



HillierHopkins

Hillier Hopkins LLP
Chartered Accountants
and Tax Advisers

2016 Report of a survey of members and proprietary golf clubs across the UK



“friendly expertise”

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Welcome

Welcome to the 2016 Hillier Hopkins golf survey report for members clubs and proprietary clubs. Thank you to those that responded to this and previous surveys.

As in previous years, we have split the results by club type. The results from proprietary and members clubs have been analysed separately, enabling clubs to compare like for like.

The results for this year bear a striking similarity to the previous two years but a more detailed examination has revealed some interesting trends and we are starting to see the effects of these in the survey. Costs are continuing to rise particularly with regard to staffing. Clubs appear to have countered this by gradually reducing staff numbers in particular part time staff. In addition with the economy showing less stress it appears that clubs have taken the opportunity to increase prices.

The previous trend of declining member numbers has been reversed in this year's survey but we think that the current years result is due more to the impact of some closures in the industry rather than a significant change. Based on early reports for 2016/17 it seems likely that the trend of earlier years is likely to continue.

Most clubs we visited during the year were happy to report an influx of new younger members and were hopeful that this was a trend for the future. Sadly despite this the age profile at most clubs remains stubbornly high with the survey again reporting the same numbers for members in the aged 50+ bracket. Social membership is up but the concern here is if this is mainly ex playing members. Whilst social members provide useful footfall for the bar and catering operations this rarely compensates for the reduction in playing subscriptions.

On society income the survey again reflects a wide variation in numbers. There was a general feeling that the declining trend had come to a halt but actual player numbers still seems to be falling.

As indicated, clubs do seem to have accepted that their main source of income is from their member subscriptions, and have raised these to cover increased costs. Despite low inflation clubs seem to have realised that this will always be their main source of income.

Contrary to last year's results it would appear that entrance fees are still on the agenda and in some instances are increasing. There is no doubt that these provide an incentive for ongoing membership but it seems that longer term this will be difficult to maintain with the exception of a number of highly popular or prestigious clubs.

Green fee charges now seem to be on the increase following several years of decline and clubs do seem to be trying to maximise their income from other sources. After several years of static bar income this years survey has shown an increase which was a surprise. Whether this is as a result of increased pricing or a real increase is difficult to judge.

Last year we introduced some questions about future trends. This year, we saw a huge increase in the number of responses to this section. Sadly most of the responses anticipate an ongoing decline in member numbers and participation in golf without significant change.

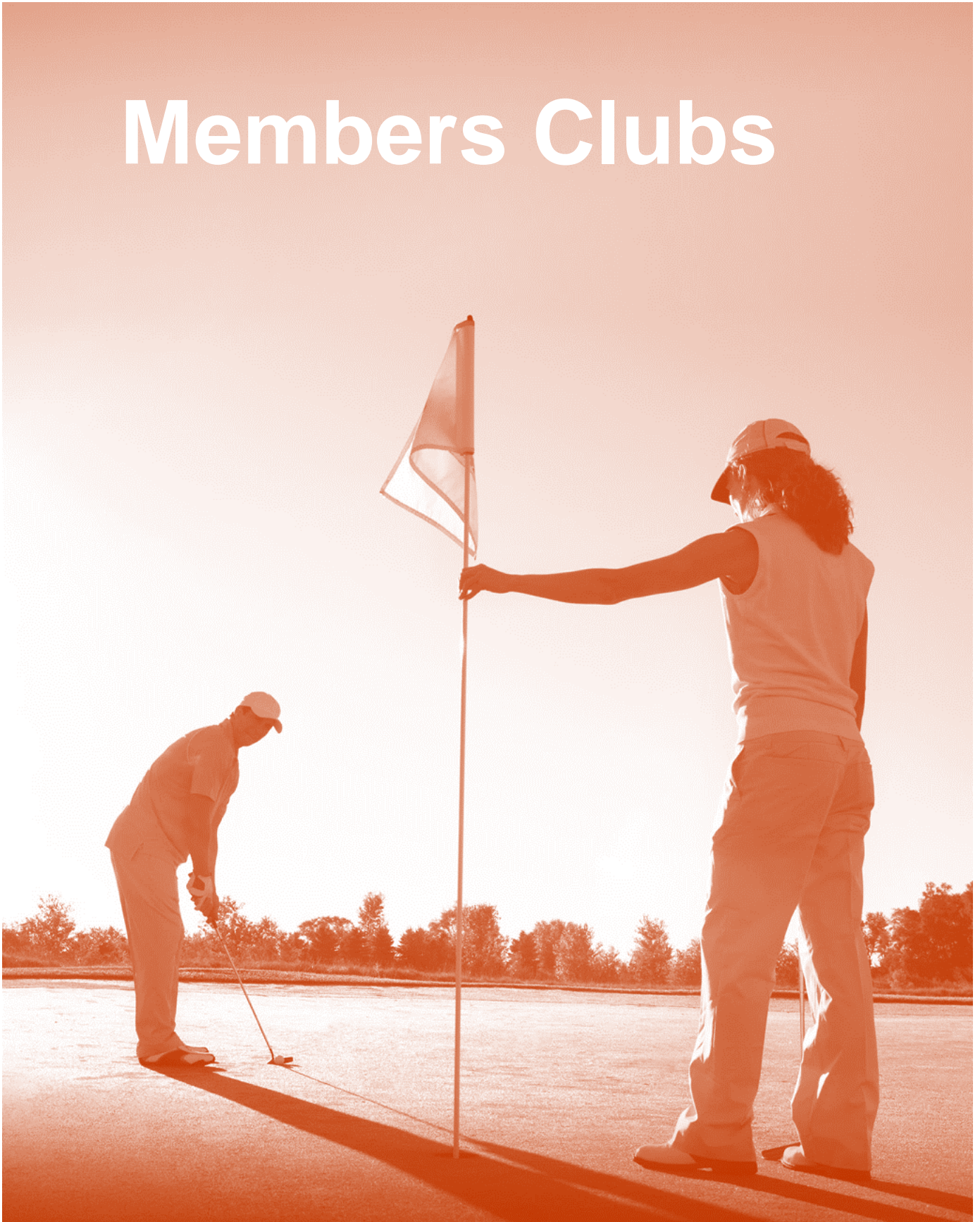
It also includes a number of sensible suggestions about how clubs can be more flexible to meet the ever changing demands of their membership.

We hope that you will find the detail included in the report helpful for benchmarking purposes, and as a source of information. We are very grateful to all the clubs that have taken part in this survey which, without their participation, would not be possible.

Thank you again for your time and effort in responding to our enquiries. We hope that the survey continues to be of interest and use in your club activities.

Robert Twydle
Principal

Members Clubs

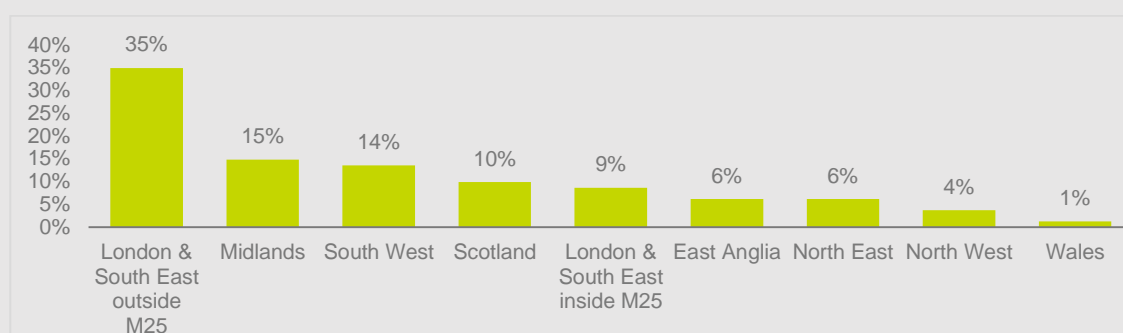


Members Clubs Results 2016

81 clubs, typically with 18-hole courses

This year we bring you data from 81 members clubs from across nine regions of the UK, with 36% from London and the South East (outside of the M25). As in 2015, these were predominantly 18-hole clubs (91%), with 3% 9-hole, 5% 27-hole and 1% 36-hole clubs.

Residence of members clubs



Few honorary positions

As in 2015, the vast majority of survey respondents – including predominantly managers and secretaries – were paid members of their club, with even fewer (now just 1%) honorary positions evident.

Members Clubs

Staffing

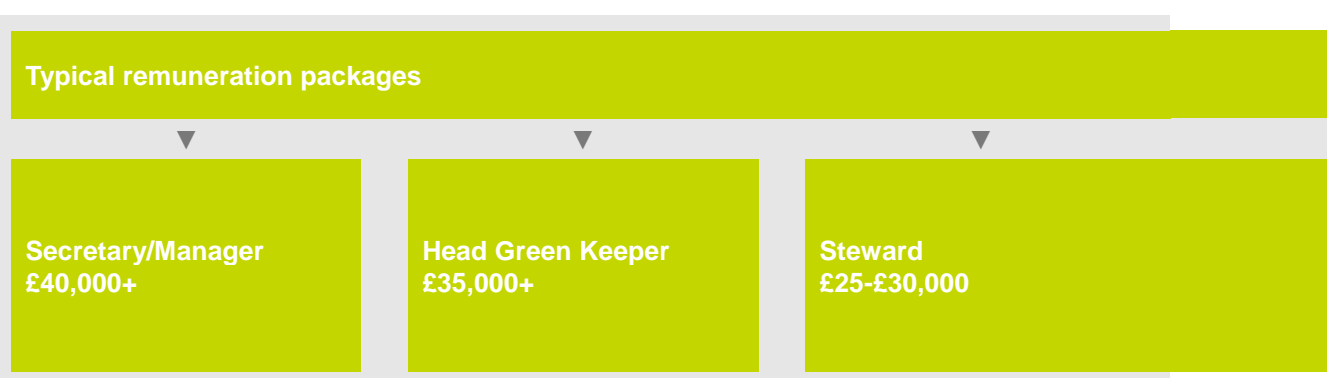
Staffing

Changing remuneration packages

Survey respondents again had a typical remuneration package of in excess of £40,000, but with an increasing proportion (63%) compared to the previous three years.

The Head Green Keeper remuneration package was this year noticeably higher: compared to 2015 13% fewer were paid between £30-£35,000 and this was counterbalanced by 12% more (23%) being paid between £45-£50,000.

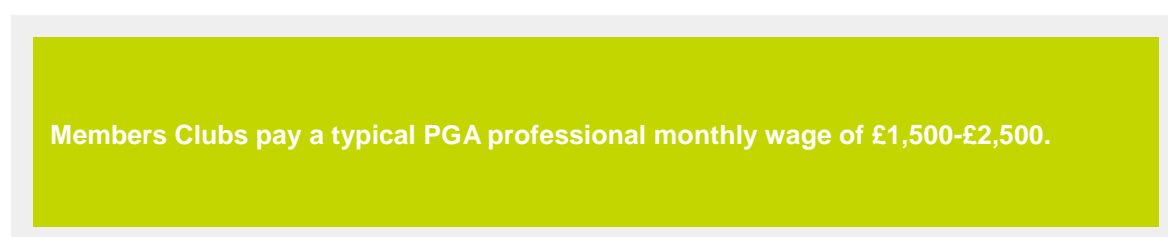
Steward remuneration is similar to 2015, again standing mainly at £25-£30,000 (67%).



PGA professionals at most members clubs

93% of members clubs indicate that they have a PGA professional. Among those who pay a retainer, this is, as in 2015, typically from £1,500-£2,500 per month (70%).

The proportion of members clubs paying in excess of £2,000 to their PGA professional continues to rise, increasing from 61% in 2015 to 63% this year.



More clubs now pay commission to their professionals

The percentage of clubs paying commission to their professional was identical to 2015 at 56%, with an accompanying commission in the same range of 5-10%.

