a rota system is unlikely to attract reimbursement. NOTE THAT THERE IS NO INDICATION FROM THE GOVERNMENT AS TO WHEN REIMBURSEMENT WILL HAPPEN – THERE IS LIKELY TO BE SOME DELAY.
2. Deferral of VAT payment for 3 months: We will take advantage of this
3. Business rates holiday for leisure businesses: We will automatically receive this, but already receive an 80% reduction in rates as a CASC organisation, so the benefit is limited for us.
4. Cash Grants (£25k) for small leisure businesses: Unfortunately we are NOT eligible for this as the rateable value of our property is just above the limit
5. Coronavirus Business Interruption Loan Scheme: Secured loans for businesses to overcome cashflow shortages caused by business interruption. The loan, which initially would be interest free would be repayable in full and would be subject to interest after the first year. We would prefer to not end up with debt that needs to be serviced, so this is being pursued but as a last resort.

We are also working with suppliers to minimise impacts. We have approached the landlord for some rent relief. We are working with the brewery to take back unopened kegs of beer. Sky have paused our subscription to their channels. We have suspended cleaning services while the clubhouse is shut. Needless to say that Steve, Donna and John have been working tirelessly to mitigate any cost impacts possible. We think we have thought of everything, but are happy to receive constructive suggestions from members.

In summary, we are doing everything reasonably in our power to ensure that the financial impact to the club is minimised. I am very optimistic that we will get through this, but it is going to be a rocky ride and cashflow is likely to be very tight, particularly if there are delays in receiving any of the government support. In closing, I would therefore like to make an appeal to members:

We understand that the crisis has impacted many members directly, and we realise that a natural reaction will be to delay renewal of subs. Why should we pay for a facility that we cannot use? However, if you can afford to make the payment, this is the time that the club needs all the support it can get. We aim to ensure that anyone who does pay the membership fee in full (or in part: any contribution will be welcome) is not disadvantaged by doing so.

As your new Treasurer, I will be very grateful for the part you will have played in ensuring that there is a future for the club, as I am sure will your fellow members.

Please stay safe during the weeks to come, and here's hoping that the interruption to our golfing will be short!

Sincerely

Steve Eggleston
Treasurer