



HillierHopkins

Hillier Hopkins LLP
Chartered Accountants
and Tax Advisers

Members and proprietary golf clubs survey December 2018



“friendly expertise”

Contents

	General	Members clubs	Proprietary clubs
Foreword	3		
Staffing		6-8	36-40
Remuneration		7	39
PGA professionals		7	39
Staffing numbers		8	40
Members		9-13	42-44
Playing members		10	42
Membership breakdown		11	42
Lady members		11	43
Social members		12	43
Rounds played		12	44
Waiting lists		13	44
Facilities		14-15	45-46
Driving ranges		15	46
Fees & charges		16-19	47-49
Subscriptions		17	48
Entrance fees		17	48
Green fees & incomes		18	49
Society rates		19	49
Room / Facility hire		19	49
Financial information		20-26	50-54
Turnover		21	51
Society income		21	51
Bar revenue & activity		22	52
Utility costs		22	52
Course maintenance / Wage costs		23	52
Irrigation		23	52
Special projects		23	53
Franchise catering		25	54
Annual surplus / Deficit		26	54
Annual General Insurance		26	54
Business development		27-29	55-56
Growth		28	56
Marketing		28	56
Investment		29	56
Miscellaneous additional information		30-35	57-58
Key messages	59-60		

Welcome

We are pleased to present the 2018 Hillier Hopkins members and proprietary golf clubs survey report. Thank you to those that responded to this year's survey. Our 2017 report was again widely quoted throughout the golf press and we are pleased that clubs continue to consider this to be a valuable, informative and interesting document.

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. Despite again only receiving a small number of responses from proprietary clubs it is still interesting to note the comparison between these and the members clubs.

It is pleasing to see that clubs are still investing in their major asset, the course. Irrigation being the most common area of expenditure and certainly the summer or 2018 will have focused minds here. However, climate change could present many more challenges for golf clubs in the future.

As anticipated in last year's report, the VAT windfalls do indeed seem to have masked the underlying trend in declining membership numbers. There have been a number of closures during the year and it appears more are on the horizon. In a period of oversupply this must be expected and the remaining clubs will benefit in the short term but longer term the trends are worrying.

Some clubs are taking this issue seriously and are trying to position themselves as either more traditional or more exclusive. For some this does seem to be paying dividends but it remains to see whether this will continue to be a successful strategy.

Others continue to market themselves and enhance their offering to non-members but it is difficult to balance the needs of both members and visitors. Cost cutting is still going on and it is interesting to see that the average total staffing numbers have dropped significantly in this year's survey.

The membership age profile remains stubbornly biased towards the 50+ age and whilst last year we were hopeful of some changes here the results do not show this.

The increase in subscription prices identified in the 2017 report seem to have been accepted without any undue effect on membership numbers. It is also interesting to see that many clubs are anticipating further above inflation increases for 2019. This is a reflection of the increased costs that clubs are having to bear in relation to minimum wage, pension contributions and overhead price rises. It remains to be seen whether this trend will impact member numbers in the longer term.

As anticipated in last year's report the trend of declining entrance fees has largely halted. In our view this remains a key business decision for most clubs now and in the future.

The survey again shows an increase in green fee charges for this year for both members and proprietary clubs, which is very encouraging. Perhaps the era of chasing the price ever downwards has come to an end with clubs understanding the true value of their facilities and getting better returns as a result. Sadly, clubs still seem to be happy to discount society charges, so contrary to expectations, society charges have actually reduced in this year survey.

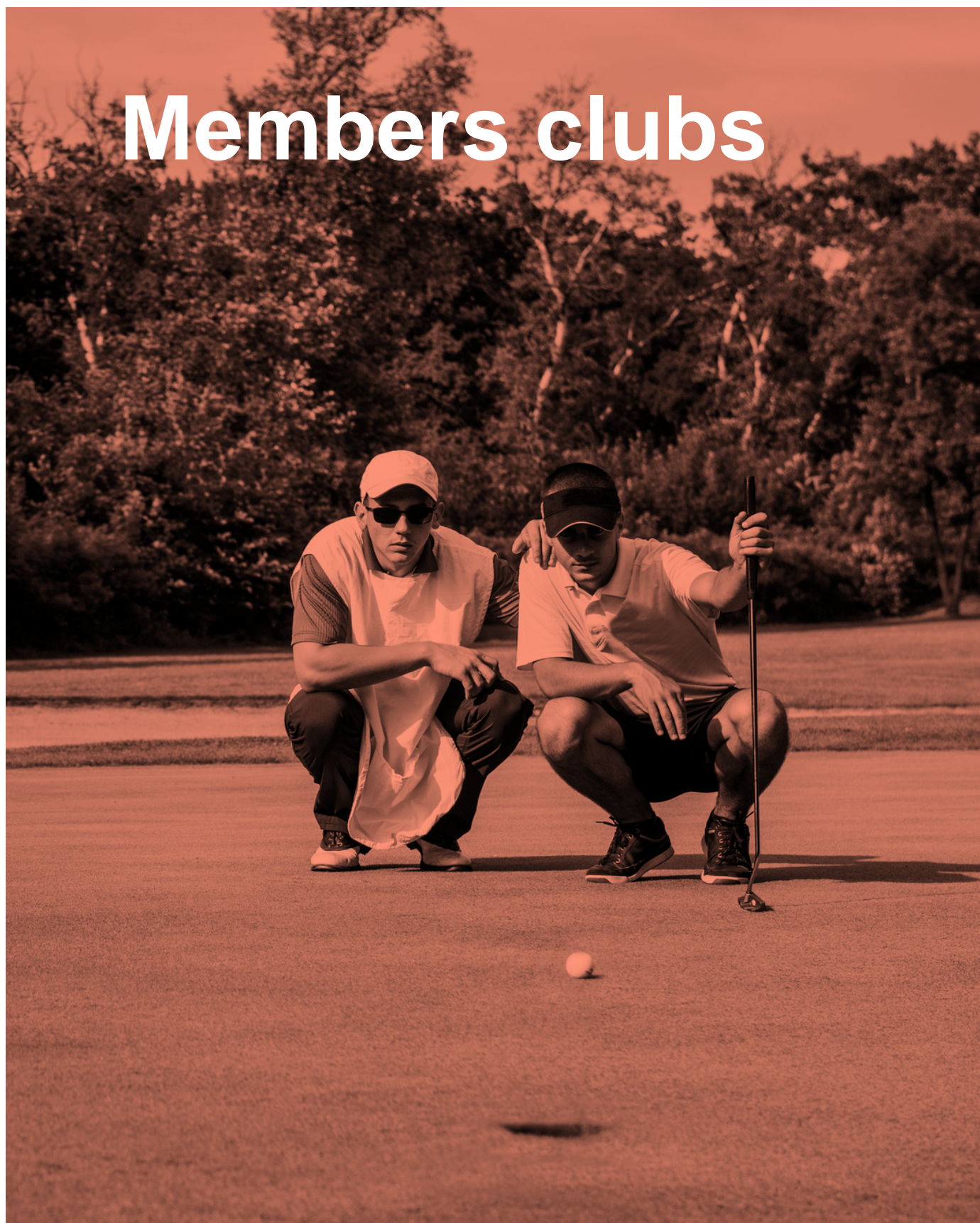
As mentioned above, it is encouraging to note that clubs continue to recognise that their most important asset is their course, with 94% of members clubs regarding this as their priority for investment.

As in previous years we had a huge number of responses about anticipated changes over the next 5/10 years. We have condensed these into a shorter list of common themes which shows the variety of issues facing clubs now, and ones that clubs need to consider in their longer term plans.

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

Robert Twydale
Principal

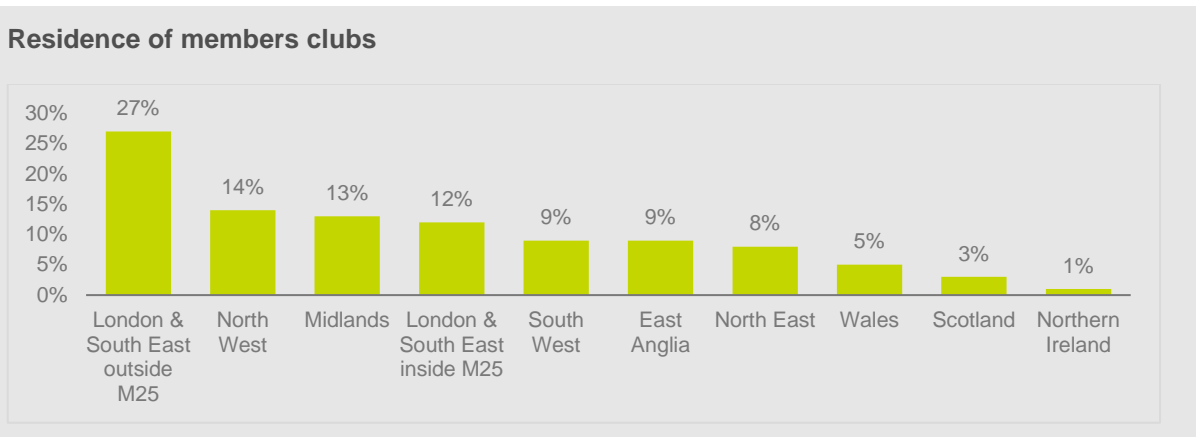
Members clubs



Members clubs results 2018

79 clubs, typically with 18-hole courses

This year we bring you data from 79 members clubs from across ten regions of the UK, with 27% from London and the South East (outside of the M25). As in 2017, these were predominantly 18-hole clubs (92%), with 5% 27-hole and 1% each 9-hole and 36-hole clubs.



Members clubs

Staffing

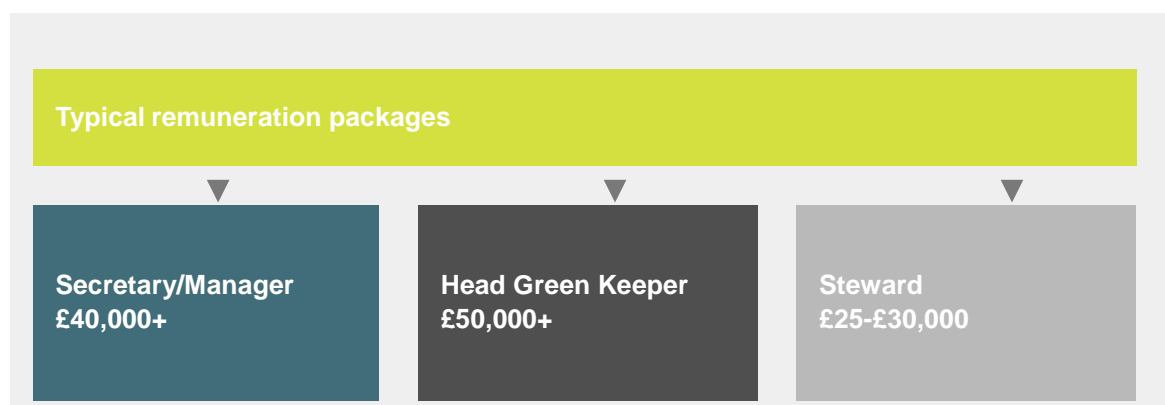
Staffing

Changing remuneration packages

Survey respondents again had a typical remuneration package in excess of £40,000, although this year the proportion has fallen to 57% (64% in 2017).

This year has seen an increase in the Head Green Keeper remuneration packages, with the proportion earning over £50,000 doubling from 12% in 2017 to 24% in 2018.

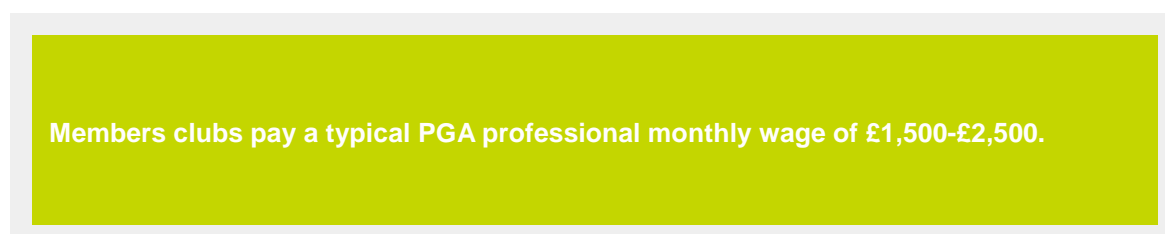
Steward remuneration is similar to the previous three years, again typically between £25,000-£30,000 (63%).



PGA professionals at most members clubs

Over 90% of members clubs have a PGA professional. Among those who pay a retainer, as in the last two years, this is typically in the range from £1,500-£2,500 per month (70% in 2018 compared to 63% in 2017).

The proportion of members clubs paying in excess of £2,000 to their PGA professional has remained steady this year at 58%, the same percentage as in 2017.