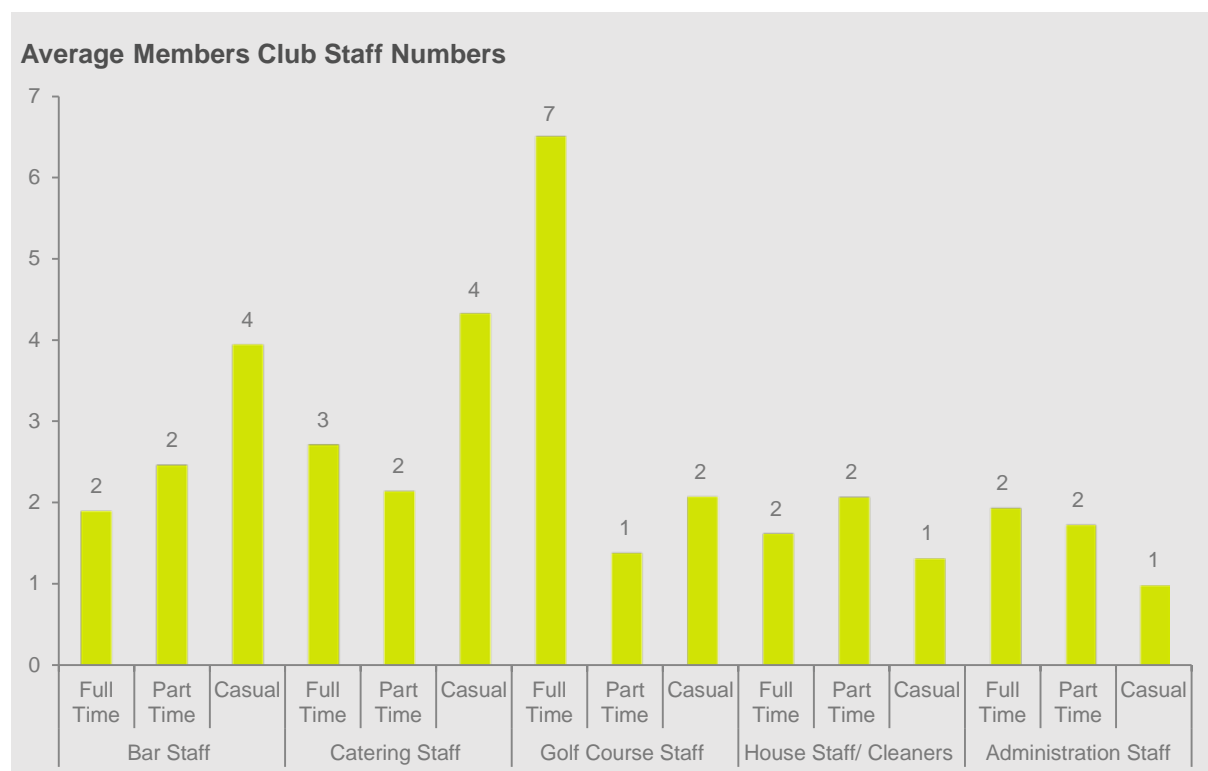
PGA duties which focus on tuition, green fees and the pro-shop

PGA professionals undertake a number of duties for their clubs, with a tri-part role of tuition provision, green fee collection and pro-shop management again emerging as typical duties.



Falling staff numbers at members clubs

Always highly variable and dependent on the size and needs of each club in question, staffing figures range from 7 to 71 across members clubs. There is, however, a decrease in the average total staffing number compared to 2015, falling from 28 to 22. Average numbers across functions are broken down as follows.



The most notable differences compared to 2015 are decreases in the numbers of full time course staff from 10 to 7, and part time bar staff from 5 to 2.

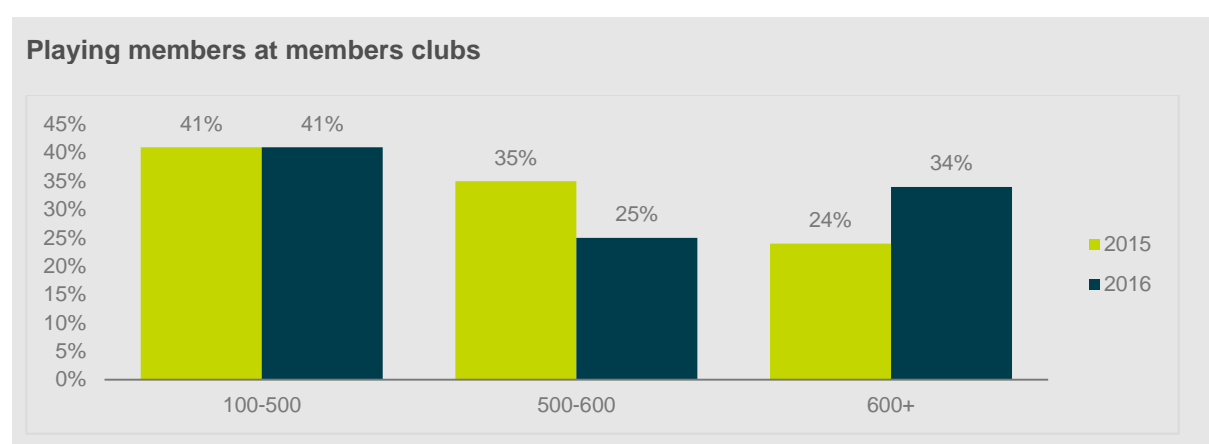
Members Clubs

Members

Members

Increasing member numbers

Members clubs again display a wide-ranging number of playing members, with a similar amount in both 2015 and 2016 (41%) having 100-500. However, this year there are more clubs with over 600 members, compared to 2015.



Limiting membership

More members clubs would now recommend a cap on their number of playing members, rising from 71% to 75%. Once again, a limit of 500-700 playing members is most frequently suggested (by 56% of members clubs).

Flexible membership

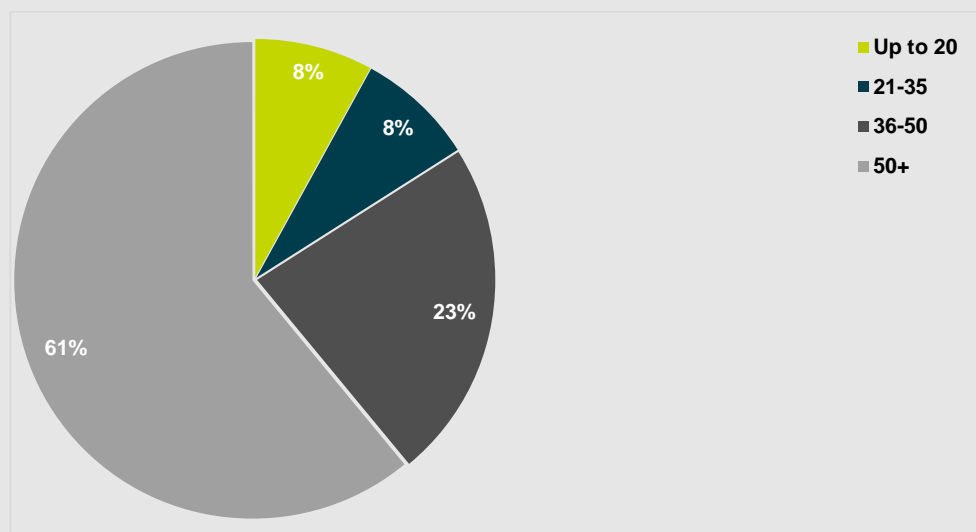
39% of members clubs now offer flexible membership, an increase of 9 percentage points from the 30% in 2015. Deals included:

- Fees from £199 to £850
- Benefits such as reduced round costs, credits and points schemes
- 5-day membership
- Winter season
- 11 holes for over 75's
- Associate membership with restricted play
- Junior and intermediate schemes
- Limited rounds

Member ages continue to be distributed towards the 50+ age group

As in 2015, and as shown in the following chart, the age distribution of club members shows fewer younger members and more older members. However, the 61% of members aged 50 plus is identical to that recorded in 2015.

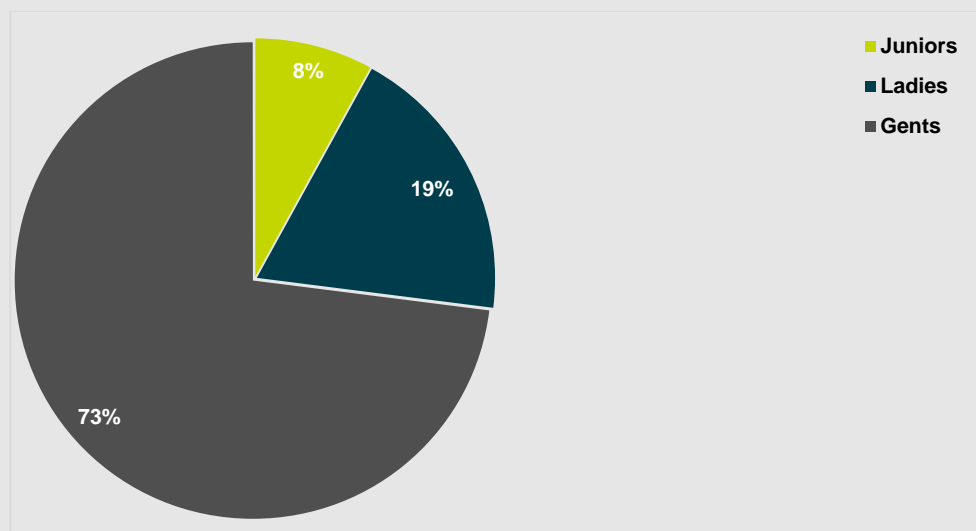
The age of members clubs members



A continuously higher gentlemen to lady member ratio

As shown in the following chart, and closely aligned to the findings of the last two years, the gender distribution of members club playing members shows fewer female and junior members, and more gentlemen members. This year 73% of playing members are gents, slightly higher than the 71% reported in 2015.

The profile of playing members at members clubs



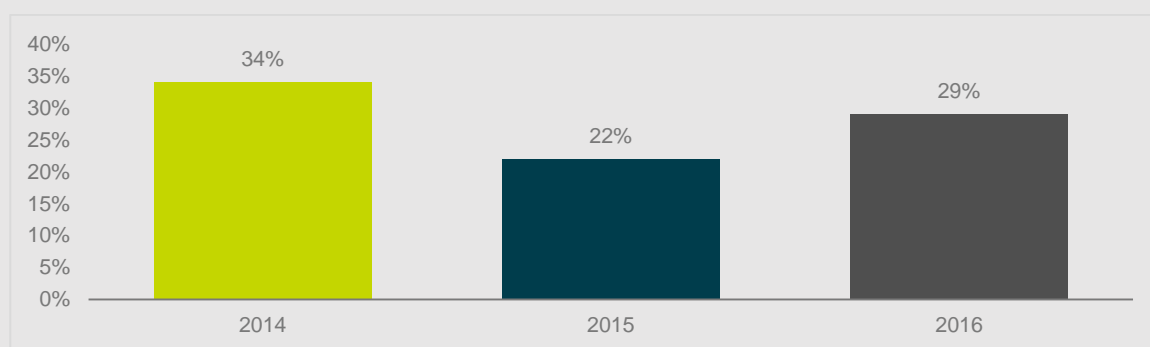
Over half of members clubs say that their female membership is increasing

This figure has risen by 3 percentage points since 2015, to now stand at 52%. There have been smaller rises in the number of clubs restricting lady members (from 6% to 7%) and those offering reduced rates for lady members (from 10% to 11%).

Recovering numbers of social members

29% of members clubs now have a social membership exceeding 100, a recovery from a decline in 2015 but still less than in 2014.

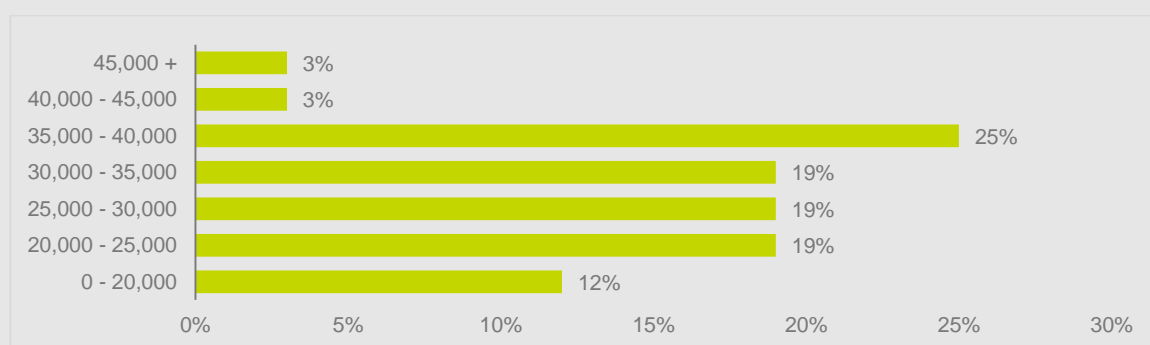
Members clubs with over 100 social members



More rounds played in members clubs

There has been a substantial increase in the number of rounds played annually at members clubs. 26% of clubs reported between 35-40,000 rounds played this year compared to just 8% in 2015.

Number of rounds played per year at members clubs



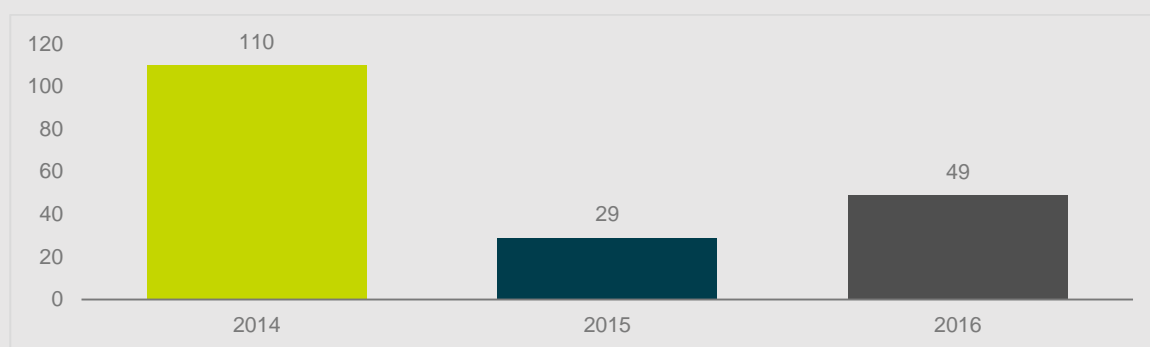
Society rounds

Rounds played by societies range from zero to 20,000. The typical number of rounds played is just over 2,200 annually – almost identical to the numbers recorded in 2014 and 2015. 45% of members clubs report an increase in the number of rounds played and whilst this is slightly below the 47% reported last year, it is still above the figure for 2014.

Increased waiting lists

The proportion of members clubs with a waiting list is identical to that recorded in 2015 - 20%. Among these clubs, the average number of people waiting to join has increased from 29 to 49, although this is still not as high as the number in 2014. Waiting times range from 6 months to 10 years.

Average number of people on members clubs waiting lists



Members Clubs

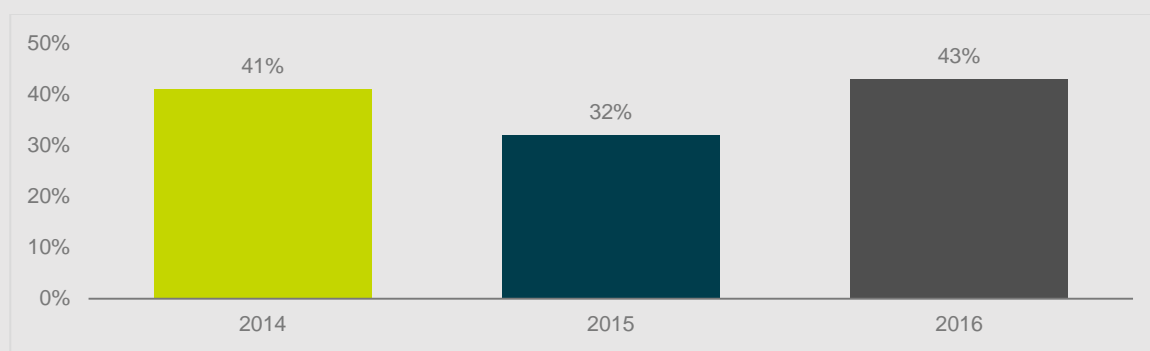
Facilities

Facilities

Most members clubs continue to have no driving range

Many members clubs still have no driving range, but the 43% in 2016 that do, is a recovery from the decrease in 2015. Members club yearly driving range income continues to be typically up to £5,000 for just over 70% of clubs, a small rise from the 68% reported in 2015. However, there has been a decrease in those member clubs that earn over £10,000 from their driving range, falling from 14% in 2015 to 8% in 2016.

Members clubs with a driving range



Fewer members clubs than proprietary clubs have an academy area

In 2016 the percentage of members clubs with an academy area has fallen from 36% to 30%.

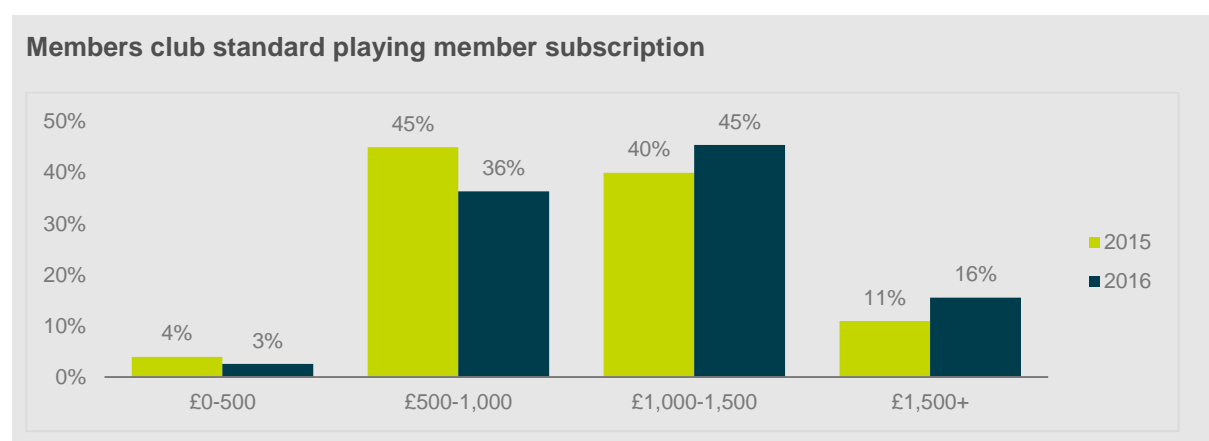
Members Clubs

Fees & Charges

Fees & Charges

Standard playing member subscriptions

Membership fees for standard playing members again vary from less than £500 to £1,500+. However, this year there has been a notable increase in subscriptions, with most clubs now charging £1,000-£1,500 and more clubs charging over £1,500.



Social membership charges

The most typical social membership charge was once again £50-£150. However, the percentage paying this amount (58%) is now recovering to the level of 2014 (61%) after it fell to 34% in 2015.

More clubs with rising entrance fees

Similarly, entrance fees are charged by 65% of members clubs, which is close to the level of 2014 (66%) after falling to 49% last year. The fees range from £25 to £4,500 and the average of £1,255 is close to that reported in 2015.

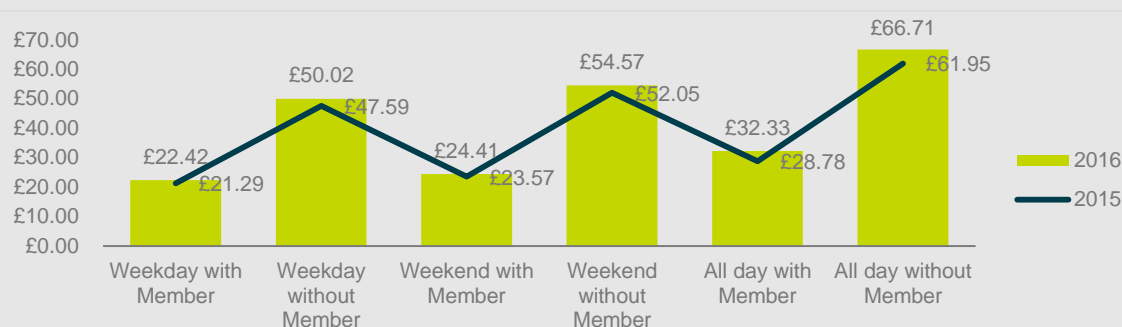
14% of members clubs who charge an entrance fee plan to increase this fee.

As in previous years, few clubs currently without entrance fees propose implementing one, highlighting demand as the key aspect which would impact upon this decision. However, this year increasing emphasis is also placed on membership levels as having an influence on this decision.

Slightly higher green fee charges at members clubs

Average green fee charges are shown below, across weekdays, weekends and all day use, both with and without members. These are similar to those of 2015, but are slightly higher across all categories.

Members clubs green fee charges



Steady green fee incomes at members clubs

Incomes from green fees again range from zero to over £1,000,000. This year there are a similar number of clubs to 2015 at the higher income range of £140,000+. However, more clubs have increased income from the lower range of under £60,000, such that 44% of clubs now earn between £60,000-£140,000, compared to 39% in 2015.

Society packages and their costs

Many members clubs offer society packages, with average costs shown in the chart below. In all cases the costs show an increase on the rates for 2015. The figures suggest that the difference between proprietary club and members club society packages is diminishing.

Members club society package costs

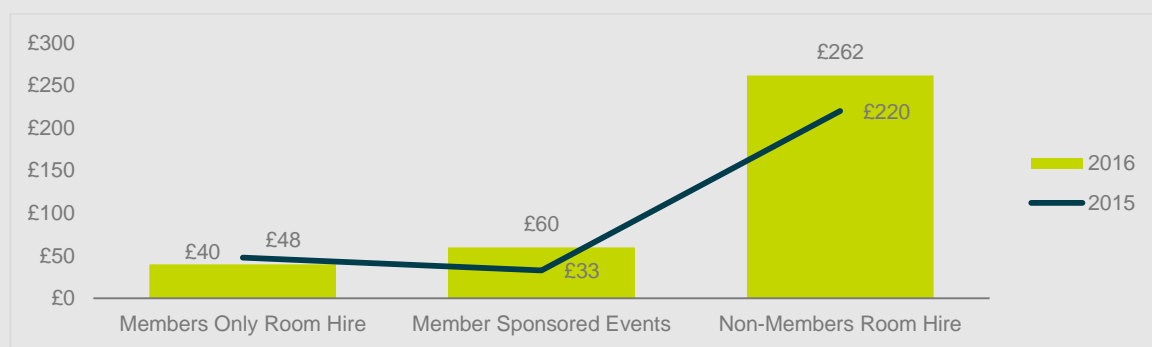


The vast majority of members clubs offering society packages continue to feel that two aspects impact most significantly on society packages – the time of year/season (90%) and the catering package level (71%). It is also evident this year that the time of day influences these packages (34%).

Average room & facility hire

Average approximate rates for room hire within members clubs are presented below. A large number of clubs indicated that this was free for members. Others indicated price per head facilities and variable charges dependent on numbers and catering. Members only room hire rates have reduced since 2015, but other hire charges have increased since last year.

Members clubs room hire charges



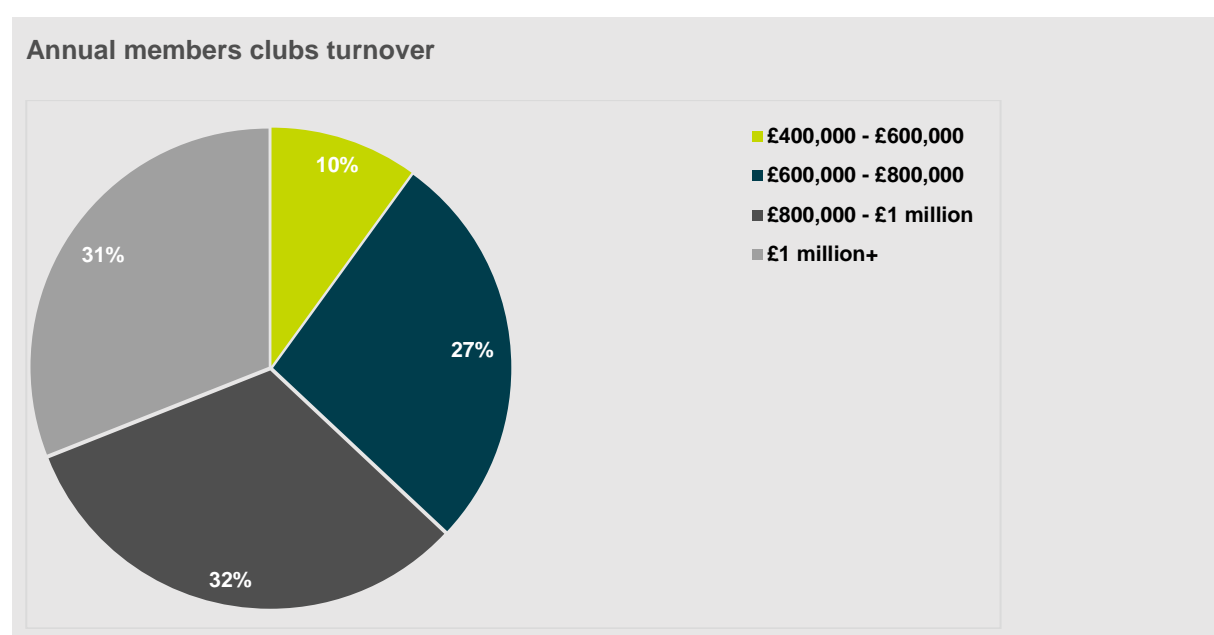
Members Clubs

Financial Information

Financial Information

Most clubs with a turnover of £800,000-£1million

Members clubs report turnover levels ranging from £400,000 to £1million+, with most members clubs in the £800,000-£1 million category of turnover. Please note the turnover ranges have been changed since last year.



Society income at members clubs

Society income for members clubs continues to be most frequently in the range £20,000-£40,000. However, this year the percentage of members clubs with this amount of income has risen from 28% to 37%.

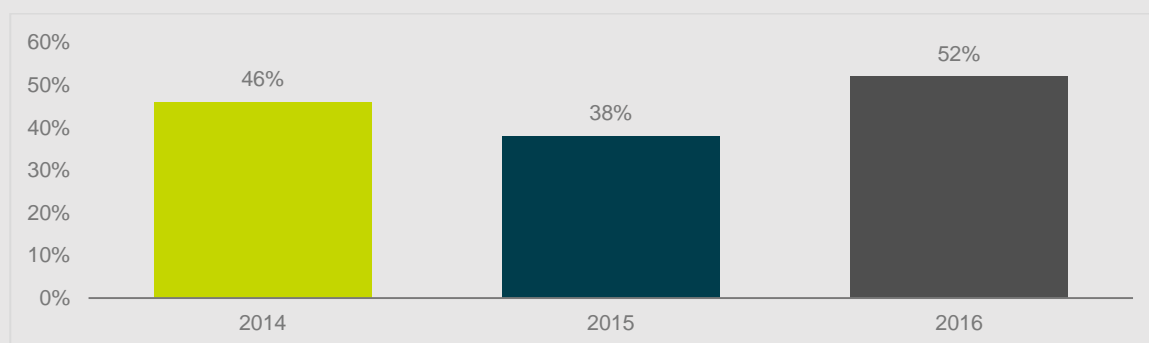
Reducing society surplus/increasing deficit

In members clubs, the average society surplus figure has reduced significantly from the 2015 amount of £50,000 to £34,100 this year. The average society deficit had reduced last year from £22,600 in 2014 to £16,330, but it is now back at a similar level to 2014, with the average 2016 deficit being £23,250.