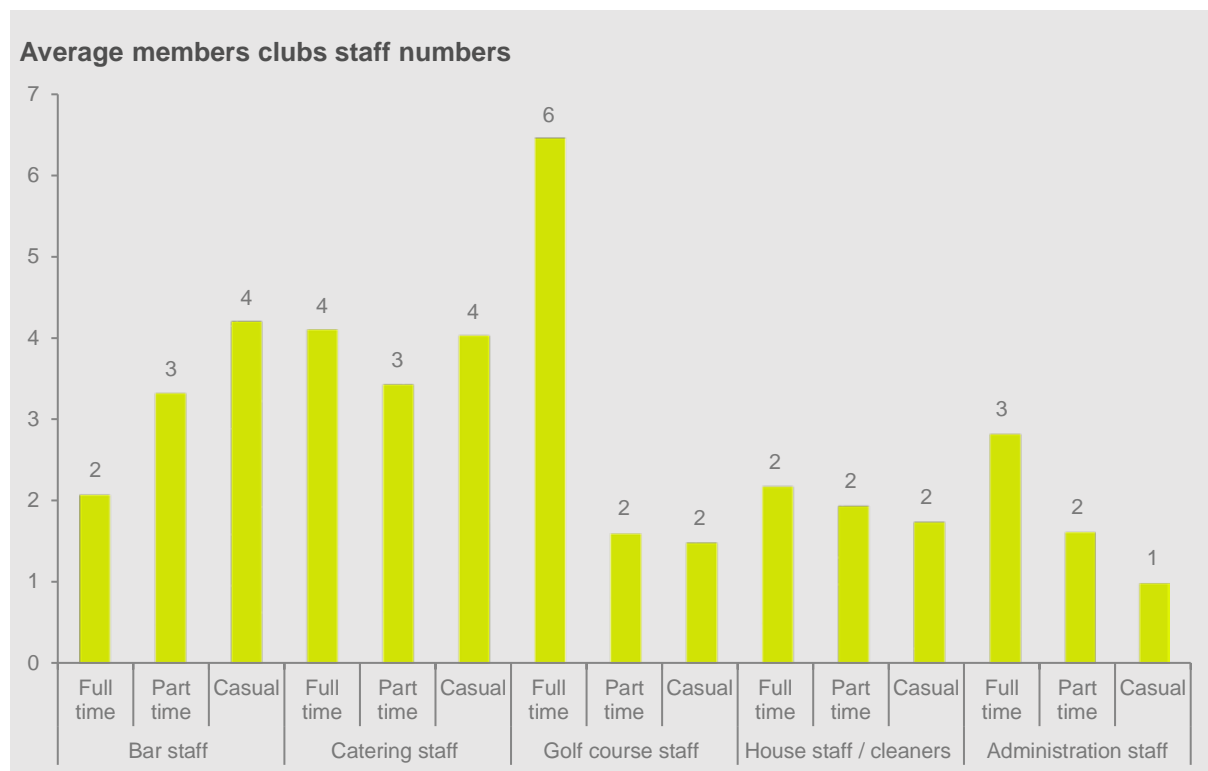


Fewer clubs now pay commission to their professionals

The percentage of members clubs paying commission to their professional continued to fall this year to 51% (53% in 2017 and 56% in 2016), with actual commission rates in the same range of 5-10%.

Reducing staff numbers at members clubs

Always highly variable and dependent on the size and needs of each club in question, staffing figures range from 8 to 110 across members clubs. There is a reduction in the average total staffing number compared to 2017, falling from 23 to 17. Average numbers across each function are broken down as follows.



All figures are within 1 person of the numbers recorded in 2017.

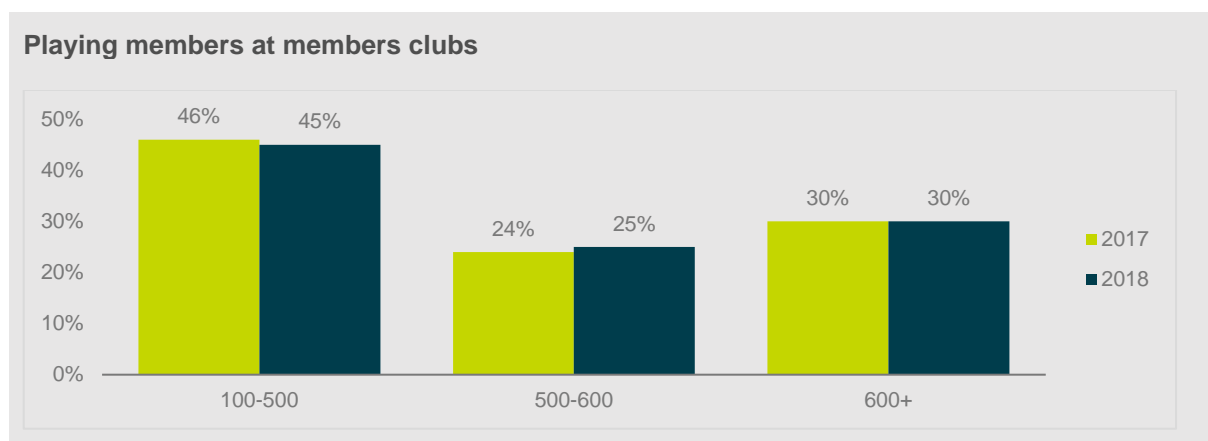
Members clubs

Members

Members

Stable member numbers

Members clubs again display a wide-ranging number of playing members, with very similar amounts in 2018 and 2017.



Flexible membership

The number of members clubs who offer flexible membership has also remained stable, being offered this year by 29% of members clubs, compared to 30% in 2017.

Deals included:

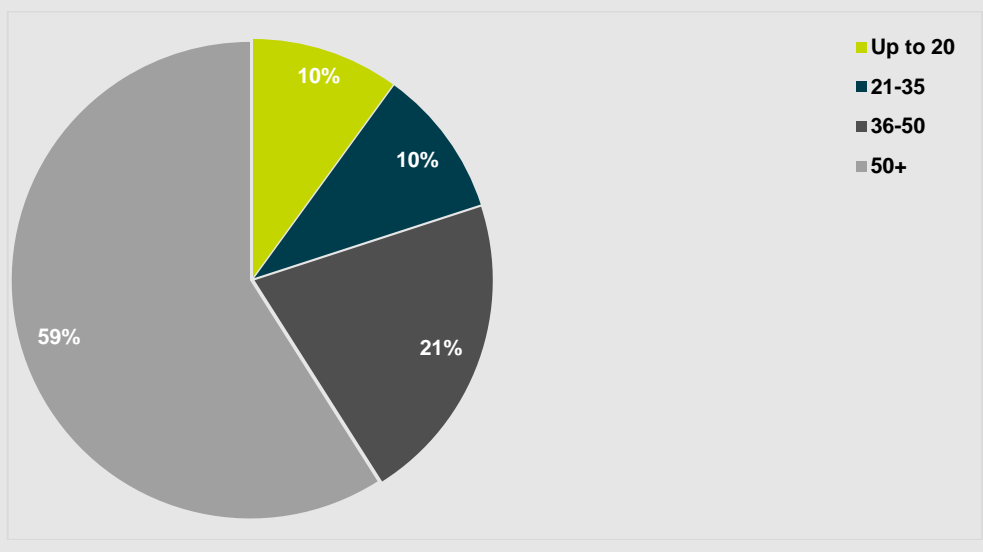
- Fees from £50 to £500
- Points based schemes - the most frequently used option
- Voucher systems
- Green fee reductions
- Flexible number of days and times.

It is still debatable whether these types of memberships are either a good way of introducing golf club membership to a wider audience or are just cheaper golf. For some it is seen as a way of attracting younger members but there is very little evidence to support this.

Consistent age profiles of members

As in previous years, the age distribution of members clubs shows fewer younger members and more older members. The distribution is very similar to last year, with all percentages being within 1% of the 2017 results.

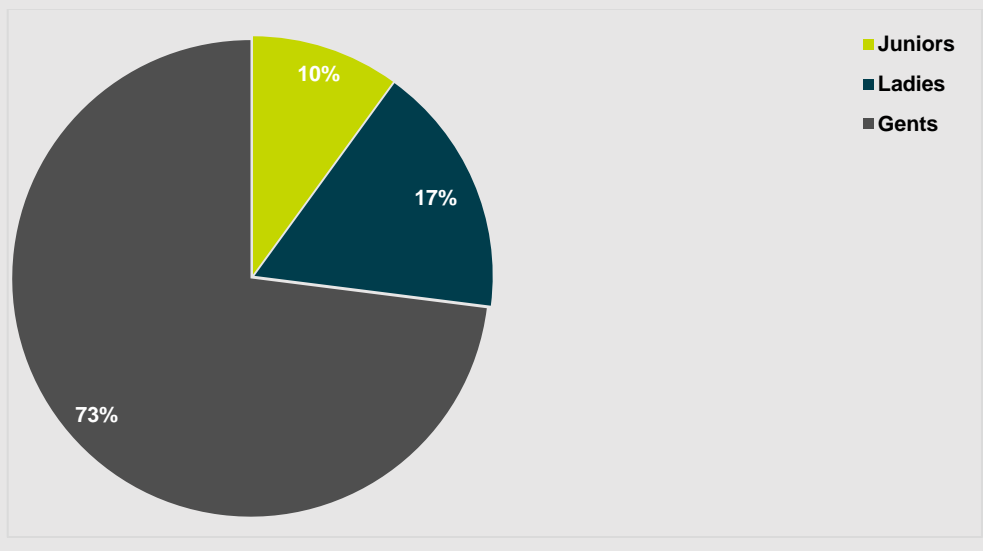
The age of members club members



A reducing ratio of gentlemen members

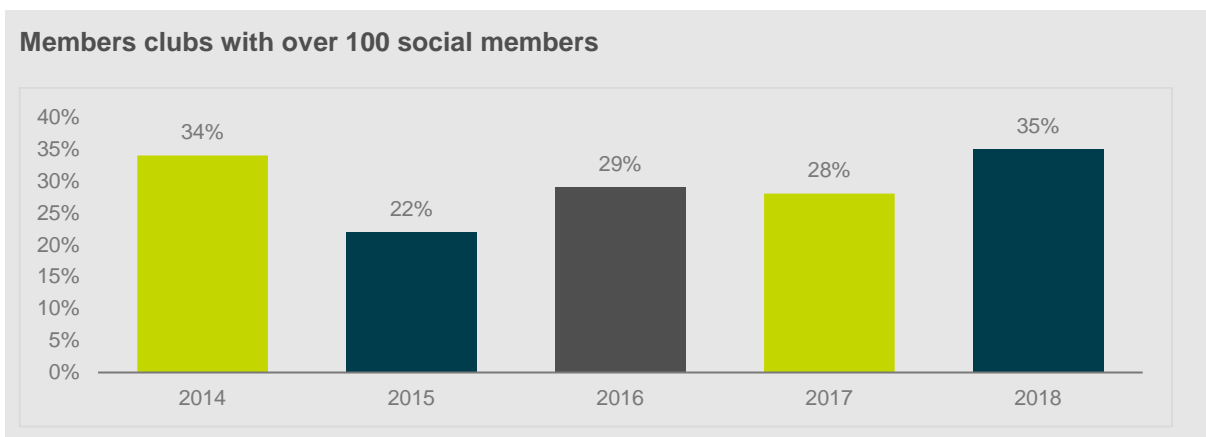
As shown in the following chart, and closely aligned to the findings of the last two years, the gender distribution of members club playing members shows fewer female and junior members, and more gentlemen members. However, after rising between 2015 and 2017, this year the proportion of gentlemen members has reduced to the 2016 level of 73%.

The profile of playing members at members clubs



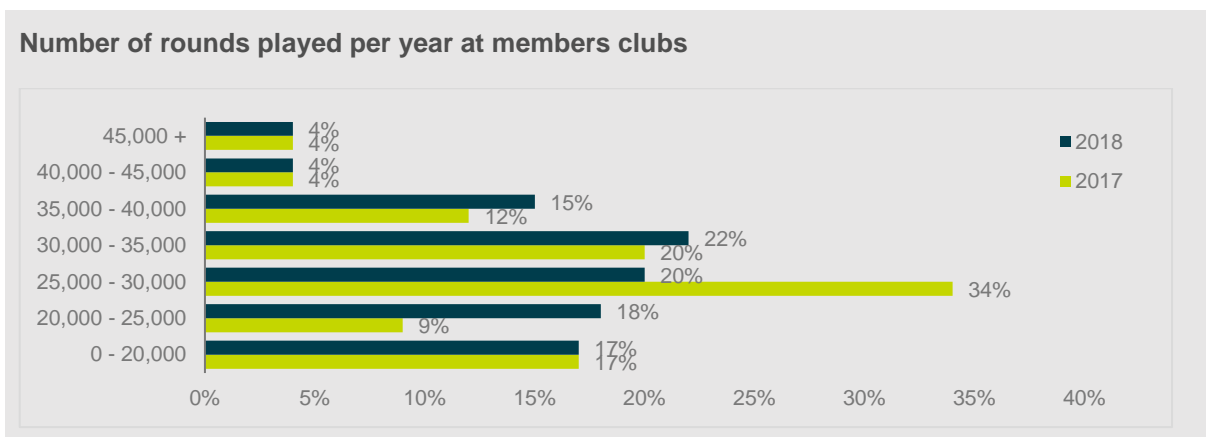
Increasing numbers of social members

35% of members clubs now have a social membership exceeding 100 – the highest level for five years.



Reduced number of rounds played in members clubs

This year there has been a large reduction in the number of members clubs reporting between 25-30,000 rounds played. This is countered by 5% of members clubs reporting more rounds played and 9% reporting fewer rounds played.