Increasing levels of bar revenue and activity

The importance of bar usage as an income stream should not be underestimated. Bar revenue has fluctuated over the last few years, but 2016 has seen a recovery with the percentage of members clubs taking in excess of £150,000 now exceeding 2014 levels.

Members clubs with a bar revenue > £150,000



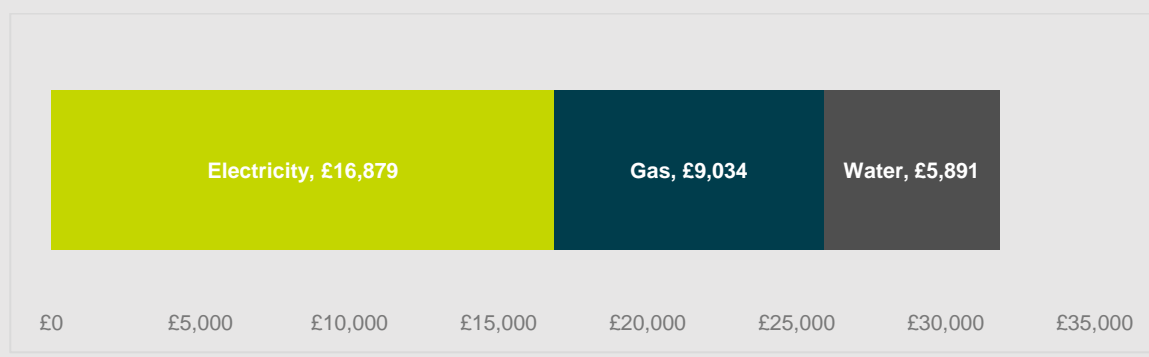
Average margins and rate costs this year were:

- Gross margin 57%
- Net profit 23%
- Rateable value £106,177
- Rate cost £38,090

Utility costs

Average utility costs vary significantly across members clubs. However, averages are as follows – with all costs being very close to the amounts reported in 2015.

Average utility costs in members clubs



Average course maintenance and wage costs

Both maintenance costs and wages have increased slightly this year, to stand at £109,348 and £183,480 respectively.



Average current and anticipated course special project costs

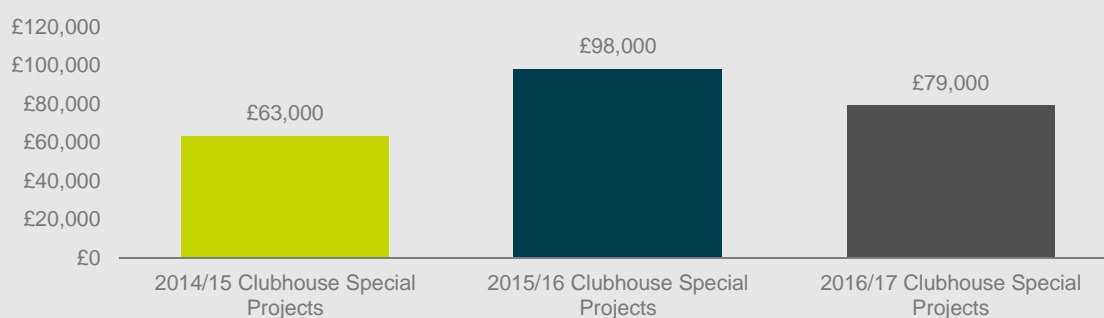
In overall terms spend is slightly down on the previous year's special project course costs, falling from £45,000 in 2015 to £43,000 currently. However, this is expected to more than double next year to £90,000.



Average current and anticipated clubhouse special project costs

In overall terms spend has significantly increased on previous years on special project course costs, rising from £63,000 in 2015 to £98,000 currently. Interestingly, in 2015 the forecast spend on clubhouse special projects in 2016 was only £31,000. Spend for 2017 is expected to fall from this year's level to below £80,000.

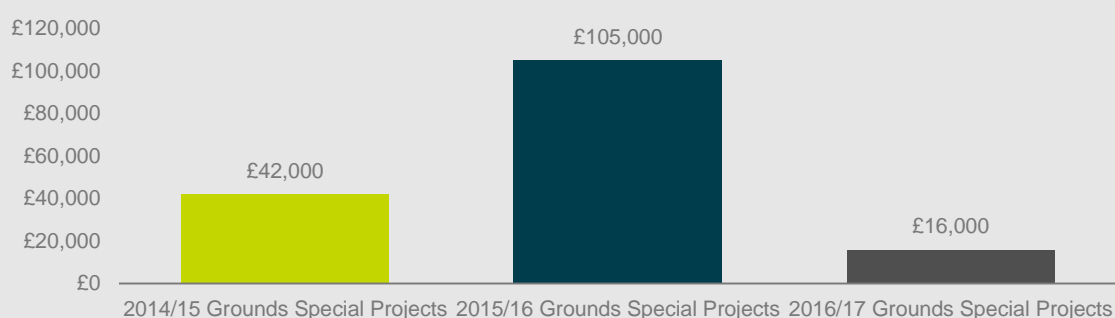
Average clubhouse special project costs



Average current and anticipated grounds special project costs

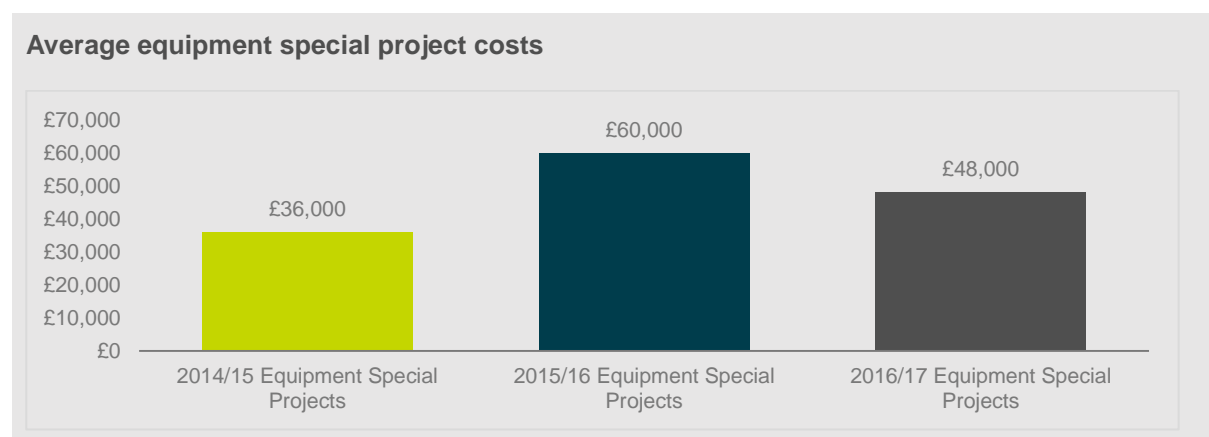
After doubling spend on grounds special project costs between 2014 and 2015, this year the spend of £105,000 has again doubled compared to the 2015 levels. However, this figure is expected to fall substantially in the following year.

Average Grounds Special Project Costs



Average current and anticipated equipment special project costs

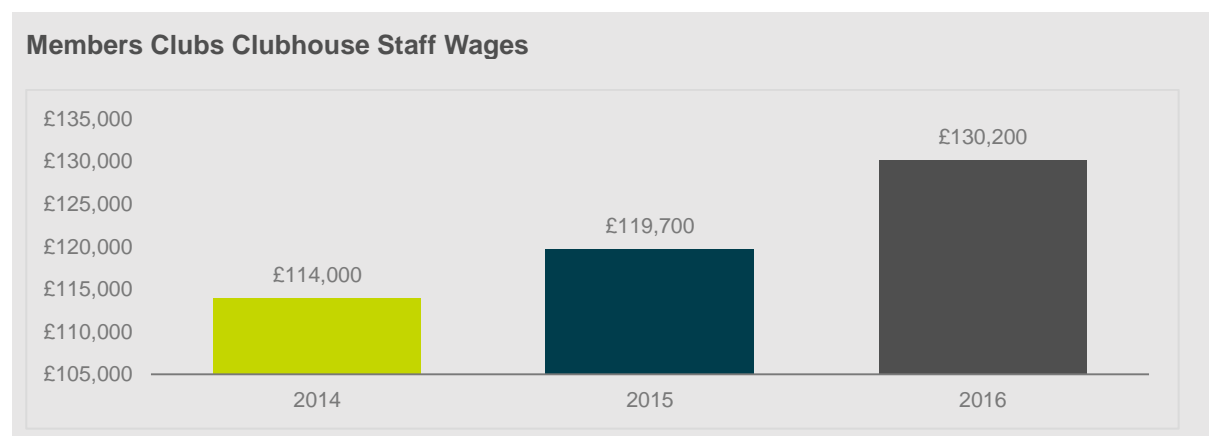
In overall terms spend is higher than the previous years on special project equipment costs, rising from £36,000 in 2015 to £60,000 currently. This is expected to reduce in the following year.



Clubhouse maintenance costs and staffing

Clubhouse maintenance costs rose from an average of £60,100 in 2015 to £69,100 this year.

Clubhouse staff wages among members clubs came in at an average yearly figure of just over £130,000, continuing a trend of higher wage costs evident since 2014.



Members clubs using franchise catering

55% of members clubs – almost identical to the figures recorded in the last two years - use a franchise for their catering needs. This remains a percentage far higher than that of proprietary clubs (25%).

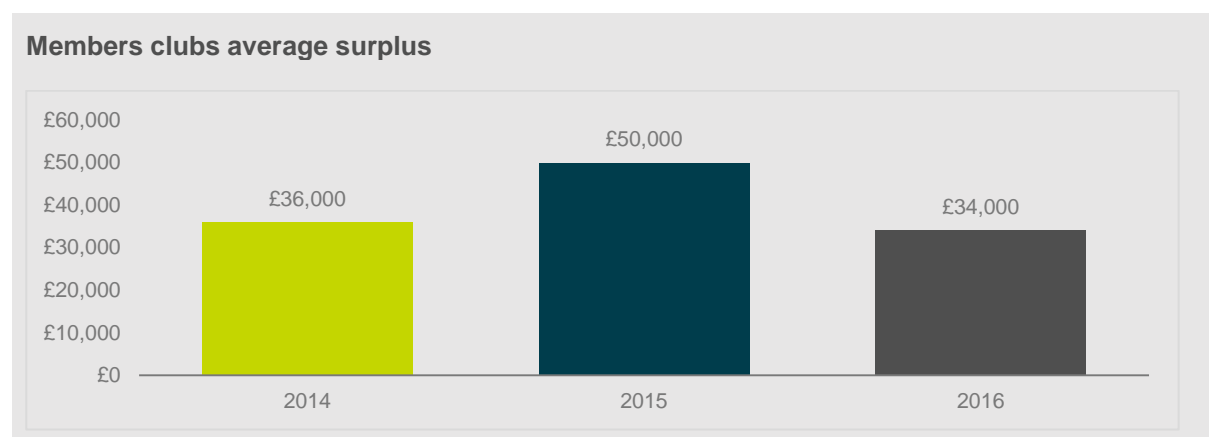
Among those clubs who cater without the services of a franchise, revenue levels for own catering range from less than £50,000 to £250,000 plus. For 54% of clubs with their own catering, this income typically exceeds the £150,000 mark – a slight decrease in comparison to the 59% recorded in 2015.

Profit margins range from 0% to 65%.

Club surpluses and deficits

Among members clubs, the highest surplus figure was £200,000, with a highest deficit of £72,000 – more than the £37,000 recorded in 2015.

The average surplus was around the £34,000 mark – lower than the £50,000 reported in 2015, but close to the £36,000 recorded in 2014.



VAT disallowance

VAT disallowance figures among members clubs again most often fall into the 0-30% category (47%). A further 26% sit in the 30-45% category, with 19% at 45-60%, 2% at 60-75% and 6% over 75%.

Annual general insurance

As in previous years, members clubs are typically paying between £5,000-£10,000 for annual general insurance (57%)

5% pay up to £5,000 and 37% pay £10-15,000. As in 2015, just 2% of members clubs pay in excess of £15,000.

Hillier Hopkins have links to competitive insurance arrangements and would be happy to introduce you to our supplier if you are interested

Members Clubs

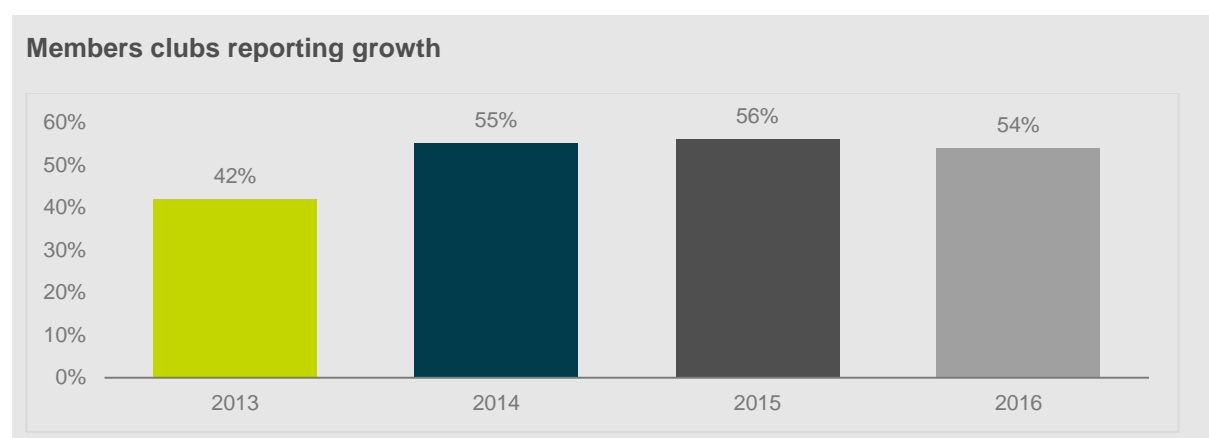
Business Development

Business Development

Similar numbers of members clubs reporting growth

Last year we reported that the percentage of members clubs reporting growth appeared to be plateauing. This has indeed proven true, with a slight fall this year, although very close to the percentages of 2014 and 2015.

This year there has also been a similar finding in the percentage of clubs that are reducing; the reported 5% being identical to 2015.



Fewer members clubs investing in marketing

This year there has been a fall in the level of investment in marketing, reducing from 56% in 2015 to 44% in 2016*.

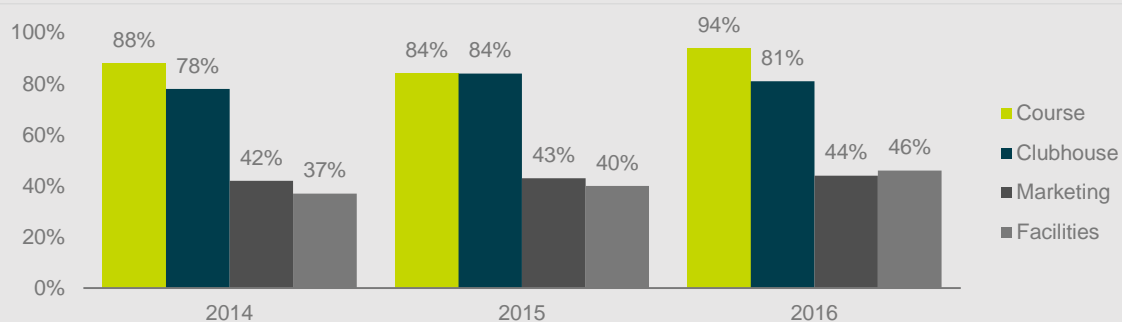
Member referrals remains the most utilised method of marketing activity, reported by 90% of members clubs (followed by advertising at 62% and networking at 46%). It is also perceived to be the most successful method of marketing, highlighted as such by 72% of members clubs. There was a very large gap between this and the second most effective activity reported, which was special offers at 8%. Also effective were email campaigns, networking and events.

*Note that 22% of members clubs left this question unanswered so we have assumed they do not market themselves when in fact they may well do.

A continuing focus on the golf course as the major source of investment

Investment in courses, clubhouses, marketing and facilities has remained steady since 2014 – though with more clubs than ever now investing in their course and facilities.

Members clubs investment



Members Clubs

Miscellaneous Additional Information

Miscellaneous additional information

Dress codes

The percentage of members clubs that have a dress code has fallen this year from 97% to 91%. Codes frequently included 'smart casual', and discouragement of denim, jeans, shorts, tracksuits and trainers.

SKY subscriptions

57% of members clubs indicated that they had a SKY subscription, a slight increase from the 55% reported in 2015. The average monthly cost has increased from £440 in 2015 to £503 in 2016.

Anticipated changes affecting golf clubs in 5-10 years

The following changes were suggested/anticipated by members clubs:

5 Years:

- Reductions in subscriptions - change of use to clubhouse to utilise other facilities
- Increased demand for social activity and social golf
- Increased participation
- Younger players
- Less members
- More visitors
- Higher standards
- Better utilisation of assets, i.e. selling parcels of land to fund expansion/improvements
- Changing habits of golfers
- Modernising clubs and using technology
- Falling membership numbers
- Continued move away from full membership to casual/partial membership
- Increase in green fees and society revenue
- Continued fall in full members
- Brexit effect unknown
- Bar and catering price increases
- Lower uptake in memberships of clubs
- A need to use the premises for more outside functions / visiting golf parties
- Members are reducing and will die off at a higher rate to replenishment
- Growth of 9-hole golf
- Continuing relaxation of dress code rules
- Family participation
- Greater reliance on external business whether that is golfing or social & adapting the club to deliver that
- Ensure the club remains relevant to all members not just the traditionalists
- Making the club relevant to the next generation of club members
- Poor image of the sport & lack of exposure on terrestrial TV
- Increased costs
- Cost of membership
- Reduction in new members to replace ageing membership
- More options for people's leisure time

- The "want it now" culture, immediacy
- Continuing decline in golf club membership and playing the game
- Increased competition and more "Nomad" golfers
- More of a move to flexible memberships and that means the introduction of tee times
- Shrinking market of golfers
- Need to collaborate, e.g. machinery pooling (and save costs)
- Having the members that remain loyal/continue to accept they have to pay more if they want the same quality of facilities
- A shrinking business needs to be managed with a lower cost base, whilst maintaining or better still improving the quality of service
- More membership options
- More 9 hole competitions
- Joining fees will go
- Clubs will look to realise land assets to fund capital projects
- Less volunteers involved in running clubs
- Local subscriptions rates will cap out as clubs offer more membership options
- Clubs will do less for juniors as they realise they are not commercially attractive
- Diversification of revenue streams will become essential
- Dress codes will relax and disappear
- The industry will recognise that men over 50 are our target market not juniors and women
- To attract significant amounts of lady golfers under 60 golf clubs need to have fundamental changes in attitude towards them
- The demise of final salary pension schemes will have an effect on membership
- Flexibility of packages and alternative ways of participating in the sport
- Rising costs & inflation
- Membership retention & recruitment
- Increasing costs and reduction in income - leading to opening up clubhouse to non-members for informal events throughout the day - reducing fixed costs by involving members with suitable skills - hiring out course equipment and staff as operators - workplace pensions impact on staff and Employer alike
- Fewer people having memberships but overall golfers remaining static. Membership costs increasing
- Pressure from other sports
- Membership growth and retention
- Fewer customers available means some clubs will go under. Those that want to survive will have to realise what the USP of their club is, and make sure it is marketed to the correct audience
- Those clubs who have launched flexible memberships now have artificially large numbers of members, but are in danger of losing their full members to clubs who do not offer flexible
- Decline in traditional full membership numbers, more pay as you go golfers
- Reducing memberships
- Increased pressure on membership
- The Living wage
- Declining participation and demand for full membership
- Requirement to offer more flexible membership subscriptions
- Declining membership
- Realisation that to succeed, implementation of faster/easier golf is required along with many old traditions needing to be relaxed in order to attract new players to the game
- Increased demand for flexible memberships
- Reduced membership
- Reduction in members, move towards more external business
- Continued struggle to maintain / increase membership levels
- Look to diversify or gain business from other areas
- Less members more pay and play
- More nomadic golfers and fewer people wanting to remain members of golf clubs

- Change in lifestyle/pensionable age and disposable income as wages are outstripped by inflation and the cost of living
- Need to make golf club membership more attractive to the under 40s and families. Those with younger families and younger careers
- Reducing membership - falling green fee income

10 Years:

- Clubs will have to look to "pair up" and pool resources - or fold as revenue streams dry up
- Fewer clubs
- Lack of volunteers for committees and as officers -who wants to be Captain?
- Falling membership numbers
- Less full members and more casual/seasonal revenue from visitors
- The need to offer more flexible golf packages
- Reduce the number of holes on a golf course for speedier rounds
- Diversification into other areas, i.e. other leisure
- Promoting golf to the wider public
- Ageing membership
- Closure of courses for housing development due to lack of demand, rising maintenance costs & over supply
- Fewer clubs will be in business
- Increased competition and more "Nomad" golfers
- London accommodation costs eat up potential member's disposable income
- Older population more buggies required for ageing membership
- Robotic mowers
- Use of GPS to manage "inputs" on the golf course
- Pressure for land acquisition by house builders
- Water restrictions for irrigation
- Switch to "pay as you go" schemes as membership becomes less sought after by society
- Downsizing of clubhouses
- Golf potentially becoming an elitist sport once again
- Ability to adapt and survive
- Flexibility of packages and alternative ways of participating in the sport
- Restriction of fungicides and pesticides
- Membership retention & recruitment
- Elimination of VAT partial exemption - increase in NIC - whether it becomes necessary to reduce staff head count - whether we can exercise more control over land area (development and or disposal)
- Continual overall fall in member numbers
- Lack of juniors
- It will be make or break time! Will all the part time nomadic golfers in their 30s and 40s join clubs when they find themselves with more time on their hands as they get older. If the answer is no, then the industry is in a real mess!
- Greater diversity of use of the facilities for non-golfing activities
- Reducing memberships
- Declining participation
- Requirement to offer more flexible membership subscriptions
- Lack of members due to a major drop off in the over 65 age range of players that are not being replaced with younger members currently. This will have an effect on how clubs deal with membership categories and will necessitate flexible memberships across the nation
- Reduced membership
- Reduction in members, move towards more external business
- Reduction in the number of clubs as membership levels continue to drop and clubs consider whether to take advantage of potential changes to greenbelt usage / development restrictions
- Less members more pay and play

- Declining memberships
- As we have a lot of retired members we may be affected by the increase in the state pension age and how people have budgeted for retirement

The impact of the living wage

Over half (53%) of members clubs suggested that the introduction of the living wage would impact upon them. This is higher than the 48% reported in 2015. Members clubs indicated that this would apply to an average of six staff, compared to 7 staff in 2015.

Operating 2 for 1 schemes

9% of members clubs indicated the use of a 2 for 1 scheme, a figure virtually identical to that recorded in 2014 and 2015. These clubs suggested that this generated an average of £800 additional income, but most of these clubs suggested that this did not generate any additional income at all.

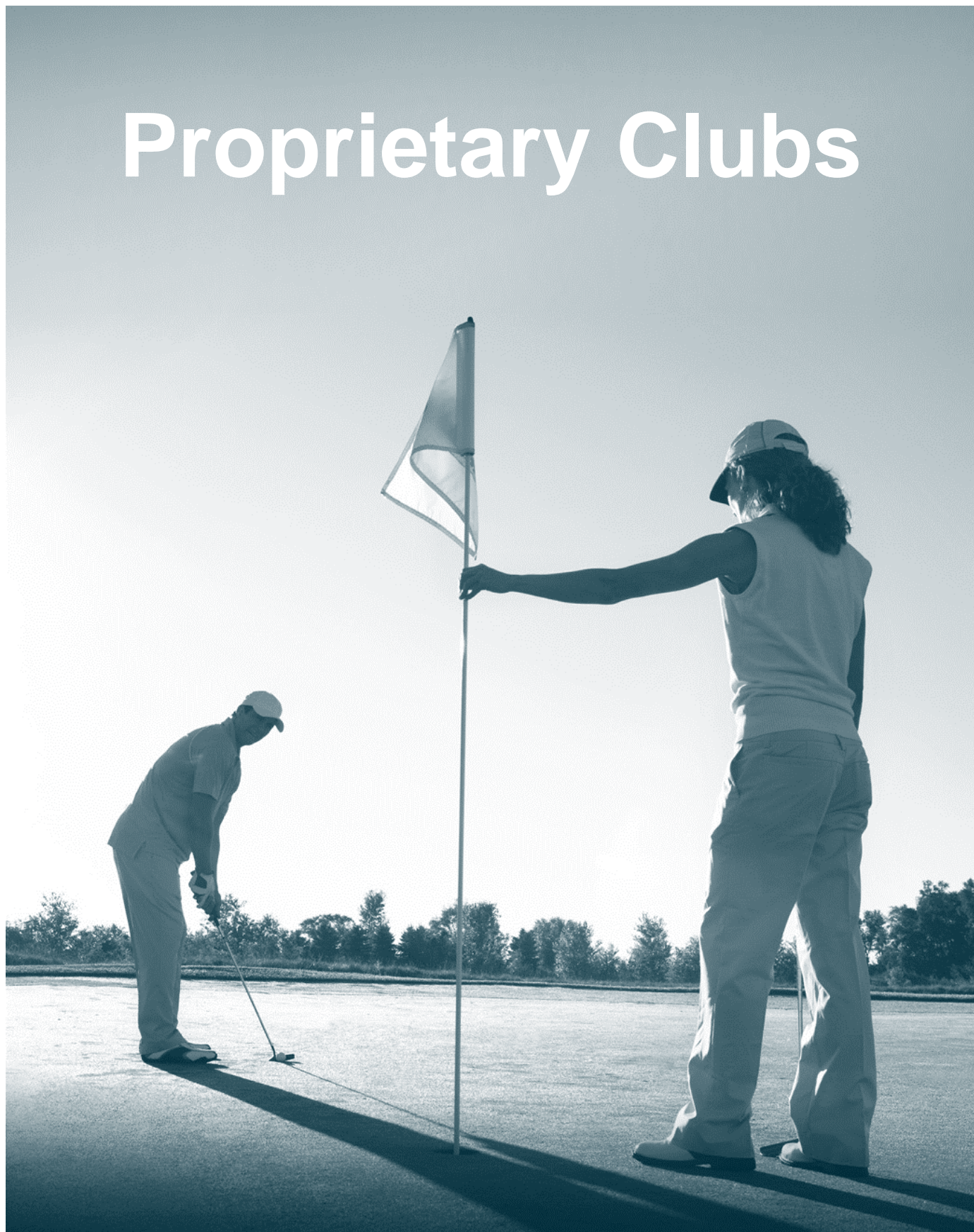
Community Amateur Sports Clubs (CASC)

Just 12% of members clubs indicated that they were community amateur sports clubs, a fall from the 26% reported in 2015. These clubs had become a Community Amateur Sport Club between 2004 and 2016. Changes introduced to meet the new rules for this included:

- Trading subsidiary (x 5)
- New membership category (x3).