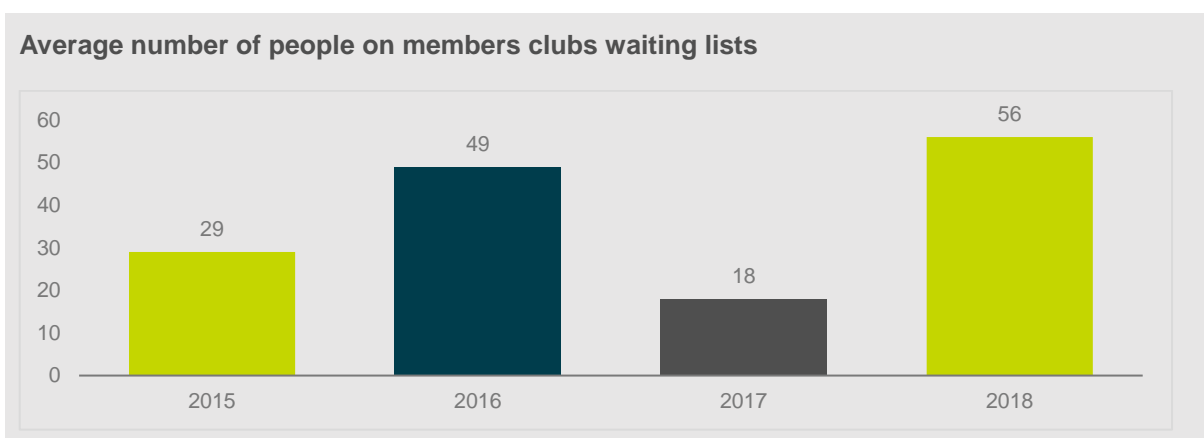


Society rounds

Rounds played by societies range from 10 to 10,000. The average number of rounds played is less than 1,900 annually – a similar number to 2017, but a reduction from the 2,200 reported in 2016. However, there has also been a significant fall in the number of members clubs reporting an increase in the number of rounds. This reduced from 52% in 2017 to 39% in 2018.

Bigger waiting lists

The proportion of members clubs with a waiting list has risen slightly, from 17% in 2017 to 18% in 2018. However, among these clubs, the average number of people waiting to join has increased to 56, the highest level for four years. (Please note this may be, in part, due to one club reporting an exceptionally long waiting list).



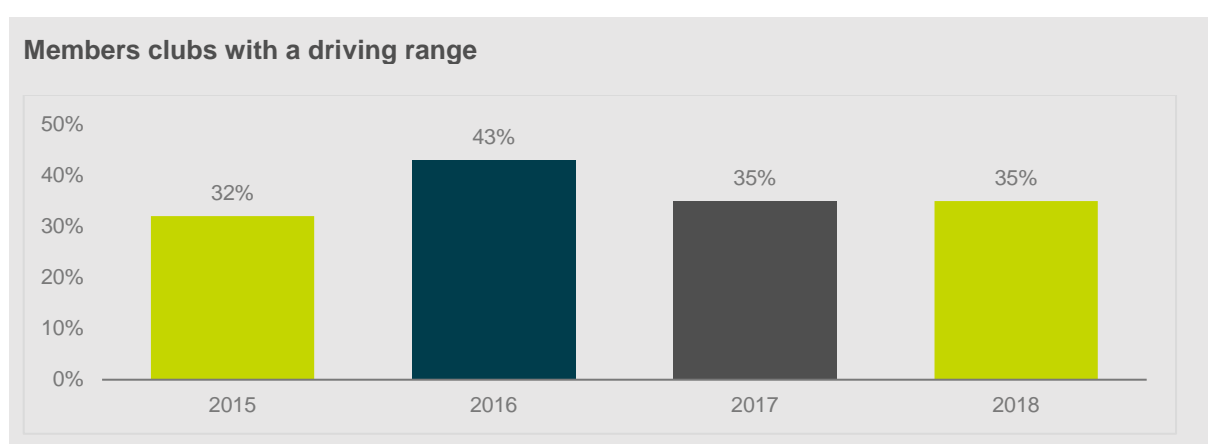
Members clubs

Facilities

Facilities

Most members clubs continue to have no driving range

Many members clubs still have no driving range, and the 35% in 2018 that do is the same proportion as in 2017. Members club yearly driving range income continues to be typically up to £5,000 for 77% of clubs. There has been a continuing increase in those members clubs that earn over £10,000 from their driving range, rising from 12% in 2017 to 16% in 2018.



Whilst this is an additional source of income it is often just viewed as an additional service to members so many clubs fail to generate much from this facility. Proprietary clubs are much more focused on using the facility to generate significant income (see page 46).

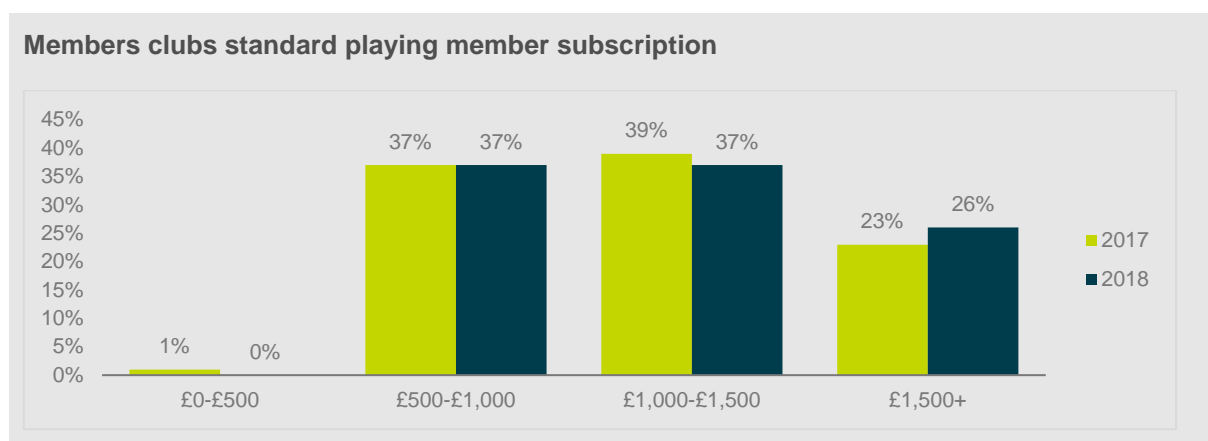
Members clubs

Fees & charges

Fees & charges

Standard playing member subscriptions

Membership fees for standard playing members vary from £500 to £1,500+. However, this year there have, for the first time, been no subscription fees below £500. Once again, more clubs are charging over £1,500.



Increasing subscription charges

59% of members clubs indicated that they are planning to increase their subscriptions in 2019, with increases ranging from 2.5% to 8%.

Social membership charges

The most typical social membership charge was once again £50-£150, although in 2018 the percentage paying this amount (53%) has continued to fall (55% in 2017).

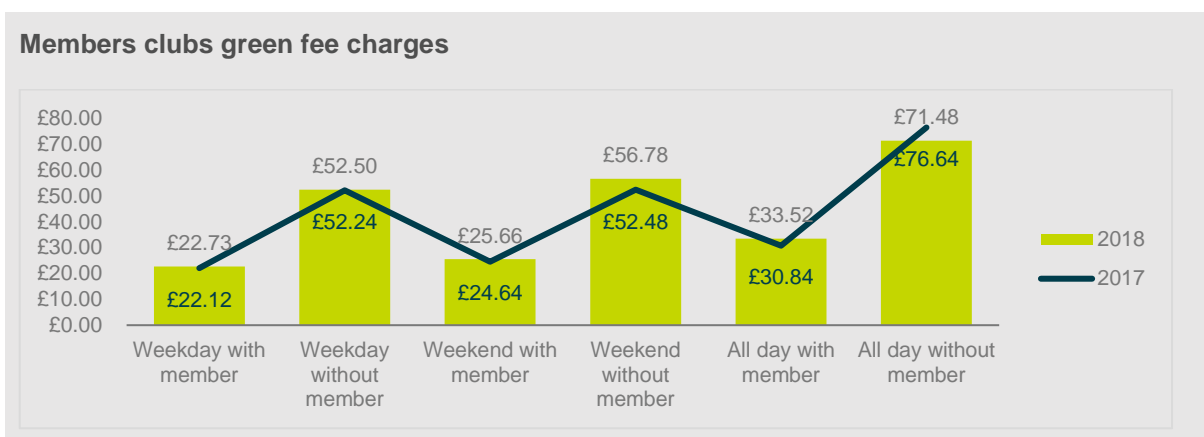
A stable number of clubs charging entrance fees

The percentage of members clubs charging entrance fees has stabilised. After falling from 65% in 2016 to 53% in 2017, in 2018 it recovered slightly to 55%.

70% of members clubs indicated that they allow entrance fees to be paid in instalments. These typically range from 2 to 5 years, with the most frequent period being 3 years.

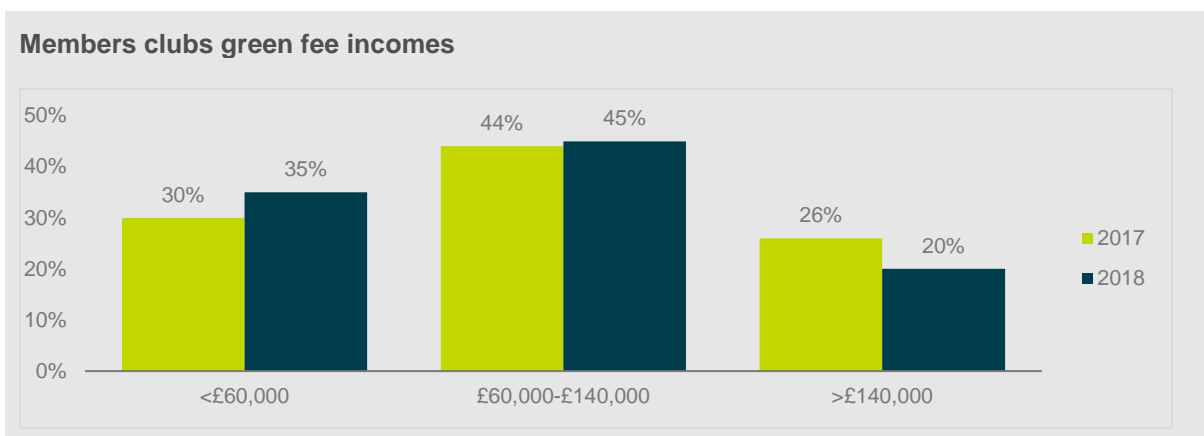
Green fee charges at members clubs

Average green fee charges are shown below, across weekdays, weekends and all-day use, both with and without members. In most instances these are slightly higher than fees charged in 2017, the exception being all-day use without a member.



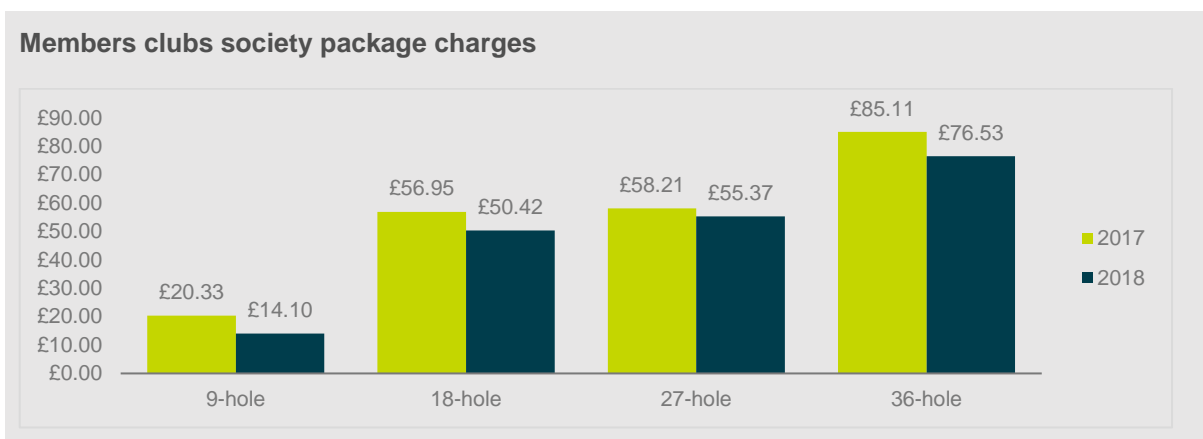
Reducing green fee incomes at members clubs

This year there has been a reduction in the number of members clubs at the higher income range of £140,000+.



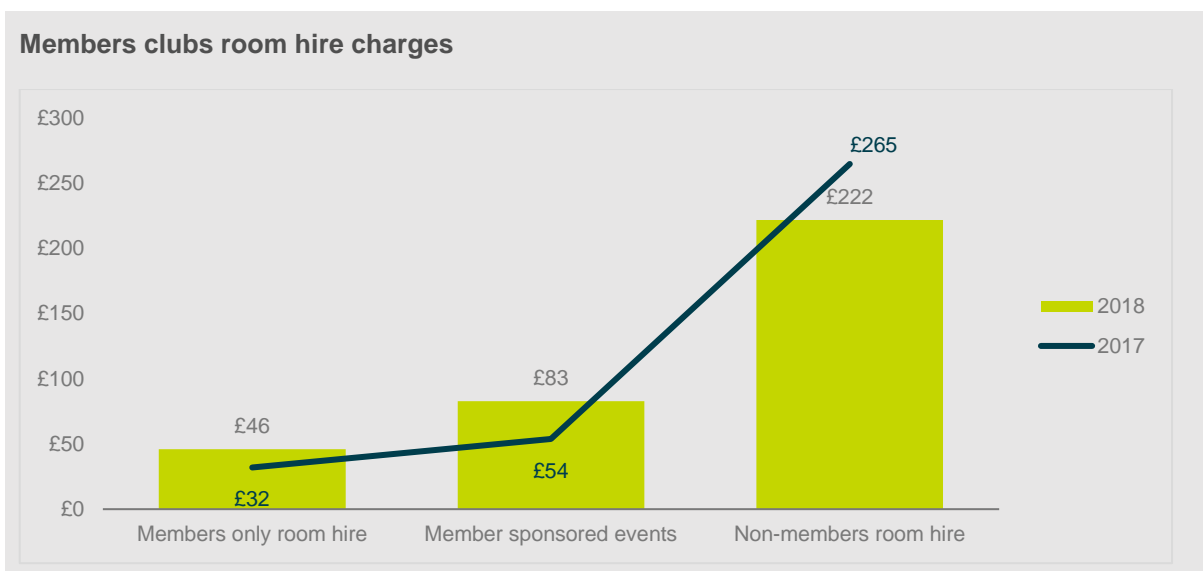
Society packages and their costs

Many members clubs offer society packages, with average charges shown in the chart below. This year shows charges falling across all categories.



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, hourly rates and variable charges dependent on numbers and catering. Non-members room hire rates have reduced since 2017, but other hire charges have increased since last year.



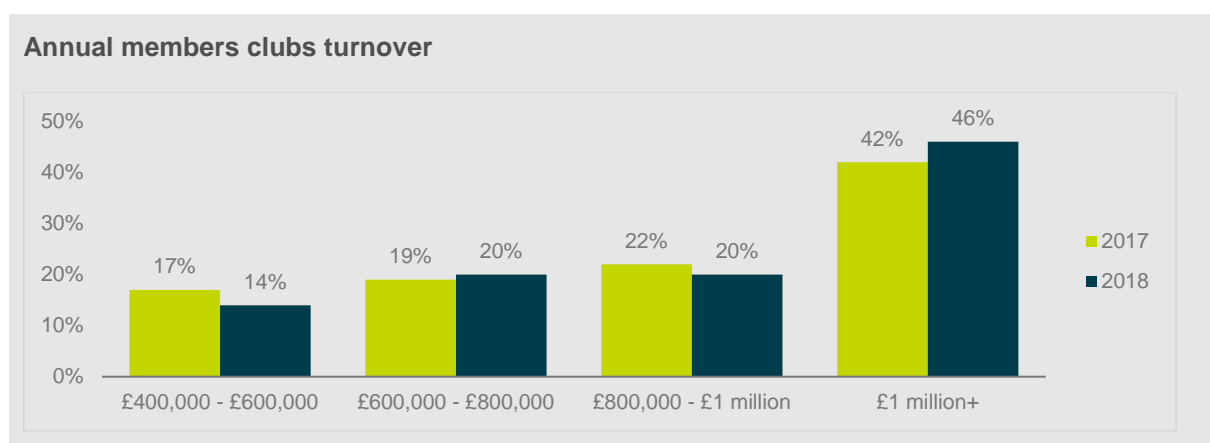
Members clubs

Financial information

Financial information

Most clubs with a turnover of £1million+

Members clubs report turnover levels ranging from £400,000 to £1million+, with most members clubs in the £1 million+ category of turnover. This year's range of turnover levels shows more members clubs in the highest category, with a corresponding decrease in most categories below.

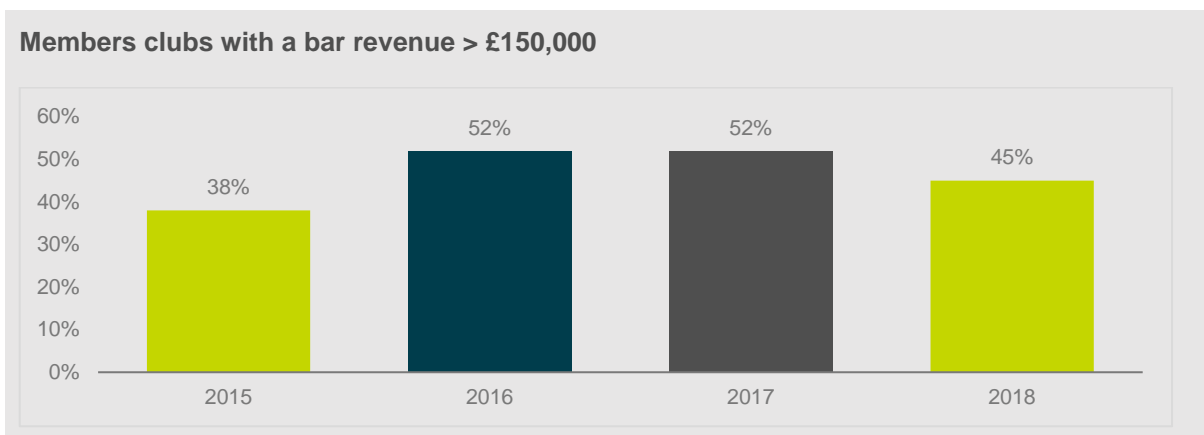


Society income at members clubs

Society income for members clubs continues to be most frequently in the range £20,000-£40,000. The percentage of members clubs with this amount of income in 2018 (36%) has almost returned to the levels of 2016 (37%) after falling to 27% in 2017.

Bar revenue and activity

The importance of bar usage as an income stream should not be underestimated. Bar income had stabilised over the last two years, but has now fallen, with only 45% of members clubs taking in excess of £150,000 in 2018. This may reflect the general trend of lower alcohol consumption.



Average margins and rates costs this year were:

- Gross margin 59%
- Net profit 20%
- Rates cost £41,265.

Utility costs

Average utility costs vary significantly across members clubs. However, averages are as follows –



Some clubs are using buying groups to minimise these costs.

Average course maintenance and wage costs increasing

Both maintenance costs and wages have increased this year, with a particularly large increase in course maintenance costs from £88,992 in 2017 to £131,545 in 2018. This appears to be partly down to increased labour costs due to wage and pension increases and partly due to price rises for materials.



Irrigation

36% of members clubs indicated that they currently have fairway irrigation installed. For those members clubs who do not currently have fairway irrigation installed, 19% are considering installing it. Greens and tees irrigation systems have been updated recently by 24% of members clubs. There was a wide range in the costs of these updates, from £3,500 to £750,000. Improvements in equipment and the hot summer seem to have focused club expenditure here.

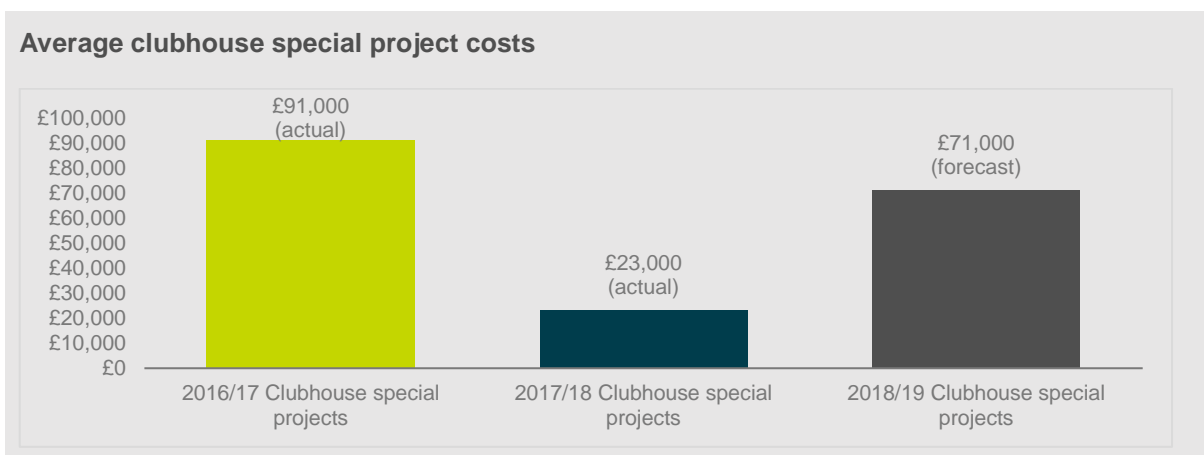
Average current and anticipated course special project costs

Spending has reduced on the previous year's special project course costs, falling from £55,000 in 2017 to £50,000 currently. This is expected to increase next year to £75,000.



Average current and anticipated clubhouse special project costs

Spending on special project course costs is significantly lower than the previous year, although it is expected to recover next year.

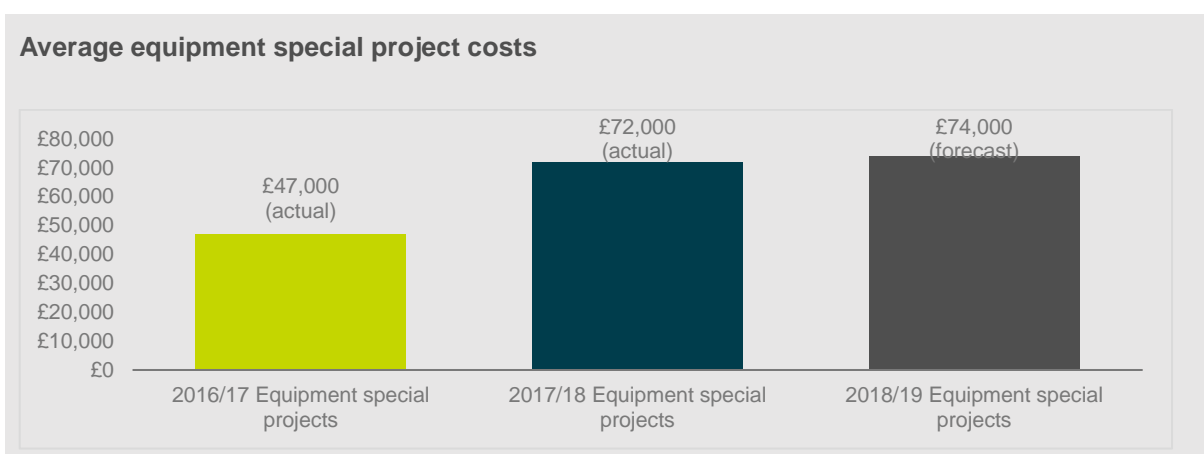


Average current and anticipated grounds special project costs

As very few members clubs reported on these costs, the figure has not been reported as an indicative average.

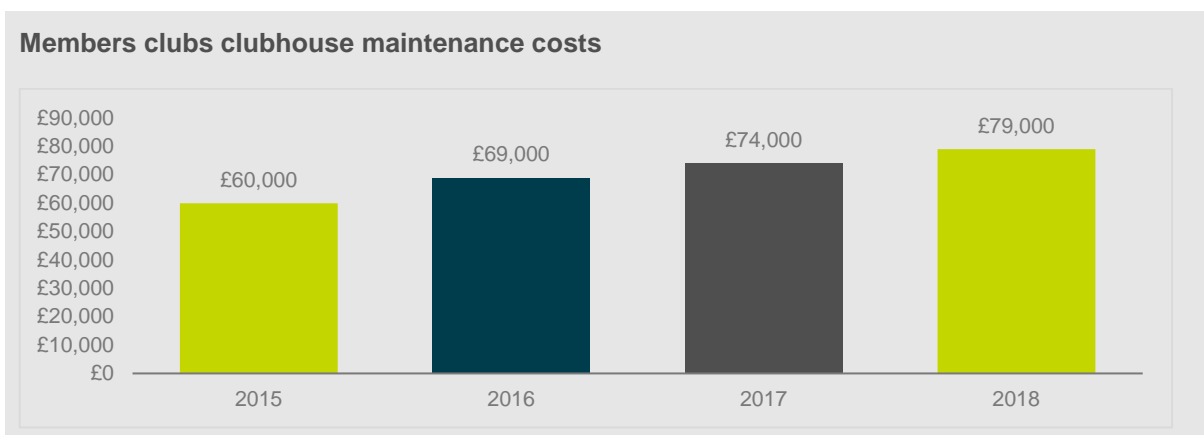
Average current and anticipated equipment special project costs

Spend has increased this year on special project equipment costs, rising from £47,000 in 2017 to £72,000 currently. The spend is expected to be at a similar level in 2019.