Of those members clubs not already Community Amateur Sports Clubs, none indicated that they were considering becoming one. 36% of the clubs that were not considering becoming one indicated that the reason for this was due to the new rules.

Proprietary Clubs



Proprietary clubs 2016

5 clubs, typically with 18-hole courses

It was disappointing to receive responses to only five proprietary clubs this year. It has been difficult to draw any clear conclusions based on these limited results. However, we have tried to extrapolate data based on our knowledge of other proprietary clubs.

All clubs were located in London and the South East (both inside and outside of the M25) (80%) and the South West (20%).



These represent predominantly 18-hole clubs, with 27-hole clubs also represented.

Mainly paid positions

All survey respondents – including predominantly directors and managers - were paid members of their club.

Proprietary Clubs

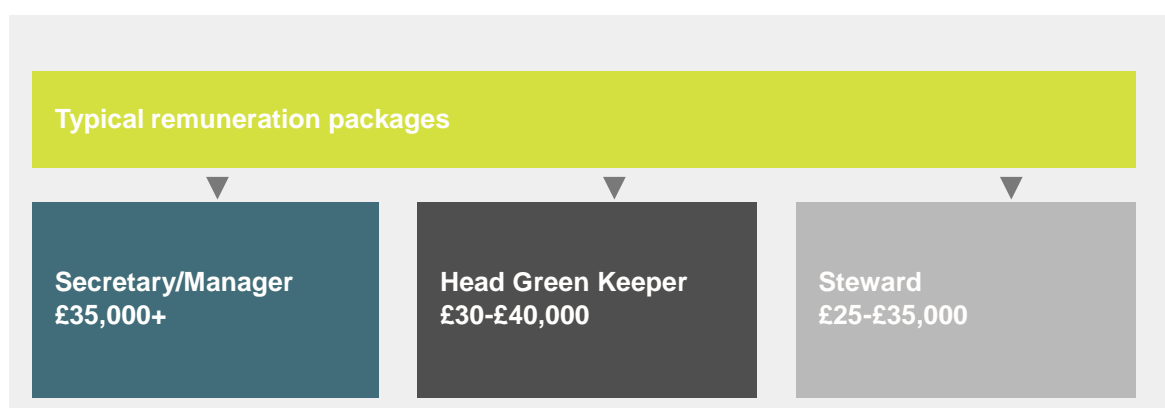
Staffing

Staffing

A typical remuneration package of £35,000+ for managers; generally lower than in members clubs

These survey respondents had varying remuneration packages, but with only 20% over £40,000 – generally lower than in members clubs.

As in 2015, the head green keeper remuneration package was most frequently priced at £30-£40,000 (60%), whilst steward remuneration was consistently within the £25,000 to £35,000 range.



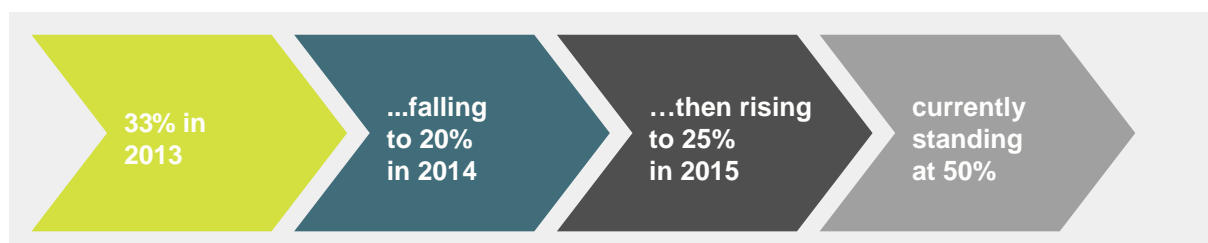
PGA professionals

All proprietary clubs indicated that they had a PGA professional, in line with most members clubs. None of them pay their professional a retainer, compared to 50% in 2015, but this is counterbalanced by all of the clubs now offering free premises (3 in 2015).

More proprietary clubs typically offer their PGA professional free premises whilst fewer offer a retainer.

More clubs pay commission to their professional

Half of proprietary clubs now pay commission to their professional.



PGA duties which focus on tuition, green fees & the pro-shop

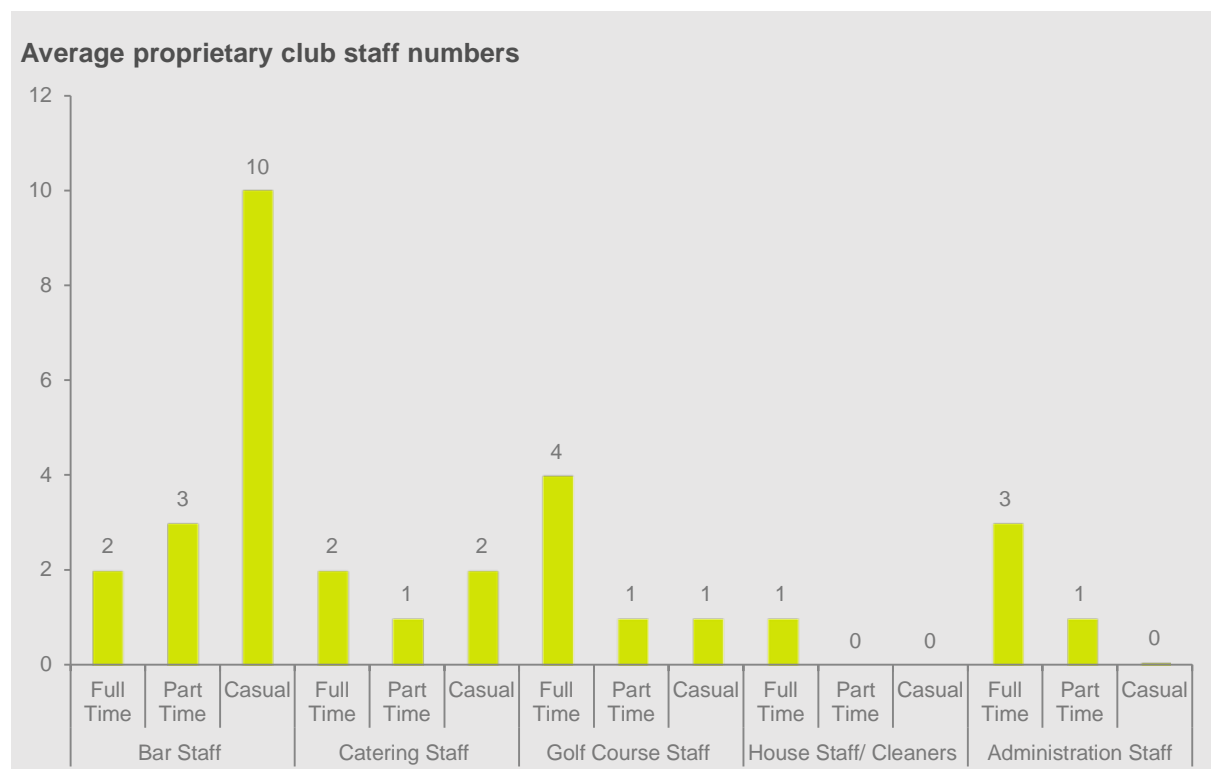
Where PGA professionals are present, they continue to undertake a number of duties for proprietary clubs, focusing on tuition provision (the most frequent), and supplemented by competition administration, taking bookings, green fee collection, and pro-shop management as typical duties.



An average of 20 staff at proprietary clubs

Always highly variable and dependent on the size and needs of each club in question, staffing figures range from 16 to 41 across proprietary clubs, with an average total staffing number of 29 – an increase from 21 between 2013 and 2015.

Average numbers across staff roles are broken down as follows.



Proprietary Clubs

Members

Members

Proprietary clubs typically with 100-500 playing members

Between 300 and 400 members proves typical for (60% of) proprietary clubs. A further 20% have 300-400 members and the remaining 20% have less than 300 members.

Limiting membership

80% of proprietary clubs who provided this information suggested a cap on their number of playing members. Suggestions for this limit vary between 300 and 600.

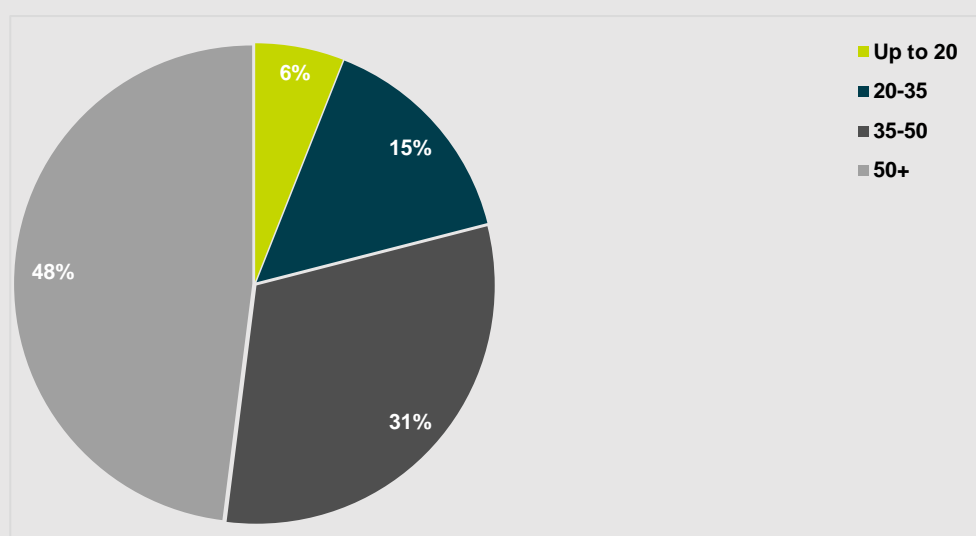
Flexible membership

40% of proprietary clubs who supplied the information indicated that they offered flexible membership – including half green fees and differing categories depending on days of access to the course.

Member ages distributed towards the 50+ age group

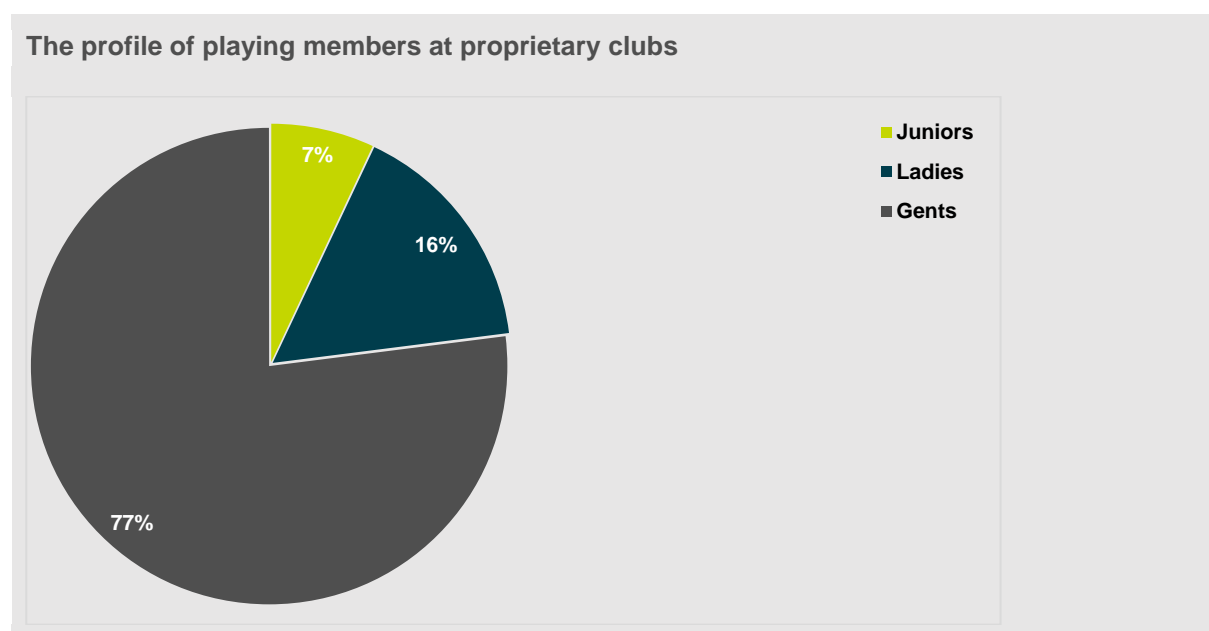
As shown in the following chart, and paralleling the findings of previous years, the age distribution of proprietary club members shows lower numbers of younger members and a greater number of older members. The 48% of members aged 50+ is, however, a significant fall from the 74% reported in 2015.