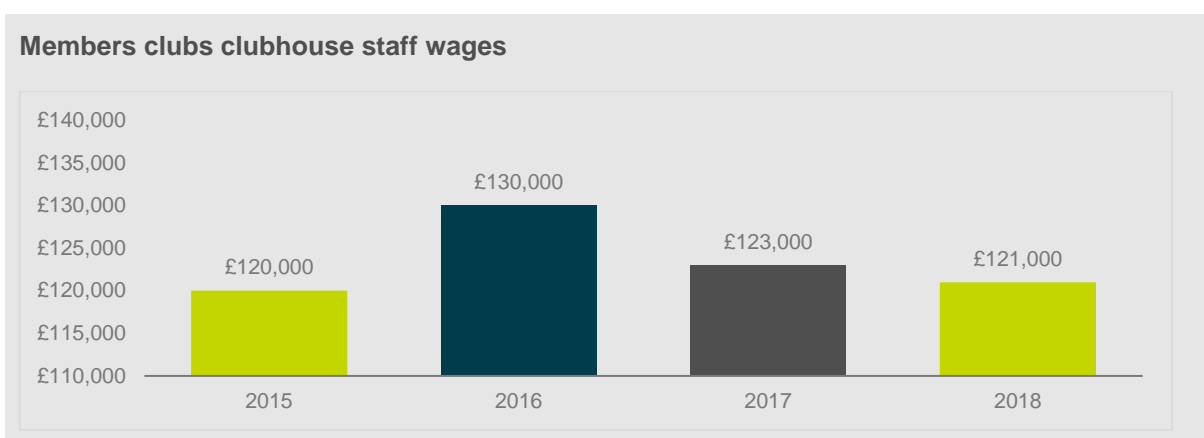


Clubhouse maintenance costs and staffing

Clubhouse maintenance costs continued their rising trend, having risen year on year since 2015 to stand at an average cost of £79,000 in 2018.



However, clubhouse staff wages among members clubs fell once again this year, with an average yearly figure in 2018 of £121,000.



Members clubs using franchise catering

This year there was a significant reduction in the proportion of members clubs who use a franchise for their catering needs, falling from 52% in 2017 to 36% in 2018. There seems to be an increasing trend away from the franchise model as clubs seek to have more control over their catering operations despite the potential increased costs. Clubs now seem to be happier to regard the overall catering and bar operations as one and to measure profitability in the same way as staff can be used in both.

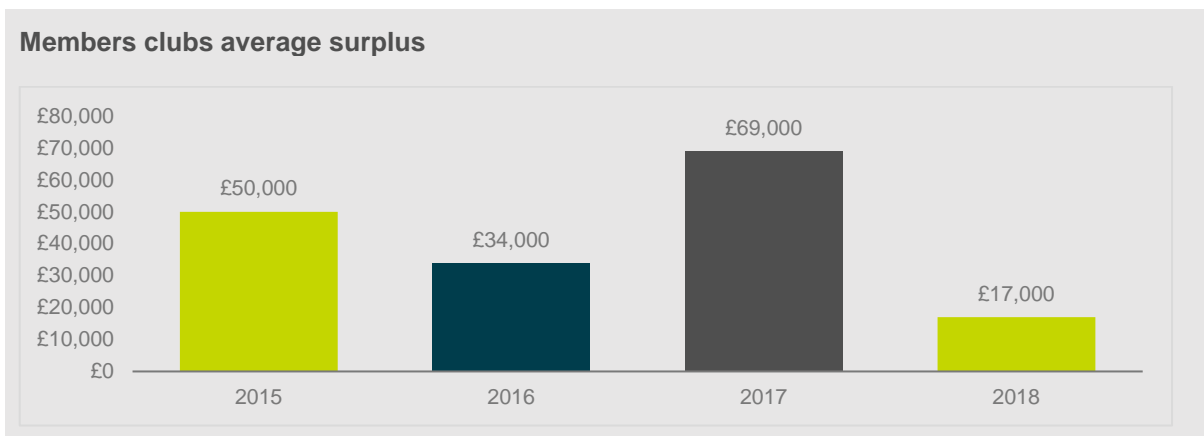
Among those members clubs who cater without the services of a franchise, revenue levels from catering range from less than £50,000 to £250,000 plus. The income from catering is at a similar level to the previous year, with 62% of members clubs reporting catering income of more than £150,000, compared to 64% in 2017.

Gross profit margins range from 28% to 70%.

Club surpluses and deficits

Among members clubs, the highest surplus figure was £94,000, with a highest deficit of £65,000.

The average surplus of £17,000 was the lowest for the last four years.



Annual general insurance

As in previous years, members clubs are typically paying between £5,000-£10,000 for annual general insurance (44%).

4% pay up to £5,000 and 38% pay £10-15,000. 14% of members clubs pay in excess of £15,000, a large increase on the 4% reported in 2017. There are now a number of specialist providers in the golf club sector and it is sensible to review your cover on a regular basis

Members clubs

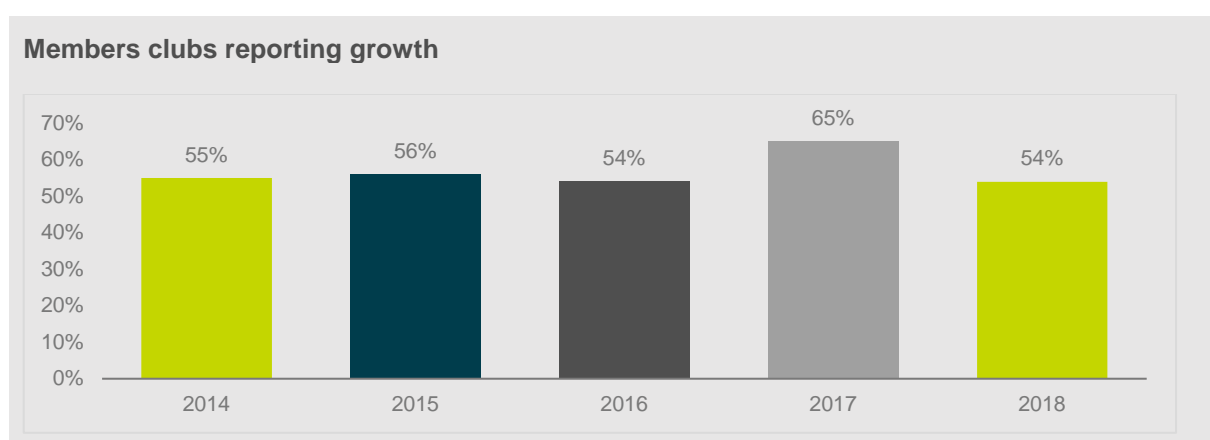
Business development

Business development

Fewer members clubs reporting growth

After an increase in 2017 of the number of members clubs reporting that they are growing, this year's figure of 54% is a return to the level of 2016.

The number of members clubs reporting that they are reducing in 2018 is 8%, exactly the same as in 2017.



Members clubs investing in marketing

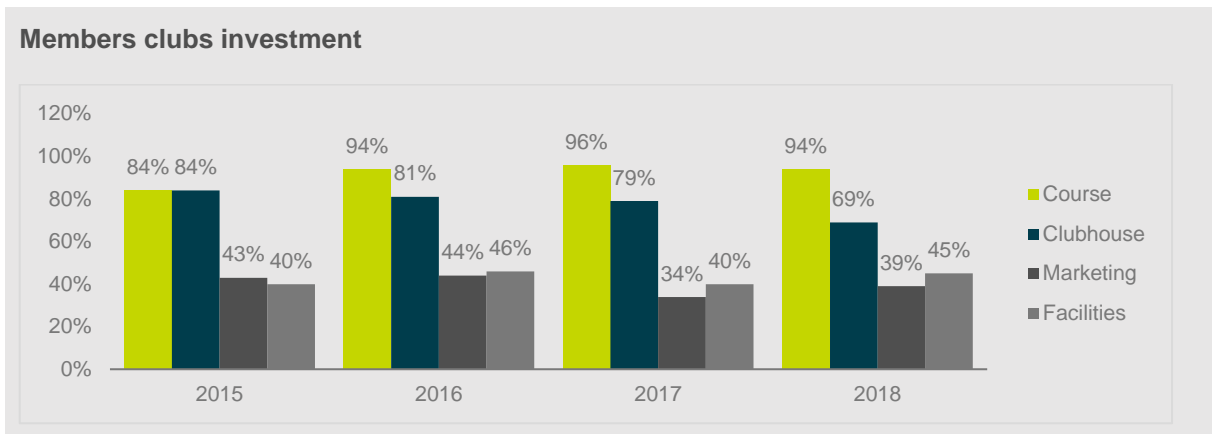
This year there has been a recovery in the level of investment in marketing, rising from 34% in 2017 to 39% in 2018.

Member referrals remains the most utilised method of marketing activity, reported by 92% of members clubs (followed by advertising at 58% and special offers at 44%). Networking and events are also both utilised frequently, each being used by 40% of members clubs.

Member referrals continued to be viewed as the most successful method of marketing. However, the proportion of members clubs reporting this to be their most successful marketing activity fell slightly this year, from 71% in 2017 to 63% in 2018. There was a very large gap between this and the next most effective activities reported, which were advertising (8%), email campaigns (6%) and special offers (also 6%).

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

Investment in courses, clubhouses, marketing and facilities has remained steady since 2015, although this year has seen reductions in the level of investment in courses (falling slightly from a peak of 96% in 2017 to 94% in 2018) and clubhouses (from 79% in 2017 to a four year low of 69% in 2018).



Members clubs

**Miscellaneous
additional
information**

Miscellaneous additional information

Dress codes

The percentage of members clubs that have a dress code has reduced slightly this year, from 91% in 2017 to 87% in 2018. Codes frequently included 'smart casual', and discouragement of denim, jeans, shorts, tracksuits and trainers.

Sports channel subscriptions

65% of members clubs indicated that they had a SKY subscription, a slight decrease from the 67% reported in 2017. However, this year we also asked whether members clubs subscribed to BT Sport and found that 27% of clubs choose to do this. The average monthly cost of subscriptions has increased substantially, from £468 in 2017 to £695 in 2018.

Anticipated changes affecting golf clubs in 5-10 years

The following changes were suggested/anticipated by members clubs. (This is a selection of comments from respondents.)

Within 5 years:

Membership Issues

- A declining market for new members
- Attracting new junior members
- Complete overhaul of the dress code, and a move to recruit 20-40 year olds with families
- Continued attraction of new members willing to pay a joining fee
- Fewer people wanting to retain memberships. Bigger push towards attracting young women and children
- Have to find alternative ways to introduce new members to the game
- Making cost of membership for under 35 members as low as possible
- Less formal and more inclusive attitudes towards younger age groups and families
- Private clubs will become even more commercialised with food & beverage, functions and green fees.
- The growth of young members (28 - 40 years) taking a break from membership to have families/purchase houses
- Family and shorter formats will continue to grow and thrive

Flexible Membership

- Increased requirement to offer flexible membership
- More customer focussed, more flexible membership schemes, more members by numbers but playing less golf

Commercial and Financial Issues

- Clubhouse redevelopment
- Ensuring that you offer more than just golf to maximise the use of the facility
- Golf course architect review

- A lot of golf clubs need to adapt and be run more like businesses and this will only become more necessary in the coming years
- Improved online presence
- Increased competition from nomad golfers
- Need to invest in secondary spend opportunities and also how to attract and retain families
- Significantly higher fees or significant reduction in the quality of facilities and service
- Young member discounts will continue to reduce subscription and entrance fee income

Brexit

- Benefit of more agricultural friendly rules on leaving EU
- Brexit effect on cost and recruitment of staff
- Brexit effect on rising costs of all course chemicals and fertilizers
- Downturn in the economy following Brexit
- The Brexit effect on jobs and the wider economy

Golf Rules and Regulations

- Changes to rules of golf
- Changes to the handicap system in 2020 which will drive people away from the game
- Effect on speed of play from new rules
- How the game is played with the new rules and handicapping scheme coming into operation

Other Issues

- Looking at existing staff / committee structures
- More fun competitions
- Pressure on water as a valuable resource
- Relaxation of dress codes
- Tee booking

Within 10 years:

Membership Issues

- A declining market for new members
- Greater number of clubs offering pay as you play membership options
- The middle ground is going to really struggle. People will either play casually or be members of the top clubs only

Commercial and Financial Issues

- Be more diverse
- Changes in business structure
- Club's will have to work together (co-operative) to reduce costs
- Fewer deals for nomadic golfers, thus restricting and reducing the supply of "cheap" golf. Quality will prevail over quantity
- Increased cost of maintenance of the course
- More golf courses closing to remove oversupply problem
- Need for diversification of revenue streams, introduction of gyms and more socially focussed clubhouse strategies
- Need to invest in practice grounds to attract new and younger members. Reduce competition lengths with more 6- and 9-holes competitions as the older members either become unable or

unwilling to play due to ill health or financial constraints and have nobody to replace them at the bottom end of the age categories

- Running of club to be done by staff rather than committees and volunteers. Enhancement of experience. Technology playing a major part as the membership shifts more towards customers of the millennial era
- The cost of water will probably increase and restrictions placed on it
- The next 10 years will see a number of clubs be sold off for development. The industry needs it to be honest as we have declining participation and yet still too many golf clubs. The industry needs to level out. Many golf clubs will look at additional revenue streams such as landfill, property development, etc.

Golf Rules and Regulations

- Greater modernisation of the game in its current form to encourage new golfers
- The game will change from 18-holes as we know it!

Other Issues

- Emergence of shorter courses - 14/12/9 holes
- Image and embracing modernisation
- Potential for water shortages
- Pressure on need for housing and spare land
- Shorter forms of the game, less competition and more casual golf played.

The Impact of the Living Wage

There was no change in the number of members clubs suggesting that the introduction of the living wage would impact upon them – 61% in both 2018 and 2017. Members clubs indicated that this would apply to an average of 11 staff in 2018, compared to 9 staff in 2017.

Community Amateur Sports Clubs (CASC)

An increasing proportion of members clubs indicated that they were Community Amateur Sports Clubs – 17% in 2018, compared to 7% in 2017. These clubs had become Community Amateur Sports Clubs between 2004 and 2016. Changes introduced to meet the new rules for this included:

- Trading subsidiary (x7)
- New membership category (x1)
- Other Articles (x1).

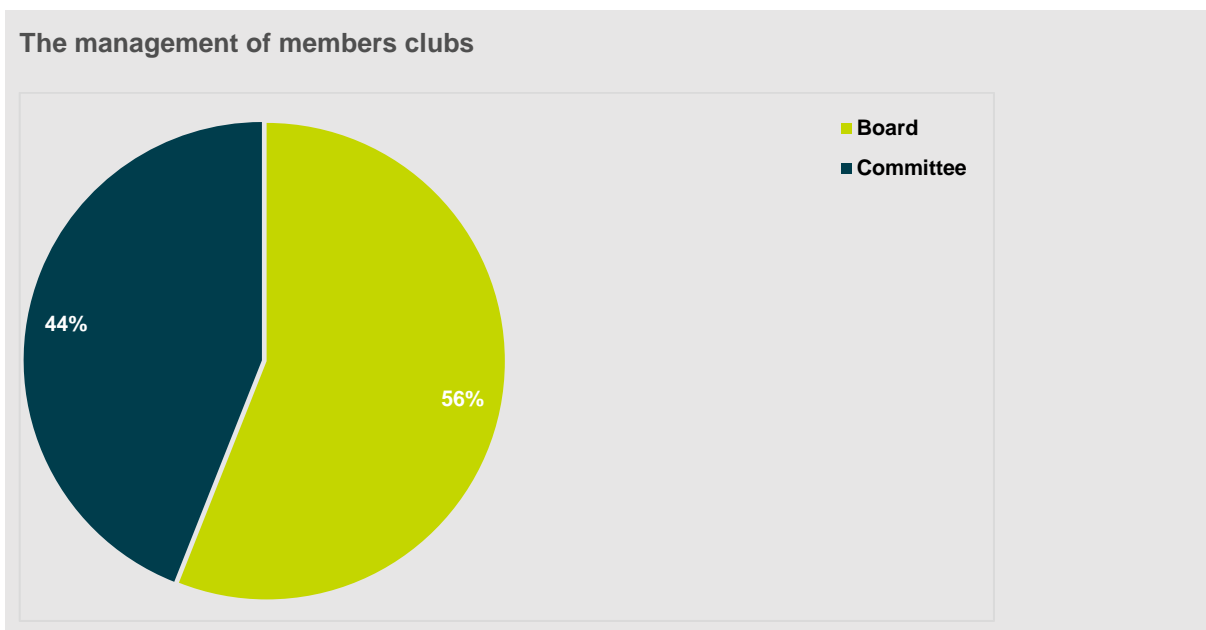
Of those members clubs not already Community Amateur Sports Clubs, three indicated that they were considering becoming one. 30% of the clubs that were not considering becoming one indicated that the reason for this was due to the new rules.

Rules and regulations

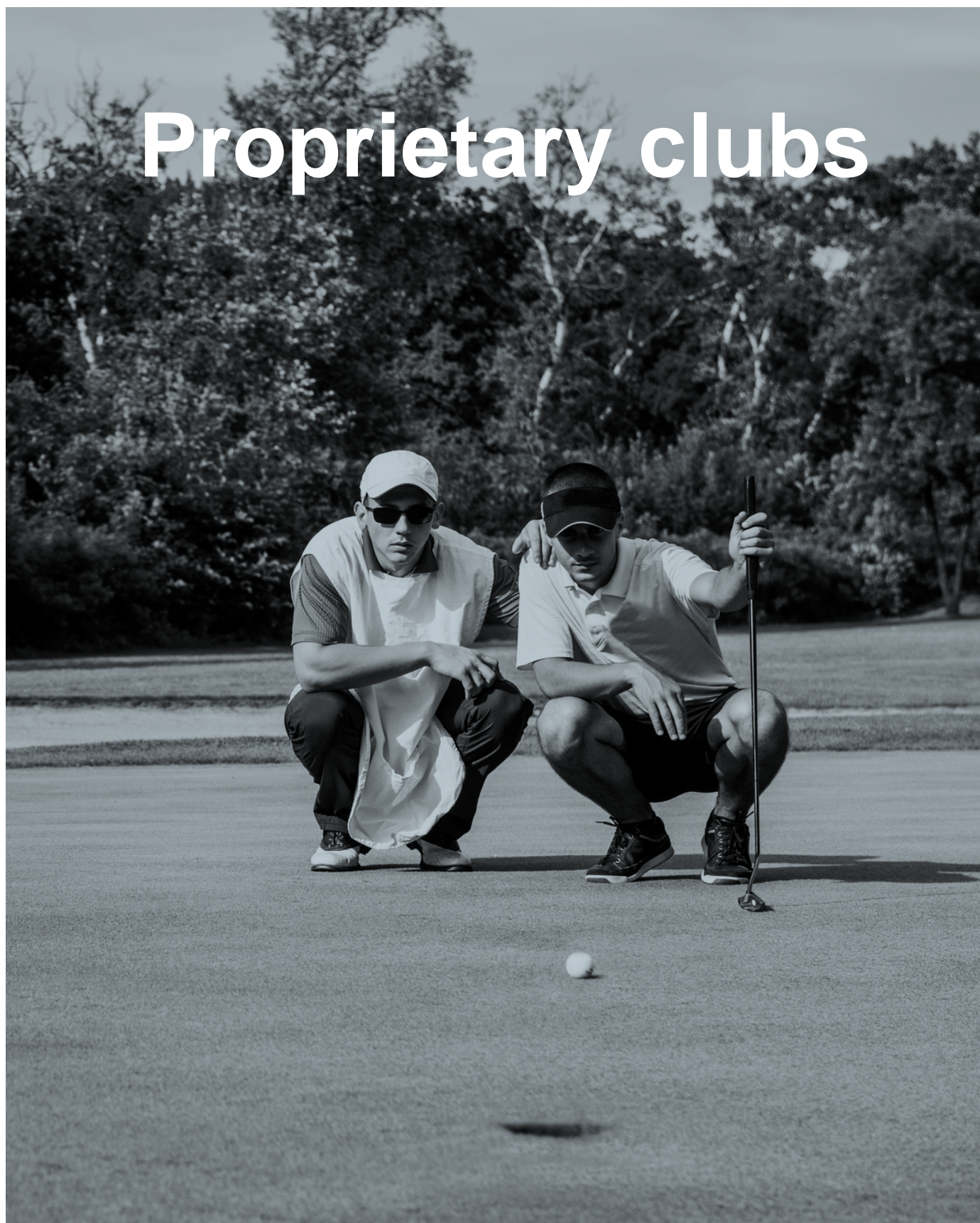
In 2017 89% of members clubs confirmed that they were prepared to change their rules and regulations to modernise the club, but in 2018 this had fallen to 80%.

Club management

In 2017, 54% of members clubs indicated that they were run by a Board of Directors rather than a Committee. In 2018 the results were similar, with 56% of members clubs run by a Board. In 2018 20% of members clubs indicated that they are considering updating their structure, with the most frequent reason given for this being modernisation.



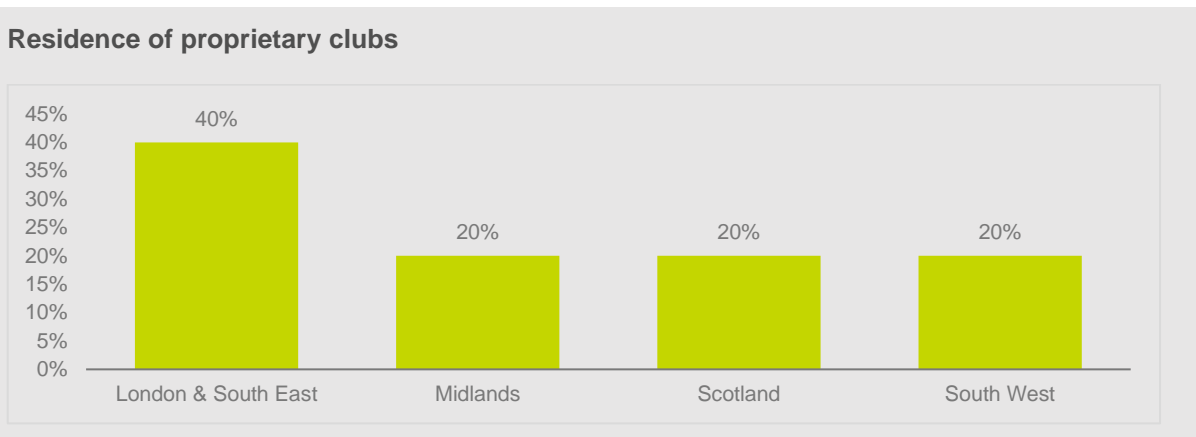
Proprietary clubs



Proprietary clubs results 2018

5 clubs, all with 18-hole courses

This year we bring you data from 5 proprietary clubs from across London and the South East (outside of the M25) (40%), the Midlands (20%), Scotland (20%) and the South West (20%). As in 2017, these are all 18-hole clubs.



Proprietary clubs

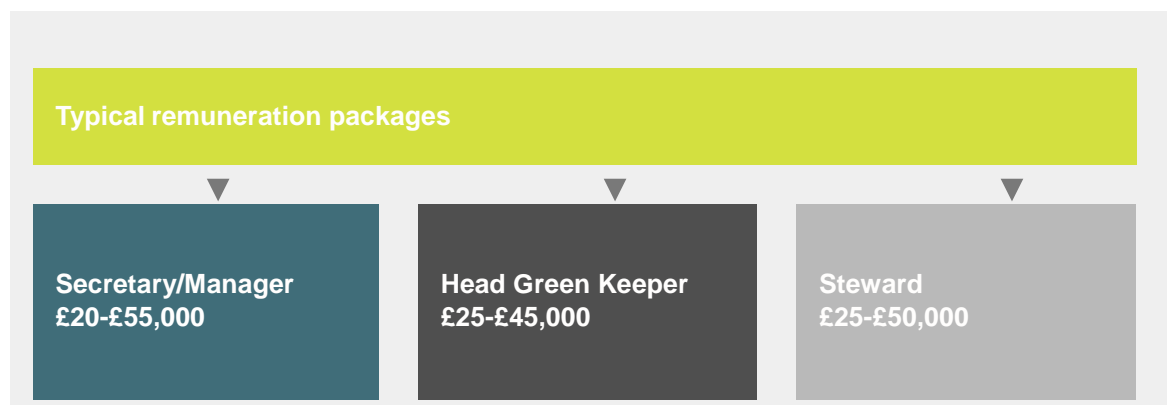
Staffing

Staffing

A typical remuneration package of £30,000+ for Managers; generally lower than in members clubs

There was a large variance in the remuneration packages of survey respondents this year, ranging from the £20-£25,000 bracket to over £50,000.

The Head Green Keeper remuneration package was higher than in previous years - whereas 80% were priced at £30-£40,000 in 2017, this year 40% were paid £40-£45,000. Steward remuneration was, as in previous years, mainly within the £25,000 to £30,000 range (80%).



PGA Professionals

As in previous years, all proprietary clubs indicated that they had a PGA professional, in line with most members clubs. This year 80% indicated that they pay their professional a retainer.

20% of clubs continue to pay commission to their professional

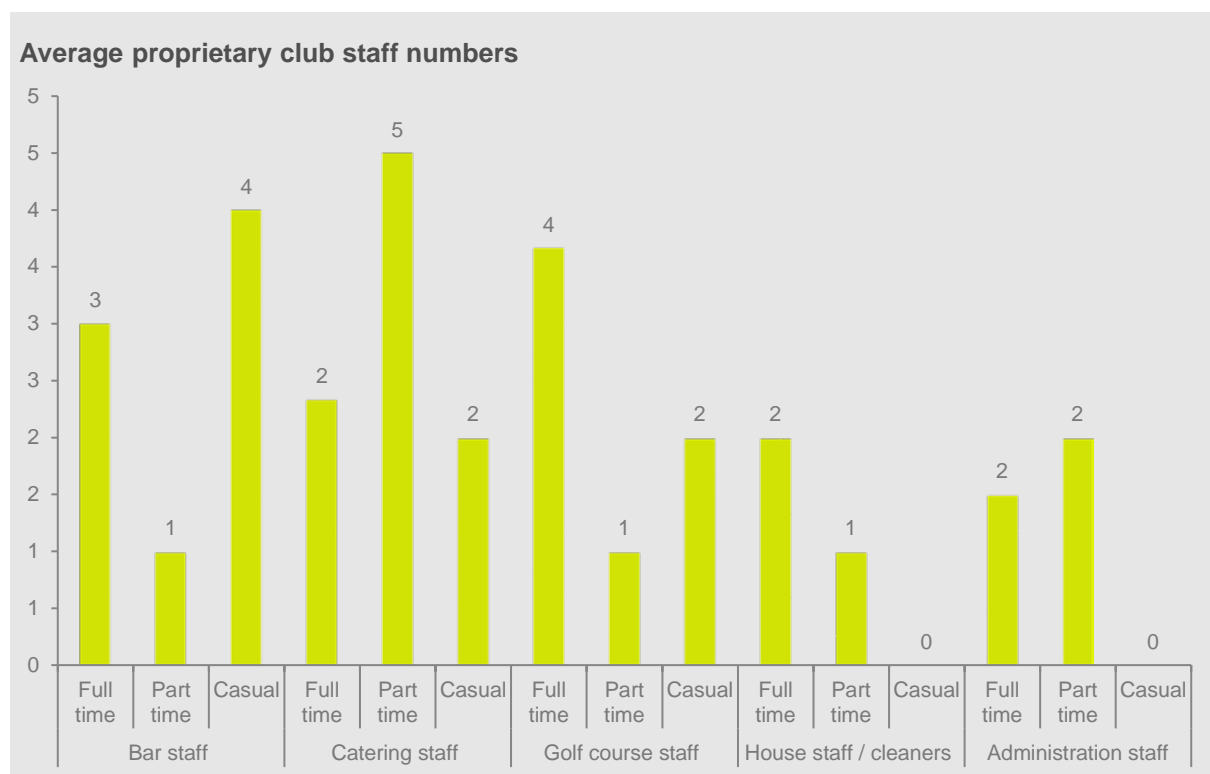
This year the proportion of proprietary clubs paying commission to their professional has remained at 20%.