The age of proprietary club members



A continuing notably higher gentlemen to lady member ratio

As shown in the following chart, and again aligned to the findings of the past two years, the gender distribution of proprietary club members shows lower numbers of lady members and junior members, and more gentlemen members. Almost 80% are gents, with fewer junior and lady members. These are figures very close to those recorded in 2014 and 2015.



Fewer proprietary clubs now indicate that their female membership is decreasing

60% of proprietary clubs say that their female membership is decreasing - a slight reduction from the 67% reported in 2015. This is despite no restrictions in any of the clubs for female usage of the club.

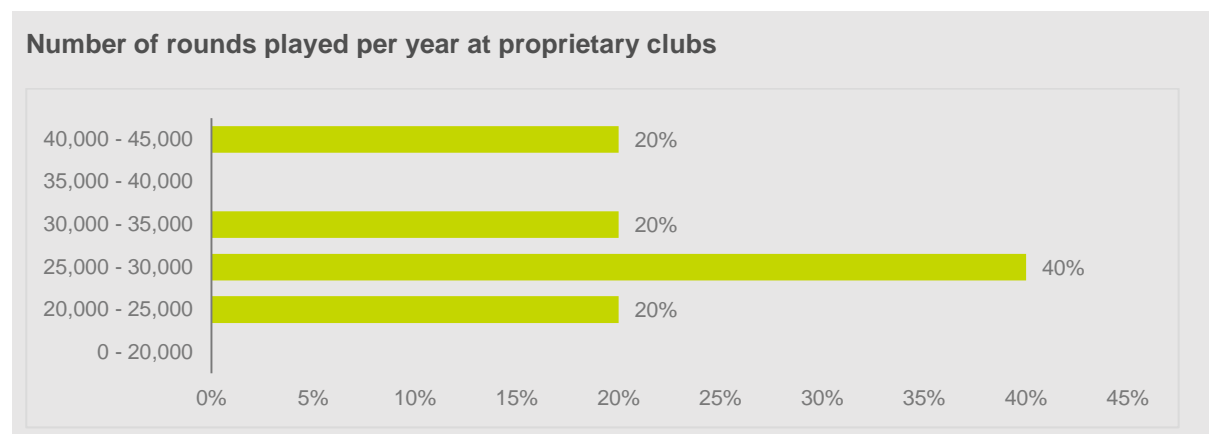
Again, none of the proprietary clubs surveyed offered reduced rates for lady members.

Falling numbers of social members at proprietary clubs

Between 2011 and 2015 the proportion of proprietary clubs with a social membership exceeding 25 people rose from 20% to 67%. This year the number has fallen back slightly to 60%, but it is notable that the remaining 40% of proprietary clubs have a social membership of more than 50 members.

A large variation in rounds played at proprietary clubs

As in previous years, a large variation in the number of rounds played annually at proprietary clubs is clearly evident – however, this is again most frequently around the 25-30,000 mark.



Society rounds

Rounds played by societies are notably fewer this year, ranging from 600 to 2,000, with an average of around 1,445 rounds (compared to 3,675 rounds in 2015).

Just 20% of clubs have a current waiting list

In 2015 the proportion of proprietary clubs with a waiting list had risen from none to 16%. This year it has increased even further to 20%, with a waiting list of 20.

Proprietary Clubs

Facilities

Facilities

Driving range

This year 100% of the proprietary clubs who responded indicated that they have a driving range. This is a large increase on previous years, with just 63% of proprietary clubs in 2015 having a driving range. Driving range incomes are similar to previous years, ranging from between zero to £25,000+.

Academy area

This year 75% of proprietary clubs that responded have an academy area - an increase on the 50% reported in 2015 and surpassing the 70% in 2014.

Proprietary Clubs

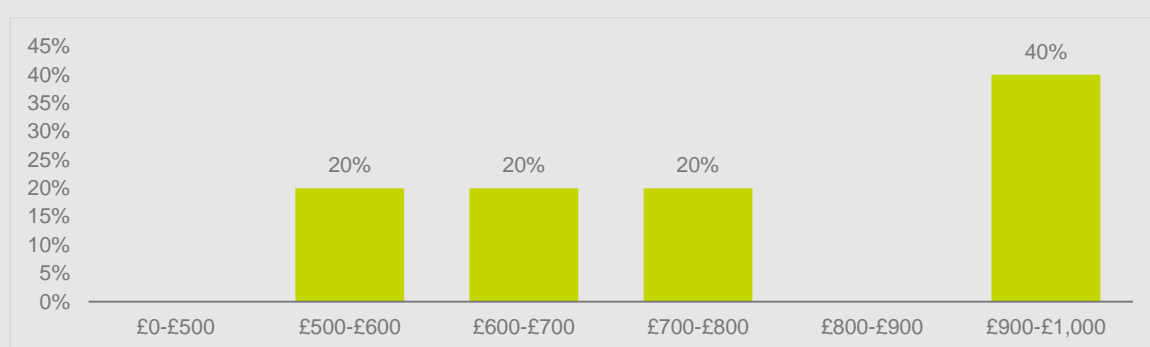
Fees & Charges

Fees and charges

Subscriptions

As in 2015, membership fees for standard playing members vary significantly. However, the maximum subscription fee has now reduced from £1,500 to £1,000. As in previous years, the minimum subscription category is priced at £500-£600.

Proprietary clubs standard playing member subscription



Social membership charges

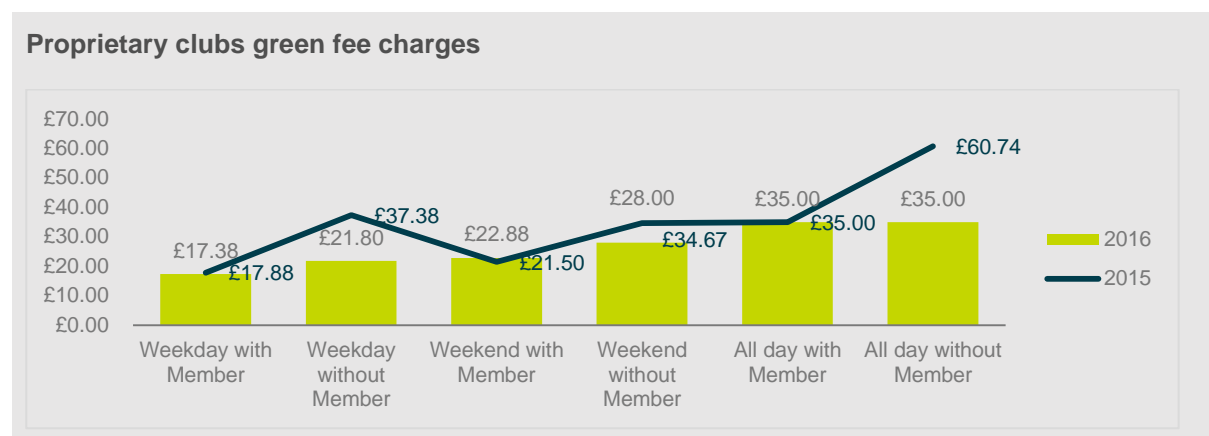
Among those proprietary clubs reporting social membership, the membership fees have increased. In 2015 they were typically – as in previous years – £0 to £25. In 2016, 50% of clubs still charged this amount, but 50% charge in the range of £25 to £50.

Entrance fees

In a repeat of the results for 2015, just one proprietary club indicated an entrance fee, which is £40, and no proprietary clubs currently without an entrance fee propose to implement one.

Reduced usage charges in 2016

Average green fee charges are shown below, across weekdays, weekends and all day use, both with and without members. Fees for playing with a member are similar to 2015, but for all categories without a member the 2016 averages are significantly lower.



Wider range of green fee incomes

The income generated by green fees ranged from £80,000 - £180,000+. This is a much wider spread than in 2015, where it was between £120,000 - £160,000+.

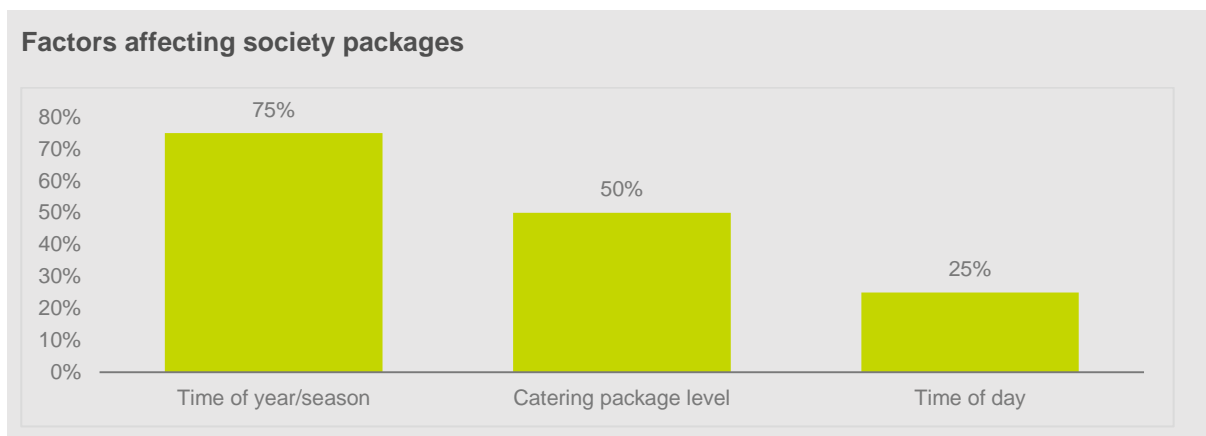
More expensive society packages

Many proprietary clubs offer society packages, with average rounded costs as follows.



All these society package costs are notably lower than in 2015.

As in the last four years, proprietary clubs offering society packages feel that two aspects impact most significantly on these, with time of day also highlighted this year:



Room and facility hire

Only one proprietary club indicated whether they charge for room hire this year. This was free of charge for members and £120 for non-members.

Proprietary Clubs

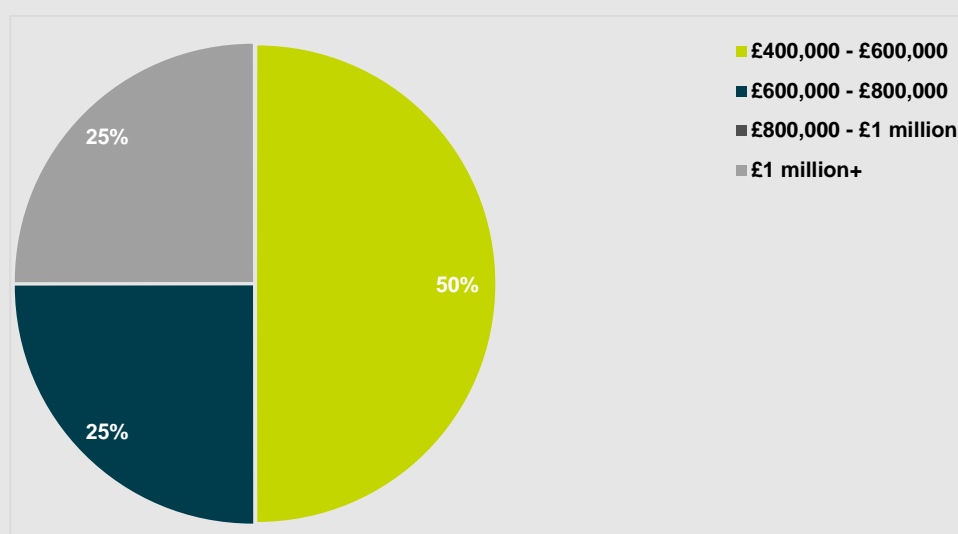
Financial information

Financial information

Typical club turnover of £400,000 - £1,200,000

Consistent with the results of previous years, Proprietary clubs reported turnover ranges from £400,000 to £1.2 million.

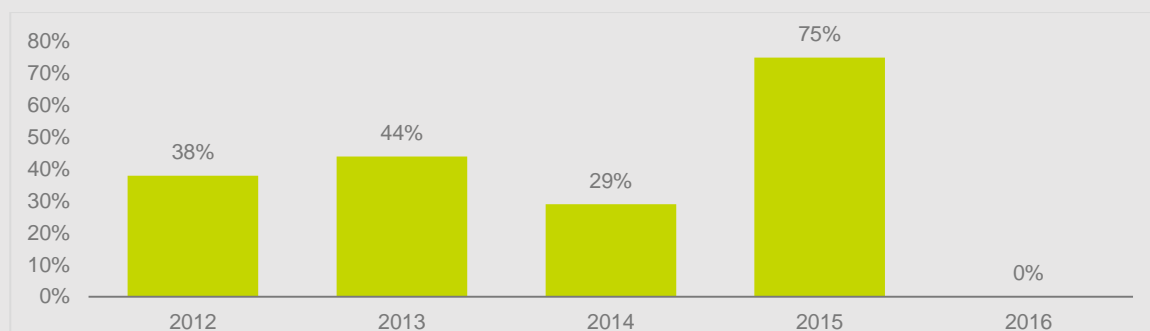
Annual proprietary clubs turnover



Society income increasing for some clubs

Society income for proprietary clubs had been increasing and by 2015 was in excess of £60,000 for around 75% of clubs. However, in 2016 none of the proprietary clubs had a society income above £60,000.