An average of 18 staff at proprietary clubs

Always highly variable and dependent on the size and needs of each club in question, staffing figures range from 12 to 23 across proprietary clubs, with an average total staffing number of 18 – a reduction from 21 in 2017.

Average numbers across staff roles are broken down as follows.



Proprietary clubs

Members

Members

Proprietary clubs typically with 100-700 playing members

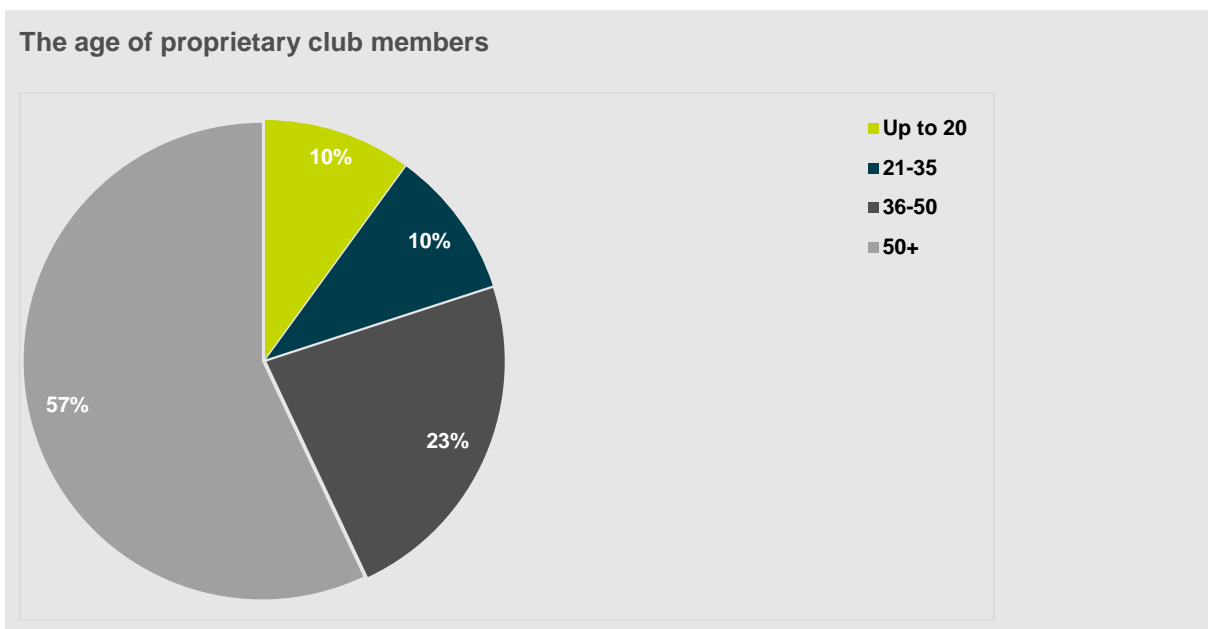
This year proprietary clubs have a larger number of members, with 40% having between 600 and 700 members, contrasting with 60% of proprietary clubs in 2017 having between 300 and 400 members. 20% have fewer than 300 members and the remaining 40% have between 300-500 members.

Flexible membership

As in 2017, 60% of proprietary clubs indicated that they offered flexible membership – including half price green fees, levels based on age categories and credits associated with different time slots.

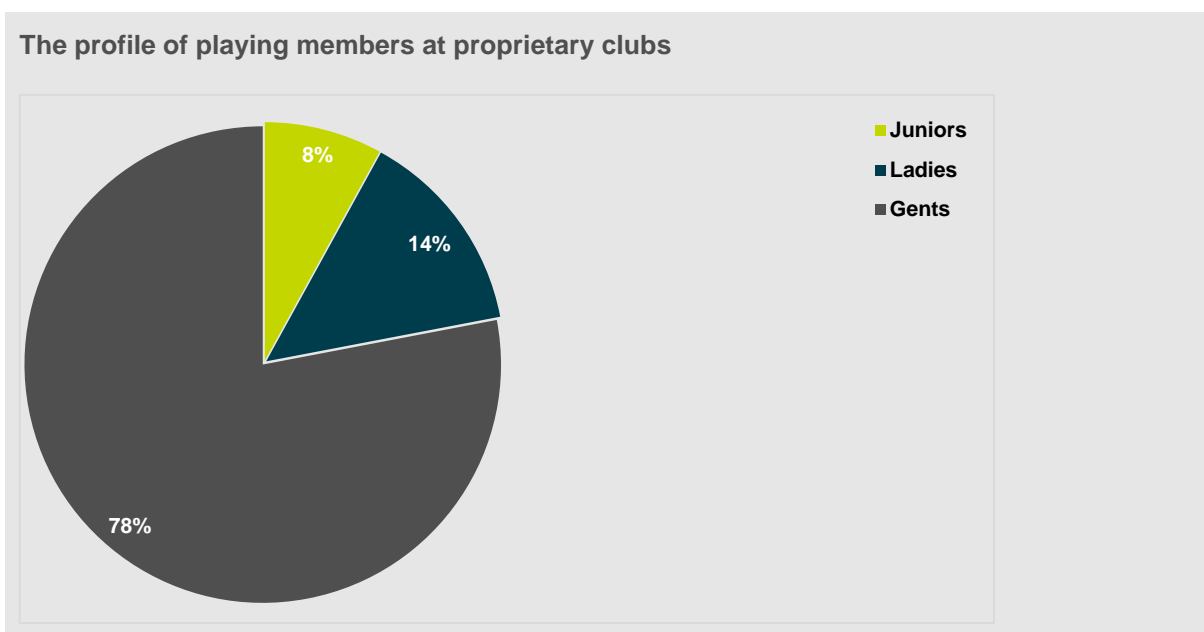
Member ages distributed towards the 50+ age group

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. However, this year there has been a decrease in the number of younger members, in particular with those aged between 21 and 35 falling from 19% to 10%.



A high and increasing gentlemen to lady member ratio

As shown in the following chart, and again aligned to the findings of the past three years, the gender distribution of proprietary club members shows lower numbers of lady members and junior members, and more gentlemen members. This year the proportion of gentlemen members at 78% is higher than last year (69%) and similar to the level in 2016 (77%). This change has been reflected in the number of both lady (falling from 18% to 14%) and junior members (13% to 8%).

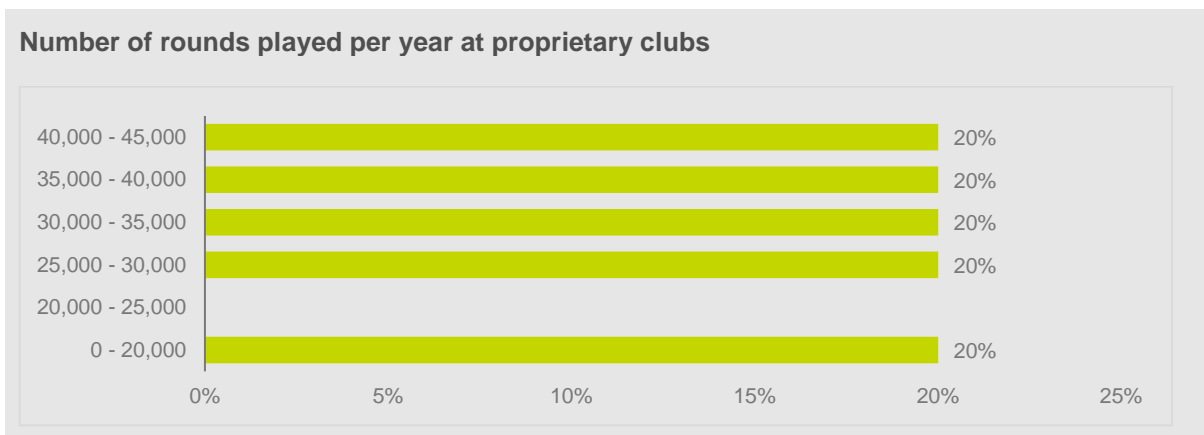


Small numbers of social members at proprietary clubs

The proportion of proprietary clubs with a social membership exceeding 25 people has fallen from 60% in 2017 to 20% this year.

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.



Society rounds

The number of rounds played by societies has increased again this year, ranging from 1,000 to 8,000, with an average of 3,700, compared to 3,210 in 2017 and 1,445 in 2016.

Some proprietary clubs now have a current waiting list

20% of clubs had a waiting list; last year, no proprietary clubs had a waiting list.

Proprietary clubs

Facilities

Facilities

All proprietary clubs have a driving range

As in both 2016 and 2017, all proprietary clubs have a driving range. Driving range incomes are similar to previous years, ranging from between zero to £20,000.

Proprietary clubs

Fees & charges

Fees & charges

Subscriptions

As in previous years, membership fees for standard playing members vary significantly. However, this year there are more clubs at the higher end of the range.



Increasing subscription charges

60% of proprietary clubs plan to increase membership fees in 2019, with increases ranging from 3%-5%.

Social membership charges

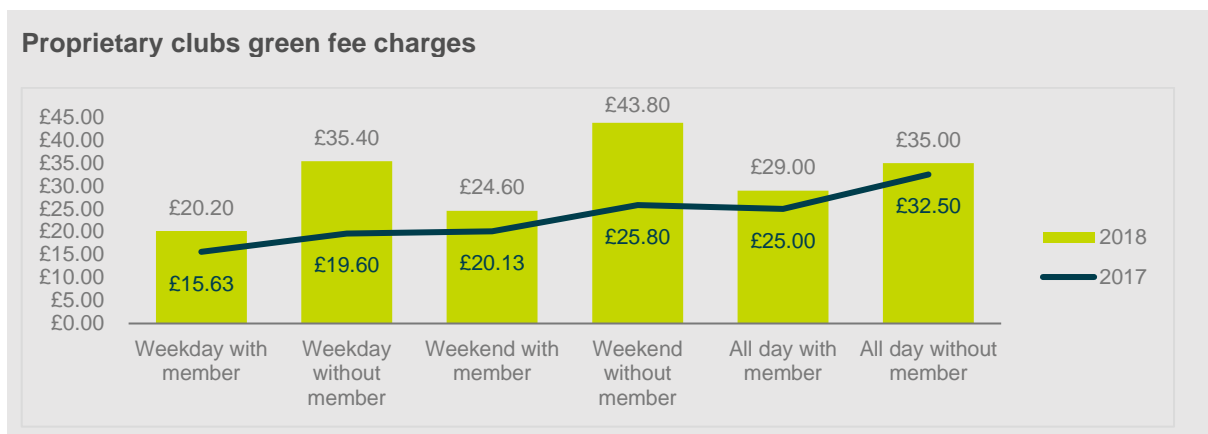
Charges for social membership are similar to those in 2017. This year, as in 2017, 80% of proprietary clubs had fees of less than £25.

More proprietary clubs now have entrance fees

In the three previous years, just one proprietary club indicated an entrance fee, whereas this year 60% of proprietary clubs charge an entrance fee. None of these clubs allow the entrance fee to be paid in instalments.

Increased green fee charges in 2018

Average green fee charges are shown below, across weekdays, weekends and all-day use, both with and without members. In all categories the fees are higher in 2018 than in 2017.



Lower range of green fee incomes

The income generated by green fees ranged from £40,000 - £180,000. This is a slightly lower range of fees than in 2017.

Society packages

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



The 18 and 27-hole package costs are higher than in 2017, but 36-hole package costs are lower.

Average room & facility hire

Due to the low number of proprietary clubs providing these figures, it is not practical to present or compare them with 2017 figures.

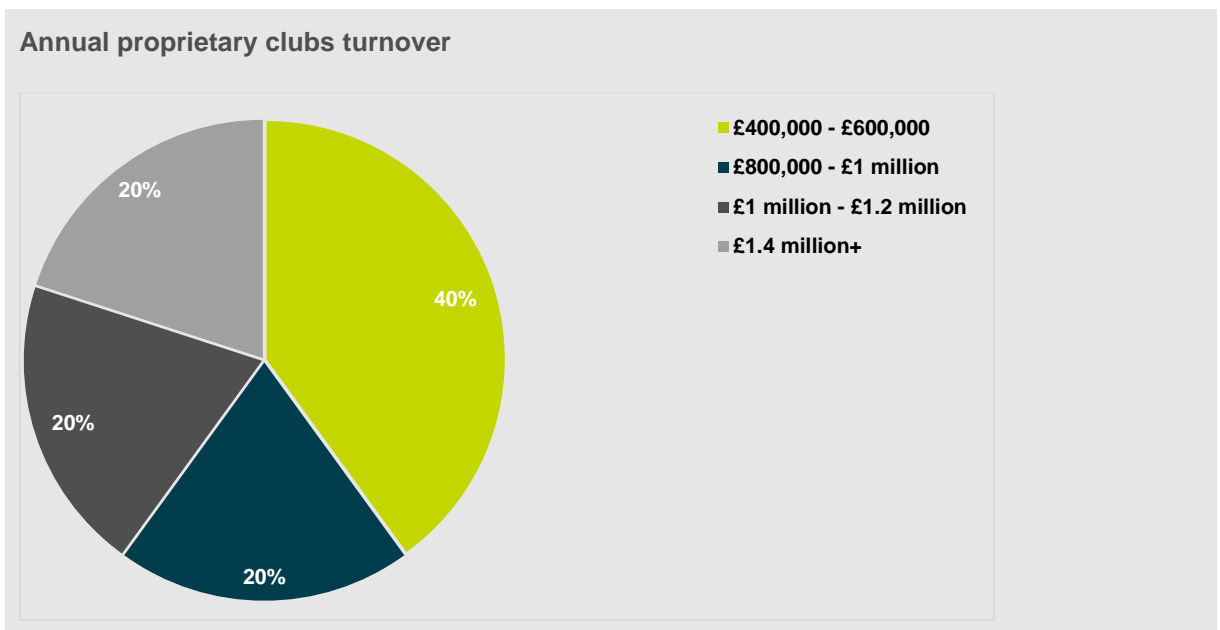
Proprietary clubs

Financial information

Financial information

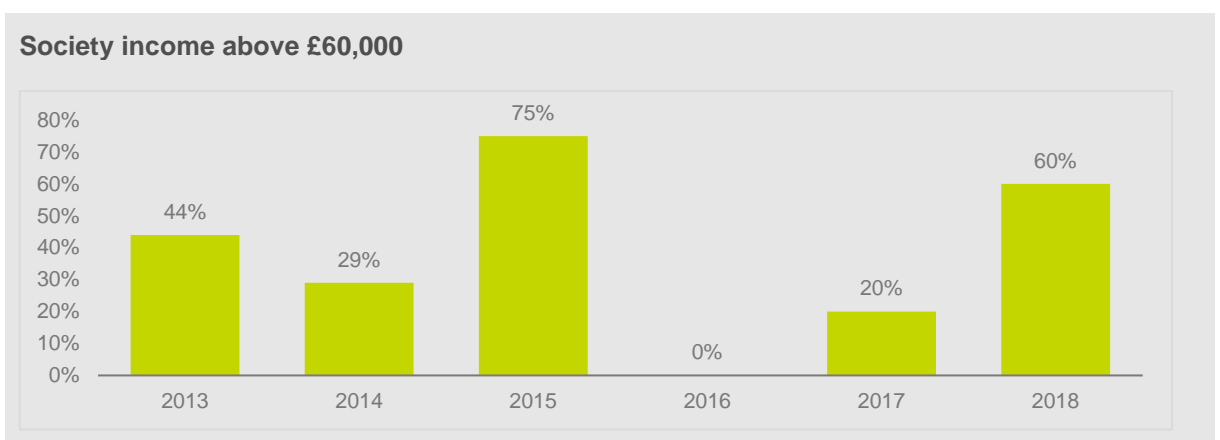
Typical club turnover of £400,000 - £1,400,000+

Proprietary clubs reported turnover ranges from £400,000 to over £1.4 million.



Society income

After falling in 2016, the number of proprietary clubs with a society income above £60,000 has continued to increase.



Bar revenue and activity

Average margins and other costs this year were:

- Gross margin 64%
- Net profit 13%
- Rateable value £30,000
- Rate cost £14,000
- Club maintenance cost £12,500
- Wages level £85,000.

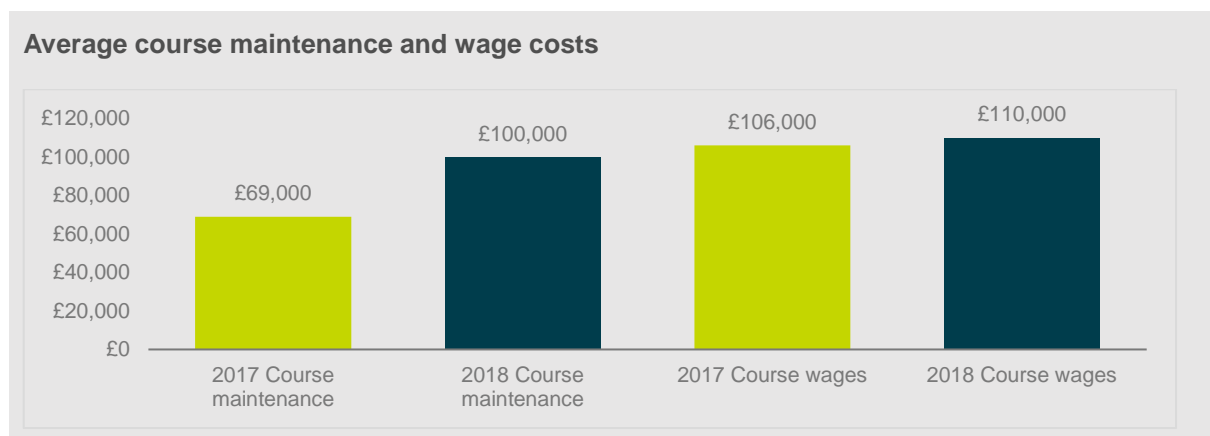
These should be regarded as indicative of only those proprietary clubs who chose to disclose figures – with a majority choosing not to do so.

Utility costs

Due to the low number of proprietary clubs providing these figures, it is not practical to present or compare them with 2017 figures.

Average course maintenance and wage costs

Proprietary clubs average course maintenance and course wages costs in 2018 have both increased compared to 2017 costs.



Irrigation

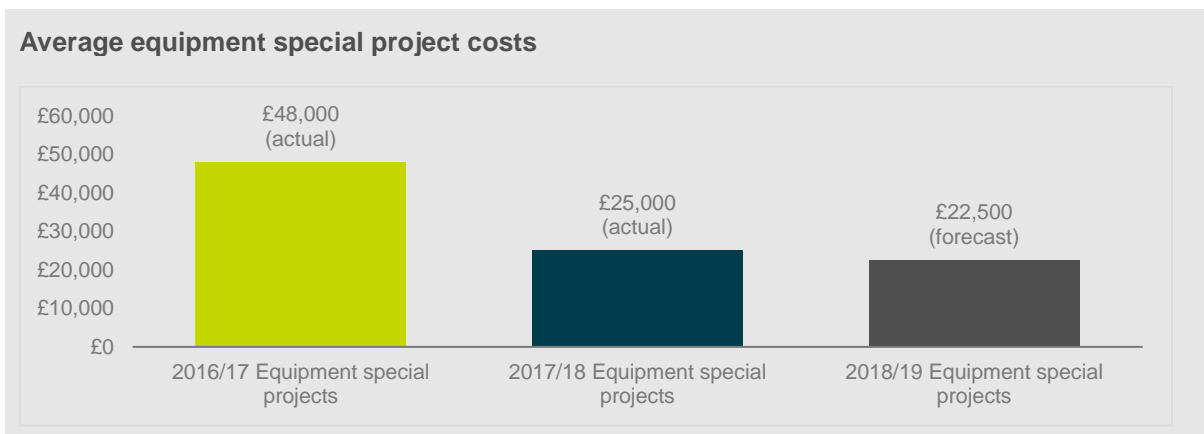
One of the three clubs that answered this question indicated that they currently have fairway irrigation installed and no clubs reported that they are considering installing it. Furthermore, no clubs indicated that they have updated their greens and tees irrigation recently.

The following graphs present average current and estimated costs for course 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 equipment special project costs



Proprietary clubs using franchise catering

33% 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 average 60% and net profit comes in at an average of around 20%.

Club surpluses and deficits

75% of proprietary clubs reported a surplus, with an average amount of £73,000.

Annual general insurance

Proprietary clubs pay up to £10,000 for their annual general insurance.

Proprietary clubs

Business development

Business development

Fewer proprietary clubs reporting growth

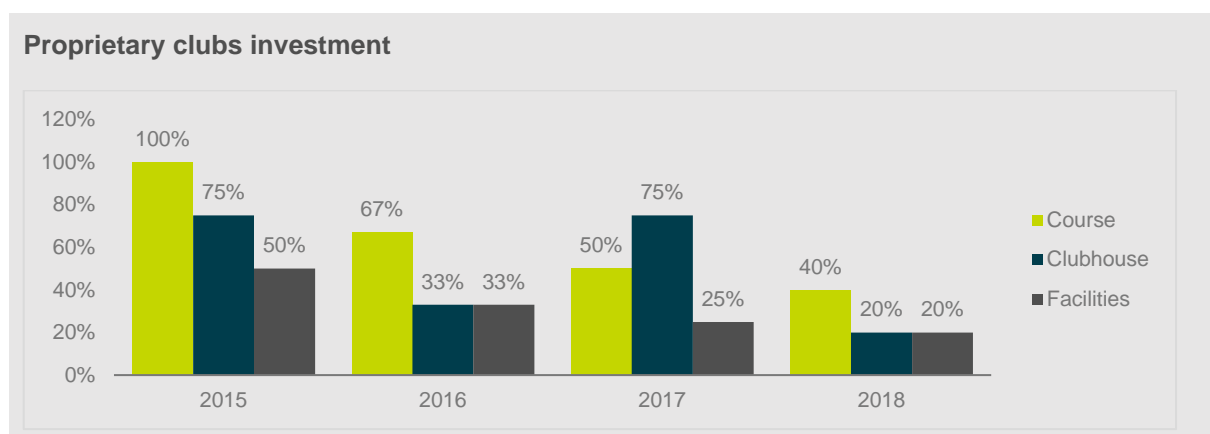
The percentage of proprietary clubs reporting growth in 2018 was 40% - lower than the range of 50-67% reported over the last seven years.

Proprietary clubs continue investing in marketing

Proprietary clubs continue to market their offer, typically using advertising, special offers, networking and free lessons.

Proprietary clubs reduce investment

Investment in courses, clubhouses and facilities has continued since 2015, but this year investment has reduced across all areas.



Proprietary clubs

**Miscellaneous
additional
information**

Miscellaneous additional information

Dress codes

Only 2 proprietary clubs indicated usage of a dress code, a reduction from the 3 reported in 2017.

TV subscriptions

40% of proprietary clubs indicated that they had a subscription with either SKY or BT Sport.

Anticipated changes affecting golf clubs in 5-10 years

The following changes were suggested/anticipated by proprietary clubs. (These are a selection of the comments entered by respondents)

Within 5 years:

- Continued decline in membership because of failure to attract new members/players to the game
- New handicap system will boost participation and CONGU at last will be shown up for the damage they have done
- Savings used up and closed or dramatic change at last.

Within 10 years:

- Big increase in participation as the younger generation takes over and the badge and blazer lot and CONGU die off
- Continued decline in membership because of failure to attract new members/players to the game.

The impact of the Living Wage

50% of proprietary clubs suggested that the increase in the minimum living wage and work place pensions impacted upon them, lower than the 75% reported in the previous two years.

Club management

All proprietary clubs who responded in 2018 indicated that they are run by a Committee and no clubs indicated that they are considering updating their structure.

Key messages

Key messages

Golf club membership among the clubs that participated in this survey still seems to be in decline and clubs need to address this. Golf England's membership survey earlier this year reported an overall rise in membership, however this growth came from only 38% of clubs.

The clubs with growing memberships are making their offering more attractive by enhancing their facilities, improving their course and investing in other methods to make their club stand out from the crowd.

It is important to keep making increases in charges where possible so that cheap golf is no longer the aim.

Understanding your market place, how it is changing and how to respond to these changes is key. Many clubs will need to adapt their structure to suit the needs of future members, however getting the support of everyone in the club to adopt these changes is not always easy.

Continue to spend funds on your key asset, the course. There will be increased regulation regarding the usage of fertilisers and pesticides so you need to consider the impact of this going forward together with all of the other rules and regulations that seem to be part of everyday life.

Be prepared to embrace change and react to it quickly.



We hope you find this report helpful. We would be delighted to visit your club individually if you would like a thorough review.

Robert Twyde

Principal

T: +44 (0)1923 809 410

robert.twyde@hhllp.co.uk

Hillier Hopkins LLP
Radius House
51 Clarendon Road
Watford
HertsVWD17 1HP

Hillier Hopkins LLP
Chartered Accountants
and Tax Advisers

hillierhopkins.co.uk

45 Pall Mall
London SW1Y 5JG

T +44(0)207 930 7797
F +44(0)330 024 3300

Chancery House
199 Silbury Boulevard
Milton Keynes
Bucks MK9 1JL

T +44(0)1908 232 020
F +44(0)330 024 3300

Radius House
51 Clarendon Road
Watford
Herts WD17 1HP

T +44(0)1923 232 938
F +44(0)330 024 3300