Society income above £60,000



Bar revenue and activity

Average margins and other costs this year were:

- Gross margin 42%
- Net profit 35%
- Rateable value £59,250
- Rate cost £7,125
- Club maintenance cost £29,000
- Wages level £112,000

These should be regarded as indicative of only those clubs who chose to disclose figures – with a majority choosing not to do so.

Utility costs

Due to the low number of clubs providing these figures, it is not practical to present or compare them with 2015 figures.

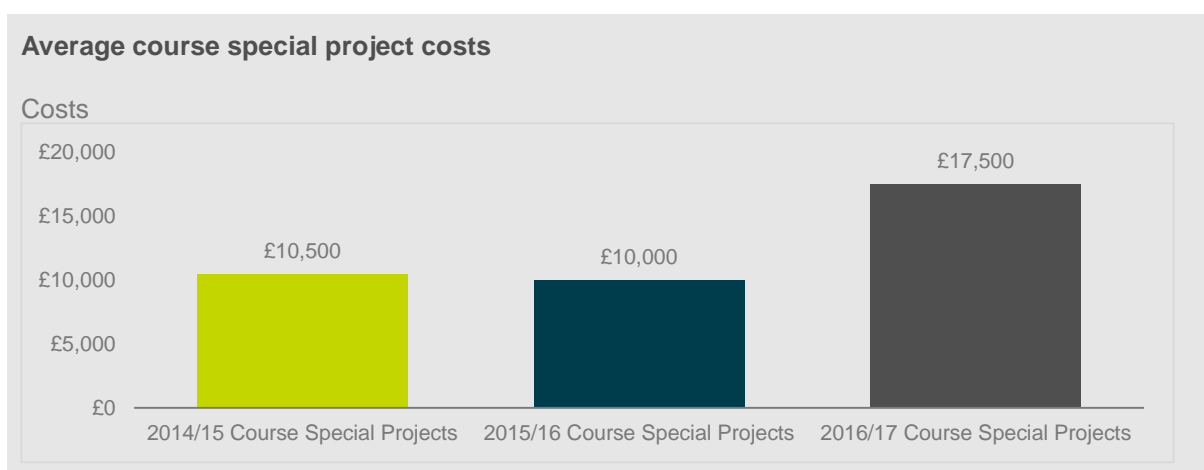
Average course maintenance and wage costs

Proprietary clubs average maintenance and wage costs are both very similar to the figures reported in 2015.

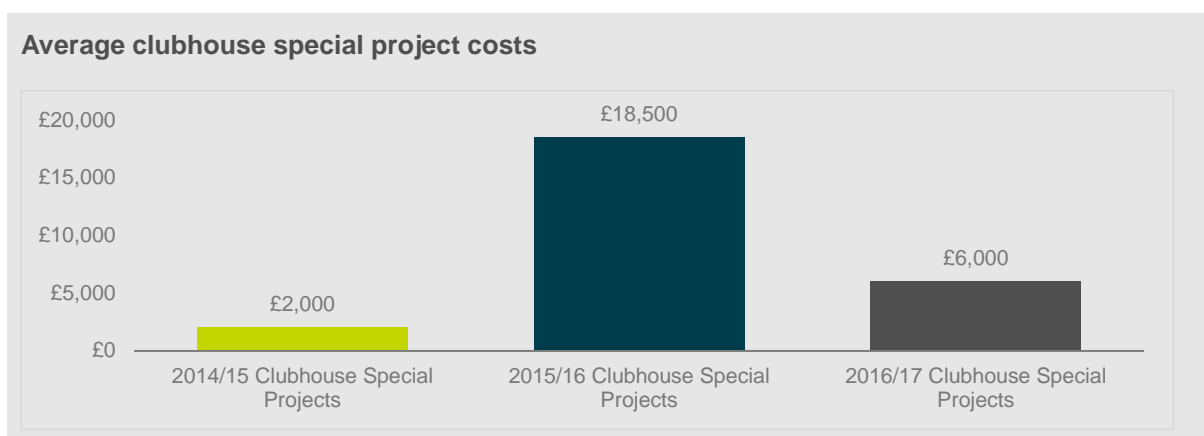


The following graphs present average current and estimated costs for course, clubhouse, grounds and equipment special projects. Due to the small number of proprietary clubs providing this information it is not possible to comment on trends.

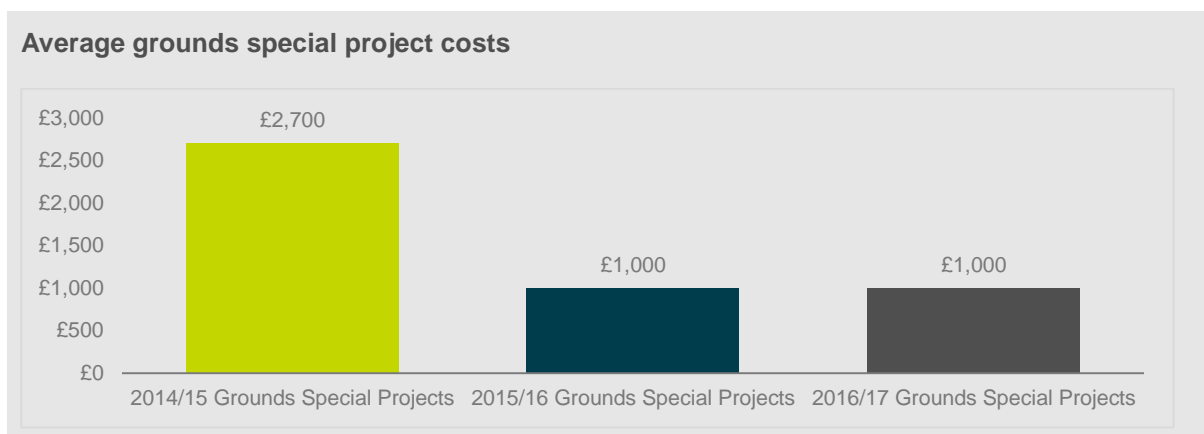
Average current and anticipated course special project costs



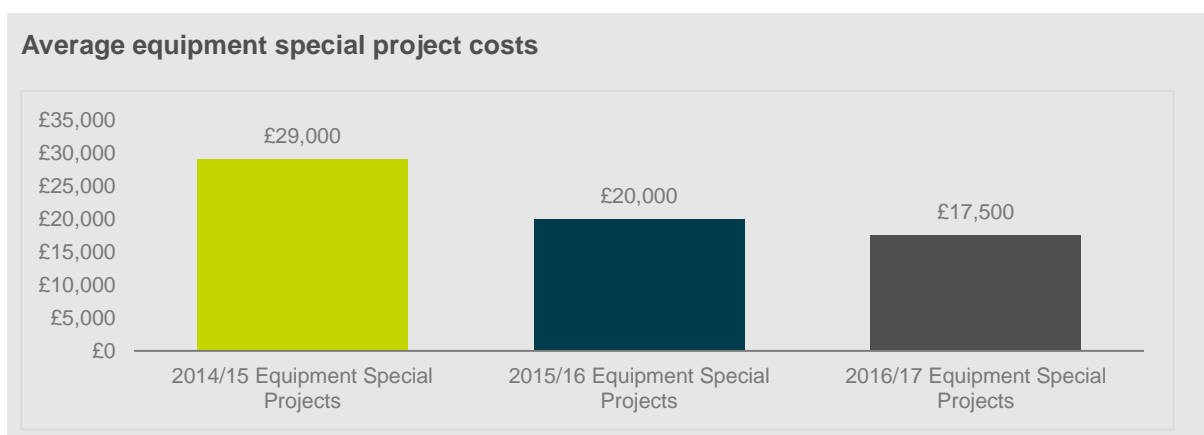
Average current and anticipated clubhouse special project costs



Average current and anticipated grounds special project costs



Average current and anticipated equipment special project costs



Proprietary clubs using franchise catering

25% of proprietary clubs who provided this information use a franchise for their catering. Among those clubs who cater without the services of a franchise, gross profit margins range from 18% to 65% and net profit comes in at an average of around 36%.

Club surpluses and deficits

It is difficult to draw any conclusions from the minimal data collected in this area.

VAT disallowance

Just 1 proprietary club reported a VAT disallowance figure of 0-30%.

Annual general insurance

All of the proprietary clubs who reported their annual general insurance payment indicated that it is less than £10,000.

Proprietary Clubs

Business Development

Business development

Half of proprietary clubs reporting growth

The percentage of proprietary clubs reporting growth has ranged from 54-67% over the last five years. In 2016 this figure is 50%, with 25% standing still and a further 25% reducing.

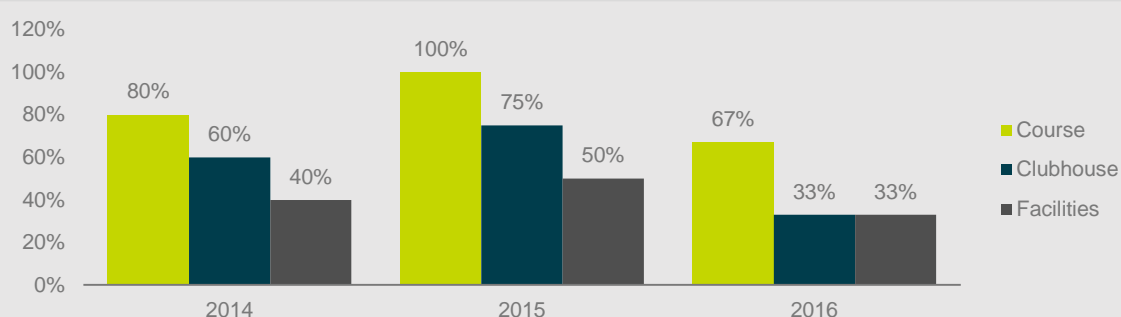
Proprietary clubs continue investing in marketing

A majority of proprietary clubs continue to market their offer, typically using advertising, corporate brochures, special offers and member referrals as the most frequent types of marketing undertaken. Others indicate usage of networking, email campaigns, word of mouth and free lessons.

Proprietary clubs reduce investment

Investment in courses, clubhouses and facilities has continued since 2014, but in all these categories it has reduced in 2016.

Proprietary clubs investment



Proprietary Clubs

Miscellaneous Additional Information

Miscellaneous additional information

Dress codes

Only 50% of proprietary clubs who provided this information indicated usage of a dress code.

SKY subscriptions

25% of proprietary clubs indicated that they had a SKY subscription.

Anticipated changes affecting golf clubs in 5-10 years

The following changes were suggested/anticipated by proprietary clubs over the next 5 years:

- Offering other facilities, e.g. "footgolf"
- Introduce 9-hole courses for beginners
- VAT will be equalised
- Members clubs will become proprietary. Many others will go under and be reborn to go under again
- A better alternative handicap system that will encourage society golf even more
- Club golf will fade and society/nomad golf continue to grow
- Relaxed dress codes
- Speeded up play
- More courses will close and the ones that continue to be welcoming to families and non-golfers will improve. Diversification of the offering at the golf club will help, other profit streams will be necessary to stay in business.

Identical changes were anticipated for the next 10 years.

The impact of the living wage

75% of proprietary clubs suggested that the introduction of the living wage would impact upon them, indicating that this would apply to between 10-25 staff.

Operating 2 for 1 schemes

50% of proprietary clubs indicated the use of a 2 for 1 scheme.

Community Amateur Sports Clubs (CASC)

No proprietary clubs indicated that they were Community Amateur Sports Clubs - with none considering becoming one.

Future Trends and Recommendations

Future trends and recommendations

The response to our questions about the trends in the sport for the next 5/10 years is again possibly the most interesting part of the survey. This is the view from the coal face for both member and proprietary golf clubs. Proprietary clubs list fewer issues than members clubs in their responses. This may be because they have identified many of these issues and attempted to address them. In our experience, proprietary clubs react quicker to change and are far more business and profit focused.

The key features of the survey are as follows

Staff costs are rising and this is being countered by staff number reductions which are already lower at proprietary clubs.

Member numbers are up in the 2015/16 year on which most responses were based but will this trend continue and if it doesn't what needs to be done.

Whilst there appears to be younger members now joining clubs the actual numbers are still small and do not compensate for the number of "retiring" members. These younger and in fact all "new" members are joining to play golf and are less and less interested in being "members" and contributing to the club in the future. The numbers of rounds played has increased but still clubs are crying out for people to serve as club Officers. Future membership is the key issue for all clubs.

Most clubs have taken on the message that the course is your main assets and maintain this and improving it has become a key driver for most clubs but this in turn is being affected by the increased usage. Clubs which can guarantee year round golf will therefore always be better placed to absorb any downturn.

There have been some casualties in the last two years and there will be more in the next two. The remaining clubs will benefit from the reduced resources available but this will only be a short term benefit.

Planning for the next 5/10 years is more important than next year's budget.

Clubs that relax their marketing efforts will start to decline.

As last year the clubs that use their VAT refunds wisely will be best placed for the future.

We hope you find the above report interesting. Our golf club specialist, Robert Twyde, would be delighted to visit your club individually if you would like a thorough review of your existing arrangements and recommendations for improvement, where necessary



Please feel free to contact Robert with any questions regarding the report.

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